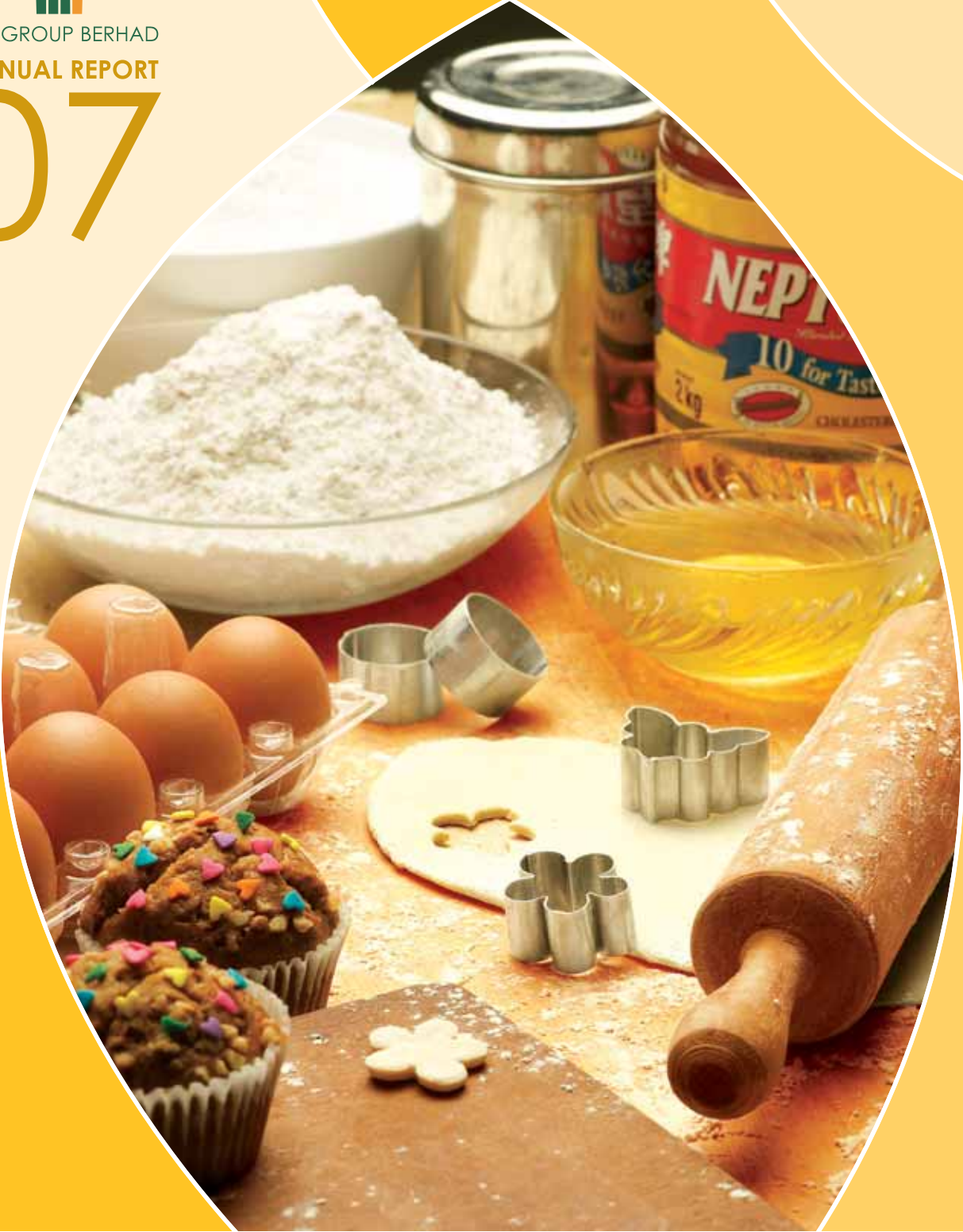




PPB GROUP BERHAD
ANNUAL REPORT

07



PPB GROUP BERHAD AT A GLANCE

PPB Group Berhad was established in 1968, and was listed in 1972 on the then Stock Exchange of Kuala Lumpur and Singapore with an issued and paid-up capital of RM15.0 million.

From its initial operations of cane cultivation and milling, the Group has grown into a major conglomerate engaged in a wide spectrum of activities. The Group's operations now include sugar refining; grains trading, flour and feed milling; environmental engineering and waste management; film exhibition and distribution; property ownership and development, livestock farming, packaging and chemicals manufacturing. With a total domestic and overseas workforce of more than 4,000 employees, PPB Group's operations spread over Malaysia, China, Vietnam, Myanmar, Thailand, Singapore and Indonesia.

PPB Group has positioned itself to be a market leader in the following businesses operated by its subsidiaries:-

SUGAR

Malayan Sugar Manufacturing Co. Berhad owns and operates the country's largest sugar refinery in Prai and supplies about 50% of the local sugar requirements.

FLOUR

FFM Group owns and operates a total of three (3) flour mills in the country and one (1) each in Vietnam and Thailand. FFM Group supplies more than 40% of the local flour requirements.

CINEMAS

Golden Screen Cinemas Sdn Bhd, the largest film exhibitor in the country with 141 screens in 21 locations nationwide, captures more than 40% of the local box office collections.

In June 2007, PPB Group completed the disposal of its oil palm plantations and edible oils refining and trading operations to Wilmar International Limited (Wilmar) and became the second largest shareholder in Wilmar owning 18.3% equity interest. Wilmar is one of Asia's largest integrated agribusiness groups engaged in the businesses of oil palm cultivation, oilseeds crushing, edible oils refining, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals, biodiesel, fertilizers and soy protein manufacturing, rice and flour milling and grains merchandising.

Currently, PPB ranks among the top companies listed on the main board of Bursa Malaysia with a market capitalization of RM13.0 billion. In the last financial year ended 31 December 2007, the Group's total assets amounted to RM11.9 billion with turnover totaling RM6.2 billion.

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1.THE CORPORATION

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WHEAT FLOUR



CHAIRMAN'S STATEMENT



Dear Shareholders,

ON BEHALF OF THE BOARD OF DIRECTORS OF PPB GROUP BERHAD, IT IS WITH GREAT PLEASURE THAT I PRESENT TO YOU THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2007.



MSM'S SUGAR REFINERY IN PRAI, PENANG.

GROUP RESULTS

PPB Group achieved an outstanding financial performance in 2007 with profits of RM7 billion, a record 10 fold increase over the previous year's profit of RM694 million.

This substantial increase in profits was due primarily to the one-off gain of RM6.35 billion from the sale of the Group's shares in PPB Oil Palms Berhad, PGEO Group Sdn Bhd and Kuok Oils and Grains Pte Ltd to Wilmar International Limited (Wilmar) in exchange for Wilmar shares. The improved performance of our sugar and flour and feed divisions also contributed to the higher profits.

As a result of the disposal of the above assets to Wilmar, the financial statements have been sectionalised into continuing operations and discontinued operations. Profits from continuing operations include profits from all existing operations and the Group's share of Wilmar's profits from May 2007. Profits derived from the disposed assets prior to the completion of the disposal to Wilmar amounting to RM168 million as well as the one-off gain of RM6.35 billion from disposal are reflected under profits from discontinued operations.

Revenue from continuing operations improved by 15% to RM2.99 billion mainly due to higher sales of sugar especially to the export market and improved prices of specialty flour and animal feed products resulting from higher commodity prices. Pre-tax profit grew to RM564 million from RM392 million due to a significant contribution of RM226 million from Wilmar and higher contributions from the sugar; flour and feed; and livestock farming divisions.

Profit attributable to shareholders increased to RM6.97 billion from RM561 million which translates to an earnings per share of RM5.88 compared with 47 sen in the year before. The much stronger profits boosted net assets per share to RM9.76 from RM4.67.

DIVIDENDS

The Board has recommended a final dividend of 25 sen less 26% income tax. Together with the interim dividend of 5 sen less 27% income tax paid on 28 September 2007, the total dividend for the year ended 31 December 2007 would be 30 sen less tax, an increase of 10 sen over that paid for year 2006. The final dividend is subject to shareholders' approval at the Annual General Meeting to be held on Friday, 16 May 2008 and if approved, will be paid on Friday, 6 June 2008.

The net dividend payment for the year under review will amount to RM263 million which is 52% higher than that paid in 2006.

MARKET CAPITALISATION

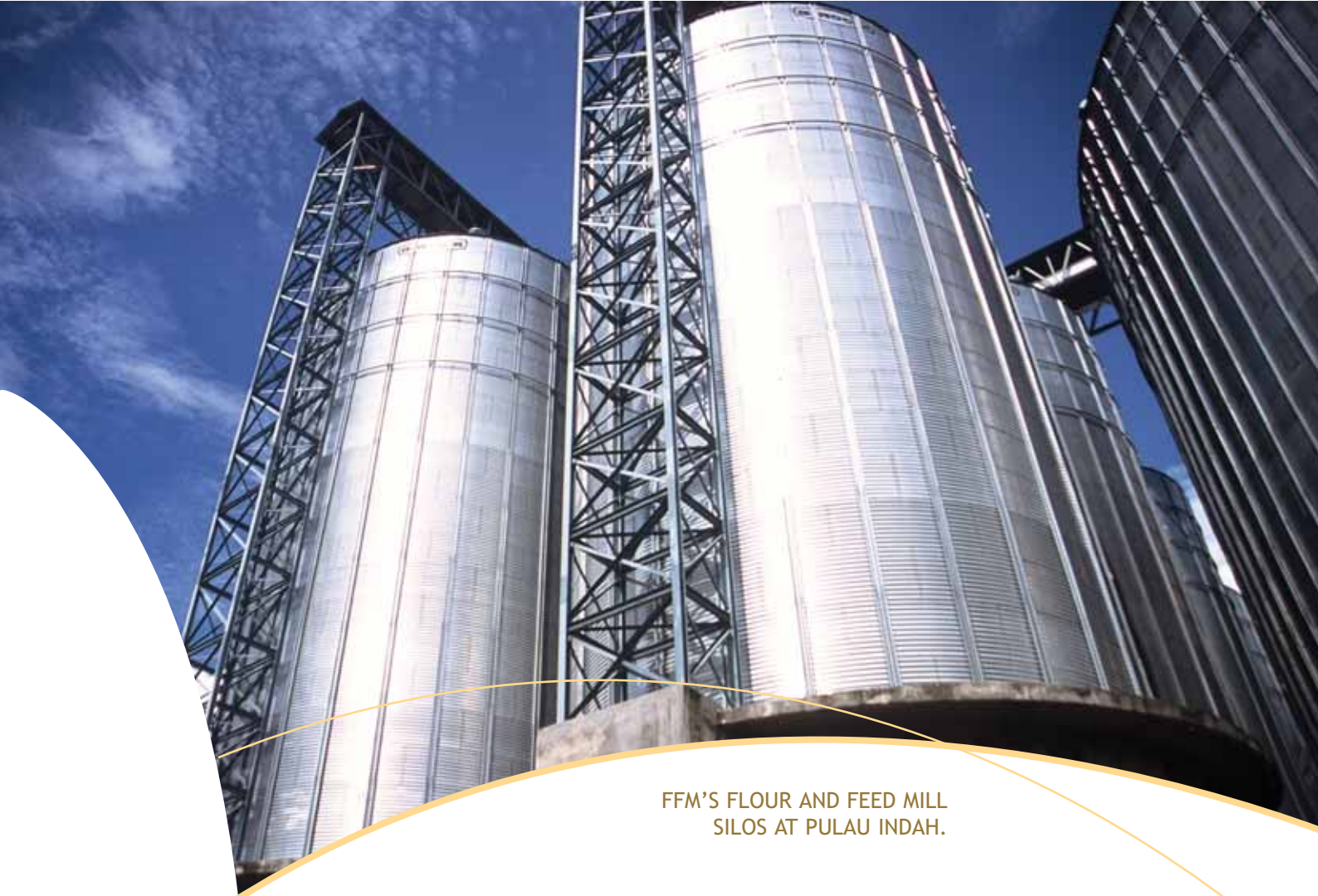
PPB share price doubled from RM5.45 on the last trading day of 2006 to close at RM11.00 for the year under review backed by the strong financial performance of the Group, the increase in Wilmar's share price and the healthy domestic economy.

In line with the higher share price, the Company's market capitalisation improved to RM13 billion as at 31 December 2007 from RM6.5 billion in the last financial year.

MAJOR CORPORATE EXERCISE COMPLETED

In June 2007, PPB Group completed the disposal of its oil palm plantations and edible oils trading and refining businesses to Wilmar to create one of Asia's largest integrated agribusiness groups. The said disposal in return for Wilmar shares resulted in PPB Group becoming the second largest shareholder of Wilmar with an equity interest of 18.3%. The results of Wilmar, which have been equity accounted with effect from May 2007 contributed a significant RM226 million to Group profits. The strong performance of Wilmar was driven by the increasing demand of edible oils and oilseed products resulting in higher crude palm oil prices and synergies of the merger.





FFM'S FLOUR AND FEED MILL
SILOS AT PULAU INDAH.

OVERVIEW OF OPERATIONS

FOOD MANUFACTURING ACTIVITIES

The sugar operations achieved a higher profit of RM132 million, up 55% from RM85 million, against revenue of RM1.09 billion. The improved performance was due to lower raw sugar prices and favourable refining margins with the increase in production for export market. Domestic sales increased by 7% to 571,021 mt whilst export sales increased by 126% to 207,665 mt. The higher export sales were possible due the expansion of its melting capacity during the year under review by 25% to 800,000 mt per annum. To further enhance operating efficiency, Malayan Sugar Manufacturing Company Sdn Bhd has earmarked another RM104 million in capital expenditure to increase melting and storage capacity and upgrade factory operations.

CHAIRMAN'S STATEMENT

THE GRAINS TRADING, FLOUR AND FEED MILLING DIVISION UNDER FFM BERHAD PERFORMED WELL TO RECORD PROFITS OF RM126 MILLION, UP FROM RM110 MILLION DUE TO IMPROVED SELLING PRICES OF SPECIALTY FLOUR AND ANIMAL FEEDS TOGETHER WITH THE BETTER BUYING OF RAW MATERIALS AND FREIGHT.

FFM is expected to complete the construction of a new 360-mt per day wheat flour mill at Prai, Penang by the last quarter of this year to expand its market in the northern region and will commence construction of a 220-mt per day wheat flour mill in Kota Kinabalu in the second quarter of this year. Overseas, FFM's joint venture company PT Pundi Kencana is constructing a 1,000-mt per day wheat flour mill which is scheduled to be completed by early 2009. All three new mills, when completed, will increase the Group's total wheat milling capacity from the current 2,750 mt per day to 4,330 mt per day. The increase in milling capacity is expected to further enhance operating efficiencies through economies of scale.

The Group's livestock farming operations turned around to record profits of RM7.2 million with improved selling prices of day-old chicks. Increasing feed price and production cost continue to impact the growth of the poultry industry and may result in some poorly managed breeder farms closing down. This is expected to provide the Group with opportunities for further growth in this division.



FFM GROUP SUPPLIES MORE THAN
40% OF THE LOCAL FLOUR REQUIREMENTS.

ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

Chemquest Sdn Bhd, the Group's subsidiary involved in environmental engineering, waste management and utilities performed to expectations and during the year completed the Filter Backwash at Sungai Semenyih Water Treatment Plant and the Jelutong Sewage Treatment Plant, which is the biggest Sequential Batch Reactor in Asia with a treatment capacity of 800,000 PE (population equivalent) for a combined contract value of RM118 million. The Infrastructure and Engineering division also secured RM140 million of new contracts comprising the Flood Mitigation Project at Kepala Batas, Sewage Treatment Plant at UiTM, Selangor and Mechanical Works at KG Kobat Water Treatment Plant, Pahang and Skim Bekalan Air Batu Hampar.

With an allocation of RM16.5 billion under the Ninth Malaysia Plan for Water, Sewage and Flood Mitigation and the recent estimated RM77 billion budget needed for upgrading water supply services in the country between 2000 and 2050, the Chemquest Group is poised to capitalise on these opportunities during the year and beyond.



GSC OPERATES THE LARGEST CINEMA CHAIN
IN THE COUNTRY WITH A TOTAL OF
141 SCREENS IN 21 LOCATIONS.

FILM EXHIBITION AND DISTRIBUTION

The film exhibition and distribution operations undertaken by Golden Screen Cinemas Sdn Bhd (GSC) achieved its best performance to date to record profits of RM23 million, up from RM19 million in the previous year, on the back of higher revenue of RM150 million.

Cinema admissions continued to grow with 15.7 million patrons visiting GSC cinemas compared with 13.8 million for the year before. The higher admissions were attributable to stronger commercial films and the opening of 4 new multiplexes in Queensbay Mall, Penang; Sunway Carnival, Seberang Prai; Pavilion, Kuala Lumpur and Signature, The Gardens. GSC Signature, the only boutique cinema in the country, is an innovative concept of premium movie entertainment offering only Gold Class and Premier Class halls complete with F&B services to cater to the expectations of today's affluent moviegoers.

In February 2007, the Group completed the acquisition of 44.7% equity interest in GSC held by Golden Harvest Film Distribution Holding Limited and other minority shareholders making GSC a 98.9% subsidiary of the Group.

PROPERTY INVESTMENT AND DEVELOPMENT

The property investment and development division performed well to record higher profits of RM23 million as compared with RM14 million in 2006 due to higher sales of its Masera bungalows under Phase 1 and higher rental income from Cheras Leisure Mall and Cheras Plaza.

During the year under review, PPB Hartabina Sdn Bhd completed the construction of New World Park at Jalan Burma, Penang which now houses a food court and F&B outlets catering to both locals and tourists. The construction of Phase 1 of Masera Bukit Segar was also completed and the bungalow units are currently being handed over to homeowners.

Ongoing housing development projects include the Taman Tanah Aman project at Bukit Tengah, Seberang Prai and the Taman Sinar Mentari project in Bedong, Kedah.

CORPORATE SOCIAL RESPONSIBILITY

Throughout the year under review, the Group embarked on various CSR projects which are detailed on pages 37 to 39 of the Annual Report.

MASERA, BUKIT SEGAR.





PROSPECTS AND CHALLENGES FOR 2008

The economic growth prospects for Malaysia remain favourable with a projected GDP of between 5% - 6% driven primarily by domestic demand from both the private and public sectors and the roll-out of projects under the Ninth Malaysia Plan. Although a slowdown in developed economies especially the US may impact domestic growth, the continued strength of emerging economies in the Asian region should provide some support.

The Group expects a challenging year ahead in view of rising commodity prices and volatile freight rates. Nevertheless, the management is mindful of the difficult business environment and has taken appropriate steps to overcome these challenges. With its proven capability in its core activities, the Group is optimistic that the operating profits for year 2008 will be comparable to that of 2007.

Going forward, the Group will drive earnings growth through domestic and regional expansion of its core operations and capitalize on greater operating efficiencies from new mills and economies of scale in order to maintain its competitive edge in the global market.

DIRECTORATE

I wish to take this opportunity to congratulate Mr Tan Gee Sooi who has been appointed Managing Director of PPB Group with effect from 1 February 2008 as part of the Group's succession planning. Mr Tan joined our subsidiary, FFM Berhad, in 1970 after his graduation from the University of Malaya with a Bachelor of Engineering (Honours) degree in Electrical Engineering. He was appointed Managing Director of FFM in 2002 and a Director of PPB in 2004. Currently, he is the Executive Chairman of FFM and sits on the boards of various companies in which the Group has interest.

Mr Tan Yew Jin and Datuk Harun bin Din have decided not to seek re-election and re-appointment respectively at the forthcoming AGM. On behalf of the Board, I would like to record our sincere thanks and appreciation for their past services and contributions to the Group.

SPECIAL THANKS

The financial achievement for the year and continued success of the Group would not have been possible without the dedication and loyalty of the employees of the Group and to each of them I wish to express my heartfelt thanks. I would also like to thank my fellow Board colleagues for their continued support and contributions during the year. To our customers, business associates and last but not least our shareholders, on behalf of the Board of Directors, I wish to thank you for your unwavering support and confidence in the Group.

Datuk Oh Siew Nam
Chairman

7 April 2008

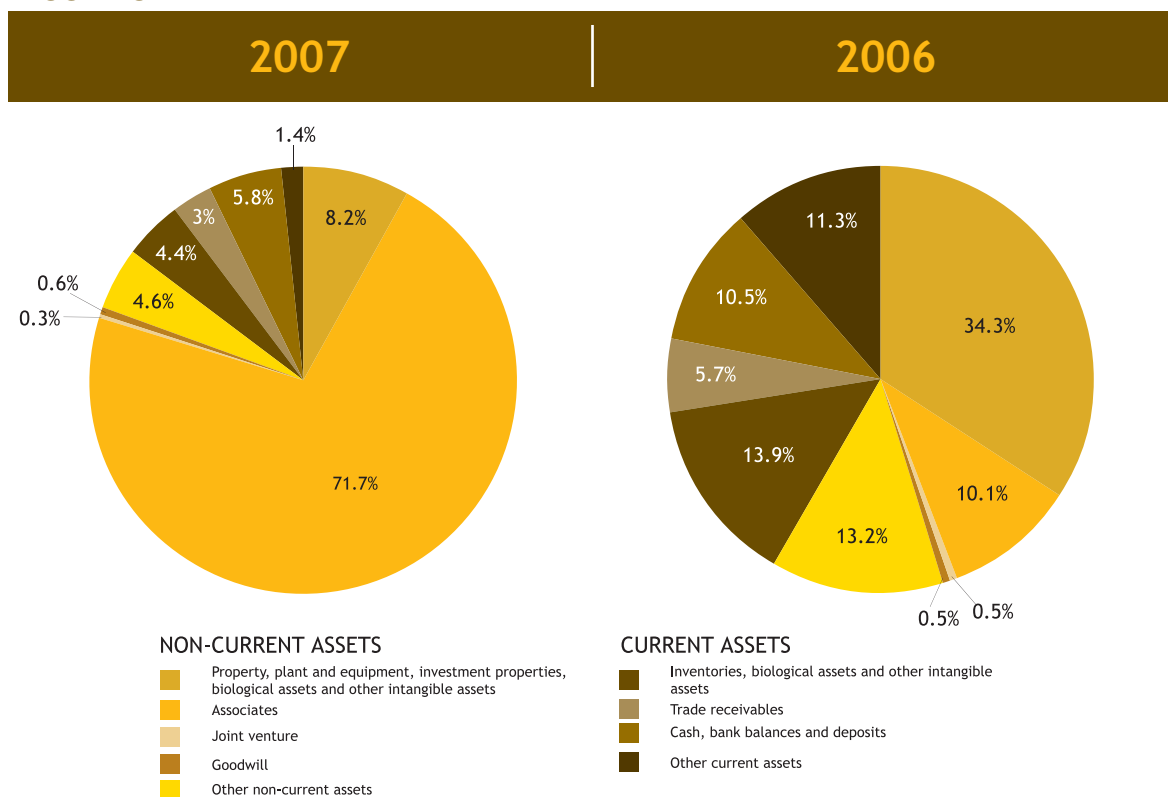
GROUP FINANCIAL HIGHLIGHTS

		2007 RM'Million	2006 RM'Million	Change %
INCOME STATEMENTS				
Revenue		6,154.430	11,519.767	-46.6
Profit before tax		763.477	840.065	-9.1
Profit for the year		7,002.512	694.250	>100
Profit attributable to shareholders of the Company		6,972.965	560.665	>100
BALANCE SHEETS				
Equity attributable to shareholders of the Company		11,429.765	4,644.684	>100
Total equity		11,567.053	5,531.325	>100
RATIOS				
Return on net assets attributable to shareholders of the Company	%	61.01	12.07	
Earnings per share	sen	588.19	47.29	>100
Interest coverage	times	55.56	26.68	>100
Current ratio	times	5.33	2.69	98.1
Total borrowings/Equity	%	0.49	12.49	
Long term borrowings/Equity	%	0.18	6.04	
Net assets per share attributable to shareholders of the Company	RM	9.64	3.92	>100
Operating cashflow per share	sen	15.14	24.53	-38.3
PE ratio	times	20.80*	11.52	80.6
Net dividend per share	sen	22.15	14.55	52.2
31st December closing price	RM	11.00	5.45	>100

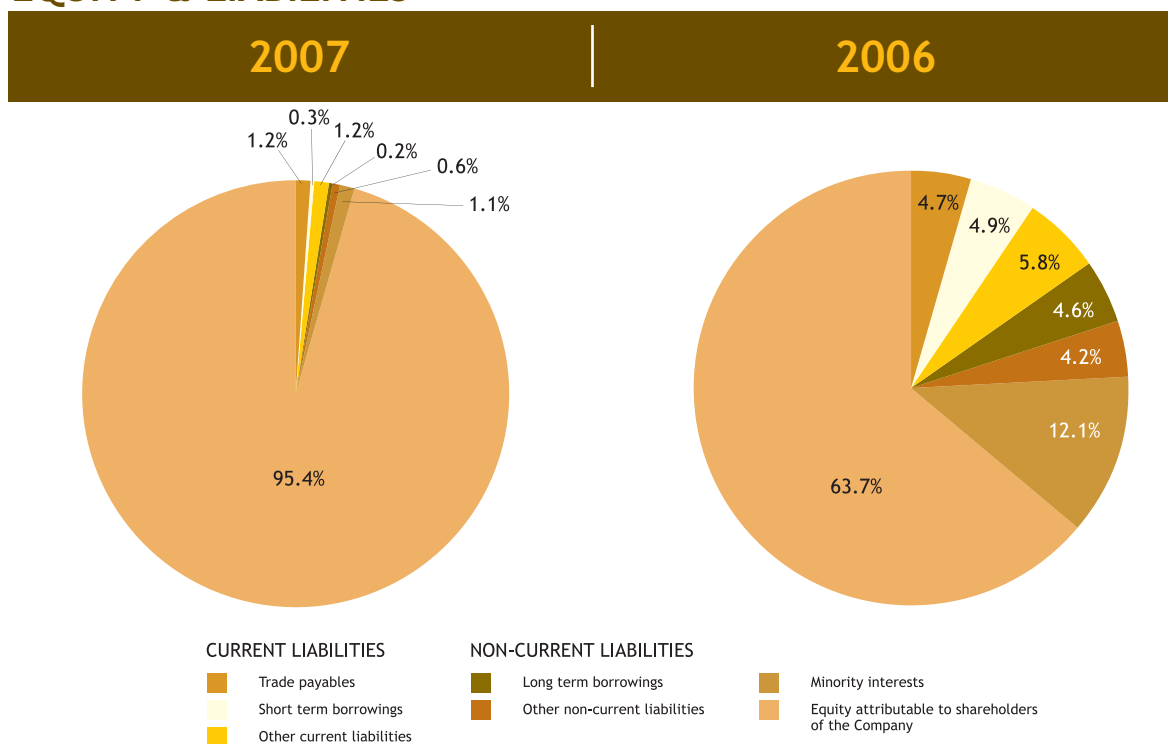
* Exclude the one-time gain from disposal of PPB Oil Palms Berhad, PGEO Group Sdn Bhd and Kuok Oils & Grains Pte Ltd amounting to RM6.346 billion.

SIMPLIFIED GROUP BALANCE SHEETS

ASSETS



EQUITY & LIABILITIES



DIRECTORS' PROFILES



Datuk Oh Siew Nam



Dato' Lim Chee Wah



Tan Gee Sooi

CHAIRMAN

Non-Independent Executive Director
Member of Remuneration Committee

Date of Appointment

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

Age - 69

Qualifications and Experience

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

Other Directorships in Public Companies

Kuok Foundation Berhad

DEPUTY CHAIRMAN

Non-Independent Executive Director

Date of Appointment

Director - 2 March 1988
Deputy Chairman - 1 July 2004

Age - 68

Qualifications and Experience

- * Bachelor of Arts (Honours) degree in Economics from the University of Malaya
- * Joined Malayan Sugar Manufacturing Company Berhad in 1965 and held several senior managerial positions before being appointed as Director in 1989 and Executive Chairman in 2000

Other Directorships in Public Companies

Jerneh Asia Berhad
Jerneh Insurance Berhad
Kuok Foundation Berhad
Malaysian Bulk Carriers Berhad
Malayan Sugar Manufacturing Company Berhad

MANAGING DIRECTOR

Non-Independent Executive Director

Date of Appointment

Director - 28 July 2004
Managing Director - 1 February 2008

Age - 63

Qualifications and Experience

- * Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Malaya
- * Held several senior managerial positions in the FFM Berhad Group and is presently the Executive Chairman of FFM Berhad

Other Directorships in Public Companies

FFM Berhad
Tradewinds (M) Berhad
Redtone International Berhad

DIRECTORS' PROFILES



Dato Sri Liang Kim Bang

Independent Non-Executive Director
Chairman of Audit and Remuneration Committees
Member of Nomination Committee

Date of Appointment
4 January 1995

Age - 71

Qualifications and Experience

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

Other Directorships in Public Companies

Cahaya Mata Sarawak Berhad
CMS Trust Management Berhad
MISC Berhad
UBG Berhad (Formerly known as Utama Banking Group Berhad)



Ang Guan Seng

Non-Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit and Remuneration Committees

Date of Appointment
8 July 1998

Age - 69

Qualifications and Experience

- * Extensive experience and knowledge in commerce, industry, building as well as trading
- * Managing Director of Petaling Garden Berhad from 1963 to 2008

Other Directorships in Public Companies

Malayan United Industries Berhad



Tan Yew Jin

Non-Independent Non-Executive Director
Chairman of Risk Advisory Committee

Date of Appointment
12 May 2001

Age - 66

Qualifications and Experience

- * Member of Malaysian Institute of Accountants
- * Member of Malaysian Institute of Certified Public Accountants
- * Member of Certified Public Accountants, Australia
- * Fellow of the Institute of Certified Public Accountants, Singapore
- * Was actively involved in FFM Berhad Group operations and was Deputy Managing Director of FFM Berhad from 1998 to 2000
- * Executive Chairman of PPB Oil Palms Berhad from 2000 to 2004
- * Executive Director of PPB Group Berhad from 2004 to 2007

Other Directorships in Public Companies

Tradewinds (M) Berhad
Shangri-La Hotels (Malaysia) Berhad

DIRECTORS' PROFILES



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



Datuk Harun bin Din



**Datuk Rajasingam
a/l Mayilvaganam**

Independent Non-Executive Director
Member of Audit and Nomination
Committees

Date of Appointment
12 May 2003

Age - 69

Qualifications and Experience

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

Other Directorships in Public Companies

Amanah Saham Mara Berhad
Camerlin Group Berhad
Gamuda Berhad
Jerneh Asia Berhad
Jerneh Insurance Berhad
Kenanga Investment Bank Berhad
K&N Kenanga Holdings Berhad
Kenanga Unit Trust Berhad
Panasonic Manufacturing Malaysia Berhad
Southern Steel Berhad
Tasek Corporation Berhad

Independent Non-Executive Director
Member of Audit Committee

Date of Appointment
12 May 2005

Age - 73

Qualifications and Experience

- * Bachelor of Arts (Honours) degree from the University of Malaya, Singapore
- * Joined the Malaysian Civil Service as Assistant Secretary in the Prime Minister's Department in 1959 and held the position of Deputy Secretary-General before retiring in 1990
- * Former Secretary-General of the Ministry of Housing & Local Government
- * Former Secretary-General of the Ministry of National & Rural Development
- * Chairman of the Malaysian Election Commission from 1990 to 1999
- * Independent Non-Executive Director of FFM Berhad from 1999 to 2004
- * Former General Manager of Klang Port Authority

Other Directorships in Public Companies

Nil

Independent Non-Executive Director
Member of Audit Committee

Date of Appointment
16 May 2005

Age - 65

Qualifications and Experience

- * Fellow of the Chartered Institute of Logistics and Transport
- * Associate Member of the Institute of Industrial Engineers, Australia
- * Served the Lembaga Pelabuhan Klang for 33 years and was the General Manager prior to his retirement in November 1997
- * Independent Non-Executive Director of FFM Berhad from 1997 to 2004

Other Directorships in Public Companies

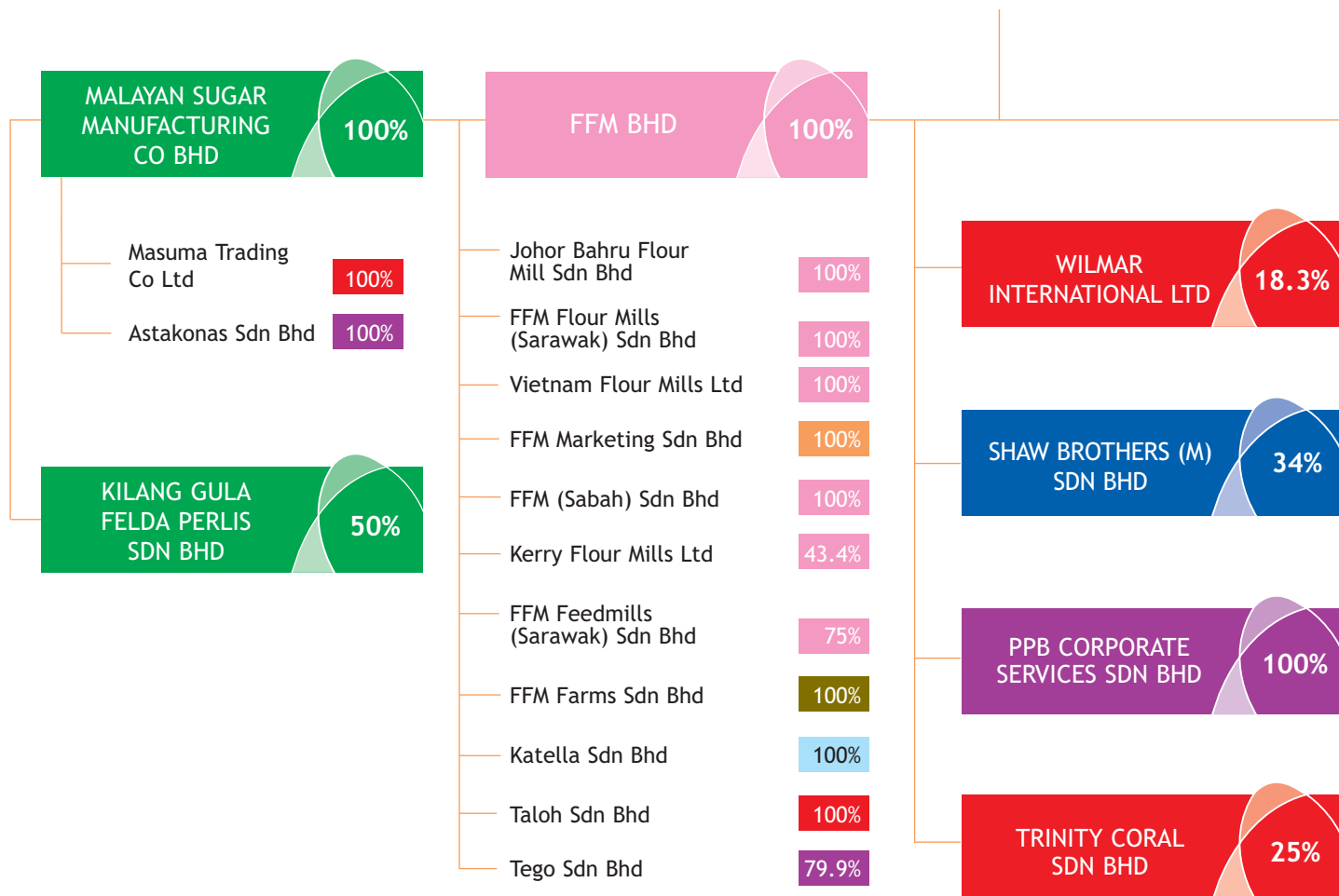
Nil

NOTES

1. All the Directors are Malaysians.
2. None of the Directors has any family relationship with any other Director or substantial shareholder of the Company, nor any conflict of interest with the Company except for Mr Ang Guan Seng, whose interests in transactions with the PPB Group are disclosed on pages 74 (Directors' Report), 40 and 41 (Additional Compliance Information) of this Annual Report.
3. None of the Directors had any convictions for offences within the past ten years.

