PERAK
CORPORATION
BERHAD

(210915-U)
Incorporated in Malaysia

ANNUAL REPORT 2007

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Perak Corporation Berhad

Company No. 210915-U

(Incorporated in Malaysia)

Contents

Corporate Information

BOARD OF DIRECTORS

Dato' Ir. Haji Harun bin Ahmad Saruji DPMP, AMP (*Chairman)*	Non-Independent Non-Executive
Tuan Haji Ab Rahman bin Mohammed	Non-Independent Non-Executive
Encik Razidan bin Ghazalli	Non-Independent Non-Executive
YB Senator Dato' Azian bin Osman DPMP, AMP	Independent Non-Executive
Puan Noor Asmah bt. Mohd Nawawi	Independent Non-Executive

MANAGEMENT TEAM

Dato' Samsudin bin Hashim DPMP, PMP, AMP	Group Chief Executive Officer
Encik Harbhajan Singh a/l Ujagar Singh AMP, PPT	Group Chief Financial Officer
Tuan Haji Ibrahim bin Yaacob AMP, PPT	Group GM, Township Development
Tuan Haji Hamsidi bin Haji Shaharah	Group Assistant GM, Business Development
Hajah Sharifah Nor Hashimah bt. Syed Kamaruddin AMP, PPT	Group Assistant GM, Land & Property

PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

Cheai Weng Hoong (LS 05624)

AUDITORS

Ernst & Young (AF : 0039)
Chartered Accountants

SOLICITORS

Azman Davidson & Co.
Rusnah Loh Ng & Co.

PRINCIPAL BANKERS

CIMB Bank Berhad
Citibank Berhad
Malayan Banking Berhad

REGISTERED OFFICE

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

REGISTRAR

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

STOCK EXCHANGE LISTING

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Wednesday, 28 May 2008, at 12.00 noon to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2007 together with the Report of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of a first and final dividend of 2.5 sen per share less income tax for the year ended 31 December 2007. **Resolution 2**

3. To approve the increase in Directors' fees for the year ended 31 December 2007 and the payment of Directors' fees thereon. **Resolution 3**

4. To re-elect YB Senator Dato' Azian bin Osman who retires in accordance with Article 80 of the Company's Articles of Association. **Resolution 4**

5. To re-elect Tuan Haji Ab Rahman bin Mohammed who retires in accordance with Article 87 of the Company's Articles of Association. **Resolution 5**

6. To re-appoint Dato' Ir. Haji Harun bin Ahmad Saruji as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. **Resolution 6**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

As special business:

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 8**

   "**THAT** approval be and is hereby given pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for day to day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 25 April 2008, subject to the following:

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

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

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

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965, ("the Act"), but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

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

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

By order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
25 April 2008

NOTICE OF FIRST AND FINAL DIVIDEND PAYMENT AND CLOSURE OF REGISTER

Subject to the approval of the shareholders, a first and final dividend of 2.5 sen per share less income tax will be paid on 18 July 2008.

Notice is hereby given that the Register of Members of the Company will be closed on 30 June 2008, to determine shareholders' entitlement to the dividend payment.

A depositor will qualify for entitlement only in respect of:

a) Share transferred into the Depositors' Securities account before 4.00 p.m. on 30 June 2008 in respect of ordinary transfers; and

b) Share bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Notes:

1. *A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Act shall not apply.*

2. *When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*

3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.*

6. *The registration for the above Meeting will commence on Wednesday, 28 May 2008 at 11.30 a.m.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 to 6

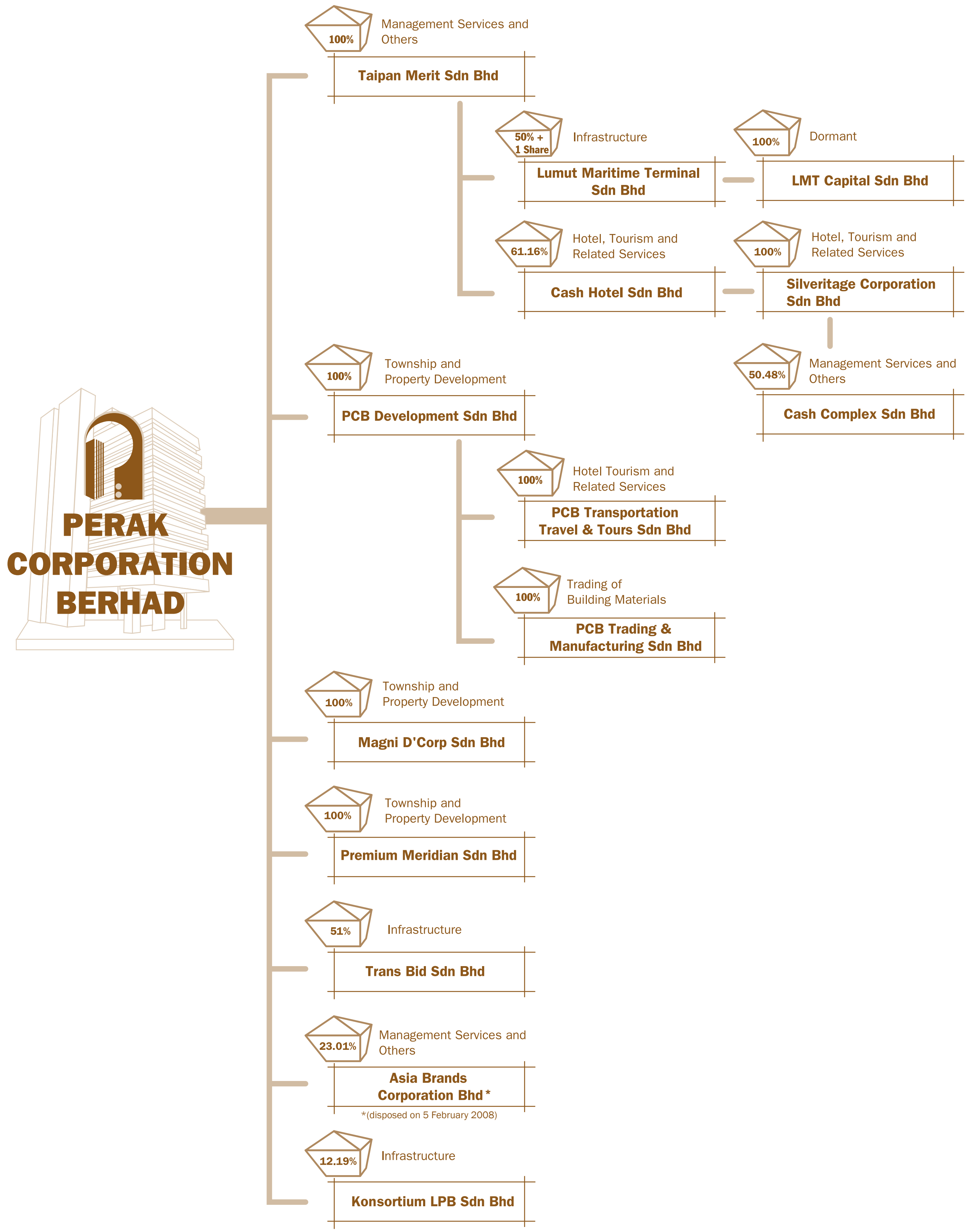
The profiles of the Directors standing for re-election/reappointment are disclosed on pages 8 - 9 of the Annual Report and the details of their interests in the securities of the Company are disclosed under "Analysis of Shareholdings" on page 34 of the Annual Report.

Explanatory Note

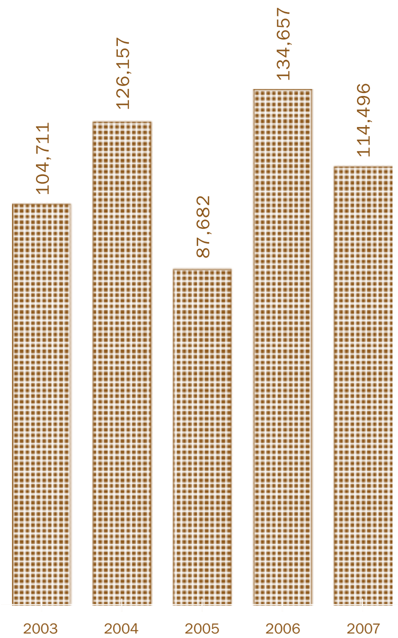
Resolution 8

Please refer to the Circular to Shareholders dated 25 April 2008 which is enclosed together with the Annual Report of the Company.

