



PPB GROUP BERHAD



Annual Report 2008

PPB GROUP BERHAD AT A GLANCE

PPB Group Berhad was incorporated in Malaysia in 1968 and its initial business activities were cane cultivation and sugar refining. It was subsequently listed on the then Stock Exchange of Kuala Lumpur and Singapore in 1972 with an issued capital of RM15.0 million. Today, PPB Group has grown into a major conglomerate with assets totaling RM13.2 billion as at 31 December 2008 and a market leader in the following businesses operated by its subsidiaries :-

SUGAR

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

FLOUR

FFM Group owns and operates a total of four (4) flour mills in the country and one (1) each in Vietnam and Thailand. FFM Group supplies more than 40% of domestic flour requirements.

CINEMAS

Golden Screen Cinemas Sdn Bhd, the largest film exhibitor in the country with 161 screens in 23 locations nationwide, captures more than 40% of domestic box office collections.

In 2007, PPB merged its oil palm plantations and edible oils refining and trading businesses with Wilmar International Limited (Wilmar) which resulted in PPB Group being the second largest shareholder of Wilmar. PPB Group now owns 18.36% equity interest in Wilmar, one of Asia's largest integrated agribusiness groups operating in more than 20 countries with over 160 processing plants as well as an extensive distribution network for its products which are delivered to more than 50 countries globally.

PPB's mission is to strive continually to strengthen its position as a market leader in its core businesses and to expand into other related activities to increase shareholder value. Its strategic acquisitions and business ventures over the years have enabled PPB to succeed in its diverse businesses to date which include sugar refining; flour and animal feed milling; livestock farming; food processing; consumer products distribution; cinema operations; environmental engineering and waste management; contract manufacturing; chemicals manufacturing; engineering services; property development; packaging; and amusement centre operations.

With a total domestic and overseas workforce of more than 3,000 employees, PPB Group's operations spread over Malaysia, China, Vietnam, Myanmar, Thailand, Singapore and Indonesia.



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PROXY FORM	

A woman with dark hair in a bun, wearing a pink floral t-shirt and pink shorts, sits on a white picnic blanket on a grassy field. She is smiling and looking towards a young boy sitting next to her. The boy is wearing a white t-shirt with black trim and black pants, and is focused on eating. The picnic spread includes several cans of 'MARINA SARDIN' and 'MARINA TUNA', a large white cake, sandwiches, bread, fruit, and colorful plastic cups. A basket of lollipops is also visible. The background is a lush green lawn.

“Success lies
in the unified
core values
of an entity”



the CORPORATION

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CHAIRMAN'S STATEMENT



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 2008.

GROUP RESULTS

PPB GROUP ACHIEVED ANOTHER SUCCESSFUL YEAR IN 2008 TO RECORD A PRE-TAX PROFIT OF RM1.40 BILLION FOR ITS CONTINUING OPERATIONS, A 148% IMPROVEMENT OVER THE PREVIOUS YEAR.

Recording a new milestone in its financial performance, PPB Group's profit after tax and minority interest more than doubled to RM1.29 billion from that achieved in the previous year of RM627 million, excluding the one-time gain of RM6.35 billion recorded in 2007 from the disposal of the oil palm plantations and edible oils trading and refining businesses to Wilmar International Limited (Wilmar). This translates to an earnings per share of RM1.09 compared with RM0.53 in the year before.

The substantial increase in profits was possible due to the significant profit contribution of RM895 million from our 18.36% associate, Wilmar. The strong financial performance of Wilmar is testament to the merger synergies of increased economies of scale and scope derived from the integrated agribusiness group. The improved performance of the Group's sugar and flour and feed divisions also contributed to the higher profits.

Revenue from continuing operations grew 16% to RM3.46 billion due to higher selling prices of specialty flour and animal feed resulting from the increased cost of raw materials.

The stronger profits enhanced net assets per share to RM10.45 from RM9.76 in the previous year.

DIVIDENDS

The Board is pleased to recommend for shareholders' approval a final single tier dividend of 18 sen per share for the financial year ended 31 December 2008 payable on Friday, 5 June 2009.

Together with the special dividend of 62 sen per share less 26% income tax and interim single tier dividend of 5 sen per share paid on 12 May 2008 and 29 September 2008 respectively, the total dividend for the financial year ended 31 December 2008 would be 85 sen per share.

The net dividend payment for the financial year under review would amount to RM817 million, more than 3 times the RM263 million paid for financial year 2007.

RM **1.4**
BILLION

Pre-tax profit in 2008

148%
INCREASE

compared to 2007



PPB Hartabina's "New World Park".

CHAIRMAN'S STATEMENT

OVERVIEW OF OPERATIONS

FOOD MANUFACTURING ACTIVITIES

THE SUGAR OPERATIONS CONTINUED TO SHOW POSITIVE PERFORMANCE.

Whilst domestic sales grew by 6% to 605,687 metric tonnes (mt), export sales were impacted by competition resulting in a reduction of 62% to 78,475 mt.

The positive financial performance was mainly due to lower raw sugar prices in 2008.

Malayan Sugar Manufacturing Company (MSM) is expected to complete the further expansion of its melting capacity to 1,000,000 mt per annum by this year. The expansion together with the upgrading of factory operations and production are expected to further enhance operating efficiency.

THE GRAINS TRADING, FLOUR AND FEED MILLING DIVISION UNDER FFM BERHAD PERFORMED WELL TO RECORD A 33% IMPROVEMENT IN PROFITS TO RM167 MILLION. REVENUE GREW 37% TO RM1.43 BILLION DUE TO IMPROVED SELLING PRICES OF SPECIALTY FLOUR AND ANIMAL FEEDS DRIVEN BY HIGHER PRICES OF RAW MATERIALS.

In the year under review, FFM completed the construction of a new 360-mt per day wheat flour mill at Prai, Penang which enabled the Group to serve its customers in northern Peninsular Malaysia more effectively. In East Malaysia, construction of a new flour mill in Kota Kinabalu with a wheat milling capacity of 220 mt per day is scheduled to be completed in the second quarter of 2010.

Targeting the densely populated Indonesian market, FFM's joint venture company, PT Pundi Kencana, is expected to commission its 1,000-mt per day wheat flour mill in Cilegon, Java, in the middle of this year. Overseas, this would be the third country in which the Group has market presence other than our operations in Vietnam and Thailand.

Both new mills, when completed, will increase the Group's total wheat milling capacity from the current 3,130 mt per day to 4,350 mt per day.

It was a difficult year for the Group's livestock farming operations with high feed costs brought about by high global grain prices over most of 2008. As a result, this division recorded a loss of RM6 million as opposed to a profit of RM7 million in the year before.



CHAIRMAN'S STATEMENT

ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

For the year under review, the Group's environmental engineering, waste management and utilities business successfully completed and commissioned three (3) water, sewage and infrastructure projects with a total contract value of RM120 million to record RM5 million in profits against a revenue of RM186 million. The outstanding order book as at end of 2008 comprises four (4) projects with a total value of remaining works of RM100 million.

RM **5.0** MILLION

Profits recorded for Environmental Engineering, Waste Management and Utilities business in 2008

FILM EXHIBITION AND DISTRIBUTION

The film exhibition and distribution operations had another record year to achieve profits of RM24 million, up 8% from the previous year, on the back of higher revenue of RM178 million.

RM **24** MILLION, **8% INCREASE**

Profits recorded in 2008 for Film Exhibition and Distribution business

Although competition has intensified, the Group's cinema chain, Golden Screen Cinemas, managed to increase admissions to 18.4 million from 15.7 million with the opening of three (3) new multiplexes. These multiplexes are strategically located in Alamanda, Putrajaya; 1 Borneo, Kota Kinabalu and Dataran Pahlawan, Malacca. A strong line-up of commercial films for the year also attracted movie-goers to the big screens and with additional screens, movie-goers are provided with a wider selection of films to satisfy their individual movie preference.



GSC, KL Pavilion

PROPERTY INVESTMENT AND DEVELOPMENT

The property investment and development division reported lower profits of RM21 million as compared with RM23 million in 2007 due mainly to lower revenue from property sales in a slower property market. Nevertheless, PPB Hartabina Sdn Bhd continues to benefit from good rentals from its commercial properties. Cheras Leisure Mall yielded higher rental income and New World Park, Penang being in operation for a full year contributed higher profits compared to the year before.

During the year under review, PPB Hartabina Sdn Bhd commenced construction of 24 units of build-and-sell double-storey semi-detached houses under the first phase of the Taman Tanah Aman project at Seberang Prai Tengah, Penang. Future development of this project includes 48 units of bungalows and 12 units of two-storey shophots which will be built over several phases.

CHAIRMAN'S STATEMENT



FFM's food processing plant and flour complex in Pulau Indah, Selangor

CORPORATE SOCIAL RESPONSIBILITY

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

We are committed to pursue this principle as it is aligned with our values, decision making, operations and products. Throughout the year under review, the Group embarked on various CSR projects which are detailed on pages 35 to 39 of the Annual Report.

On the same note, the Group's statements on corporate governance and internal controls are set out in separate sections in the Annual Report.

PROSPECTS AND CHALLENGES FOR 2009

Malaysia's economy grew just 0.1% in the fourth quarter of 2008 from a year earlier, its slowest pace in seven years due to plunging exports amid the global downturn. Given the worsening external conditions,

Malaysia may slide into an economic recession this year and the government has projected a GDP of between 1% to -1%. To help cushion the economy from the global recession and to spur economic growth by stimulating domestic demand, the government recently announced a stimulus package of RM7 billion and subsequent mini budget of RM60 billion.

The Group expects a challenging year ahead in view of uncertain commodity prices and freight rates; and the weak economic environment. However, the Group is well-positioned to brave these challenges through proven capabilities in its core activities, a strong balance sheet and prudent management. With an economic recession, it is expected that the Group will face lower demand for its goods and services although this is mitigated to some extent by the resilience in demand for its staple food like sugar and flour products.

In addition, the Group will continue to drive greater operating efficiencies from new mills, upgrading of factories and economies of scale and capitalize on its core competencies to enhance earnings growth during these challenging times.

CHAIRMAN'S STATEMENT

DIRECTORATE

During the year, there were several changes to the composition of the Board as follows:-


- On 16 May 2008, Mr Tan Yew Jin and Datuk Harun bin Din retired from the Company.
- On 29 May 2008, we were pleased to welcome Mr Cheang Kwan Chow and Mr Lim Soon Huat who joined the Board as Non-Independent Non-Executive Directors. Mr Lim has also been appointed as a member of the Nomination and Remuneration Committees on 14 January 2009.
- On 19 October 2008, Mr Ang Guan Seng passed away and on behalf of the Board, I would like to record our deepest appreciation for Mr Ang's invaluable contribution to the Group since he was first appointed a Director of the Company in 1998.
- On 14 January 2009, YM Raja Dato' Seri Abdul Aziz bin Raja Salim was appointed Chairman of the Nomination Committee.
- Datuk Rajasingam a/l Mayilvaganam retires at the forthcoming Annual General Meeting and has decided not to seek re-election. On behalf of the Board, I wish to record our thanks and appreciation for his past services and contribution to the Group.

APPRECIATION

The financial achievement for the year and continued success of the Group underline 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 unwavering 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 support and confidence in the Group.

Datuk Oh Siew Nam
Chairman

2 April 2009



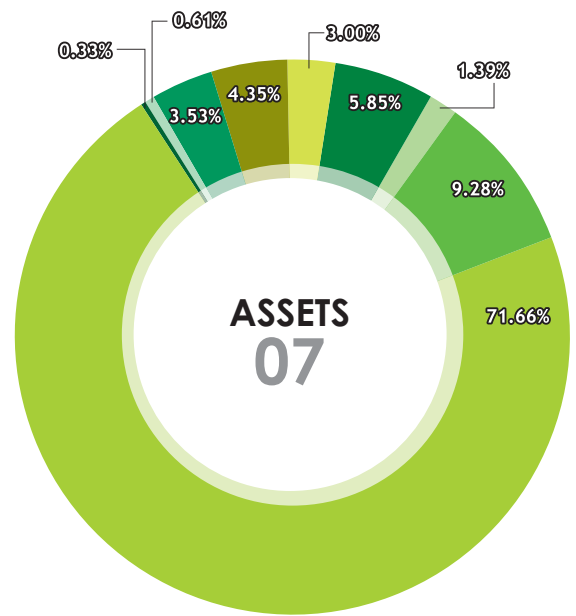
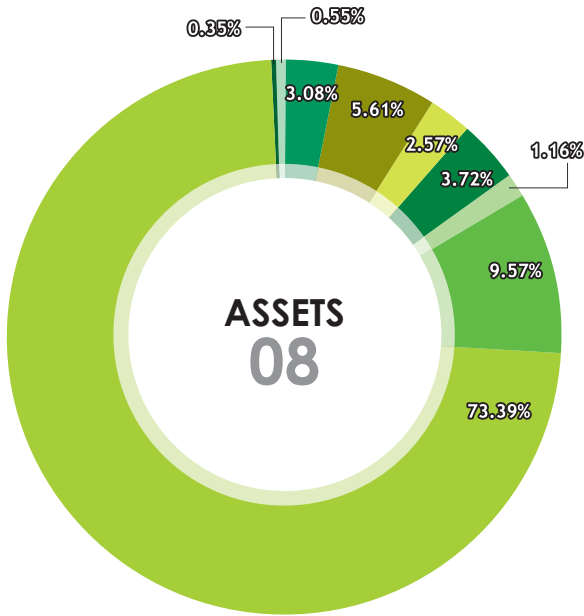
FFM's breeder farms have a total production capacity of 3 million chicks per month

GROUP FINANCIAL HIGHLIGHTS

		2008 RM'Million	2007 RM'Million	Change %
INCOME STATEMENT				
Revenue		3,462.024	6,154.430	-43.7
Profit before tax		1,400.642	763.477	83.4
Profit for the year		1,293.424	7,002.512	-81.5
Profit attributable to shareholders of the Company		1,286.509	6,972.965	-81.5
BALANCE SHEET				
Equity attributable to shareholders of the Company		12,232.791	11,429.765	7.0
Total equity		12,392.879	11,567.053	7.1
RATIOS				
Return on net assets attributable to shareholders of the Company	%	10.52	61.01	
Earnings per share	sen	108.52	588.19	-81.6
Interest coverage	times	164.98	55.56*	>100
Current ratio	times	2.53	5.33	-52.5
Total borrowings/Equity	%	3.08	0.49	
Long term borrowings/Equity	%	0.53	0.18	
Net assets per share attributable to shareholders of the Company	RM	10.32	9.64	7.1
Operating cashflow per share	sen	20.43	15.14	34.9
PE ratio	times	8.57	20.80*	-58.8
Net dividend per share	sen	68.88	22.15	>100.0
31st December closing price	RM	9.30	11.00	-15.5

* 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

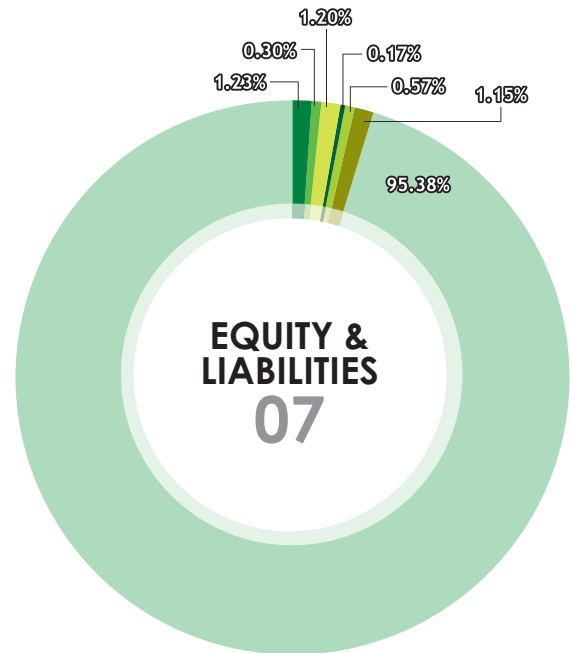
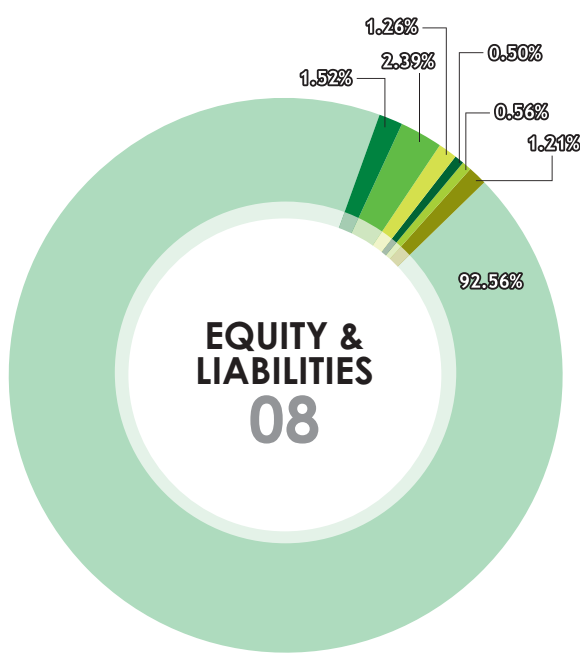


NON-CURRENT ASSETS

- Property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets
- Associates
- Joint venture
- Goodwill
- Other non-current assets

CURRENT ASSETS

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



CURRENT LIABILITIES

- Trade payables
- Short term borrowings
- Other current liabilities

NON-CURRENT LIABILITIES

- Long term borrowings
- Other non-current liabilities
- Minority interests
- Equity attributable to shareholders of the Company

DIRECTORS' PROFILES



Seated [L-R]

DATO' LIM CHEE WAH, DATUK OH SIEW NAM, TAN GEE SOOI

Standing [L-R]

CHEANG KWAN CHOW, YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM,
DATUK RAJASINGAM A/L MAYILVAGANAM, DATO SRI LIANG KIM BANG, LIM SOON HUAT

DIRECTORS' PROFILES

DATUK OH SIEW NAM, 70

CHAIRMAN

Non-Independent Executive Director

Member of Remuneration Committee

Date of Appointment

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

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand
- Assistant Controller of Telecom Malaysia for 5 years before joining FFM Berhad 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

DATO' LIM CHEE WAH, 69

DEPUTY CHAIRMAN

Non-Independent Executive Director

Date of Appointment

Director - 2 March 1988 | Deputy Chairman - 1 July 2004

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

TAN GEE SOOI, 64

MANAGING DIRECTOR

Non-Independent Executive Director

Date of Appointment

Director - 28 July 2004 | Managing Director - 1 February 2008

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

DIRECTORS' PROFILES

DATO SRI LIANG KIM BANG, 72

Independent Non-Executive Director

Chairman of Audit and Remuneration Committees

Member of Nomination Committee

Date of Appointment

4 January 1995

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 | UBG Berhad

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM, 70

Independent Non-Executive Director

Chairman of Nomination Committee

Member of Audit Committee

Date of Appointment

12 May 2003

Qualifications and Experience

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

Other Directorships in Public Companies

Amanah Saham Mara Berhad | Camerlin Group Berhad | Gamuda Berhad | Hong Leong Industries 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

DATUK RAJASINGAM A/L MAYILVAGANAM, 66

Independent Non-Executive Director

Member of Audit Committee

Date of Appointment

16 May 2005

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
- Currently Board Member of Lembaga Pelabuhan Kelang

Other Directorships in Public Companies

Nil

DIRECTORS' PROFILES

CHEANG KWAN CHOW, 56 *Non-Independent Non-Executive Director*

Date of Appointment
29 May 2008

Qualifications and Experience

- Member of the Chartered Institute of Arbitrators, London, United Kingdom
- Sits on the Panel of Arbitrators of The Palm Oil Refiners Association of Malaysia
- Diploma in Marketing from Redditch College, Worcestershire, England
- Postgraduate Diploma in Export Marketing and Diploma in Export from Buckinghamshire College, England
- Master of Arts Communications Management from University of South Australia
- Joined the Kuok Group of companies in 1980 and had over the years, held various senior management positions in Malaysia and Singapore
- Presently Deputy Chairman of Malayan Sugar Manufacturing Company Berhad

Other Directorships in Public Companies

Malayan Sugar Manufacturing Company Berhad | Jerneh Asia Berhad

LIM SOON HUAT, 44 *Non-Independent Non-Executive Director* Member of Nomination and Remuneration Committees

Date of Appointment
29 May 2008

Qualifications and Experience

- Bachelor of Science (Honours) degree in Statistics from Universiti Kebangsaan Malaysia
- Has more than 10 years financial and corporate management experience with the Kuok Group of companies in Singapore, Thailand, Hong Kong and China
- Currently overseeing the Kuok Group's investment activities and subsidiaries' operations in Indonesia which include flour milling, sugar cane plantation, sugar mill operations and hotel investment activities

Other Directorships in Public Companies

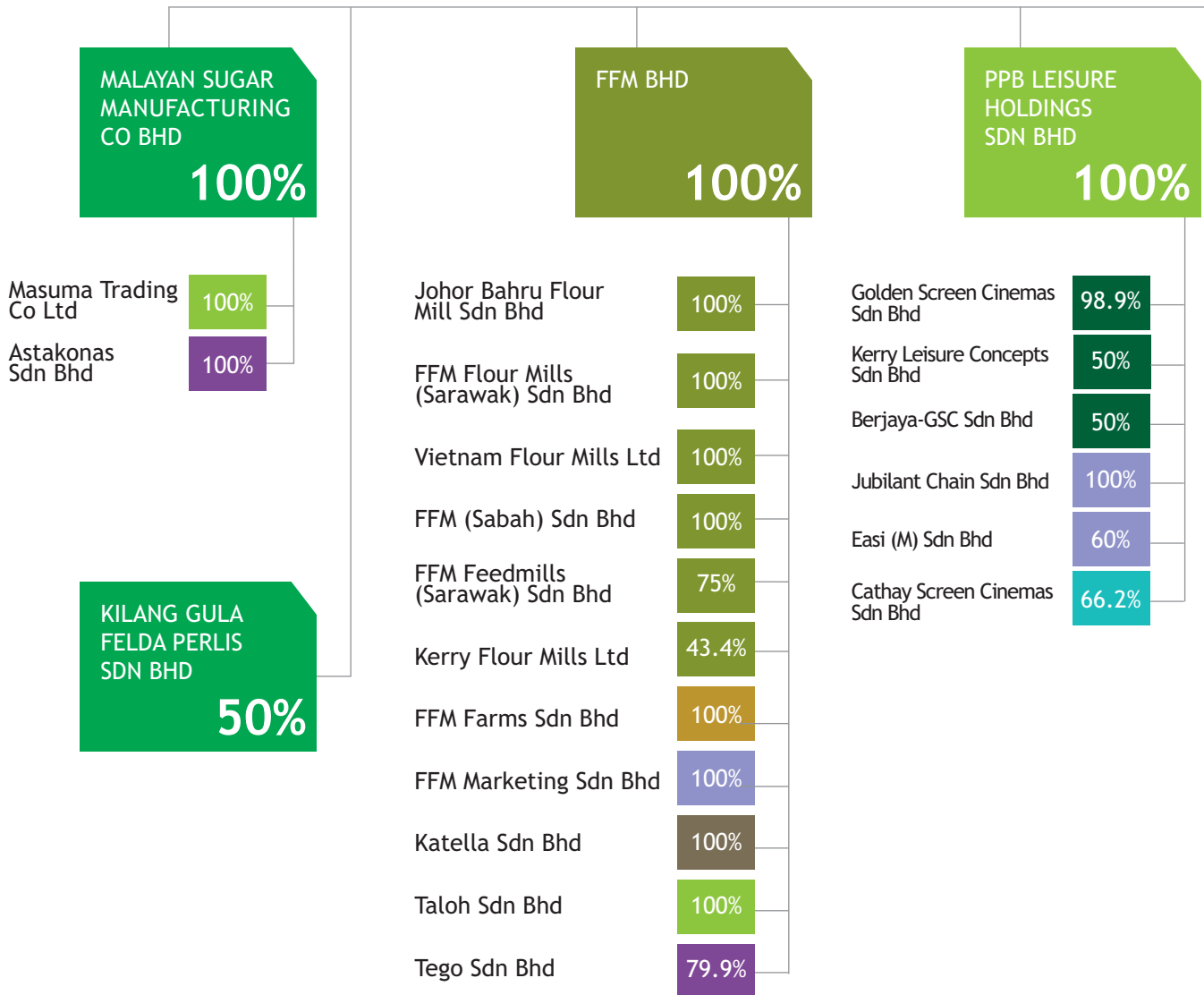
Nil

NOTES

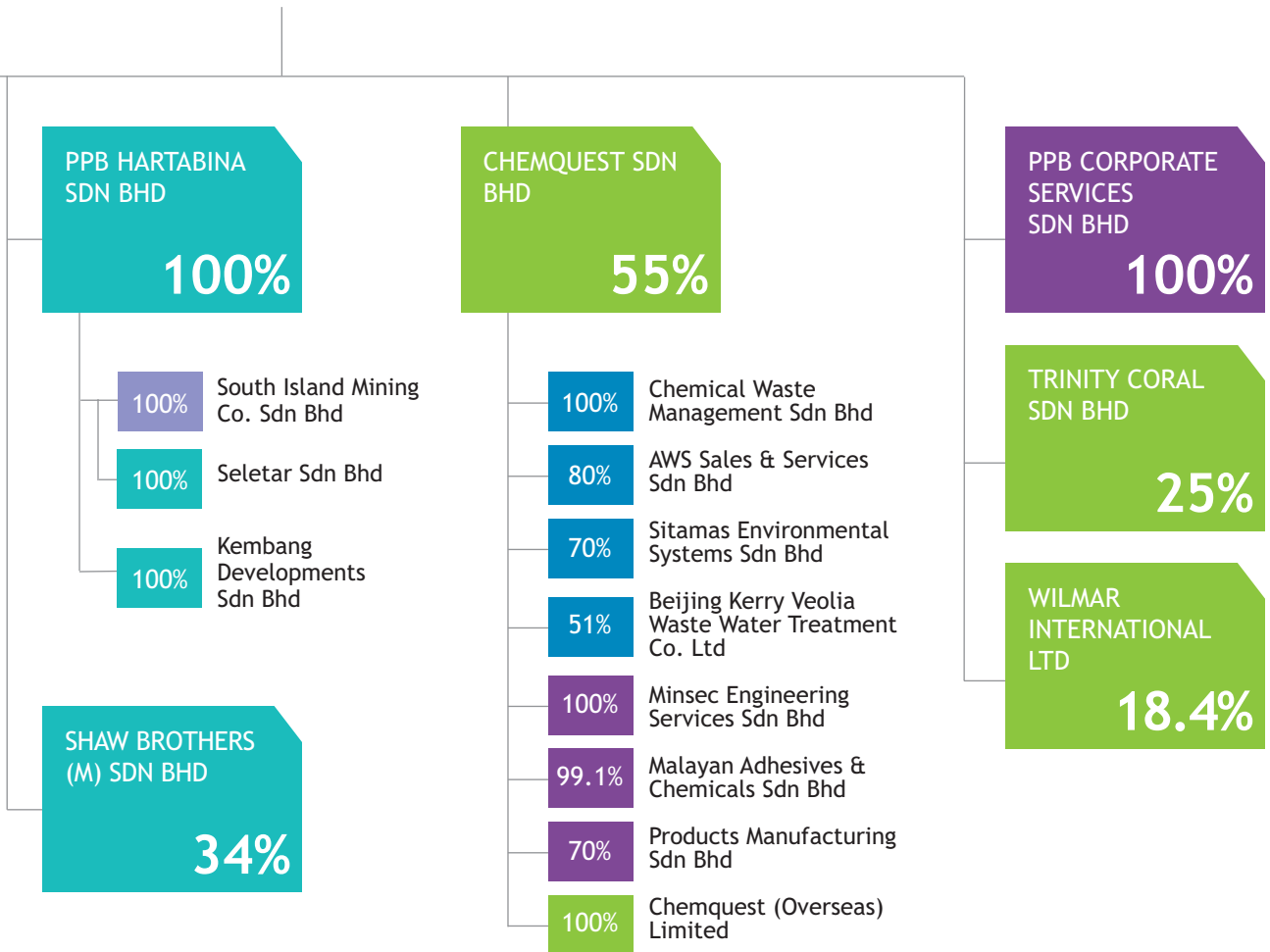
1. All the Directors are Malaysians.
2. None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.
3. None of the Directors had any convictions for any offences within the past ten (10) years.