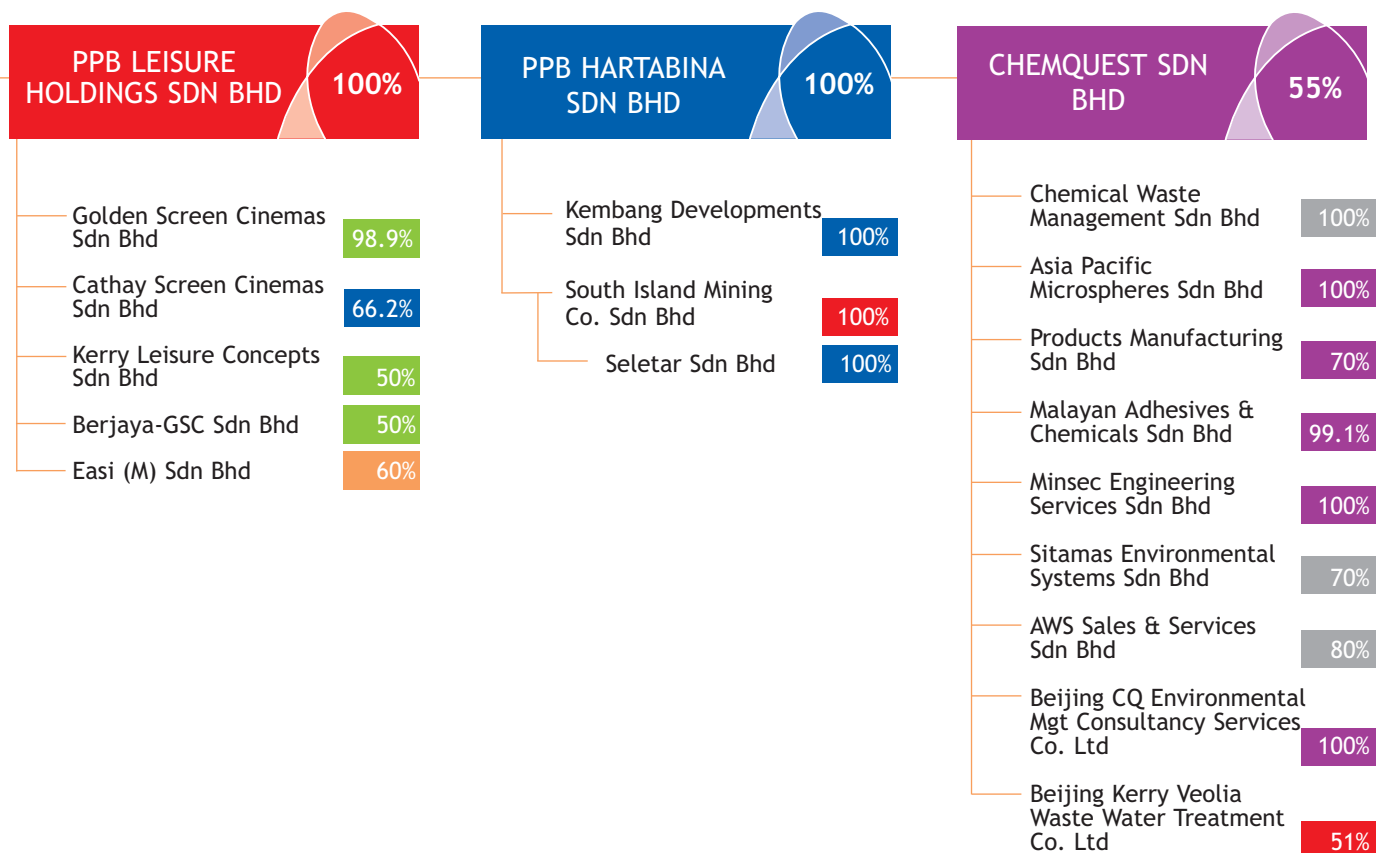
CORPORATE STRUCTURE

AS AT 31 MARCH 2008



CORPORATE STRUCTURE

AS AT 31 MARCH 2008



SUGAR	MANUFACTURING & SERVICES
GRAINS & FEED	INVESTMENT HOLDING
LIVESTOCK FARMING	SHIPPING
ENTERTAINMENT AND LEISURE	WASTE MANAGEMENT & UTILITIES
PROPERTY	OTHERS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Oh Siew Nam
Chairman

Dato' Lim Chee Wah
Deputy Chairman

Tan Gee Sooi
Managing Director

Dato Sri Liang Kim Bang
Independent Non-Executive Director

Ang Guan Seng
Non-Independent Non-Executive Director

Tan Yew Jin
Non-Independent Non-Executive Director

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

Datuk Harun bin Din
Independent Non-Executive Director

Datuk Rajasingam a/l Mayilvaganam
Independent Non-Executive Director

AUDIT COMMITTEE

Dato Sri Liang Kim Bang
Chairman

Ang Guan Seng

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Datuk Harun bin Din

Datuk Rajasingam a/l Mayilvaganam

NOMINATION COMMITTEE

Ang Guan Seng
Chairman

Dato Sri Liang Kim Bang

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

REMUNERATION COMMITTEE

Dato Sri Liang Kim Bang
Chairman

Datuk Oh Siew Nam

Ang Guan Seng

COMPANY SECRETARY

Tan Teong Boon

REGISTERED OFFICE

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

SOLICITORS

Kadir Andri & Partners
8th Floor Menara Safuan
80 Jalan Ampang
50450 Kuala Lumpur

Lee Hishammuddin Allen & Gledhill
Level 16 Menara Asia Life
189 Jalan Tun Razak
50400 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Citibank Berhad

AUDITORS

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

REGISTRARS

PPB Corporate Services Sdn Bhd
14th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone : 03-21170888
Facsimile : 03-21170999

STOCK EXCHANGE LISTING

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

GROUP'S CORPORATE EVENTS IN 2007

25 JANUARY

Golden Screen Cinemas Sdn Bhd (GSC), a 98.9% subsidiary of PPB Group, opened its 8-screen multiplex at Queensbay Mall, Penang. GSC Queensbay Mall with a seating capacity of 1,500 is also wheelchair-accessible.

28 FEBRUARY

PPB Leisure Holdings Sdn Bhd, a wholly-owned subsidiary of PPB, completed the acquisition of 12,269,466 ordinary shares of RM1.00 each representing 40.2% equity interest in GSC from Golden Harvest Films Distribution Holding Ltd.

1 MARCH

A Press and Analyst Briefing was held to review the financial results for the year ended 31 December 2006 and other related matters.

12 APRIL

An Extraordinary General Meeting of PPB was held to approve the disposal of PPB Group's entire equity interests in PPB Oil Palms Berhad, PGEO Group Sdn Bhd and Kuok Oils and Grains Pte Ltd to Wilmar International Limited.

18 MAY

The 38th Annual General Meeting (AGM) of PPB was held to approve the audited financial statements for the year ended 31 December 2006 and other AGM matters.

16 AUGUST

A Directors' Continuing Education Programme (DCEP) training session was held and the topics comprised 21st Century Governance, Legal and Regulatory Challenges to the Malaysian Board; and 3D Public Relations.

28 AUGUST

A Press and Analyst Briefing was held to review the financial results for the six months ended 30 June 2007 and other matters.

4 OCTOBER

GSC opened its 8-screen multiplex at Sunway Carnival Mall in Seberang Jaya, Penang with a total seating capacity of 1,426 which caters to the mainland Penang market up to Kedah.

23 OCTOBER

PPB completed the disposal of its entire 55% equity interest in Ampang Leisuremall Sdn Bhd comprising 33,000,000 ordinary shares of RM1.00 each to Huatland Development Sdn Bhd for a total cash consideration of RM21.12 million.

5 NOVEMBER

PPB held a DCEP training covering topics on Audit Committee and Accounting Manipulation and Corporate Social Responsibility.



GROUP'S CORPORATE EVENTS IN 2007

29 NOVEMBER

GSC's 13-screen multiplex at The Pavilion located in Jalan Bukit Bintang, Kuala Lumpur was opened. The 1,899 seater cinema offers a 38-seat Gold Class hall, THX certified halls and access ramps for the disabled.

5 DECEMBER

GSC launched its first boutique cinema under "GSC Signature" at The Gardens, Mid Valley. The 7-screen multiplex offers only Gold and Premiere Class halls which are fitted with full leather recliner seats with electronic controls and Paragon Milano twin seats respectively. This exclusive multiplex complete with three (3) F&B establishments caters especially to the expectations of today's affluent moviegoers.

FINANCIAL CALENDAR

FINANCIAL YEAR FROM 1 JANUARY 2007 TO 31 DECEMBER 2007

RESULTS

1st Quarter ended 31 March 2007	Announced on	30 May 2007
2nd Quarter ended 30 June 2007	Announced on	24 August 2007
3rd Quarter ended 30 September 2007	Announced on	29 November 2007
4th Quarter ended 31 December 2007	Announced on	29 February 2008

DIVIDENDS

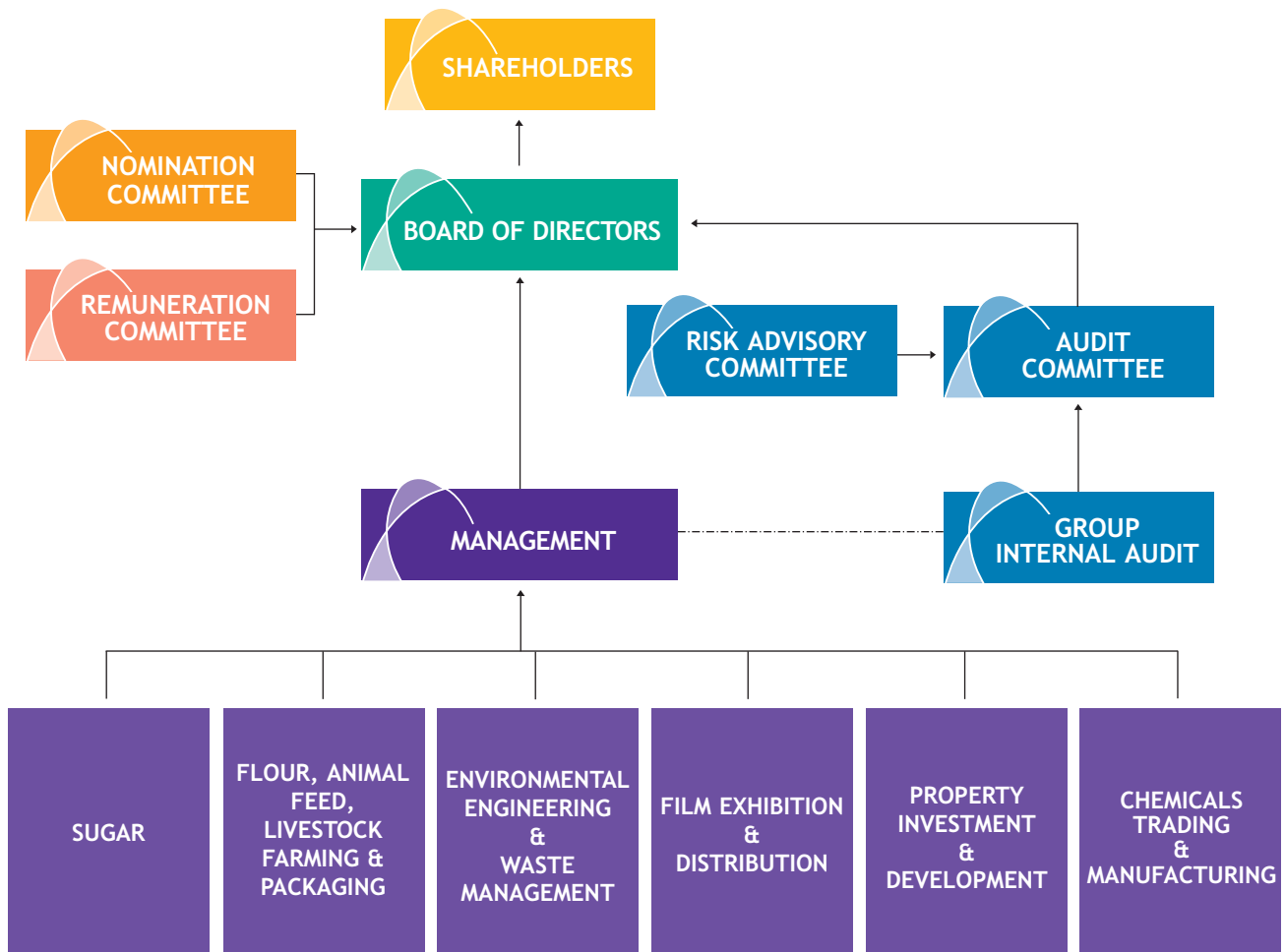
Interim Dividend of 5 sen less 27% income tax	Declared on	24 August 2007
	Entitlement Date on	13 September 2007
	Paid on	28 September 2007
Proposed Final Dividend of 25 sen less 26% income tax	Announced on	29 February 2008
	Entitlement Date on	22 May 2008
	Payable on	6 June 2008

CORPORATE GOVERNANCE STATEMENT

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

This statement describes the manner in which PPB Group has applied the principles of good governance and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance (“the Code”) throughout the financial year.

CORPORATE GOVERNANCE STRUCTURE



BOARD OF DIRECTORS

BOARD RESPONSIBILITY

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

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

There is a clear division of responsibilities in the Company. The Chairman represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group. The Chairman also ensures that all proposals by management are fully deliberated by all directors, executive and non-executive alike, as well as examined taking into account the interests of shareholders and other stakeholders and the communities in which the Group conducts its businesses. The Managing Director is responsible for overseeing the operations and development of the businesses as well as coordinating and implementing corporate strategies adopted by the Board. The non-executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. The Independent Non-executive Directors provide unbiased and independent views to safeguard the interest of minority shareholders.

COMPOSITION OF THE BOARD

The Board has nine Directors comprising three Executive Directors and six non-executive Directors, of whom four are independent. The number of independent directors is in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") which requires one third of the Board to comprise independent directors.

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

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

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



BOARD MEETINGS

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

During the financial year ended 31 December 2007, the Board met five times and the record of the attendance of each Director is set out below:-

Name of Director	Attendance	% of Attendance
Datuk Oh Siew Nam	5	100
Dato' Lim Chee Wah	5	100
Tan Gee Sooi	5	100
Dato Sri Liang Kim Bang	5	100
Ang Guan Seng	5	100
Tan Yew Jin	5	100
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	5	100
Datuk Harun bin Din	5	100
Datuk Rajasingam a/l Mayilvaganam	5	100

SUPPLY OF INFORMATION

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

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

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

APPOINTMENTS TO THE BOARD

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

The Committee assists the Board in the following:-

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

CORPORATE GOVERNANCE STATEMENT

Decisions on appointments are made by the Board after considering recommendations by the Committee. During the financial year ended 31 December 2007, the Nomination Committee had two (2) meetings which were attended by all members.

DIRECTORS' TRAINING

There is a familiarization programme for new Board members including, where appropriate, visits to the Group's businesses and meetings with senior management to facilitate their understanding of the Group's businesses and operations.

All the Directors have attended the Continuous Education Programmes ("CEP") as required by Bursa Securities to keep abreast with relevant new regulatory developments on a continuous basis. In addition, in-house Directors' CEP training sessions in the form of seminars were held during the financial year ended 31 December 2007, as follows :-

Seminar Topics	No. of Hours Spent
21st Century Governance, Legal & Regulatory Challenges to the Malaysian Board	3
3D Public Relations	2
Audit Committee and Accounting Manipulation	3
Corporate Social Responsibility	2

RE-ELECTION OF DIRECTORS

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

DIRECTORS' REMUNERATION

i. Remuneration Policy

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

ii. Remuneration Procedure

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

The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole subject to approval of shareholders at the Annual General Meeting ("AGM"). The directors are not involved in the approval of their own remuneration package. During the financial year ended 31 December 2007, the Remuneration Committee had two (2) meetings which were attended by all members.

iii. Remuneration Package

The details of the remuneration of Directors on Group basis for the financial year ended 31 December 2007 are as follows :-

Non-executive All figures in RM'000	Executive Directors	Directors
Salary	2,460	780
Fees	-	328
Attendance Fee	1,002	39
Bonus	6,200	2,300
Benefits-in-kind	51	32
Employer Provident Fund	1,293	409
Total	11,006	3,888

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

	Executive Directors	Non-executive Directors
RM50,001 - RM100,000	-	5
RM1,800,001 - RM1,850,000	1	-
RM2,850,001 - RM2,900,000	1	-
RM3,650,001 - RM3,700,000	-	1
RM6,300,001 - RM6,350,000	1	-
Total	3	6

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

On 29 November 2007, the Board adopted an Investor Relations Policy which provides a framework for the Board, Management and relevant staff to communicate effectively with PPB shareholders, investors, other stakeholders and the public.

The Policy deals with the following :-

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

INVESTOR RELATIONS

INVESTOR RELATIONS PROGRAMME

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

i. Sources of Information

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

- Our annual report which aims to give readers a comprehensive picture of PPB Group's businesses and performance for the financial year under review.
- Quarterly Investor Updates designed like a newsletter are sent to registered shareholders and the investment community. The Investor Update contains financial results, update of the Group's operations as well as significant events during the quarter under review.
- The Investor Handbook published annually provides shareholders and the investment community an overview of the Group's operations and serves as a convenient reference guide.
- News releases which announce financial performance and important events relating to the Group via the local media and the corporate website.
- The Company's corporate website, www.ppbgroup.com contains a separate section for our shareholders or potential investors under "Investors Relations" where they can request for information or provide feedback to the Company. Information on the Group, its businesses, financial data, annual reports and Investor Updates can be easily downloaded from the website.

ii. Direct Meetings

PPB Group's policy is to maintain an active dialogue with its shareholders with the objective of giving shareholders a clear and complete picture of the Company's performance. This is provided at the Company's annual general meetings where shareholders can express their views or raise questions in relation to the Company's financial performance and business operations. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

The Company conducts analyst briefings twice a year to provide consistent dialogues between the Company's senior management and the investment community. Biannual press conferences are also held after the final and half-yearly results are released to the Bursa Securities. On these occasions, the Chairman together with the Managing Director of PPB and CEOs of the principal subsidiaries are present to address any questions on the Group's businesses.

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

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

iii. Queries and Feedback

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

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

1. Dato Sri Liang Kim Bang, Senior Independent Non-executive Director

Telephone number : 03-21170888

Facsimile number : 03-21170999

2. Koh Mei Lee, Senior Manager (Corporate Affairs)

Telephone number : 03-21170800

Facsimile number : 03-21170998

E-mail address : corporateaffairs@ppb.com.my

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 66 of this Annual Report.

RELATIONSHIP WITH AUDITORS

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

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

INTERNAL CONTROL

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

Datuk Oh Siew Nam
Chairman

Dato Sri Liang Kim Bang
Independent Non-Executive Director

Kuala Lumpur
7 April 2008



AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee (AC) during the financial year ended 31 December 2007 comprised the following directors :-

Name of Director	Membership	Directorship
Dato Sri Liang Kim Bang	Chairman	Independent Non-Executive
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	Member	Independent Non-Executive
Ang Guan Seng	Member	Non-Independent Non-Executive
Datuk Harun bin Din	Member	Independent Non-Executive
Datuk Rajasingam a/l Mayilvaganam	Member	Independent Non-Executive

TERMS OF REFERENCE

The Terms of Reference of the AC are set out below :-

Authority

The Audit Committee shall :-

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

Duties

The duties of the Audit Committee are to :-

- (1) review the following and report the same to the Board of Directors of the Company :-
 - a. with the external auditors, the audit plan;
 - b. with the external auditors, their evaluation of the system of internal control;
 - c. with the external auditors, their audit report;
 - d. the assistance given by the employees of the Company to the external auditors;
 - e. the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - f. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - g. the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - h. any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - i. any letter of resignation from the external auditors of the Company; and
 - j. whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

- (2) recommend the nomination of a person(s) as external auditors;
- (3) consider the external auditors' fee and any questions of dismissal;
- (4) discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (5) review the external auditors' management letter and management's response;
- (6) review any appraisal or assessment of the performance of members of the internal audit function;
- (7) approve any appointment or termination of senior staff member of the internal audit function;
- (8) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
- (9) consider other topics as defined by the Board.

MEETINGS OF AUDIT COMMITTEE

The number of meetings of the AC held during the financial year ended 31 December 2007 and details of attendance of each committee member are as follows :-

Name of Director	No. of Audit Committee Meetings	
	Held	Attended
Dato Sri Liang Kim Bang	4	4
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	4	4
Ang Guan Seng	4	4
Datuk Harun bin Din	4	4
Datuk Rajasingam a/l Mayilvaganam	4	4

AUDIT COMMITTEE TRAINING

The details of the training programmes attended by all members of the AC for the financial year ended 31 December 2007 are as follows :-

Topics

- 21st Century Governance, Legal and Regulatory Challenges to the Malaysian Board
- 3D Public Relations
- Audit Committee and Accounting Manipulation
- Corporate Social Responsibility

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2007, the AC performed the duties specified in its Terms of Reference. In performing its duties, the AC inter-alia :-

1. reviewed with Moores Rowland the audit plan, the audit report, their evaluation of the system of internal control and the assistance given by the Group's officers to them;
2. reviewed with the internal auditors their audit reports, approve their audit plan, scope and audit approach including assessing their performance and adequacy of their resources;
3. reviewed the Group's quarterly results and year-end financial statements prior to submission to the Board of Directors;
4. reviewed the Audit Committee Report and Statement on Internal Control for inclusion in the Annual Report;
5. reviewed half-yearly reports on the Group's top risks and management action plans to manage the risks;
6. reviewed related party transactions within the Group;
7. recommended the nomination of Moores Rowland for re-appointment as external auditors; and
8. considered the increase in Moores Rowland's audit fee.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house by members of PPB Internal Audit Department (PPBIAD). PPBIAD reports directly to the AC and is independent of the activities they audit.

ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

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

During the financial year ended 31 December 2007, PPBIAD reviewed the adequacy and integrity of the Group's system of internal control covering both financial as well as non-financial controls. In addition, the effectiveness of the Group's Enterprise Risk Management system was also evaluated. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations.

Dato Sri Liang Kim Bang
Chairman
(Independent Non-Executive Director)

7 April 2008

STATEMENT ON INTERNAL CONTROL

The Board acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investment and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system. Such a system is designed to manage rather than eliminate the risk of failure. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The key elements of the Group's system of internal control are summarized as follows :-

1. Control environment

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

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

2. Risk management

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

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

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

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

STATEMENT ON INTERNAL CONTROL

3. Control activities

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

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

4. Information and communication

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

5. Monitoring

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

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

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

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

7 April 2008

CORPORATE SOCIAL RESPONSIBILITY STATEMENT



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

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

COMMITMENT

- We are committed to pursue and practice CSR by ensuring that our operations and business practices are managed responsibly and efficiently with the highest standards of transparency, accountability and integrity in increasingly complex environments.
- We help create sustainable economic growth by building human and institutional capacity. Our workforce is encouraged to reach their full potential through training, career development and promotion from within wherever possible.
- We provide a safe workplace and recognize the importance for our workforce to feel proud and inspired to work for the Group, and thus we strive to improve their quality of life.

- We believe that it is our duty to contribute and engage with the communities in which we belong and society at large. Through our educational initiatives and community projects, we hope to develop relationships with and enhance the quality of life of these communities.
- We are conscious that the planet belongs not to us, but to future generations, and hence we make every effort to ensure that our operations and services are in accordance with appropriate industry standards and best practices, thus minimizing harm to the environment.

HIGHLIGHTS OF 2007 CSR ACTIVITIES

- **FOR THE COMMUNITY**

Improving education especially for the underprivileged is a major focus of the Group's community activities as education is the key for them to secure a better future. With this in mind, the Group provided financial assistance to schools and local universities to upgrade their facilities and for their research initiatives. Equally important is to instill in children the love for reading as it fosters lifelong learning and creative thinking. PPB continued with its "Cultivating the Love for Reading" project for the second year and besides donating English storybooks to primary schools, English Language quizzes and essay writing competitions were organized for these schools. Through this project, PPB also encourages the younger children to learn and improve their command of the English Language which PPB believes is vital as a foundation for higher learning and future career development. In addition, PPB provided free newspapers to all schools in Perlis to encourage reading by children in schools.

PPB Group also provided financial assistance and periodically contributed its products to charity homes. Various essential products were given to Johor flood victims to help restart their lives after the flood disaster. During Malaysia's 50th Merdeka celebrations, PPB organized a series of events with senior citizens and orphans including a visit to FFM Berhad's flour mill complex. In December 2007, a visit to the Forest Research Institute Malaysia (FRIM) was organized for its employees and underprivileged children to encourage our youngsters to love and protect nature.

To encourage sports activities, PPB Group organized a Judo competition for primary, secondary and international school students in December 2007. Financial assistance was also given to sports associations to support and encourage talented young athletes to persevere in their determination, hard work and dedication to their chosen sports.

PPB Group jointly organized various film festivals, such as the Japanese Film Festival, European Union Film Festival, French Film Festival and others to expose and increase the public's awareness of the arts and cultures of other countries. In addition, free quarterly movie screenings are organized for senior citizens at GSC cinemas to show appreciation and encourage senior citizens to maintain an active and varied lifestyle.

- **FOR THE WORKPLACE**

PPB Group employs about 4,000 people and to ensure that the Group is a rewarding and supportive place to work in, PPB sends employees to various continuing training programmes and English Language workshops to enhance personal and professional development. During the year, seminars on eye care and fitness were conducted to encourage employees to take better care of their health and well-being. Sports activities within and outside the workplace were organized to promote healthier living. PPB Group also encourages more interaction amongst employees and organized company trips and dinners during the year.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT



- **FOR THE ENVIRONMENT**

PPB Group strives to ensure that its operations produce as little environmental impact as is consistent with its business needs. PPB Group is focused on optimizing recycling and reducing energy use in its operations. The Group's sugar refining operations converted its steam boiler fuel from medium fuel oil to gas and installed a water treatment plant to recycle effluent back to process. PPB Group encourages its staff to reduce paper usage and reuse waste plastic materials as well as adopting a paperless system for selected documentation.

- **FOR THE MARKETPLACE**

PPB recognizes the need to keep stakeholders abreast of the Company's activities and hence publishes quarterly Investor Updates and an annual Investor Handbook to enable investors to have a better understanding and assessment of the future and direction of the Group. PPB's corporate website provides easy access to information on the Group's financials and operations with a separate "Investor Relations" section for shareholders and market's feedback and queries.

The cinema operations are committed to provide disabled friendly facilities in all its new cinemas. The flour operations worked with the Ministry of Education to train domestic science teachers on the latest baking techniques and new products as well as train parties interested in setting up baking businesses. All of PPB Group's operations encourages active consideration of customers' feedback and suggestions.

7 April 2008

ADDITIONAL COMPLIANCE INFORMATION

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

1. Non-audit Fees

The amount of non-audit fees paid to the external auditors of PPB and its subsidiaries ("PPB Group") for the financial year ended 31 December 2007 were as follows :-

Name of Auditor	Fees (RM)	Purpose
Moores Rowland	118,245	Tax advisory services and accounting services
KPMG Corporate Advisory Sdn Bhd	78,750	Advisory services for a corporate exercise
KPMG Tax Services	22,732	Tax advisory services
Ernst & Young Tax Consultants	24,100	Tax advisory services
Chin & Co.	500	Tax advisory services
Khin Su Htay & Associates	4,111	Secretarial services

2. Material Contracts

There was no material contract entered into by PPB Group involving its Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2007 or entered into since the end of the previous financial year.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The RRPTs entered into by PPB Group during the financial year ended 31 December 2007 were as follows :-

RELATED PARTIES

The related parties are as follows :-

- (a) Kuok Brothers Sdn Berhad ("KB"), a major shareholder of PPB with direct interest of 41.28% and indirect interest of 0.19%, 0.12%, 0.08% and 0.004% held through Gaintique Sdn Bhd, Jerneh Insurance Berhad, Min Tien & Co. Sdn Bhd and Hoe Sen (Mersing) Sdn Bhd respectively; and
- (b) Mr Ang Guan Seng ("AGS"), a Director of PPB, has indirect interest of 3.51% held through Nai Seng Sdn Bhd, Ang Toon Chew & Sons (M) Sdn Bhd, his spouse and children in PPB.

ADDITIONAL COMPLIANCE INFORMATION

Nature of Transactions Undertaken by PPB and/or its Subsidiary Companies	Transacting Party	Year 2007 Actual RM'000	Interested Related Party
PURCHASE OF RAW SUGAR			
• Malayan Sugar Manufacturing Co. Bhd (“MSM”)	• Kerry Group Limited (“KGL”), its subsidiaries and associated companies (“KGL Group”)	496,919	KGL
SALE AND PURCHASE OF EDIBLE OILS/GRAINS			
• PGEO Group S/B & its subsidiary companies*	• Kuok Oils & Grains Pte Ltd & its subsidiary companies	2,762,536	KGL & Kerry Holdings Limited (“KHL”)
SALE OF REFINED SUGAR			
• MSM	• Hoe Sen (Mersing) S/B	15,386	KB
• MSM	• Min Tien & Co. S/B (“MTSB”)	39,946	KB
• MSM	• KGL Group	81,980	KGL
SALE AND PURCHASE OF CHEMICALS			
• Chemquest S/B and its subsidiary companies	• Malayan Adhesives & Chemicals S/B	44,520	KB
PURCHASE OF CORN/SOYA BEAN MEAL			
• FFM Berhad and its subsidiary companies (“FFM Group”)	• Ban Seng Guan S/B	Nil	AGS
• FFM Group	• Hoe Seng Chan S/B	101,172	AGS
PURCHASE OF CRUDE PALM OIL			
• PGEO Edible Oils S/B*	• Perusahaan Minyak Sawit Bintang S/B	20,579	AGS
PURCHASE OF CRUDE PALM OIL AND/OR PALM KERNEL			
• Sandakan Edible Oils S/B*, Bintulu Edible Oils S/B*, FFM (Sabah) S/B	• PPB Oil Palms Berhad (“PPBOP”) and its subsidiary companies	189,678	KB

* PPB completed the disposal of its subsidiaries, PPBOP and PGEO Group Sdn Bhd to Wilmar International Limited on 24 April 2007 and 8 May 2007 respectively.



2.THE BUSINESS

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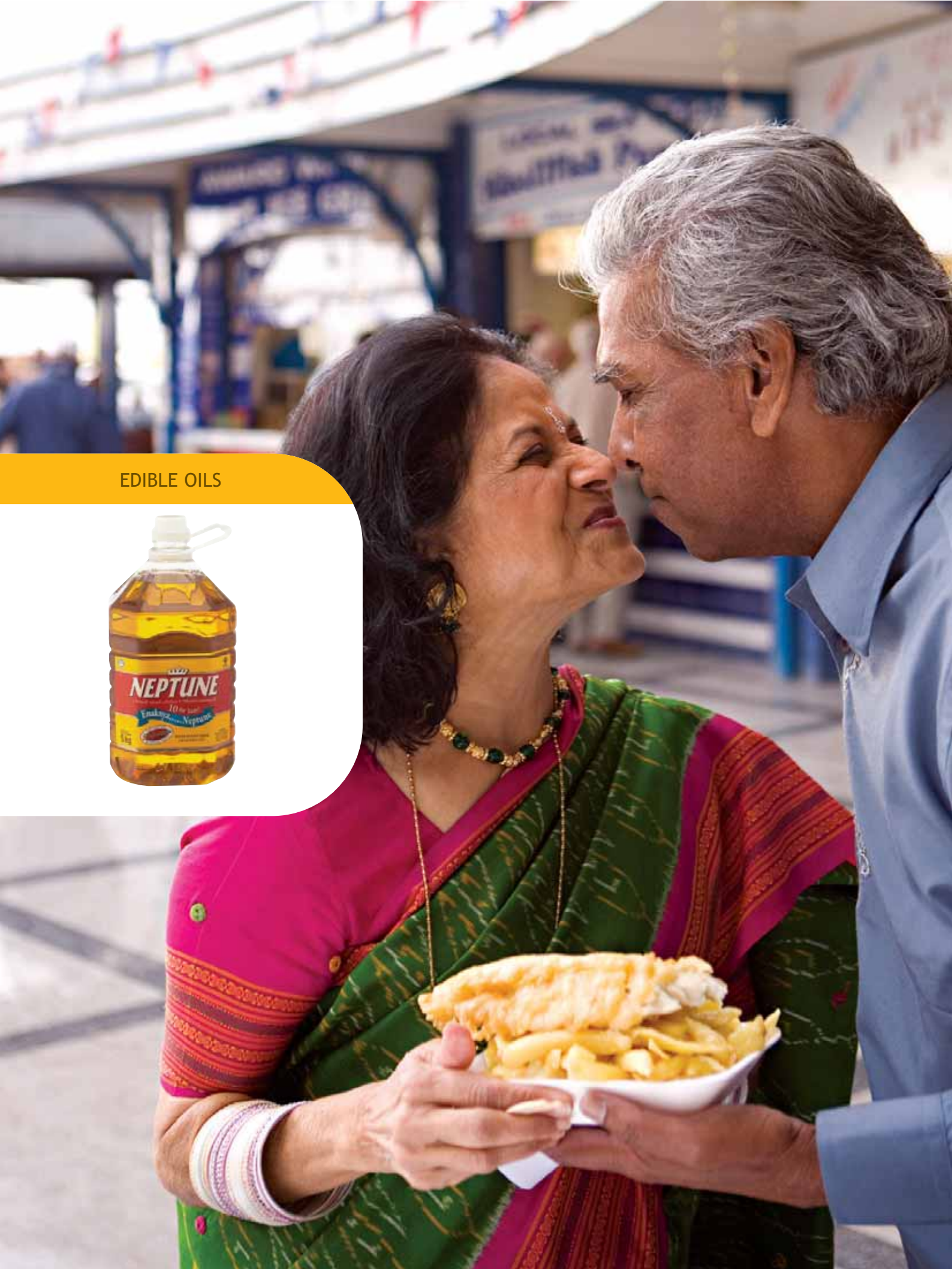
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EDIBLE OILS





SUGAR REFINING AND CANE PLANTATION



MSM

Sugar Refining and Cane Plantation

The Group's sugar refining operations are undertaken by its wholly-owned subsidiary, **Malayan Sugar Manufacturing Company Berhad (MSM)** and 50% associate, Kilang Gula Felda Perlis Sdn Bhd (KGFP).