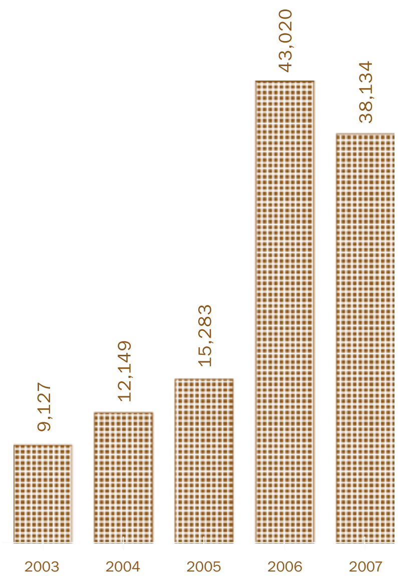
Corporate Structure as at 31 December 2007



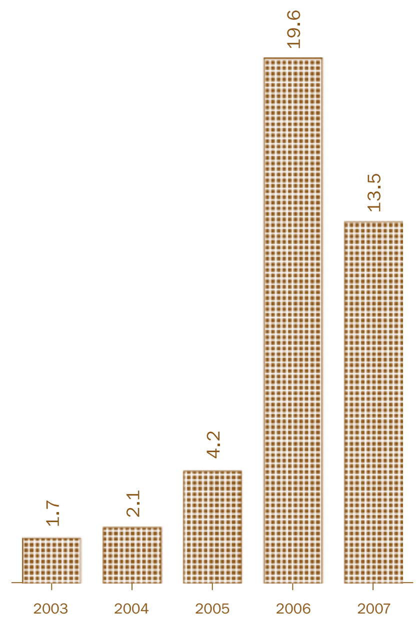
Financial Highlights 31 December



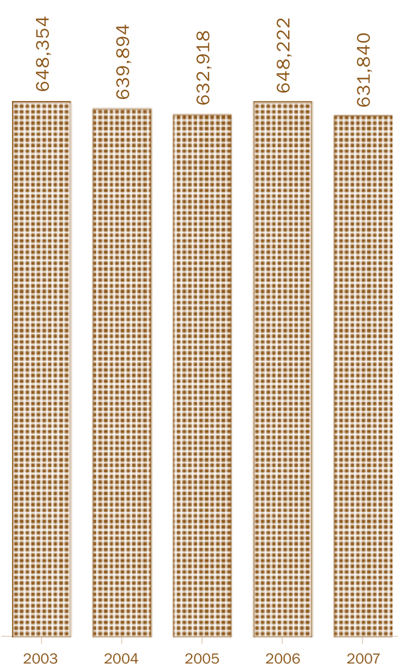
Revenue
(RM'000)



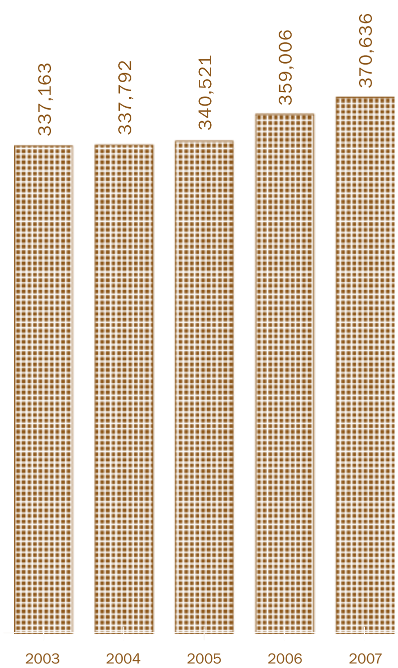
Profit Before Taxation
(RM'000)



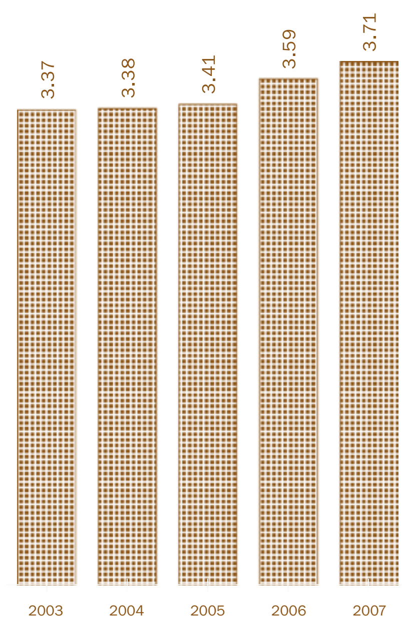
Earnings per Share
(sen)



Total Assets
(RM'000)



Equity Holders' Funds
(RM'000)



Net Assets per Share
(RM)

Profile of Directors

DATO' IR. HAJI HARUN BIN AHMAD SARUJI
(Malaysian, aged 71 years)
Non-Independent Non-Executive Director

Dato' Ir. Haji Harun bin Ahmad Saruji was first appointed to the Board on 19 February 1997. He serves as Chairman of the Board and has been appointed a member of the Nomination Committee upon his resignation as a member of the Audit Committee on 29 August 2007.

He is a Civil Engineer by profession and has served in Government Departments and Statutory Bodies for over 35 years. Prior to his appointment to the Board, he was the Chief Executive Officer of Perbadanan Kemajuan Negeri Perak ("PKNP").

Currently, he sits on the Board of Directors of a number of subsidiaries of the Company including being the Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of the Company.

He has attended all 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2007. He does not have any family relationship with any Director and/or substantial shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

The details of his interest in the ordinary shares of the Company are disclosed under "Analysis of Shareholdings" on page 34 of the Annual Report.

ENCIK RAZIDAN BIN GHAZALLI
(Malaysian, aged 45)
Non-Independent Non-Executive Director

Encik Razidan bin Ghazalli was first appointed to the Board on 15 November 2005. He has been a member of the Remuneration Committee since 21 December 2005.

He graduated with a Bachelor of Commerce degree from the University of Tasmania, Australia in 1983 and qualified as a Certified Practicing Accountant from CPA Australia and also a Chartered Accountant of the Malaysian Institute of Accountants since 1987. He obtained his Chartered Institute of Marketing (United Kingdom) qualification in 1997.

He is currently Group Chief Financial Officer of Sime Darby Berhad. He had previously served as Treasury Accountant in the Accountant General's Office, Senior Manager with Arthur Andersen & Co., Finance Manager with Petronas Berhad, Senior Vice President with Celcom (M) Berhad, General Manager, Financial Services with MISC Berhad, Senior Vice President with Idaman Unggul Berhad and Director, Finance of Golden Hope Plantations Berhad.

He attended 2 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2007. He does not have any family relationship with any director and/or substantial shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

TUAN HAJI AB RAHMAN BIN MOHAMMED
(Malaysian, aged 62)
Non-Independent Non-Executive Director

Tuan Haji Ab Rahman bin Mohammed was first appointed to the Board on 7 August 2007. He was appointed a member of the Audit Committee on 29 August 2007.

He graduated with a Bachelor of Economics with Honours from University of Malaya. He obtained a Master in Business Management from Asian Institute of Management, Philippines in 1977. He is a Chartered Member of Institute of Internal Auditors, Malaysia

He sits on the Board on behalf of Skim Amanah Saham Bumiputera, a substantial shareholder of the Company. He has served in Government Departments and Statutory Bodies for 30 years. He had previously served as Deputy Auditor General of Jabatan Audit Negara (1996–2000) and Chief Internal Auditor for Tenaga Nasional Berhad (2001–2005).

He also sits on the Board of Directors of KIG Glass Industrial Berhad.

He attended both Board of Directors' meetings held during the financial year ended 31 December 2007 from the date of his appointment. He does not have any family relationship with any director and/or substantial shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

YB SENATOR DATO' AZIAN BIN OSMAN

(Malaysian, aged 49)
Independent Non-Executive Director

YB Dato' Azian bin Osman was first appointed to the Board on 20 December 2001. He has been the Chairman of Remuneration Committee since 26 February 2004 and a member of the Audit Committee since 3 January 2005.

He holds a law degree from the University of Malaya and has more than 18 years experience and knowledge in the field of corporate, land and banking laws gained from his practice as an Advocate and Solicitor. On 14 November 2006, he was appointed as a Senator for a term of 3 years.

He is Chairman of the Board of Syarikat Perumahan Negara Berhad and sits on the Boards of several other private limited companies. He is also the Chairman of Kolej Risda.

He attended 3 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2007. He does not have any family relationship with any director and/or substantial shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

PUAN NOOR ASMAH BT. MOHD NAWAWI

(Malaysian, aged 41)
Independent Non-Executive Director

Puan Noor Asmah binti Mohd Nawawi was first appointed to the Board on 20 December 2001. She has been a member of the Audit Committee since 20 December 2001 and was appointed as Chairperson of the Nomination Committee and a member of the Remuneration Committee since 26 June 2002.

She holds a law degree from the International Islamic University, Malaysia and has more than 15 years experience and knowledge gained from her practice as an Advocate and Solicitor. She is currently a partner of Messrs. Asmah, Juhaida & Partners, Ipoh.

She is also the Chairperson of the Board of Harta Perak Corporation Sdn Bhd, a subsidiary of MajuPerak Holdings Berhad which in turn is a subsidiary of PKNP.

She attended all 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2007. She does not have any family relationship with any director and/or substantial shareholder and has no conflict of interest with the Company. She has no conviction for any offence within the past 10 years.

Profile of Group Chief Executive Officer

DATO' SAMSUDIN BIN HASHIM

(Malaysian, aged 51)

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

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

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

He holds 18,750 ordinary shares of the Company.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of PERAK CORPORATION BERHAD for the financial year ended 31 December 2007.

OVERVIEW

The Group activities in 2007 remained focus on its core businesses of township development of real property and ancillary services, hospitality services and maritime services and sales of port related land.

The township and property development activities softened amidst rising costs whereas the hospitality services segment incurred a small loss after taxation. However, the consistent returns from maritime services have enabled the Group to achieve favourable results for the financial year under review. The Group will continue to build on its strengths in all of its business segments to remain competitive and profitable in the foreseeable future.

FINANCIAL REVIEW

For the financial year ended 31 December 2007, the Group's revenue decreased by 15% to RM114.50 million (2006: RM134.66 million) mainly due to lower developed land sales realised from the various business segments. Accordingly, the Group achieved a pretax profit of RM38.13 million for the year under review in comparison to RM43.02 million recorded in the year 2006 whilst net profit attributable to shareholders was RM13.46 million in comparison to RM19.58 million earned in the previous year.