CORPORATE STRUCTURE

AS AT 18 MARCH 2009



PPB GROUP BERHAD



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 direct 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

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

Datuk Rajasingam a/l Mayilvaganam
Independent Non-Executive Director

Cheang Kwan Chow
Non-Independent Non-Executive Director

Lim Soon Huat
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Dato Sri Liang Kim Bang
Chairman

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Datuk Rajasingam a/l Mayilvaganam

NOMINATION COMMITTEE

YM Raja Dato' Seri Abdul Aziz bin Raja Salim
Chairman

Dato Sri Liang Kim Bang

Lim Soon Huat

REMUNERATION COMMITTEE

Dato Sri Liang Kim Bang
Chairman

Datuk Oh Siew Nam

Lim Soon Huat

COMPANY SECRETARIES

Tan Teong Boon
Mah Teck Keong

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

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Citibank Berhad
OCBC Bank (Malaysia) Berhad

AUDITORS

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

REGISTRARS

PPB Corporate Services Sdn Bhd
17th 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 2008

11
MARCH

A Press and Analyst Briefing was held to review the financial results for the year ended 31 December 2007 and other matters.

Golden Screen Cinemas Sdn Bhd (GSC), a 98.9%-subsidiary of PPB Group, opened its 5-screen multiplex at Alamanda Shopping Centre in Putrajaya. GSC Alamanda Putrajaya with a seating capacity of 1,086 seats is also wheelchair-accessible.

03
APRIL

16
MAY

The 39th Annual General Meeting (AGM) of PPB was held to adopt the audited financial statements for the year ended 31 December 2007 and other related AGM matters.

GSC opened its 8-screen multiplex at One Borneo, Kota Kinabalu with a total seating capacity of 1,500 seats.

05
JUNE

03
JULY

GSC's 10-screen multiplex at Dataran Pahlawan in Malacca was opened. The 2,002-seater cinema also serves as an event venue for companies or individuals who wish to utilise the screens/halls for press conferences, product launches, private screenings or functions.

A Press and Analyst Briefing was held to review the financial results for the six months ended 30 June 2008 and other matters.

28
AUGUST

16
SEPTEMBER

A Directors' Continuing Education Programme (DCEP) training session was held and topics included the general outlook on 'soft' commodities; importance of IT security; latest developments on tax audit and tax investigation; and a comprehensive talk on the palm oil industry.

Conwaste Disposal Services (P. Pinang) Sdn Bhd was placed under members' voluntary winding-up and therefore ceased to be a 100% indirect subsidiary of PPB Group.

07
OCTOBER

01
DECEMBER

The shareholders of PT Glovindo Lampung resolved to proceed with the liquidation of PT Glovindo Lampung. Arising therefrom, PT Glovindo Lampung ceased to be a 95%-indirect subsidiary of PPB Group.

FINANCIAL CALENDAR

FINANCIAL YEAR FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

RESULTS

1st Quarter ended 31 March 2008	Announced on	29 May 2008
2nd Quarter ended 30 June 2008	Announced on	26 August 2008
3rd Quarter ended 30 September 2008	Announced on	27 November 2008
4th Quarter ended 31 December 2008	Announced on	27 February 2009

DIVIDENDS

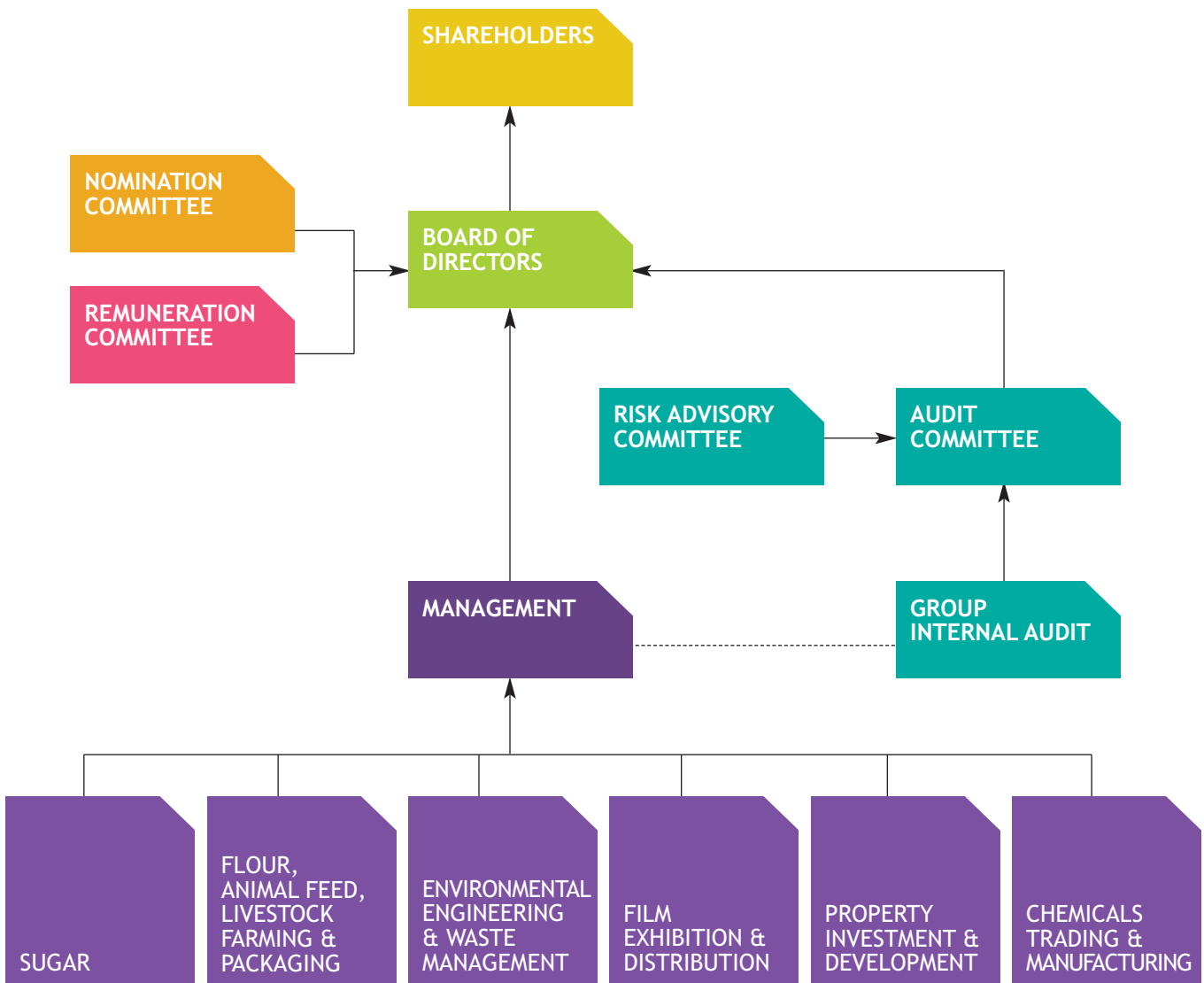
Special Dividend of 62 sen per share less 26% income tax	Declared on	11 April 2008
	Entitlement Date	28 April 2008
	Paid on	12 May 2008
<hr/>		
Interim Single Tier Dividend of 5 sen per share	Declared on	26 August 2008
	Entitlement Date	12 September 2008
	Paid on	29 September 2008
<hr/>		
Proposed Final Single Tier Dividend of 18 sen per share	Announced on	27 February 2009
	Entitlement Date	21 May 2009
	Payable on	5 June 2009

CORPORATE GOVERNANCE STATEMENT

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

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

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE STATEMENT

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 caliber 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 eight Directors comprising three Executive Directors and five non-executive Directors, of whom three are independent. The number of independent directors is in compliance with the Listing Requirements of 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 14 to 17 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.

CORPORATE GOVERNANCE STATEMENT

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 2008, the Board met four times and the record of the attendance of each Director is set out below:-

Name of Director	Attendance	% of Attendance
Datuk Oh Siew Nam	4	100
Dato' Lim Chee Wah	4	100
Tan Gee Sooi	4	100
Dato Sri Liang Kim Bang	4	100
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	4	100
Datuk Rajasingam a/l Mayilvaganam	4	100
Tan Yew Jin (retired on 16 May 2008)	1	100
Datuk Harun bin Din (retired on 16 May 2008)	1	100
Cheang Kwan Chow (appointed on 29 May 2008)	3	100
Lim Soon Huat (appointed on 29 May 2008)	3	100
Ang Guan Seng (passed away on 19 October 2008)	2	67

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 Chief Executive Officers 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 investment bankers, valuers and financial advisers.

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 YM Raja Dato' Seri Abdul Aziz bin Raja Salim (Chairman), Dato Sri Liang Kim Bang and Mr Lim Soon Huat.

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 2008, 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.

Pursuant to Bursa Securities' Listing Requirements, all the Directors have attended the Continuous Education Programmes ('CEP') 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 2008 as follows :-

Seminar Topics	No. of Hours
General outlook on 'soft' commodities and the distortion of funds on the fundamentals of supply and demand	1
Comprehensive understanding of palm oil	1
Importance of IT security	2.5
Latest development on tax audits and tax investigations	1

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 a majority of 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 Mr Lim Soon Huat.

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. The Directors are not involved in the approval of their own remuneration package. During the financial year ended 31 December 2008, the Remuneration Committee had one (1) meeting which was attended by all members.

CORPORATE GOVERNANCE STATEMENT

iii. Remuneration Package

The details of the remuneration of Directors on Group basis for the financial year ended 31 December 2008 are as follows :-

All figures in RM'000	Executive Directors	Non-executive Directors
Salary	2,273	-
Fees	3	305
Attendance Fee	2	27
Bonus	6,000	-
Benefits-in-kind	68	1
Employees Provident Fund	1,198	-
Total	9,544	333

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

	Executive Directors	Non-executive Directors
Up to RM50,000	-	3
RM50,001 - RM100,000	-	5
RM2,150,001 - RM2,200,000	1	-
RM3,550,001 - RM3,600,000	1	-
RM3,800,001 - RM3,850,000	1	-
Total	3	8

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

INVESTOR RELATIONS

The Company has an Investor Relations Policy which provides a framework for the Board, management and relevant staff to communicate effectively with PPB's shareholders, investors, other stakeholders and the public generally.

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 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 media releases, results announcements, the annual reports, e-reports, the company website etc and also detailing those responsible;
- Events - all events and presentations involving investors, analysts and the media, their conduct, the support materials and those responsible. The events include general meetings of shareholders, one-on-one meetings and media interviews; and
- Others - including outlook and profit warnings, dealings with information leaks, crisis procedures and insider dealings in PPB shares.

CORPORATE GOVERNANCE STATEMENT

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 shareholders and the investment community. The Investor Update contains financial results, articles on 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 to announce financial results and important events relating to the Group via the local media and the company website.
- The Company's website, www.ppbgroup.com where information on the Group, its businesses, financial data is available and Annual Reports, Investor Handbooks 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 after the half-yearly and final results are released to Bursa Securities to provide consistent dialogues between the Company's senior management and the investment community. Media conferences are also held together with these briefings to ensure consistent dissemination of information to the public. 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.

CORPORATE GOVERNANCE STATEMENT

iii. Queries and Feedback

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

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

1. 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 30 to 32 of this Annual Report.

INTERNAL CONTROL

The Statement on Internal Control set out on pages 33 and 34 of this Annual Report provides an overview of the state on internal controls within PPB Group.

Datuk Oh Siew Nam
Chairman

Dato Sri Liang Kim Bang
Independent Non-executive Director

Kuala Lumpur
27 February 2009

AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee (AC) during the financial year ended 31 December 2008 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
Datuk Rajasingam a/l Mayilvaganam	Member	Independent Non-Executive
Datuk Harun bin Din (Retired : 16 May 2008)	Member	Independent Non-Executive
Ang Guan Seng (Deceased : 19 October 2008)	Member	Non-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 systems 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;

AUDIT COMMITTEE REPORT

- (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 2008 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
Datuk Rajasingam a/l Mayilvaganam	4	4
Datuk Harun bin Din (Retired : 16 May 2008)	1	1
Ang Guan Seng (Deceased : 19 October 2008)	3	2

AUDIT COMMITTEE TRAINING

The details of the relevant training attended by the members of the AC during the financial year ended 31 December 2008 are as follows :-

TOPICS

- General outlook on soft commodities and the distortion of funds on the fundamentals of supply and demand.
- Comprehensive understanding of the palm oil industry.
- Importance of IT security.
- Latest development on tax audit and tax investigation.

AUDIT COMMITTEE REPORT

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2008, 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, competency and adequacy of their resources;
3. reviewed the Group's quarterly results and year-end financial statements prior to submission to the Board of Directors;
4. reviewed the Audit Committee Report and Statement on Internal Control for inclusion in the Annual Report;
5. reviewed half-yearly reports on the Group's top risks and management action plans to manage the risks;
6. reviewed related party transactions within the Group;
7. recommended the nomination of 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 2008, PPBIAD reviewed the adequacy and integrity of the Group's systems 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)

27 February 2009



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' investments 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 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 PPB 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.

27 February 2009



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 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 access to resources and the strength of relationships developed with key stakeholders - our workforce, business partners, shareholders and the regulators. In addition, it is our Company's firm belief that to continue to make economic returns, we should be an integral part of our community and support it through various initiatives. Our history of continuous improvement in our operations through new technology to minimize harm to the environment, also contributes to our Company's competitiveness in the marketplace.

PPB Group "Go Green" with the senior citizens of Amitabha Centre, Kuala Lumpur



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

OUR COMMITMENT

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 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.

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

We believe that it is our duty to contribute and engage with the communities in which we operate 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 provide a safe workplace and recognize the importance for our workforce to feel proud and inspired to work for the Group.



Blessing the flood victims with goodies



Children and youth of welfare homes received Christmas gifts from PPB

CORPORATE SOCIAL RESPONSIBILITY STATEMENT



Children are our future leaders. Under PPB's "Cultivating the Love for Reading" project, mini libraries were set up for the orang asli children

HIGHLIGHTS OF 2008 CSR ACTIVITIES

FOR THE COMMUNITY

Improving education opportunities especially for the underprivileged is a major focus of the Group's community activities as education is key for them to secure a better future. With this in mind, the Group provided financial assistance to schools to upgrade their facilities and build new classrooms. Equally important is to instill in children a love for reading to foster lifelong learning and creative thinking. PPB continued with its "Cultivating the Love for Reading" project for the fourth year and donated 150 sets of the "Ladybird Keyword Reading Scheme" to eight schools and offered English Language tuition classes for a national school in Selangor. Through this project, PPB encouraged younger children to learn and improve their command of the English Language which PPB believes is a vital foundation for higher learning and future career development. Free newspapers are also given to all schools in Perlis to encourage reading by children in schools. Not forgetting the orang asli children, PPB set up three mini libraries during the year, two at Raub, Pahang and one at Rawang, Selangor equipped with a variety of English and Malay storybooks to encourage reading amongst the orang asli children.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Each year, PPB Group celebrates the main festivals with underprivileged groups by organizing dinners and movie treats to provide them encouragement and awareness that they are not left out during such festivals. Food products and household items produced by the Group are periodically given to various charitable institutions. In addition, a project known as “Bless the Poor” was organized to give away goodie bags of food and household essentials to 70 poor families in the Klang Valley. To assist the flood victims to start over, the Group donated various products to the flood victims in Kota Bahru, Kelantan and Air Itam, Penang.

Financial assistance was also given to sports associations to support and encourage talented young athletes to persevere in their chosen sports.

In support of the arts, PPB Group jointly organizes film festivals with various foreign embassies, such as the Japanese Film Festival, European Union Film Festival, French Film Festival and others to expose and increase the public 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.

On the international front, the Group and its employees purchased and delivered thousands of tents to shelter homeless victims of the earthquake in Sichuan Province, China and donated to victims of the Cyclone Nargis in Myanmar.

FOR THE WORKPLACE

In order to provide a rewarding and supportive working environment for its 3,300 employees, the Group encourages continual professional and personal development of its staff through training programs, workshops and seminars. During the year, a seminar on First Aid and CPR training was conducted to equip Group employees with first aid skills. Awareness talks such as “Green Living” and “Stress Management” were carried out to give PPB Group employees tips on saving the environment and how to cope with stressful lifestyles. Sports activities within and outside the workplace are regularly organized to promote healthy living. PPB Group also encourages more interaction amongst employees with company trips and dinners held during the year.

FOR THE ENVIRONMENT

Every effort is made to ensure that the Group’s 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. Employees have developed a culture of reducing paper and electricity usage, reuse waste plastic materials as well as adopt a paperless system for selected processes.

FOR THE MARKETPLACE

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

The cinema operations are committed to provide disabled-friendly facilities in all its new cinemas. All of PPB Group’s operations encourage active consideration of customer feedback and suggestions.

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 2008 were as follows :-

Name of Auditor	Fees (RM)	Purpose
Moores Rowland	96,842	Tax advisory services and accounting services
KPMG Corporate Advisory Sdn Bhd	58,076	Advisory services for a corporate exercise
KPMG Tax Services	57,264	Tax advisory services
Chin & Co	500	Tax advisory services
Khin Su Htay & Associates	2,337	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 2008 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 2008 were as follows :-

RELATED PARTIES

The related parties were as follows :-

- (a) Kuok Brothers Sdn Berhad (“KB”), a major shareholder of PPB, presently with direct interest of 50.17% and indirect interest of 0.22% held through Gaintique Sdn Bhd, Jerneh Insurance Berhad, Min Tien & Co. Sdn Bhd and Hoe Sen (Mersing) Sdn Bhd; and
- (b) The late Mr Ang Guan Seng (“AGS”), then a Director of PPB who had indirect interest of 3.51% in PPB held through Nai Seng Sdn Bhd, Ang Toon Chew & Sons (M) Sdn Bhd, his spouse and children.

ADDITIONAL COMPLIANCE INFORMATION

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting Party	Year 2008 Actual RM'000	Interested Related Party
PURCHASE OF RAW SUGAR			
<ul style="list-style-type: none"> Malayan Sugar Manufacturing Company Berhad ("MSM") 	<ul style="list-style-type: none"> Kerry Foodstuffs Co. Limited ("KFCL") 	404,827	Kerry Group Limited ("KGL") & Kerry Holdings Limited ("KHL")*
SALE OF REFINED SUGAR			
<ul style="list-style-type: none"> MSM 	<ul style="list-style-type: none"> Hoe Sen (Mersing) Sdn Bhd 	14,787	KB
<ul style="list-style-type: none"> MSM 	<ul style="list-style-type: none"> Eagle Trading Limited 	12,788	KGL & KHL*
SALE OF REFINED SUGAR AND MOLASSES			
<ul style="list-style-type: none"> MSM 	<ul style="list-style-type: none"> Min Tien & Co. Sdn Bhd 	44,357	KB
SALE AND PURCHASE OF CHEMICALS			
<ul style="list-style-type: none"> Chemquest Sdn Bhd and its subsidiaries 	<ul style="list-style-type: none"> Malayan Adhesives & Chemicals Sdn Bhd 	51,789	KB
PURCHASE OF CORN / SOYA BEAN MEAL / WHEAT			
<ul style="list-style-type: none"> FFM Berhad ("FFM") and its subsidiaries ("FFM Group") 	<ul style="list-style-type: none"> Ban Seng Guan Sdn Bhd 	Nil	AGS
<ul style="list-style-type: none"> FFM Group 	<ul style="list-style-type: none"> Hoe Seng Chan Sdn Bhd ("HSC") 	131,744	AGS
SALE OF FEED FLOUR			
<ul style="list-style-type: none"> FFM 	<ul style="list-style-type: none"> HSC 	Nil	AGS
PROVISION OF ENGINEERING SERVICES			
<ul style="list-style-type: none"> Minsec Engineering Services Sdn Bhd 	<ul style="list-style-type: none"> PT Pemukasakti Manisindah 	71,046	KGL & KHL*

* KGL and KHL are deemed persons connected to KB.

A woman with dark hair tied back, wearing a bright pink t-shirt, sits on a green lawn. She is holding an open book with a large illustration of Mickey Mouse. Three children are gathered around her, looking at the book. One child is a girl in an orange and blue dress, another is a boy in a white shirt and dark pants, and the third is a boy in a light blue shirt and shorts. The scene is outdoors on a sunny day with green grass and some yellow wildflowers.

“By creating value for our customers, we create value for our shareholders”



the BUSINESS

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The Group's sugar refining operations are undertaken by PPB's 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, Province Wellesley started operations in 1964 and is the region's largest sugar refinery with a melting capacity of 2,500 mt of raw sugar per day. The refinery produces various types of sugar for industrial users and household consumers. Its customers consist of major food and beverage industries, confectionaries, hotels, restaurants, food outlets and household consumers.

In 2008, both MSM and KGFP produced more than 750,000 mt of refined sugar and supplied about 60% of the domestic sugar requirements.





REVIEW OF OPERATIONS

The sugar operations continued to show positive performance due to lower raw sugar prices during the year under review.

MSM's domestic sales volume grew by 6.1% whilst exports decreased substantially with lower export sales to its regular markets, Indonesia and Singapore.

SUGAR REFINING AND CANE PLANTATION

SALES VOLUME	2008	2007
Domestic (mt)	605,687	571,021
Export (mt)	78,475	207,665
Total (mt)	684,162	778,686
Domestic (%)	88	73
Export (%)	12	27



LOOKING AHEAD

MSM has been actively upgrading its factory operations and refined sugar storage to maximize efficiency. Budgeted at more than RM100.0 million, this upgrading exercise includes the expansion of its melting capacity by 2009 which will increase sugar production capacity to 1,000,000 mt per annum.

Based on current market conditions and with further cost cutting measures in place, the sugar refining operations are expected to perform satisfactorily.



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 the largest flour miller in Malaysia supplying more than 40% of the country's wheat flour requirements. In Malaysia, FFM's milling complexes are strategically located in Pasir Gudang, Johor; Pulau Indah, Selangor; Prai, Penang; and Kuching, Sarawak with a total wheat milling capacity of 2,330 mt per day. Overseas, FFM Group operates a 400-mt per day flour mill each in Vietnam and Thailand. The mill in Vietnam is undertaken by Vietnam Flour Mills Limited, a wholly-owned subsidiary of FFM, whilst Kerry Flour Mills Ltd, a 43.35% associate of FFM, operates the flour mill in Thailand.

GRAINS TRADING, FLOUR AND FEED MILLING

REVIEW OF OPERATIONS

It was an encouraging year for the Group's grains trading, flour and feed milling division as revenue grew 36.9% to RM1.427 billion (2007 : RM1.043 billion) due to improved selling prices of specialty flour and animal feed. Operating profit rose 32.8% to RM167.5 million (2007 : RM126.1 million).

FFM's new flour mill in Prai, Penang with a wheat milling capacity of 360 mt per day was completed in December 2008. The new mill will enable FFM to serve its customers in the northern region of Peninsular Malaysia more efficiently.

A grain processing plant set up in Pulau Indah to process dahl and grade soybeans was commissioned in February 2008.

LOOKING AHEAD

PT Pundi Kencana, a 51%-subsidiary of FFM, is scheduled to commission its 1,000-mt per day wheat flour mill in Cilegon, Jawa, Indonesia by June 2009. This investment will allow FFM to expand into the Indonesian market.

FFM's wholly-owned subsidiary, Johor Bahru Flour Mill Sdn Bhd, is expected to complete the construction of its 220-mt per day flour mill in Kota Kinabalu by the 2nd quarter of 2010.

The global recession and repatriation of foreign workers are likely to affect the consumption of flour and poultry products. In addition, uncertain commodity prices and freight rates as well as the weak economic environment are challenges to be faced. Nevertheless, FFM is cautiously optimistic that it should be able to maintain domestic market share and looks forward to growth overseas with the commissioning of its new flour mill in Indonesia.