MSM's sugar refinery at Prai, Penang, Province Wellesley started operations in 1964 and is the country's largest sugar refinery with a melting capacity of 2,500 tonnes of raw sugar per day. The refinery produces various types of sugar for industrial and household consumers. Its customers consist of major food and beverage manufacturers, confectionaries, hotels, restaurants, food outlets and household consumers.

At present, both MSM and KGFP produce more than 850,000 mt of refined sugar per annum and supply about 60% of the domestic sugar requirements.

REVIEW OF OPERATIONS

The sugar operations achieved a higher profit of RM131.8 million in 2007 (2006: RM84.6 million) due to lower raw material prices and favourable refining margins with the increase in production for export market.

In January 2007, MSM completed its melting capacity expansion which increased refined sugar production capacity to 800,000-mt per annum.

Making the most of its increased capacity, MSM's domestic sales volume grew by 7% whilst exports rose 126% from 91,772 mt to 207,665 mt with more sales to Indonesia, Singapore and Korea.

	SALES VOLUME	
	2007	2006
Domestic (mt)	571,021	534,178
Export (mt)	207,665	91,772
Total (mt)	778,686	625,950
Domestic (%)	73	85
Export (%)	27	15

LOOKING AHEAD

For 2008, MSM plans to invest RM103.7 million to further improve melting capacity, sugar storage capacity and factory operations.

Barring unforeseen circumstances, MSM's sugar refining operations expect to perform satisfactorily in 2008.



GRAINS TRADING, FLOUR AND FEED MILLING



FFM

Grains Trading, Flour and Feed Milling

PPB Group's grains trading, flour and feed milling activities are held under **FFM Berhad (FFM)**, a wholly-owned subsidiary of PPB.

FFM Group is one of the largest flour millers in Malaysia supplying more than 40% of the country's wheat flour requirements. FFM's milling complexes are strategically located in Pasir Gudang, Johor Bahru; Pulau Indah, Port Klang; Kuching, Sarawak; and Vietnam with a total milling capacity of 2,350 mt per day. Kerry Flour Mills Ltd, a 43.4% associate of FFM, operates a 400-mt per day flour mill in Thailand.

FFM also operates five feed mills in Peninsular and East Malaysia with a total milling capacity of 135 mt per hour and is one of the biggest feed millers in Malaysia.

REVIEW OF OPERATIONS

The Group's grains trading, flour and feed milling division performed satisfactorily with operating profits of RM126.1 million for year 2007 (2006: RM109.6 million) against revenue of RM1.042 billion (2006: RM939.3 million) due to improved selling prices of specialty flour and feed products.

During the year under review, JBFM Flour Mill Sdn Bhd, a wholly-owned subsidiary of FFM, started construction of a new wheat flour mill in Prai, Penang which is scheduled to be completed by the 4th quarter of 2008. The mill, with a wheat milling capacity of 360 mt per day, will increase FFM's market share and provide better services to its customers in the northern region.

A grains processing plant was constructed in Pulau Indah early-2007 to process dahl and graded soybeans. The plant is expected to be operational by the 2nd quarter of 2008.

LOOKING AHEAD

As part of its expansion plans, FFM's wholly-owned subsidiary, FFM (Sabah) Sdn Bhd will be constructing a wheat flour mill in Kota Kinabalu in the 2nd quarter of 2008. The flour mill, with a wheat milling capacity of 220 mt per day is expected to be completed in the 2nd quarter of 2009.

In addition, PT Pundi Kencana in which FFM Group has 51% interest, is currently constructing a 1,000-mt per day wheat flour mill in Cilegon, Java, Indonesia. The flour mill, scheduled to be completed by early 2009, will enable FFM Group to expand its flour milling activity into Indonesia.

Although raw material prices are expected to remain high in 2008, FFM is confident of maintaining its market share. FFM will also continue to explore new opportunities to expand its flour and feed businesses locally and overseas.



LIVESTOCK FARMING



FFM FARMS

Livestock Farming

FFM Farms Sdn Bhd, a wholly-owned subsidiary of FFM Berhad, undertakes high-tech livestock farming in two broiler-breeder farms and one layer farm, producing day-old chicks and table eggs respectively. These farming activities complement the Group's feed milling and trading operations.

The breeder farms are located in Sua Betong, Negeri Sembilan and Gurun, Kedah on a total land area of 167 hectares. The total production capacity of both farms is 3 million chicks per month.

The layer farm in Trong, Perak has a monthly production capacity of 20 million eggs. Sited on 222 hectares of land, with ample buffer zone for maintenance of strict biosecurity, this farm produces antibiotic-free and vitamin E-enriched premium eggs, marketed under the brandname 'Seri Murni'.

FFM Farms also produces organic fertilizer, using composted poultry manure from the layer farms which is sold under the "Organic" brandname.

REVIEW OF OPERATIONS

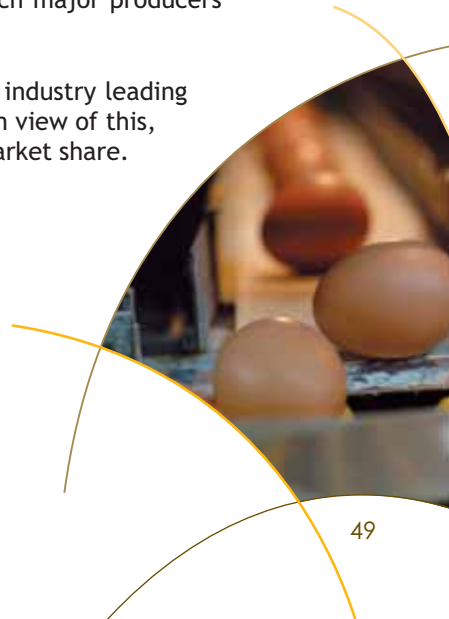
Livestock farming operations turned around with a profit of RM7.2 million for 2007 (2006 : loss of RM4.4 million) on the back of a 34% increase in revenue to RM82.2 million (2006 : RM61.4 million). The profit was largely due to higher selling prices of day-old chicks.

LOOKING AHEAD

FFM Group is in the midst of constructing a Halal-meat further processing plant to produce poultry sausages, nuggets and burgers at Pulau Indah, Selangor which is expected to commence operations in April 2008. The setting up of the plant is in accordance with the Group's strategy of investing in downstream activities for synergistic growth.

The outlook for the egg market depends largely on the extent to which local production is affected by feed supply constraints and high production cost as well as the rate at which major producers are able to export their excess to foreign markets.

Increasing feed price and production cost will affect the growth of the poultry industry leading to some poorly managed breeder farms downsizing or closing their operations. In view of this, the Company is planning to increase day-old chicks production and expand its market share.





PACKAGING



TEGO

Packaging

The Group's packaging operations comprise of the production of commercial polypropylene (PP) and polyethylene (PE) bags and fabrics held under FFM's 79.9% owned subsidiary, **Tego Sdn Bhd (Tego)** and drum manufacturing and consumer packaging activities held under PGEO Group Sdn Bhd (PGEO Group). In May 2007, PGEO Group was disposed to Wilmar International Limited (Wilmar) along with its packaging operations.

Tego is the leading producer of commercial PP and PE bags and fabrics in Malaysia. It also produces 25kg-size bags used for packing of sugar, flour, feed meal, fertilizer, soya beans, industrial chemicals and the specially designed flexible intermediate bulk container (FIBC) bags with 0.5 mt to 2.0 mt of loading capacity for packing bulk cargo. In addition, Tego supplies technical fabrics and sewing threads to local as well as export markets for industrial applications.

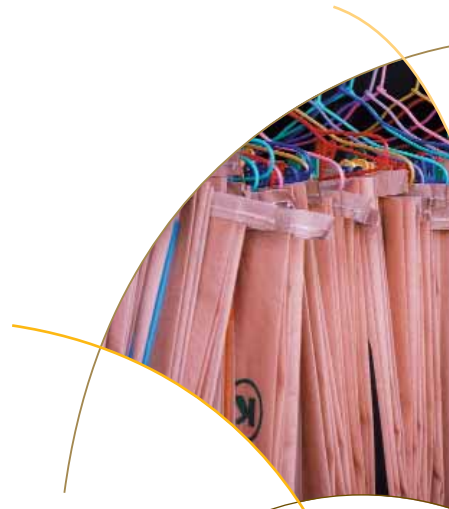
Tego, an ISO-certified manufacturing facility, operates three factories of which two are located in Senawang and the other in Yangon, Myanmar. Their monthly combined production capacity of PP and PE products is 650 mt.

REVIEW OF OPERATIONS

Packaging division (excluding the packaging operations of PGEO Group Sdn Bhd) incurred a loss of RM8.36 million for 2007 (2006: loss of RM1.46 million) due mainly to heavy price competition in the industry, lower export sales of FIBC and a one time business re-organisation expense of RM5.64 million.

LOOKING AHEAD

For 2008, Tego will endeavour to expand its technical fabrics and FIBC market share.





ENVIRONMENTAL ENGINEERING & WASTE MANAGEMENT



CWM

Environmental Engineering & Waste Management

PPB Group's environmental engineering and waste management operations in Malaysia are undertaken by Chemquest Sdn Bhd's wholly-owned subsidiaries, **Chemical Waste Management Sdn Bhd (CWM)** for the Malaysian operations and Chemquest Overseas Limited (CQOL) for the overseas projects.

CQOL is an investment holding company with investments in China projects undertaken by joint venture companies including the 20-year concession Lugouqiao Sewage Treatment Plant (Phase 1) project in Beijing and a 30-year concession water treatment project in Hohhot, the capital of Inner Mongolia.

REVIEW OF OPERATIONS

The Group's environmental engineering and waste management division registered a profit of RM3.9 million in 2007 (2006 : RM3.1 million).

In 2007, Chemquest Group successfully completed the Filter Backwash at Sungai Semenyih Water Treatment Plant and the Jelutong Sewage Treatment Plant (STP) with a combined contract value of RM118 million. The Jelutong STP is currently the biggest Sequential Batch Reactor plant in Asia with a treatment capacity of 800,000 PE (population equivalent).

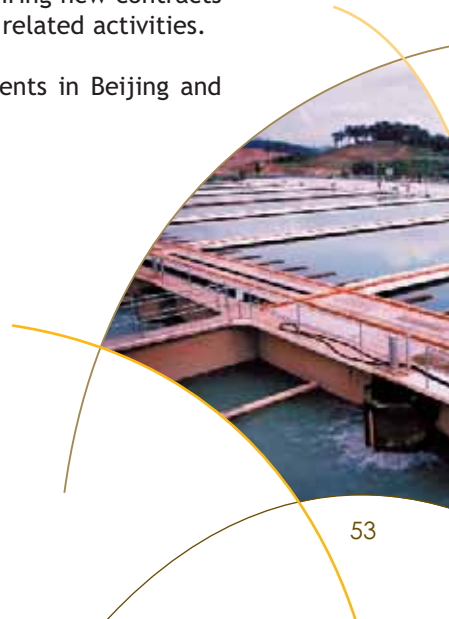
In the same year, Chemquest Group secured the Flood Mitigation project at Kawasan Bertam, Kepala Batas; Sewage Treatment Plant at UiTM, Selangor; and mechanical works at Kg Kobat Water Treatment Plant, Pahang and "Skim Bekalan Air Batu Hampar" with a total project value of RM140.0 million.

LOOKING AHEAD

Chemquest Group will continue to engage in the 9th Malaysia Plan projects with focus on 4 sectors namely, water, sewage, flood mitigation and rural water which have a total allocation of RM16.5 billion while also initiating Private Finance Initiative schemes for solid waste management activities and pursuing related projects in the various economic corridors.

The Group will continue to develop and expand its solid waste division by acquiring new contracts and working with its strategic partners on transfer stations and other recycling related activities.

As for its China investments, the Group will continue to nurture the investments in Beijing and Hohhot to optimize returns to shareholders.





FILM EXHIBITION AND DISTRIBUTION



GSC

Film Exhibition and Distribution

PPB Leisure Holdings Sdn Bhd (PPBL), the leisure and entertainment arm of PPB, owns 98.9% equity interest in Golden Screen Cinemas Sdn Bhd (GSC). GSC operates the largest cinema chain in the country with a total of 141 screens at 21 locations in major cities nationwide including the 18-screen multiplex in Mid Valley Megamall, Kuala Lumpur which is the largest in South East Asia.

GSC is also a leading distributor of Chinese and independent English films in the country.

REVIEW OF OPERATIONS

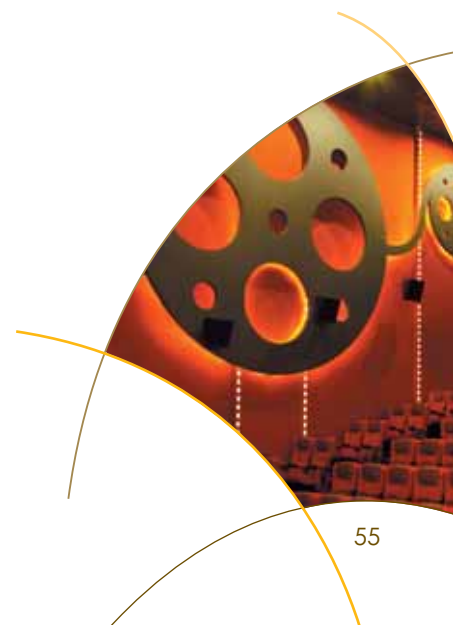
The film exhibition and distribution division achieved another record year in 2007 with profits of RM23 million (2006: RM18.9 million) up 32% from previous year, on the back of higher revenue of RM150.3 million (2006: RM124.8 million). Cinema admissions increased to 15.7 million from 13.8 million in 2006. The improved performance was driven by a stronger line-up of commercial films and openings of four (4) new multiplexes in Queensbay Mall, Penang; Sunway Carnival, Seberang Jaya, Penang; Pavilion and The Gardens, Kuala Lumpur.

In June 2007, GSC improved its ticketing services by adding maybank2u.com, a direct debit payment from Maybank customers' savings or current account, as the 2nd e-payment option for GSC customers. GSC's e-payment ticketing is available at GSC 1 Utama, Mid Valley, Berjaya Times Square, Pavilion, Gurney Plaza, Queensbay Mall, Sunway Carnival and GSC Signature, The Gardens.

GSC in December 2007 launched Malaysia's first boutique cinema "GSC Signature" at The Gardens, Mid Valley which offers two (2) Gold Class and five (5) Premiere Class halls together with three (3) food and beverage outlets to cater to the affluent taste of today's movie-goers.

LOOKING AHEAD

GSC will be opening 3 new multiplexes in 2008 which will further reinforce GSC's long-term commitment to the film industry in Malaysia.





PROPERTY INVESTMENT AND DEVELOPMENT



PPBH

Property Investment and Development

PPB's wholly-owned subsidiary, **PPB Hartabina Sdn Bhd (PPBH)**, plays a significant role in the Group's property development especially in Taman Segar, Cheras where PPBH has developed residential properties and commercial complexes. PPBH is also engaged in property management and currently owns and manages Cheras LeisureMall, a prime shopping centre in Cheras and Cheras Plaza, a 9-storey office cum commercial building. PPBH also owns and manages New World Park, a food and beverage complex in Penang.

Cathay Screen Cinemas Group (CSC Group), in which PPB Group has 66.2% equity interest, owns and leases various former cinema properties and commercial buildings throughout the country.

REVIEW OF OPERATIONS

During the year under review, the property division reported higher profits of RM23.1 million (2006: RM13.9 million) due to increased sales of bungalow units from Phase I of Masera Bukit Segar and rental income from Cheras Leisuremall and Cheras Plaza.

Construction of New World Park at Jalan Burma, Penang was completed over two phases. The first phase consisting of a food court was opened on 8 January 2007 and fully let out whilst the second phase comprising mainly F & B outlets and a covered performance stage was opened on 1 August 2007.

Construction of Phase I of Masera Bukit Segar, a gated community project at Bukit Segar, Cheras was completed in December 2007 and these bungalows were handed over to homeowners from December 2007.

At the Taman Tanah Aman high-end residential project at Bukit Tengah, Seberang Prai, PPBH commenced earthworks and construction of 24 units of double storey semi-detached houses in March and June 2007 respectively. The project also includes 48 units of bungalows and 12 units of two storey shoplots which will be built over 5 phases.

LOOKING AHEAD

In 2008, PPBH plans to launch the sale of its bungalow units at Taman Tanah Aman, Seberang Prai. Phase II of the Masera Bukit Segar project is expected to be launched at the end of 2008 after a redesign and upgrading of finishings.

PPBH will continue to provide management services to the other Group companies for their development projects.



CHEMICALS TRADING AND MANUFACTURING



APM MAC

Chemicals Trading and Manufacturing

PPB Group's chemicals manufacturing operations are housed under **Asia Pacific Microspheres Sdn Bhd (APM)**. APM manufactures phenolic microspheres, used mainly in the marine, automobile, aerospace and adhesive industries. APM exports all its production to North America, Europe and the Asia Pacific region.

APM's 99.1% subsidiary, **Malayan Adhesives & Chemicals Sdn Bhd (MAC)**, is a long-established manufacturer of adhesive resins for wood-based industries. While plywood resins predominated in the past, newer products for medium-density fibreboards and particleboards have over the years overtaken plywood resins in line with the growth of the reconstituted wood panels.

The Chemquest Group also engages in chemicals trading activities which include distribution of industrial chemicals, petroleum solvents, refrigerated gases and filter aids.

REVIEW OF OPERATIONS

The chemicals manufacturing division registered higher profits of RM5.2 million for 2007 (2006: RM3.6 million) against revenue of RM123.4 million (2006: RM103.5 million).

In 2007, MAC constructed a new warehouse costing RM3.5 million to improve and increase its warehousing capacity. The new warehouse was completed in January 2008.

LOOKING AHEAD

APM plans to invest RM6.0 million to increase its Research & Development activities with the purchase of equipment for specific chemical analysis.

For 2008, MAC aims to refurbish and upgrade its existing warehouse. Its major capital expenditure will include replacing handling equipment such as forklifts and critical elements of the formalin plants.

Meanwhile, the chemicals trading division plans to develop new agency lines for the plastic and rubber industries.





INTEGRATED AGRIBUSINESS



WILMAR (Associate Company)

Integrated Agribusiness

In June 2007, PPB Group completed the disposal of its oil palm plantations and edible oils trading and refining businesses to Wilmar International Limited (Wilmar) to create one of Asia's largest integrated agribusiness groups. The said disposal in return for Wilmar shares resulted in PPB Group becoming the second largest shareholder of Wilmar with an equity interest of 18.3%.

Wilmar, a Singapore Exchange-listed company is engaged in the businesses of oil palm cultivation, oilseeds crushing, edible oils refining, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals, biodiesel, fertilisers and soy protein manufacturing, rice and flour milling, and grains merchandising.

Headquartered in Singapore, Wilmar's operations are located in more than 20 countries across four continents, with a primary focus on Malaysia, Indonesia, China, India and Europe. Wilmar has over 160 processing plants and an extensive distribution network for its products which are delivered to more than 50 countries globally.

REVIEW OF OPERATIONS

Wilmar reported an unaudited net profit of USD580.4 million for the year ended 31 December 2007 (2006 : USD215.9 million). The better profit was due to strong demand for palm oil benefiting its plantations and refining operations as well as strong demand for oilseed and edible oils products in China and India due to high economic growth. In addition, Wilmar benefited from the synergies of merger with PPB's oil palm plantations, and edible oils processing and refining operations which was completed in June 2007.

The Wilmar Group revenue increased by 134.7% to USD16.5 billion in 2007 (2006: USD7.0 billion) buoyed by the high commodity prices and higher sales volume from all its operations.

For 2007, Wilmar contributed RM226 million to the profit of PPB Group.

LOOKING AHEAD

Wilmar presently has a total planted oil palm area of 203,683 hectares and plans to expand its planted oil palm hectareage in Indonesia and West Africa. Wilmar plans to increase its plantation acreage 3-fold in 10 years.

Going forward, Wilmar will continue expansion in palm and laurics, merchandising and processing in line with palm oil production growth. As for its consumer pack business, Wilmar will continue to expand capacity in order to meet market demand in China and India.

(Source: Wilmar's FY2007 Results Briefing)



3.THE FINANCIALS

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REFINED SUGAR



FINANCIAL REVIEW OF PPB GROUP

REVIEW OF FINANCIAL RESULTS

PPB Group's profit before tax for continuing operations of RM563.9 million in 2007 was 44% higher compared with RM392.0 million achieved in 2006. Wilmar International Limited ("Wilmar"), an associated company of the Group since May 2007, contributed RM226.0 million.

Revenue for continuing operations of RM2.99 billion in 2007 was 15% higher compared with RM2.59 billion in 2006. The increase was mainly due to higher sales volume generated by the sugar refining division and improved prices of specialty flour and animal feed products.

At the operating level, the sugar refining division recorded higher profits due to lower raw sugar prices and increase in production for export market. Higher profits were also recorded in the grains trading, flour and feed milling division due to improved selling prices of specialty flour.

The livestock farming, film exhibition & distribution and property investment & development divisions also performed better in 2007. The packaging division reported a loss mainly due to a one-off reorganisation / retrenchment cost incurred in 2007.

Profit attributable to shareholders of PPB Group increased from RM560.7 million to RM6.97 billion mainly due to a one-time gain of RM6.35 billion from the disposal of the edible oils refining & trading and oil palm plantations businesses to Wilmar. Earnings per share also improved to RM5.88 in 2007 from 47.3 sen in 2006.

CASH FLOWS

Net cash generated from operating activities decreased by 38% from RM290.9 million in 2006 to RM179.5 million in 2007 mainly due to lower contribution from the edible oils refining & trading and oil palm plantations divisions which were disposed to Wilmar during the year. Net cash used in investing activities increased from RM222.3 million to RM322.4 million in 2007 mainly due to the acquisition of additional equity shares in an existing subsidiary company. Increase in net cash generated from financing activities was mainly due to the reduction of bank loans upon the above said disposals to Wilmar.

DIVIDENDS

The Directors have recommended the payment of a final dividend of 25 sen per share less 26% income tax, amounting to RM219.3 million. Together with the interim dividend paid of 5 sen per share less 27% income tax, PPB's total dividend payment for the financial year 2007 would be 30 sen per share less tax. Total net dividend would amount to RM262.6 million, an increase of 52% from RM172.5 million paid in 2006. The net dividend amount represents a payout ratio of 64% of the Company earnings in 2007.

REVIEW OF FINANCIAL SITUATION AND DEBT

As at 31 December 2007, the Group's borrowings were lower at RM57.0 million compared with RM690.8 million in 2006, out of which 19% amounting to RM10.7 million were bills payable and trade facilities and the balance of 81% amounting to RM46.3 million were made up of :-

- a. Current portion of long term loans, revolving credits, overdraft and hire purchase liabilities totaling RM25.8 million which were repayable within 12 months; and
- b. long term bank loans and hire purchase liabilities totaling RM20.5 million of which majority were repayable within 1 to 6 years.

Most of the Group's borrowings were unsecured based on floating interest rates ranging from 4.14% to 10.10% during the year. The Group's exposure to foreign currency borrowings was RM33.5 million of which about 46% was USD denominated.

GROUP CAPITAL EXPENDITURE IN 2007

Total capital expenditure incurred during the year amounted to RM253.6 million and the major items were as follows :-

- FFM Group incurred RM26.2 million on a wheat flour mill at Prai, Penang; RM19.3 million on a downstream meat processing plant at Pulau Indah, Selangor; RM8.5 million on a wheat flour mill project in the Republic of Indonesia; RM2.7 million on a grain processing plant at Pulau Indah, Selangor; and RM2.4 million on the Kota Kinabalu wheat flour mill project.
- MSM Group spent RM38 million on upgrading of plant and machinery for its sugar refinery operations at Prai, Penang.
- PPB Leisure Group spent RM24.5 million, RM15.5 million and RM7.1 million on the outfitting of its premier cineplexes at the Pavillion and the Gardens at Mid Valley in Kuala Lumpur and Sunway Carnival in Penang respectively; and RM4.6 million on upgrading of cinema equipment and purchase of computer software.
- PPB Hartabina Group spent RM14.4 million on the construction of the food court and F&B outlets at New World Park and renovation of pre-war buildings in Penang.
- Chemquest Group spent RM7.6 million for the purchase of machinery, motor vehicles, office furniture and fittings and waste equipment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparing the financial statements for the year ended 31 December 2007 set out on pages 77 to 197 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgements and estimates that are fair and reasonable.

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

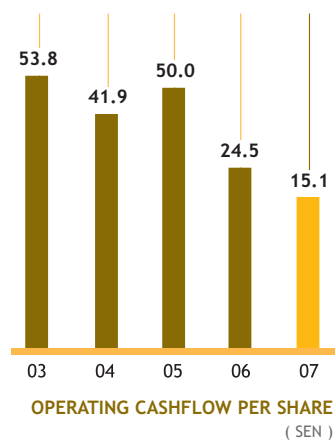
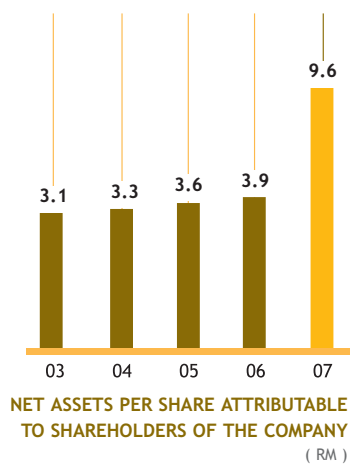
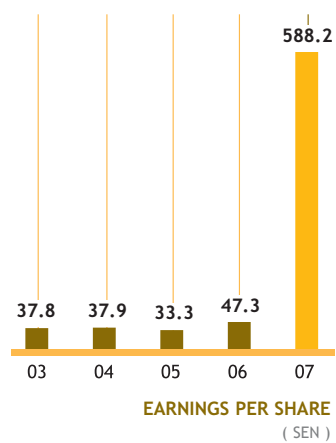
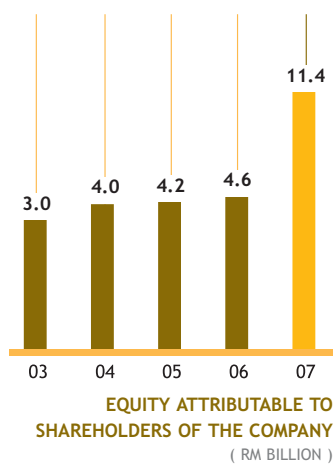
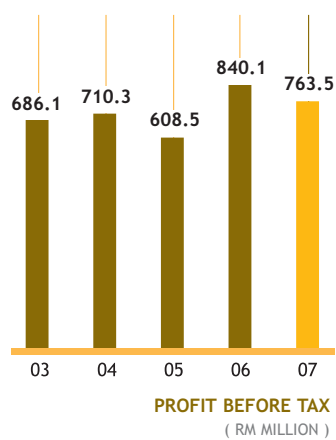
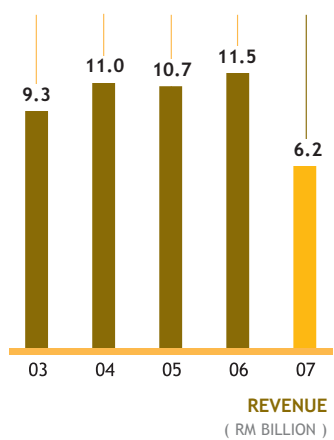
The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

7 April 2008

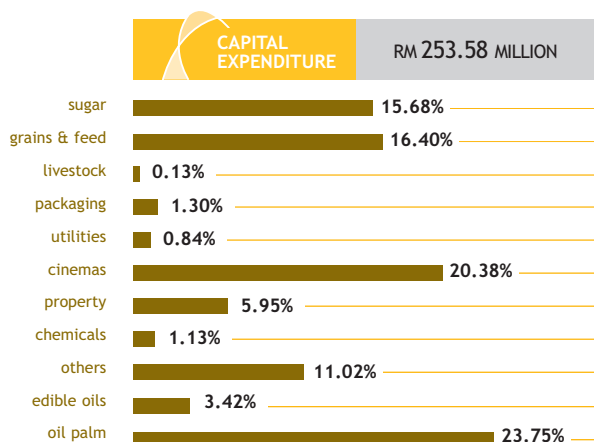
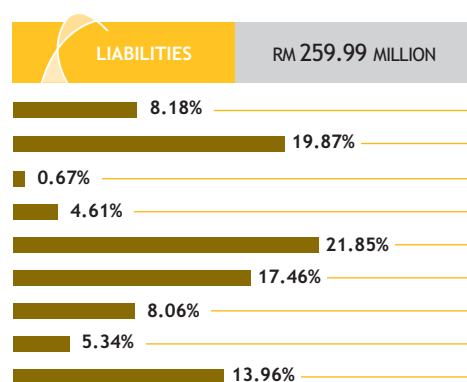
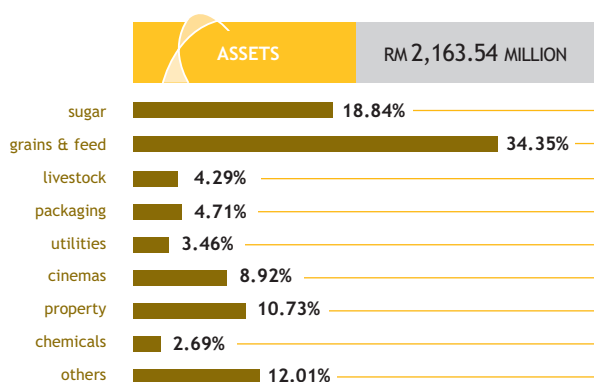
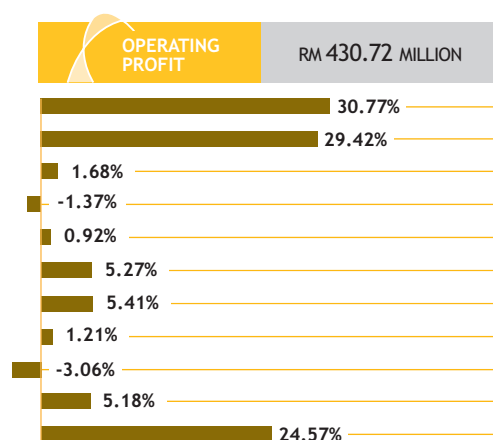
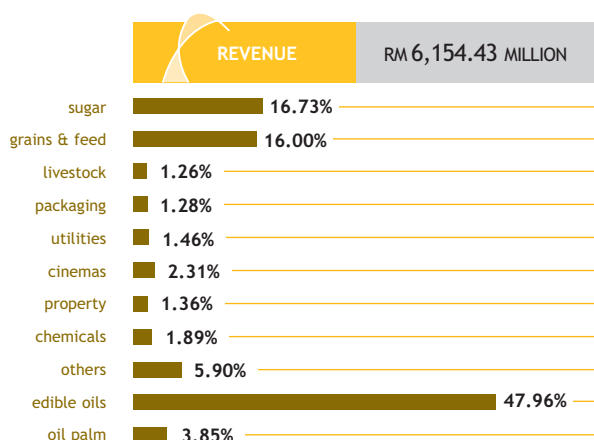
5-YEAR FINANCIAL STATISTICS

Year ended 31 December		2003	2004	2005	2006	2007
Revenue	RM Million	9,319.768	10,999.682	10,687.950	11,519.767	6,154.430
Profit from operations	RM Million	554.572	601.970	516.778	583.660	407.440
Net profit from investing activities	RM Million	39.666	81.119	59.681	149.334	61.958
Share of net profits less losses of associated companies	RM Million	103.378	42.315	47.069	139.476	307.760
Profit before tax	RM Million	686.094	710.277	608.501	840.065	763.477
Profit for the year	RM Million	536.882	549.716	468.235	694.250	7,002.512
Net dividend for the year	RM Million	100.675	140.482	170.712	172.490	262.588
Issued share capital	RM Million	490.623	592.750	1,185.500	1,185.500	1,185.500
Equity attributable to shareholders of the Company	RM Million	2,988.027	3,960.088	4,215.153	4,644.684	11,429.765
Total equity and liabilities	RM Million	5,805.156	6,133.912	6,369.313	7,288.922	11,984.045
Earnings per share	Sen	37.84	37.90	33.28	47.29	588.19
KLSE QUOTES						
High	RM	3.28	4.03	4.50	5.45	11.10
Low	RM	1.93	3.05	3.30	3.86	5.20
Close	RM	3.28	3.40	4.16	5.45	11.00
No. of shareholders		8,673	10,547	11,560	12,587	11,327

5-YEAR FINANCIAL STATISTICS

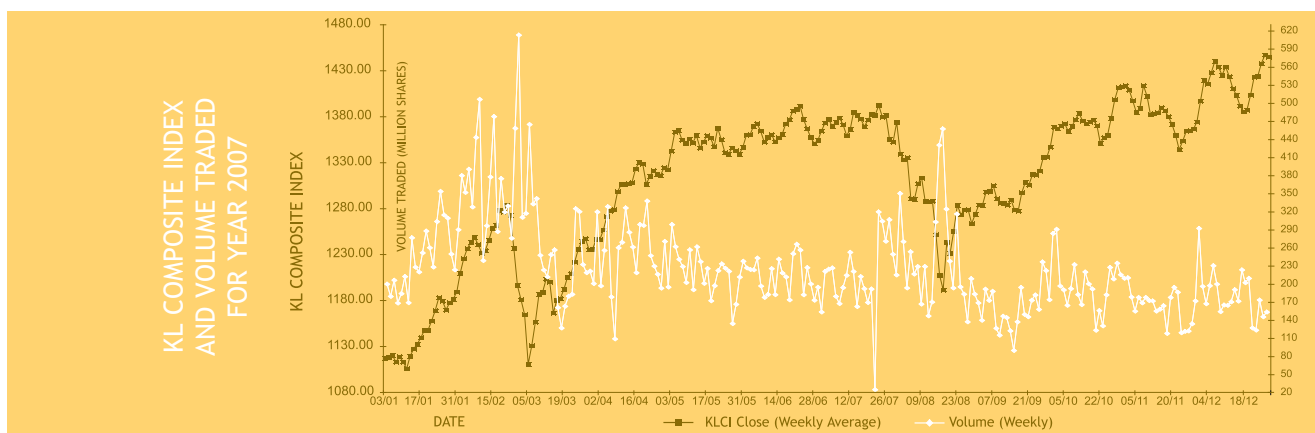
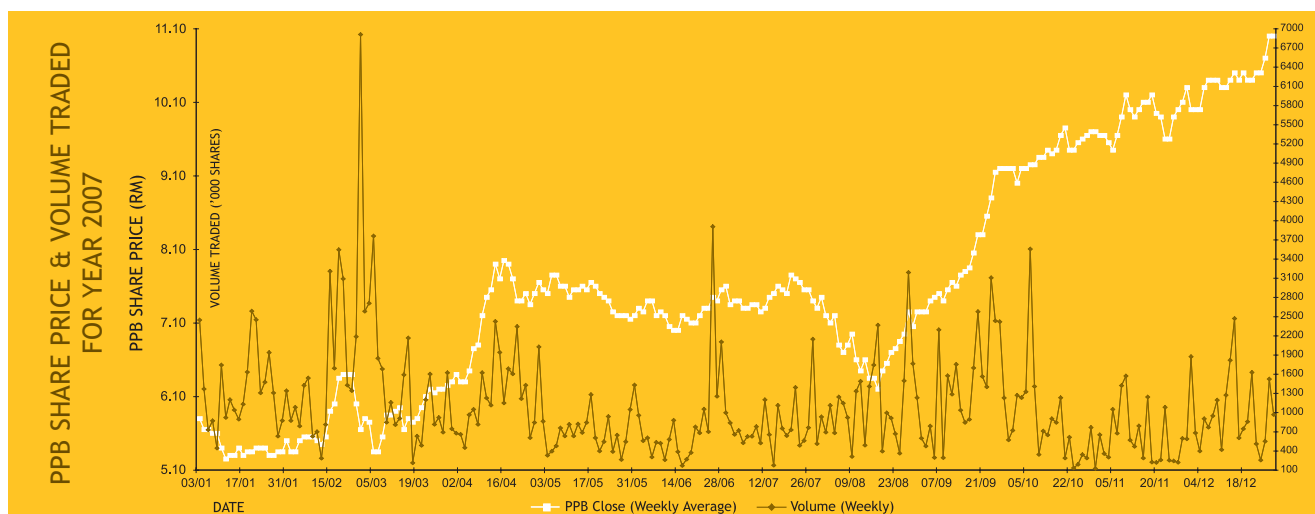


SEGMENTAL ANALYSIS



sugar	sugar refining & cane plantation
grains & feed	grains trading, flour & feed milling
livestock	livestock farming
packaging	packaging
utilities	environmental engineering, waste management & utilities
cinemas	film exhibition & distribution
property	property investment & development
chemicals	chemicals trading & manufacturing
others	other operations
edible oils	edible oils refining & trading
oil palm	oil palm plantations

SHARE PERFORMANCE CHART



Information on Kuala Lumpur Composite Index (KLCI) and PPB's Share Price

KLCI started the year on a bullish note and crossed the 1,300 level in April for the first time in 13 years. The KLCI continued its upward momentum and achieved several new highs to reach 1,445.03 at year-end, recording a gain of 31.8% in 2007. Nonetheless, the rise in the equity market was punctuated by a number of market corrections and temporary withdrawals by foreigners due to the repricing of risks arising from global and regional developments such as the Shanghai market correction in February, the global bond markets sell-off in June and the heightened global market uncertainty in August following the US sub-prime loans fallout. The KLCI, however, rebounded quickly, buoyed by the strong fundamentals of the domestic economy, robust corporate earnings and rising commodity prices. Positive sentiments arising from the Government's pro-growth policies and an increase in mergers and acquisitions activity also provided added impetus to the local equity market.