Net assets per share attributable to ordinary equity holders of the parent as at 31 December 2007 improved to RM3.71 (2006: RM3.59) based on the ordinary shares in issue of RM1.00 each of 100 million (2006: 100 million) units.

For the year under review, the Company achieved revenue of RM10.09 million resulting in pretax profits of RM8.62 million as compared to revenue of RM25.84 million with pretax profits of RM7.13 million recorded in the year 2006. Profit after taxation was recorded at RM5.80 million as against RM4.47 million achieved in the year 2006. The increase in profits was largely attributable to higher dividends received from a subsidiary during the year.

OPERATIONS REVIEW

Hospitality and Tourism

The Group's interest in this segment is via its subsidiary, Cash Hotel Sdn Bhd (CHSB), which owns a 4-star hotel in Ipoh, Perak called "Impiana Casuarina Hotel, Ipoh" (ICI) and manages "Casuarina Inn Taiping". ICI is managed by Impiana Hotels and Resorts Management Sdn Bhd since August 2006.

CHSB has incurred and committed up to a sum of RM2.0 million for the renovation and refurbishment of ICI which include the refurbishment of three (3) floors, a new Bistro to replace the former lounge, a new lounge at the main lobby area, and improvements to the main entrance and foyer, and lift cars and lobby. It is envisaged that ICI's revenue will be enhanced with the refurbishment and improvements.

The hotel and tourism segment has achieved a revenue of RM15.79 million (2006: RM18.23 million) with an average occupancy of 71.2% for the year under review. Loss before taxation for the year was recorded at RM0.39 million compared to a profit before taxation of RM2.14 million in 2006 which also had contribution from property development in that year.

Township Development

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

PCBD's township development known as "Bandar Meru Raya" (BMR), is located in the north of the City of Ipoh, Perak. On 30 April 2007, BMR received the MSC Malaysia Cybercentre Status Certificate for having fulfilled the necessary set of criteria towards meeting the vision of MSC Malaysia.

This segment has achieved a revenue of RM19.44 million (2006: RM24.15 million) with profit before taxation of RM3.11 million (2006: RM3.21 million) for the year under review.

Infrastructure

The Group's contributor in this segment is via its subsidiary, Lumut Maritime Terminal Sdn. Bhd. (LMT).

LMT is a port facility that provides total integrated port services with facilities able to berth ships up to 40,000 deadweight tonnes (DWT) and catered towards the handling dry bulk cargo, liquid bulk and general and specialised cargoes. The year 2007 saw a 12.9% growth in cargo handled at the Terminal with a total of 2.45 million freightweight tonnes (FWT) being handled compared to 2.17 million FWT in 2006. Export accounted for 70% of total cargo handled with dry bulk cargo (e.g. limestone, cement, clinkers and coal) accounting for 76% of throughput. Bulk palm oil export stood at 20% of the exports.

In the year 2008, LMT expects a cargo growth of about 20% in view of estimated increase in existing cargo type throughput and new cargoes to be handled namely petroleum products and minerals such as iron, manganese ores and fertilisers. To accommodate the expected increase of liquid throughput, LMT has put in place the necessary infrastructure such as pipe gantries and pipelines connecting the facilities of importers and exporters directly to the Terminal. LMT is also looking into cargo handling systems to cater for the increase in throughput.

LMT's Lumut Port Industrial Park (LPIP) develops and sells 90-year leasehold industrial land, adjacent to the Terminal, for heavy, medium and light industries at competitive prices. Selling prices depend on port utilisation, location and total acreage purchased. Currently, it has about 250 acres of land available for sale. Foreign ownership is permitted. Being located next to the port makes it very attractive to investors.

LMT is also the operator and manager of Lekir Bulk Terminal (LBT), a deep water seaport with natural depth of 20 meters. LBT is a dedicated terminal handling coal for Janakuasa Sultan Azlan Shah in Seri Manjung. For the year 2007, it handled 4.53 million tonnes (2006: 5.4 million tonnes) of coal and is expected to handle about 5.4 million for year 2008, to match the throughput of 2006.

This infrastructure segment has contributed to the Group's revenue by achieving RM77.24 million (2006: RM70.88 million) with profit before taxation totalling RM36.96 million (2006: RM32.82 million) for the year under review.

CORPORATE REVIEW

On 5 February 2008, the Company disposed of its entire equity interest in its associate, Asia Brands Corporation Bhd for a total consideration of RM21.00 million (refer to Note 36 in the Financial Statements, page 117 of this Annual Report) as the Group intends to pursue its core businesses as stated above. Upon the receipt of the sale proceeds, the Company has and shall utilise RM11.50 million towards the settlement of certain bank borrowings and the balance to be retained as working capital.

CORPORATE GOVERNANCE

Statements of Corporate Governance and Internal Control have been included in the Annual Report. The terms of reference of the Audit Committee have been updated. These affirm the Board's commitment in ensuring that good corporate governance compliance is practised throughout the Group.

PROSPECTS FOR THE YEAR 2008

The Group strives for better performance for the financial year 2008. The Group shall continue to focus on strengthening its activities by offering good quality and innovative products and services while continuing to source new strategic investments and opportunities to enhance its value to the shareholders.

DIVIDEND

The Board of Directors recommends a first and final dividend of 2.5 sen (2006: 2.5 sen) per share less 26% taxation, totalling RM1.85 million for the financial year ended 31 December 2007, for approval by shareholders at the forthcoming Annual General Meeting ("AGM").

The recommended dividend shall be paid on 18 July 2008, upon approval by shareholders in the forthcoming AGM.

BEREAVEMENT

It is with profound sadness that we record the passing of our Director, Allahyarham Dr. Nawawi bin Mat Awin on 14 March 2008, whose wise council and support as Chairman of the Audit Committee contributed towards the highest standards of corporate governance and to the success of the Company.

APPRECIATION

On behalf of the Board of Directors, I would like to extend a warm welcome to Haji Ab Rahman bin Mohammed to the Board. At the same time, I would like to take this opportunity to express my gratitude to Datuk Haji Faisal bin Haji Siraj, DMSM, who has resigned from the Board, for his invaluable service and contribution during his tenure.

I would also like to extend my sincere thanks to our shareholders, clients, suppliers and business associates, bankers and various government authorities for their support and confidence in the Group. My appreciation is also extended to the management and staff for all their dedication and commitment in their work throughout the year.

DATO' IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP
Chairman

25 April 2008

Group Activities

Management Team

Management Services

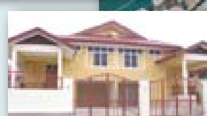
Township Development

Cybercentre

artist's impression

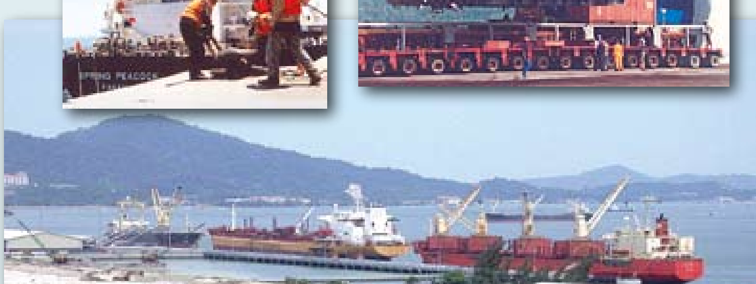
Bandar Meru Raya

artist's impression

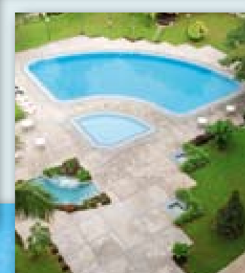


Infrastructure

Lumut Maritime Terminal



Hospitality



Impiana Casuarina Ipoh

Penyata Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Perak Corporation Berhad bagi tahun kewangan berakhir 31 Disember 2007.

TINJAUAN KESELURUHAN

Aktiviti Kumpulan di dalam 2007 masih memfokus pada perniagaan-perniagaan teras iaitu pembangunan bandar baru bagi hartanah dan perkhidmatan sampingan, perkhidmatan perhotelan dan perkhidmatan maritim dan penjualan tanah berkaitan pelabuhan.

Aktiviti bandar baru dan pembangunan hartanah berkurangan berpunca dari kenaikan kos manakala segmen perkhidmatan perhotelan mengalami kerugian kecil selepas cukai. Walau bagaimanapun pulangan yang konsisten dari perkhidmatan maritim telah membolehkan Kumpulan mencapai keputusan yang agak positif bagi tahun kewangan bawah kajian. Kumpulan akan terus meningkat kekuatannya di dalam semua segmen perniagaan untuk kekal berdaya saing dan berkeuntungan pada masa hadapan yang boleh diramalkan.

TINJAUAN SEMULA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2007, perolehan Kumpulan telah menurun sebanyak 15% ke RM114.50 juta (2006: RM134.66 juta) terutama kerana kekurangan penjualan tanah yang telah dimajukan oleh beberapa segmen perniagaan. Seterusnya, Kumpulan mencapai keuntungan sebelum cukai yang berjumlah RM38.13 juta bagi tahun bawah kajian berbanding dengan RM43.02 juta yang dicatat pada tahun 2006 manakala agihan untung bersih kepada pemegang saham-pemegang saham adalah sebanyak RM13.46 juta berbanding dengan RM19.58 juta diperolehi pada tahun sebelumnya.