The Group ventured into animal feed milling to utilize the by-products from flour milling. Today, FFM Group has become one of the biggest feed millers in Malaysia with five feed mills in Peninsular and East Malaysia with a total milling capacity of 135 mt per hour.



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 161 screens at 23 locations in major cities nationwide including the 18-screen multiplex in Mid Valley Megamall, Kuala Lumpur which is the largest in South East Asia.

Its “GSC Signature” at The Gardens, Mid Valley is Malaysia’s first and only boutique cinema which offers two Gold Class and five Premiere Class halls together with three food and beverage outlets to cater to the discerning taste of today’s movie-goers.

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





FILM EXHIBITION AND DISTRIBUTION

REVIEW OF OPERATIONS

The film exhibition and distribution division achieved another record year with operating profit of RM24.4 million (2007: RM22.6 million) up 8% from the previous year, on the back of higher revenue of RM177.5 million (2007: RM150.3 million). Cinema admissions increased to 18.4 million from 15.7 million in 2007. The better performance was due to the opening of three multiplexes in Alamanda, Putrajaya; One Borneo, Kota Kinabalu and Dataran Pahlawan, Malacca and a line-up of strong commercial films such as “CJ 7”, “Quantum of Solace”, “The Mummy: Tomb of the Dragon Emperor”, “Iron Man”, “The Dark Knight” and “Kung Fu Panda”.

In its continuing efforts to provide movie-goers with convenient and easy purchase of tickets, GSC has made available e-payment ticketing at 11 of its cinemas (2007: 8 cinemas).



LOOKING AHEAD

For 2009, GSC will be opening 2 new multiplexes, a 8-screen multiplex at Tropicana City Mall, Petaling Jaya and a 9-screen multiplex at East Coast Mall, Kuantan. Additional screens will be added to GSC Alamanda, Putrajaya and GSC IOI Mall, Puchong Jaya making them 8-screen and 9-screen cinemas respectively. These expansion plans will further reinforce GSC’s long-term commitment to the film industry in Malaysia.





ENVIRONMENTAL ENGINEERING, WASTE MANAGEMENT AND UTILITIES

REVIEW OF OPERATIONS

The Group's environmental engineering and waste management division posted a higher operating profit of RM4.6 million (2007 : RM3.9 million) against revenue of RM185.8 million (2007 : RM95.3 million).

For the year under review, CWM successfully completed and commissioned the Hulu Terengganu Water Supply Stage 2; sludge treatment and anaerobic digestion for the Jelutong Sewage Treatment Plant; and the warehouse expansion for Malayan Adhesives and Chemicals Sdn Bhd with a total contract value of RM120.0 million.

LOOKING AHEAD

For 2009, the Chemquest Group will continue to pursue projects in the water, sewage and flood mitigation sectors.

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



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 overseas projects.

CWM provides innovative services, advanced technologies and professional management to the water, sewage and solid waste industries. Its track record comprises more than 80 water, sewage and industrial wastewater projects with a combined contract value in excess of RM1.0 billion and a well-established solid waste collection and disposal business with an annual turnover of RM30.0 million.

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 city of Inner Mongolia.

PPB Group's chemicals manufacturing operations are housed under Malayan Adhesives and Chemicals Sdn Bhd (MAC) whilst the chemical trading activities are under Chemquest Sdn Bhd (Chemquest).

MAC is a long-established manufacturer of adhesive resins for the wood-based industries. To streamline the manufacturing operations, MAC took over the phenolic microspheres manufacturing operations from its holding company, Asia Pacific Microspheres Sdn Bhd, in May 2008. Phenolic microspheres are used mainly in the marine, automobile, aerospace and adhesive industries. MAC exports all its phenolic microspheres production to North America, Europe and the Asia Pacific region.





Chemicals trading activities under Chemquest include distribution of industrial chemicals, petroleum solvents, refrigerated gases and filter aids.

CHEMICALS TRADING AND MANUFACTURING

REVIEW OF OPERATIONS

The chemicals manufacturing division registered operating profits of RM3.6 million (2007: RM5.2 million) against higher revenue of RM145.9 million (2007 : RM123.4 million)

To increase warehousing capacity, MAC completed the construction of a new warehouse costing RM3.5 million in 2008. A sum of RM1.6 million was spent during the year to improve the plant operations and purchase a chemical analyser.

LOOKING AHEAD

The outlook for the manufacturing sector in 2009 is projected to be weak and as such no major expansion is planned for the immediate future. All new capital expenditure will be geared towards improving MAC's plant efficiency and productivity.



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, an 8-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

The property division reported marginally reduced operating profits of RM20.5 million (2007: RM23.2 million) due to lower revenue from sales. Despite the drop in revenue from sales of properties, Cheras LeisureMall continued to yield higher rental income whilst the newly-opened New World Park in Penang which operated the full year contributed higher profits.

The Taman Tanah Aman project at Bukit Tengah, Seberang Prai commenced construction of 24 units of double-storey semi-detached houses on a “build and sell” basis. The project also includes 48 units of bungalows and 12 units of two-storey shoplots which will be built over several phases.

LOOKING AHEAD

The property market remains uncertain in the current global financial crisis. PPBH will closely monitor the situation, review and strategise to ensure business growth and profitability.



REVIEW OF OPERATIONS

The livestock farming operations incurred a loss of RM5.7 million in 2008 (2007: operating profit of RM7.2 million) against a 6.4% increase in revenue to RM87.5 million (2007: RM82.2 million). The business was impacted by high feed cost arising from the hike in global grain prices over most of 2008.

Production of table eggs increased marginally by 2% whilst chick production decreased by 2.4% compared to 2007.

LOOKING AHEAD

The current global financial and economic uncertainties may see decreasing poultry consumption with tighter spending, increasing unemployment and repatriation of migrant workers. However, lower production cost can be achieved if global grain and fuel prices remain low and this will augur well for the business if selling prices for chicks and eggs are favourable.

The livestock farming operations will explore opportunities in downstream activities which will further complement the Group's halal-meat processing operations at Pulau Indah, Selangor. FFM Farms plans to upgrade its hatcheries to improve the day-old chicks yield and quality.





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, 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 farm and sold under the "Organic" brandname.





**“Timely
decisions
have resulted
in higher
profits”**



the FINANCIALS

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FINANCIAL REVIEW OF PPB GROUP

REVIEW OF FINANCIAL RESULTS

PPB Group revenue for continuing operations grew 16% in 2008 to RM3.46 billion from RM2.99 billion due to higher selling prices of specialty flour and animal feed.

The Group profit before tax for continuing operations increased to RM1.4 billion, up 148% from RM563.9 million. Wilmar, an 18.36% associated company of the Group contributed a higher profit of RM895.0 million for the year.

At the operating level, all segments recorded higher profits except for the livestock farming division which reported losses due to higher cost of production, whilst the chemicals trading and manufacturing division reported lower profit due to the write-down of inventories to net realisable value.

Profit for continuing operations attributable to shareholders stood at RM1.29 billion, up 159% from RM497.3 million whilst earnings per share for continuing operations rose to 108.5 sen from 42.0 sen.

CASH FLOWS

Net cash generated from operating activities increased by 35% from RM179.5 million in 2007 to RM242.2 million in 2008 mainly due to lower amortisation and depreciation charges as well as reduced provision for bad and doubtful debts. Net cash generated from investing activities was RM31.2 million. The cash generated from investing activities were mainly from dividends received from associated companies and other investments totaling RM229.5 million from which RM220.6 million was used to purchase property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets. Net cash used in financing activities was RM485.7 million mainly for the payment of PPB's special dividend of 62 sen per share less 26% income tax to its shareholders during the year.

DIVIDENDS

The Directors have recommended the payment of a final single tier dividend of 18 sen per share, amounting to RM213.4 million. Together with the special dividend of 62 sen per share less 26% income tax and the interim single tier dividend paid of 5 sen per share, PPB's total dividend payment for the financial year 2008 would be 85 sen. Total net dividend would amount to RM816.6 million, an increase of 211% from RM262.6 million paid for the financial year 2007. The net dividend amount represents a payout ratio of 116% of the Company's earnings in 2008.

FINANCIAL REVIEW OF PPB GROUP

REVIEW OF FINANCIAL SITUATION AND DEBT

As at 31 December 2008, the Group's borrowings were higher at RM381.3 million compared with RM57.0 million in 2007, out of which 62% amounting to RM236.0 million were bills payable and trade facilities and the balance of 38% amounting to RM145.3 million were made up of :-

- a. Current portion of long term loans, revolving credits, overdraft and hire purchase liabilities totaling RM79.3 million which were repayable within 12 months; and
- b. long term bank loans and hire purchase liabilities totaling RM66.0 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 3.45% to 8.46% during the year. The Group's exposure to foreign currency borrowings was RM68.8 million of which about 75% was USD denominated.

GROUP CAPITAL EXPENDITURE IN 2008

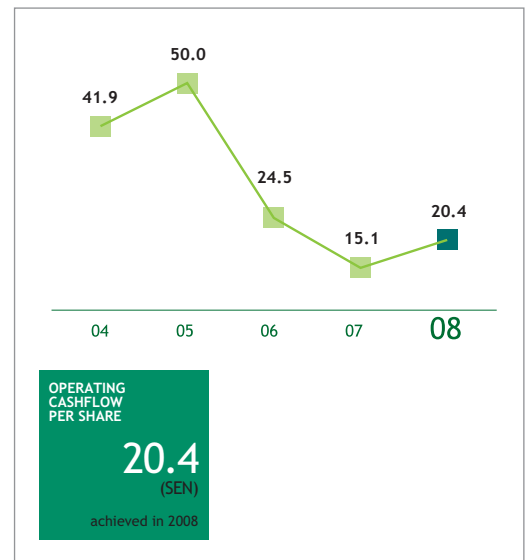
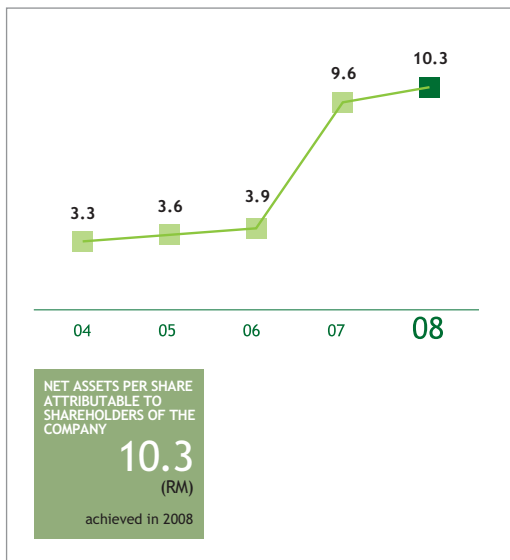
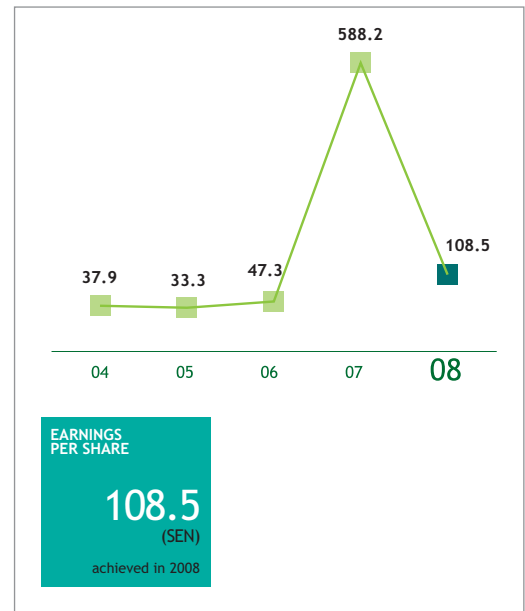
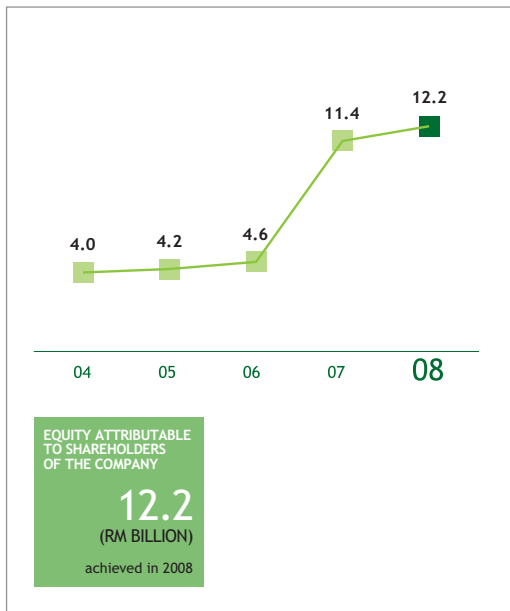
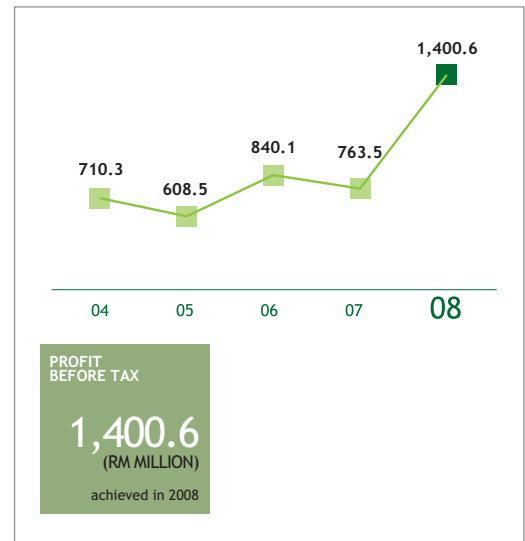
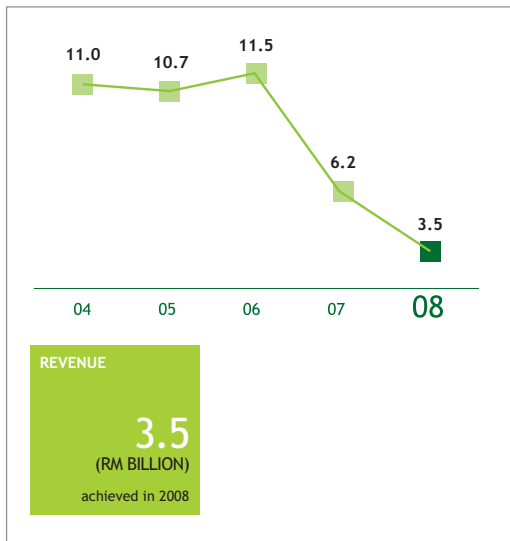
Total capital expenditure incurred during the year amounted to RM233.0 million and the major items were as follows:-

- FFM Group incurred RM82.7 million on a wheat flour mill and land at Cilegon, Indonesia; RM19.7 million and RM15.2 million on flour mills in Prai and Kota Kinabalu respectively; RM2.4 million on a new warehouse in Prai and RM1.6 million on a grain processing plant in Pulau Indah.
- MSM Group spent RM43.8 million to increase its sugar refinery melting capacity, upgrade and enhance its factory productions, storage space and packing facilities in Prai, Penang and Sungai Buloh warehouse.
- PPB Leisure Group spent RM10.7 million and RM8.4 million on the outfitting of new cineplexes at Dataran Pahlawan, Melaka and 1 Borneo, Kota Kinabalu respectively and RM4.4 million on upgrading of existing cinemas and purchase of computer software.
- Chemquest Group spent RM4.7 million for the purchase of machinery, motor vehicles, waste equipment, office furniture and fittings and RM1.7 million on a warehouse in Shah Alam.

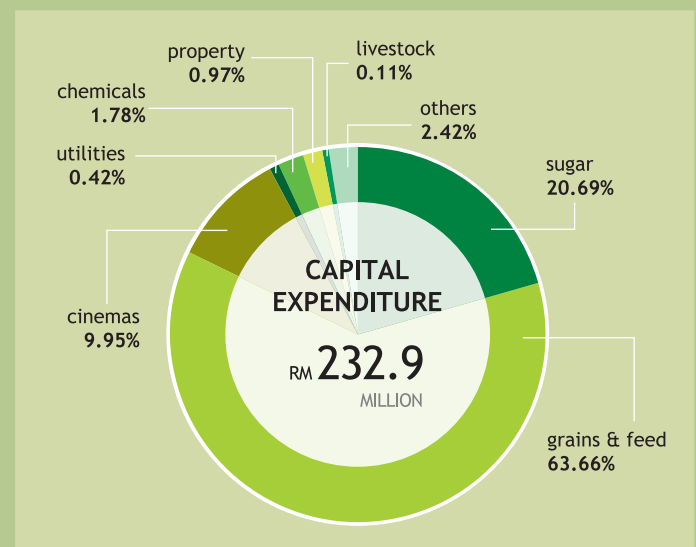
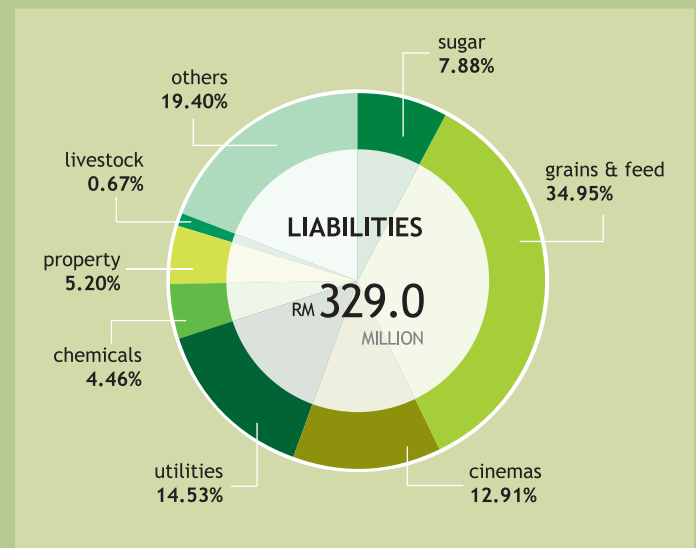
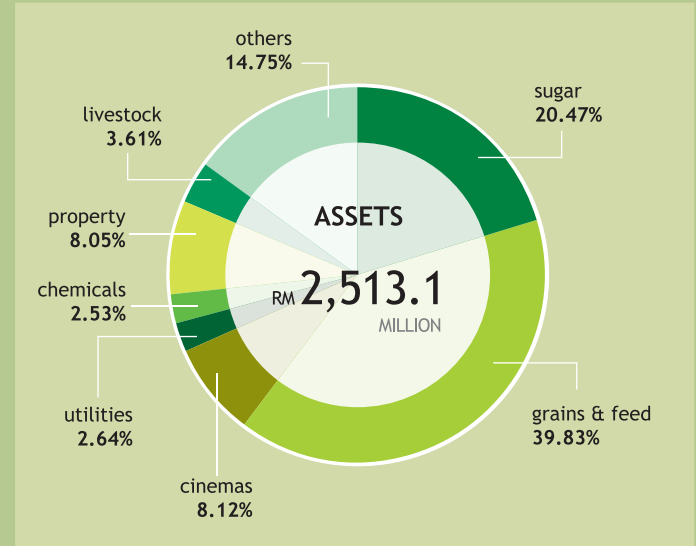
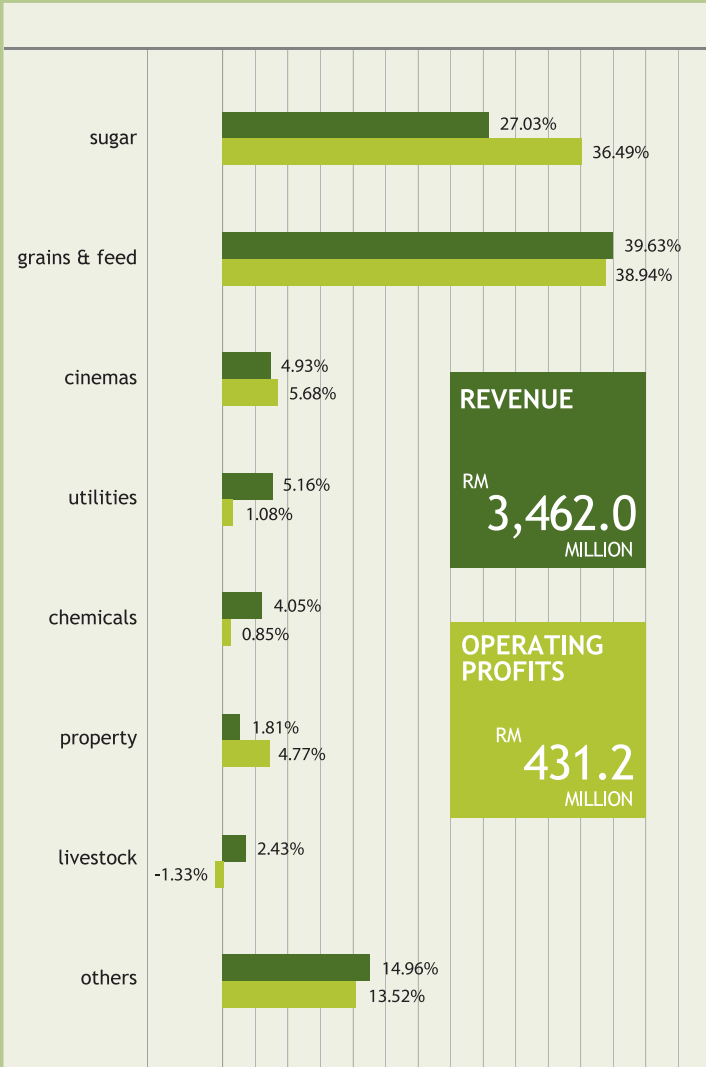
5-YEAR GROUP FINANCIAL STATISTICS

YEAR ENDED 31 DECEMBER		2004	2005	2006	2007	2008
Revenue	<i>RM Million</i>	10,999.682	10,687.950	11,519.767	6,154.430	3,462.024
Profit from operations	<i>RM Million</i>	601.970	516.778	583.660	407.440	411.493
Net profit from investing activities	<i>RM Million</i>	81.119	59.681	149.334	61.958	58.174
Share of net profits less losses of associates	<i>RM Million</i>	42.315	47.069	139.476	307.760	937.942
Profit before tax	<i>RM Million</i>	710.277	608.501	840.065	763.477	1,400.642
Profit for the year	<i>RM Million</i>	549.716	468.235	694.250	7,002.512	1,293.424
Net dividend for the year	<i>RM Million</i>	140.482	170.712	172.490	262.588	816.572
Issued share capital	<i>RM Million</i>	592.750	1,185.500	1,185.500	1,185.500	1,185.500
Equity attributable to shareholders of the Company	<i>RM Million</i>	3,960.088	4,215.153	4,644.684	11,429.765	12,232.791
Total equity and liabilities	<i>RM Million</i>	6,133.912	6,369.313	7,288.922	11,984.045	13,216.245
Earnings per share	<i>Sen</i>	37.90	33.28	47.29	588.19	108.52
KLSE QUOTES						
High	<i>RM</i>	4.03	4.50	5.45	11.10	12.20
Low	<i>RM</i>	3.05	3.30	3.86	5.20	6.85
Close	<i>RM</i>	3.40	4.16	5.45	11.00	9.30
No. of shareholders		10,547	11,560	12,587	11,327	10,540

5-YEAR GROUP FINANCIAL STATISTICS

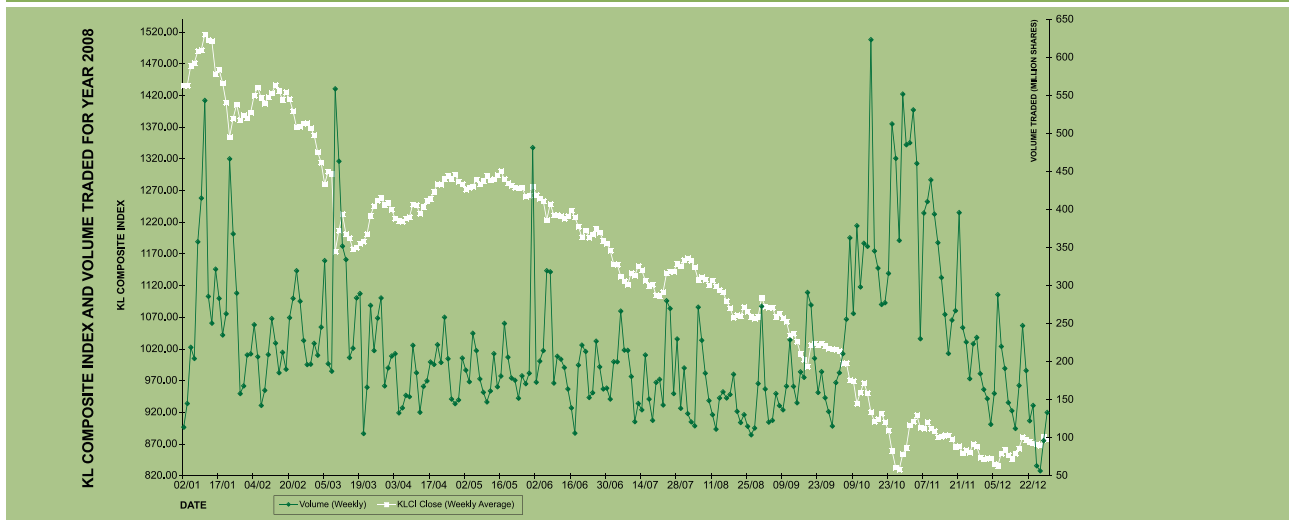
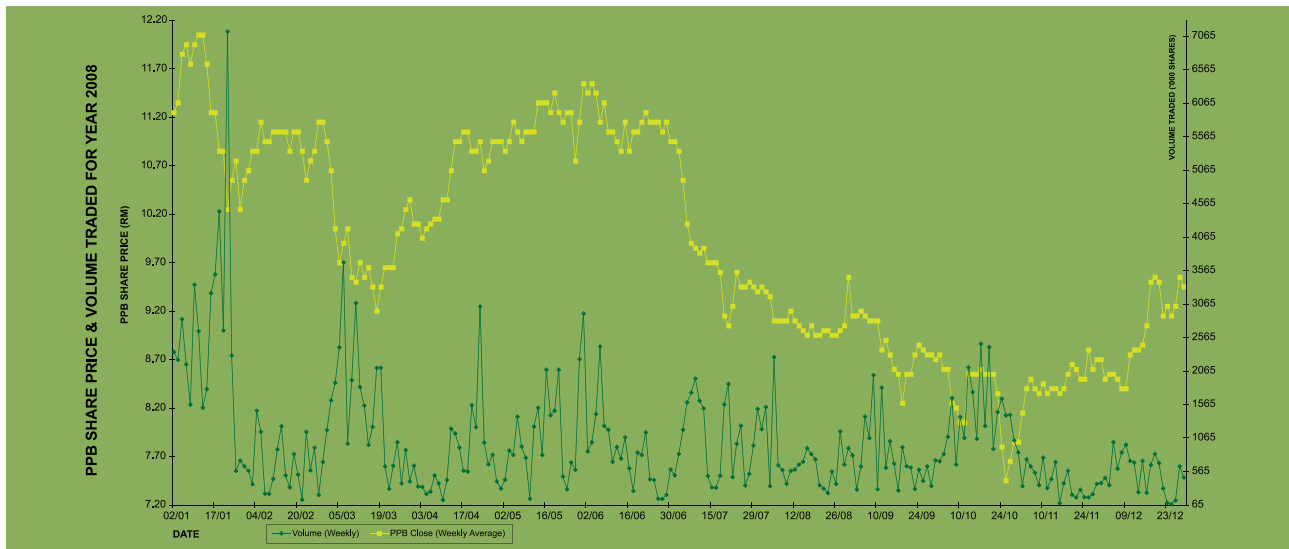


SEGMENTAL ANALYSIS



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

SHARE PERFORMANCE CHART



INFORMATION ON KUALA LUMPUR COMPOSITE INDEX (KLCI) AND PPB'S SHARE PRICE

On the whole, equity prices were volatile due to domestic and external developments during the year. The Kuala Lumpur Composite Index, KLCI, was subjected to significant volatility because of its large exposure to the resource-based sectors that were affected by the substantial fluctuations in commodity prices. The KLCI volatility was further augmented by outflows of funds driven by the worsening of sentiments in the financial markets and deleveraging activities by foreign investors. Widespread expectations of deteriorating earnings also influenced domestic sentiments and further amplified market volatility.