Despite bouts of volatility due to global financial developments, the KLCI was resilient in 2007, gaining support from strong macroeconomic fundamentals and favourable corporate earnings.

[Source: Bank Negara Malaysia, Annual Report 2007]

PPB share price outperformed the KLCI to close significantly higher at RM11.00 on 28 December 2007 compared with RM5.45 in the preceding year. The market capitalisation of PPB shares doubled to RM13.04 billion compared with RM6.46 billion in the preceding year.

PPB Share Price	2007 RM	2006 RM	Change %
Year High	11.10	5.45	>100
Year Low	5.20	3.86	35
Year Close	11.00	5.45	>100

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is engaged in sugar cane cultivation and investment holding.

The principal activities of the Group are sugar refining; grains trading, flour and animal feed milling; livestock farming; packaging; environmental engineering, waste management and utilities; chemicals trading and manufacturing; film exhibition and distribution; property investment and development; and shipping.

There have been no other significant changes in the nature of these activities during the financial year other than as disclosed in Note 10 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit attributable to shareholders of the Company	6,972,965	3,745,682
Unappropriated profit brought forward	3,149,975	964,203
Effect of exemption from Real Property Gains Tax	848	-
Transfer of reserves	167,139	-
Profit available for appropriation	10,290,927	4,709,885
Dividends	(173,083)	(173,083)
Unappropriated profit carried forward	10,117,844	4,536,802

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2006, as disclosed in the Directors' report of that year :	
Final dividend of 15 sen per share less 27% income tax paid on 7 June 2007	129,812
In respect of the financial year ended 31 December 2007 :	
Interim dividend of 5 sen per share less 27% income tax paid on 28 September 2007	43,271
	<u>173,083</u>

DIRECTORS' REPORT

The Directors have recommended the payment of a final dividend of 25 sen per share less 26% income tax in respect of the financial year ended 31 December 2007.

Together with the interim dividend already paid, the total dividend payment for the financial year ended 31 December 2007 will be 5 sen per share less 27% income tax and 25 sen per share less 26% income tax.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the statement of changes in equity as set out on pages 10 and 11.

SHARES AND DEBENTURES

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

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

DIRECTORS

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

Datuk Oh Siew Nam	<i>(Chairman)</i>
Dato' Lim Chee Wah	<i>(Deputy Chairman)</i>
Tan Gee Sooi	<i>(Managing Director)</i>
Tan Yew Jin	
Dato Sri Liang Kim Bang	
Ang Guan Seng	
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	
Datuk Harun bin Din	
Datuk Rajasingam a/l Mayilvaganam	

In accordance with Article 107 of the Company's Articles of Association, Messrs Tan Gee Sooi and Tan Yew Jin retire by rotation at the forthcoming Annual General Meeting ("AGM"). Mr Tan Gee Sooi, being eligible, offers himself for re-election while Mr Tan Yew Jin has decided not to seek re-election.

Dato Sri Liang Kim Bang and Datuk Harun bin Din, being over seventy years of age, retire in accordance with Section 129 of the Companies Act 1965. Dato Sri Liang Kim Bang offers himself for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the next AGM. Datuk Harun bin Din has decided not to offer himself for re-appointment.

DIRECTORS' INTERESTS IN SHARES

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

Interest in the Company

Name of Director	No. of ordinary shares of RM1 each registered in the name of Directors			As at 31.12.07
	As at 1.1.07	Bought	Sold	
Datuk Oh Siew Nam	120,666	-	-	120,666
Dato' Lim Chee Wah	80,000	20,000	-	100,000
Tan Yew Jin	26,666	-	-	26,666

Name of Director	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			As at 31.12.07
	As at 1.1.07	Bought	Sold	
Datuk Oh Siew Nam	1,204,498 [#]	-	-	1,204,498
Dato' Lim Chee Wah	40,000 [#]	-	-	40,000
Tan Gee Sooi	579,236 [#]	-	-	579,236
Tan Yew Jin	538,732 [#]	-	-	538,732
Ang Guan Seng	41,597,652 [#]	-	-	41,597,652
Datuk Harun bin Din	14,000 [#]	-	-	14,000
Datuk Rajasingam a/l Mayilvaganam	20,000 [#]	-	-	20,000

Interest in Subsidiary Company

Name of Director	Name of Subsidiary Company	No. of ordinary shares of RM1 each registered in the name of Directors			As at 24.04.07
		As at 1.1.07	Bought	Sold	
Datuk Oh Siew Nam	PPBOP*	20,000	-	20,000	-
Dato' Lim Chee Wah	PPBOP*	10,000	-	10,000	-
Dato Sri Liang Kim Bang	PPBOP*	10,000	-	10,000	-
Tan Yew Jin	PPBOP*	65,000	-	65,000	-

Name of Director	Name of Subsidiary Company	No. of ordinary shares of RM1 each in which Directors are deemed to have interest			As at 24.04.07
		As at 1.1.07	Bought	Sold	
Datuk Oh Siew Nam	PPBOP*	91,000	-	91,000	-
Tan Yew Jin	PPBOP*	10,000	-	10,000	-

[#]Restated to include disclosure of interest in securities held by Director's spouse and children pursuant to Section 134(12) of the Companies (Amendment) Act 2007.

*PPB Oil Palms Berhad (PPBOP) ceased to be a subsidiary of the Company on 24 April 2007.

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965 except for Mr Ang Guan Seng who has financial interest in companies which have transactions with certain of the Company's subsidiary companies for sale and purchase of raw materials and finished products in the normal course of business as disclosed in note 50 to the financial statements.

INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors :-

- (a) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in note 10 to the financial statements;
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable, or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

Messrs Moores Rowland have indicated their willingness to continue in office.

On behalf of the Board

DATUK OH SIEW NAM
Chairman

DATO' LIM CHEE WAH
Deputy Chairman

Kuala Lumpur
7 April 2008

FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET [78]

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000 (restated)
Continuing operations			
Revenue	4	2,989,442	2,590,526
Cost of sales	5	(2,454,072)	(2,149,643)
Gross profit		535,370	440,883
Other operating income		22,446	19,298
Distribution costs		(107,955)	(105,650)
Administrative and general expenses		(135,287)	(94,041)
Other operating expenses		(37,096)	(39,373)
Profit from operations	6	277,478	221,117
Net profit from investing activities	7	61,354	146,145
Share of net profits less losses of associated companies		229,235	29,572
Share of net profits less losses of jointly controlled entity		312	311
Finance costs	8	(4,443)	(5,105)
Profit before tax		563,936	392,040
Income tax expense	9	(75,611)	(65,441)
Profit for the year from continuing operations		488,325	326,599
Discontinued operations			
Profit for the year from discontinued operations, net of tax	10	6,514,187	367,651
Profit for the year		7,002,512	694,250
Attributable to:			
Shareholders of the Company		6,972,965	560,665
Minority interests		29,547	133,585
		7,002,512	694,250
Basic earnings per share attributable to shareholders of the Company (sen)			
- Profit from continuing operations	11	42.0	23.8
- Profit from discontinued operations	11	546.2	23.5
		588.2	47.3
Dividend per share (net of tax) (sen)			
- Interim		3.6	3.6
- Final		18.5	11.0
		22.1	14.6

Notes to and forming part of the financial statements are set out on pages 91 to 194.

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CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	810,852	1,366,782
Investment properties	13	163,835	205,429
Biological assets	14	2,681	921,038
Land held for property development	15	3,693	437
Prepaid lease payments	16	131,635	567,382
Goodwill	17	73,033	33,316
Other intangible assets	18	2,977	3,254
Investment in associated companies	20	8,587,695	738,480
Investment in jointly controlled entity	21	39,403	39,050
Other investments	22	419,699	388,653
Deferred tax assets	23	1,431	7,098
Total non-current assets		10,236,934	4,270,919
Current assets			
Inventories	25	489,902	956,951
Biological assets	14	21,339	48,562
Other intangible assets	18	9,476	9,221
Property development costs	26	28,684	52,614
Gross amount due from customers	27	27,059	6,632
Trade receivables	28	358,933	418,225
Accrued billings	29	111	2,768
Other receivables, deposits and prepayments	30	48,708	122,601
Amounts due from associated companies	31	39,463	609,648
Current tax assets		13,299	27,874
Deposits	32	634,320	673,968
Cash and bank balances	33	66,338	88,744
		1,737,632	3,017,808
Non-current assets classified as held for sale	34	9,479	195
Total current assets		1,747,111	3,018,003
TOTAL ASSETS		11,984,045	7,288,922

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	35	1,185,500	1,185,500
Share premium		6,715	6,715
Non-distributable reserves	36	119,706	302,494
Unappropriated profit		10,117,844	3,149,975
Equity attributable to shareholders of the Company		11,429,765	4,644,684
Minority interests		137,288	886,641
Total equity		11,567,053	5,531,325
Non-current liabilities			
Long term bank loans	37	20,189	334,155
Hire purchase liabilities	38	315	21
Deferred tax liabilities	39	68,823	302,535
Total non-current liabilities		89,327	636,711
Current liabilities			
Gross amount due to customers	27	12,161	8,320
Trade payables	40	147,845	341,830
Progress billings	29	-	3
Other payables and accruals	41	113,229	234,102
Amounts due to associated companies	31	305	133,453
Amounts due to jointly controlled entity	21	6,678	2,850
Hire purchase liabilities	38	198	154
Short term borrowings	42	35,061	354,099
Bank overdrafts	43	1,212	2,412
Current tax liabilities		10,976	43,643
		327,665	1,120,866
Liabilities directly associated with non-current assets classified as held for sale	34	-	20
Total current liabilities		327,665	1,120,886
Total liabilities		416,992	1,757,597
TOTAL EQUITY AND LIABILITIES		11,984,045	7,288,922

Notes to and forming part of the financial statements are set out on pages 91 to 194.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	<-----Attributable to shareholders of the Company			
		<-----Non-distributable-			Exchange
		Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000
At 1 January 2006					
As previously stated		1,185,500	6,715	162,180	(15,590)
Effects of adopting <i>FRS 3</i>					
- <i>Business Combinations</i>		-	-	-	-
Restated		1,185,500	6,715	162,180	(15,590)
Effect of changes in group structure	44	-	-	-	-
Translation differences for the year		-	-	-	(32,902)
Effect of changes in tax rate on fair value adjustments		-	-	820	-
Share of reserves of associated companies		-	-	-	12,476
Realisation upon liquidation of a subsidiary company		-	-	-	4
Net income/(expense) recognised directly in equity		-	-	820	(20,422)
Profit for the year		-	-	-	-
Total recognised income/(expense) for the year		-	-	820	(20,422)
Transfer of reserves		-	-	(2,460)	2,111
Dividends paid to shareholders of the Company	45	-	-	-	-
Dividends paid to minority shareholders of subsidiary companies		-	-	-	-
Acquisition of additional shares in existing subsidiary companies		-	-	-	-
Capital reduction by a subsidiary company		-	-	-	-
At 31 December 2006		1,185,500	6,715	160,540	(33,901)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

/-----;				
----->				
Capital Reserve RM'000	Unappropriated Profit RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
162,910	2,713,438	4,215,153	803,656	5,018,809
-	48,312	48,312	444	48,756
162,910	2,761,750	4,263,465	804,100	5,067,565
11,532	(898)	10,634	-	10,634
-	-	(32,902)	1,896	(31,006)
-	-	820	34	854
234	-	12,710	-	12,710
-	-	4	-	4
11,766	(898)	(8,734)	1,930	(6,804)
-	560,665	560,665	133,585	694,250
11,766	559,767	551,931	135,515	687,446
1,179	(830)	-	-	-
-	(170,712)	(170,712)	-	(170,712)
-	-	-	(46,481)	(46,481)
-	-	-	(4,463)	(4,463)
-	-	-	(2,030)	(2,030)
175,855	3,149,975	4,644,684	886,641	5,531,325

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	<-----Attributable to shareholders of the Company			
		<-----Non-distributable-			Exchange
		Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000
At 1 January 2007		1,185,500	6,715	160,540	(33,901)
Translation differences for the year		-	-	-	(196,929)
Fair value adjustments arising from acquisition of additional shares in an existing subsidiary company		-	-	5,697	-
Effect of changes in tax rate on fair value adjustments		-	-	332	-
Effect of exemption from Real Property Gains Tax		-	-	1,307	-
Share of reserves of associated companies		-	-	675	55,292
Realisation upon disposal of subsidiary companies		-	-	-	14,273
Realisation upon disposal of an associated company		-	-	-	(16,660)
Net income/(expense) recognised directly in equity		-	-	8,011	(144,024)
Profit for the year		-	-	-	-
Total recognised income/(expense) for the year		-	-	8,011	(144,024)
Transfer of reserves		-	-	(113,059)	3,079
Dividends paid to shareholders of the Company	45	-	-	-	-
Dividends paid to minority shareholders of subsidiary companies		-	-	-	-
Acquisition of additional shares in existing subsidiary companies		-	-	-	-
Acquisition of shares in a new subsidiary company		-	-	-	-
Issue of shares to minority interests		-	-	-	-
Disposal of shares in subsidiary companies		-	-	-	-
Capital reduction by subsidiary companies		-	-	-	-
At 31 December 2007		1,185,500	6,715	55,492	(174,846)

Notes to and forming part of the financial statements are set out on pages 91 to 194.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

/-----;				
----->				
Capital Reserve RM'000	Unappropriated Profit RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
175,855	3,149,975	4,644,684	886,641	5,531,325
-	-	(196,929)	(5,829)	(202,758)
-	-	5,697	-	5,697
-	-	332	5	337
-	848	2,155	22	2,177
120,364	-	176,331	-	176,331
-	-	14,273	-	14,273
-	-	(16,660)	-	(16,660)
120,364	848	(14,801)	(5,802)	(20,603)
-	6,972,965	6,972,965	29,547	7,002,512
120,364	6,973,813	6,958,164	23,745	6,981,909
(57,159)	167,139	-	-	-
-	(173,083)	(173,083)	-	(173,083)
-	-	-	(17,583)	(17,583)
-	-	-	(29,241)	(29,241)
-	-	-	9,506	9,506
-	-	-	698	698
-	-	-	(682,778)	(682,778)
-	-	-	(53,700)	(53,700)
239,060	10,117,844	11,429,765	137,288	11,567,053

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
Continuing operations		563,936	392,040
Discontinued operations		6,545,591	448,025
		<u>7,109,527</u>	<u>840,065</u>
Adjustments for non-cash items:			
Amortisation and depreciation		124,716	157,073
Bad and doubtful debts		55,677	4,070
Property, plant and equipment and investment properties written off		3,587	7,107
Impairment in value of property, plant and equipment, investment properties and prepaid lease payments		8,109	8,871
Profit on disposal of property, plant and equipment, investment properties and prepaid lease payments		(571)	(261)
Profit on disposal of subsidiary companies		(4,539,030)	-
Profit on disposal of an associated company		(1,817,960)	(87,173)
Deficit/(Surplus) arising from liquidation of subsidiary companies		57	(22)
Profit on disposal of other investments		(21,020)	(13,286)
Capital distribution from an investee company		(20)	-
Diminution in value of other investments written back		(258)	(1,612)
Share of net profits less losses of associated companies		(307,760)	(139,476)
Share of net profits less losses of jointly controlled entity		(312)	(311)
Inventories written off		528	48
Unrealised foreign exchange gain		(3,187)	(4,256)
Discount on acquisition of subsidiary companies written off		-	(496)
Surplus arising from redemption of an associated company's preference shares		(2,884)	-
Interest expense		13,993	32,716
Dividend income		(53,332)	(28,160)
Interest income		(26,859)	(28,211)
Rental income		(3,098)	(364)
Operating profit before working capital changes		<u>539,903</u>	<u>746,322</u>
Adjustments for working capital changes:			
Land and development expenditure		20,674	(18,336)
Inventories, biological assets and other intangible assets		(188,769)	(65,709)
Gross amounts due from/to customers		(16,585)	4,078
Receivables		(141,499)	(486,576)
Payables		67,333	240,080
Cash generated from operations		<u>281,057</u>	<u>419,859</u>
Tax paid		(101,561)	(129,000)
Net cash generated from operating activities		<u>179,496</u>	<u>290,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares in new subsidiary companies	46(a)	9,506	-
Acquisition of additional equity interest in existing subsidiary companies	46(b)	(101,595)	(4,870)
Proceeds from disposal of a subsidiary company	47	21,120	-
Surplus for liquidation of subsidiary companies		697	-
Investment in associated companies		(73,817)	(6,487)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	<i>Note</i>	2007 RM'000	2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)			
Proceeds from disposal of an associated company		-	132,000
(Advances to)/Repayment from associated companies		(345)	11,666
Purchase of other investments		(39,291)	(5,390)
Proceeds from disposal of other investments		32,309	31,515
Purchase of property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets	48	(256,387)	(461,664)
Proceeds from disposal of property, plant and equipment, investment properties and prepaid lease payments		4,486	7,092
(Placement of)/Withdrawal from deposits		(7)	1,752
Proceeds from redemption of an associated company's preference shares		33,823	-
Proceeds from capital repayment of an investee company		20	-
Discontinued operations - net cash disposed	10(d)	(76,366)	-
Dividends received from associated companies		41,399	16,984
Dividends received from other investments		53,163	27,870
Interest received		25,762	26,874
Rental received		3,098	365
Net cash used in investing activities		(322,425)	(222,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued to minority shareholders of subsidiary companies		698	-
Payment to minority interests arising from capital reduction in subsidiary companies		(53,700)	(2,030)
Revolving credits, bankers' acceptance and short term loans		330,759	6,320
Bank term loans		28,140	185,277
Payment of hire purchase liabilities		(255)	(599)
(Repayment to)/Advances from associated companies		(9,535)	8,249
Advances from jointly controlled entities		4,153	2,868
Interest paid		(18,801)	(32,444)
Dividends paid to shareholders of the Company		(173,083)	(170,712)
Dividends paid to minority shareholders of subsidiary companies		(17,583)	(46,481)
Net cash generated from/(used in) financing activities		90,793	(49,552)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(52,136)	19,014
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		750,981	735,827
EFFECT OF EXCHANGE RATE CHANGES		566	(3,860)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		699,411	750,981
Represented by:			
Cash and bank balances		66,338	88,744
Deposits		634,320	673,968
Bank overdrafts		(1,212)	(2,412)
		699,446	760,300
Deposits pledged with bank		(35)	(9,319)
		699,411	750,981

*Notes to and forming part of the financial statements are set out on pages 91 to 194.
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INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
Continuing operations			
Revenue	4	18,800	19,148
Cost of sales	5	(21,720)	(21,041)
Gross loss		(2,920)	(1,893)
Other operating income		1,217	917
Administrative and general expenses		(19,842)	(14,741)
Loss from operations	6	(21,545)	(15,717)
Net profit from investing activities	7	562,328	210,901
Finance costs	8	(3,739)	(1,914)
Profit before tax		537,044	193,270
Income tax expense	9	(124,904)	(26,822)
Profit for the year from continuing operations		412,140	166,448
Discontinued operations			
Profit for the year from discontinued operations, net of tax	10	3,333,542	-
Profit for the year		3,745,682	166,448
Dividend per share (net of tax) (sen)			
- Interim		3.6	3.6
- Final		18.5	11.0
		22.1	14.6

Notes to and forming part of the financial statements are set out on pages 91 to 194.

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BALANCE SHEET

AS AT 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,633	5,081
Investment properties	13	2,953	3,252
Prepaid lease payments	16	26,303	26,712
Investment in subsidiary companies	19	1,350,350	1,846,950
Investment in associated companies	20	3,887,366	50,883
Other investments	22	395,313	98,821
Amounts due from subsidiary companies	24	163,710	89,861
Total non-current assets		5,831,628	2,121,560
Current assets			
Inventories	25	2,697	2,495
Biological assets	14	9,130	9,825
Other receivables, deposits and prepayments	30	1,842	7,073
Amounts due from subsidiary companies	24	163	250
Amounts due from associated companies	31	22,350	74,996
Current tax assets		8,117	8,622
Deposits	32	17,215	8,054
Cash and bank balances	33	1,405	1,795
		62,919	113,110
Non-current assets classified as held for sale	34	-	122
Total current assets		62,919	113,232
TOTAL ASSETS		5,894,547	2,234,792
EQUITY AND LIABILITIES			
Equity			
Share capital	35	1,185,500	1,185,500
Share premium		6,715	6,715
Unappropriated profit		4,536,802	964,203
Total equity		5,729,017	2,156,418
Non-current liability			
Deferred tax liabilities	39	4,294	5,011
Current liabilities			
Trade payables	40	1,004	1,191
Other payables and accruals	41	10,371	4,543
Amounts due to subsidiary companies	24	149,828	67,594
Amounts due to associated companies	31	33	35
Total current liabilities		161,236	73,363
Total liabilities		165,530	78,374
TOTAL EQUITY AND LIABILITIES		5,894,547	2,234,792

Notes to and forming part of the financial statements are set out on pages 91 to 194.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000
At 1 January 2006		1,185,500	6,715	968,467	2,160,682
Profit for the year		-	-	166,448	166,448
Dividends	45	-	-	(170,712)	(170,712)
At 31 December 2006		1,185,500	6,715	964,203	2,156,418
Profit for the year		-	-	3,745,682	3,745,682
Dividends	45	-	-	(173,083)	(173,083)
At 31 December 2007		1,185,500	6,715	4,536,802	5,729,017

Notes to and forming part of the financial statements are set out on pages 91 to 194.

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
Continuing operations	537,044	193,270
Discontinued operations	3,333,542	-
	<u>3,870,586</u>	<u>193,270</u>
Adjustments for non-cash items:		
Amortisation and depreciation	1,702	1,789
Property, plant and equipment written off	3	18
Impairment in value of investment properties and prepaid lease payments	270	3,752
Profit on disposal of property, plant and equipment and prepaid lease payments	(1)	(946)
Profit on disposal of subsidiary companies	(3,344,390)	-
Capital distribution from a subsidiary company	(4,950)	-
Impairment in value of an investment in a subsidiary company	-	16,907
Impairment in value of an investment in an associated company	25	-
Allowance for doubtful debts in an associated company	53,069	-
Profit on disposal of other investments	(19,433)	(10,794)
Diminution in value of other investments	9,625	-
Interest expense	3,739	1,914
Dividend income	(585,042)	(216,782)
Interest income	(5,852)	(2,537)
Rental income	(591)	(504)
Operating loss before working capital changes	<u>(21,240)</u>	<u>(13,913)</u>
Adjustments for working capital changes:		
Inventories and biological assets	493	311
Receivables	155	217
Payables	4,040	1,237
Cash used in operations	<u>(16,552)</u>	<u>(12,148)</u>
Tax refunded	4,815	551
Net cash used in operating activities	<u>(11,737)</u>	<u>(11,597)</u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital repayment from a subsidiary company		57,750	-
Purchase of property, plant and equipment	48	(218)	(2,342)
Proceeds from disposal of property, plant and equipment and prepaid lease payments		1	970
Proceeds from disposal of a subsidiary company		21,120	-
Investment in an associated company		(69,438)	-
Purchase of other investments		(28,204)	-
Proceeds from disposal of other investments		24,371	10,271
Advances to subsidiary companies		(73,519)	(24,416)
Advances to associated companies		(15)	(13)
Dividends received from subsidiary companies		170,175	179,154
Dividends received from associated companies		4,205	4,125
Dividends received from other investments		2,817	2,568
Interest received		5,462	2,110
Rental received		591	504
Net cash generated from investing activities		115,098	172,931
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiary companies		82,008	16,246
(Repayment to)/Advances from associated companies		(2)	13
Interest paid		(3,513)	(1,831)
Dividends paid		(173,083)	(170,712)
Net cash used in financing activities		(94,590)	(156,284)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,771	5,050
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		9,849	4,799
CASH AND CASH EQUIVALENTS CARRIED FORWARD		18,620	9,849
Represented by:			
Cash and bank balances		1,405	1,795
Deposits		17,215	8,054
		18,620	9,849

Notes to and forming part of the financial statements are set out on pages 91 to 194.

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with applicable approved accounting standards for entities other than private entities, namely, Financial Reporting Standards ("FRSs"), issued by the Malaysian Accounting Standards Board and with the provisions of the Companies Act, 1965.

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

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

2.2 Changes in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following revised FRSs which are relevant to the operations of the Group and the Company and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of *FRS 124* does not have significant financial impact on the Group and the Company.

The principal effects of the changes in accounting policies resulting from the adoption of *FRS 117* are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

FRS 117 - Leases

Prior to 1 January 2007, leasehold land was classified as finance lease and recognised as property within property, plant and equipment and stated at cost less accumulated amortisation and impairment losses, if any.

Upon the adoption of *FRS 117*, leasehold land is classified as operating lease and the unamortised carrying amounts for leasehold lands are now classified as prepaid lease payments.

The prepaid lease payments are amortised on a straight-line basis over the remaining period of the leases, which is similar to the depreciation policy applied when the leasehold land were classified as property, plant and equipment.

The reclassification of leasehold lands have been applied retrospectively, and accordingly, the comparative figures have been restated as disclosed in note 57 below. The reclassification has had no financial impact on the income statement of the Group and of the Company.

2.3 New/Revised FRSs that are not yet effective

The Group and the Company have not adopted the following new/revised FRSs that have been issued and are relevant to their operations as they are only effective for financial periods beginning on or after 1 July 2007:

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The Group and the Company will apply these standards from the financial year beginning 1 January 2008.

The adoption of the above FRSs will not have any significant financial impact on the Group and the Company except for the amendment to *FRS 121*. The principal effects of the adoption of the amendment to *FRS 121* are discussed below:

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The amendment to *FRS 121* will result in exchange differences arising from a monetary item that form part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and of whether the monetary item results from a transaction with the Company or any of its subsidiary companies. Currently, exchange differences arising from such transactions between the Company and its subsidiary companies would be accounted for in the income statement or in equity depending on the currency of the monetary item.

The Group and the Company have also not adopted *FRS 139 - Financial Instruments : Recognition and Measurement* as the effective date of which has not yet been announced by the Malaysian Accounting Standards Board.

2.4 Significant accounting judgements and estimates

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

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

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

Critical judgement made in applying accounting policies

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

Classification between investment properties and owner-occupied properties

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

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

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

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

Revenue recognition of property development activities and engineering contracts

The Group recognises property development activities and engineering contracts based on the percentage of completion method. The stage of completion of the property development activities and engineering contracts is measured in accordance with the accounting policies set out in 2.13 and 2.17 below.

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the balance sheet 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:

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful life of these assets to be within 4 to 50 years for property, plant and equipment and 50 years for investment properties.

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2007 were RM810.852 million and RM5.633 million (2006: RM1,366.782 million and RM5.081 million), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 December 2007 were RM163.835 million and RM2.953 million (2006: RM205.429 million and RM3.252 million), respectively.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

Amortisation of film rights

Film rights are amortised based on the total revenue stream expected to be generated from the different titles and upon the exploitation of the rights. This requires an estimation of the future income expected to be derived from each of the titles.

The carrying amount of the Group's film rights as at 31 December 2007 was RM9.476 million (2006: RM9.221 million).

Changes in market conditions and the Group's marketing plans and directions could impact the future income expected to be derived from each title, and therefore future amortisation charges could be revised.

Allowance for doubtful debts

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

The carrying amount of the Group's and Company's trade and other receivables as at 31 December 2007 were RM447.104 million and RM188.065 million (2006: RM1,150.474 million and RM172.180 million), respectively.

The allowance for doubtful debts is made based on a review of outstanding accounts as at the balance sheet date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Impairment loss and write down of inventories

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

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

The carrying amounts of the Group's and Company's inventories as at 31 December 2007 were RM489.902 million and RM2.697 million (2006: RM956.951 million and RM2.495 million), respectively.

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The net carrying amount of the Group's goodwill as at 31 December 2007 was RM73.033 million (2006: RM33.316 million).

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's and the Company's tax assets as at 31 December 2007 were RM14.730 million and RM8.117 million (2006: RM34.972 million and RM8.622 million), respectively.

The carrying amounts of the Group's and the Company's tax liabilities as at 31 December 2007 were RM79.799 million and RM4.294 million (2006: RM346.198 million and RM5.011 million), respectively.

Deferred tax assets

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

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's recognised and unrecognised deferred tax assets as at 31 December 2007 were RM1.431 million (2006: RM7.098 million) and RM3.027 million (2006: RM2.448 million), respectively.

2.5 Subsidiary companies

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

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

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

2.6 Basis of consolidation

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

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

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

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

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities, contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is immediately credited to the consolidated income statement. The goodwill is accounted for in accordance with the accounting policy set out in 2.25.1 below.

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

2.7 Associated companies

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

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

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

Investment in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, investment in associated companies are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies.

The Group's share of net profits or losses and changes recognised directly in the equity of the associated companies are recognised in the consolidated income statement and consolidated statement of changes in equity, respectively.

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

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in 2.25.2 below.

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

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

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

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

2.8 Jointly controlled entities

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

Investment in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses. Impairment losses are charged to the income statement.

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

2.9 Other investments

Other investments are stated at cost. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement.

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

2.10 Property, plant and equipment

2.10.1 Measurement basis

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

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

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

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

2.10.2 Depreciation

Freehold land and capital work in progress are not depreciated while leasehold buildings are amortised on the straight-line basis over the remaining period of the lease.

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

The principal annual rates used for this purpose are:

Buildings	2% -	5%	Or the lease period, if shorter
Plant, machinery and equipment	3% -	33 1/3%	
Motor vehicles	10% -	25%	
Vessel		5%	
Furniture, fittings, office and other equipment	5% -	50%	

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

2.11 Investment properties

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

2.11.1 Measurement basis

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

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

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

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

2.11.2 Depreciation

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold buildings with remaining period of the lease of	
- more than 50 years	2%
- less than 50 years	Over the remaining period of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

2.12 Biological assets

Biological assets comprise primarily oil palms and livestock.

2.12.1 Oil palms

The Group's plantation assets are mainly situated on leasehold land. New planting expenditure incurred on land clearing and upkeep of trees up to the point of harvesting is capitalised and is amortised on a straight-line basis over the remaining lease periods of the plantation land. Replanting expenditure which represents cost incurred in replanting old planted areas is charged to the income statement when incurred.

2.12.2 Livestock

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

Cost includes the cost of the parent stock plus all attributable costs including overheads incurred in nursing the parent stock to the point of lay, and such cost is then amortised over its estimated economic life.

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

2.13 Development properties

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

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

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

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

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

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

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

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

2.14 Leases

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

2.14.1 Finance lease

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

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

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

2.14.2 Operating lease

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

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

2.15 Prepaid lease payments

Leasehold land that has an indefinite economic life with title that is not expected to pass to the Group and the Company by end of the lease term is classified as operating lease. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments.

2.15.1 Measurement basis

Prepaid lease payments are stated at cost less amounts amortised and impairment losses, if any.

2.15.2 Amortisation

The prepaid lease payments are amortised on a straight-line basis over the remaining period of the lease.

2.16 Intangible assets

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

2.16.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair values of the identifiable assets and liabilities of subsidiary companies at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

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

2.16.2 Computer software and film rights

Measurement basis

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

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

Amortisation

Amortisation is calculated to write off the depreciable amount of computer software on a straight-line basis over their estimated useful lives. The principal annual rates used are 20% and 25%.

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

The amortisation period and the amortisation method are reviewed, and adjusted if appropriate, at each balance sheet date.

2.17 Engineering contracts

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

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

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

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

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

2.18 Inventories

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

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

2.19 Receivables

Receivables are initially recognised at their costs when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

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

2.20 Non-current assets held for sale and discontinued operations

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

On initial classification as held for sale, non-current assets are measured at the lower of its carrying amount and fair value less costs to sell. Immediately before the initial classification of the assets as held for sale, the carrying amounts of the assets (all the assets and liabilities of the disposal group) are measured in accordance with applicable FRSs.

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

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

2.21 Share capital

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

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

2.22 Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

2.23 Income recognition

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

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

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

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

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

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

2.23.5 Interest income is recognised on a time proportion basis.

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

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

2.24 Foreign currencies

2.24.1 Functional currency

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

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

2.24.2 Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at foreign exchange rates ruling at that date or at contracted rates if there are related or matching foreign currency forward contracts.