Aset bersih sesaham kepada pemegang ekuiti biasa syarikat induk pada 31 Disember 2007 meningkat ke RM3.71 (2006: RM3.59), berasas kepada syer biasa yang diterbit pada RM1.00 seunit untuk 100 juta (2006: 100 juta) unit.

Bagi tahun bawah kajian, Syarikat telah mencapai perolehan sebanyak RM10.09 juta yang menghasilkan keuntungan sebelum cukai RM8.62 juta berbanding dengan perolehan RM25.84 juta dengan keuntungan sebelum cukai RM7.13 juta dicatat pada tahun 2006. Keuntungan selepas cukai dicatat pada RM5.80 juta berbanding RM4.47 juta yang dicapai pada tahun 2006. Peningkatan keuntungan ini ialah hasil dari penerimaan dividen yang lebih tinggi daripada sebuah subsidiari pada tahun tersebut.

TINJAUAN SEMULA AKTIVITI-AKTIVITI

Perhotelan dan Pelancongan

Kepentingan Kumpulan dalam segmen ini ialah melalui subsidiari Cash Hotel Sdn Bhd (CHSB), yang memiliki sebuah hotel bertaraf 4-bintang di Ipoh, Perak dikenali sebagai “Impiana Casuarina Hotel Ipoh” (ICI) dan mengurus “Casuarina Inn Taiping”. ICI diurus oleh Impiana Hotel and Resorts Management Sdn Bhd sejak Ogos 2006.

CHSB telah membelanja dan telah komit sejumlah RM2.0 juta bagi tujuan pengubahsuaian dan penaiktaraf ICI yang mana termasuk menaiktaraf tiga (3) tingkat, satu (1) unit ‘Bistro’ yang baru sebagai mengganti ruang rehat lama, satu ruang rehat baru diadakan di ruang legar, penambahbaikan pintu masuk utama dan foyer, dan kenderaan lif dan lobi. Perolehan ICI dijangka akan dipertingkatkan dengan naiktaraf dan penambahbaikan tersebut.

Segmen perhotelan dan pelancongan telah mencapai hasil sebanyak RM15.79 juta (2006: 18.23 juta) dengan kadar penginapan 71.2% bagi tahun bawah kajian. Kerugian sebelum cukai bagi tahun telah dicatat pada RM0.39 juta berbanding dengan keuntungan sebelum cukai RM2.14 juta pada tahun 2006 yang diperolehi daripada pembangunan hartanah dalam tahun itu.

Pembangunan Bandar Baru

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

Pembangunan bandar baru oleh PCBD, yang dikenali sebagai “Bandar Meru Raya” (BMR), terletak di utara Bandaraya Ipoh, Perak. Pada 30 April 2007, BMR telah menerima Sijil “MSC Malaysia Cybercentre Status” atas pencapaian menyempurnakan segala kriteria ke arah memenuhi visi MSC Malaysia.

Segmen ini telah mencapai perolehan sebanyak RM19.44 juta (2006: RM24.15 juta) dengan keuntungan sebelum cukai RM3.11 juta (2006: RM3.21 juta) bagi tahun bawah kajian.

Infrastruktur

Sumbangan Kumpulan dalam segmen ini ialah melalui subsidiari Lumut Maritime Terminal Sdn. Bhd. (LMT).

LMT adalah pelabuhan fasiliti yang menyediakan perkhidmatan pelabuhan bersepadu dengan kemudahan yang berupaya melabuh kapal-kapal sehingga 40,000 deadweight tonnes (DWT) berserta pengendalian kargo pukal kering, pukal cecair dan kargo awam dan khusus. Pengendalian kargo di Terminal bagi tahun 2007 mencatat pertumbuhan 12.9% berjumlah 2.45 juta freightweight tonnes (FWT) berbanding dengan 2.17 juta FWT pada 2006. Eksport merupakan 70% daripada jumlah kargo yang dikendalikan di mana kargo pukal kering (seperti batu kapur, simen, batu hangus dan arang batu) menyumbang 76% daripada pengendalian kargo. Eksport minyak sawit pukal kekal pada 20% daripada eksport.

Dalam tahun 2008, LMT menjangka pertumbuhan kargo akan meningkat sebanyak 20% dengan anggaran pertambahan dalam pengendalian jenis kargo sedia ada dan kargo baru iaitu produk petroleum dan mineral seperti besi, bijih mangan dan baja. Selaras dengan jangkaan tambahan pengendalian pukal cecair, LMT telah menyediakan infrastruktur yang perlu seperti paip gantri dan saluran talian paip yang menghubungkan kemudahan-kemudahan pengimport dan pengeksport terus ke Terminal. LMT sedang mengkaji satu sistem pengendalian kargo bagi mengurus penambahan tersebut.

Lumut Port Industrial Park (LPIP) kepunyaan LMT sedang memajukan dan menjual tanah industri pajakan 90 tahun bersebelahan dengan Terminal untuk industri berat, sederhana dan ringan pada harga yang kompetitif. Harga jualan berdasar kepada penggunaan pelabuhan, lokasi dan keluasan tanah. Pada masa kini, terdapat 250 ekar tanah untuk dijual. Pemilikan asing dibenarkan. Lokasi yang bersebelahan dengan pelabuhan menjadikan ia satu tarikan kepada pelabur.

LMT juga ialah operator dan pengurus Lekir Bulk Terminal (LBT), pelabuhan laut dalam dengan kedalaman semulajadi 20 meter. LBT secara khusus mengendalikan arang batu bagi Janakuasa Sultan Azlan Shah di Seri Manjung. Bagi tahun 2007, sebanyak 4.53 juta tan arang batu dikendalikan (2006: 5.4 juta tan) dan 5.4 juta tan dijangka akan dikendalikan dalam tahun 2008, setanding dengan tahun 2006.

Segmen infrastuktur ini telah menyumbang kepada perolehan Kumpulan dengan pencapaian RM77.24 juta (2006: RM70.88 juta) bersama-sama keuntungan sebelum cukai berjumlah RM36.96 juta (2006: RM32.82 juta) bagi tahun bawah kajian.

TINJAUAN KORPORAT

Pada 5 Februari 2008, Syarikat telah melupuskan keseluruhan kepentingan ekuiti syarikat sekutunya, Asia Brands Corporation Bhd dengan harga sebanyak RM21.0 juta (rujuk Nota 36 di dalam Penyata Kewangan mukasurat 117, Laporan Tahunan ini) supaya Kumpulan boleh meneruskan perniagaan-perniagaan teras seperti tercatat di atas. Dengan penerimaan perolehan tersebut, Syarikat telah dan akan menggunakan RM11.50 juta untuk menjelaskan pinjaman-pinjaman bank tertentu dan selebihnya disimpan sebagai modal kerja.

URUS TADBIR KORPORAT

Penyata Urus Tadbir Korporat dan Penyata Kawalan Dalaman adalah termasuk di dalam Laporan Tahunan. Bidang tugas Jawatankuasa Audit telah dikemaskini. Dengan ini, Lembaga memberi komitmen sepenuhnya untuk memastikan kepatuhan urus tadbir korporat yang baik diamalkan di seluruh Kumpulan.

PROSPEK BAGI TAHUN 2008

Kumpulan bertekad untuk berusaha ke arah prestasi yang lebih baik bagi tahun kewangan 2008. Kumpulan akan terus memfokus ke arah mengukuhkan aktiviti-aktivitinya dengan menawarkan produk-produk dan perkhidmatan yang berkualiti dan inovatif di samping terus mencari pelaburan strategik yang baru dan peluang-peluang untuk meningkatkan nilai kepada para pemegang saham.

DIVIDEN

Ahli Lembaga Pengarah mencadangkan dividen pertama dan akhir sebanyak 2.5 sen (2006: 2.5 sen) sesaham ditolak 26% cukai, berjumlah RM1.85 juta bagi tahun kewangan berakhir 31 Disember 2007, tertakluk kepada kelulusan para pemegang saham di Mesyuarat Agung Tahunan (“AGM”) yang akan datang.

Dividen yang dicadangkan akan berbayar pada 18 Julai 2008, apabila kelulusan diperolehi daripada para pemegang saham di AGM akan datang.

TAKZIAH

Dengan penuh kesedihan, kami merakamkan kepulangan Allahyarham Dr Nawawi bin Mat Awin, Ahli Lembaga Pengarah PCB, ke Rahmatullah pada 14 Mac 2008. Nasihat panduan yang bijaksana dan dorongan Allahyarham sebagai Pengerusi Jawatankuasa Audit telah memberi sumbangan kepada piawaian tertinggi dalam urus tadbir syarikat dan kepada kejayaan Syarikat ini. ***Al-Fatihah.***

PENGHARGAAN

Saya, bagi pihak Lembaga Pengarah, mengalu-alukan perlantikan Tuan Haji Ab Rahman bin Mohammed sebagai ahli Lembaga Pengarah. Pada masa yang sama, saya mengambil kesempatan mengucapkan penghargaan kepada Datuk Haji Faisal bin Haji Siraj, DMSM, yang telah meletak jawatan dalam Lembaga, atas perkhidmatan dan sumbangan yang tidak ternilai sepanjang tempoh perkhidmatannya.

Saya menyampaikan ucapan terima kasih kepada pemegang-pemegang saham, pelanggan-pelanggan, pembekal-pembekal dan rakan-rakan niaga, ahli-ahli perbankan dan pelbagai penguatkuasa kerajaan atas sokongan dan keyakinan pada Kumpulan ini. Ucapan penghargaan juga saya rakamkan kepada pihak pengurusan dan staf atas dedikasi dan komitmen dalam perjalanan tugas sepanjang tahun.