In the first half-year, uncertainties with regard to the US financial turmoil and the outcome of the general election in March led to weak market sentiments.

Despite these uncertainties, the index remained buoyant, supported by gains in plantation-related stocks that benefited from rising commodity prices. In the second half of the year, however, a further deterioration in global and domestic sentiments exerted downward pressure on equity prices. The high cost of raw materials and increases in utilities charges, amid slower economic growth prospects, adversely impacted firms' earnings, and consequently, companies valuations. Towards year-end, falling commodity prices, extreme risk aversion and deleveraging activities brought share prices further down. For the year as a whole, the KLCI fell by 39.3% to 876.8. The decline in the KLCI was broadly similar to that experienced in other regional markets.

[Source: Bank Negara Malaysia, Annual Report 2008]

Reflecting the lower KLCI index, PPB share price closed 15.5% lower at RM9.30 as compared with the closing price of RM11.00 in 2007 and accordingly, market capitalization of PPB shares fell to RM11.03 billion from RM13.04 billion.

PPB Share Price Closing	2008 RM	2007 RM	Change %
Year High	11.90	11.00	8.18
Year Low	7.30	5.25	39.05
Year Close	9.30	11.00	(15.45)
Market Capitalisation	RM11.03 billion	RM13.04 billion	(15.45)

DIRECTORS' RESPONSIBILITY STATEMENT

In preparing the annual financial statements of the Group and 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 the Company at the end of the financial year and the results and cash flows of the Group and the Company for the financial year in accordance with applicable Financial Reporting Standards in Malaysia, the provisions of the Companies Act 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 31 December 2008 set out on pages 73 to 181 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are fair and reasonable.

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 2 April 2009.

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 2008.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit attributable to shareholders of the Company	1,286,509	703,964
Retained earnings brought forward	10,117,844	4,536,802
Effect of changes in group structure	13,275	-
Transfer of reserves	<u>(42,049)</u>	<u>-</u>
Profit available for appropriation	11,375,579	5,240,766
Dividends	<u>(822,500)</u>	<u>(822,500)</u>
Retained earnings carried forward	<u>10,553,079</u>	<u>4,418,266</u>

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 2007, as disclosed in the Directors' report of that year:	
Final dividend of 25 sen per share less 26% income tax paid on 6 June 2008	219,318
In respect of the financial year ended 31 December 2008:	
Special dividend of 62 sen per share less 26% income tax paid on 12 May 2008	543,907
Interim single tier dividend of 5 sen per share paid on 29 September 2008	<u>59,275</u>
	<u>822,500</u>

DIRECTORS' REPORT

DIVIDENDS (continued)

The Directors have recommended the payment of a final single tier dividend of 18 sen per share in respect of the financial year ended 31 December 2008.

Together with the special dividend and interim single tier dividend already paid, the total dividend paid and payable for the financial year ended 31 December 2008 would be 85 sen per share.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the statement of changes in equity on pages 76 to 79.

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>
Dato Sri Liang Kim Bang	
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	
Datuk Rajasingam a/l Mayilvaganam	
Cheang Kwan Chow	<i>(Appointed on 29.5.2008)</i>
Lim Soon Huat	<i>(Appointed on 29.5.2008)</i>
Tan Yew Jin	<i>(Retired on 16.5.2008)</i>
Datuk Harun bin Din	<i>(Retired on 16.5.2008)</i>
Ang Guan Seng	<i>(Passed away on 19.10.2008)</i>

In accordance with Article 107 of the Company's Articles of Association, Datuk Rajasingam a/l Mayilvaganam retires by rotation at the forthcoming Annual General Meeting ("AGM") and has decided not to seek re-election.

DIRECTORS' REPORT

DIRECTORS (continued)

Datuk Oh Siew Nam, Dato Sri Liang Kim Bang and YM Raja Dato' Seri Abdul Aziz bin Raja Salim, being over seventy years of age, retire in accordance with Section 129 of the Companies Act 1965 at the forthcoming AGM and offer themselves for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the next AGM.

Messrs Cheang Kwan Chow and Lim Soon Huat who were appointed Directors during the year retire at the AGM in accordance with Article 88 of the Company's Articles of Association and being eligible, offer themselves for election as Directors.

DIRECTORS' INTERESTS IN SHARES

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

Interest in the Company

Name of Director	<i>No. of ordinary shares of RM1 each registered in the name of Directors</i>			As at 31.12.08
	As at 1.1.08	Bought	Sold	
Datuk Oh Siew Nam	120,666	-	-	120,666
Dato' Lim Chee Wah	100,000	-	-	100,000
Tan Gee Sooi	-	100	-	100

Name of Director	<i>No. of ordinary shares of RM1 each in which Directors are deemed to have interest</i>			As at 31.12.08
	As at 1.1.08	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	6,000	-	585,236
Datuk Rajasingam a/l Mayilvaganam	20,000	-	-	20,000

Interest in subsidiary - Tego Sdn Bhd

Name of Director	<i>No. of ordinary shares of RM1 each registered in the name of Director</i>			As at 31.12.08
	As at 1.1.08	Bought	Sold	
Tan Gee Sooi	37,500	-	-	37,500

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (continued)

Name of Director	<i>No. of ordinary shares of RM1 each in which Director is deemed to have interest</i>			
	As at	Bought	Sold	As at
	1.1.08			31.12.08
Datuk Oh Siew Nam	18,000	-	-	18,000

Interest in holding company - Kuok Brothers Sdn Berhad

Name of Director	<i>No. of ordinary shares of RM1 each registered in the name of Directors</i>			
	As at	Bought	Sold	As at
	1.1.08/ date of appointment			31.12.08
Tan Gee Sooi	1,240,000	-	-	1,240,000
Cheang Kwan Chow	50,000	-	-	50,000

Name of Director	<i>No. of ordinary shares of RM1 each in which Directors are deemed to have interest</i>			
	As at	Bought	Sold	As at
	1.1.08			31.12.08
Datuk Oh Siew Nam	4,966,667	-	-	4,966,667
Dato' Lim Chee Wah	4,634,000	-	-	4,634,000
Tan Gee Sooi	163,333	-	-	163,333

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

Name of Director	<i>No. of ordinary shares of RM1 each in which Directors are deemed to have interest</i>			
	As at	Bought	Sold	As at
	1.1.08			31.12.08
Datuk Oh Siew Nam	100,000	-	-	100,000
Dato' Lim Chee Wah	100,000	-	-	100,000

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

DIRECTORS' REPORT**DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS (continued)**

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

INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the Group's and the Company's Income 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 would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

DIRECTORS' REPORT

INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, Moores Rowland, Chartered Accountants, retire at the forthcoming AGM and do not seek re-appointment. The Directors have received a nomination to appoint Mazars, Chartered Accountants, as auditors for the ensuing year. Mazars have expressed their willingness to accept the nomination as auditors and a motion to approve their appointment will be tabled at the forthcoming AGM.

On behalf of the Board

DATUK OH SIEW NAM
Chairman

DATO' LIM CHEE WAH
Deputy Chairman

Kuala Lumpur
2 April 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM'000	2007 RM'000
Continuing operations			
Revenue	4	3,462,024	2,989,442
Cost of sales	5	(2,820,214)	(2,454,072)
Gross profit		641,810	535,370
Other operating income		28,543	22,446
Distribution costs		(108,881)	(107,955)
Administrative and general expenses		(127,553)	(135,287)
Other operating expenses		(22,426)	(37,096)
Profit from operations	6	411,493	277,478
Net profit from investing activities	7	58,174	61,354
Share of net profits less losses of associates		937,942	229,235
Share of net profits less losses of jointly controlled entity		1,575	312
Finance costs	8	(8,542)	(4,443)
Profit before tax		1,400,642	563,936
Income tax expense	9	(107,218)	(75,611)
Profit for the year from continuing operations		1,293,424	488,325
Discontinued operations			
Profit for the year from discontinued operations, net of tax	10	-	6,514,187
Profit for the year		1,293,424	7,002,512
Attributable to:			
Shareholders of the Company		1,286,509	6,972,965
Minority interests		6,915	29,547
		1,293,424	7,002,512
Basic earnings per share attributable to shareholders of the Company (sen)			
- Profit from continuing operations	11	108.5	42.0
- Profit from discontinued operations	11	-	546.2
		108.5	588.2
Dividend per share (net of tax) (sen)			
- Interim		5.0	3.6
- Special		45.9	-
- Final		18.0	18.5
		68.9	22.1

Notes to and forming part of the financial statements are set out on pages 87 to 181.

Auditors' Report - Pages 184 and 185.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	<i>Note</i>	2008 RM'000	2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	957,970	810,852
Investment properties	13	168,436	163,835
Biological assets	14	2,943	2,681
Land held for property development	15	6,459	3,693
Prepaid lease payments	16	132,292	131,635
Goodwill	17	73,086	73,033
Other intangible assets	18	2,519	2,977
Investments in associates	20	9,699,666	8,587,695
Investment in jointly controlled entity	21	45,849	39,403
Other investments	22	398,111	419,699
Deferred tax assets	23	3,315	1,431
Total non-current assets		11,490,646	10,236,934
Current assets			
Inventories	25	706,444	489,902
Biological assets	14	27,404	21,339
Other intangible assets	18	7,977	9,476
Property development costs	26	38,297	28,684
Gross amount due from customers	27	19,129	27,059
Trade receivables	28	339,479	358,933
Accrued billings	29	-	111
Other receivables, deposits and prepayments	30	34,590	48,708
Amounts due from associates	31	34,794	39,463
Current tax assets		17,290	13,299
Deposits	32	411,628	634,320
Cash and bank balances	33	79,558	66,338
		1,716,590	1,737,632
Non-current assets classified as held for sale	34	9,009	9,479
Total current assets		1,725,599	1,747,111
TOTAL ASSETS		13,216,245	11,984,045

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	<i>Note</i>	2008 RM'000	2007 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	487,497	119,706
Retained earnings		10,553,079	10,117,844
Equity attributable to shareholders of the Company		12,232,791	11,429,765
Minority interests		160,088	137,288
Total equity		12,392,879	11,567,053
Non-current liabilities			
Long term bank borrowings	37	65,865	20,189
Hire purchase liabilities	38	130	315
Deferred tax liabilities	39	74,312	68,823
Total non-current liabilities		140,307	89,327
Current liabilities			
Gross amount due to customers	27	29,159	12,161
Trade payables	40	201,423	147,845
Progress billings	29	2	-
Other payables and accruals	41	105,502	113,229
Amounts due to associates	31	185	305
Amounts due to jointly controlled entity	21	12,176	6,678
Hire purchase liabilities	38	189	198
Short term borrowings	42	313,007	35,061
Bank overdrafts	43	2,094	1,212
Current tax liabilities		19,322	10,976
Total current liabilities		683,059	327,665
Total liabilities		823,366	416,992
TOTAL EQUITY AND LIABILITIES		13,216,245	11,984,045

Notes to and forming part of the financial statements are set out on pages 87 to 181.

Auditors' Report - Pages 184 and 185.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	<-----Attributable to shareholders of the Company ---			<-----Non-distributable--
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000
<i>Note</i>				
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	-	-	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 associates	-	-	675	55,292
Realisation upon disposal of subsidiaries	-	-	-	14,273
Realisation upon disposal of an associate	-	-	-	(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 subsidiaries	-	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-
Acquisition of shares in new subsidiaries	-	-	-	-
Issue of shares to minority shareholders	-	-	-	-
Disposal of shares in subsidiaries	-	-	-	-
Capital reduction by subsidiaries	-	-	-	-
At 31 December 2007	<u>1,185,500</u>	<u>6,715</u>	<u>55,492</u>	<u>(174,846)</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

Capital Reserve RM'000	Retained Earnings 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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	<-----Attributable to shareholders of the Company --->			
		Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000
At 1 January 2008		1,185,500	6,715	55,492	(174,846)
Effect of changes in group structure	44	-	-	-	(454)
Translation differences for the year		-	-	-	289,827
Fair value adjustments arising from acquisition of additional shares in an existing subsidiary		-	-	5,791	-
Share of reserves of associates		-	-	-	58,104
Realisation upon liquidation of a subsidiary		-	-	-	-
Net income/(expense) recognised directly in equity		-	-	5,791	347,477
Profit for the year		-	-	-	-
Total recognised income/(expense) for the year		-	-	5,791	347,477
Transfer of reserves		-	-	(608)	-
Dividends paid to shareholders of the Company	45	-	-	-	-
Dividends paid to minority shareholders of subsidiaries		-	-	-	-
Acquisition of additional shares in an existing subsidiary		-	-	-	-
Issue of shares to minority shareholders		-	-	-	-
At 31 December 2008		1,185,500	6,715	60,675	172,631

Notes to and forming part of the financial statements are set out on pages 87 to 181.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
239,060	10,117,844	11,429,765	137,288	11,567,053
(238)	13,275	12,583	-	12,583
-	-	289,827	2,059	291,886
-	-	5,791	68	5,859
(27,288)	-	30,816	-	30,816
-	-	-	22	22
(27,526)	13,275	339,017	2,149	341,166
-	1,286,509	1,286,509	6,915	1,293,424
(27,526)	1,299,784	1,625,526	9,064	1,634,590
42,657	(42,049)	-	-	-
-	(822,500)	(822,500)	-	(822,500)
-	-	-	(1,591)	(1,591)
-	-	-	(59)	(59)
-	-	-	15,386	15,386
254,191	10,553,079	12,232,791	160,088	12,392,879

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
Continuing operations	1,400,642	563,936
Discontinued operations	-	6,545,591
	<u>1,400,642</u>	<u>7,109,527</u>
Adjustments for non-cash items:		
Amortisation and depreciation	79,522	124,716
Bad and doubtful debts	8,915	55,677
Property, plant and equipment and investment properties written off	1,641	3,587
Impairment of property, plant and equipment and investment properties	-	8,109
Impairment of investment in an associate	4,436	-
Profit on disposal of property, plant and equipment, investment properties and prepaid lease payments	(7,013)	(571)
Profit on disposal of subsidiaries	-	(4,539,030)
Profit on disposal of an associate	(372)	(1,817,960)
Deficit arising from liquidation of subsidiaries	30	57
Loss/(profit) on disposal of other investments	82	(21,020)
Capital distribution from an investee company	-	(20)
Diminution/(write back) in value of other investments	21,733	(258)
Share of net profits less losses of associates	(937,942)	(307,760)
Share of net profits less losses of jointly controlled entity	(1,575)	(312)
Inventories written off	591	528
Inventories written down	44,741	-
Unrealised foreign exchange loss/(gain)	7,989	(3,187)
Discount on acquisition written off	(1)	-
Surplus from redemption of an associate's preference shares	-	(2,884)
Interest expense	8,542	13,993
Dividend income	(65,002)	(53,332)
Interest income	(16,292)	(26,859)
Rental income	(3,993)	(3,098)
Operating profit before working capital changes	<u>546,674</u>	<u>539,903</u>
Adjustments for working capital changes:		
Land and development expenditure	(12,379)	20,674
Inventories, biological assets and other intangible assets	(271,492)	(188,769)
Gross amounts due from/to customers	24,928	(16,585)
Receivables	12,867	(141,499)
Payables	40,438	67,333
Cash generated from operations	<u>341,036</u>	<u>281,057</u>
Tax paid	(98,876)	(101,561)
Net cash generated from operating activities	<u>242,160</u>	<u>179,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of shares in new subsidiaries	46(a) -	9,506
Acquisition of additional equity interest in an existing subsidiary	46(b) (119)	(101,595)
Acquisition of additional equity interest in an existing associate	(87)	-
Proceeds from disposal of subsidiaries	47 -	21,120

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
Note	RM'000	RM'000
Surplus from liquidation of subsidiaries	-	697
Investments in associates	(13,912)	(73,817)
Proceeds from disposal of an associate	372	-
Repayment from/(advances to) associates	232	(345)
Purchase of other investments	(61)	(39,291)
Proceeds from disposal of other investments	1,042	32,309
Purchase of property, plant and equipment, investment properties, biological assets, prepaid lease payments and other intangible assets	48 (220,614)	(256,387)
Proceeds from disposal of property, plant and equipment, investment properties and prepaid lease payments	15,215	4,486
Placement of deposits	(35)	(7)
Proceeds from redemption of an associate's preference shares	-	33,823
Proceeds from capital repayment of an investee company	20	20
Discontinued operations - net cash disposed	10(d) -	(76,366)
Dividends received from associates	167,438	41,399
Dividends received from other investments	62,104	53,163
Interest received	15,589	25,762
Rental received	3,993	3,098
Net cash generated from/(used in) investing activities	31,177	(322,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued to minority shareholders of subsidiaries	15,386	698
Payment to minority shareholders arising from capital reduction in subsidiaries	-	(53,700)
Revolving credits, bankers' acceptance and short term loans	275,144	330,759
Bank term loans	50,887	28,140
Payment of hire purchase liabilities	(198)	(255)
Advances from/(repayment to) associates	76	(9,535)
Advances from jointly controlled entity	4,899	4,153
Interest paid	(7,793)	(18,801)
Dividends paid to shareholders of the Company	(822,500)	(173,083)
Dividends paid to minority shareholders of subsidiaries	(1,591)	(17,583)
Net cash (used in)/generated from financing activities	(485,690)	90,793
NET DECREASE IN CASH AND CASH EQUIVALENTS	(212,353)	(52,136)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	699,411	750,981
EFFECTS OF EXCHANGE RATE CHANGES	1,964	566
CASH AND CASH EQUIVALENTS CARRIED FORWARD	489,022	699,411
Represented by:		
Cash and bank balances	79,558	66,338
Deposits	411,628	634,320
Bank overdrafts	(2,094)	(1,212)
	489,092	699,446
Deposits pledged with bank	(70)	(35)
	489,022	699,411

Notes to and forming part of the financial statements are set out on pages 87 to 181.
Auditors' Report - Pages 184 and 185.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Note</i>	2008 RM'000	2007 RM'000
Continuing operations			
Revenue	4	18,799	18,800
Cost of sales	5	(22,688)	(21,720)
Gross loss		(3,889)	(2,920)
Other operating income		1,398	1,217
Administrative and general expenses		(18,131)	(19,842)
Loss from operations	6	(20,622)	(21,545)
Net profit from investing activities	7	867,339	562,328
Finance costs	8	(5,773)	(3,739)
Profit before tax		840,944	537,044
Income tax expense	9	(136,980)	(124,904)
Profit for the year from continuing operations		703,964	412,140
Discontinued operations			
Profit for the year from discontinued operations, net of tax	10	-	3,333,542
Profit for the year		703,964	3,745,682
Dividend per share (net of tax) (sen)			
- Interim		5.0	3.6
- Special		45.9	-
- Final		18.0	18.5
		68.9	22.1

Notes to and forming part of the financial statements are set out on pages 87 to 181.

Auditors' Report - Pages 184 and 185.

BALANCE SHEET

AS AT 31 DECEMBER 2008

	<i>Note</i>	2008 RM'000	2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	4,417	5,633
Investment properties	13	2,925	2,953
Prepaid lease payments	16	25,894	26,303
Investments in subsidiaries	19	1,350,350	1,350,350
Investments in associates	20	3,898,904	3,887,366
Other investments	22	253,802	395,313
Amounts due from subsidiaries	24	122,628	163,710
Total non-current assets		5,658,920	5,831,628
Current assets			
Inventories	25	3,211	2,697
Biological assets	14	12,052	9,130
Other receivables, deposits and prepayments	30	1,019	1,842
Amounts due from subsidiaries	24	223	163
Amounts due from associates	31	17,337	22,350
Current tax assets		4,763	8,117
Deposits	32	198,076	17,215
Cash and bank balances	33	3,018	1,405
Total current assets		239,699	62,919
TOTAL ASSETS		5,898,619	5,894,547
EQUITY AND LIABILITIES			
Equity			
Share capital	35	1,185,500	1,185,500
Share premium		6,715	6,715
Retained earnings		4,418,266	4,536,802
Total equity		5,610,481	5,729,017
Non-current liability			
Deferred tax liabilities	39	6,208	4,294
Current liabilities			
Trade payables	40	956	1,004
Other payables and accruals	41	5,902	10,371
Amounts due to subsidiaries	24	275,045	149,828
Amounts due to associates	31	27	33
Total current liabilities		281,930	161,236
Total liabilities		288,138	165,530
TOTAL EQUITY AND LIABILITIES		5,898,619	5,894,547

Notes to and forming part of the financial statements are set out on pages 87 to 181.

Auditors' Report - Pages 184 and 185.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Note</i>	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2007		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
Profit for the year		-	-	703,964	703,964
Dividends	45	-	-	(822,500)	(822,500)
At 31 December 2008		1,185,500	6,715	4,418,266	5,610,481

Notes to and forming part of the financial statements are set out on pages 87 to 181.

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
Continuing operations	840,944	537,044
Discontinued operations	-	3,333,542
	<u>840,944</u>	<u>3,870,586</u>
Adjustments for non-cash items:		
Amortisation and depreciation	1,808	1,702
Property, plant and equipment written off	3	3
Impairment of investment properties	-	270
Profit on disposal of property, plant and equipment	(113)	(1)
Profit on disposal of subsidiaries	-	(3,344,390)
Capital distribution from a subsidiary	-	(4,950)
Impairment of investment in an associate	-	25
Allowance for doubtful debts in an associate	5,911	53,069
Profit on disposal of other investments	-	(19,433)
Diminution in value of other investments	141,510	9,625
Unrealised foreign exchange loss	379	-
Interest expense	5,773	3,739
Dividend income	(1,007,840)	(585,042)
Interest income	(6,300)	(5,852)
Rental income	(620)	(591)
Operating loss before working capital changes	<u>(18,545)</u>	<u>(21,240)</u>
Adjustments for working capital changes:		
Inventories and biological assets	(3,436)	493
Receivables	303	155
Payables	(2,877)	4,040
Cash used in operations	<u>(24,555)</u>	<u>(16,552)</u>
Tax refunded	3,636	4,815
Net cash used in operating activities	<u>(20,919)</u>	<u>(11,737)</u>

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital repayment from a subsidiary		-	57,750
Purchase of property, plant and equipment	48	(1,947)	(218)
Proceeds from disposal of property, plant and equipment		263	1
Proceeds from disposal of a subsidiary		-	21,120
Investment in an associate		(11,538)	(69,438)
Purchase of other investments		-	(28,204)
Proceeds from disposal of other investments		979	24,371
Repayment from/(Advances to) subsidiaries		40,978	(73,519)
Advances to associates		(1,134)	(15)
Dividends received from subsidiaries		765,516	170,175
Dividends received from associates		80,977	4,205
Dividends received from other investments		25,999	2,817
Interest received		6,122	5,462
Rental received		620	591
Net cash generated from investing activities		906,835	115,098
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiaries		124,478	82,008
Repayment to associates		(6)	(2)
Interest paid		(5,373)	(3,513)
Dividends paid		(822,500)	(173,083)
Net cash used in financing activities		(703,401)	(94,590)
NET INCREASE IN CASH AND CASH EQUIVALENTS		182,515	8,771
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		18,620	9,849
EFFECTS OF EXCHANGE RATE CHANGES		(41)	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD		201,094	18,620
Represented by:			
Cash and bank balances		3,018	1,405
Deposits		198,076	17,215
		201,094	18,620

Notes to and forming part of the financial statements are set out on pages 87 to 181.

Auditors' Report - Pages 184 and 185.

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 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 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 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

NOTES TO THE FINANCIAL STATEMENTS

The adoption of the above FRSs did not have 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* has resulted in exchange differences arising from monetary items 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 subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item.

2.3 New FRSs and interpretations that are not yet effective

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

1 July 2009

FRS 8	Operating Segments
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1 January 2010

FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above FRSs and interpretations is not expected to have any significant financial impact on the Group and the Company except for the expanded disclosure requirements in *FRS 8* as discussed below:



NOTES TO THE FINANCIAL STATEMENTS

FRS 8 - Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision-maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments in note 55 below.