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

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

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

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

2.24.3 Translation of foreign operations

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

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

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

2.25 Impairment of assets

2.25.1 Goodwill

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

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

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

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

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

2.25.2 Property, plant and equipment, investment properties, biological assets, land held for property development, prepaid lease payments, other intangible assets, investment in subsidiary companies, associated companies and jointly controlled entities

Property, plant and equipment, investment properties, biological assets, land held for property development, prepaid lease payments, other intangible assets, investment in subsidiary companies, associated companies and jointly controlled entities are assessed at each balance sheet date to determine whether there is any indication of impairment.

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

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

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

2.26 Employee benefits

2.26.1 Short term employee benefits

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

2.26.2 Post-employment benefits

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

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

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

2.26.3 Termination benefits

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

2.27 Borrowing costs

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

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

2.28 Taxation

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

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

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

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

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

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

2.29 Cash equivalents

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

For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities and margin deposits placed by clients as collaterals.

2.30 Financial instruments

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

2.30.1 Financial instruments recognised in the balance sheet

The Group's financial instruments which are recognised in the balance sheet comprise cash and cash equivalents, other investments, receivables and payables, borrowings, hire purchase liabilities and ordinary shares.

These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the basis of measurement applied are disclosed above, where relevant.

The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

2.30.2 Financial instruments not recognised in the balance sheet

The Group's financial instruments which are not recognised in the balance sheet comprise derivatives (primarily foreign currency forward contracts and commodities futures) and unsecured guarantees given.

Derivatives are not recorded as an asset or a liability. The objective of entering into these derivatives is to protect the Group against unfavourable exchange rate and commodity price movements. Gains or losses from changes in the fair value of forward contracts offset the corresponding losses or gains on the receivables and payables covered by the forward contracts.

The Group has provided unsecured guarantees in respect of banking facilities which represent present obligations existing at the balance sheet date but these are not recognised in the financial statements at inception as it is not probable that an outflow of economic benefit will be required to settle these obligations.

2.31 Segment reporting

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

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

2.32 Disclosure of fair value

2.32.1 Cash and cash equivalents, trade and other receivables, trade and other payables, short term investments and short term borrowings.

The carrying amounts of these financial instruments approximate fair values because of their short maturities.

2.32.2 Long term investments

The fair value of quoted investments is estimated based on quoted market prices.

For unquoted investments, a reasonable estimate of fair value is not practical due to the lack of comparable quoted market prices and available observable market data for valuation. Therefore, such investments are valued at cost subject to review for diminution in value.

2.32.3 Long term borrowings and debts

The carrying amounts of the Group's long term floating-rate borrowings approximate fair value.

The fair value of the Group's long term fixed-rate borrowings and debts is estimated using discounted cash flow analyses, based on current market interest rates available to the Group for similar types of lending and borrowing arrangements.

2.32.4 Foreign currency contracts and commodities future contracts

The fair value of foreign currency contracts and commodities future contracts is estimated based on quotes obtained from brokers.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

3.1 Foreign currency exchange risk

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

The Group's operations in Indonesia are funded with United States Dollar ("USD") bank loans and as such, are exposed to currency risks. The Group constantly monitors the exchange rate movements and whenever feasible, will utilise derivative instruments to hedge revenue and expenditure in Indonesian Rupiah ("IDR") against scheduled USD loan drawdowns and repayments.

3.2 Interest rate risk

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

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

3.2.1 Financial Assets

By placing its deposits on short tenures and at prevailing market interest rates, the Group is able to reduce its exposures to interest rate fluctuations.

3.2.2 Financial Liabilities

The Group minimises its interest rate risk on bank borrowings by borrowing mainly on floating rates which vary according to changes in market interest rates. In addition, the Group addresses its exposure to fluctuating interest rates by utilising interest rate swap facilities with financial institutions when appropriate.

3.3 Market risk

The Group's exposure to market risk arises mainly from fluctuation in the prices of key raw materials. The Group manages this risk by using commodity futures contracts, cost plus contracts and fixed margin contracts, where relevant, to hedge its exposure.

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

3.4 Credit risk

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

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

The Group's credit risk is primarily attributable to trade receivables arising from the sale of goods and futures contracts entered into by a subsidiary company's clients.

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

As a futures broker, a subsidiary company could be held responsible for the default or misconduct of its clients. Other than the requirement for clients to maintain margin deposits with Malaysian Derivatives Clearing House Bhd, the subsidiary company mitigates the default risk by retaining an appropriate level of clients' assets and acting as futures broker only for subsidiary companies and associated companies of the Company.

This subsidiary has since been disposed of to Wilmar International Limited ("Wilmar") in the corporate exercise which was concluded in end April 2007.

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

3.5 Liquidity and cash flow risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sales of agricultural produce, food-based products and other goods	2,617,495	2,275,612	18,800	19,148
Contract revenue	103,855	108,081	-	-
Sale of development properties	59,971	26,761	-	-
Collection from cinema operations	150,329	124,812	-	-
Rental from leasing of investment properties	26,862	24,620	-	-
Waste management and other services rendered	30,930	30,640	-	-
	<u>2,989,442</u>	<u>2,590,526</u>	<u>18,800</u>	<u>19,148</u>

Included in the rental from leasing of investment properties is contingent rent amounting to RM121,000 (2006: RM50,000).

5. COST OF SALES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of goods sold	2,155,310	1,911,689	21,720	21,041
Contract cost recognised as expense	92,128	80,693	-	-
Cost of development properties sold	44,262	19,661	-	-
Cost of cinema operations	123,951	104,470	-	-
Cost of leasing of investment properties	15,961	13,646	-	-
Cost of waste management and other services rendered	22,460	19,484	-	-
	<u>2,454,072</u>	<u>2,149,643</u>	<u>21,720</u>	<u>21,041</u>

6. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<i>Profit/(Loss) from operations is stated after charging:</i>				
Amortisation				
- prepaid lease payments	2,492	2,627	409	410
- other intangible assets				
- included in cost of sales	7,173	7,109	-	-
- included in administrative and general expenses	948	861	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT/(LOSS) FROM OPERATIONS (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Auditors' remuneration				
- current year	805	714	60	51
- underprovision in prior year	83	3	9	-
Bad and doubtful debts	2,288	4,776	-	-
Depreciation				
- property, plant and equipment	65,433	63,047	1,264	1,350
- investment properties	20,150	5,259	29	29
- biological assets	144	128	-	-
Direct operating expenses on				
- revenue generating investment properties	16,422	13,850	70	48
- non-revenue generating investment properties	372	389	3	3
Directors' remuneration				
- Company's directors:				
- fees				
~ current year	328	297	325	295
~ underprovision in prior year	-	40	-	40
- other emoluments	14,483	10,381	8,418	4,026
- Subsidiary companies' directors:				
- fees				
~ current year	417	491	-	-
~ underprovision in prior year	-	19	-	-
- other emoluments	16,019	13,230	-	-
Foreign exchange loss				
- realised	15,360	3,436	1	-
- unrealised	1,636	12,046	-	-
Inventories written off	528	48	-	-
Impairment in value of property, plant and equipment	7,839	-	-	-
Loss on disposal of property, plant and equipment	112	46	-	-
Operating leases				
- minimum lease payments for land and buildings	18,031	15,809	465	464
- minimum lease payments for equipment	1,350	1,101	-	-
- contingent rent	2,355	1,355	-	-
Property, plant and equipment written off	2,786	4,834	3	18
Investment properties written off	-	2	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT/(LOSS) FROM OPERATIONS (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<i>and crediting:</i>				
Allowance for doubtful debts no longer required	1,047	1,535	-	-
Foreign exchange gain				
- realised	2,050	3,111	-	40
- unrealised	3,718	3,842	-	-
Profit on disposal of property, plant and equipment	890	985	1	3

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Company's directors	83	120	17	16
Subsidiary companies' directors	312	399	-	-

7. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Gross dividends from subsidiary companies				
- quoted in Malaysia	-	-	24,265	38,824
- unquoted	-	-	552,234	169,497
Gross dividends from unquoted associated companies	-	-	5,720	5,720
Gross dividends from other investments				
- quoted in Malaysia	45,792	20,912	21	17
- quoted outside Malaysia	7,536	7,078	2,802	2,555
- unquoted	4	169	-	169
Interest income	26,255	25,082	5,852	2,537
Rental income from investment properties	3,098	305	591	504
Profit/(Loss) on disposal of				
- subsidiary companies	9,541	-	9,449	-
- associated companies	-	87,173	-	-
- other investments	21,020	13,286	19,433	10,794
- land and buildings	237	(1,386)	-	943
- investment properties	(529)	267	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. NET PROFIT FROM INVESTING ACTIVITIES (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(Deficit)/Surplus arising from liquidation of subsidiary companies (<i>see note 49</i>)	(57)	22	-	-
Capital distribution from a subsidiary company	-	-	4,950	-
Capital distribution from an investee company	20	-	-	-
Impairment in value of an investment in a subsidiary company	-	-	-	(16,907)
Diminution in value of an associated company	-	-	(25)	-
Diminution in value of other investments	(93)	(21)	(9,625)	-
Diminution in value of other investments written back	351	1,633	-	-
Impairment in value of property, plant and equipment and prepaid lease payments	-	(2,659)	-	(358)
Impairment in value of investment properties	(270)	(6,212)	(270)	(3,394)
Allowance for doubtful debts in associated companies	(54,435)	-	(53,069)	-
Surplus from the redemption of preference shares of an associated company	2,884	-	-	-
Discount on acquisition of subsidiary companies written off	-	496	-	-
	61,354	146,145	562,328	210,901

8. FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<i>Interest paid and payable on:</i>				
Revolving credits	766	861	-	-
Advances from subsidiary companies	-	-	3,739	1,914
Bank term loans	3,457	3,710	-	-
Bank overdrafts	93	99	-	-
Hire purchase	25	30	-	-
Others	102	405	-	-
	4,443	5,105	3,739	1,914

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Malaysian taxation based on results for the year				
Current	67,933	61,172	125,784	27,645
Deferred	8,788	4,924	(713)	(816)
	<u>76,721</u>	<u>66,096</u>	<u>125,071</u>	<u>26,829</u>
Foreign taxation				
Current	10	67	-	-
Deferred	(1,481)	-	-	-
	<u>75,250</u>	<u>66,163</u>	<u>125,071</u>	<u>26,829</u>
(Over)/Underprovision in prior years				
Malaysian taxation				
Current	(483)	588	(163)	-
Deferred	844	(1,310)	(4)	(7)
	<u>75,611</u>	<u>65,441</u>	<u>124,904</u>	<u>26,822</u>
<u>Discontinued operations</u>				
Malaysian taxation based on results for the year				
Current	21,725	84,397	-	-
Deferred	7,206	(8,125)	-	-
	<u>28,931</u>	<u>76,272</u>	<u>-</u>	<u>-</u>
Foreign taxation				
Current	2,562	2,905	-	-
Deferred	(94)	2,544	-	-
	<u>31,399</u>	<u>81,721</u>	<u>-</u>	<u>-</u>
Under/(Over)provision in prior years				
Malaysian taxation				
Current	5	(1,755)	-	-
Deferred	-	(19)	-	-
Foreign taxation				
Current	-	835	-	-
Deferred	-	(408)	-	-
	<u>31,404</u>	<u>80,374</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>107,015</u>	<u>145,815</u>	<u>124,904</u>	<u>26,822</u>

The statutory tax rate applicable to the Company was reduced from 28% in 2006 to 27% in 2007.

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (continued)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax due to the following:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Accounting profit from:				
- continuing operations	334,389	362,157	537,044	193,270
- discontinued operations	6,467,066	338,121	3,333,542	-
	<u>6,801,455</u>	<u>700,278</u>	<u>3,870,586</u>	<u>193,270</u>
Taxation at applicable tax rate	1,835,126	194,878	1,045,058	54,116
<i>Tax effect arising from:</i>				
Non-taxable income				
- exempt dividend	(14,213)	(9,306)	(28,002)	(29,885)
- under Section 54A of Income Tax Act 1967	(5,358)	(3,177)	-	-
- surplus from redemption of an associated company's preference shares	(779)	-	-	-
- profit on disposal of				
- subsidiary companies	(1,225,161)	-	(902,607)	-
- associated companies	(490,849)	(24,321)	-	-
- land and buildings	(64)	(341)	-	(247)
- other investments	(5,681)	(3,814)	(5,247)	(3,022)
- discount on acquisition	-	(139)	-	-
- diminution in value of other investments written back	(95)	(457)	-	-
- capital distribution of a subsidiary company	-	-	(1,337)	-
- others	(3,039)	(2,458)	-	-
Expenses eligible for double deduction	(1,955)	(885)	-	-
Non-deductible expenses				
- impairment in value of property, plant and equipment	2,116	645	-	-
- impairment in value of investment properties	73	1,739	73	950
- impairment in value of prepaid lease payments	-	100	-	100
- impairment in value of a subsidiary company	-	-	-	4,734
- diminution in value of other investments	25	6	2,599	-
- loss on disposal of investment properties	143	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (continued)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
- allowance for doubtful debts in associated companies	14,698	-	14,329	-
- others	17,127	17,135	376	468
Utilisation of reinvestment allowance	(14,467)	(7,435)	-	-
Addition to deferred tax assets not recognised	1,730	3,478	-	-
Unavailable group relief	45	69	-	-
Effect on reduction in future tax rate	(2,773)	(17,833)	(171)	(385)
Under/(Over)provision in prior years	366	(2,069)	(167)	(7)
	<u>107,015</u>	<u>145,815</u>	<u>124,904</u>	<u>26,822</u>

Under the currently adopted full dividend imputation system, subject to agreement with the Inland Revenue Board, based on the estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, approximately RM950.632 million of the unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability. The balance of the unappropriated profit of RM3,586.170 million is not covered by the tax credit.

If the Company elects to adopt the single tier company income tax system with effect from the year of assessment 2008, the entire unappropriated profit of the Company is available for distribution by way of dividend without incurring additional tax liability.

10. DISCONTINUED OPERATIONS

During the year, PPB disposed two of its subsidiaries, PPBOP and PGEO Group Sdn Bhd ("PGEO") and their respective subsidiary companies in a corporate exercise to Wilmar for a consideration of 569,489,427 and 287,122,772 ordinary shares in Wilmar ("Wilmar shares") respectively. PPBOP and PGEO are involved in the business of oil palm plantations, edible oils refining and trading and packaging with their financial information being disclosed in the relevant business segments in PPB's consolidated financial statements.

In the same corporate exercise, PPB also disposed of all its shares in an associated company, Kuok Oils & Grains Pte Ltd ("KOG") to Wilmar for a consideration of 305,635,556 Wilmar shares. KOG is involved in commodity trading and edible oils refining and trading.

The completion of this corporate exercise has allowed the businesses of PPBOP, PGEO and KOG to be merged with Wilmar's oil palm plantations and edible oils businesses to become one of the largest edible oils producer and trader in the world. PPB's shareholders are expected to benefit from the synergistic value created in the enlarged Wilmar through PPB's holding of Wilmar's shares.

10. DISCONTINUED OPERATIONS (continued)

The major events of the corporate exercise were as follows:

On 24 January 2007, PPB's Board of Directors approved and agreed to present the proposed corporate exercise to the shareholders at an extraordinary general meeting for their consideration and approval.

On 12 April 2007, PPB's shareholders approved the corporate exercise.

On 24 April 2007, the disposal of PPBOP was completed. PPBOP ceased to be a subsidiary of PPB.

On 8 May 2007, the disposal of PGEO was completed. PGEO ceased to be a subsidiary of PPB.

On 28 June 2007, the disposal of KOG was completed. KOG ceased to be an associate of PPB.

With the completion of the above PPBOP, PGEO and KOG disposals, the Group realised a gain of RM6.3 billion in the consolidated income statement.

The assets and liabilities of PPBOP, PGEO and KOG were not classified as held for sale in the consolidated balance sheet as at 31 December 2006 because the commencement of the corporate exercise was on 24 January 2007.

The results of PPBOP, PGEO and KOG are disclosed under discontinued operations in the financial year ended 31 December 2007 and the comparative results have been restated accordingly.

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	3,164,988	8,929,241	-	-
Cost of sales	(2,982,182)	(8,362,004)	-	-
Gross profit	182,806	567,237	-	-
Other operating income	30,495	17,135	-	-
Distribution costs	(35,685)	(94,225)	-	-
Administrative and general expenses	(27,349)	(96,721)	-	-
Other operating expenses	(20,305)	(30,883)	-	-
Profit from operations	129,962	362,543	-	-
Net profit from investing activities	604	3,189	-	-
Share of net profits less losses of associated companies	78,525	109,904	-	-
Finance costs	(9,550)	(27,611)	-	-
Profit before tax	199,541	448,025	-	-
Income tax expense	(31,404)	(80,374)	-	-
Profit after tax from discontinued operations but before profit from disposal of discontinued operations	168,137	367,651	-	-
Profit from on disposal of discontinued operations	6,346,050	-	3,333,542	-
Profit for the year from discontinued operations	6,514,187	367,651	3,333,542	-

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS (continued)

(b) Profit before tax

	Group	
	2007 RM'000	2006 RM'000
<i>Profit before tax is stated after charging:</i>		
Amortisation of prepaid lease payments	1,710	6,000
Auditors' remuneration		
- current year	300	1,094
- underprovision in prior year	6	-
Bad and doubtful debts	1	829
Depreciation		
- property, plant and equipment	21,928	59,405
- biological assets	4,738	12,637
Direct operating expenses on revenue generating investment properties	-	68
Directors' remuneration		
- Company's directors:		
- fees	28	159
- Subsidiary companies' directors:		
- fees		
~ current year	110	625
~ (over)/underprovision in prior year	(20)	30
- other emoluments	811	5,369
Foreign exchange loss		
- realised	-	4,927
- unrealised	11,968	-
Finance costs		
- Bankers' acceptance and export credit refinancing	5,461	9,412
- Revolving credits	1,273	3,586
- Bank term loan	2,816	14,609
- Bank overdrafts	-	4
Loss on disposal of property, plant and equipment	-	2
Property, plant and equipment written off	801	2,271
Minimum lease payments for land and buildings	333	853
<i>and crediting:</i>		
Foreign exchange gain		
- realised	15,314	-
- unrealised	13,073	12,460
Gross dividend from other investments quoted in Malaysia	-	1
Interest income	604	3,129
Profit on disposal of property, plant and equipment	85	443
Rental income from investment properties	-	59

10. DISCONTINUED OPERATIONS (continued)

(c) Cash flows from discontinued operations

	Group
	2007 RM'000
	2006 RM'000
Cash flows from operating activities	(44,083)
Cash flows from investing activities	(146,991)
Cash flows from financing activities	317,591
Net cash generated from/(used in) discontinued operations	126,517

(d) The analysis of the disposal of PPBOP, PGEO and KOG during the year is as follows:

	Group
	2007 RM'000
	2006 RM'000
Property, plant and equipment	625,989
Biological assets (non-current assets)	933,252
Prepaid lease payments	432,400
Goodwill	28,285
Investment in associated companies	445,028
Inventories	654,632
Biological assets (current assets)	22,972
Receivables	823,120
Cash and cash equivalents	76,366
Bank borrowings	(985,317)
Payables	(739,536)
Minority interests	(673,304)
Share of net assets disposed of	1,643,887
Realisation of exchange fluctuation reserves	(2,387)
Incidental expenses incurred	1,399
Share of net assets disposed of and expenses incurred	1,642,899
Profit from disposal of subsidiary and associated companies	6,346,050
Total sale consideration	7,988,949
Less : consideration other than cash	(7,988,949)
Less : cash and cash equivalent disposed of	(76,366)
Net cash outflow during the year	(76,366)

NOTES TO THE FINANCIAL STATEMENTS

11. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	2007 RM'000	2006 RM'000
Profit from continuing operations attributable to shareholders of the Company	497,277	281,834
Profit from discontinued operations attributable to shareholders of the Company	6,475,688	278,831
Profit attributable to shareholders of the Company	<u>6,972,965</u>	<u>560,665</u>
Number of ordinary shares in issue	<u>1,185,500</u>	<u>1,185,500</u>
Basic earnings per share attributable to shareholders of the Company		
- Profit from continuing operations	42.0	23.8
- Profit from discontinued operations	546.2	23.5
	<u>588.2</u>	<u>47.3</u>

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
Group								
Cost/Valuation								
At 1.1.2007								
- cost	197,202	236,292	299,527	1,494,335	142,571	109,253	118,455	2,597,635
- valuation	87	18,484	39,502	31,309	-	-	-	89,382
	197,289	254,776	339,029	1,525,644	142,571	109,253	118,455	2,687,017
Fair value adjustments*	1,155	-	-	-	-	-	-	1,155
Additions	572	13,333	39,506	36,672	5,127	10,935	106,035	212,180
Disposals - cost	(16)	-	(1,009)	(5,282)	(2,799)	(546)	-	(9,652)
Disposal via disposal of subsidiary companies - cost	-	(100,051)	(128,735)	(886,048)	(24,358)	(38,795)	(41,486)	(1,219,473)
- valuation	-	(18,484)	(23,542)	(15,446)	-	-	-	(57,472)
Exchange differences - cost	-	-	(3,939)	(12,104)	(3,963)	(935)	(953)	(21,894)
Transfer to non-current assets held for sale - cost	(470)	-	-	-	-	-	-	(470)
Transfer to investment properties - cost	-	-	(7,502)	-	-	-	(18,731)	(26,233)
Transfer to biological assets - cost	(412)	-	-	-	-	-	-	(412)
Write-offs - cost	-	(56)	(18)	(29,359)	(586)	(2,172)	(1,037)	(33,228)
Reclassifications - cost	1,450	19,319	14,448	69,236	914	2,414	(107,781)	-
At 31.12.2007	199,568	168,837	228,238	683,313	116,906	80,154	54,502	1,531,518
- cost	199,481	168,837	212,278	667,450	116,906	80,154	54,502	1,499,608
- valuation	87	-	15,960	15,863	-	-	-	31,910
	199,568	168,837	228,238	683,313	116,906	80,154	54,502	1,531,518

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

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
Accumulated depreciation								
At 1.1.2007								
- cost	40,500	52,388	118,867	901,879	64,860	71,524	-	1,250,018
- valuation	87	9,466	26,457	30,278	-	-	-	66,288
	40,587	61,854	145,324	932,157	64,860	71,524	-	1,316,306
Charge for the year								
- cost	4,279	5,875	12,038	54,029	7,869	7,250	-	91,340
- valuation	-	172	82	-	-	-	-	254
Disposals - cost	(3)	-	(1,009)	(4,688)	(2,537)	(431)	-	(8,668)
Disposal via disposal of subsidiary companies								
- cost	-	(25,811)	(32,981)	(516,161)	(14,260)	(24,611)	-	(613,824)
- valuation	-	(9,638)	(10,579)	(14,415)	-	-	-	(34,632)
Exchange differences - cost	-	-	(811)	(5,302)	(1,102)	(286)	-	(7,501)
Transfer to investment properties - cost	-	-	(2,190)	-	-	-	-	(2,190)
Transfer to biological assets - cost	(46)	-	-	-	-	-	-	(46)
Write-offs - cost	-	(30)	(1)	(27,026)	(539)	(2,045)	-	(29,641)
Reclassifications - cost	-	-	-	(46)	-	46	-	-
At 31.12.2007	44,817	32,422	109,873	418,548	54,291	51,447	-	711,398
- cost	44,730	32,422	93,913	402,685	54,291	51,447	-	679,488
- valuation	87	-	15,960	15,863	-	-	-	31,910
	44,817	32,422	109,873	418,548	54,291	51,447	-	711,398
Accumulated impairment losses								
At 1.1.2007								
- cost	476	-	1,448	1,504	-	501	-	3,929
- valuation	-	-	-	-	-	-	-	-
	476	-	1,448	1,504	-	501	-	3,929
Charge for the year - cost	-	-	-	7,643	80	116	-	7,839
Disposal via disposal of subsidiary companies - cost	-	-	(925)	(1,504)	-	(71)	-	(2,500)
At 31.12.2007	476	-	523	7,643	80	546	-	9,268
- cost	476	-	523	7,643	80	546	-	9,268
- valuation	-	-	-	-	-	-	-	-
	476	-	523	7,643	80	546	-	9,268
Net book value at 31.12.2007	154,275	136,415	117,842	257,122	62,535	28,161	54,502	810,852
- cost	154,275	136,415	117,842	257,122	62,535	28,161	54,502	810,852
- valuation	-	-	-	-	-	-	-	-
	154,275	136,415	117,842	257,122	62,535	28,161	54,502	810,852

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
Group								
Cost/Valuation								
At 1.1.2006								
- cost	194,654	218,698	288,271	1,390,674	140,363	103,849	109,697	2,446,206
- valuation	87	18,701	53,107	31,309	-	-	-	103,204
	194,741	237,399	341,378	1,421,983	140,363	103,849	109,697	2,549,410
Additions	444	6,835	17,346	91,349	12,980	13,013	143,550	285,517
Disposals - cost	-	(3,016)	(2,762)	(3,449)	(5,624)	(3,145)	-	(17,996)
Exchange differences - cost	-	-	(1,616)	(1,530)	(4,964)	200	79	(7,831)
Transfer to inventories - cost	-	-	-	-	-	-	(121)	(121)
Write-offs - cost	-	(1,168)	(42,896)	(57,835)	(1,194)	(5,047)	-	(108,140)
- valuation	-	(217)	(13,605)	-	-	-	-	(13,822)
Reclassifications - cost	2,104	14,943	41,184	75,126	1,010	383	(134,750)	-
At 31.12.2006	197,289	254,776	339,029	1,525,644	142,571	109,253	118,455	2,687,017
- cost	197,202	236,292	299,527	1,494,335	142,571	109,253	118,455	2,597,635
- valuation	87	18,484	39,502	31,309	-	-	-	89,382
	197,289	254,776	339,029	1,525,644	142,571	109,253	118,455	2,687,017

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings RM'000	Long leasehold buildings RM'000	Short leasehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
Group								
Accumulated depreciation								
At 1.1.2006								
- cost	35,853	55,958	136,629	869,637	65,777	68,633	-	1,232,487
- valuation	87	9,072	39,437	30,278	-	-	-	78,874
	35,940	65,030	176,066	899,915	65,777	68,633	-	1,311,361
Charge for the year								
- cost	4,647	7,773	12,511	90,837	6,316	9,876	-	131,960
- valuation	-	517	245	-	-	-	-	762
Disposals - cost	-	(255)	(302)	(3,327)	(4,978)	(2,470)	-	(11,332)
Exchange differences - cost	-	-	(322)	(251)	(1,103)	88	-	(1,588)
Write-offs - cost	-	(888)	(39,849)	(55,017)	(1,152)	(4,603)	-	(101,509)
- valuation	-	(123)	(13,225)	-	-	-	-	(13,348)
Reclassifications - cost	-	(10,200)	10,200	-	-	-	-	-
At 31.12.2006	40,587	61,854	145,324	932,157	64,860	71,524	-	1,316,306
- cost	40,500	52,388	118,867	901,879	64,860	71,524	-	1,250,018
- valuation	87	9,466	26,457	30,278	-	-	-	66,288
	40,587	61,854	145,324	932,157	64,860	71,524	-	1,316,306
Accumulated impairment losses								
At 1.1.2006								
- cost	-	-	-	1,504	-	124	-	1,628
- valuation	-	-	-	-	-	-	-	-
	-	-	-	1,504	-	124	-	1,628
Charge for the year - cost	476	-	1,448	-	-	377	-	2,301
At 31.12.2006	476	-	1,448	1,504	-	501	-	3,929
- cost	476	-	1,448	1,504	-	501	-	3,929
- valuation	-	-	-	-	-	-	-	-
	476	-	1,448	1,504	-	501	-	3,929
Net book value at 31.12.2006	156,226	192,922	192,257	591,983	77,711	37,228	118,455	1,366,782
- cost	156,226	183,904	179,212	590,952	77,711	37,228	118,455	1,343,688
- valuation	-	9,018	13,045	1,031	-	-	-	23,094
	156,226	192,922	192,257	591,983	77,711	37,228	118,455	1,366,782
<i>The net book value of revalued assets stated under the historical cost convention</i>								
At 31.12.2006	-	4,949	9,108	791	-	-	-	14,848

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM'000	Long leasehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost							
At 1.1.2007	42	15,223	15,076	4,603	2,611	-	37,555
Additions	-	21	1,679	34	85	-	1,819
Disposals	-	-	-	(16)	(1)	-	(17)
Write-offs	-	(28)	(265)	(76)	(46)	-	(415)
At 31.12.2007	42	15,216	16,490	4,545	2,649	-	38,942
Accumulated depreciation							
At 1.1.2007	-	13,167	13,508	3,711	2,088	-	32,474
Charge for the year	-	375	468	167	254	-	1,264
Disposals	-	-	-	(16)	(1)	-	(17)
Write-offs	-	(28)	(262)	(76)	(46)	-	(412)
At 31.12.2007	-	13,514	13,714	3,786	2,295	-	33,309
Net book value at 31.12.2007	42	1,702	2,776	759	354	-	5,633
At 1.1.2006	42	15,941	13,399	4,364	2,559	1,781	38,086
Additions	-	44	111	239	192	-	586
Disposals	-	(93)	-	-	(10)	-	(103)
Transfer to inventories	-	-	-	-	-	(121)	(121)
Write-offs	-	(669)	(94)	-	(130)	-	(893)
Reclassifications	-	-	1,660	-	-	(1,660)	-
At 31.12.2006	42	15,223	15,076	4,603	2,611	-	37,555
Accumulated depreciation							
At 1.1.2006	-	13,488	13,109	3,563	1,941	-	32,101
Charge for the year	-	440	492	148	270	-	1,350
Disposals	-	(93)	-	-	(9)	-	(102)
Write-offs	-	(668)	(93)	-	(114)	-	(875)
At 31.12.2006	-	13,167	13,508	3,711	2,088	-	32,474
Net book value at 31.12.2006	42	2,056	1,568	892	523	-	5,081

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in additions to property, plant and equipment during the financial year is interest expense capitalised amounting to RM160,000 (2006: RM134,000).

Included in property, plant and equipment are assets acquired under unexpired hire purchase arrangements with net book value as follows:

	Group	
	2007	2006
	RM'000	RM'000
Motor vehicles	827	408
Furniture, fittings, office and other equipment	-	17

Title deeds to certain of the Group's freehold land and buildings with net book value of RM3.459 million (2006: RM3.561 million) have yet to be issued by the relevant authorities.

Capital work in progress of the Group with net book value of RM7.995 million (2006: RMnil) has been charged to secure the long term bank loan referred to in note 37 below.

In 2006, a long leasehold building of the Group with net book value of RM0.447 million has been charged to partially secure the bank overdraft referred to in note 43 below.

The property, plant and equipment stated at valuation were revalued by the directors based on independent professional valuations carried out in 1974, 1982 and 1995 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment. The Group has availed itself to the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998 and accordingly, the carrying amounts of the revalued property, plant and equipment have been retained on the basis of these valuations as though they have never been revalued.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cost/Valuation				
At 1 January				
- cost	294,278	293,948	6,983	6,983
- valuation	6,410	6,410	-	-
	300,688	300,358	6,983	6,983
Fair value adjustment*	12,425	-	-	-
Additions	1,088	705	-	-
Disposals - <i>cost</i>	(5,510)	(253)	-	-
Disposals via disposal of a subsidiary company - <i>cost</i>	(72,469)	-	-	-
Write-offs - <i>cost</i>	-	(2)	-	-
Transfer from property, plant and equipment - <i>cost</i>	26,233	-	-	-
Transfer to assets held for sale - <i>cost</i>	(13,847)	(120)	-	-
At 31 December	248,608	300,688	6,983	6,983
- cost	242,198	294,278	6,983	6,983
- valuation	6,410	6,410	-	-
	248,608	300,688	6,983	6,983
Accumulated depreciation				
At 1 January				
- cost	61,479	56,419	337	308
- valuation	102	102	-	-
	61,581	56,521	337	308
Charge for the year - <i>cost</i>	20,150	5,259	29	29
Disposals - <i>cost</i>	(689)	(152)	-	-
Transfer from property, plant and equipment - <i>cost</i>	2,190	-	-	-
Transfer to assets held for sale - <i>cost</i>	(4,838)	(47)	-	-
At 31 December	78,394	61,581	366	337
- cost	78,292	61,479	366	337
- valuation	102	102	-	-
	78,394	61,581	366	337

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Accumulated impairment losses				
At 1 January				
- cost	33,678	27,466	3,394	-
- valuation	-	-	-	-
	<u>33,678</u>	<u>27,466</u>	<u>3,394</u>	<u>-</u>
Charge for the year - cost	270	6,212	270	3,394
Disposals - cost	(1,943)	-	-	-
Disposals via disposal of a subsidiary company - cost	(25,626)	-	-	-
At 31 December	<u>6,379</u>	<u>33,678</u>	<u>3,664</u>	<u>3,394</u>
- cost	6,379	33,678	3,664	3,394
- valuation	-	-	-	-
	<u>6,379</u>	<u>33,678</u>	<u>3,664</u>	<u>3,394</u>
Net book value at 31 December	<u>163,835</u>	<u>205,429</u>	<u>2,953</u>	<u>3,252</u>
- cost	157,527	199,121	2,953	3,252
- valuation	6,308	6,308	-	-
	<u>163,835</u>	<u>205,429</u>	<u>2,953</u>	<u>3,252</u>
Fair value at 31 December	<u>373,649</u>	<u>386,352</u>	<u>4,577</u>	<u>4,847</u>

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

Title deeds to certain investment properties of the Group with net book value of RM9.310 million (2006: RM19.548 million) have yet to be issued by the relevant authorities.

The investment properties stated at valuation previously included in property, plant and equipment were revalued by the directors based on independent professional valuations carried out in 1974 and 1981 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment. The Group has availed itself to the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998, and accordingly, the carrying amounts of these revalued investment properties have been retained on the basis of these valuations as though they have never been revalued.