DATO’ IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP
Pengerusi

25 April 2008.

Statement of Corporate Governance

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

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

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

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

SECTION 1: DIRECTORS

Composition of the Board

The Board has five members as at the date of this Statement, all of whom are non-executive directors. Of this, two are independent and the rest are non-independent. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the nominees of each of the Company's substantial shareholders.

Dato' Ir. Haji Harun bin Ahmad Saruji is the Chairman of the Board while Dato' Samsudin bin Hashim, who is a non-board member, leads the management team. There is a clear division of responsibility between these two roles and between the non-executive board members and the executive management team to ensure a balance of power and authority.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity. The profile of the Board members is set out on pages 8 and 9.

Two fifths of the Board members are Independent Directors since the Company recognises the contribution of Independent Directors as equal Board members in the development of the Company's strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. The independent directors are independent of management and free from any relationship that could interfere with their independent judgement.

Board Responsibilities

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

The Board has a minimum of four regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2007, the Board held meetings on the following dates: 28 February, 30 May, 29 August, and 28 November. At each scheduled meeting, there is a full financial and business review and discussion, including trading and financial performance to date against annual budget and financial plan previously approved by the Board for that year. The details of meeting attendance of each individual director is as follows :

		Meeting Attendance in 2007
(i)	Dato' Ir. Haji Harun bin Ahmad Saruji	4/4
(ii)	Datuk Haji Faisal bin Haji Siraj (resigned on 01/08/2007)	2/2
(iii)	Encik Razidan bin Ghazalli	2/4
(iv)	Dr. Nawawi bin Mat Awin (deceased on 14/03/2008)	4/4
(v)	YB Dato' Azian bin Osman	3/4
(vi)	Puan Noor Asmah bt. Mohd Nawawi	4/4
(vii)	Tuan Haji Ab Rahman bin Mohammed (appointed on 07/08/2007)	2/2

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 28 to 31), Nomination Committee and Remuneration Committee.

The Board has also set up a Financial Executive Committee ("FEC") to assist the Board to evaluate major operating issues which arise out of the ordinary course of business. The FEC also reviews Annual Budgets before they are submitted to the Board and annual salary reviews of the employees of the Company. The FEC comprises an independent non-executive director, the Group Chief Executive, the Group Chief Financial Officer and headed by the Chairman of the Board.

Supply of Information

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

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

Appointments of the Board and Re-election

The Board has a Nomination Committee, which was established on 20 December 2001. At the date of this Statement, the Nomination Committee comprises two non-executive directors, one of whom are independent. The members are Dato' Ir Haji Harun bin Ahmad Saruji and headed by Puan Noor Asmah bt. Mohd Nawawi. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director upon evaluation of the candidate's ability to discharge the expected responsibilities.

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

The Nomination Committee shall evaluate annually in order to assess the effectiveness of each individual director and of the board as a whole.

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

During the financial year ended 31 December 2007, the Company has organised briefings by the management of core subsidiaries to give the directors a better understanding of their operations. In addition, some of the directors had also attended talks, seminars and conferences which are relevant to their professions to further enhance their skills and knowledge.

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

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

During the financial year, a Nomination Committee meeting was held on 28 February 2007 which was attended by all its members.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee was established on 20 December 2001. The Remuneration Committee as at the date of this Statement comprises three non-executive directors, two of whom are independent. The members are Puan Noor Asmah bt. Mohd Nawawi, Encik Razidan bin Ghazalli and YB Dato' Azian bin Osman as the Chairman. The Committee reviews the annual fees, attendance allowance and other benefits for the directors of the Company. The decision of the determination of the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Remuneration Committee with ultimate approval of shareholders at the AGM.

During the financial year, a Remuneration Committee meeting was held on 28 November 2007 and attended by all its members.

Directors' Remuneration

The aggregate remuneration of the directors (all of whom are non-executive) of the Company for the financial year ended 31 December 2007 is as follows:

	RM
Company: fees and attendance allowances	147,623
Subsidiary companies: fees, salary, bonus, allowances and benefits in kind	202,946
Total	350,569

Bands of remuneration for the financial year ended 31 December 2007 are as follows:

Band of remuneration	***All are Non-Executive Directors***
Below RM50,000	6*
RM200,001 - 250,000	1

* Includes a director who resigned during the financial year

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

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

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

Annual General Meeting ("AGM")

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

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

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

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

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to BMSB and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out on page 36 of this Annual Report.

Internal Control

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

The Statement on Internal Control as set out on pages 24 to 27 in this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The role of the Audit Committee in relation to the auditors can be found in the Report of Audit Committee set out on pages 28 to 31. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

SECTION 5: CORPORATE SOCIAL RESPONSIBILITY

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

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

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

(a) **The Meru Raya Township – "Metropolitan Living within Natural Surroundings"**
In the designing and execution of the maiden township development of 'Bandar Meru Raya', preservation and resplendency have been the two prime mission in the introduction of the greenway system specifically to provide a cleaner atmosphere within natural surroundings. These focus on the maximisation and capitalization of all the existing natural water courses, landscapes and geographical features of the environment and integrating them to a network of walkways, gardens, waterways, recreational facilities and parklands throughout the development. To date, about 1000 oil palm trees have been preserved from the original oil palm estates and replanted at strategic locations within the township.

(b) **Establishment of LMT Bio Hub**
The beneficial impact of the change-over from high pollution fossil fuels to clean biofuels, which are renewable resources, on the overall carbon dioxide emissions and global warming is inestimable. Biodiesel from oil palm is not only bio-degradable and non-toxic, it improves engine efficiency and durability. Also, viable technology allows the production of biodiesel, phytonutrients (vitamin E and carotenoids) and glycerine from crude palm oil. The LMT Bio Hub shall provide solutions by creating an enabling environment to achieve greater economies of scale towards improving the competiveness and sustainability of the agro-bio/biodiesel industry. The provision of strategic infrastructure (both hardware and software), such as bulk tanking and shipping facilities, pipeline gantry systems, facilitation between users to share resources, a bio-trading centre and biotechnology R&D for by-products and wastes shall establish a linkage that integrates the logistics, infrastructure, trading and market needs of the palm oil sector of the agri-biotech industry leading to a cleaner environment.

(c) The commitment towards the community by supporting and donating to charitable causes and disaster relief funds organised by the local governments and non-profitable organisations; providing financial assistance in the nurturing of youths with the potential to excel in sporting activities.

(d) The development of Bumiputra skills in management and entrepreneurship in the various core activities of the Group.

(e) The provision by the hospitality and tourism segment of an avenue whereby certain handicaps are gainfully employed to be useful to their families and society; local artists are able to display their artwork at no cost; local communities being encouraged and assisted to participate actively in tourism products such as the Homestay visitors programmes in Perak.

(f) To promote a healthy balance between personal and career development of employees of the Group by them attending seminars and training. In addition, they are encouraged to perform voluntary duties in various social activities.

SECTION 6: STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF THE CODE

Saved as disclosed below, the Group has complied with the Principles and Best Practices of the Code:

(a) ***The Board and also the various committees' members of the Board have been able to identify business risks and ensure implementation of appropriate measures to manage these risks*** — The Audit Committee members shall assist the Board of Directors towards the compliance of this responsibility. A structured risk management framework is in place to better identify, monitor and manage the business risks affecting the Group with the assistance of the internal audit department of the Company's ultimate holding corporation;

(b) ***The Board has formal schedule of matters reserved to itself for decision*** — The Board is of the view that this is done through the appointment of various committees, which spell out the authority of the committees. Otherwise, this is achieved informally through the convention that the Board decides on any Group level issues as a whole;

(c) ***There is formal succession planning within the organisation*** — Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions;

(d) ***Remuneration of each member of the Board of Directors is detailed*** — The Board of Directors is of the opinion that the non-disclosure of the individual remuneration of each director will not significantly affect the understanding and evaluation of the Group governance.

This Statement is made in accordance with a resolution of the Board dated 8 April 2008.

Statement on Internal Control

INTRODUCTION

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

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") require directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. In this respect, the Statement on Internal Controls: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") provides guidelines to assist listed issuers in making disclosures in their annual reports on the state of internal control in compliance with the Listing Requirements of BMSB. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Internal Control Guidance.

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

1. **Group Risk Management Committee**

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

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

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

3. **Key Management Staff**

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

4. **Risk Management Reporting**

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

The above risk management framework has been fully implemented for the past four years to effectively address critical business risks.

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

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

INTERNAL AUDIT

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

The scope of work of the internal audit department did not extend to:

(i) **Konsortium LPB Sdn. Bhd. ("KLPB"), an associate of the Company:**

   Principal activities of KLPB are to construct, operate and manage the operation of the privatised project West Coast Expressway Highway for a 30-year concession period. It has yet to commence operations. However, a representative of the management of the Company sits as a Board member of KLPB to ensure that implementation shall be carried out in a proper manner and risk assessment shall be undertaken by KLPB;

(ii) **Asia Brands Corporation Berhad ("ABCB"), an associate of the Company:**

Principal activities of ABCB Group are marketing and trading of lingerie and ladies' leisure wear and trading and retailing of children's wear, care and related products. A representative of the management of the Company and a nominee sit as Board members of ABCB to ensure that risk assessment is carried out in a proper manner and controls are in place. ABCB has outsourced the internal audit function to a professional firm, which reports to its Audit Committee on a quarterly basis. The Company has disposed its entire shareholding in ABCB on 5 February 2008 as disclosed under Note 36 page 117 of the Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

1. **Organisational Structure**

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

2. **Policies and Operating Procedures Manual**

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

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

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

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

3. **Management Financial Report**

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

4. **Investment Appraisal**

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

5. **Group Financial Management Meeting**

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

CONCLUSION

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

Management has taken the necessary action to ensure minimum exceptions to be reported in this Statement.