2.4 Significant accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the 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 experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

Critical judgement made in applying accounting policies

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

Classification 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

Revenue recognition of property development activities and engineering contracts

The Group recognises property development and engineering contracts revenue and expenses based on the percentage of completion method. The stage of completion of the property development activities and engineering contracts is measured in accordance with the accounting policies set out in items 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 lives of these assets to be between 4 to 50 years for property, plant and equipment and 50 years for investment properties.



NOTES TO THE FINANCIAL STATEMENTS

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2008 were RM957.970 million and RM4.417 million (2007: RM810.852 million and RM5.633 million), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 December 2008 were RM168.436 million and RM2.925 million (2007: RM163.835 million and RM2.953 million), respectively.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges may 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 2008 was RM7.977 million (2007: RM9.476 million).

As changes in market conditions and the Group's marketing plans and directions could impact the future income expected to be derived from each title, future amortisation charges may 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 amounts of the Group's and Company's trade and other receivables as at 31 December 2008 were RM408.863 million and RM141.207 million (2007: RM447.104 million and RM188.065 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Impairment loss and write down of inventories

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

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

The carrying amounts of the Group's and Company's inventories as at 31 December 2008 were RM706.444 million and RM3.211 million (2007: RM489.902 million and RM2.697 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 at least once a year whether goodwill is impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

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

The net carrying amount of the Group's goodwill as at 31 December 2008 was RM73.086 million (2007: RM73.033 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.



NOTES TO THE FINANCIAL STATEMENTS

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 Company's tax assets as at 31 December 2008 were RM20.605 million and RM4.763 million (2007: RM14.730 million and RM8.117 million), respectively.

The carrying amounts of the Group's and Company's tax liabilities as at 31 December 2008 were RM93.634 million and RM6.208 million (2007: RM79.799 million and RM4.294 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 on the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's recognised deferred tax assets as at 31 December 2008 were RM3.315 million (2007: RM1.431 million).

The carrying amounts of the Group's and Company's unrecognised deferred tax assets as at 31 December 2008 were RM8.108 million and RM4.629 million (2007: RM3.027 million and RM nil), respectively.

Impairment of investments in associates

Investments in associates are assessed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, an estimation of the investment's recoverable amount is required.

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

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of the Group's investments in associates as at 31 December 2008 was RM9.700 billion (2007: RM8.588 billion).

2.5 Subsidiaries

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

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

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

2.6 Basis of consolidation

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

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

All subsidiaries are consolidated on the 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 acquired, 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.



NOTES TO THE FINANCIAL STATEMENTS

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities and 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 item 2.25.1 below.

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

2.7 Associates

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

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

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

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

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

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

Premium relating to an associate is included in the carrying value of the investment and 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 item 2.25.2 below.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Equity accounting is discontinued when the Group's share of losses in an associate equals or exceeds its interest in the associate, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

2.8 Jointly controlled entities

The Group has interests in joint ventures which are 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.

Investments 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 less any diminution in value of the investments. 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.



NOTES TO THE FINANCIAL STATEMENTS

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 contracted as a consequence of acquiring or using the asset.

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

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

2.10.2 Depreciation

Freehold land and capital work-in-progress are not depreciated while leasehold buildings are amortised on a 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.

NOTES TO THE FINANCIAL STATEMENTS

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 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.



NOTES TO THE FINANCIAL STATEMENTS

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 lease period	
- 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 freehold land. New planting and replanting expenditure incurred on land clearing and upkeep of trees up to the point of harvesting are capitalised and are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the oil palms to be 25 years.

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 laying, and such cost is then amortised over its estimated economic life.

NOTES TO THE FINANCIAL STATEMENTS

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

Where the outcome of a development 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 billings to purchasers of properties is recognised as accrued billings under current assets.



NOTES TO THE FINANCIAL STATEMENTS

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 the end of the lease term is classified as operating lease. Up-front payments for the 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.

NOTES TO THE FINANCIAL STATEMENTS

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 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 subsidiaries at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries 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%.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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 their 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 acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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 recorded in the functional currency using the exchange rate ruling at the date of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

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

Exchange differences arising on monetary items that form part of the Group’s net investment in a foreign operation are recognised in equity as exchange translation reserve irrespective of the currency in which the monetary items are denominated and of whether the monetary items result from a transaction with the Company or any of its subsidiaries.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 the 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 transaction dates.

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

2.25 Impairment of assets

2.25.1 Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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, and investments in subsidiaries, associates and jointly controlled entities

Property, plant and equipment, investment properties, biological assets, land held for property development, prepaid lease payments, other intangible assets, and investments in subsidiaries, associates 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.

NOTES TO THE FINANCIAL STATEMENTS

2.26.2 Post-employment benefits

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

The legal or constructive obligation of the Company and its Malaysian subsidiaries is limited to the amount that they 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 subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

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

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

2.32 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.

NOTES TO THE FINANCIAL STATEMENTS

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 commodity futures contracts

The fair value of foreign currency contracts and commodity futures 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.



NOTES TO THE FINANCIAL STATEMENTS

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 risk. 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 exposure 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.

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 cost plus contracts and fixed margin contracts, where relevant, to hedge its exposure.

NOTES TO THE FINANCIAL STATEMENTS

The Group is also exposed to market risk 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.

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.

The Group seeks to invest its surplus cash safely by depositing it 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sales of agricultural produce, food-based products and other goods	2,959,678	2,617,495	18,799	18,800
Contract revenue	229,845	103,855	-	-
Sale of development properties	33,188	59,971	-	-
Collection from cinema operations	177,533	150,329	-	-
Rental from leasing of investment properties	29,629	26,862	-	-
Waste management and other services rendered	32,151	30,930	-	-
	3,462,024	2,989,442	18,799	18,800

Included in the rental from leasing of investment properties is contingent rent amounting to RM29,000 (2007: RM121,000).

5. COST OF SALES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of goods sold	2,391,104	2,155,310	22,688	21,720
Contract cost recognised as expense	213,678	92,128	-	-
Cost of development properties sold	23,759	44,262	-	-
Cost of cinema operations	150,882	123,951	-	-
Cost of leasing of investment properties	16,024	15,961	-	-
Cost of waste management and other services rendered	24,767	22,460	-	-
	2,820,214	2,454,072	22,688	21,720

6. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Profit/(Loss) from operations is stated after charging:</i>				
Amortisation				
- prepaid lease payments	2,399	2,492	409	409
- other intangible assets				
- included in cost of sales	4,861	7,173	-	-
- included in administrative and general expenses	1,128	948	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Auditors' remuneration				
- current year	923	805	63	60
- underprovision in prior year	39	83	3	9
Bad and doubtful debts	3,516	2,288	-	-
Depreciation				
- property, plant and equipment	66,970	65,433	1,371	1,264
- investment properties	4,001	20,150	28	29
- biological assets	163	144	-	-
Direct operating expenses on				
- revenue generating investment properties	16,742	16,422	69	70
- non-revenue generating investment properties	209	372	3	3
Directors' remuneration				
- Company's directors:				
- fees	308	328	308	325
- other emoluments	9,500	14,483	5,771	8,418
- Subsidiaries' directors:				
- fees				
~ current year	384	417	-	-
~ overprovision in prior year	(10)	-	-	-
- other emoluments	18,476	16,019	-	-
Foreign exchange loss				
- realised	10,765	15,360	2	1
- unrealised	9,435	1,636	379	-
Inventories written off	591	528	-	-
Inventories written down	44,741	-	-	-
Impairment of property, plant and equipment	-	7,839	-	-
Loss on disposal of property, plant and equipment	40	112	-	-
Operating leases				
- minimum lease payments for land and buildings	21,798	18,031	465	465
- minimum lease payments for equipment	739	1,350	-	-
- contingent rent	2,744	2,355	-	-
Property, plant and equipment written off	1,364	2,786	3	3

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>and crediting:</i>				
Allowance for doubtful debts no longer required	700	1,047	-	-
Bad debt recovered	3	-	-	-
Foreign exchange gain				
- realised	6,845	2,050	60	-
- unrealised	1,446	3,718	-	-
Profit on disposal of property, plant and equipment	1,882	890	113	1

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Company's directors	69	83	2	17
Subsidiaries' directors	568	312	-	-

7. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross dividends from subsidiaries				
- quoted in Malaysia	-	-	-	24,265
- unquoted	-	-	896,955	552,234
Gross dividends from associates				
- quoted outside Malaysia	-	-	73,008	-
- unquoted	-	-	10,700	5,720
Gross dividends from other investments				
- quoted in Malaysia	56,952	45,792	24,083	21
- quoted outside Malaysia	8,050	7,536	3,094	2,802
- unquoted	-	4	-	-
Interest income	16,292	26,255	6,300	5,852
Rental income from investment properties	3,993	3,098	620	591
Profit/(Loss) on disposal of				
- subsidiaries	-	9,541	-	9,449
- an associate	372	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. NET PROFIT FROM INVESTING ACTIVITIES (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- other investments	(82)	21,020	-	19,433
- land and buildings	4,766	237	-	-
- investment properties	405	(529)	-	-
Deficit arising from liquidation of subsidiaries (see note 49)	(30)	(57)	-	-
Capital distribution from a subsidiary	-	-	-	4,950
Capital distribution from an investee company	-	20	-	-
Investment property written off	(277)	-	-	-
Impairment of investments in associates	(4,436)	-	-	(25)
Diminution in value of other investments	(22,455)	(93)	(141,510)	(9,625)
Diminution in value of other investments written back	722	351	-	-
Impairment of investment property	-	(270)	-	(270)
Allowance for doubtful debts in associates	(6,099)	(54,435)	(5,911)	(53,069)
Surplus from redemption of preference shares of an associate	-	2,884	-	-
Discount on acquisition written off	1	-	-	-
	58,174	61,354	867,339	562,328

8. FINANCE COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Interest paid and payable on:</i>				
Banker's acceptance	5,044	-	-	-
Revolving credits	1,416	766	-	-
Advances from subsidiaries	-	-	5,773	3,739
Bank term loans	1,938	3,457	-	-
Bank overdrafts	17	93	-	-
Hire purchase	32	25	-	-
Others	95	102	-	-
	8,542	4,443	5,773	3,739

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Continuing operations</u>				
Malaysian taxation based on results for the year				
Current	105,017	67,933	135,001	125,784
Deferred	4,492	8,788	364	(713)
	<u>109,509</u>	<u>76,721</u>	<u>135,365</u>	<u>125,071</u>
Foreign taxation				
Current	1,488	10	-	-
Deferred	(2,117)	(1,481)	-	-
	<u>108,880</u>	<u>75,250</u>	<u>135,365</u>	<u>125,071</u>
(Over)/Underprovision in prior year				
Malaysian taxation				
Current	(706)	(483)	65	(163)
Deferred	(956)	844	1,550	(4)
	<u>107,218</u>	<u>75,611</u>	<u>136,980</u>	<u>124,904</u>
<u>Discontinued operations</u>				
Malaysian taxation based on results for the year				
Current	-	21,725	-	-
Deferred	-	7,206	-	-
	<u>-</u>	<u>28,931</u>	<u>-</u>	<u>-</u>
Foreign taxation				
Current	-	2,562	-	-
Deferred	-	(94)	-	-
	<u>-</u>	<u>31,399</u>	<u>-</u>	<u>-</u>
Underprovision in prior year				
Malaysian taxation				
Current	-	5	-	-
	<u>-</u>	<u>31,404</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>107,218</u>	<u>107,015</u>	<u>136,980</u>	<u>124,904</u>

The statutory tax rate applicable to the Company was reduced from 27% in 2007 to 26% in 2008.

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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accounting profit from:				
- continuing operations	461,125	334,389	840,944	537,044
- discontinued operations	-	6,467,066	-	3,333,542
	461,125	6,801,455	840,944	3,870,586
Taxation at applicable tax rate	118,375	1,835,126	218,645	1,045,058
<i>Tax effect arising from:</i>				
Non-taxable income				
- exempt dividend	(13,562)	(14,213)	(126,639)	(28,002)
- under Section 54A of Income Tax Act 1967	(10,248)	(5,358)	-	-
- surplus from redemption of preference shares of an associate	-	(779)	-	-
- profit on disposal of				
- subsidiaries	-	(1,225,161)	-	(902,607)
- associates	(97)	(490,849)	-	-
- land and buildings	(1,345)	(64)	-	-
- other investments	(21)	(5,681)	-	(5,247)
- diminution in value of other investments written back	(187)	(95)	-	-
- capital distribution of a subsidiary	-	-	-	(1,337)
- others	(1,540)	(3,039)	(29)	-
Expenses eligible for double deduction	(491)	(1,955)	-	-
Non-deductible expenses				
- impairment of property, plant and equipment	-	2,116	-	-
- impairment of an investment property	-	73	-	73
- impairment of an associate	1,153	-	-	-
- diminution in value of other investments	5,838	25	36,793	2,599
- loss on disposal of investment properties	-	143	-	-
- allowance for doubtful debts in associates	1,586	14,698	1,537	14,329
- others	6,335	17,127	243	376

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Utilisation of reinvestment allowance	(3,190)	(14,467)	-	-
Addition to deferred tax assets not recognised	5,979	1,730	4,629	-
Unavailable group relief	-	45	-	-
Effect on reduction in future tax rate	295	(2,773)	186	(171)
(Over)/Underprovision in prior year	(1,662)	366	1,615	(167)
	107,218	107,015	136,980	124,904

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

10. DISCONTINUED OPERATIONS

In 2007, PPB Group disposed of two of its subsidiaries, PPB Oil Palms Berhad ("PPBOP") and PGEO Group Sdn Bhd ("PGEO") and their respective subsidiaries to Wilmar International Limited ("Wilmar") in a corporate exercise for a consideration of 569,489,427 and 287,122,772 ordinary shares in Wilmar ("Wilmar shares") respectively. PPBOP and PGEO are engaged in oil palm plantations, edible oils refining and trading and packaging; their financial information is disclosed in the relevant business segments in PPB's consolidated financial statements.

In the same corporate exercise, PPB Group also disposed of all its shares in an associate, Kuok Oils & Grains Pte Ltd ("KOG") to Wilmar for a consideration of 305,635,556 Wilmar shares. KOG is engaged 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 producers and traders in the world.

With the completion of the above PPBOP, PGEO and KOG disposals, the Group realised a gain of RM6.3 billion in 2007.

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

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS (continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	-	3,164,988	-	-
Cost of sales	-	(2,982,182)	-	-
Gross profit	-	182,806	-	-
Other operating income	-	30,495	-	-
Distribution costs	-	(35,685)	-	-
Administrative and general expenses	-	(27,349)	-	-
Other operating expenses	-	(20,305)	-	-
Profit from operations	-	129,962	-	-
Net profit from investing activities	-	604	-	-
Share of net profits less losses of associates	-	78,525	-	-
Finance costs	-	(9,550)	-	-
Profit before tax	-	199,541	-	-
Income tax expense	-	(31,404)	-	-
Profit after tax from discontinued operations but before profit from disposal of discontinued operations	-	168,137	-	-
Profit from disposal of discontinued operations	-	6,346,050	-	3,333,542
Profit for the year from discontinued operations	-	6,514,187	-	3,333,542

(b) Profit before tax

	Group	
	2008 RM'000	2007 RM'000
<i>Profit before tax is stated after charging:</i>		
Amortisation of prepaid lease payments	-	1,710
Auditors' remuneration		
- current year	-	300
- underprovision in prior year	-	6
Bad and doubtful debts	-	1
Depreciation		
- property, plant and equipment	-	21,928
- biological assets	-	4,738
Directors' remuneration		
- Company's directors fees	-	28

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS (continued)

	Group	
	2008 RM'000	2007 RM'000
- Subsidiaries' directors:		
- fees		
~ current year	-	110
~ overprovision in prior year	-	(20)
- other emoluments	-	811
Unrealised foreign exchange loss	-	11,968
Finance costs		
- Bankers' acceptance and export credit refinancing	-	5,461
- Revolving credits	-	1,273
- Bank term loan	-	2,816
Property, plant and equipment written off	-	801
Minimum lease payments for land and buildings	-	333
<i>and crediting:</i>		
Foreign exchange gain		
- realised	-	15,314
- unrealised	-	13,073
Interest income	-	604
Profit on disposal of property, plant and equipment	-	85

(c) Cash flows from discontinued operations

	Group	
	2008 RM'000	2007 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 discontinued operations	-	126,517

(d) The analysis of the disposals of PPBOP, PGEO and KOG in 2007 is as follows:

	Group	
	2008 RM'000	2007 RM'000
Property, plant and equipment	-	625,989
Biological assets (non-current assets)	-	933,252
Prepaid lease payments	-	432,400
Goodwill	-	28,285
Investments in associates	-	445,028

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATIONS (continued)

	Group	
	2008 RM'000	2007 RM'000
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 subsidiaries and associate	-	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)

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.

	Group	
	2008 RM'000	2007 RM'000
Profit from continuing operations attributable to shareholders of the Company	1,286,509	497,277
Profit from discontinued operations attributable to shareholders of the Company	-	6,475,688
Profit attributable to shareholders of the Company	1,286,509	6,972,965
Number of ordinary shares in issue ('000)	1,185,500	1,185,500
Basic earnings per share attributable to shareholders of the Company (sen)		
- Profit from continuing operations	108.5	42.0
- Profit from discontinued operations	-	546.2
	108.5	588.2

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 1.1.2008								
- 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*	145	-	-	-	-	-	-	145
Additions	143	3,811	11,062	12,342	3,778	8,818	185,763	225,717
Disposals - cost	-	-	(6,099)	(39,488)	(4,971)	(1,018)	-	(51,576)
Exchange differences - cost	-	-	141	1,066	2,903	36	(6,540)	(2,394)
Write-offs - cost	(97)	(26)	(2,591)	(4,471)	(292)	(2,320)	-	(9,797)
Reclassifications - cost	3,829	3,214	-	10,298	799	1,490	(19,630)	-
At 31.12.2008	203,588	175,836	230,751	663,060	119,123	87,160	214,095	1,693,613
- cost	203,501	175,836	214,791	647,197	119,123	87,160	214,095	1,661,703
- valuation	87	-	15,960	15,863	-	-	-	31,910
	203,588	175,836	230,751	663,060	119,123	87,160	214,095	1,693,613
Accumulated depreciation								
At 1.1.2008								
- 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
Charge for the year - cost	4,463	4,994	12,226	31,420	6,813	7,054	-	66,970
Disposals - cost	-	-	(2,939)	(29,437)	(4,355)	(796)	-	(37,527)
Exchange differences - cost	-	-	67	790	928	20	-	1,805
Write-offs - cost	(92)	(26)	(1,598)	(4,282)	(271)	(2,164)	-	(8,433)
At 31.12.2008	49,188	37,390	117,629	417,039	57,406	55,561	-	734,213
- cost	49,101	37,390	101,669	401,176	57,406	55,561	-	702,303
- valuation	87	-	15,960	15,863	-	-	-	31,910
	49,188	37,390	117,629	417,039	57,406	55,561	-	734,213
Accumulated impairment losses								
At 1.1.2008								
- cost	476	-	523	7,643	80	546	-	9,268
- valuation	-	-	-	-	-	-	-	-
	476	-	523	7,643	80	546	-	9,268
Disposals - cost	-	-	-	(7,720)	(81)	(117)	-	(7,918)
Exchange differences - cost	-	-	-	78	1	1	-	80
At 31.12.2008	476	-	523	1	-	430	-	1,430
- cost	476	-	523	1	-	430	-	1,430
- valuation	-	-	-	-	-	-	-	-
	476	-	523	1	-	430	-	1,430

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold	Long	Short	Plant,	Motor	Furniture,	Capital	Total
	land and buildings	leasehold buildings	leasehold buildings	machinery and equipment	vehicles and vessel	fittings, office and other equipment	work-in- progress	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value at 31.12.2008	153,924	138,446	112,599	246,020	61,717	31,169	214,095	957,970
- cost	153,924	138,446	112,599	246,020	61,717	31,169	214,095	957,970
- valuation	-	-	-	-	-	-	-	-
	153,924	138,446	112,599	246,020	61,717	31,169	214,095	957,970
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)
Disposals via disposal of subsidiaries								
- 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.

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 1.1.2007								
- 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)
Disposals via disposal of subsidiaries								
- 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	-	-
	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 subsidiaries - cost								
	-	-	(925)	(1,504)	-	(71)	-	(2,500)
	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)

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	Total RM'000
Cost						
At 1.1.2008	42	15,216	16,490	4,545	2,649	38,942
Additions	-	84	114	-	110	308
Disposals	-	-	-	(681)	(39)	(720)
Write-offs	-	(26)	(647)	-	(35)	(708)
At 31.12.2008	42	15,274	15,957	3,864	2,685	37,822
Accumulated depreciation						
At 1.1.2008	-	13,514	13,714	3,786	2,295	33,309
Charge for the year	-	330	756	113	172	1,371
Disposals	-	-	-	(532)	(38)	(570)
Write-offs	-	(26)	(647)	-	(32)	(705)
At 31.12.2008	-	13,818	13,823	3,367	2,397	33,405
Net book value at 31.12.2008	42	1,456	2,134	497	288	4,417
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

Included in the Group's additions to property, plant and equipment during the financial year is capitalised interest expense amounting to RM1.333 million (2007: RM160,000).

Included in the Group's property, plant and equipment are motor vehicles acquired under unexpired hire purchase arrangements with net book value amounting to RM482,000 (2007: RM827,000).

Title deeds to certain of the Group's freehold land and buildings with net book value of RM3.356 million (2007: RM3.459 million) have yet to be issued by the relevant authorities.

Capital work-in-progress of the Group with net book value of RM80.113 million (2007: RM7.995 million) has been charged to secure the long term bank loan referred to in note 37 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 of the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998 and accordingly, the carrying amounts of the revalued property, plant and equipment have been retained on the basis of these valuations as though they had never been revalued.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost/Valuation				
At 1 January				
- cost	242,198	294,278	6,983	6,983
- valuation	6,410	6,410	-	-
	<u>248,608</u>	<u>300,688</u>	<u>6,983</u>	<u>6,983</u>
Fair value adjustment*	7,667	12,425	-	-
Additions	1,333	1,088	-	-
Disposals - <i>cost</i>	(18,255)	(5,510)	-	-
Disposals via disposal of a subsidiary - <i>cost</i>	-	(72,469)	-	-
Write-offs - <i>cost</i>	(1,125)	-	-	-
Transfer from property, plant and equipment - <i>cost</i>	-	26,233	-	-
Transfer to assets held for sale - <i>cost</i>	-	(13,847)	-	-
At 31 December	<u>238,228</u>	<u>248,608</u>	<u>6,983</u>	<u>6,983</u>
- cost	231,818	242,198	6,983	6,983
- valuation	6,410	6,410	-	-
	<u>238,228</u>	<u>248,608</u>	<u>6,983</u>	<u>6,983</u>
Accumulated depreciation				
At 1 January				
- cost	78,292	61,479	366	337
- valuation	102	102	-	-
	<u>78,394</u>	<u>61,581</u>	<u>366</u>	<u>337</u>
Charge for the year - <i>cost</i>	4,001	20,150	28	29
Disposals - <i>cost</i>	(18,134)	(689)	-	-
Write-offs - <i>cost</i>	(848)	-	-	-
Transfer from property, plant and equipment - <i>cost</i>	-	2,190	-	-
Transfer to assets held for sale - <i>cost</i>	-	(4,838)	-	-
At 31 December	<u>63,413</u>	<u>78,394</u>	<u>394</u>	<u>366</u>
- cost	63,311	78,292	394	366
- valuation	102	102	-	-
	<u>63,413</u>	<u>78,394</u>	<u>394</u>	<u>366</u>

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accumulated impairment losses				
At 1 January				
- 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>
Charge for the year - cost	-	270	-	270
Disposals - cost	-	(1,943)	-	-
Disposals via disposal of a subsidiary - cost	-	(25,626)	-	-
At 31 December	<u>6,379</u>	<u>6,379</u>	<u>3,664</u>	<u>3,664</u>
- cost	6,379	6,379	3,664	3,664
- valuation	-	-	-	-
	<u>6,379</u>	<u>6,379</u>	<u>3,664</u>	<u>3,664</u>
Net book value at 31 December	<u>168,436</u>	<u>163,835</u>	<u>2,925</u>	<u>2,953</u>
- cost	162,128	157,527	2,925	2,953
- valuation	6,308	6,308	-	-
	<u>168,436</u>	<u>163,835</u>	<u>2,925</u>	<u>2,953</u>
Fair value at 31 December	<u>368,358</u>	<u>373,649</u>	<u>4,577</u>	<u>4,577</u>

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

Title deeds to certain investment properties of the Group with net book value of RM8.990 million (2007: RM9.310 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 of the transitional provisions when the MASB first adopted IAS 16 *Property, Plant and Equipment* in 1998, and accordingly, the carrying amounts of these revalued investment properties have been retained on the basis of these valuations as though they had never been revalued.

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

NOTES TO THE FINANCIAL STATEMENTS

14. BIOLOGICAL ASSETS

Plantation Development Expenditure
(included under non-current assets)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost/Valuation				
At 1 January				
- cost	3,675	703,681	-	-
- valuation	-	330,089	-	-
	<u>3,675</u>	<u>1,033,770</u>	<u>-</u>	<u>-</u>
Additions	425	33,305	-	-
Disposals via disposal of a subsidiary				
- cost	-	(718,970)	-	-
- valuation	-	(330,089)	-	-
Transfer from property, plant and equipment - cost	-	412	-	-
Exchange differences - cost	-	(14,753)	-	-
At 31 December	<u>4,100</u>	<u>3,675</u>	<u>-</u>	<u>-</u>
- cost	4,100	3,675	-	-
- valuation	-	-	-	-
	<u>4,100</u>	<u>3,675</u>	<u>-</u>	<u>-</u>
Accumulated depreciation				
At 1 January				
- cost	994	77,595	-	-
- valuation	-	35,137	-	-
	<u>994</u>	<u>112,732</u>	<u>-</u>	<u>-</u>
Charge for the year - cost	163	3,845	-	-
- valuation	-	1,037	-	-
Disposals via disposal of a subsidiary				
- cost	-	(79,633)	-	-
- valuation	-	(36,174)	-	-
Transfer from property, plant and equipment - cost	-	46	-	-
Exchange differences - cost	-	(859)	-	-
At 31 December	<u>1,157</u>	<u>994</u>	<u>-</u>	<u>-</u>
- cost	1,157	994	-	-
- valuation	-	-	-	-
	<u>1,157</u>	<u>994</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

14. BIOLOGICAL ASSETS (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net book value at 31 December	2,943	2,681	-	-
- cost	2,943	2,681	-	-
- valuation	-	-	-	-
	<u>2,943</u>	<u>2,681</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense	-	531	-	-
Depreciation	-	4,233	-	-
	<u>-</u>	<u>4,233</u>	<u>-</u>	<u>-</u>

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 of the transitional provisions when the MASB first adopted *IAS 16 Property, Plant and Equipment* in 1998, and accordingly, the carrying amounts of these revalued biological assets have been retained on the basis of these valuations as though they had never been revalued.