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

14. BIOLOGICAL ASSETS

Plantation Development Expenditure (included under non-current assets)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cost/Valuation				
At 1 January				
- cost	703,681	552,838	-	-
- valuation	330,089	330,089	-	-
	<u>1,033,770</u>	<u>882,927</u>	<u>-</u>	<u>-</u>
Additions	33,305	149,019	-	-
Disposals via disposal of a subsidiary company				
- cost	(718,970)	-	-	-
- valuation	(330,089)	-	-	-
Transfer from property, plant and equipment - cost	412	-	-	-
Exchange differences - cost	(14,753)	1,824	-	-
At 31 December	<u>3,675</u>	<u>1,033,770</u>	<u>-</u>	<u>-</u>
- cost	3,675	703,681	-	-
- valuation	-	330,089	-	-
	<u>3,675</u>	<u>1,033,770</u>	<u>-</u>	<u>-</u>

Accumulated depreciation

At 1 January				
- cost	77,595	67,835	-	-
- valuation	35,137	32,026	-	-
	<u>112,732</u>	<u>99,861</u>	<u>-</u>	<u>-</u>
Charge for the year - cost	3,845	9,654	-	-
- valuation	1,037	3,111	-	-
Disposals via disposal of a subsidiary company - cost	(79,633)	-	-	-
- valuation	(36,174)	-	-	-
Transfer from property, plant and equipment - cost	46	-	-	-
Exchange differences - cost	(859)	106	-	-
At 31 December	<u>994</u>	<u>112,732</u>	<u>-</u>	<u>-</u>
- cost	994	77,595	-	-
- valuation	-	35,137	-	-
	<u>994</u>	<u>112,732</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

14. BIOLOGICAL ASSETS (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Net book value at 31 December	2,681	921,038	-	-
- cost	2,681	626,086	-	-
- valuation	-	294,952	-	-
	2,681	921,038	-	-
<i>The net book value of revalued assets stated under the historical cost convention</i>	-	158,748	-	-

Included in additions to plantation development expenditure during the financial year are the following expenses capitalised:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense	531	3,733	-	-
Depreciation	4,233	10,270	-	-

The biological assets stated at valuation previously included in property, plant and equipment were revalued by the directors based on independent professional valuations carried out in 1995 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment. The Group has availed itself to the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998, and accordingly, the carrying amounts of these revalued biological assets have been retained on the basis of these valuations as though they have never been revalued.

	Group		Company	
BIOLOGICAL ASSETS (included under current assets)	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost				
Oil palm nursery and oil palm tissue under cultivation	-	30,791	-	-
Livestock	12,209	7,946	-	-
Unharvested cane crop	9,130	9,825	9,130	9,825
	21,339	48,562	9,130	9,825

NOTES TO THE FINANCIAL STATEMENTS

15. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
At 1 January 2007	-	263	174	437
Costs transferred from property development costs (<i>see note 26</i>)	571	-	2,685	3,256
At 31 December 2007	571	263	2,859	3,693
At 1 January 2006	-	263	174	437
Additions	-	-	-	-
At 31 December 2006	-	263	174	437

16. PREPAID LEASE PAYMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost/Valuation				
At 1 January				
- cost	472,831	437,345	14,400	14,400
- valuation	170,525	170,558	21,236	21,269
	643,356	607,903	35,636	35,669
Additions	6,339	34,107	-	-
Disposals - <i>valuation</i>	-	(33)	-	(33)
Disposals via disposal of subsidiary companies - <i>cost</i>	(332,110)	-	-	-
- <i>valuation</i>	(148,271)	-	-	-
Write-offs - <i>valuation</i>	(1,417)	-	-	-
Exchange differences - <i>cost</i>	(5,553)	1,379	-	-
At 31 December	162,344	643,356	35,636	35,636
- cost	141,507	472,831	14,400	14,400
- valuation	20,837	170,525	21,236	21,236
	162,344	643,356	35,636	35,636

NOTES TO THE FINANCIAL STATEMENTS

16. PREPAID LEASE PAYMENTS (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Accumulated amortisation				
At 1 January				
- cost	45,350	39,921	1,817	1,662
- valuation	30,266	27,074	6,749	6,504
	<u>75,616</u>	<u>66,995</u>	<u>8,566</u>	<u>8,166</u>
Charge for the year				
- cost	3,871	5,425	154	155
- valuation	331	3,202	255	255
Disposals - valuation	-	(10)	-	(10)
Disposals via disposal of subsidiary companies				
- cost	(26,158)	-	-	-
- valuation	(21,823)	-	-	-
Write-offs - valuation	(1,417)	-	-	-
Exchange differences - cost	(69)	4	-	-
At 31 December	<u>30,351</u>	<u>75,616</u>	<u>8,975</u>	<u>8,566</u>
- cost	22,994	45,350	1,971	1,817
- valuation	7,357	30,266	7,004	6,749
	<u>30,351</u>	<u>75,616</u>	<u>8,975</u>	<u>8,566</u>
Accumulated impairment losses				
At 1 January				
- cost	358	-	358	-
- valuation	-	-	-	-
	<u>358</u>	<u>-</u>	<u>358</u>	<u>-</u>
Charge for the year - cost	-	358	-	358
At 31 December	<u>358</u>	<u>358</u>	<u>358</u>	<u>358</u>
- cost	358	358	358	358
- valuation	-	-	-	-
	<u>358</u>	<u>358</u>	<u>358</u>	<u>358</u>
Net book value at 31 December	<u>131,635</u>	<u>567,382</u>	<u>26,303</u>	<u>26,712</u>
- cost	118,155	427,123	12,071	12,225
- valuation	13,480	140,259	14,232	14,487
	<u>131,635</u>	<u>567,382</u>	<u>26,303</u>	<u>26,712</u>
Analysed as:				
Long leasehold land	93,446	373,552	26,303	26,712
Short leasehold land	38,189	193,830	-	-
	<u>131,635</u>	<u>567,382</u>	<u>26,303</u>	<u>26,712</u>

16. PREPAID LEASE PAYMENTS (continued)

Title deeds to certain of the Group's leasehold land with net book value of RM10.034 million (2006: RM57.276 million) have yet to be issued by the relevant authorities.

In 2006, a long leasehold land of the Group with net book value of RM0.308 million has been charged to partially secured the bank overdraft referred to in note 43 below.

The leasehold land stated at valuation were revalued by the directors based on independent professional valuations carried out in 1980, 1982 and 1995 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its leasehold land.

The Group has availed itself to the transitional provisions of *FRS 117 Leases* and accordingly, the carrying amounts of these revalued leasehold land have been retained on the basis of these valuations as though they have never been revalued.

17. GOODWILL

	Group	
	2007 RM'000	2006 RM'000
Cost		
At 1 January	33,316	50,005
Effects of adopting <i>FRS 3</i>	-	(17,592)
Arising from the acquisition of additional shares in an existing subsidiary company	68,002	903
Arising from the disposal of a subsidiary company	(28,285)	-
At 31 December	<u>73,033</u>	<u>33,316</u>

Impairment testing of goodwill

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

	Group	
	2007 RM'000	2006 RM'000
Oil palm plantations	-	28,285
Environmental engineering, waste management and utilities	3,345	3,345
Film exhibition and distribution	68,002	-
Chemicals trading and manufacturing	932	932
Other operations	754	754
	<u>73,033</u>	<u>33,316</u>

Recoverable amounts based on fair value less costs to sell

The recoverable amount of the CGU of oil palm plantations in 2007 was determined based on fair value less costs to sell. The recoverable amount is derived with reference to the offer price pursuant to a notice of take-over offer from a third party.

17. GOODWILL (continued)

Recoverable amounts based on value in use

The recoverable amounts of the CGU of environmental engineering, waste management and utilities, chemicals trading and manufacturing, film exhibition and distribution and other operations are determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The key assumptions used in the value in use calculations are as follows:

	2007	2006
Gross margin	4.48% - 14.50%	11.81% - 33.30%
Growth rate	5.00% - 12.40%	0.00% - 15.31%
Discount rate	5.54% - 14.87%	5.98% - 12.80%
Risk free rate	4.13%	3.69%

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing for goodwill:

(i) Budgeted gross margin

The budgeted gross margin is based on the margin achieved in the year immediately before the budgeted year and are increased to cater for expected improvements in efficiency.

(ii) Growth rate

The weighted average growth rates used are based on the long-term average growth rate for the respective industries.

(iii) Discount rate

The discount rates applied exclude impact on taxation. Different discount rates are used to reflect specific risks relating to the relevant CGUs.

(iv) Risk free rate

The risk free rate is based on the yield on a 10-year Malaysian government bond at the beginning of the budgeted year.

Sensitivity to changes in assumptions

In assessing the value in use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

18. OTHER INTANGIBLE ASSETS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Computer Software <i>(included under non-current assets)</i>				
Cost				
At 1 January	5,683	5,069	-	-
Additions	671	614	-	-
At 31 December	<u>6,354</u>	<u>5,683</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
At 1 January	2,429	1,568	-	-
Charge for the year	948	861	-	-
At 31 December	<u>3,377</u>	<u>2,429</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 December	<u>2,977</u>	<u>3,254</u>	<u>-</u>	<u>-</u>
Film rights <i>(included under current assets)</i>				
Cost				
At 1 January	24,342	24,626	-	-
Additions	7,428	5,629	-	-
Rights expired	(2,580)	(5,913)	-	-
At 31 December	<u>29,190</u>	<u>24,342</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
At 1 January	15,121	13,925	-	-
Charge for the year	7,173	7,109	-	-
Rights expired	(2,580)	(5,913)	-	-
At 31 December	<u>19,714</u>	<u>15,121</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 December	<u>9,476</u>	<u>9,221</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

19. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2007 RM'000	2006 RM'000
Shares quoted in Malaysia at cost	-	432,129
Unquoted shares at cost	<u>1,350,350</u>	<u>1,436,150</u>
	<u>1,350,350</u>	<u>1,868,279</u>
Impairment loss on unquoted shares	-	(21,329)
	<u>1,350,350</u>	<u>1,846,950</u>
Market value of quoted shares	-	<u>2,766,188</u>

The subsidiary companies are listed in note 59.

20. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Shares quoted outside Malaysia at cost	<u>8,068,831</u>	-	<u>3,836,508</u>	-
Unquoted shares at cost	<u>108,752</u>	<u>181,475</u>	<u>50,883</u>	<u>50,883</u>
	<u>8,177,583</u>	<u>181,475</u>	<u>3,887,391</u>	<u>50,883</u>
Impairment loss on unquoted shares	-	-	(25)	-
Group's share of post-acquisition reserves and retained profits less losses	<u>410,112</u>	<u>557,005</u>	-	-
	<u>8,587,695</u>	<u>738,480</u>	<u>3,887,366</u>	<u>50,883</u>
Market value of quoted shares	<u>14,473,133</u>	-	<u>7,003,750</u>	-

The Group's share of the current year's losses and accumulated losses of an associated company amounting to RM52.823 million and RM52.823 million (2006: RMnil and RMnil), respectively have not been recognised in the Group's income statement as equity accounting has ceased when the Group's share of losses of this associated company exceeded the carrying amount of its investment in this associated company.

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

	2007 RM'000	2006 RM'000
<i>Assets and liabilities</i>		
Total assets	<u>51,823,484</u>	<u>3,145,153</u>
Total liabilities	<u>24,488,403</u>	<u>880,663</u>
<i>Results</i>		
Revenue	<u>56,954,854</u>	<u>3,596,393</u>
Profit for the year	<u>1,544,850</u>	<u>469,362</u>

The associated companies are listed in note 60.

21. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group	
	2007 RM'000	2006 RM'000
Capital contribution, at cost	38,897	38,897
Group's share of retained profits less losses	506	153
	<u>39,403</u>	<u>39,050</u>

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

	Group	
	2007 RM'000	2006 RM'000
<i>Assets and liabilities</i>		
Non-current assets	30,585	32,849
Current assets	10,169	7,224
Total assets	<u>40,754</u>	<u>40,073</u>
Non-current liabilities	-	-
Current liabilities	1,392	1,023
Total liabilities	<u>1,392</u>	<u>1,023</u>
<i>Results</i>		
Revenue	6,921	6,657
Profit for the year	<u>312</u>	<u>311</u>

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

The amount due to the jointly controlled entity represents unsecured advances which are interest free and payable on demand.

The jointly controlled entity is listed in note 61.

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER INVESTMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Shares quoted in Malaysia at cost	184,954	188,272	278,091	178
Diminution in value	(140)	(212)	(9,627)	(2)
	184,814	188,060	268,464	176
Shares quoted outside Malaysia at cost	235,378	198,744	126,583	98,379
Diminution in value	(921)	(916)	-	-
	234,457	197,828	126,583	98,379
Irredeemable convertible unsecured loan stocks quoted in Malaysia, at cost	-	1,635	-	-
Diminution in value	-	(1,095)	-	-
	-	540	-	-
Unquoted shares at cost	464	2,259	266	266
Diminution in value	(36)	(34)	-	-
	428	2,225	266	266
	419,699	388,653	395,313	98,821
Market values of				
- shares quoted in Malaysia	663,328	319,474	268,800	257
- shares quoted outside Malaysia	647,331	484,328	285,319	218,214
- irredeemable convertible unsecured loan stocks quoted in Malaysia	-	540	-	-
	1,310,659	804,342	554,119	218,471

23. DEFERRED TAX ASSETS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At beginning of the year	7,098	9,827	-	-
Exchange translation differences	(186)	48	-	-
Originating/(Reversal) during the year	1,682	(2,777)	-	-
Reduction through subsidiaries disposed	(7,163)	-	-	-
At end of the year	1,431	7,098	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

23. DEFERRED TAX ASSETS (continued)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax effects of				
- Unabsorbed tax losses	1,394	15,372	-	-
- Unabsorbed capital allowances	37	17,120	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	-	(25,394)	-	-
	<u>1,431</u>	<u>7,098</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unabsorbed tax losses	10,275	7,418	-	-
Unabsorbed capital allowances	3,482	3,005	-	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(1,650)	(1,006)	-	-
	<u>12,107</u>	<u>9,417</u>	<u>-</u>	<u>-</u>

24. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIES

Amounts due from subsidiary companies included under non-current assets

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

	Company	
	2007 RM'000	2006 RM'000
Bearing interest at 3.53% (2006: 3.70%)	153,605	56,585
Bearing interest at nil (2006: 3.75%)	-	20,725
Interest free	10,105	12,551
	<u>163,710</u>	<u>89,861</u>

Amounts due from subsidiary companies included under current assets

The amounts due from subsidiary companies included under current assets represent unsecured interest free advances which are payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

24. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIES (continued)

Amounts due to subsidiary companies included under current liabilities

The amounts due to subsidiary companies included under current liabilities represent unsecured advances which are payable on demand and are analysed as follows:

	Company	
	2007 RM'000	2006 RM'000
Bearing interest at 3.63% (2006: 3.75%)	40,112	37,118
Bearing interest at 3.50% (2006: 3.60%)	101,600	22,368
Interest free	8,116	8,108
	<u>149,828</u>	<u>67,594</u>

25. INVENTORIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Raw materials	347,490	464,474	-	-
Work-in-progress	13,258	17,125	-	-
Finished goods	101,765	378,014	-	-
Sundry stores and consumables	27,389	97,338	2,697	2,495
	<u>489,902</u>	<u>956,951</u>	<u>2,697</u>	<u>2,495</u>

26. PROPERTY DEVELOPMENT COSTS

	Group	
	2007 RM'000	2006 RM'000
Freehold land		
- at cost	7,408	7,581
- at valuation	748	1,156
Leasehold land, at cost	-	14
Development and construction costs	57,451	40,639
Costs recognised as an expense in income statement in previous years	(12,993)	(5,695)
At 1 January	<u>52,614</u>	<u>43,695</u>
Costs transferred to:		
- land held for property development (<i>see note 15</i>)		
- freehold land, at cost	(571)	-
- development costs	(2,685)	-
Costs incurred during the year		
- development costs	44,255	32,034
	<u>40,999</u>	<u>32,034</u>
Costs recognised as an expense in income statement in current year	(38,522)	(13,697)
Transferred to inventories	(26,407)	(9,418)
At 31 December	<u>28,684</u>	<u>52,614</u>

NOTES TO THE FINANCIAL STATEMENTS

27. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2007 RM'000	2006 RM'000
Aggregate contract expenditure incurred to-date	402,399	350,828
Attributable profit recognised to-date	36,752	27,271
	439,151	378,099
Progress billings to-date	(424,253)	(379,787)
	14,898	(1,688)
Gross amount due from customers	27,059	6,632
Gross amount due to customers	(12,161)	(8,320)
	14,898	(1,688)
Progress billings comprise:		
Progress billings		
- received	403,642	367,644
- receivable	16,084	9,050
Retention sums	4,527	3,093
	424,253	379,787

28. TRADE RECEIVABLES

	Group	
	2007 RM'000	2006 RM'000
Related parties other than associated companies	10,005	7,729
Others	361,769	423,642
	371,774	431,371
Allowance for doubtful debts	(12,841)	(13,146)
	358,933	418,225

The currency exposure profile of trade receivables is as follows:

	Group	
	2007 RM'000	2006 RM'000
- RM	323,824	335,005
- USD	22,971	63,267
- Singapore Dollar ("SGD")	2,688	6,778
- Euro ("EUR")	95	417
- IDR	-	827
- Japanese Yen ("JPY")	21	-
- Yuan Renminbi ("CNY")	17	-
- Vietnamese Dong ("VND")	9,317	11,931
	358,933	418,225

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

NOTES TO THE FINANCIAL STATEMENTS

29. ACCRUED BILLINGS/(PROGRESS BILLINGS)

	Group	
	2007 RM'000	2006 RM'000
Revenue recognised as income to-date	885	17,197
Progress billings to-date	(774)	(14,432)
	<u>111</u>	<u>2,765</u>
Accrued billings	111	2,768
Progress billings	-	(3)
	<u>111</u>	<u>2,765</u>

30. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Amount receivable from Kuok Brothers Sdn Bhd ("KBSB"), a major shareholder of the Company	46	34	46	34
Interest receivable	204	394	10	5
Surplus assets yet to be distributed by subsidiary companies under liquidation	74	699	-	-
Proceeds from disposal of other investments	978	5,794	978	5,794
Other receivables	20,334	63,013	588	1,031
	<u>21,636</u>	<u>69,934</u>	<u>1,622</u>	<u>6,864</u>
Allowance for doubtful debts	(1,156)	(1,792)	(67)	(67)
	<u>20,480</u>	<u>68,142</u>	<u>1,555</u>	<u>6,797</u>
Deposits held by				
- associated companies of KBSB				
- Jerneh Insurance Berhad	194	267	69	71
- others	6,761	8,484	55	52
Margin deposits with Malaysian Derivatives Clearing House Berhad	-	25,821	-	-
Deposits for purchase of property, plant and equipment	16,927	1,625	-	-
	<u>23,882</u>	<u>36,197</u>	<u>124</u>	<u>123</u>
Prepayments	4,346	18,262	163	153
	<u>48,708</u>	<u>122,601</u>	<u>1,842</u>	<u>7,073</u>

NOTES TO THE FINANCIAL STATEMENTS

30. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The currency exposure profile of other receivables, deposits and prepayments is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	24,825	72,044	1,842	7,073
- Australian Dollar ("AUD")	407	-	-	-
- USD	9,302	2,308	-	-
- SGD	1,607	182	-	-
- EUR	-	25	-	-
- IDR	12,418	47,516	-	-
- Hong Kong Dollar ("HKD")	17	33	-	-
- CNY	2	171	-	-
- VND	130	322	-	-
	48,708	122,601	1,842	7,073

31. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES

Amounts due from associated companies included under current assets

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade balances	2,521	518,207	1,694	1,429
Unquoted redeemable non-convertible preference shares in an associated company, at cost	1,366	1,117	-	-
Advances				
- bearing interest at 4.25% (2006: 4.73%)	12,863	13,172	-	-
- bearing interest at 5.74% (2006: 5.85%)	1,403	1,413	-	-
- bearing interest at 4.54% (2006: 4.70%)	3,214	3,072	3,214	3,072
- interest free	72,531	72,667	70,511	70,495
	93,898	609,648	75,419	74,996
Allowance for doubtful debts	(54,435)	-	(53,069)	-
	39,463	609,648	22,350	74,996

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

NOTES TO THE FINANCIAL STATEMENTS

31. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES (continued)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	25,136	83,934	22,350	74,996
- USD	1,423	512,193	-	-
- HKD	12,864	13,183	-	-
- SGD	-	338	-	-
- CNY	40	-	-	-
	<u>39,463</u>	<u>609,648</u>	<u>22,350</u>	<u>74,996</u>

Amounts due to associated companies included under current liabilities

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade balances	43	119,519	-	-
Advances				
- bearing interest at 4.35% (2006: 4.5%)	191	191	-	-
- interest free	71	13,743	33	35
	<u>305</u>	<u>133,453</u>	<u>33</u>	<u>35</u>

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

The currency exposure profile of the amounts due to associated companies is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	305	105,706	33	35
- USD	-	27,720	-	-
- SGD	-	27	-	-
	<u>305</u>	<u>133,453</u>	<u>33</u>	<u>35</u>

32. DEPOSITS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits with licensed banks				
- in Malaysia	579,633	628,011	17,215	8,054
- outside Malaysia	54,687	45,957	-	-
	<u>634,320</u>	<u>673,968</u>	<u>17,215</u>	<u>8,054</u>

32. DEPOSITS (continued)

The currency exposure profile of deposits is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	566,252	624,485	17,215	8,054
- AUD	219	201	-	-
- USD	39,152	9,517	-	-
- SGD	220	215	-	-
- EUR	10,387	9,662	-	-
- IDR	692	2,779	-	-
- HKD	17,398	27,109	-	-
	<u>634,320</u>	<u>673,968</u>	<u>17,215</u>	<u>8,054</u>

Included in deposits with licensed banks of the Group is an amount of RM0.035 million (2006: RM0.029 million) pledged to a bank as security for banking facilities granted to a subsidiary company.

Included in deposits with other financial institutions of the Group is an amount of RMnil (2006: RM9.290 million) representing margin deposits retained by a former subsidiary company from its futures clients. The utilisation of the these deposits is restricted as they are intended to mitigate the risk of default by clients.

The effective interest rates range from 1.88% to 5.16% (2006: 2.40% to 5.28%). All the deposits have maturities of less than one year.

33. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM3.610 million (2006: RM9.499 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest at 2.0% (2006: 2.0%).

NOTES TO THE FINANCIAL STATEMENTS

33. CASH AND BANK BALANCES (continued)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	48,667	56,926	1,405	1,795
- USD	12,259	19,137	-	-
- SGD	370	140	-	-
- EUR	14	26	-	-
- IDR	1,092	8,242	-	-
- HKD	118	751	-	-
- VND	2,774	2,158	-	-
- CNY	965	1,336	-	-
- Sterling Pound ("GBP")	-	3	-	-
- JPY	-	2	-	-
- AUD	-	6	-	-
- Thai Baht ("THB")	1	-	-	-
- Swiss Franc ("CHF")	12	-	-	-
- Myanmar Kyats ("KYATS")	66	17	-	-
	66,338	88,744	1,405	1,795

34. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets classified as held for sale arising from the followings:

- (a) On 1 May 2004, a subsidiary company entered into a conditional Sale and Purchase Agreement to dispose its freehold land.

On 7 December 2007, the same subsidiary company entered into a Supplementary Agreement ("the SA") to allow the purchaser to part finance the balance purchase price within three months from the date of the SA, and with an extension of one month subject to interest at 8% per annum on daily basis.

- (b) On 11 June 2007, a subsidiary company entered into a Sale and Purchase Agreement to dispose its investment property.

The non-current assets classified as held for sale in 2006 was related to certain investment property of the Group which were subject to compulsory acquisition by the Government and the sale of unquoted investment of the Company. These transactions were completed in current year.

The assets and liabilities attributable to the above assets have been classified as held for sale and are presented separately in the balance sheets.

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

NOTES TO THE FINANCIAL STATEMENTS

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

The assets held for sale and liabilities directly associated with the assets held for sale are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Assets classified as held for sale :				
Property, plant and equipment				
At cost	470	-	-	-
Investment properties				
At cost	13,847	120	-	-
Accumulated depreciation	(4,838)	(47)	-	-
Net book value	<u>9,479</u>	<u>73</u>	<u>-</u>	<u>-</u>
Unquoted share at cost	<u>-</u>	<u>122</u>	<u>-</u>	<u>122</u>
Liabilities directly associated with non-current assets classified as held for sale :				
Deferred tax liabilities	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>

35. SHARE CAPITAL

	<-----2007----->		<-----2006----->	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
Ordinary shares of RM1 each	<u>1,185,500</u>	<u>1,185,500</u>	<u>1,185,500</u>	<u>1,185,500</u>

36. NON-DISTRIBUTABLE RESERVES

	Group	
	2007 RM'000	2006 RM'000
Revaluation reserve	55,492	160,540
Exchange translation reserve	(174,846)	(33,901)
Capital reserve	<u>239,060</u>	<u>175,855</u>
	<u>119,706</u>	<u>302,494</u>

NOTES TO THE FINANCIAL STATEMENTS

36. NON-DISTRIBUTABLE RESERVES (continued)

Details of capital reserve are as follows:

	Group	
	2007 RM'000	2006 RM'000
Share of capital reserves of associated companies	184,596	85,680
Share premium of subsidiary companies arising from shares issued to minority shareholders	23,651	69,051
Transferred from unappropriated profit arising from:		
- bonus issue of subsidiary companies	1,769	1,769
- gain from disposal of landed properties and investments	29,044	19,355
	<u>239,060</u>	<u>175,855</u>

37. LONG TERM BANK LOANS

	Group	
	2007 RM'000	2006 RM'000
<i>Secured :</i>		
USD denominated loan bearing interest at 1.25% above SIBOR (effective interest rate: 5.98% (2006: nil%)) repayable by 20 quarterly instalments commencing 3 months after the commencement of production (see note 12)	4,888	-
<i>Unsecured:</i>		
USD denominated loan bearing interest at 0.55% above SIBOR (effective interest rate: nil% (2006: 6.38% to 6.41%)), the loan limit is to be reduced by USD3.5 million per year in 2005, 2006 and 2007 and repayable in full by 31 December 2009	-	34,123
USD denominated loan bearing interest at 0.50% above the bank's cost of fund (effective interest rate: nil% (2006: 6.15%)), repayable in full at the end of 5 years from the date of first drawdown	-	56,285
USD denominated loan bearing interest at 0.55% above LIBOR (effective interest rate: nil% (2006: 5.90%)), repayable in full at the end of 5 years from the date of first drawdown	-	145,539
USD denominated loan bearing interest at 0.75% above LIBOR (effective interest rate: nil% (2006: 6.12%)), repayable in full at the end of 5 years from the date of first drawdown	-	20,135
CNY denominated loan bearing interest at 7.38% (2006: 6.39%), repayable in full by 10 July 2014	17,854	20,356

NOTES TO THE FINANCIAL STATEMENTS

37. LONG TERM BANK LOANS (continued)

	Group 2007 RM'000	2006 RM'000
RM denominated revolving loans bearing interest at 0.50% above the bank's cost of fund (effective interest rate nil% (2006: 4.30%)), payable by instalments commencing 17 May 2007, repayable in full by 17 May 2011	-	57,960
RM denominated loan bearing interest at nil% (2006: 4.75%) repayable by 20 quarterly instalments commencing on the 3rd month from the date of the first drawdown	-	3,538
	<u>22,742</u>	<u>337,936</u>
Repayments due within the next 12 months included under short term borrowings (<i>see note 42</i>)	(2,553)	(3,781)
Repayments due after 12 months	<u>20,189</u>	<u>334,155</u>
The bank term loans are repayable as follows:		
- within one year (<i>included under current liabilities</i>)	2,553	3,781
- later than one year but not later than five years	13,145	326,534
- later than five years	7,044	7,621
	<u>20,189</u>	<u>334,155</u>
	<u>22,742</u>	<u>337,936</u>

38. HIRE PURCHASE LIABILITIES

	Group 2007 RM'000	2006 RM'000
Outstanding hire purchase instalments due:		
- within one year	225	159
- later than one year but not later than five years	320	21
- later than five years	19	-
	<u>564</u>	<u>180</u>
Unexpired term charges	(51)	(5)
Outstanding principal amount due	<u>513</u>	<u>175</u>
Outstanding principal amount due as follows:		
- within one year (<i>included under current liabilities</i>)	198	154
- later than one year but not later than five years	302	21
- later than five years	13	-
	<u>315</u>	<u>21</u>
	<u>513</u>	<u>175</u>

The effective interest rates of the hire purchase liabilities are between 4.20% and 6.17% (2006: between 3.50% and 7.30%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

39. DEFERRED TAX LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	302,535	308,567	5,011	5,834
Exchange differences	(59)	13	-	-
Effect of changes in tax rate on fair value adjustments	(337)	(854)	-	-
Effect of exemption from Real Property Gains Tax	(2,177)	-	-	-
Reclassified as held for sale (<i>see note 34</i>)	-	(20)	-	-
Fair value adjustments for the additional shares in an existing subsidiary company	3,531	-	-	-
Reduction through subsidiary disposed	(251,615)	-	-	-
Transfer from/(to) income statement	16,945	(5,171)	(717)	(823)
At 31 December	<u>68,823</u>	<u>302,535</u>	<u>4,294</u>	<u>5,011</u>

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax effects of				
- Excess of capital allowances over accumulated depreciation on property, plant and equipment, biological assets and other intangible assets	53,686	256,524	495	377
- Surplus on revaluation of land and buildings	19,816	90,358	2,705	2,863
- Unabsorbed capital and agriculture allowances	(6,343)	(23,297)	(1,189)	(784)
- Unabsorbed tax losses	(548)	(17,895)	-	-
- Unharvested cane crop	2,283	2,555	2,283	2,555
- Other temporary differences	(71)	(5,710)	-	-
	<u>68,823</u>	<u>302,535</u>	<u>4,294</u>	<u>5,011</u>

40. TRADE PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Related parties other than associated companies	3,596	5,067	-	-
Others	144,249	336,763	1,004	1,191
	<u>147,845</u>	<u>341,830</u>	<u>1,004</u>	<u>1,191</u>

40. TRADE PAYABLES (continued)

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	121,736	313,439	1,004	1,191
- USD	25,006	23,990	-	-
- SGD	536	820	-	-
- EUR	-	52	-	-
- JPY	6	685	-	-
- VND	514	519	-	-
- IDR	-	2,314	-	-
- THB	47	11	-	-
	<u>147,845</u>	<u>341,830</u>	<u>1,004</u>	<u>1,191</u>

The normal credit terms extended by suppliers range from 14 to 120 days. Retention sums for construction contracts are payable upon the expiry of the defects liability period of the respective construction contracts. The defects liability periods of construction contracts are between 12 and 24 months.

41. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unpaid property, plant and equipment acquired	19,074	12,093	1,646	45
Interest accrued	89	4,206	-	-
Other payables	42,589	102,832	7,832	3,580
Accruals	39,833	106,352	720	775
Tenants and other deposits	11,644	8,619	173	143
	<u>113,229</u>	<u>234,102</u>	<u>10,371</u>	<u>4,543</u>

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- RM	105,999	186,797	10,371	4,543
- USD	939	3,963	-	-
- SGD	377	865	-	-
- EUR	7	-	-	-
- IDR	771	37,915	-	-
- HKD	286	326	-	-
- JPY	22	45	-	-
- VND	1,507	943	-	-
- CHF	-	25	-	-
- CNY	3,321	3,223	-	-
	<u>113,229</u>	<u>234,102</u>	<u>10,371</u>	<u>4,543</u>

NOTES TO THE FINANCIAL STATEMENTS

42. SHORT TERM BORROWINGS

	Group	
	2007 RM'000	2006 RM'000
<i>Unsecured:</i>		
Bankers' acceptance	-	132,802
Trust receipt	55	-
Revolving credits	21,800	57,600
Bank term loans	10,653	159,916
Current portion of long term bank loans (<i>see note 37</i>)	2,553	3,781
	<u>35,061</u>	<u>354,099</u>

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

	Group	
	2007 RM'000	2006 RM'000
- RM	21,855	191,636
- USD	10,653	159,916
- CNY	2,553	2,547
	<u>35,061</u>	<u>354,099</u>

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

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

	Group	
	2007 %	2006 %
Bankers' acceptance	-	2.70 - 3.89
Trust receipt	7.25 - 7.75	-
Revolving credits	4.14 - 5.12	4.18 - 4.35
Bank term loans	<u>5.68 - 10.10</u>	<u>5.14 - 7.15</u>

43. BANK OVERDRAFTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Secured	-	1,037	-	-
Unsecured	1,212	1,375	-	-
	<u>1,212</u>	<u>2,412</u>	<u>-</u>	<u>-</u>

The secured bank overdraft of the Group is secured by a debenture incorporating a fixed and floating charge over all assets of a subsidiary company and a fixed charge over a long leasehold land and building of the Group as indicated in note 12 and 16 above.

43. BANK OVERDRAFTS (continued)

The bank overdrafts bear interest at commercial rates which vary according to the banks' base lending rates. The effective interest rates applicable are between 6.75% and 8.00% (2006: between 6.50% and 8.25%).

44. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group 2007 RM'000	2006 RM'000
Effect of issue of shares at a premium by an associated company		
- Capital reserve	-	11,532
- Unappropriated profit	-	(898)
	-	10,634

45. DIVIDENDS

	2007 RM'000	2006 RM'000
<i>In respect of the year ended 31 December 2005</i>		
Final dividend of 15 sen less 28% income tax	-	128,034
<i>In respect of the year ended 31 December 2006</i>		
Interim dividend of 5 sen less 28% income tax	-	42,678
Final dividend of 15 sen less 27% income tax	129,812	-
	129,812	42,678
<i>In respect of the year ended 31 December 2007</i>		
Interim dividend of 5 sen less 27% income tax	43,271	-
	173,083	170,712

Subsequent to 31 December 2007, the directors recommended the payment of a final dividend of 25 sen less 26% income tax amounting to RM219.317 million.

46. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

(a) Details of the new subsidiary companies acquired during 2007 are as follows:

Name of subsidiaries acquired	Cash consideration RM'000	Principal activity	Equity interest acquired %	Effective acquisition date
PT Pundi Kencana	9,506	Dormant	51.0	8 March 2007
Kerry Utilities Ltd (formerly known as Navi Pier Limited)	*	Investment Holding	100.0	7 December 2007

NOTES TO THE FINANCIAL STATEMENTS

46. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (continued)

The new subsidiary companies acquired during 2006 were Ivory Rose Pte Ltd, Coudrey Pte Ltd, PGEO Bioproducts Sdn Bhd, Max Wealth Group Limited, Newbloom Pte Ltd, PGEO Marketing Sdn Bhd, Mantap Hijau Sdn Bhd, Sandakan Specialty Fats Sdn Bhd, Newday Holdings Limited, PT Dermaga Sungai Mentaya, PT Kerry Agro Management, Mantap Aman Sdn Bhd, Jubilant Chain Sdn Bhd.

* Represents RM0.42

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

	Carrying/Fair value Group	
	2007 RM'000	2006 RM'000
Property plant and equipment	-	-
Trade and other receivables	-	-
Cash and bank balances	19,400	1,106
Trade and other payables	-	-
Net assets acquired	19,400	1,106
Minority interests	(9,506)	-
Total purchase consideration	9,894	1,106
Less: Cash and cash equivalents acquired	(19,400)	(1,106)
Net cash inflow on acquisition during the year	(9,506)	-

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

	Group	
	2007 RM'000	2006 RM'000
Revenue		
During the financial year	-	2,185,052
Pre-acquisition	-	-
Post-acquisition	-	2,185,052
Loss for the year		
During the financial year	(65)	(7,959)
Pre-acquisition	-	-
Post-acquisition	(65)	(7,959)

46. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (continued)

The net assets of the acquired subsidiary companies included in the consolidated balance sheet at the end of the financial year were as follows:

	Group	
	2007 RM'000	2006 RM'000
Non-current assets	8,161	28,158
Current assets	13,970	440,449
Current liabilities	(62)	(466,873)
Non-current liabilities	(4,888)	(2)
Minority interests	(8,419)	528
Group's share of net assets	8,762	2,260

(b) Details of acquisition of additional interests in an existing subsidiary company during 2007 are as follows:

Name of subsidiary	Cash consideration RM'000	Additional interest acquired %	Effective acquisition date
Golden Screen Cinemas Sdn Bhd	91,322	40.2	28 February 2007
}	10,273	4.5	24 April 2007

The additional shares in existing subsidiary companies acquired during 2006 were Chemical Waste Management Sdn Bhd, Cipta Wawasan Maju Engineering Sdn Bhd, Malayan Adhesives & Chemicals Sdn Bhd, PT Guna Karya Lestari and Clonal Palms Sdn Bhd.