This Statement is made in accordance with a resolution of the Board dated 8 April 2008.

Report of Audit Committee

COMPOSITION

	Meeting attendance in 2007
Chairman:	
Dr. Nawawi bin Mat Awin (deceased on 14/3/2008) *Independent, Non-Executive*	5/5
Members:	
Dato' Ir. Haji Harun bin Ahmad Saruji (resigned on 29/08/2007) *Non-Independent, Non-Executive Director*	4/4
Puan Noor Asmah bt Mohd Nawawi *Independent, Non-Executive Director*	3/5
YB Dato' Azian bin Osman *Independent, Non-Executive Director*	2/5
Tuan Haji Ab Rahman bin Mohammed *Non-Independent, Non-Executive Director (appointed on 29/08/2007)*	1/1

All members of the Committee have a working familiarity with basic finance and accounting practices.

MEETINGS

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

The Committee met 5 times during the financial year under review for the following purposes:

- To review the financial statements before the quarterly announcements to Bursa Malaysia Securities Berhad ("BMSB");
- To review the year end financial statements together with external auditors' management letter and management's response;
- To discuss with the external auditors, the audit plan and scope for the year, as well as the audit procedures to be utilised;
- To discuss with the internal auditors on its scope of work, adequacy of resources and coordination with the external auditors;
- To review the reports prepared by the internal auditors on the state of internal control of the Group.

In 2007, the Committee held meetings on the following dates: 27 February, 27 March, 29 May, 28 August and 27 November. The attendance of the members is as shown above.

RESPONSIBILITIES AND DUTIES

Besides the duties stated under the Terms of Reference stated below, the Audit Committee shall:

- Consider the appointment of the external auditors, the audit fees and any questions of their resignation or dismissal;
- Review the adequacy and effectiveness of risk management, internal controls and governance systems;
- Review any other activities, as authorised by the Board.

INTERNAL AUDIT FUNCTION

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

The internal audit activities have been carried out according to the internal audit plan, which has been approved by the Audit Committee. In 2007, a series of review of the risk management framework of the Group and the audits of the operating units including subsidiaries were carried out. The audit reports were tabled at the Audit Committee Meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 24 to 27.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members (who are not alternate directors or executive directors), comprising at least three (3) members with a majority of them being independent directors. All members of the Committee shall be financially literate and at least one member of the Committee shall be a member of the Malaysian Institute of Accountants or a member of an association of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by BMSB.

The term of office and performance of the committee and each of its members shall be reviewed by the Board of Directors at least once every three years.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

Vacancy, retirement and resignation

All members, including the Chairman, will hold office only as long as they serve as Directors of the Company. If for any reason the membership of the Committee fails to comply with the membership requirements, the Board shall within three (3) months of the event, appoint such number of new members as may be required to fill the vacancy.

Authority

The Audit Committee is authorised by the Board to investigate any activities within its terms of reference. It can seek outside legal or other independent professional assistance if it considers necessary.

The Audit Committee shall in principle have full, free and unrestricted access to any information pertaining to the Company and its Group in carrying out their duties.

Duties

(a) To recommend to the Board the appointment and reappointment of the external auditors, audit fees and any question of their resignation or dismissal.

(b) To discuss with the external auditors before the audit commences, the audit plan, their evaluation of the system of internal control and the audit reports on the financial statements and the assistance given by the Company's officers to the external auditors.

(c) To review the quarterly financial reports and annual financial statements before submission to the Board focusing particularly on :-

- Changes in or implementation of major accounting policy changes;
- Significant and unusual events; and
- Compliance with accounting standards and other legal requirements.

(d) To discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.

(e) To review the adequacy of the scope, function, competency and resources and the effectiveness of the internal audit function.

(f) To review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(g) To review the Risk Management Framework of the Group, the significant risks identified for the Group and the findings highlighted by the Internal Auditors.

(h) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(i) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors as well as Internal Auditors.

(j) To prepare an Audit Committee Report, for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.

(k) To report to BMSB where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of BMSB.

Meetings

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Committee may 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. The Committee may invite any person to be in attendance at each meeting.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management such as the Chairman of the Company, the Chief Executive Officer, the Finance Director (if any), the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

A meeting shall be called by notice in writing of not less than seven (7) days or such shorter notice as may be agreed by the members.

The quorum for each meeting shall be two (2) members, the majority of members present must be independent members.

Minutes

Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board. The Chairman shall report on each meeting to the Board. The minutes' book shall be opened to the inspection of any director of the Company. The secretary to the Committee shall be the Company Secretary.

Additional Compliance Information

Recurrent Related Party Transactions ("RRPTs") of Revenue Nature
RRPTs of revenue nature conducted during the financial year are as follows:

Type of RRPT	*Name of Related Party*	*Relationship with the Company*	*Actual Value Period: 1/1/07 – 31/12/07 (RM)*
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak ("PKNP")	Ultimate Holding Corporation	2,023,549
Management services provided to the Company	PKNP	Ultimate Holding Corporation	296,000
Project services provided to the Company	PKNP	Ultimate Holding Corporation	1,304,000
Rental and disbursements payable by the Company	PKNP	Ultimate Holding Corporation	437,838
Management services provided to a subsidiary, Lumut Maritime Terminal Sdn Bhd ("LMT")	Integrax Berhad ("ITB")	See note 1 below	600,000
Operation and maintenance provided by a subsidiary, LMT	Lekir Bulk Terminal Sdn Bhd ("LBT")	See note 2 below	23,356,748
Tug boat services provided to a subsidiary, LMT	Radikal Rancak Sdn Bhd ("RR")	See note 3 below	6,217,103

Relationship with the Company:

1. Kuda Sejati Sdn. Bhd. ("KS") is a wholly owned subsidiary of PKNP, which holds 8.41% of the equity interest of ITB as at 31 December 2007. LMT is an associated company of Pelabuhan Lumut Sdn. Bhd. ("PL") which holds 50% less 1 share of its equity. PL is a wholly owned subsidiary of ITB.
2. PL holds 80% equity interest in LBT, whereas the remaining equity interest of 20% is held by Tuah Utama Sdn. Bhd., an unrelated company to the Company, its subsidiaries and its Directors.
3. RR is a wholly owned subsidiary of ITB.

Material Contracts

There were no material contracts other than in the ordinary course of business entered into by the Company or its subsidiaries involving the interest of the Directors and substantial shareholders.

Impositions of Sanctions / Penalties

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

Non-Audit Fees

There was only a non-audit fee of RM22,400 (2006: RM22,400) payable to the external auditors of the Company and its subsidiaries for the financial year ended 31 December 2007.

Summary of Properties as at 31 December 2007

Location	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings) Net Book Value	Existing Use
Lot 6407N (PN 67134) Bandar Ipoh, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	0.73	Leasehold (99 years) expiring year 2081	9-storey office tower	10.01.1997 27 years RM10,371,211	Rented to Perbadanan Kemajuan Negeri Perak except for second, seventh and eight floor occupied by the Company
Part of Lot 140407, 15437, 25459, 33004, 52566, 21310, 18202 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	189.62	Freehold	Agricultural land with approval for mixed development from Pejabat Pengarah Tanah & Galian	31.12.1997 RM23,242,502	Agriculture (proposed for mixed development)
No. HSD 98757, PT 167585 Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	5.00	Freehold	3-storey institutional building	1.1.2002 6 years RM4,272,352 (Non-current asset held for sale)	Currently vacant, (a wholly owned subsidiary has a conditional agreement to dispose this property and land to a third party)
PT 171441 KA92916 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan. (formerly Lot 138945 PN 43395)	5.49	Leasehold (99 years) expiring year 2100	9-storey hotel building	21.1.1985 21 years RM46,446,900	4-star hotel operations
Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 RM768,952	Port operations
Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse & office complex building, and port land area	10.4.1997 12 years RM74,915,803	Port operations

Analysis of Shareholdings as at 31 March 2008

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

DISTRIBUTION OF SHAREHOLDERS

(Based on the Record of Depositors)

No. of holders	Holdings	Total shareholdings	%
216	Less than 100	10,539	0.01
153	100 to 1,000	99,246	0.10
1,962	1,001 to 10,000	5,771,565	5.77
238	10,001 to 100,000	5,897,525	5.90
27	100,001 to 4,999,999	15,589,875	15.59
3	5,000,000* and above	72,631,250	72.63
2,599		100,000,000	100.00

** Denotes 5% of the issued capital*

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

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

		No. of shares held			
No.	Name of holders	Direct	%	Deemed	%
1.	Perbadanan Kemajuan Negeri Perak	52,271,253*1	52.27	257,500 *2	0.26
2.	Skim Amanah Saham Bumiputera	15,000,000	15.00	-	-
3.	Golden Hope Plantations Berhad	6,125,000	6.13	-	-

Notes :

**1. 52,266,250 shares held through CIMB Group Nominees (Tempatan) Sdn Bhd and OSK Nominees (Tempatan) Sdn Bhd*

**2. Deemed interest through its wholly owned subsidiaries, Sergap Berkat Sdn Bhd (240,000 shares held through OSK Nominees (Tempatan) Sdn Bhd) and Cherry Blossom Sdn Bhd*