BIOLOGICAL ASSETS (included under current assets)	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost				
Livestock	15,351	12,209	-	-
Unharvested cane crop	12,053	9,130	12,052	9,130
	<u>27,404</u>	<u>21,339</u>	<u>12,052</u>	<u>9,130</u>

NOTES TO THE FINANCIAL STATEMENTS

15. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 January 2008	571	263	2,859	3,693
Additions	-	-	2,766	2,766
At 31 December 2008	571	263	5,625	6,459
At 1 January 2007	-	263	174	437
Costs transferred from property development costs (see note 26)	571	-	2,685	3,256
At 31 December 2007	571	263	2,859	3,693

16. PREPAID LEASE PAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost/Valuation				
At 1 January				
- 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
Additions	4,840	6,339	-	-
Disposals - cost	(2,946)	-	-	-
Disposals via disposal of subsidiaries				
- cost	-	(332,110)	-	-
- valuation	-	(148,271)	-	-
Write-offs - valuation	-	(1,417)	-	-
Exchange differences - cost	(305)	(5,553)	-	-
At 31 December	163,933	162,344	35,636	35,636
- cost	143,096	141,507	14,400	14,400
- valuation	20,837	20,837	21,236	21,236
	163,933	162,344	35,636	35,636

NOTES TO THE FINANCIAL STATEMENTS

16. PREPAID LEASE PAYMENTS (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accumulated amortisation				
At 1 January				
- cost	22,994	45,350	1,971	1,817
- valuation	7,357	30,266	7,004	6,749
	30,351	75,616	8,975	8,566
Charge for the year - <i>cost</i>	2,068	3,871	154	154
- <i>valuation</i>	331	331	255	255
Disposals - <i>cost</i>	(1,467)	-	-	-
Disposals via disposal of subsidiaries				
- <i>cost</i>	-	(26,158)	-	-
- <i>valuation</i>	-	(21,823)	-	-
Write-offs - <i>valuation</i>	-	(1,417)	-	-
Exchange differences - <i>cost</i>	-	(69)	-	-
At 31 December	31,283	30,351	9,384	8,975
- cost	23,595	22,994	2,125	1,971
- valuation	7,688	7,357	7,259	7,004
	31,283	30,351	9,384	8,975
Accumulated impairment losses				
At 1 January				
- cost	358	358	358	358
- valuation	-	-	-	-
	358	358	358	358
Charge for the year - <i>cost</i>	-	-	-	-
At 31 December	358	358	358	358
- cost	358	358	358	358
- valuation	-	-	-	-
	358	358	358	358
Net book value at 31 December	132,292	131,635	25,894	26,303
- cost	119,143	118,155	11,917	12,071
- valuation	13,149	13,480	13,977	14,232
	132,292	131,635	25,894	26,303
Analysed as:				
Long leasehold land	91,862	93,446	25,894	26,303
Short leasehold land	40,430	38,189	-	-
	132,292	131,635	25,894	26,303

NOTES TO THE FINANCIAL STATEMENTS

16. PREPAID LEASE PAYMENTS (continued)

Title deeds to certain of the Group's leasehold land with net book value of RM9.923 million (2007: RM10.034 million) have yet to be issued by the relevant authorities.

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 of 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 had never been revalued.

17. GOODWILL

	Group	
	2008 RM'000	2007 RM'000
Cost		
At 1 January	73,033	33,316
Arising from the acquisition of additional shares in an existing subsidiary (see note 46)	60	68,002
Arising from the disposal of a subsidiary	-	(28,285)
Arising from the liquidation of a subsidiary	(7)	-
At 31 December	73,086	73,033

Impairment testing of goodwill

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

	Group	
	2008 RM'000	2007 RM'000
Environmental engineering, waste management and utilities	3,338	3,345
Film exhibition and distribution	68,062	68,002
Chemicals trading and manufacturing	932	932
Other operations	754	754
	73,086	73,033

NOTES TO THE FINANCIAL STATEMENTS

17. GOODWILL (continued)

Recoverable amounts based on value in use

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

	2008	2007
Gross margin	9.29% - 12.60%	4.48% - 14.50%
Growth rate	0.44% - 5.00%	5.00% - 12.40%
Discount rate	3.69% - 17.82%	5.54% - 14.87%
Risk free rate	3.20%	4.13%

The following describes each key assumption on which 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 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 rates 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, management is of the view that no foreseeable changes in any of the above key assumptions is expected to cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER INTANGIBLE ASSETS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Computer software <i>(included under non-current assets)</i>				
Cost				
At 1 January	6,354	5,683	-	-
Additions	670	671	-	-
Write-offs	(15)	-	-	-
At 31 December	7,009	6,354	-	-
Accumulated amortisation				
At 1 January	3,377	2,429	-	-
Charge for the year	1,128	948	-	-
Write-offs	(15)	-	-	-
At 31 December	4,490	3,377	-	-
Carrying amount				
At 31 December	2,519	2,977	-	-
Film rights <i>(included under current assets)</i>				
Cost				
At 1 January	29,190	24,342	-	-
Additions	3,362	7,428	-	-
Rights expired	(2,589)	(2,580)	-	-
At 31 December	29,963	29,190	-	-
Accumulated amortisation				
At 1 January	19,714	15,121	-	-
Charge for the year	4,861	7,173	-	-
Rights expired	(2,589)	(2,580)	-	-
At 31 December	21,986	19,714	-	-
Carrying amount				
At 31 December	7,977	9,476	-	-

NOTES TO THE FINANCIAL STATEMENTS

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares at cost	<u>1,350,350</u>	<u>1,350,350</u>

The subsidiaries are listed in note 58.

20. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shares quoted outside Malaysia at cost	8,080,369	8,068,831	3,848,046	3,836,508
Unquoted shares at cost	<u>111,600</u>	<u>108,752</u>	<u>50,883</u>	<u>50,883</u>
	8,191,969	8,177,583	3,898,929	3,887,391
Impairment loss on unquoted shares	(4,436)	-	(25)	(25)
Group's share of post-acquisition reserves and retained profits less losses	<u>1,512,133</u>	<u>410,112</u>	-	-
	9,699,666	8,587,695	3,898,904	3,887,366
Market value of quoted shares	<u>7,898,612</u>	<u>14,473,133</u>	<u>3,828,993</u>	<u>7,003,750</u>

The Group's share of the current year's losses and accumulated losses of an associate amounting to RM7.635 million and RM60.458 million (2007: RM52.823 million and RM52.823 million), 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 associate exceeded the carrying amount of its investment in the associate.

Impairment testing of investments in associates

Recoverable amount based on value in use

The recoverable amounts of the Group's investments in associates are determined based on the value in use method.

Where applicable, using the published or management financial results of the associates from the financial year 2008, cash flow projections were computed based on annual growth rates ranging from -2% to 3% over a ten-year period. Thereafter, the cash flows are extrapolated to perpetuity without applying any growth rates. The cash flows were discounted at the computed weighted average cost of capital of the Group of 9%.

Sensitivity to changes in assumptions

In assessing the value in use, management has considered and evaluated, among other factors, the long term business outlook of the associates, forecast demand for their revenue sources, and anticipated changes in their operating environment. Management is of the view that no foreseeable changes in any of the above key assumptions is expected to cause the carrying amount of the associates to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

20. INVESTMENTS IN ASSOCIATES (continued)

The results of the impairment reviews undertaken have indicated that the carrying amount in associates was not impaired as the value in use was higher than the carrying amount in the Group's financial statements.

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

	2008 RM'000	2007 RM'000
<i>Assets and liabilities</i>		
Total assets	<u>63,403,436</u>	<u>51,823,484</u>
Total liabilities	<u>28,119,095</u>	<u>24,488,403</u>
<i>Results</i>		
Revenue	<u>97,903,385</u>	<u>56,954,854</u>
Profit for the year	<u>5,195,044</u>	<u>1,544,850</u>

The associates are listed in note 59.

21. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group	
	2008 RM'000	2007 RM'000
Capital contribution, at cost	38,897	38,897
Group's share of retained profits less losses	6,952	506
	<u>45,849</u>	<u>39,403</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 entity are as follows:

	Group	
	2008 RM'000	2007 RM'000
<i>Assets and liabilities</i>		
Non-current assets	31,598	30,585
Current assets	15,048	10,169
Total assets	<u>46,646</u>	<u>40,754</u>
Non-current liabilities	-	-
Current liabilities	797	1,392
Total liabilities	<u>797</u>	<u>1,392</u>

NOTES TO THE FINANCIAL STATEMENTS

21. INVESTMENT IN JOINTLY CONTROLLED ENTITY (continued)

<i>Results</i>	Group	
	2008 RM'000	2007 RM'000
Revenue	7,567	6,921
Profit for the year	1,575	312

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 repayable on demand.

The jointly controlled entity is listed in note 60.

22. OTHER INVESTMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shares quoted in Malaysia at cost	183,257	184,954	278,090	278,091
Diminution in value	(3,685)	(140)	(134,146)	(9,627)
	179,572	184,814	143,944	268,464
Shares quoted outside Malaysia at cost	235,489	235,378	126,583	126,583
Diminution in value	(17,377)	(921)	(16,991)	-
	218,112	234,457	109,592	126,583
Unquoted shares at cost	464	464	266	266
Diminution in value	(37)	(36)	-	-
	427	428	266	266
	398,111	419,699	253,802	395,313
Market values of				
- shares quoted in Malaysia	356,438	663,328	144,051	268,800
- shares quoted outside Malaysia	246,002	647,331	109,592	285,319
	602,440	1,310,659	253,643	554,119

NOTES TO THE FINANCIAL STATEMENTS

23. DEFERRED TAX ASSETS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	1,431	7,098	-	-
Exchange translation differences	(233)	(186)	-	-
Originating during the year	2,117	1,682	-	-
Reduction through subsidiaries disposed of	-	(7,163)	-	-
At 31 December	3,315	1,431	-	-

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

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax effects of				
- Unabsorbed tax losses	3,315	1,394	-	-
- Unabsorbed capital allowances	-	37	-	-
	3,315	1,431	-	-

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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unabsorbed tax losses	24,208	10,275	12,438	-
Unabsorbed capital allowances	10,094	3,482	6,078	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	(1,870)	(1,650)	-	-
	32,432	12,107	18,516	-

NOTES TO THE FINANCIAL STATEMENTS

24. AMOUNTS DUE FROM/TO SUBSIDIARIES

Amounts due from subsidiaries included under non-current assets

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

	Company	
	2008 RM'000	2007 RM'000
Bearing interest at 4.19% (2007: 3.53%) per annum (p.a)	113,690	153,605
Interest-free	8,938	10,105
	<u>122,628</u>	<u>163,710</u>

Amounts due from subsidiaries included under current assets

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

Amounts due to subsidiaries included under current liabilities

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

	Company	
	2008 RM'000	2007 RM'000
Bearing interest at 4.25% (2007: 3.63%) p.a	140,203	40,112
Bearing interest at 4.15% (2007: 3.50%) p.a	126,735	101,600
Interest-free	8,107	8,116
	<u>275,045</u>	<u>149,828</u>

25. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Raw materials	560,616	347,490	-	-
Work-in-progress	20,038	13,258	-	-
Finished goods	98,900	101,765	-	-
Sundry stores and consumables	26,890	27,389	3,211	2,697
	<u>706,444</u>	<u>489,902</u>	<u>3,211</u>	<u>2,697</u>

NOTES TO THE FINANCIAL STATEMENTS

26. PROPERTY DEVELOPMENT COSTS

	Group	
	2008 RM'000	2007 RM'000
Freehold land		
- at cost	4,035	7,408
- at valuation	748	748
Development and construction costs	27,093	57,451
Costs recognised as an expense in income statement in previous years	(3,192)	(12,993)
At 1 January	28,684	52,614
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	12,591	44,255
	12,591	40,999
Costs recognised as an expense in income statement in current year	-	(38,522)
Transferred to inventories	(2,978)	(26,407)
At 31 December	38,297	28,684

27. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2008 RM'000	2007 RM'000
Aggregate contract expenditure incurred to-date	393,149	402,399
Attributable profit recognised to-date	26,692	36,752
	419,841	439,151
Progress billings to-date	(429,871)	(424,253)
	(10,030)	14,898
Gross amount due from customers	19,129	27,059
Gross amount due to customers	(29,159)	(12,161)
	(10,030)	14,898
Progress billings comprise:		
Progress billings		
- received	403,899	403,642
- receivable	18,141	16,084
Retention sums	7,831	4,527
	429,871	424,253

NOTES TO THE FINANCIAL STATEMENTS

28. TRADE RECEIVABLES

	Group	
	2008	2007
	RM'000	RM'000
Related parties other than associates	5,761	10,005
Others	347,752	361,769
	<u>353,513</u>	<u>371,774</u>
Allowance for doubtful debts	(14,034)	(12,841)
	<u>339,479</u>	<u>358,933</u>

The currency exposure profile of trade receivables is as follows:

	Group	
	2008	2007
	RM'000	RM'000
- RM	303,034	323,824
- USD	19,587	22,971
- Singapore Dollar ("SGD")	4,398	2,688
- Euro ("EUR")	372	95
- Brunei Dollar ("BND")	82	-
- Japanese Yen ("JPY")	652	21
- Yuan Renminbi ("CNY")	-	17
- Vietnamese Dong ("VND")	11,354	9,317
	<u>339,479</u>	<u>358,933</u>

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 management.

29. ACCRUED BILLINGS/(PROGRESS BILLINGS)

	Group	
	2008	2007
	RM'000	RM'000
Revenue recognised as income to-date	79	885
Progress billings to-date	(81)	(774)
	<u>(2)</u>	<u>111</u>
Accrued billings	-	111
Progress billings	(2)	-
	<u>(2)</u>	<u>111</u>

NOTES TO THE FINANCIAL STATEMENTS

30. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount receivable from Kuok Brothers Sdn Bhd ("KBSB"), a substantial shareholder of the Company	47	46	47	46
Interest receivable	190	204	71	10
Surplus assets yet to be distributed by subsidiaries under liquidation	870	74	-	-
Proceeds from disposal of other investments	-	978	-	978
Other receivables	19,274	20,334	664	588
	20,381	21,636	782	1,622
Allowance for doubtful debts	(1,223)	(1,156)	(67)	(67)
	19,158	20,480	715	1,555
Deposits held by				
- associate of KBSB				
- Jerneh Insurance Berhad	194	194	69	69
- others	7,930	6,761	45	55
Deposits for purchase of property, plant and equipment	206	16,927	-	-
	8,330	23,882	114	124
Prepayments	7,102	4,346	190	163
	34,590	48,708	1,019	1,842

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	28,165	24,825	1,019	1,842
- Australian Dollar ("AUD")	1	407	-	-
- USD	3,770	9,302	-	-
- SGD	-	1,607	-	-
- EUR	1	-	-	-
- IDR	1,055	12,418	-	-
- Hong Kong Dollar ("HKD")	62	17	-	-
- CNY	1,261	2	-	-
- VND	275	130	-	-
	34,590	48,708	1,019	1,842

NOTES TO THE FINANCIAL STATEMENTS

31. AMOUNTS DUE FROM/TO ASSOCIATES

Amounts due from associates included under current assets

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade balances	2,248	2,521	1,297	1,694
Unquoted redeemable non-convertible preference shares in an associate, at cost	-	1,366	-	-
Advances				
- bearing interest at 2.05% (2007: 4.25%) p.a	13,093	12,863	-	-
- bearing interest at 2.41% (2007: 5.74%) p.a	1,523	1,403	-	-
- bearing interest at 5.19% (2007: 4.54%) p.a	3,375	3,214	3,375	3,214
- interest-free	74,332	72,531	71,645	70,511
	<u>94,571</u>	<u>93,898</u>	<u>76,317</u>	<u>75,419</u>
Allowance for doubtful debts	(59,777)	(54,435)	(58,980)	(53,069)
	<u>34,794</u>	<u>39,463</u>	<u>17,337</u>	<u>22,350</u>

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

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	20,143	25,136	17,337	22,350
- USD	1,523	1,423	-	-
- HKD	13,128	12,864	-	-
- CNY	-	40	-	-
	<u>34,794</u>	<u>39,463</u>	<u>17,337</u>	<u>22,350</u>

NOTES TO THE FINANCIAL STATEMENTS

31. AMOUNTS DUE FROM/TO ASSOCIATES (continued)

Amounts due to associates included under current liabilities

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade balances	38	43	-	-
Advances				
- bearing interest at nil (2007: 4.35%) p.a	-	191	-	-
- interest-free	147	71	27	33
	<u>185</u>	<u>305</u>	<u>27</u>	<u>33</u>

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

32. DEPOSITS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits with licensed banks				
- in Malaysia	286,384	579,633	114,290	17,215
- outside Malaysia	125,244	54,687	83,786	-
	<u>411,628</u>	<u>634,320</u>	<u>198,076</u>	<u>17,215</u>

The currency exposure profile of deposits is as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	283,677	566,252	114,290	17,215
- AUD	195	219	-	-
- USD	14,291	39,152	-	-
- SGD	84,023	220	83,786	-
- EUR	5,929	10,387	-	-
- IDR	3,241	692	-	-
- HKD	19,210	17,398	-	-
- CNY	509	-	-	-
- VND	553	-	-	-
	<u>411,628</u>	<u>634,320</u>	<u>198,076</u>	<u>17,215</u>

NOTES TO THE FINANCIAL STATEMENTS

32. DEPOSITS (continued)

Included in the Group's deposits with licensed banks is an amount of RM0.070 million (2007: RM0.035 million) pledged to a bank as security for banking facilities granted to subsidiaries.

The effective interest rates range from 0.10% to 3.70% (2007: 1.88% to 5.16%) p.a. 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 RM10.697 million (2007: RM3.610 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% (2007: 2.0%) p.a.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	65,480	48,667	935	1,405
- USD	6,975	12,259	-	-
- SGD	3,005	370	2,083	-
- EUR	653	14	-	-
- IDR	103	1,092	-	-
- HKD	268	118	-	-
- VND	2,213	2,774	-	-
- CNY	831	965	-	-
- JPY	1	-	-	-
- Thai Baht ("THB")	1	1	-	-
- Swiss Franc ("CHF")	23	12	-	-
- Myanmar Kyats ("KYATS")	5	66	-	-
	79,558	66,338	3,018	1,405

34. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Property, plant and equipment amounting to RM470,000 classified as held for sale in 2007 was in relation to a subsidiary which entered into a conditional Sale and Purchase Agreement to dispose of its freehold land. This transaction was completed in the current year.

NOTES TO THE FINANCIAL STATEMENTS

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

Investment property amounting to RM9.009 million classified as held for sale in 2007 was in relation to a subsidiary which entered into a Sale and Purchase Agreement to dispose of its investment property. Subsequent to the subsidiary entering into the Sale and Purchase Agreement, the existing tenant of the investment property filed a Writ of Summons and Statement of Claim against the subsidiary and the purchaser of the investment property. The judge has granted an injunction to preserve the status quo of the case and case management hearing has been postponed to 8 April 2009. Based on solicitors' advice, the subsidiary's directors are of the opinion that the subsidiary has a reasonable defence.

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

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

The assets held for sale are as follows:

	Group	
	2008 RM'000	2007 RM'000
Assets classified as held for sale:		
Property, plant and equipment		
At cost	-	470
Investment properties		
At cost	13,847	13,847
Accumulated depreciation	(4,838)	(4,838)
Net book value	9,009	9,479

35. SHARE CAPITAL

	< -----2008----- >		< -----2007----- >	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM1 each	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	1,185,500	1,185,500	1,185,500	1,185,500

NOTES TO THE FINANCIAL STATEMENTS

36. NON-DISTRIBUTABLE RESERVES

	Group	
	2008 RM'000	2007 RM'000
Revaluation reserve	60,675	55,492
Exchange translation reserve	172,631	(174,846)
Capital reserve	254,191	239,060
	<u>487,497</u>	<u>119,706</u>

Details of the capital reserve are as follows:

	Group	
	2008 RM'000	2007 RM'000
Share of capital reserves of associates	199,727	184,596
Share premium of subsidiaries arising from shares issued to minority shareholders	23,651	23,651
Transferred from unappropriated profit arising from:		
- bonus issue of subsidiaries	1,769	1,769
- gain from disposal of landed properties and investments	29,044	29,044
	<u>254,191</u>	<u>239,060</u>

37. LONG TERM BANK LOANS

	Group	
	2008 RM'000	2007 RM'000
<i>Secured:</i>		
USD denominated loan bearing interest at 1.25% p.a above SIBOR (effective interest rate: 4.60% (2007: 5.98%) p.a) repayable by 20 quarterly instalments commencing 3 months after the commencement of production (<i>see note 12</i>)	51,570	4,888
<i>Unsecured:</i>		
CNY denominated loan bearing interest at 7.38% (2007: 7.38%) p.a, repayable in full by July 2014	17,158	17,854
	<u>68,728</u>	<u>22,742</u>
Repayments due within the next 12 months included under short term borrowings (<i>see note 42</i>)	(2,863)	(2,553)
Repayments due after 12 months	<u>65,865</u>	<u>20,189</u>
The bank term loans are repayable as follows:		
- within one year (<i>included under current liabilities</i>)	2,863	2,553
- later than one year but not later than five years	11,453	13,145
- later than five years	54,412	7,044
	<u>65,865</u>	<u>20,189</u>
	<u>68,728</u>	<u>22,742</u>



NOTES TO THE FINANCIAL STATEMENTS

38. HIRE PURCHASE LIABILITIES

	Group	
	2008 RM'000	2007 RM'000
Outstanding hire purchase instalments due:		
- within one year	203	225
- later than one year but not later than five years	129	320
- later than five years	12	19
	<u>344</u>	<u>564</u>
Unexpired term charges	(25)	(51)
Outstanding principal amount due	<u>319</u>	<u>513</u>
Outstanding principal amount due as follows:		
- within one year (<i>included under current liabilities</i>)	189	198
- later than one year but not later than five years	118	302
- later than five years	12	13
	<u>130</u>	<u>315</u>
	<u>319</u>	<u>513</u>

The effective interest rates of the hire purchase liabilities are between 6.80% and 8.46% (2007: between 4.20% and 6.17%) p.a.

39. DEFERRED TAX LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	68,823	302,535	4,294	5,011
Exchange differences	-	(59)	-	-
Effect of changes in tax rate on fair value adjustments	-	(337)	-	-
Effect of exemption from Real Property Gains Tax	-	(2,177)	-	-
Fair value adjustments for the additional shares in an existing subsidiary	1,953	3,531	-	-
Reduction through subsidiaries disposed of	-	(251,615)	-	-
Transfer from/(to) income statement	3,536	16,945	1,914	(717)
At 31 December	74,312	68,823	6,208	4,294

NOTES TO THE FINANCIAL STATEMENTS

39. DEFERRED TAX LIABILITIES (continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax effects of				
- Excess of capital allowances over accumulated depreciation on property, plant and equipment, biological assets and other intangible assets	56,578	53,686	539	495
- Surplus on revaluation of land and buildings	20,469	19,816	2,656	2,705
- Unabsorbed capital and agriculture allowances	(4,460)	(6,343)	-	(1,189)
- Unabsorbed tax losses	(731)	(548)	-	-
- Unharvested cane crop	3,013	2,283	3,013	2,283
- Other temporary differences	(557)	(71)	-	-
	74,312	68,823	6,208	4,294

40. TRADE PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Related parties other than associates	2,780	3,596	-	-
Others	198,643	144,249	956	1,004
	201,423	147,845	956	1,004

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	109,235	121,736	956	1,004
- USD	90,288	25,006	-	-
- SGD	1,023	536	-	-
- EUR	40	-	-	-
- JPY	7	6	-	-
- VND	682	514	-	-
- Sterling Pound ("GBP")	120	-	-	-
- THB	28	47	-	-
	201,423	147,845	956	1,004

NOTES TO THE FINANCIAL STATEMENTS

40. TRADE PAYABLES (continued)

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

41. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unpaid property, plant and equipment acquired	14,724	19,074	7	1,646
Interest accrued	838	89	-	-
Other payables	40,806	42,589	4,969	7,832
Accruals	37,531	39,833	754	720
Tenants and other deposits	11,603	11,644	172	173
	105,502	113,229	5,902	10,371

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	94,931	105,999	5,902	10,371
- USD	2,246	939	-	-
- SGD	941	377	-	-
- EUR	-	7	-	-
- IDR	1,736	771	-	-
- HKD	3,723	286	-	-
- JPY	18	22	-	-
- VND	1,756	1,507	-	-
- CNY	151	3,321	-	-
	105,502	113,229	5,902	10,371

NOTES TO THE FINANCIAL STATEMENTS

42. SHORT TERM BORROWINGS

	Group	
	2008 RM'000	2007 RM'000
<i>Unsecured:</i>		
Bankers' acceptance	235,994	-
Trust receipt	-	55
Revolving credits	74,150	21,800
Bank term loans	-	10,653
Current portion of long term bank loans (see note 37)	2,863	2,553
	<u>313,007</u>	<u>35,061</u>

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

	Group	
	2008 RM'000	2007 RM'000
- RM	313,007	21,855
- USD	-	10,653
- CNY	-	2,553
	<u>313,007</u>	<u>35,061</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	
	2008 % p.a	2007 % p.a
Bankers' acceptance	3.45 - 4.15	-
Trust receipt	-	7.25 - 7.75
Revolving credits	3.98 - 5.13	4.14 - 5.12
Bank term loans	-	5.68 - 10.10

43. BANK OVERDRAFTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured	<u>2,094</u>	<u>1,212</u>	<u>-</u>	<u>-</u>

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% (2007: between 6.75% and 8.00%) p.a.