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

	Group	
	2007 RM'000	2006 RM'000
Minority interests acquired	29,241	4,463
Goodwill on acquisition	68,002	903
Negative goodwill on acquisition	-	(496)
Fair value surplus of assets acquired	4,352	-
Net cash outflow on acquisition	101,595	4,870

NOTES TO THE FINANCIAL STATEMENTS

47. DISPOSAL OF SHARES IN SUBSIDIARY COMPANIES

The subsidiary companies disposed of during 2007 were PPBOP, PGEO and Ampang Leisuremall Sdn Bhd ("ALM").

There was no disposal of subsidiary company during 2006.

Information relating to the disposal of PPBOP and PGEO is set out in note 10(d). The analysis of the disposal of ALM is as follows:

	Group	
	2007 RM'000	2006 RM'000
Non-current assets	46,843	-
Current assets	54	-
Non-current liabilities	(25,843)	-
Current liabilities	(1)	-
Minority interest	(9,474)	-
Share of net assets disposed of	11,579	-
Profit on disposal of subsidiary companies	9,541	-
Total sale consideration	21,120	-
Less: Cash and cash equivalents disposed of	-	-
Net cash inflow during the year	21,120	-

The effects of the disposal of ALM on the consolidated financial results for the financial year and the consolidated financial position as at 31 December 2007 were as follows:

	Group	
	2007 RM'000	2006 RM'000
<i>Income statement</i>		
Revenue	-	-
Cost of sales	-	-
Gross loss	-	-
Other operating income	-	-
Administrative and general expenses	(168)	-
Loss from operations	(168)	-
Finance cost	-	-
Loss before tax	(168)	-
Income tax expense	-	-
Loss after tax	(168)	-
Minority interest	76	-
Decrease in Group's net profit	(92)	-

NOTES TO THE FINANCIAL STATEMENTS

47. DISPOSAL OF SHARES IN SUBSIDIARY COMPANIES (continued)

	Group	
	2007	2006
	RM'000	RM'000
<i>Balance sheet</i>		
Non-current assets	46,843	-
Current assets	54	-
Non-current liabilities	(25,843)	-
Current liabilities	(1)	-
Minority interest	(9,474)	-
Group's share of net assets	<u>11,579</u>	<u>-</u>

48. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, BIOLOGICAL ASSETS, PREPAID LEASE PAYMENTS AND OTHER INTANGIBLE ASSETS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets acquired (see notes 12,13,14, 16 and 18)	253,583	469,962	1,819	586
Interest expense capitalised	(691)	(3,867)	-	-
Depreciation capitalised	(4,233)	(10,270)	-	-
Financed via hire purchase arrangement	(593)	-	-	-
Deposits paid in prior year	(1,625)	(255)	-	-
Deposits paid in current year	16,927	1,625	-	-
Cash paid in respect of prior year acquisition	12,093	16,562	45	1,801
Unpaid balances included under other payables	(19,074)	(12,093)	(1,646)	(45)
Cash paid during the financial year	<u>256,387</u>	<u>461,664</u>	<u>218</u>	<u>2,342</u>

49. LIQUIDATION OF SUBSIDIARY COMPANIES

The subsidiary company liquidated during 2007 was Sitaclean Technologies (M) Sdn Bhd.

The subsidiary companies liquidated during 2006 were Aktif Kukuh Sdn Bhd, Minsec Management Services Company Ltd and Leisure Bowl Holdings Sdn Bhd.

The analysis of the liquidations are as follows:

	Group	
	2007	2006
	RM'000	RM'000
Total surplus assets and capital receivable from companies liquidated during the year	1,021	84
Less:		
Cost of investment	(905)	(8,008)
Post-acquisition (profit)/loss previously consolidated	(120)	7,922
Net (gain)/loss from liquidation of a subsidiary company over recognised in prior year	(53)	24
(Deficit)/Surplus from liquidation	<u>(57)</u>	<u>22</u>

NOTES TO THE FINANCIAL STATEMENTS

50. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with subsidiary companies</i>				
Interest received and receivable	-	-	5,042	2,074
Interest paid and payable	-	-	3,739	1,914
Rental income	-	-	420	420
Registration fee paid and payable	-	-	76	68
Management fee received	-	-	710	747
<i>Transactions with associated companies</i>				
Sales of goods	2,580,740	5,707,594	18,800	19,148
Interest received and receivable	875	1,217	143	133
Interest paid and payable	7	8	-	-
Management fee received	1,043	1,016	-	-
Rental of premises received	246	265	-	-
Commission received	131	315	-	-
Purchase of goods	844,529	1,941,829	-	-
Rental of premises paid	120	120	-	-
Lease rental paid	67	68	-	-
Maintenance fee paid	188	242	-	-
Ticketing system user's license paid	74	276	-	-
POS System installation and training fee paid	-	1	-	-
Film rental received	1,679	1,595	-	-
Screen advertising and filmlet paid	727	565	-	-
Information technology services and sales of related products	27	28	-	-
<i>Transactions with subsidiary companies of KOG</i>				
Sales of goods	21,139	2,023,049	-	-
Commission earned	-	236	-	-
Purchase of goods	22	481,070	-	-
<i>Transactions with subsidiary companies of Wilmar</i>				
Purchase of goods	137,242	115,876	-	-
Registration fee received	137	-	-	-
Management fee received	68	-	68	-
Rental received	2,782	2,782	-	-
Elevation and other services received	142	157	-	-
Security and other services paid and payable	581	581	-	-
Rental paid	2	2	-	-

NOTES TO THE FINANCIAL STATEMENTS

50. RELATED PARTY DISCLOSURES (continued)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with a major shareholder of the Company</i>				
Management fee paid	126	118	-	-
Disposal of other investments	4,104	-	-	-
<i>Transactions with subsidiary companies of a major shareholder of the Company</i>				
Sales of goods	15,386	14,449	-	-
Purchase of goods	496,919	403,737	-	-
<i>Transactions with associated companies of a major shareholder of the Company</i>				
Sales of goods	134,989	93,121	-	-
Purchase of goods	-	1,334	-	-
Insurance premium paid	11,465	13,794	360	326
Rental of premises paid	1,264	1,679	435	435
Insurance compensation received	-	30	-	-
Project management fees received	96	96	-	-
Hire purchase instalments paid	-	69	-	-
Corporate and share registration fee received	-	17	-	-
<i>Transactions with companies in which directors have financial interests</i>				
Sales of goods	-	1,961	-	-
Purchase of goods	121,751	128,009	-	-
<i>Transactions with companies in which directors of subsidiaries have financial interests</i>				
Purchase of goods	278	233	-	-
Plantation advisory services fee paid	-	297	-	-
Film royalty fee paid	-	84	-	-
Sales of goods	3,126	7,337	-	-
Rental of truck received	60	95	-	-
Commission received	-	286	-	-
Sales of property, plant and equipment	-	366	-	-
Purchase of hardware	-	30	-	-
Agent fee receivable	110	111	-	-

NOTES TO THE FINANCIAL STATEMENTS

50. RELATED PARTY DISCLOSURES (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<i>Transactions with minority shareholders of subsidiary companies</i>				
Purchase of goods	25,266	39,618	-	-
Interest paid	4	2	-	-
Support fee paid	106	106	-	-

Significant outstanding balances with related parties were as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Amounts owing by:				
- Associated companies	2,521	518,207	1,694	1,429
- Other related parties	10,005	7,729	-	-
Amounts owing to:				
- Associated companies	43	119,519	-	-
- Other related parties	3,596	5,067	-	-

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

(b) Key management personnel compensation

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<i>Directors</i>				
Short-term employee benefits	12,220	9,672	6,743	3,827
Post-employment benefits - EPF	1,702	1,325	1,017	550
- Gratuity	1,000	-	1,000	-
Sub-total	14,922	10,997	8,760	4,377
<i>Other key management personnel</i>				
Short-term employee benefits	21,832	25,174	1,352	1,165
Post-employment benefits - EPF	2,572	2,831	209	177
Sub-total	24,404	28,005	1,561	1,342
Total compensation	39,326	39,002	10,321	5,719

NOTES TO THE FINANCIAL STATEMENTS

51. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Employee benefits expense				
- Continuing operations	190,970	178,802	21,032	16,272
- Discontinued operations	41,253	180,470	-	-
	<u>232,223</u>	<u>359,272</u>	<u>21,032</u>	<u>16,272</u>

Included in the employee benefits expense are defined contribution plans as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
EPF				
- Continuing operations	17,859	17,553	2,541	2,033
- Discontinued operations	1,509	9,908	-	-
	<u>19,368</u>	<u>27,461</u>	<u>2,541</u>	<u>2,033</u>

52. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unsecured guarantees issued in consideration of credit facilities given to associated companies	<u>2,550</u>	<u>4,550</u>	<u>2,550</u>	<u>2,550</u>

In addition to the above, Chemquest Sdn Bhd, a 55% owned subsidiary company of PPB, has granted unsecured corporate guarantees to a third party in respect of works being carried out by its 70% indirect subsidiary company, Cipta Wawasan Maju Engineering Sdn Bhd.

53. CAPITAL COMMITMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	140,441	148,438	10	-
- not contracted	173,211	676,481	358	112
Authorised acquisition of investments not provided for in the financial statements				
- contracted	-	91,000	-	-
- not contracted	100	12,656	-	-
	<u>313,752</u>	<u>928,575</u>	<u>368</u>	<u>112</u>

NOTES TO THE FINANCIAL STATEMENTS

54. OPERATING LEASE COMMITMENTS

The Group as lessee

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

The future aggregate minimum lease payments under the non-cancellable operating lease contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- within one year	17,406	14,460	-	-
- later than one year but not later than five years	17,891	36,828	-	-
- later than five years	2,783	2,600	-	-
	<u>38,080</u>	<u>53,888</u>	<u>-</u>	<u>-</u>

The Group as lessor

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

The future aggregate minimum lease payments receivable under the non-cancellable operating lease contracted for as at the balance sheet date but not recognised as assets are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
- within one year	2,840	3,754	-	-
- later than one year but not later than five years	2,186	2,873	-	-
	<u>5,026</u>	<u>6,627</u>	<u>-</u>	<u>-</u>

55. SEGMENTAL REPORTING

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

- | | | |
|--------|---|--|
| (i) | Sugar refining and cane plantation | - Cane cultivation and refining of sugar |
| (ii) | Grains trading, flour and feed milling | - Wheat and maize trading, flour milling and manufacturing of animal feed |
| (iii) | Edible oils refining and trading | - Manufacturing and marketing of edible oils |
| (iv) | Oil palm plantations | - Oil palm cultivation and milling of fresh fruit bunches |
| (v) | Livestock farming | - Production of day-old chicks, eggs and other related downstream activities |
| (vi) | Packaging | - Manufacturing of steel drums, plastic containers, polyethylene and polypropylene woven bags and fabrics |
| (vii) | Environmental engineering, waste management and utilities | - Construction works specialising in water and environmental industry and provision of waste management services |
| (viii) | Film exhibition and distribution | - Exhibition and distribution of cinematograph films |
| (ix) | Property investment and development | - Letting of commercial properties and development of residential and commercial properties |
| (x) | Chemicals trading and manufacturing | - Trading and manufacturing of chemical products |
| (xi) | Other operations | - Consumer products and gloves, investment holding, engineering contracts, shipping and others |

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

NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

	-----Continuing operations-----					
	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000	Packaging RM'000
2007						
REVENUE						
External sales	1,089,811	961,871	-	-	67,939	48,315
Inter-segment sales	-	80,788	-	-	14,257	13,809
Total revenue	1,089,811	1,042,659	-	-	82,196	62,124
RESULTS						
Segment operating results	131,842	126,066	-	-	7,214	(8,360)
Unallocated corporate expense						
Profit from operations						
Investing activities						
Finance costs						
Share of associates' profits	2,616	10,044	-	-	-	-
Share of joint venture's profit	-	-	-	-	-	-
Profit before tax						
Income tax expense						
Profit for the year						
OTHER INFORMATION						
Segment assets	407,982	743,988	-	-	92,947	101,978
Investments in associates	21,748	54,721	-	-	-	-
Investment in joint venture	-	-	-	-	-	-
Other investing assets						
Tax assets						
Unallocated corporate assets						
Consolidated total assets						
Segment liabilities	21,465	52,164	-	-	1,756	12,109
Borrowings						
Tax liabilities						
Unallocated corporate liabilities						
Consolidated total liabilities						
Capital expenditure	39,770	41,598	8,664	60,235	319	3,307
Unallocated corporate capital expenditure						
Amortisation and depreciation	16,669	17,059	-	-	5,330	3,071
Unallocated corporate amortisation and depreciation						
Non-cash expenses other than amortisation and depreciation	(124)	(951)	-	-	(544)	(1,811)
Unallocated corporate non-cash expenses other than amortisation and depreciation						

NOTES TO THE FINANCIAL STATEMENTS

Environmental
engineering,

waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Chemicals trading & manufacturing RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
95,300	150,329	87,081	122,226	366,570	-	2,989,442
-	-	1,328	1,223	17,294	(128,699)	-
<u>95,300</u>	<u>150,329</u>	<u>88,409</u>	<u>123,449</u>	<u>383,864</u>	<u>(128,699)</u>	<u>2,989,442</u>
3,936	22,571	23,198	5,192	(13,104)	2,207	300,762
						(23,284)
						<u>277,478</u>
						61,354
						(4,443)
5,039	1,328	3,424	-	206,784	-	229,235
312	-	-	-	-	-	312
						<u>563,936</u>
						(75,611)
						<u>488,325</u>
74,883	193,226	232,319	58,250	260,445	(2,475)	2,163,543
20,465	6,730	93,414	-	8,390,617	-	8,587,695
39,403	-	-	-	-	-	39,403
						1,175,100
						14,730
						3,574
						<u>11,984,045</u>
57,376	45,850	21,167	14,018	36,633	(2,548)	259,990
						57,238
						79,799
						19,965
						<u>416,992</u>
2,141	51,674	15,099	2,855	27,921	-	253,583
						-
						<u>253,583</u>
1,738	18,901	20,340	1,991	10,801	-	95,900
						440
						<u>96,340</u>
16	(288)	353	401	561	-	(2,387)

10

(2,377)

NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

	-----Continuing operations-----					
2006	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000	Packaging RM'000
REVENUE						
External sales	899,981	876,336	-	-	50,844	38,798
Inter-segment sales	-	62,967	-	-	11,069	18,951
Total revenue	899,981	939,303	-	-	61,913	57,749
RESULTS						
Segment operating results	84,614	109,630	-	-	(4,379)	(1,464)
Unallocated corporate expense						
Profit from operations						
Investing activities						
Finance costs						
Share of associates' profits	1,524	6,654	-	-	-	-
Share of joint venture's profit	-	-	-	-	-	-
Profit before tax						
Income tax expense						
Profit for the year						
OTHER INFORMATION						
Segment assets	321,637	665,144	1,366,803	1,931,619	112,887	214,325
Investments in associates	21,322	46,633	403,527	7,210	-	-
Investment in joint venture	-	-	-	-	-	-
Other investing assets						
Tax assets						
Unallocated corporate assets						
Consolidated total assets						
Segment liabilities	19,763	25,465	420,801	94,445	1,767	27,897
Borrowings						
Tax liabilities						
Unallocated corporate liabilities						
Consolidated total liabilities						
Capital expenditure	22,273	34,069	71,856	296,483	678	4,479
Unallocated corporate capital expenditure						
Amortisation and depreciation	14,948	16,803	-	-	5,257	5,052
Unallocated corporate amortisation and depreciation						
Non-cash expenses other than amortisation and depreciation	424	4,481	-	-	157	(230)
Unallocated corporate non-cash expenses other than amortisation and depreciation						

NOTES TO THE FINANCIAL STATEMENTS

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Environmental engineering, waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Chemicals trading & manufacturing RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
102,220	124,813	52,288	102,671	342,575	-	2,590,526
857	-	1,200	790	39,226	(135,060)	-
<u>103,077</u>	<u>124,813</u>	<u>53,488</u>	<u>103,461</u>	<u>381,801</u>	<u>(135,060)</u>	<u>2,590,526</u>
3,117	18,885	13,855	3,574	8,219	1,623	237,674
						(16,557)
						<u>221,117</u>
						146,145
						(5,105)
3,089	908	3,820	(811)	14,388	-	29,572
311	-	-	-	-	-	311
						<u>392,040</u>
						(65,441)
						<u>326,599</u>
45,727	80,210	267,382	50,181	223,282	(35,460)	5,243,737
15,839	6,132	89,493	1	148,323	-	738,480
39,050	-	-	-	-	-	39,050
						1,224,055
						34,972
						8,628
						<u>7,288,922</u>
42,973	27,811	27,625	7,193	39,910	(39,168)	696,482
						704,775
						346,198
						10,142
						<u>1,757,597</u>
1,704	12,029	9,434	1,767	15,048	-	469,820
						142
						<u>469,962</u>
1,004	18,147	5,349	2,598	9,431	-	78,589
						442
						<u>79,031</u>
1,648	(67)	13	292	(2,133)	-	4,585
						29
						<u>4,614</u>

NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

2007	<-----Discontinued operations----->					
	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Packaging RM'000	Elimination RM'000	Total RM'000	Total operations RM'000
REVENUE						
External sales	3,080,979	62,738	21,271	-	3,164,988	6,154,430
Inter-segment sales	43,574	188,419	-	(231,993)	-	-
Total revenue	<u>3,124,553</u>	<u>251,157</u>	<u>21,271</u>	<u>(231,993)</u>	<u>3,164,988</u>	<u>6,154,430</u>
RESULTS						
Segment operating results	22,213	105,266	2,483	-	129,962	430,724
Unallocated corporate expense					-	(23,284)
Profit from operations					129,962	407,440
Investing activities					604	61,958
Finance costs					(9,550)	(13,993)
Share of associates' profits	78,285	240	-	-	78,525	307,760
Share of joint venture's profit	-	-	-	-	-	312
Profit before tax					199,541	763,477
Income tax expense					(31,404)	(107,015)
Profit for the year					<u>168,137</u>	<u>656,462</u>
OTHER INFORMATION						
Amortisation and depreciation	11,542	15,747	1,087	-	28,376	124,276
Unallocated corporate amortisation and depreciation					-	440
					<u>28,376</u>	<u>124,716</u>
Non-cash expenses other than amortisation and depreciation	4,070	2,082	-	-	6,152	3,765
Unallocated corporate non-cash expenses other than amortisation and depreciation					-	10
					<u>6,152</u>	<u>3,775</u>

NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

2006	<-----Discontinued operations----->					Total operations RM'000
	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Packaging RM'000	Elimination RM'000	Total RM'000	
REVENUE						
External sales	8,722,475	128,915	77,851	-	8,929,241	11,519,767
Inter-segment sales	112,587	545,355	-	(657,942)	-	-
Total revenue	<u>8,835,062</u>	<u>674,270</u>	<u>77,851</u>	<u>(657,942)</u>	<u>8,929,241</u>	<u>11,519,767</u>
RESULTS						
Segment operating results	148,633	202,143	11,767	-	362,543	600,217
Unallocated corporate expense					-	(16,557)
Profit from operations					<u>362,543</u>	<u>583,660</u>
Investing activities					3,189	149,334
Finance costs					(27,611)	(32,716)
Share of associates' profits	108,458	1,446	-	-	109,904	139,476
Share of joint venture's profit	-	-	-	-	-	311
Profit before tax					<u>448,025</u>	<u>840,065</u>
Income tax expense					(80,374)	(145,815)
Profit for the year					<u>367,651</u>	<u>694,250</u>
OTHER INFORMATION						
Amortisation and depreciation	29,010	41,998	7,034	-	78,042	156,631
Unallocated corporate amortisation and depreciation					-	442
					<u>78,042</u>	<u>157,073</u>
Non-cash expenses other than amortisation and depreciation	12,553	(11,578)	-	-	975	5,560
Unallocated corporate non-cash expenses other than amortisation and depreciation					-	29
					<u>975</u>	<u>5,589</u>

NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

(b) Secondary reporting format - geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical locations of the assets.

	<-----Revenue----->					
	Continuing operations		Discontinued operations		Total	
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	2,502,635	2,214,383	383,319	2,785,278	2,885,954	4,999,661
Indonesia	61,953	33,366	40,167	84,468	102,120	117,834
Singapore	156,414	132,900	2,624,191	5,735,019	2,780,605	5,867,919
Other Asean countries	104,080	90,343	2,271	2,723	106,351	93,066
East Asia	96,113	34,365	25,751	121,458	121,864	155,823
Other Asian countries	23,209	21,563	30,556	97,685	53,765	119,248
European countries	10,241	2,652	45,955	44,378	56,196	47,030
America and Asia Pacific countries & others	34,797	60,954	12,778	58,232	47,575	119,186
	<u>2,989,442</u>	<u>2,590,526</u>	<u>3,164,988</u>	<u>8,929,241</u>	<u>6,154,430</u>	<u>11,519,767</u>
	Carrying amount of segment assets		Capital expenditure			
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	2,061,378	4,507,013	214,482	233,220		
Indonesia	12,988	653,757	37,696	232,292		
Singapore	1,520	1,081	-	-		
Other Asean countries	85,315	78,619	1,405	4,450		
East Asia	2,342	3,267	-	-		
	<u>2,163,543</u>	<u>5,243,737</u>	<u>253,583</u>	<u>469,962</u>		

56. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, RMnil (2006: RM511.116 million or 54.04%) of the Group's total trade receivables is due from KOGS, an associated company and Orisatin Sdn Bhd, a subsidiary company of KOGS.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet and the following:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
(i) Outstanding credit facilities guaranteed by the Group and the Company (<i>see note 52</i>)				
Total amount guaranteed	2,550	4,550	2,550	2,550
Total amount outstanding	1,938	2,411	1,938	2,119

(ii) Outstanding commodity future contracts entered into by a subsidiary company's clients are as follows:

	Group		Company	
	< -----2007----- >	< -----2006----- >		
	RM'000	RM'000		
	Unrealised loss based on year end market value	Unrealised loss based on year end market value		
	Contract amount	Contract amount		
Future contracts - sales	-	-	134,298	(15,581)

(b) Derivative financial instruments

Foreign currency forward contracts outstanding as at 31 December are as follows:

2007	Amount to be received or paid or equivalent		Average contractual rate	<-- Settlement period -->	
	'000	RM'000		Within 1 year RM'000	2 to 5 years RM'000
Trade receivables USD	2,089	6,980	3.341	6,980	-
Trade payables USD	56,110	187,518	3.342	187,518	-

NOTES TO THE FINANCIAL STATEMENTS

56. FINANCIAL INSTRUMENTS (continued)

2007	Amount to be received or paid equivalent		Average contractual rate	<-- Settlement period -->	
	'000	RM'000		Within 1 year RM'000	2 to 5 years RM'000
Other payables					
EUR	487	2,367	4.860	2,367	-
USD	1,598	5,355	3.351	5,355	-
2006					
2006	Amount to be received or paid equivalent		Average contractual rate	<-- Settlement period -->	
	'000	RM'000		Within 1 year RM'000	2 to 5 years RM'000
Trade receivables					
USD	371,955	1,330,904	3.578	1,330,904	-
SGD	1,231	2,883	2.342	2,883	-
EUR	466	2,170	4.657	2,170	-
CHF	2,007	5,817	2.898	5,817	-
Trade payables					
USD	10,000	36,266	3.627	36,266	-
Other payables					
EUR	260	1,193	4.588	1,193	-
JPY	20,600	623	0.030	623	-
USD	125	444	3.552	444	-

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

2007	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Non-current assets				
Amounts due from subsidiary companies	n/a	n/a	163,710	*
Other investments				
Shares quoted in Malaysia	184,814	663,328	268,464	268,800
Shares quoted outside Malaysia	234,457	647,331	126,583	285,319
	419,271	1,310,659	395,047	554,119
Unquoted shares	428	#	266	#

NOTES TO THE FINANCIAL STATEMENTS

56. FINANCIAL INSTRUMENTS (continued)

2006	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Non-current assets				
Amounts due from subsidiary companies	n/a	n/a	89,861	*
Other investments				
Shares quoted in Malaysia	188,060	319,474	176	257
Shares quoted outside Malaysia	197,828	484,328	98,379	218,214
	<u>385,888</u>	<u>803,802</u>	<u>98,555</u>	<u>218,471</u>
Unquoted shares	<u>2,225</u>	<u>#</u>	<u>266</u>	<u>#</u>

* It is not practical to estimate the fair values of the amounts due from subsidiary companies due principally to the absence of fixed repayment terms. However, the Company does not anticipate the carrying amounts to be significantly different from the values that it would eventually receive.

It is not practical to estimate the fair value of unquoted investments due to the lack of quoted market values and available observable market data. Such investments are valued at cost subject to review for impairment.

57. COMPARATIVE FIGURES

The following comparative figures have been restated to conform with the current year presentation and the adoption of the new/revised FRSs during the financial year.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheets				
Non-current assets				
Property, plant and equipment	1,366,782	1,933,389	5,081	31,793
Investment properties	205,429	206,204	3,252	3,252
Prepaid lease payments	<u>567,382</u>	<u>-</u>	<u>26,712</u>	<u>-</u>
Income statements				
Continuing operations				
Depreciation of property, plant and equipment	63,047	65,674	1,350	1,760
Amortisation of prepaid lease payments	<u>2,627</u>	<u>-</u>	<u>410</u>	<u>-</u>
Discontinued operations				
Depreciation of property, plant and equipment	59,405	65,405	-	-
Amortisation of prepaid lease payments	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

58. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 1 April 2008.

NOTES TO THE FINANCIAL STATEMENTS

59. SUBSIDIARY COMPANIES

The subsidiary companies as at 31 December 2007 are as follows:-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
Malayan Sugar Manufacturing Company Bhd	100.0	100.0	Malaysia	Sugar refining and investment holding
Astakonas Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Masuma Trading Co Ltd	100.0	100.0	* Hong Kong	Investment holding
Quintrine Company Ltd	100.0	100.0	* Hong Kong	Investment holding
Banqua Limited	100.0	100.0	* British Virgin Islands	Investment holding
MSM Properties Sdn Bhd	100.0	100.0	Malaysia	Dormant
FFM Berhad	100.0	100.0	Malaysia	Investment holding, grains trading, flour milling and animal feed manufacturing
Johor Bahru Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM (Sabah) Sdn Bhd	100.0	100.0	* Malaysia	Manufacturing and trading of animal feed
Cloverdale Trading Pte Ltd	100.0	100.0	* Singapore	Marketing and distribution of wheat flour products
Lamlewa Feedmill Sdn Bhd	100.0	100.0	Malaysia	Dormant
FFM Feedmills (Sarawak) Sdn Bhd	75.0	75.0	* Malaysia	Manufacturing and trading of animal feed
Sri Aman Feedmills Sdn Bhd	100.0	100.0	Malaysia	Dormant
Mantap Hijau Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
Mantap Aman Sdn Bhd	100.0	100.0	Malaysia	Investment holding
PT Pundi Kencana	51.0	-	* Indonesia	Dormant
PGEO Bioproducts Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
PGEO Marketing Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
FFM Marketing Sdn Bhd	100.0	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	100.0	100.0	Malaysia	Dormant
Taloh Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Buxton Limited	100.0	100.0	* Samoa	Investment holding
Katella Sdn Bhd	100.0	100.0	Malaysia	Shipping
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Glowland Limited	100.0	100.0	* Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Farms Sdn Bhd	100.0	100.0	Malaysia	Livestock breeding
FFM Pulau Indah Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
Affluence Trading Sdn Bhd	100.0	100.0	* Malaysia	Dormant

NOTES TO THE FINANCIAL STATEMENTS

59. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
FFM Flour Mills (Sarawak) Sdn Bhd	100.0	100.0	* Malaysia	Flour milling
FFM SMI Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Vietnam Flour Mills Ltd	100.0	100.0	* Socialist Republic of Vietnam	Flour milling
Tego Sdn Bhd	79.9	79.9	Malaysia	Manufacturing of polyethylene and polypropylene woven bags and fabrics
Tego Multifil Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of polypropylene multi-filament yarns
Tefel Packaging Industries Co Ltd	100.0	100.0	* Union of Myanmar	Manufacturing and trading of polyethylene and polypropylene woven bags and fabrics
Keen Trade Limited	100.0	100.0	* British Virgin Islands	Trading of flexible intermediate bulk container bags, polyethylene and polypropylene woven bags and fabrics
PGEO Group Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
PGEO Edible Oils Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
Fedruns Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
Maytown Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
Sandakan Edible Oils Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Bintulu Edible Oils Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Volac Ingredients Sdn Bhd	-	51.0	Malaysia	Disposed in 2007
PGEO Energy Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
SEO Energy Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
Bintulu Oleochemicals Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
Sandakan Specialty Fats Sdn Bhd	-	100.0	Malaysia	Disposed in 2007
PPB Hartabina Sdn Bhd	100.0	100.0	Malaysia	Property development and property investment
Kembang Developments Sdn Bhd	100.0	100.0	Malaysia	Rental of landed properties
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding, iron-ore sales and cultivation of oil palm
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
Central Kedah Rubber Estates Sdn Bhd	100.0	100.0	Malaysia	Dormant
Minsec Properties Bhd	100.0	100.0	Malaysia	Property development
Ampang Leisuremall Sdn Bhd	-	55.0	Malaysia	Disposed in 2007
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	66.2	66.2	Malaysia	Property investment and investment holding

NOTES TO THE FINANCIAL STATEMENTS

59. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
Cathay Enterprises Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	98.9	54.2	Malaysia	Exhibition and distribution of cinematograph films
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of cinematograph films
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	100.0	100.0	Malaysia	Operator of cafés
Easi (M) Sdn Bhd	60.0	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of its related products and services
Enterprise Advanced System Intelligence Pte Ltd	100.0	100.0	* Singapore	Software development and software maintenance
Jubilant Chain Sdn Bhd	100.0	100.0	Malaysia	Software development and software maintenance
PPB Oil Palms Berhad	-	55.6	* Malaysia	Disposed in 2007
Sapi Plantations Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Kiabau Plantations Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Suai Plantations Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Saremas Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Segarmas Plantations Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Kaminsky Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Sabahmas Plantations Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Red Logging Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Gepa Lumber Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Page Development Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Logmerc Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Ceramilek Sdn Bhd	-	89.8	* Malaysia	Disposed in 2007
Hibumas Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Penumilek Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Jebawang Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Sri Kamusan Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Reka Halus Sdn Bhd	-	70.0	* Malaysia	Disposed in 2007
Suburmas Plantations Sdn Bhd	-	70.0	* Malaysia	Disposed in 2007
Ribubonus Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Aktif Kukuh Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Suburmas Palm Oil Mill Sdn Bhd	-	53.0	* Malaysia	Disposed in 2007
Sekar Imej Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Clonal Palms Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Kalimantan Palm Industries Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007

NOTES TO THE FINANCIAL STATEMENTS

59. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
Alam Palm Plantations Sdn Bhd	-	100.0	* Malaysia	Disposed in 2007
Newday Holdings Limited	-	100.0	* Labuan	Disposed in 2007
PT Kerry Sawit Indonesia	-	90.0	* Indonesia	Disposed in 2007
PT Mustika Sembuluh	-	90.0	* Indonesia	Disposed in 2007
PT Kencana Sawit Indonesia	-	100.0	* Indonesia	Disposed in 2007
PT Sarana Titian Permata	-	80.0	* Indonesia	Disposed in 2007
PT Karunia Kencana Permaisejati	-	95.0	* Indonesia	Disposed in 2007
PT Bumi Sawit Kencana	-	95.0	* Indonesia	Disposed in 2007
PT Mentaya Sawit Mas	-	95.0	* Indonesia	Disposed in 2007
PT Eka Kaharap Itah	-	95.0	* Indonesia	Disposed in 2007
PT Bulau Sawit Bajenta	-	95.0	* Indonesia	Disposed in 2007
PT Pukun Mandiri Lestari	-	95.0	* Indonesia	Disposed in 2007
PT Alam Sawit Permai	-	95.0	* Indonesia	Disposed in 2007
PT Benua Alam Subur	-	95.0	* Indonesia	Disposed in 2007
PT Hamparan Sawit Eka Malan	-	95.0	* Indonesia	Disposed in 2007
PT Petak Malai Sawit Makmur	-	95.0	* Indonesia	Disposed in 2007
PT Bawak Sawit Tunas Belum	-	95.0	* Indonesia	Disposed in 2007
PT Malindo Lestari Plantations	-	95.0	* Indonesia	Disposed in 2007
PT Guna Karya Lestari	-	99.9	* Indonesia	Disposed in 2007
PT Guna Karya Mandirijaya	-	98.0	* Indonesia	Disposed in 2007
PT Dermaga Sungai Mentaya	-	99.9	* Indonesia	Disposed in 2007
PT Kerry Agro Management	-	99.0	* Indonesia	Disposed in 2007
Dexas Investments Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Ferro Group Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Rimkus Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Fontille Overseas Ltd	-	100.0	* British Virgin Islands	Disposed in 2007
Trade Alpha Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Frissor Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Trilliton Holdings Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Fullsight Holdings Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Topassist Investments Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Certainworld Limited	-	100.0	* British Virgin Islands	Disposed in 2007

NOTES TO THE FINANCIAL STATEMENTS

59. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
Suremoment Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Firm Step Investments Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Rise High Investments Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Kornhill Assets Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Fit Best Holdings Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Fine Concept Holdings Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Max Wealth Group Limited	-	100.0	* British Virgin Islands	Disposed in 2007
Richdelta Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Acemaxton Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Maxillion Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Stephigh Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Maxceed Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Quanta Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Rosevale Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Ampleville Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Gadsden Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Castlerise Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Joy Victory Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Wealth Anchor Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Ivory Rose Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Coudrey Pte Ltd	-	100.0	* Singapore	Disposed in 2007
Newbloom Pte Ltd	-	100.0	* Singapore	Disposed in 2007
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Corporate secretarial and share registration services
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Chemquest Trading (M) Sdn Bhd	100.0	100.0	Malaysia	Dormant
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacturing and trading in toilet requisites, household and chemical products
CQ Properties Sdn Bhd	100.0	100.0	Malaysia	Property investment
Minsec Engineering Services Sdn Bhd	100.0	100.0	Malaysia	Provision of engineering services

NOTES TO THE FINANCIAL STATEMENTS

59. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
Chemical Waste Management Sdn Bhd	100.0	100.0	Malaysia	Construction works specialising in the water and environmental industry
Cipta Wawasan Maju Engineering Sdn Bhd	70.0	70.0	Malaysia	Builders and contractors for general engineering and construction works
SES Environmental Services Sdn Bhd	50.1	50.1	Malaysia	Investment holding
Solar Status Sdn Bhd	100.0	100.0	Malaysia	Investment holding
AWS Sales & Services Sdn Bhd	80.0	80.0	Malaysia	Contractors for garbage collection and provision of management and other services in connection with garbage collection
Conwaste Disposal Services (Pulau Pinang) Sdn Bhd	100.0	100.0	Malaysia	Provision of garbage disposal services
Sitamas Environmental Systems Sdn Bhd	70.0	70.0	Malaysia	Provision of refuse disposal services
Zegwaard Bumianda Sdn Bhd	100.0	100.0	Malaysia	Provision of liquid waste disposal services
Entrol Systems Sdn Bhd	100.0	100.0	Malaysia	Letting of properties
Tunggak Menara Services Sdn Bhd	100.0	100.0	Malaysia	Provision of garbage collection and disposal services
Sitaclean Technologies (M) Sdn Bhd	-	100.0	* Malaysia	Under members' voluntary liquidation
Asia Pacific Microspheres Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and marketing of "Phenose Microspheres" and trading in contact glue
Malayan Adhesives & Chemicals Sdn Bhd	99.1	99.1	Malaysia	Manufacturing and trading in adhesives, resins, additives and formaldehyde and investment holding
Chemquest (Overseas) Ltd	100.0	100.0	* British Virgin Islands	Investment holding
PT Healthcare Glovindo	99.9	99.9	* Indonesia	Manufacturing and trading in gloves (ceased operations in December 2007)
PT Glovindo Lampung	95.0	95.0	* Indonesia	Dormant
Kerry Utilities Ltd	50.0	50.0	* Samoa	Investment holding
Kerry Utilities Ltd (formerly known as Navi Pier Limited)	100.0	-	* Hong Kong	Investment holding
Beijing Kerry Veolia Waste Water Treatment Co Ltd	51.0	51.0	* People's Republic of China	Investment holding
Beijing CQ Environmental Management Consultancy Services Co Ltd	100.0	100.0	* People's Republic of China	Provision of consultancy services

* Subsidiary companies not audited by Moores Rowland

NOTES TO THE FINANCIAL STATEMENTS

60. ASSOCIATED COMPANIES

The associated companies as at 31 December 2007 are as follows:-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007 %	2006 %		
Kilang Gula Felde Perlis Sdn Bhd	50.0	50.0	Malaysia	Cane milling and sugar refining
Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property investment, investment holding and provision of management services
Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development
Trinity Coral Sdn Bhd	25.0	25.0	Malaysia	Investment holding
Lahad Datu Edible Oils Sdn Bhd	-	45.0	Malaysia	Disposed in 2007
Kuok Oils & Grains Pte Ltd	-	28.0	Singapore	Disposed in 2007
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	Investment holding
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	Investment holding
Kerry Flour Mills Ltd	43.4	43.4	Thailand	Wheat flour milling and distribution
KOG Edible Oils BV	-	35.0	Netherlands	Disposed in 2007
Golden Screen Film Distribution Co Sdn Bhd	50.0	50.0	Malaysia	Dormant
Kerry Leisure Concepts Sdn Bhd	50.0	50.0	Malaysia	Operator of amusement centres
Berjaya-GSC Sdn Bhd	50.0	50.0	Malaysia	Exhibition of cinematograph films
Golden Access Pte Ltd	50.0	50.0	Singapore	Provision of information technology services
Saratok Palm Oil Mill Sdn Bhd	-	30.0	Malaysia	Disposed in 2007
Ancom-Chemquest Terminals Sdn Bhd	25.0	25.0	Malaysia	Building, owning, operating, leasing and managing a chemical tank farm and warehouse
Cipta Quantum Sdn Bhd	30.0	30.0	Malaysia	Dormant
Worldwide Landfills Sdn Bhd	40.0	40.0	Malaysia	Management of environmental sanitary landfill and waste treatment
Veolia Water Kerry Water Services Ltd	49.0	49.0	Hong Kong	Investment holding
Kerry CQ Environmental Engineering Ltd	49.0	49.0	British Virgin Islands	Investment holding
Kerry CQ JV Environmental Engineering Ltd	50.0	50.0	British Virgin Islands	Investment holding
JER Envirotech Sdn Bhd	50.0	50.0	Malaysia	Manufacturing of wood composite panel board (temporary ceased operations)
Mobile Money International Sdn Bhd	22.6	20.0	Malaysia	Research and development on providing mobile payment services and investment holding
Foodteller Sdn Bhd	35.0	35.0	Malaysia	Manufacturing, trading and exporting spring rolls pastry, vegetable spring rolls/samosas, puff paratha, curry puff, frozen cassava and vegetable and pastry product of all kinds

NOTES TO THE FINANCIAL STATEMENTS

60. ASSOCIATED COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2007	2006		
	%	%		
Wilmar International Limited	18.3	-	Singapore	Oil palm cultivation, edible oils refining, oilseed crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising

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

Companies	Financial year end
Shaw Brothers (M) Sdn Bhd	31 March
Ancom-Chemquest Terminals Sdn Bhd	31 May
Mobile Money International Sdn Bhd	31 May
Golden Access Pte Ltd	30 June
JER Envirotech Sdn Bhd	31 August

For the purpose of applying the equity method of accounting, the audited or management financial statements made up to the end of the financial years of the associated company have been used.