DIRECTORS' SHAREHOLDINGS

(Based on the Company's Register of Director's Shareholdings)

		No. of shares held			
No.	Name of holders	Direct	%	Deemed	%
1.	Dato' Ir Haji Harun bin Ahmad Saruji	23,750	0.02	15,000 *1	0.02

Note :

**1. Deemed interest through his son*

THIRTY LARGEST SHAREHOLDERS
(Based on the Record of Depositors)

No.	Name	No. of shares held	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd • Perak Corporation Berhad for Perbadanan Kemajuan Negeri Perak	51,506,250	51.51
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd • Skim Amanah Saham Bumiputera	15,000,000	15.00
3.	Golden Hope Plantations Berhad	6,125,000	6.13
4.	AMSEC Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd	4,428,000	4.43
5.	KAF Trustee Berhad • KAF Fund Management Sdn Bhd for Malaysian Assurance Alliance Berhad	2,210,400	2.21
6.	Citigroup Nominees (Asing) Sdn Bhd • Bear Stearns Securities Corp for Third Avenue Special Situations (Master) Fund, LP	1,418,000	1.42
7.	Citigroup Nominees (Asing) Sdn Bhd • Citigroup GM Inc for SC Fundamental Value Fund LP	995,616	1.00
8.	OSK Nominees (Tempatan) Sdn Berhad • OSK Capital Sdn Bhd for Perbadanan Kemajuan Negeri Perak	760,000	0.76
9.	Citigroup Nominees (Asing) Sdn Bhd • Citigroup GM Inc for SC Fundamental Value BVI Ltd	695,384	0.70
10.	PM Nominees (Tempatan) Sdn Bhd • PCB Asset Management Sdn Bhd for MUI Continental Insurance Berhad	600,000	0.60
11.	Ng Lai Chiek	440,000	0.44
12.	KAF Trustee Berhad • KAF Fund Management Sdn Bhd for Yayasan Istana Abdul Aziz	360,000	0.36
13.	KAF Trustee Berhad • KAF Fund Management Sdn Bhd for DYMM Tuanku Bainun Mohd Ali	351,000	0.35
14.	Ke-Zan Nominees (Asing) Sdn Bhd • Kim Eng Securities Pte Ltd for Horizon Growth Fund NV	300,300	0.30
15.	Citigroup Nominees (Asing) Sdn Bhd • Citigroup GM Inc for SC Fundamental LLC Employee Savings and Profit Savings Plan	264,500	0.26
16.	Lim Pay Kaon	262,300	0.26
17.	Cheong Yoke Choy	250,000	0.25
18.	Lee Choon Hoong	240,000	0.24
19.	OSK Nominees (Tempatan) Sdn Bhd • OSK Capital Sdn Bhd for Sergap Berkat Sdn Bhd	240,000	0.24
20.	Fawziah bt Hussein Sazally	230,000	0.23
21.	Toh Hock Chooi	202,800	0.20
22.	TCL Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Hoo Pak @ Hor Ker Pay	200,000	0.20
23.	Lim Ah Waa	193,700	0.19
24.	Chan Wing Kit	183,900	0.18
25.	KBB Nominees (Tempatan) Sdn Bhd • Exempted ESOS (PRKCRP)	159,000	0.16
26.	HLB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Lam Kim Chiap	151,575	0.15
27.	KAF Trustee Berhad • KAF Fund Management Sdn Bhd for Ahmad bin Kadis	130,000	0.13
28.	Malaysia Nominees (Tempatan) Sendirian Berhad • Pledged Securities Account for Lim Cheong Goh	120,000	0.12
29.	Lim Kiam Chai	102,700	0.10
30.	Gan Thian Teck	100,700	0.10
	Total	**88,221,125**	**88.22**

Statement of Directors' Responsibilities
In Respect Of The Annual Audited Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

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

Directors' Report & Audited Financial Statements

Directors' Report

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

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year	26,794,255	5,803,218
Attributable to:		
Equity holders of the Company	13,455,238	5,803,218
Minority interests	13,339,017	–
	26,794,255	5,803,218

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

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

DIVIDEND

The amount of dividend paid by the Company since 31 December 2006 was as follows:

	RM
In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year:	
Ordinary final dividend of 2.5% less 27% taxation, on 100,000,000 ordinary shares, approved on 30 May 2007 and paid on 18 July 2007	1,825,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2007, of 2.5% less 26% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM1,850,000 (1.85 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2008.

DIRECTORS

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

Dato' Ir Haji Harun bin Ahmad Saruji DPMP, AMP
Dr. Nawawi bin Mat Awin *(deceased on 14 March 2008)*
YB Dato' Azian bin Osman DPMP, AMP
Noor Asmah bt Mohd Nawawi
Razidan bin Ghazalli
Haji Abd. Rahman bin Mohammed *(appointed on 7 August 2007)*
Datuk Haji Faisal bin Haji Siraj, DMSM *(resigned on 1 August 2007)*

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 26 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
The Company	**1 January 2007**	**Bought**	**Sold**	**31 December 2007**
Dato' Ir Haji Harun bin Ahmad Saruji DPMP, AMP				
— direct	23,750	—	—	23,750
— indirect*	20,000	—	5,000	15,000

**deemed interest through his spouse/issue*

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

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONTD.)

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

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND RECURRING EVENTS

The significant events during the financial year are as disclosed in Note 35 to the financial statements.

SUBSEQUENT EVENT

The subsequent event since the end of the financial year to the date of this report is disclosed in Note 36 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2008.

DATO' IR HAJI HARUN BIN AHMAD SARUJI
DPMP, AMP

YB DATO' AZIAN BIN OSMAN
DPMP, AMP

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, DATO' IR HAJI HARUN BIN AHMAD SARUJI DPMP, AMP and YB DATO' AZIAN BIN OSMAN DPMP, AMP, being two of the directors of PERAK CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 44 to 132 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2008.

DATO' IR HAJI HARUN BIN AHMAD SARUJI
DPMP, AMP

YB DATO' AZIAN BIN OSMAN
DPMP, AMP

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, HARBHAJAN SINGH A/L UJAGAR SINGH AMP, PPT, being the officer primarily responsible for the financial management of PERAK CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 132 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed HARBHAJAN SINGH
A/L UJAGAR SINGH AMP, PPT, at Ipoh
in the State of Perak Darul Ridzuan on
8 April 2008

HARBHAJAN SINGH
A/L UJAGAR SINGH
AMP, PPT

Before me,

HAJI AHMAD JALANY BIN HAJI MOHD ALI PPT
No. A174
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan,
Malaysia.

Report of the Auditors

TO THE MEMBERS OF PERAK CORPORATION BERHAD

We have audited the accompanying financial statements set out on pages 44 to 132. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial positions of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LEONG CHOOI MAY
No. 1231/03/09 (J)
Partner

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 8 April 2008

Balance Sheets

AS AT 31 DECEMBER 2007

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
			(Restated)		
ASSETS					
Non-current assets					
Property, plant and equipment	3	70,433,444	71,076,055	10,434,974	10,549,211
Port facilities	4	64,456,579	61,024,585	—	—
Prepaid land lease payments	5	26,038,085	26,365,579	—	—
Land held for property development	6	33,295,004	33,295,004	—	—
Investments in subsidiaries	7	—	—	6,702,509	6,702,511
Investments in associates	8	22,667,968	26,318,132	22,737,793	23,384,793
Other investments	9	—	3,993,840	—	3,993,840
Intangible assets	10	23,811,003	23,811,003	—	—
Other receivables	12	—	—	213,777,449	214,923,303
Deferred tax assets	21	1,009,428	1,612,633	—	—
		241,711,511	247,496,831	253,652,725	259,553,658
Current assets					
Property development costs	6	129,856,238	141,460,048	55,996,079	54,391,814
Inventories	11	11,632,500	12,879,179	—	—
Trade and other receivables	12	174,568,142	166,845,815	104,451,070	103,064,923
Tax recoverable		1,535,579	813,217	655,582	—
Other investments	9	3,380,141	3,306,189	—	—
Cash and bank balances	13	64,883,286	71,148,152	2,568,406	6,328,163
		385,855,886	396,452,600	163,671,137	163,784,900
Non-current asset classified as held for sale	14	4,272,352	4,272,352	—	—
		390,128,238	400,724,952	163,671,137	163,784,900
TOTAL ASSETS		631,839,749	648,221,783	417,323,862	423,338,558

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	100,000,000	100,000,000	100,000,000	100,000,000
Share premium		172,770,440	172,770,440	172,770,440	172,770,440
Retained earnings	16	97,866,155	86,235,917	49,047,019	45,068,801
		370,636,595	359,006,357	321,817,459	317,839,241
Minority interests		71,986,227	69,957,391	–	–
Total equity		442,622,822	428,963,748	321,817,459	317,839,241
Non-current liabilities					
Other payables	22	–	–	1,216,127	1,216,277
Borrowings	17	55,506,046	55,720,810	–	–
Retirement benefits	20	1,495,875	1,234,455	–	–
Deferred tax liabilities	21	5,447,428	5,617,633	–	–
		62,449,349	62,572,898	1,216,127	1,216,277
Current liabilities					
Retirement benefits	20	120,834	118,646	–	–
Borrowings	17	73,023,431	90,819,193	71,500,000	80,602,764
Trade and other payables	22	50,326,673	60,846,670	22,790,276	23,485,262
Tax payable		2,766,990	3,298,459	–	195,014
Provision for liabilities	23	529,650	1,602,169	–	–
		126,767,578	156,685,137	94,290,276	104,283,040
Total liabilities		189,216,927	219,258,035	95,506,403	105,499,317
TOTAL EQUITY AND LIABILITIES		631,839,749	648,221,783	417,323,862	423,338,558