NOTES TO THE FINANCIAL STATEMENTS

44. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group	
	2008 RM'000	2007 RM'000
Effect of issue of shares at a premium by an associate		
- Capital reserve	(238)	-
- Exchange fluctuation reserve	(454)	-
- Unappropriated profit	13,275	-
	<u>12,583</u>	<u>-</u>

45. DIVIDENDS

	2008 RM'000	2007 RM'000
<i>In respect of the year ended 31 December 2006</i>		
Final dividend of 15 sen per share less 27% income tax	-	129,812
<i>In respect of the year ended 31 December 2007</i>		
Interim dividend of 5 sen per share less 27% income tax	-	43,271
Final dividend of 25 sen per share less 26% income tax	219,318	-
	<u>219,318</u>	<u>43,271</u>
<i>In respect of the year ended 31 December 2008</i>		
Special dividend of 62 sen per share less 26% income tax	543,907	-
Interim single tier dividend of 5 sen per share	59,275	-
	<u>603,182</u>	<u>-</u>
	<u>822,500</u>	<u>173,083</u>

Subsequent to the financial year end, the Directors have recommended the payment of a final single tier dividend of 18 sen per share amounting to RM213.390 million.

46. ACQUISITION OF SHARES IN SUBSIDIARIES

(a) The subsidiaries acquired in 2007 were PT Pundi Kencana and Kerry Utilities Ltd.

There was no subsidiary acquired during the year.

NOTES TO THE FINANCIAL STATEMENTS

46. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)

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

	Carrying/Fair value Group	
	2008 RM'000	2007 RM'000
Property, plant and equipment	-	-
Trade and other receivables	-	-
Cash and bank balances	-	19,400
Trade and other payables	-	-
Net assets acquired	-	19,400
Minority interests	-	(9,506)
Total purchase consideration	-	9,894
Less: Cash and cash equivalents acquired	-	(19,400)
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	
	2008 RM'000	2007 RM'000
Revenue		
During the financial year	-	-
Pre-acquisition	-	-
Post-acquisition	-	-
Loss for the year		
During the financial year	-	(65)
Pre-acquisition	-	-
Post-acquisition	-	(65)

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

	Group	
	2008 RM'000	2007 RM'000
Non-current assets	-	8,161
Current assets	-	13,970
Current liabilities	-	(62)
Non-current liabilities	-	(4,888)
Minority interests	-	(8,419)
Group's share of net assets	-	8,762

NOTES TO THE FINANCIAL STATEMENTS

46. ACQUISITION OF SHARES IN SUBSIDIARIES (continued)

(b) The details of acquisition of additional interest in an existing subsidiary during 2008 are as follows:

Name of subsidiary	Cash consideration RM'000	Additional interest acquired %	Effective acquisition date
Golden Screen Cinemas Sdn Bhd	119	0.1	20 May 2008

The additional shares in existing subsidiary acquired in 2007 were in respect of Golden Screen Cinemas Sdn Bhd.

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

	Group	
	2008 RM'000	2007 RM'000
Minority interests acquired	59	29,241
Goodwill on acquisition (see note 17)	60	68,002
Fair value surplus on assets acquired	-	4,352
Net cash outflow on acquisition	<u>119</u>	<u>101,595</u>

47. DISPOSAL OF SHARES IN SUBSIDIARIES

The subsidiary disposed of during the year was Sri Aman Feedmills Sdn Bhd.

The subsidiaries disposed of in 2007 were PPBOP, PGEO and Ampang Leisuremall Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS

47. DISPOSAL OF SHARES IN SUBSIDIARIES (continued)

An analysis of the disposals is as follows:

	Group	
	2008 RM'000	2007 RM'000
Non-current assets	-	46,843
Current assets	*	54
Non-current liabilities	(10)	(25,843)
Current liabilities	-	(1)
Minority interests	-	(9,474)
Share of net assets disposed of	(10)	11,579
Profit on disposal of subsidiaries	-	9,541
Liability waived	10	-
Total sale consideration	*	21,120
Less: Cash and cash equivalents disposed of	-	-
Net cash inflow during the year	*	21,120

The effects of the disposals on the consolidated financial results for the financial year and the consolidated financial position were as follows:

	Group	
	2008 RM'000	2007 RM'000
<i>Income statement</i>		
Revenue	-	-
Cost of sales	-	-
Gross loss	-	-
Other operating income	-	-
Administrative and general expenses	(1)	(168)
Loss from operations	(1)	(168)
Finance cost	-	-
Loss before tax	(1)	(168)
Income tax expense	-	-
Loss after tax	(1)	(168)
Minority interest	-	76
Decrease in Group's net profit	(1)	(92)
<i>Balance sheet</i>		
Non-current assets	-	46,843
Current assets	*	54
Non-current liabilities	-	(25,843)
Current liabilities	(10)	(1)
Minority interest	-	(9,474)
Group's share of net (liabilities)/assets	(10)	11,579

* Represents RM2

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 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)	232,985	253,583	308	1,819
Interest expense capitalised	-	(691)	-	-
Depreciation capitalised	-	(4,233)	-	-
Financed via hire purchase arrangement	-	(593)	-	-
Deposits paid in prior year	(16,927)	(1,625)	-	-
Deposits paid in current year	206	16,927	-	-
Cash paid in respect of prior year acquisition	19,074	12,093	1,646	45
Unpaid balances included under other payables	(14,724)	(19,074)	(7)	(1,646)
Cash paid during the financial year	<u>220,614</u>	<u>256,387</u>	<u>1,947</u>	<u>218</u>

49. LIQUIDATION OF SUBSIDIARIES

The subsidiary liquidated during the year was Conwaste Disposal Services (P.Pinang) Sdn Bhd.

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

An analysis of the liquidations is as follows:

	Group	
	2008 RM'000	2007 RM'000
Total surplus assets and capital receivable from companies liquidated during the year	796	1,021
Less:		
Cost of investment	(360)	(905)
Post-acquisition profit previously consolidated	(466)	(120)
Net gain from liquidation of a subsidiary over recognised in prior year	-	(53)
Deficit arising from liquidation	<u>(30)</u>	<u>(57)</u>

NOTES TO THE FINANCIAL STATEMENTS

50. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Transactions with subsidiaries</i>				
Interest received and receivable	-	-	5,068	5,042
Interest paid and payable	-	-	5,771	3,739
Rental income	-	-	420	420
Registration fee paid and payable	-	-	71	76
Management fee received	-	-	793	710
<i>Transactions with associates</i>				
Sales of goods	18,920	2,580,740	18,799	18,800
Interest received and receivable	614	875	161	143
Interest paid and payable	3	7	-	-
Management fee received	859	1,043	-	-
Rental of premises received	260	246	-	-
Commission received	-	131	-	-
Purchase of goods	-	844,529	-	-
Rental of premises paid	120	120	-	-
Lease rental paid	67	67	-	-
Maintenance fee paid	9	188	-	-
Ticketing system user's license paid	48	74	-	-
Film rental received	617	1,679	-	-
Screen advertising and filmlets paid	685	727	-	-
Information technology services and sales of related products	82	27	-	-
<i>Transactions with subsidiaries of associates</i>				
Sales of goods	-	21,139	-	-
Purchase of goods	164,260	137,264	-	-
Registration fee received	-	137	-	-
Management fee received	276	68	-	68
Rental received	2,873	2,782	-	-
Elevation and other services received	189	142	-	-
Security and other services paid and payable	644	581	-	-
Rental paid	6	2	-	-
Engineering services rendered	6,456	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

50. RELATED PARTY DISCLOSURES (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Transactions with a substantial shareholder of the Company</i>				
Management fee paid	124	126	-	-
Disposal of other investments	-	4,104	-	-
<i>Transactions with subsidiaries of substantial shareholders of the Company</i>				
Sales of goods	66,332	15,386	-	-
Purchase of goods	403,827	496,919	-	-
<i>Transactions with associates of a substantial shareholder of the Company</i>				
Sales of goods	12,789	134,989	-	-
Insurance premium paid	8,529	11,465	355	360
Rental of premises paid	1,371	1,264	435	435
Insurance compensation received	732	-	-	-
Project management fees received	96	96	-	-
<i>Transactions with companies in which a director has financial interests</i>				
Purchase of goods	131,744	121,751	-	-
<i>Transactions with companies in which directors of subsidiaries have financial interests</i>				
Purchase of goods	-	278	-	-
Sales of goods	-	3,126	-	-
Rental of truck received	-	60	-	-
Agent fee receivable	113	110	-	-
<i>Transactions with minority shareholders of subsidiaries</i>				
Purchase of goods	-	25,266	-	-
Interest paid	4	4	-	-
Support fee paid	106	106	-	-

Kerry Group Limited and Kerry Holdings Limited had ceased to be substantial shareholders of the Company on 29 August 2008.

Kuok Brothers Sdn Berhad became the ultimate holding company of the Company on 28 November 2008.

NOTES TO THE FINANCIAL STATEMENTS

50. RELATED PARTY DISCLOSURES (continued)

Significant outstanding balances with related parties were as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amounts owing by:				
- Associates	2,248	2,521	1,297	1,694
- Other related parties	5,761	10,005	-	-
Amounts owing to:				
- Associates	38	43	-	-
- Other related parties	2,780	3,596	-	-

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

(b) Key management personnel compensation

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Directors</i>				
Short-term employee benefits	8,679	12,220	5,289	6,743
Post-employment benefits - EPF	1,198	1,702	792	1,017
- Gratuity	-	1,000	-	1,000
Sub-total	9,877	14,922	6,081	8,760
<i>Other key management personnel</i>				
Short-term employee benefits	22,628	21,832	1,355	1,352
Post-employment benefits - EPF	2,621	2,572	208	209
Sub-total	25,249	24,404	1,563	1,561
Total compensation	35,126	39,326	7,644	10,321

51. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Employee benefits expense				
- Continuing operations	177,391	190,970	18,770	21,032
- Discontinued operations	-	41,253	-	-
	177,391	232,223	18,770	21,032

NOTES TO THE FINANCIAL STATEMENTS

51. EMPLOYEE BENEFITS EXPENSE (continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EPF				
- Continuing operations	16,522	17,859	2,343	2,541
- Discontinued operations	-	1,509	-	-
	<u>16,522</u>	<u>19,368</u>	<u>2,343</u>	<u>2,541</u>

52. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured guarantees issued in consideration of credit facilities given to associates	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>	<u>2,550</u>

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

53. CAPITAL COMMITMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	95,057	140,441	20	10
- not contracted	198,332	173,211	413	358
Authorised acquisition of investments not provided for in the financial statements				
- not contracted	-	100	-	-
	<u>293,389</u>	<u>313,752</u>	<u>433</u>	<u>368</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 comprise cancellable and non-cancellable leases and typically run for a period ranging from one to five years, with option to renew the leases after the expiry dates. There are no restrictions placed on the Group by entering into these leases. Certain of the leases include contingent rental arrangements computed based on sales achievement if higher than fixed base rents.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- within one year	20,460	17,406	-	-
- later than one year but not later than five years	21,577	17,891	-	-
- later than five years	-	2,783	-	-
	<u>42,037</u>	<u>38,080</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 option to renew the leases after the expiry date. None of the leases includes contingent rentals.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- within one year	3,232	2,840	-	-
- later than one year but not later than five years	3,252	2,186	-	-
	<u>6,484</u>	<u>5,026</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

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) | Film exhibition and distribution | - | Exhibition and distribution of cinematograph films |
| (iv) | Environmental engineering, waste management and utilities | - | Construction works specialising in water and environmental industry and provision of waste management services |
| (v) | Chemicals trading and manufacturing | - | Trading and manufacturing of chemical products |
| (vi) | Property investment and development | - | Letting of commercial properties and development of residential and commercial properties |
| (vii) | Livestock farming | - | Production of day-old chicks, eggs and other related downstream activities |
| (viii) | Edible oils refining and trading | - | Manufacturing and marketing of edible oils |
| (ix) | Oil palm plantations | - | Oil palm cultivation and milling of fresh fruit bunches |
| (x) | Packaging | - | Manufacturing of steel drums, plastic containers, polyethylene and polypropylene woven bags and fabrics |
| (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	Film exhibition & distribution RM'000	Environmental engineering, waste management & utilities RM'000	Chemicals trading & manufacturing RM'000
2008					
REVENUE					
External sales	973,458	1,330,024	177,533	185,804	144,974
Inter-segment sales	-	97,149	-	-	935
Total revenue	<u>973,458</u>	<u>1,427,173</u>	<u>177,533</u>	<u>185,804</u>	<u>145,909</u>
RESULTS					
Segment operating results	156,917	167,459	24,425	4,636	3,648
Unallocated corporate expense					
Profit from operations					
Investing activities					
Share of associates' profits	2,450	11,055	1,144	5,905	-
Share of joint venture's profit	-	-	-	1,575	-
Finance costs					
Profit before tax					
Income tax expense					
Profit for the year					
OTHER INFORMATION					
Segment assets	514,481	1,001,218	204,172	66,383	63,475
Investments in associates	21,312	60,213	7,874	27,182	-
Investment in joint venture	-	-	-	45,849	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	26,039	115,529	42,672	48,026	14,740
Borrowings					
Tax liabilities					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	48,185	148,272	23,172	989	4,141
Unallocated corporate capital expenditure					
Amortisation and depreciation	17,565	17,252	20,979	1,915	2,021
Unallocated corporate amortisation and depreciation					
Non-cash expenses other than amortisation and depreciation	255	47,724	(89)	9	4,672
Unallocated corporate non-cash expenses other than amortisation and depreciation					

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NOTES TO THE FINANCIAL STATEMENTS

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Property investment & development RM'000	Livestock farming RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
63,701	71,412	515,118	-	3,462,024
1,379	16,041	23,760	(139,264)	-
<u>65,080</u>	<u>87,453</u>	<u>538,878</u>	<u>(139,264)</u>	<u>3,462,024</u>
20,504	(5,738)	58,180	1,165	431,196
				(19,703)
				411,493
				58,174
5,249	-	912,139	-	937,942
-	-	-	-	1,575
				(8,542)
				1,400,642
				(107,218)
				<u>1,293,424</u>
202,433	90,725	370,821	(599)	2,513,109
93,579	-	9,489,506	-	9,699,666
-	-	-	-	45,849
				932,944
				20,605
				4,072
				<u>13,216,245</u>
17,181	2,226	64,105	(1,531)	328,987
				381,433
				93,634
				19,312
				<u>823,366</u>
2,265	249	5,636	-	232,909
				76
				<u>232,985</u>
4,379	5,341	9,606	-	79,058
				464
				<u>79,522</u>
209	(77)	2,657	-	55,360
				299
				<u>55,659</u>

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NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

	-----Continuing operations-----				
	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Film exhibition & distribution RM'000	Environmental engineering, waste management & utilities RM'000	Chemicals trading & manufacturing RM'000
2007					
REVENUE					
External sales	1,089,811	961,871	150,329	95,300	122,226
Inter-segment sales	-	80,788	-	-	1,223
Total revenue	<u>1,089,811</u>	<u>1,042,659</u>	<u>150,329</u>	<u>95,300</u>	<u>123,449</u>
RESULTS					
Segment operating results	131,842	126,066	22,571	3,936	5,192
Unallocated corporate expense					
Profit from operations					
Investing activities					
Share of associates' profits	2,616	10,044	1,328	5,039	-
Share of joint venture's profit	-	-	-	312	-
Finance costs					
Profit before tax					
Income tax expense					
Profit for the year					
OTHER INFORMATION					
Segment assets	407,982	743,988	193,226	74,883	58,250
Investments in associates	21,748	54,721	6,730	20,465	-
Investment in joint venture	-	-	-	39,403	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	21,465	52,164	45,850	57,376	14,018
Borrowings					
Tax liabilities					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	39,770	41,598	51,674	2,141	2,855
Unallocated corporate capital expenditure					
Amortisation and depreciation	16,669	17,059	18,901	1,738	1,991
Unallocated corporate amortisation and depreciation					
Non-cash expenses other than amortisation and depreciation	(124)	(951)	(288)	16	401
Unallocated corporate non-cash expenses other than amortisation and depreciation					

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NOTES TO THE FINANCIAL STATEMENTS

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Property investment & development RM'000	Livestock farming RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
87,081	67,939	414,885	-	2,989,442
1,328	14,257	31,103	(128,699)	-
<u>88,409</u>	<u>82,196</u>	<u>445,988</u>	<u>(128,699)</u>	<u>2,989,442</u>
23,198	7,214	(21,464)	2,207	300,762
				(23,284)
				<u>277,478</u>
				61,354
3,424	-	206,784	-	229,235
-	-	-	-	312
				(4,443)
				<u>563,936</u>
				(75,611)
				<u>488,325</u>
232,319	92,947	362,423	(2,475)	2,163,543
93,414	-	8,390,617	-	8,587,695
-	-	-	-	39,403
				1,175,100
				14,730
				3,574
				<u>11,984,045</u>
21,167	1,756	48,742	(2,548)	259,990
				57,238
				79,799
				19,965
				<u>416,992</u>
15,099	319	100,127	-	253,583
				-
				<u>253,583</u>
20,340	5,330	13,872	-	95,900
				440
				<u>96,340</u>
353	(544)	(1,250)	-	(2,387)
				10
				<u>(2,377)</u>

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NOTES TO THE FINANCIAL STATEMENTS

55. SEGMENTAL REPORTING (continued)

2008	<-----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	-	-	-	-	-	3,462,024
Inter-segment sales	-	-	-	-	-	-
Total revenue	-	-	-	-	-	3,462,024
RESULTS						
Segment operating results	-	-	-	-	-	431,196
Unallocated corporate expense					-	(19,703)
Profit from operations					-	411,493
Investing activities					-	58,174
Share of associates' profits	-	-	-	-	-	937,942
Share of joint venture's profit	-	-	-	-	-	1,575
Finance costs					-	(8,542)
Profit before tax					-	1,400,642
Income tax expense					-	(107,218)
Profit for the year					-	1,293,424
OTHER INFORMATION						
Amortisation and depreciation	-	-	-	-	-	79,058
Unallocated corporate amortisation and depreciation					-	464
					-	79,522
Non-cash expenses other than amortisation and depreciation	-	-	-	-	-	55,360
Unallocated corporate non-cash expenses other than amortisation and depreciation					-	299
					-	55,659

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					<u>129,962</u>	<u>407,440</u>
Investing activities					604	61,958
Share of associates' profits	78,285	240	-	-	78,525	307,760
Share of joint venture's profit	-	-	-	-	-	312
Finance costs					(9,550)	(13,993)
Profit before tax					<u>199,541</u>	<u>763,477</u>
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)

(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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia	3,078,152	2,502,635	-	383,319	3,078,152	2,885,954
Indonesia	55,793	61,953	-	40,167	55,793	102,120
Singapore	171,658	156,414	-	2,624,191	171,658	2,780,605
Other Asean countries	110,484	104,080	-	2,271	110,484	106,351
East Asia	12,529	96,113	-	25,751	12,529	121,864
Other Asian countries	13,543	23,209	-	30,556	13,543	53,765
European countries	3,199	10,241	-	45,955	3,199	56,196
America and Asia Pacific countries and others	16,666	34,797	-	12,778	16,666	47,575
	3,462,024	2,989,442	-	3,164,988	3,462,024	6,154,430
	Carrying amount of segment assets				Capital expenditure	
			2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia			2,331,162	2,061,378	148,414	214,482
Indonesia			86,263	12,988	82,671	37,696
Singapore			1,728	1,520	40	-
Other Asean countries			91,153	85,315	1,860	1,405
East Asia			2,803	2,342	-	-
			2,513,109	2,163,543	232,985	253,583

NOTES TO THE FINANCIAL STATEMENTS

56. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, the Group and the Company did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Outstanding credit facilities guaranteed by the Group and the Company (see note 52)				
Total amount guaranteed	2,550	2,550	2,550	2,550
Total amount outstanding	2,142	1,938	2,142	1,938

(b) Derivative financial instruments

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

2008	Amount to be received or paid equivalent		Average contractual rate	Settlement period within 1 year
	'000	RM'000	RM	RM'000
Trade receivables				
USD	7,976	27,721	3.476	27,721
SGD	241	581	2.411	581
Other payables				
EUR	380	1,723	4.534	1,723
JPY	22,400	878	0.039	878
GBP	78	402	5.154	402

NOTES TO THE FINANCIAL STATEMENTS

56. FINANCIAL INSTRUMENTS (continued)

2007	Amount to be received or paid		Average contractual rate	Settlement period within 1 year
	'000	equivalent RM'000		
Trade receivables				
USD	2,089	6,980	3.341	6,980
Trade payables				
USD	56,110	187,518	3.342	187,518
Other payables				
EUR	487	2,367	4.860	2,367
USD	1,598	5,355	3.351	5,355

(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:

2008	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Amounts due from subsidiaries	n/a	n/a	122,628	*
Other investments				
Shares quoted in Malaysia	179,572	356,438	143,944	144,051
Shares quoted outside Malaysia	218,112	246,002	109,592	109,592
	397,684	602,440	253,536	253,643
Unquoted shares	427	#	266	#

NOTES TO THE FINANCIAL STATEMENTS

56. FINANCIAL INSTRUMENTS (continued)

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 subsidiaries	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
	<u>419,271</u>	<u>1,310,659</u>	<u>395,047</u>	<u>554,119</u>
Unquoted shares	<u>428</u>	<u>#</u>	<u>266</u>	<u>#</u>

* It is not practical to estimate the fair values of the amounts due from subsidiaries 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. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 2 April 2009.

NOTES TO THE FINANCIAL STATEMENTS

58. SUBSIDIARIES

The subsidiaries as at 31 December 2008 are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2008 %	2007 %		
Malayan Sugar Manufacturing Company Berhad	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 animal feed manufacturing
* 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	Malaysia	Disposed in 2008
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	51.0	Indonesia	Dormant
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

NOTES TO THE FINANCIAL STATEMENTS

58. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2008 %	2007 %		
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
* 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
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 oil palm cultivation
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
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
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

NOTES TO THE FINANCIAL STATEMENTS

58. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2008 %	2007 %		
Golden Screen Cinemas Sdn Bhd	99.0	98.9	Malaysia	Exhibition and distribution of cinematograph films
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of cinematograph films
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	100.0	100.0	Malaysia	Operator of cafés
Easi (M) Sdn Bhd	60.0	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of related products and services
* Enterprise Advanced System Intelligence Pte Ltd	100.0	100.0	Singapore	Software development and software maintenance
Jubilant Chain Sdn Bhd	100.0	100.0	Malaysia	Software development and software maintenance
# Golden Screen Film Distribution Company Sdn Bhd	100.0	-	Malaysia	Dormant
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
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

NOTES TO THE FINANCIAL STATEMENTS

58. SUBSIDIARIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2008 %	2007 %		
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	Malaysia	Under member's voluntary winding-up
Sitamas Environmental Systems Sdn Bhd	70.0	70.0	Malaysia	Provision of garbage 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
Asia Pacific Microspheres Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and marketing of "Phenaset Microspheres" and trading in contact glue (Ceased operations in May 2008)
Malayan Adhesives & Chemicals Sdn Bhd	99.1	99.1	Malaysia	Manufacturing and trading in adhesives, resins, additives, formaldehyde and phenaset microspheres, trading in contact glue, and investment holding
* Chemquest (Overseas) Ltd	100.0	100.0	British Virgin Islands	Investment holding
* PT Healthcare Glovindo	99.9	99.9	Indonesia	Ceased operations
* PT Glovindo Lampung	-	95.0	Indonesia	Under member's voluntary liquidation
* Kerry Utilities Ltd	50.0	50.0	Samoa	Investment holding
* Kerry Utilities Ltd	100.0	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

* Subsidiaries not audited by Moores Rowland

Became a wholly-owned subsidiary on 8 May 2008

NOTES TO THE FINANCIAL STATEMENTS

59. ASSOCIATES

The associates as at 31 December 2008 are as follows:

Companies	Group's equity interest		Country of incorporation	Principal activities
	2008 %	2007 %		
* Kilang Gula Felda 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
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
Golden Screen Film Distribution Co Sdn Bhd	-	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
* 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	Malaysia	Disposed in 2008
* Mobile Money International Sdn Bhd	22.6	22.6	Malaysia	Research and development on providing mobile payment services and investment holding
* Foodteller Sdn Bhd	35.0	35.0	Malaysia	Manufacturing, trading and exporting of pastry and related products

NOTES TO THE FINANCIAL STATEMENTS

59. ASSOCIATES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2008	2007		
	%	%		
* Wilmar International Limited	18.4	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
* PT Tri Persada Mulia	30.0	-	Indonesia	Dormant

* Associates not audited by Moores Rowland

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

Companies	Financial year end
Shaw Brothers (M) Sdn Bhd	31 March
Ancom-Chemquest Terminals Sdn Bhd	31 May
Mobile Money International Sdn Bhd	31 May
Golden Access Pte Ltd	30 June

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 respective associates have been used.

60. JOINTLY CONTROLLED ENTITY

The jointly controlled entity as at 31 December 2008 is as follows:

	Proportion of ownership interest		Country of operation	Principal activities
	2008	2007		
	%	%		
* 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

* Jointly controlled entity not audited by Moores Rowland

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 73 to 181 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 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
2 April 2009



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 73 to 181 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEONG CHOY YING

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Kuala Lumpur in the
Federal Territory on this
2nd day of April, 2009

Before me,

Kathirvelayudham a/l Palaniappan PPN
Commissioner for Oaths
Malaysia
No.W385

REPORT OF THE AUDITORS

TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of PPB Group Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 73 to 181.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

REPORT OF THE AUDITORS
TO THE MEMBERS

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 58 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.