61. JOINTLY CONTROLLED ENTITY

The jointly controlled entity as at 31 December 2007 is as follows:-

	Proportion of ownership interest		Country of operation	Principal activities
	2007	2006		
	%	%		
Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant	42.0	42.0	People's Republic of China	To own, operate and maintain a waste water treatment plant

STATEMENT BY DIRECTORS

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

We, YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM and DATO SRI LIANG KIM BANG, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 91 to 194 are drawn up in accordance with applicable MASB Approved Accounting Standards for The Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the year ended on that date.

On behalf of the Board

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM
Director

DATO SRI LIANG KIM BANG
Director

Kuala Lumpur
7 April 2008

STATUTORY DECLARATION

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

I, Leong Choy Ying, being the person primarily responsible for the accounting records and financial management of PPB Group Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 91 to 194 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEONG CHOY YING

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Kuala Lumpur in the state of
Federal Territory on this
7th day of April, 2008

Before me,

SOH AH KAU
Commissioner for Oaths
Malaysia
No.W315

REPORT OF THE AUDITORS

TO THE MEMBERS

We have audited the financial statements of the Group and of the Company set out on pages 91 to 194.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities so as to give a true and fair view of :
 - (i) the state of affairs of the Group and of the Company as at 31 December 2007 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary companies of which we have not acted as auditors, and which are indicated in note 59 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification, and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under Section 174(3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/09 (J)
Partner

Kuala Lumpur
7 April 2008



4. THE PROPERTIES & SHAREHOLDINGS

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PROXY FORM

FARM EGGS



PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
STATE OF PERLIS							
PN 37, Kampung Baru, Chuping	Sugar cane plantation	1.11.1980	-	5,799 hectares	Leasehold	2061 & 2063	15,934
PN 39, Bukit Merah, Chuping							
PN 40, Store Chia, Chuping							
PN 41, Padang Hang Chik Wa, Chuping							
PN 42, Padang Mayat, Chuping							
PN 43, Air Hujan, Chuping							
HS (D) 4455, Air Timbul Jemeh, Chuping							
HS (D) 145, Chuping							
HS (D) 194, Rimba Mas-Mas, Chuping							
HS (D) 2587, Bilal Udoh, Chuping	Sugar cane experimental station	2.8.1982	39	13 hectares	Leasehold	2072	
HS (D) 2483, Wang Bintong, Kangar	Bus depot	10.5.1969	-	6,070 sq metres	Freehold	-	41
STATE OF KEDAH							
Cathay Alor Setar No 1, Jln Limbong Kapal 05000 Alor Setar	Property leased out	16.4.1990	> 50	3,901 sq metres	Freehold	-	1,088
Cathay Sungai Petani No 11, Jln Bank, 08000 Sg Petani	Property leased out	16.4.1990	> 50	830 sq metres	Freehold	-	371
31 Jln Kampung Baru, Sg Petani, 08000 Kedah	Land for property development	7.11.1991	-	11,339 sq metres	Freehold	-	1,037
Lot 28, 57, 65, 1010, 1011, 1122-1124, 1128, 1137, 1139, 1142, 1242, 1273, 1279, 1289, 1290, 1292, 1294, 1664 & 1665, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	569 hectares	Freehold	-	13,429
Lot PT 4841 - 4846, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	91 hectares	Freehold	-	
Lot 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh, Gurun	Poultry breeder farm & vacant agricultural land	21.2.1995	11	103 hectares	Freehold	-	14,633

PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
STATE OF PENANG							
Lot No 31, 333-339, 342, 343, 435 & 438, Section 15, City of Georgetown	Commercial building leased out	30.9.1976	1	2 hectares	Freehold	-	18,627
798, Main Road, Prai, Province Wellesley	Sugar refinery factory	30.9.1976	43	8 hectares	Leasehold	2028 & 2054	11,981
Plot 352-355 & 362-364 Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory & office building	28.4.1989	31	24,922 sq metres	Leasehold	2035 & 2043	2,116
Plot 99(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	25.11.1982	25	21,089 sq metres	Leasehold	2042	3,398
Plot 100(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Warehouse building	10.2.1989	25	13,489 sq metres	Leasehold	2049	3,367
Plot 571, MK13 Tingkat Perusahaan Dua, Seberang Prai Tengah	Industrial land & silos	4.11.1990	-	1,305 sq metres	Leasehold	2050	1,103
Odeon Penang No 130, Penang Road, 10000 Penang	Property leased out	16.4.1990	61	1,084 sq metres	Freehold	-	434
		16.4.1990	-	281 sq metres	Leasehold	2038	112
Dalit Cinema Kompleks Tun Abdul Razak Lebuhraya Tek Soon, 10000 Penang	Shoplot leased out	16.4.1990	27	3,332 sq metres	Leasehold	2080	4,546
Cathay Bukit Mertajam No 14, Jln Aston, 14000 Bukit Mertajam	Property leased out	16.4.1990	> 50	1,092 sq metres	Freehold	-	368
		16.4.1990	-	282 sq metres	Freehold	-	} 109
		16.4.1990	-	166 sq metres	Leasehold	2054	
No 8-8A, 8B, 10, 10A, 12, 12A, 14, 14A, 16, 16A, 18, 18A, 20, 20A, 22, 22A, 22B & 22C, Beach Street, 10300 Penang	2 storey shophouses under refurbishment	31.3.1981	> 50	2,526 sq metres	Freehold	-	8,284
No 2 & 4, Church Street, 10300 Penang	2 storey shophouses under refurbishment						

PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
STATE OF PERAK							
Cathay Ipoh No 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	51	4,494 sq metres	Freehold	-	1,124
Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh	Office building & warehouse	3.10.1991	14	8,013 sq metres	Leasehold	2045	1,420
Block G4 & G5, Lumut Industrial Park, Lumut	Factory	28.12.1995	< 11	80,937 sq metres	Leasehold	yet to be determined	6,124
Block G9, Lumut Industrial Park Lumut	Leasehold land rented out	29.11.1996	-	60,662 sq metres	Leasehold	yet to be determined	4,317
Lot 950, Batu 9, Sg Limau 34850 Trong	Layer farm & vacant agricultural land	25.10.1996	9	216 hectares	Freehold	-	43,545
STATE OF SELANGOR							
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	6	208,170 sq metres	Leasehold	2097	115,698
Lot 2824-2827 & PT 45125 Mukim Sg Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	< 11	243,419 sq metres	Freehold	-	58,362
1~17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4 storey shop-houses & offices leased out	16.4.1990	25	1,408 sq metres	Freehold	-	3,306
Lot No PT 10989 & PT 10991, Jln SS24/10 & 24/8, Taman Megah, 47301 Petaling Jaya	Land leased out	16.4.1990	-	13,631 sq metres	Freehold	-	2,554
Lot 58 to 61, Daerah Gombak, Mukim Batu, Kaw Perindustrian, Taman Bukit Rahman Putra	Warehouse	15.9.1993	13	35,336 sq metres	Freehold	-	12,112
Lot 844, Jln Subang 7, Taman Perindustrian Subang, 47500 Subang Jaya	Workshop & office building	15.6.1993	8	12,266 sq metres	Freehold	-	9,492

PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition / revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
Lot 9, Jln Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	37	33,946 sq metres	Leasehold	2069	3,171
Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam	Office building	22.2.1993	19	11,458 sq metres	Leasehold	2018	2,213
16/8A Jln Pahat 40700 Shah Alam	Office building	1.1.2004	28	3,837 sq metres	Leasehold	2067	732
WILAYAH PERSEKUTUAN							
2nd Floor, Sungei Wang Plaza Jln Bukit Bintang 55100 Kuala Lumpur	Shoplot leased out	16.4.1990	30	6,187 sq metres	Freehold	-	16,842
Lot 2883, 39727-39729 Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	4,958 sq metres	Freehold	-	538
Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	12½	21,225 sq metres	Leasehold	2077 & 2080	55,562
Cheras Plaza No 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	20	9,225 sq metres	Leasehold	2077 & 2080	15,200
LA 79200014, Layang Layang Town, Labuan	Vacant commercial building	16.4.1990	-	9,941 sq metres	Leasehold	2092	1,149
STATE OF NEGERI SEMBILAN							
Lot 1350, Jln Kampung Sawah, Bukit Pelanduk	Factory & office building	25.11.1982	24 to 34	11,483 sq metres	Freehold	-	470
Lot 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	< 15	677,849 sq metres	Freehold	-	11,656
Lot 14720-14722, Senawang Industrial Park	Factory cum office building	30.6.1996	16	38,202 sq metres	Freehold	-	12,171
Lot 3978, Senawang Industrial Estate	Factory & office building	30.6.1996	11 to 36	27,033 sq metres	Leasehold	2067	17,892

PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang 70000 Seremban	Cineplex	26.2.1996	12	1,811 sq metres	Freehold	-	4,733
STATE OF MALACCA							
Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	12	4,589 sq metres	Leasehold	2090	1,216
Cathay Melaka No 23, Jln Munshi Abdullah, 75100 Melaka	Property leased out	16.4.1990 16.4.1990	49 49	1,456 sq metres 402 sq metres	Leasehold Leasehold	2054 2054	447
STATE OF JOHOR							
Lrg Pukul Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory, warehouse & office building	7.1.1989	23 to 31	71,913 sq metres	Leasehold	2049	13,718
Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory, warehouse & office building	10.10.1987 14.7.1988	11 & 19	121,406 sq metres	Leasehold	2050	25,361
Cathay Muar No 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	51	1,623 sq metres	Freehold	-	356
Lot 614 & 615, Bandar Maharani, Jln Ali, District of Muar	Land leased out	16.4.1990	-	345 sq metres	Freehold	-	
Cathay Batu Pahat 91A Jln Rahmat, 83000 Batu Pahat	Property leased out	16.4.1990	> 50	2,864 sq metres	Freehold	-	423
Odeon Batu Pahat 30 Jln Jenang, 83000 Batu Pahat	Property leased out	16.4.1990	> 50	1,752 sq metres	Freehold	-	583
Plaza I & II Cinema F-126, 1st Floor, Holiday Plaza, Jln Dato Suleiman, 80250 Johor Bahru	Shoplot leased out	31.7.1992 16.11.1992	18 & 19	2,929 sq metres	Freehold	-	8,795

PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	8	34,981 sq metres	Freehold	-	10,275
No 5, Jln Bakti, Kawasan Perindustrian Larkin 80350 Johor Bahru	Warehouse	30.8.2002	15 - 37	11,681 sq metres	Leasehold	2023	2,583
STATE OF PAHANG							
B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	40	149 sq metres	Freehold	-	300
No 19, Jln IM 3/1, Bandar Indera Mahkota 25200 Kuantan	Office building & warehouse	12.7.1997	9	7,810 sq metres	Leasehold	2061	2,180
STATE OF KELANTAN							
Lot No PT 4090, Mukim Panchor, Daerah Kemumin, Kota Bharu	Warehouse & office building	30.12.2001	-	14,166 sq metres	Leasehold	2063	3,482
STATE OF SARAWAK							
Lot 2231, Pending Industrial Estate, Kuching	Factory, warehouse & office building	13.11.1984 18.6.1987 15.3.1989	> 24	6,810 sq metres	Leasehold	2040	4,024
Lot 505 Block 8, Muara Tebas Land District, Kuching	Factory, warehouse & office building	6.12.1999	4	21,350 sq metres	Leasehold	2059	20,439
Lot 137 Block 5, Undup Land District Sri Aman	Vacant agricultural land	9.3.1996	-	18,127 sq metres	Leasehold	2017	33
Lot 1149 Block 8, Muara Tebas Land District Kuching	Vacant industrial land & building	17.5.2004	-	10,518 sq metres	Leasehold	2064	4,231
Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching	Property leased out	16.4.1990	> 50	1,661 sq metres	Leasehold	2802	369
Cathay Sibul C.D.T, No 6 Raminway, 96007 Sibul	Property leased out	16.4.1990	48	1,486 sq metres	Leasehold	2016	294

PROPERTIES OWNED BY PPB AND ITS SUBSIDIARIES

Location	Description & existing use of properties	Date of acquisition /revaluation	Age of buildings in years	Land area	Tenure	Year of expiry	Net book value at 31.12.2007 RM'000
STATE OF SABAH							
Nos 1 & 3, Tanjung Lipat, Kota Kinabalu	Office building & warehouse	17.12.1984	42	1,231 sq metres	Leasehold	2025	663
5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	15	10,927 sq metres	Leasehold	2032	3,913
Lot No 6, Kota Kinabalu Industrial Park, Off Jln Sepangar, Kota Kinabalu	Factory & office building	19.10.2006	-	12,096 sq metres	Leasehold	2097	2,308
Lot 31, Industrial Zone 4, Kota Kinabalu	Warehouse & office building	24.07.2006	1	9,955 sq metres	Leasehold	2098	4,088
BFO Building, Jln Tunku Abd Rahman/Jln Laiman Diki, 88996 Kota Kinabalu	Office building	21.11.1995	27	8,741 sq metres	Leasehold	2074	12,108
CL 075149325, Karamunting, Sandakan	Land for expansion	10.8.1996	-	58,315 sq metres	Leasehold	2881	1,880
Cathay Sandakan Lot 2869, Third Street, 90007, Sandakan	Land leased out	16.4.1990	50	1,282 sq metres	Leasehold	2053	648
Lot 2777, TL 077508788, Lrg Gardenia & 60M North of KM 24, Jln Utara, Sandakan	Land for future development	16.4.1990	-	845 sq metres	Leasehold	2061	180
INDONESIA							
Jln Kolonel Yos Sudarso, KM 10, Kawasan Industri Medan	Land & examination glove factory	27.10.1992	15	39,032 sq metres	Leasehold	2022	3,259
Jln Insinyur Sutami, KM 7, Kecamatan Tanjung Bintang, Lampung Selatan	Land & examination glove factory	29.2.1996	18	51,450 sq metres	Leasehold	2008 & 2026	434

STATEMENT OF SHAREHOLDINGS

AS AT 24 MARCH 2008

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100	535	4.73	18,044	0.00
100 - 1,000	2,294	20.30	1,728,963	0.14
1,001 - 10,000	5,874	51.98	24,864,073	2.10
10,001 - 100,000	2,166	19.17	65,083,926	5.49
100,001 to less than 5% of issued shares	429	3.80	559,315,362	47.18
5% and above of issued shares	2	0.02	534,489,514	45.09
	11,300	100.00	1,185,499,882	100.00

DIRECTORS' INTERESTS IN SHARES

In the Company	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Datuk Oh Siew Nam	120,666	0.01	1,204,498	0.10
Dato' Lim Chee Wah	100,000	0.01	40,000	*
Tan Gee Sooi	-	-	579,236	0.05
Dato Sri Liang Kim Bang	-	-	-	-
Ang Guan Seng	-	-	41,597,652	3.51
Tan Yew Jin	26,666	*	538,732	0.05
Raja Dato' Seri Abdul Aziz bin Raja Salim	-	-	-	-
Datuk Harun bin Din	-	-	14,000	*
Datuk Rajasingam a/l Mayilvaganam	-	-	20,000	*

* negligible

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

STATEMENT OF SHAREHOLDINGS

AS AT 24 MARCH 2008

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest		Total	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Kuok Brothers Sdn Berhad	492,479,170	41.54	4,716,412	0.40	497,195,582	41.94
Employees Provident Fund Board	73,833,150	6.23	-	-	73,833,150	6.23
Kerry Group Limited	-	-	79,856,214	6.74	79,856,214	6.74
Kerry Holdings Limited	-	-	79,856,214	6.74	79,856,214	6.74

THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

Name of Shareholders	No. of Shares	% of Issued Capital
1. Kuok Brothers Sdn Berhad	469,758,964	39.63
2. Employees Provident Fund Board	64,730,550	5.46
3. Dalex Investments Limited	46,026,464	3.88
4. Nai Seng Sdn Berhad	40,826,500	3.44
5. Valuecap Sdn Bhd	40,452,900	3.41
6. Natalon Company Limited	30,346,666	2.56
7. Kuok Brothers Sdn Berhad	22,721,400	1.92
8. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Securities Services Paris For Nexgen Capital Limited	20,880,900	1.76
9. Kuok Foundation Berhad	15,822,420	1.33
10. Key Development Sdn Berhad	14,938,000	1.26
11. Chinchoo Investment Sdn Berhad	12,868,000	1.09
12. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)	11,088,700	0.94
13. Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd For Sin Heng Chan (1960) Pte Ltd	10,200,000	0.86
14. HDM Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian (Hong Kong) Limited	9,257,664	0.78

STATEMENT OF SHAREHOLDINGS

AS AT 24 MARCH 2008

THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors) continued

Name of Shareholders	No. of Shares	% of Issued Capital
15. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	6,909,466	0.58
16. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Public Ittikal Fund	6,585,100	0.56
17. Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company For Ishares, Inc.	6,220,066	0.52
18. Permodalan Nasional Berhad	6,061,400	0.51
19. Ophir Holdings Berhad	5,841,754	0.49
20. Shaw Brothers (Johore) Sdn Bhd	5,703,732	0.48
21. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For Prudential Fund Management Berhad	4,982,100	0.42
22. Keck Seng (Malaysia) Berhad	4,891,728	0.41
23. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Monetary Authority of Singapore (H)	4,427,900	0.37
24. Kumpulan Wang Persaraan (Diperbadankan)	4,287,515	0.36
25. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN For Deutsche Trustees Malaysia Berhad	3,707,600	0.31
26. Gan Teng Siew Realty Sdn Berhad	3,621,998	0.31
27. Universiti Malaya	3,600,000	0.30
28. HSBC Nominees (Asing) Sdn Bhd BBH and Co. Boston For Vanguard Emerging Markets Stock Index Fund	3,446,744	0.29
29. Amanah Raya Nominees (Tempatan) Sdn Bhd For Amanah Saham Malaysia	3,445,000	0.29
30. Amanah Raya Nominees (Tempatan) Sdn Bhd For Public Islamic Dividend Fund	3,423,500	0.29
	887,074,731	74.83

GROUP CORPORATE DIRECTORY

A

AMUSEMENT CENTRE OPERATIONS

Kerry Leisure Concepts Sdn Bhd

Main Office
Lot 2.37, Level 2
Cheras LeisureMall
Jalan Manis 2, Taman Segar, Cheras
56100 Kuala Lumpur
Tel : 03-91311663
Contact Person :
Mr Han Yew Kong (GM)

ANIMAL FEED MANUFACTURING

JBFM Flour Mill Sdn Bhd

Main Office/Factory
2429 MK 1, Tingkat Perusahaan Dua
Kawasan Perusahaan Prai
13600 Prai
Seberang Prai, Pulau Pinang
Tel : 04-3999018
Contact Person :
Mr Teoh Beng Tong (ED)

FFM (Sabah) Sdn Bhd

Main Office/Factory
5½ Mile, Off Jalan Tuaran
Kolombong Industrial Estate
88450 Kota Kinabalu, Sabah
Tel : 088-426310
Contact Person :
Mr Chia Ngun How (D/GM)

FFM Feedmills (Sarawak) Sdn Bhd

Main Office/Factory
Lot 2231, Jalan Kilang
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-482751
Contact Person :
Mr Lee Cho Fatt (D/GM)

C

CHEMICALS MANUFACTURING

Asia Pacific Microspheres Sdn Bhd

Main Office/Factory
No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55181188
Contact Person :
Mr Huen Foo Seng (D/GM)

Malayan Adhesives & Chemicals Sdn Bhd

Main Office/Factory
No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55191801
Contact Person :
Mr Huen Foo Seng (D/GM)

CINEMA OPERATIONS

Golden Screen Cinemas Sdn Bhd

Main Office
1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77295666
Contact Person :
Mr Irving Chee (GM)

CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd

Main Office
PT 45125, Batu 15½
Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61565888
Contact Person :
Mr Ong Hung Hock (Exec. Chairman)

CONTRACT MANUFACTURING

Products Manufacturing Sdn Bhd

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

E

ENGINEERING SERVICES

Minsec Engineering Services Sdn Bhd

Main Office
Lot 844, Jalan Subang 7
Taman Perindustrian Subang
47500 Subang Jaya, Selangor
Tel : 03-80247650
Contact Person :
Mr Saw Kong Beng (Chairman/GM)

F

FLOUR MILLING

FFM Berhad

Main Office
PT 45125, Batu 15½
Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61572289
Contact Person :
Mr Tan Gee Sooi (Exec. Chairman)

Johor Bahru Flour Mill Sdn Bhd

Main Office/Factory
Lorong Pukul Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Tel : 07-2512211
Contact Person :
Mr Tan Hock Yong (Exec. Chairman)

Vietnam Flour Mills Ltd

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

FFM Flour Mills (Sarawak) Sdn Bhd

Main Office/Factory
Lot 505, Block 8, MTLD
Sejingkat Industrial Park
Jalan Bako
93050 Kuching, Sarawak
Tel : 082-439449
Contact Person :
Mr Terry Kho (Factory Manager)

I

INTEGRATED AGRIBUSINESS

Wilmar International Limited

Main Office
56 Neil Road, Singapore 088830
Tel : 65-62160244
Contact Person :
Mr Colin Tan Tiang Soon (CS)

L

LIVESTOCK FARMING

FFM Farms Sdn Bhd

Main Office
PT 45125, Batu 15½
Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61572289
Contact Person :
Dr Thomas Lui (MD)

P

**POLYBAG
MANUFACTURING**

Tego Sdn Bhd

Main Office/Factory
Lot 5-8
Senawang Industrial Estate
70450 Seremban
Negeri Sembilan
Tel : 06-6773361
Contact Person :
Mr Boo Yew Leng (MD)

Tego Multifil Sdn Bhd

Factory
Lot 9
Lorong Bunga Tanjung 1/2
Senawang Industrial Park
70400 Seremban
Negeri Sembilan
Tel : 06-6778721
Contact Person :
Mr Boo Yew Leng (D)

Tefel Packaging Industries Co. Ltd

Main Office/Factory
Plot No. 247-A/248
Muse Street
Ward (23), Industrial Zone (1)
South Dagon Township
Yangon, Myanmar
Tel : 0095-1-590643
Contact Person :
Mr Cheng Kin Ming (D)

**PROPERTY
OWNERS/DEVELOPER**

PPB Hartabina Sdn Bhd

Main Office
7th Floor, Cheras Plaza
Jalan Manis 1
Taman Segar, Cheras
56100 Kuala Lumpur
Tel : 03-91305088
Contact Person :
Mr Wong Kah Keen (Senior Manager)

Cathay Screen Cinemas Sdn Bhd

Main Office
1 Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77299118
Contact Person :
Ms Carol Au (M)

South Island Mining

Co. Sdn Bhd
Main Office
330 Simco Bungalow,
Sg Toh Pawang
08100 Bedong, Kedah
Tel : 04-44581126
Contact Person :
Mr Chong Seng Meng (GM)

S

SUGAR OPERATIONS

Malayan Sugar Manufacturing

Co Berhad
Main Office
18th Floor, Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-21484388
Contact Person :
Mr Chua Say Sin (MD)

Kilang Gula Felda Perlis Sdn Bhd

Main Office/Factory
Mukim Chuping,
02500 Chuping, Perlis
Tel : 04-9441301
Contact Person :
En Mohamad Amri bin Sahari
@ Khuzari(GM)

PPB Group Berhad (Cane Division)

Plantation
KM 23, Jalan Kilang Gula, Chuping
02400 Besei, Perlis
Tel : 04-9441002
Contact Person :
YM Tengku Shaharin (GM)

W

**WASTE MANAGEMENT &
ENVIRONMENTAL
ENGINEERING**

Chemical Waste Management Sdn Bhd

Main Office
Lot 12, Persiaran Kemajuan
Off Jalan Halba 16/16
40200 Shah Alam, Selangor
Tel : 03-55107800
Contact Person :
Mr Leong Yew Weng (CEO)

**Beijing CQ Environmental
Management Consultancy
Services Co. Ltd**

Main Office
Unit 2308A Level 23
North Office Tower
Beijing Kerry Centre
1 Guang Hua Road
Chao Yang District
Beijing 100020
Tel : 00-8610-85298393
Contact Person :
Mr Ethan Pang (Financial Controller)

**Sitamas Environmental Systems
Sdn Bhd**

Main Office
Lot 15 Jalan Pahat 16/8A
40702 Shah Alam, Selangor
Tel : 03-5510 4008
Contact Person :
Mr Lim Cheng Kaai (GM)

AWS Sales & Services Sdn Bhd

Main Office
2049 Jalan Perusahaan
Prai Industrial Complex
13600 Prai, Seberang Prai
Tel : 04-3988600
Contact Person :
Mr Yap Eng Soon (GM)

LEGEND
CS - COMPANY SECRETARY
D - DIRECTOR
ED - EXECUTIVE DIRECTOR
GM - GENERAL MANAGER
M - MANAGER
MD - MANAGING DIRECTOR

NOTICE OF ANNUAL GENERAL MEETING

DATE/TIME : FRIDAY, 16 MAY 2008 AT 9.30 A.M.
VENUE : 19TH FLOOR WISMA JERNEH, 38 JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR.

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of PPB Group Berhad will be held at 19th Floor Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 16 May 2008 at 9.30 a.m. for the following purposes :-

1. To receive the audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of a final dividend of 25 sen per share less 26% income tax for the year ended 31 December 2007 as recommended by the Directors. (See note 2) (Resolution 2)
3. To approve an increase in Directors' fees. (See note 3) (Resolution 3)
- 4.1 To re-elect Mr Tan Gee Sooi who retires by rotation in accordance with Article 107 of the Articles of Association of the Company. (Resolution 4)
- 4.2 To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act 1965 :-

"That pursuant to Section 129(6) of the Companies Act 1965, Dato Sri Liang Kim Bang be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)
5. To re-appoint Messrs Moores Rowland as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)
6. **As Special Business**
To consider and if thought fit, to pass the following resolutions :-

ORDINARY RESOLUTIONS

6.1 Authority to allot shares pursuant to Section 132D of the Companies Act 1965

"THAT subject to the Companies Act 1965 and the Articles of Association of the Company, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." (See note 4(i)) (Resolution 7)

6.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The text of the above resolution(s) together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 24 April 2008. (See note 4(ii))

(Resolutions 8 - 9)

SPECIAL RESOLUTION

6.3 Proposed amendments to the Articles of Association of the Company

The text of the above resolution together with details of the proposed amendments to the Articles of Association are set out in the Circular to Shareholders dated 24 April 2008. (See note 4(iii))

(Resolution 10)

7. To transact any other business of which due notice shall have been given.

Kuala Lumpur
24 April 2008

By Order of the Board
TAN TEONG BOON
Company Secretary

Notes :-

1. Appointment of Proxy

- i) A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- ii) A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- iii) The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

2. Notice of Dividend Entitlement and Payment

Notice is hereby given that, subject to the approval of members at the Annual General Meeting to be held on Friday, 16 May 2008, the proposed final dividend will be paid on Friday, 6 June 2008 to members whose names appear in the Record of Depositors on Thursday, 22 May 2008.

A Depositor shall qualify for entitlement in respect of :-

- i) Shares transferred into the Depositor's securities account before 4.00 p.m. on Thursday, 22 May 2008 in respect of ordinary transfers; and
- ii) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on cum entitlement basis according to the Rules of Bursa Securities.

NOTICE OF ANNUAL GENERAL MEETING

3. Proposed Increase in Directors' Fees

It is proposed that the basic fee payable to non-salaried Directors be increased from RM35,000/- to RM40,000/- per Director for the financial year 2007. Arising therefrom, the total fees payable to non-salaried Directors would be increased from RM295,000/- in 2006 to RM325,000/- in 2007.

4. Special Business

i) Authority to allot shares pursuant to Section 132D of the Companies Act 1965

The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten per centum (10%) of the Company's issued share capital.

The proposed Ordinary Resolution No. 7 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

ii) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolutions Nos. 8 and 9 are to enable the Company and its subsidiaries to enter into recurrent related party transactions, which are necessary for PPB Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. At the same time, this would eliminate the need to convene separate general meetings to seek shareholders' approval as and when potential recurrent transactions with a related party arise, thereby reducing substantially administrative time and expenses in convening such meetings.

Further information on the proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 24 April 2008 which is despatched together with the Company's 2007 Annual Report.

iii) Proposed amendments to the Articles of Association of the Company

The proposed Special Resolution No. 10 is to enable the Company to align its Articles of Association ("Articles") with the Listing Requirements of Bursa Malaysia Securities Berhad and also to update the Articles for further clarity and to reflect current practices.

Further information on the proposed amendments to the Articles is set out in the Circular to Shareholders dated 24 April 2008 which is despatched together with the Company's 2007 Annual Report.

I/We _____
of _____ NRIC/Passport No.: _____
being a member/members of PPB GROUP BERHAD hereby appoint the Chairman of the Meeting*
or _____ NRIC/Passport No.: _____
of _____
or failing him/her _____ NRIC/Passport No.: _____
of _____

* Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.

as my/our proxy to vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on Friday, 16 May 2008 at 9.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below :-

No. Resolutions	For	Against
1 To receive the audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.		
2 To approve the payment of a final dividend.		
3 To approve an increase in Directors' fees.		
4 To re-elect Mr Tan Gee Sooi as Director.		
5 To re-appoint Dato Sri Liang Kim Bang as Director.		
6 To re-appoint Messrs Moores Rowland as the Auditors of the Company.		
7 To authorise the Directors to allot and issue shares.		
8 To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with persons connected to Kuok Brothers Sdn Berhad.		
9 To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with persons connected to Mr Ang Guan Seng.		
10 To approve the amendments to the Articles of Association of the Company.		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

The proportion of my/our holding to be represented by my/our proxies are as follows :-

First Proxy	%
Second Proxy	%
Total	100%
No. of Shares Held	

Signed this _____ day of _____ 2008

Signature

NOTES :

- A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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PPB GROUP BERHAD (8167-W)
17th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia.



PPB GROUP BERHAD (8167-W)

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38 Jalan Sultan Ismail
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Malaysia
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