Other Matters

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

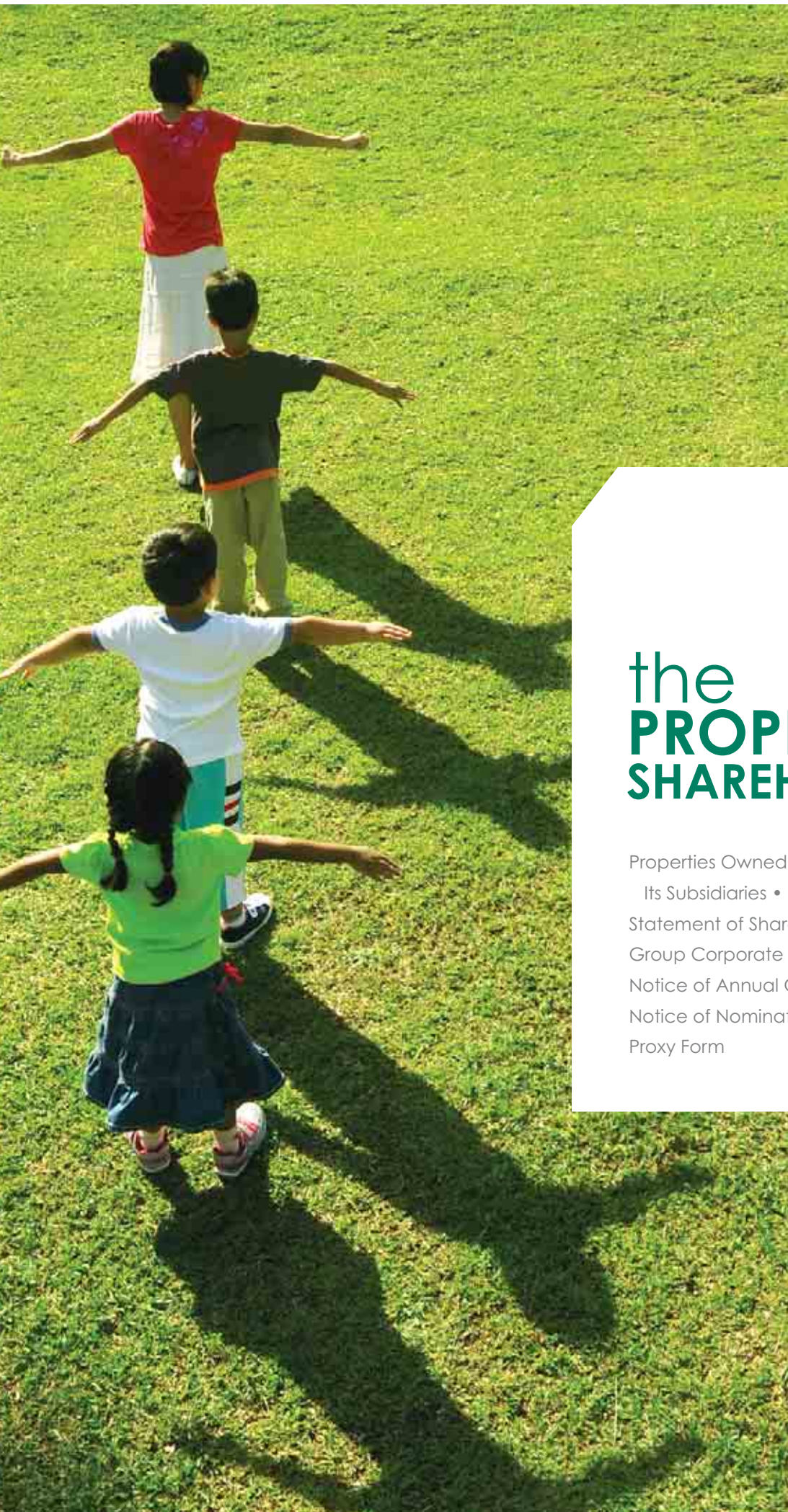
MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/09 (J)
Partner

Kuala Lumpur
2 April 2009

A high-angle, close-up photograph of a vibrant green lawn. The grass is dense and well-maintained, with some subtle variations in shade and texture. On the right edge of the frame, a person's hand is partially visible, reaching towards the grass. A dark green, semi-transparent rectangular box is overlaid on the left side of the image, containing white text.

**“The engine
of growth is
fuelled by the
strength of
many”**



the **PROPERTIES & SHAREHOLDINGS**

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Proxy Form

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 31.12.2008 RM'000
STATE OF PERLIS							
PN 37, Kampung Baru, Chuping 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	Sugar cane plantation	1.11.1980	-	5,799 hectares	Leasehold	2061 & 2063	15,433
HS (D) 2587, Bilal Udoh, Chuping	Sugar cane experimental station	2.8.1982	40	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	-	3,901 sq metres	Freehold	-	805
Cathay Sungai Petani No 11, Jln Bank, 08000 Sg Petani	Property leased out	16.4.1990	> 50	830 sq metres	Freehold	-	365
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	-	13,332
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	12	103 hectares	Freehold	-	14,054



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 31.12.2008 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	2	2 hectares	Freehold	-	18,366
798, Main Road, Prai, Province Wellesley	Sugar refinery factory	30.9.1976	44	8 hectares	Leasehold	2028 & 2054	10,677
Plot 352-355 & 362-364 Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory & office building	28.4.1989	32	24,922 sq metres	Leasehold	2035 & 2043	1,922
Plot 99(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	25.11.1982	26	21,089 sq metres	Leasehold	2042	3,299
Plot 100(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Warehouse building	10.2.1989	26	13,489 sq metres	Leasehold	2049	3,262
Plot 571, MK13 Tingkat Perusahaan Dua, Seberang Prai Tengah	Industrial land	4.11.1990	-	1,305 sq metres	Leasehold	2050	126
Odeon Penang No 130, Penang Road, 10000 Penang	Property leased out	16.4.1990	62	1,084 sq metres	Freehold	-	434
		16.4.1990	-	281 sq metres	Leasehold	2038	106
Dalit Cinema Kompleks Tun Abdul Razak Lebu Tek Soon, 10000 Penang	Shoplot leased out	16.4.1990	28	3,332 sq metres	Leasehold	2080	4,621
Cathay Bukit Mertajam No 14, Jln Aston, 14000 Bukit Mertajam	Property leased out	16.4.1990	53	1,092 sq metres	Freehold	-	362
		16.4.1990	-	282 sq metres	Freehold	-	} 107
		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	-	8,874
No 2 & 4, Church Street, 10300 Penang							

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 31.12.2008 RM'000
STATE OF PERAK							
Cathay Ipoh No 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	52	4,494 sq metres	Freehold	-	1,113
Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh	Office building & warehouse	3.10.1991	15	8,013 sq metres	Leasehold	2045	1,352
Block G4 & G5, Lumut Industrial Park, Lumut	Factory	28.12.1995	< 12	80,937 sq metres	Leasehold	yet to be determined	6,053
Block G9, Lumut Industrial Park, Lumut	Leasehold land rented out	29.11.1996	-	60,662 sq metres	Leasehold	yet to be determined	4,270
Lot 950, Batu 9, Sg Limau, 34850 Trong	Layar farm & vacant agricultural land	25.10.1996	10	216 hectares	Freehold	-	42,120
STATE OF SELANGOR							
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	7	208,170 sq metres	Leasehold	2097	116,229
Lot 2824-2827 & PT 45125 Mukim Sg Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	< 12	243,419 sq metres	Freehold	-	57,760
1~17, Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4 storey shop-houses & offices leased out	16.4.1990	26	1,408 sq metres	Freehold	-	3,473
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	14	35,336 sq metres	Freehold	-	15,189
Lot 844, Jln Subang 7, Taman Perindustrian Subang, 47500 Subang Jaya	Workshop & office building	15.6.1993	9	12,266 sq metres	Freehold	-	9,444
Lot 9, Jln Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	38	33,946 sq metres	Leasehold	2069	6,268

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 31.12.2008 RM'000
Lot 12, Persiaran Kemajuan 16/16, 40000 Shah Alam	Office building	22.2.1993	20	11,458 sq metres	Leasehold	2018	2,003
16/8A Jln Pahat 40700 Shah Alam	Office building	1.1.2004	29	3,837 sq metres	Leasehold	2067	710
WILAYAH PERSEKUTUAN							
2nd Floor, Sungei Wang Plaza Jln Bukit Bintang 55100 Kuala Lumpur	Shoplot leased out	16.4.1990	31	6,187 sq metres	Freehold	-	23,310
Lot 2883, Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	1,376 sq metres	Freehold	-	101
Lot 39727-39729, Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	3,582 sq metres	Leasehold	2077 & 2080	437
Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	13½	21,225 sq metres	Leasehold	2077 & 2080	54,515
Cheras Plaza No 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	21	9,225 sq metres	Leasehold	2077 & 2080	14,840
LA 79200014, Layang Layang Town, Labuan	Vacant commercial building	16.4.1990	-	9,941 sq metres	Leasehold	2092	1,103
STATE OF NEGERI SEMBILAN							
Lot 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	< 16	677,849 sq metres	Freehold	-	11,168
Lot 14720-14722, Senawang Industrial Park	Factory cum office building	30.6.1996	17	38,202 sq metres	Freehold	-	11,993
Lot 3978, Senawang Industrial Estate	Factory & office building	30.6.1996	12 to 37	27,033 sq metres	Leasehold	2067	17,348
GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang 70000 Seremban	Cineplex	26.2.1996	13	1,811 sq metres	Leasehold	2082 & 2094	4,631

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 31.12.2008 RM'000
STATE OF MALACCA							
Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	13	4,589 sq metres	Leasehold	2090	1,148
STATE OF JOHOR							
Lrg Pukul Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory, warehouse & office building	7.1.1989	24 to 32	71,913 sq metres	Leasehold	2049	12,863
Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory, warehouse & office building	10.10.1987 14.7.1988	12 & 20	121,406 sq metres	Leasehold	2049 & 2050	24,755
Cathay Muar No 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	52	1,623 sq metres	Freehold	-	} 348
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	-	417
Odeon Batu Pahat 30 Jln Jenang, 83000 Batu Pahat	Property leased out	16.4.1990	> 50	1,752 sq metres	Freehold	-	575
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	19 & 20	2,929 sq metres	Freehold	-	8,769
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	9	34,981 sq metres	Freehold	-	10,047
No 5, Jln Bakti, Kawasan Perindustrian Larkin 80350 Johor Bahru	Warehouse	30.8.2002	16 to 38	11,681 sq metres	Leasehold	2023	2,411



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 31.12.2008 RM'000
STATE OF PAHANG							
B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	41	149 sq metres	Freehold	-	300
No 19, Jln IM 3/1, Bandar Indera Mahkota, 25200 Kuantan	Office building & warehouse	12.7.1997	10	7,810 sq metres	Leasehold	2061	2,072
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	3,316
STATE OF SARAWAK							
Lot 2231, Pending Industrial Estate, Kuching	Factory, warehouse & office building	13.11.1984 18.6.1987 15.3.1989	> 25	6,810 sq metres	Leasehold	2040	3,901
Lot 505 Block 8, Muara Tebas Land District, Kuching	Factory, warehouse & office building	6.12.1999	5	21,350 sq metres	Leasehold	2059	19,664
Lot 137 Block 5, Undup Land District Sri Aman	Vacant agricultural land	9.3.1996	-	18,127 sq metres	Leasehold	2017	30
Lot 1149 Block 8, Muara Tebas Land District Kuching	Vacant industrial land & building	17.5.2004	-	10,518 sq metres	Leasehold	2064	4,089
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	398
Cathay Sibul C.D.T, No 6 Raminway, 96007 Sibul	Property leased out	16.4.1990	49	1,486 sq metres	Leasehold	2016	262

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 31.12.2008 RM'000
STATE OF SABAH							
5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	16	10,927 sq metres	Leasehold	2032	3,760
Lot No 6, Kota Kinabalu Industrial Park, Off Jln Sepangar, Kota Kinabalu	Factory & office building	19.10.2006	-	12,096 sq metres	Leasehold	2097	2,226
Lot 31, Industrial Zone 4, Kota Kinabalu	Warehouse & office building	24.7.2006	2	9,955 sq metres	Leasehold	2098	3,910
BFO Building, Jln Tunku Abd Rahman/Jln Laiman Diki, 88996 Kota Kinabalu	Office building	21.11.1995	28	8,741 sq metres	Leasehold	2074	11,927
CL 075149325, Karamunting, Sandakan	Land for expansion	10.8.1996	-	58,315 sq metres	Leasehold	2881	1,878
Cathay Sandakan Lot 2869, Third Street, 90007, Sandakan	Land leased out	16.4.1990	51	1,282 sq metres	Leasehold	2053	634
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	172
INDONESIA							
Jl.S.Gunungjati,LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Land for factory under construction	26.1.2007 3.4.2007	-	31,723 sq metres	Leasehold	2037	3,717

STATEMENT OF SHAREHOLDINGS

AS AT 18 MARCH 2009

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	604	5.92	19,937	0.00
100 - 1,000	2,137	20.93	1,559,595	0.13
1,001 - 10,000	5,179	50.73	21,650,179	1.83
10,001 - 100,000	1,890	18.52	56,779,546	4.79
100,001 to less than 5% of issued shares	396	3.88	527,619,403	44.51
5% and above of issued shares	2	0.02	577,871,222	48.74
	10,208	100.00	1,185,499,882	100.00

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
IN THE COMPANY				
Datuk Oh Siew Nam	120,666	0.01	1,204,498	0.10
Dato' Lim Chee Wah	100,000	0.01	40,000	*
Tan Gee Sooi	100	*	585,236	0.05
Datuk Rajasingam a/l Mayilvaganam	-	-	20,000	*
IN RELATED CORPORATIONS				
Tego Sdn Bhd - Subsidiary Company				
Datuk Oh Siew Nam	-	-	18,000	0.10
Tan Gee Sooi	37,500	0.21	-	-
Kuok Brothers Sdn Berhad - Holding Company				
Datuk Oh Siew Nam	-	-	4,966,667	0.99
Dato' Lim Chee Wah	-	-	4,634,000	0.93
Tan Gee Sooi	1,240,000	0.25	163,333	0.03
Cheang Kwan Chow	50,000	0.01	-	-
Coralbid (M) Sdn Bhd - Subsidiary of Holding Company				
Datuk Oh Siew Nam	-	-	100,000	0.27
Dato' Lim Chee Wah	-	-	100,000	0.27

* 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 18 MARCH 2009

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	594,764,624	50.17	2,658,404	0.22	597,423,028	50.39
Employees Provident Fund Board	112,718,450	9.51	-	-	112,718,450	9.51

THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

Name of Shareholders	No. of Shares	% of Issued Capital
1. Kuok Brothers Sdn Berhad	472,711,372	39.87
2. Employees Provident Fund Board	105,159,850	8.87
3. Kuok Brothers Sdn Berhad	49,296,514	4.16
4. Nai Seng Sdn Berhad	40,826,500	3.44
5. Kuok Brothers Sdn Berhad	40,757,932	3.44
6. Valuecap Sdn Bhd	34,848,300	2.94
7. Cimsec Nominees (Tempatan) Sdn Bhd For Kuok Brothers Sdn Berhad	32,000,000	2.70
8. HSBC Nominees (Asing) Sdn Bhd BNP PAR LDN BR For Nexgen Capital Limited	21,700,900	1.83
9. Kuok Foundation Berhad	17,119,720	1.44
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)	11,936,700	1.01
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. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	6,759,566	0.57
15. Ophir Holdings Berhad	5,841,754	0.49
16. Shaw Brothers (Johore) Sdn Bhd	5,603,732	0.47

STATEMENT OF SHAREHOLDINGS

AS AT 18 MARCH 2009

[continued]

THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

Name of Shareholders	No. of Shares	% of Issued Capital
17. Keck Seng (Malaysia) Berhad	4,891,728	0.41
18. Amanah Raya Nominees (Tempatan) Sdn Bhd For Public Islamic Dividend Fund	4,828,400	0.41
19. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For Prudential Fund Management Berhad	4,389,200	0.37
20. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Monetary Authority of Singapore (H)	4,233,500	0.36
21. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (U.A.E.)	4,124,772	0.35
22. SBB Nominees (Tempatan) Sdn Bhd For Employees Provident Fund Board	4,092,300	0.35
23. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Public Ittikal Fund	3,855,800	0.33
24. Gan Teng Siew Realty Sdn Berhad	3,621,998	0.31
25. HSBC Nominees (Asing) Sdn Bhd BBH and Co. Boston For Vanguard Emerging Markets Stock Index Fund	3,502,044	0.30
26. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN For Deutsche Trustees Malaysia Berhad	3,324,800	0.28
27. Universiti Kebangsaan Malaysia	3,323,608	0.28
28. Ang Poon Tiak	3,250,000	0.27
29. Cartaban Nominees (Asing) Sdn Bhd State Street For Ishares, Inc.	3,240,066	0.27
30. Amanah Raya Nominees (Tempatan) Sdn Bhd For Amanah Saham Malaysia	3,099,600	0.26
	936,346,656	78.98

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

Johor Bahru 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 (D)

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

**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 : 03-78068888
 Contact Person :
 Mr Irving Chee (GM)

CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd
Main Office
 PT 45125, Batu 15½, Sungai Pelong
 47000 Sungai Buloh, Selangor
 Tel : 03-61565888
 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

FOOD PROCESSING

Mantap Hijau Sdn Bhd
Main Office/Factory
 Lot 2, Seksyen 6,
 Pulau Indah Industrial Park
 k.s.13, 42090 Klang, Selangor
 Tel : 03-31011338
 Contact Person :
 Dr Adrian Majanil (GM)

FLOUR MILLING

FFM Berhad
Main Office
 PT 45125, Batu 15½
 Sungai Pelong,
 47000 Sungai Buloh, Selangor
 Tel : 03-61572289
 Contact Person :
 Mr Tan Chee Peng (MD)

Johor Bahru Flour Mill Sdn Bhd
Main Office/Factory
 Lorong Pukal Dua
 Kawasan Lembaga Pelabuhan Johor
 81700 Pasir Gudang, Johor
 Tel : 07-2512211
 Contact Person :
 Mr Tan Hock Yong (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)



GROUP CORPORATE DIRECTORY

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 Danny Soon (GM)

P

PLANTATIONS AND EDIBLE OILS

Wilmar International Limited
Main Office
 56 Neil Road
 Singapore 088830
 Tel : 65-62160244
 Contact Person :
 Mr Colin Tan Tiang Soon (CS)

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 ½
 Senawang Industrial Park
 70400 Seremban
 Negeri Sembilan
 Tel : 06-6778721
 Contact Person :
 Mr Boo Yew Leng (D)

Tefel Packaging Industries Co. Ltd
Main Office/Factory
 Plot No. 247-A/248
 Muse Street
 Ward (23), Industrial Zone (1)
 South Dagon Township
 Yangon, Myanmar
 Tel : 0095-1-590643
 Contact Person :
 Mr Cheng Kin Ming (D)

PROPERTY 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
 5B 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 Beseri, 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, China
 Tel : 00-8610-85298393
 Contact Person :
 Mr Ethan Pang (Financial Controller)

Sitamas Environmental Systems Sdn Bhd

Main Office
 Lot 15 Jalan Pahat 16/8A
 40702 Shah Alam, Selangor
 Tel : 03-55104008
 Contact Person :
 Mr Lim Cheng Kaai (GM)

AWS Sales & Services Sdn Bhd

Main Office
 2049 Jalan Perusahaan
 Prai Industrial Complex
 13600 Prai, Seberang Prai
 Pulau Pinang
 Tel : 04-3988600
 Contact Person :
 Mr Yap Eng Soon (GM)

LEGEND

CS - COMPANY SECRETARY
 D - DIRECTOR
 GM - GENERAL MANAGER
 M - MANAGER
 MD - MANAGING DIRECTOR

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Friday, 15 May 2009 at 9.30 a.m.
Venue : 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of PPB Group Berhad will be held at 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Friday, 15 May 2009 at 9.30 a.m. for the following purposes :-

AS ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of a final single tier dividend of 18 sen per share in respect of the financial year ended 31 December 2008 as recommended by the Directors. (Resolution 2)
3. To approve the payment of Directors' fees of RM306,626 for the financial year ended 31 December 2008. (Resolution 3)
4. To elect the following Directors who retire in accordance with Article 88 of the Articles of Association of the Company :-
 - i) Mr Cheang Kwan Chow (Resolution 4)
 - ii) Mr Lim Soon Huat (Resolution 5)
5. To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965 :-
 - i) "That pursuant to Section 129(6) of the Companies Act 1965, Datuk Oh Siew Nam 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 6)
 - ii) "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 7)
 - iii) "That pursuant to Section 129(6) of the Companies Act 1965, YM Raja Dato' Seri Abdul Aziz bin Raja Salim 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 8)

(See Explanatory Note 1)
6. To appoint Messrs Mazars as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)
(See Explanatory Note 2)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications :-

7. **Authority to issue 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 Explanatory Note 3) (Resolution 10)



NOTICE OF ANNUAL GENERAL MEETING

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
The text of the resolution to approve the above together with details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 23 April 2009.
(See Explanatory Note 4) (Resolution 11)
9. To transact any other business of which due notice shall have been given.

NOTICE OF BOOKS CLOSURE AND DATE OF DIVIDEND PAYMENT

NOTICE HAS BEEN GIVEN ON 27 FEBRUARY 2009 that subject to the approval of members at the Annual General Meeting to be held on Friday, 15 May 2009, a final single tier dividend of 18 sen per share in respect of the financial year ended 31 December 2008 will be paid on Friday, 5 June 2009 to members whose names appear in the Record of Depositors on Thursday, 21 May 2009.

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, 21 May 2009 in respect of ordinary transfers; and
- ii) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

Kuala Lumpur
23 April 2009

By Order of the Board
TAN TEONG BOON (LS 000326)
MAH TECK KEONG (MAICSA 0820976)
Company Secretaries

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.

EXPLANATORY NOTES

- 1) **RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT 1965**
Pursuant to Section 129(6) of the Companies Act 1965, a person of or over the age of 70 years who is proposed for appointment as a Director of the Company, shall be appointed by a resolution passed by a majority of not less than three-fourths of the members of the Company present and voting in person or by proxy at a general meeting, and if so appointed, the Director shall hold office until the next annual general meeting of the Company.

The proposed **Resolutions 6,7 and 8**, if passed, will enable Datuk Oh Siew Nam, Dato Sri Liang Kim Bang and YM Raja Dato' Seri Abdul Aziz bin Raja Salim to hold office until the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

2) APPOINTMENT OF AUDITORS

On 12 February 2009, the Company announced that it had received a notice from Messrs Moores Rowland indicating their intention not to seek re-appointment at the forthcoming Annual General Meeting of the Company as Messrs Moores Rowland had merged their practice with the internationally integrated practice of Messrs Mazars on 1 September 2008. On 12 February 2009, the Company also received a notice of nomination from Kuok Brothers Sdn Berhad, a shareholder of the Company to nominate Messrs Mazars as Auditors of the Company in place of the retiring Auditors, Messrs Moores Rowland.

A copy of the notice of nomination is annexed on page 203 of the Annual Report.

3) AUTHORITY TO ISSUE 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 **Resolution 10** 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.

4) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed **Resolution 11** is 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 make regular announcements to Bursa Malaysia and 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 cost in convening such meetings.

Further information on the proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 23 April 2009 despatched together with the Company's 2008 Annual Report.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for election pursuant to Article 88 are as follows :-
 - a. Mr Cheang Kwan Chow
 - b. Mr Lim Soon Huat

2. The Directors who are standing for re-appointment pursuant to Section 129(6) of the Companies Act 1965 are as follows :-
 - a. Datuk Oh Siew Nam
 - b. Dato Sri Liang Kim Bang
 - c. YM Raja Dato' Seri Abdul Aziz bin Raja Salim

The details of the above Directors are set out in the Directors' Profiles on pages 14 to 17. Their interests in shares of the Company and its related corporations are disclosed in the Statement of Shareholdings on page 195.



NOTICE OF NOMINATION OF AUDITORS



KUOK BROTHERS SDN. BERHAD

(INCORPORATED IN MALAYSIA)
(1765 T)

12 February 2009

The Board of Directors
PPB Group Berhad
17th Floor Wisma Jerneh
38 Jalan Sultan Ismail
500250 Kuala Lumpur

Dear Sirs

RE : NOTICE OF NOMINATION OF AUDITORS

In accordance with Section 172 (11) of the Companies Act, 1965, we hereby give you notice of our intention to nominate Messrs Mazars for appointment as the Auditors of **PPB Group Berhad** in place of the retiring Auditors, Messrs Moores Rowland who are not seeking re-appointment at the forthcoming Annual General Meeting.

Yours faithfully
for and on behalf of
KUOK BROTHERS SDN BERHAD

DATO' LIM CHEE WAH
Director

I/We _____ NRIC/Passport No.: _____

of _____

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 40th Annual General Meeting of the Company to be held on Friday, 15 May 2009 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 2008 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of a final single tier dividend.		
3	To approve the payment of Directors' fees.		
4	To elect Mr Cheang Kwan Chow as Director.		
5	To elect Mr Lim Soon Huat as Director.		
6	To re-appoint Datuk Oh Siew Nam as Director.		
7	To re-appoint Dato Sri Liang Kim Bang as Director.		
8	To re-appoint YM Raja Dato' Seri Abdul Aziz bin Raja Salim as Director.		
9	To appoint Messrs Mazars as Auditors of the Company.		
10	To authorise the Directors to allot and issue shares.		
11	To approve shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

The proportion(s) of my/our shareholding to be represented by my/our proxies is/are as follows :-

First Proxy	%
Second Proxy	%
Total	100%
No. of Shares Held	

Signed this _____ day of _____ 2009.

Signature

NOTES :

- 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.

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stamp
here

PPB GROUP BERHAD
17th Floor, Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
MALAYSIA

PPB GROUP BERHAD (8167-W)

17th Floor Wisma Jerneh

38 Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

T +603 2117 0888

F +603 2117 0999

www.ppbgroupp.com