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

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
Revenue	24	114,495,860	134,656,766	10,089,796	25,835,593
Cost of sales	25	(50,778,653)	(67,711,874)	317,595	(15,911,346)
Gross profit		63,717,207	66,944,892	10,407,391	9,924,247
Other operating income		6,372,644	2,860,137	3,065,157	1,729,161
Sales and marketing expenses		(377,473)	(354,181)	—	—
Administrative expenses		(9,246,330)	(12,321,921)	(974,304)	(959,949)
Other operating expenses		(19,553,443)	(10,228,333)	(3,110,748)	(3,047,419)
Profit from operations	26	40,912,605	46,900,594	9,387,496	7,646,040
Finance costs	27	(5,420,018)	(5,303,483)	(764,534)	(517,170)
Share of profit of associates		2,641,238	1,422,713	—	—
Profit before taxation		38,133,825	43,019,824	8,622,962	7,128,870
Taxation	28	(11,339,570)	(10,668,015)	(2,819,744)	(2,654,893)
Profit for the year		26,794,255	32,351,809	5,803,218	4,473,977
Attributable to:					
Equity holders of the Company		13,455,238	19,579,711	5,803,218	4,473,977
Minority interests		13,339,017	12,772,098	—	—
		26,794,255	32,351,809	5,803,218	4,473,977
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	29	13.46	19.58		
Diluted, for profit for the year	29	—	—		

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

Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2007

		Attributable to Equity Holders of the Company					
			Non distributable	Distributable			
		Share capital	Share premium	Retained earnings	Total	Minority interests	Total equity
Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2006		100,000,000	172,770,440	68,096,206	340,866,646	66,660,997	407,527,643
Profit for the year, representing total recognised income and expense for the year		–	–	19,579,711	19,579,711	12,772,098	32,351,809
Dividend	31	–	–	(1,440,000)	(1,440,000)	–	(1,440,000)
Dividend paid by a subsidiary to a minority shareholder		–	–	–	–	(9,475,704)	(9,475,704)
At 31 December 2006		100,000,000	172,770,440	86,235,917	359,006,357	69,957,391	428,963,748
At 1 January 2007		100,000,000	172,770,440	86,235,917	359,006,357	69,957,391	428,963,748
Profit for the year, representing total recognised income and expense for the year		–	–	13,455,238	13,455,238	13,339,017	26,794,255
Dividend	31	–	–	(1,825,000)	(1,825,000)	–	(1,825,000)
Dividend paid by a subsidiary to a minority shareholder		–	–	–	–	(11,310,181)	(11,310,181)
At 31 December 2007		100,000,000	172,770,440	97,866,155	370,636,595	71,986,227	442,622,822

Company	Note	Share capital RM	Non distributable Share premium RM	Distributable Retained earnings RM	Total equity RM
At 1 January 2006		100,000,000	172,770,440	42,034,824	314,805,264
Profit for the year, representing total recognised income and expense for the year		–	–	4,473,977	4,473,977
Dividend	31	–	–	(1,440,000)	(1,440,000)
At 31 December 2006		100,000,000	172,770,440	45,068,801	317,839,241
At 1 January 2007		100,000,000	172,770,440	45,068,801	317,839,241
Profit for the year, representing total recognised income and expense for the year		–	–	5,803,218	5,803,218
Dividend	31	–	–	(1,825,000)	(1,825,000)
At 31 December 2007		100,000,000	172,770,440	49,047,019	321,817,459

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

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	38,133,825	43,019,824	8,622,962	7,128,870
Adjustments for:				
Allowance for doubtful debts	21,911	563,534	—	—
Amortisation of prepaid land lease payments	336,380	336,444	—	—
Prepaid land lease payments (written back)/ written off	(8,886)	8,886	—	—
Bad debt written off	1,748	6,041	—	—
Depreciation				
- Property, plant and equipment	2,088,346	2,028,257	156,504	169,773
- Port facilities	1,784,768	1,363,173	—	—
Loss on disposal of plant and equipment	88	—	88	—
Development expenditure written off	620,052	—	—	—
Dividend income	(73,952)	(80,149)	(7,934,247)	(4,227,293)
Impairment loss on goodwill	—	18,679	—	—
Impairment loss on investment in an associate	6,291,401	—	647,000	608,000
(Reversal)/allowance for diminution in value of other quoted investments	(628,660)	628,660	(628,660)	628,660
Gain on disposal of other investment	(462,250)	—	(462,250)	—
Gain on disposal of subsidiary	(47,562)	—	—	—
Interest expenses	6,902,149	6,217,685	2,144,963	1,231,168
Interest income	(3,361,549)	(1,959,174)	(1,684,304)	(1,422,254)
Interest waived	(1,369,978)	—	(271,943)	—
Provision for liquidated damages (net)	(14,751)	(28,900)	—	—
Provision for retirement benefits	505,593	745,060	—	—
Share of profit of associates	(2,641,238)	(1,422,713)	—	—
Operating profit before working capital changes	48,077,435	51,445,307	590,113	4,116,924
Working capital changes:				
Property development costs	8,116,825	20,847,501	(1,604,265)	576,200
Inventories	1,246,679	(10,008,156)	—	—
Payables	(19,014,504)	(15,798,675)	(1,803,625)	(3,498,188)
Receivables	(6,207,962)	(3,856,772)	1,310,981	(1,477,544)
Cash generated from/(used in) operations	32,218,473	42,629,205	(1,506,796)	(282,608)

CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Liquidated damages paid	(1,057,768)	(939,527)	–	–
Retirement benefits paid	(241,985)	(103,042)	–	–
Taxes paid	(12,160,400)	(9,109,168)	(1,528,092)	(910,460)
Net cash generated from/(used in) operating activities	18,758,320	32,477,468	(3,034,888)	(1,193,068)

CASH FLOWS FROM INVESTING ACTIVITIES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Dividends received	73,952	59,440	5,792,000	5,238,152
Interest received	1,810,274	1,959,174	133,029	189,060
Net proceeds from disposal of subsidiary (Note 30)	(81)	–	5	–
Proceeds from disposal of property, plant and equipment	380	–	380	–
Proceeds from disposal of other investment	5,084,750	–	5,084,750	–
Purchase of quoted investment	(73,952)	(3,306,189)	–	–
Purchase of port facilities	(5,216,762)	(162,234)	–	–
Purchase of property, plant and equipment	(1,446,203)	(386,363)	(42,735)	(19,926)
Net cash generated from/(used in) investing activities	232,358	(1,836,172)	10,967,429	5,407,286

CASH FLOWS FROM FINANCING ACTIVITIES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Dividend paid	(1,825,000)	(1,440,000)	(1,825,000)	(1,440,000)
Interest paid	(5,420,018)	(5,313,763)	(764,534)	(517,170)
Uplift/(placement) of bank balances pledged	2,135,500	(2,627,218)	–	–
(Placement)/uplift of deposits pledged	(4,193)	1,986,418	–	–
Repayment of				
- hire purchase and lease financing	(242,134)	(198,545)	–	(6,450)
- term loan	(2,585,008)	–	–	–
- revolving credit	(9,102,764)	–	(9,102,764)	–
- BaiDs	(5,000,000)	–	–	–
Net cash used in financing activities	(22,043,617)	(7,593,108)	(11,692,298)	(1,963,620)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,052,939)	23,048,188	(3,759,757)	2,250,598
CASH AND CASH EQUIVALENTS AT 1 JANUARY	60,290,828	37,242,640	6,328,163	4,077,565
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	57,237,889	60,290,828	2,568,406	6,328,163
Cash and cash equivalents comprise:				
Cash and bank balances	9,239,342	14,532,117	68,406	228,163
Deposits with licensed banks	55,643,944	56,616,035	2,500,000	6,100,000
Bank overdrafts	(1,311,171)	(2,391,791)	–	–
	63,572,115	68,756,361	2,568,406	6,328,163
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(461,775)	(457,582)	–	–
Bank balances pledged	(5,872,451)	(8,007,951)	–	–
	57,237,889	60,290,828	2,568,406	6,328,163

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

Notes to the Financial Statements

31 DECEMBER 2007

1. CORPORATE INFORMATION

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are described in Note 7. There have been no significant changes in the nature of the principal activities during the financial year.

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") as described fully in Note 2.3.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(ii) Basis of Consolidation (Contd.)

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities 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 in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Associates (Contd.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(c) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

Buildings	2%
Plant and machinery	10% - 20%
Other assets	
Equipment, furniture and fittings	5% - 25%
Motor vehicles	10% - 25%
Refurbishment and renovations	20%

The residual values, useful life and depreciation method are reviewed at each financial yearend to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) Port Facilities

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

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

The principal annual rates of depreciation are:

Port structure	over 50 years
Port equipment	over 10 – 20 years

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

(f) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

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

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

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(f) Land Held for Property Development and Property Development Costs (Contd.)

(ii) Property Development Costs (Contd.)

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

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

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

(g) Impairment of Non-financial Assets

The carrying amounts of non-financial assets, other than property development costs, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Impairment of Non-financial Assets (Contd.)

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

An impairment loss is recognised in the income statement in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

(h) Inventories

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

Cost is determined using the weighted average basis. The cost of raw materials, sundry supplies and food and beverages comprises costs of purchase and cost of bringing the inventories to their present location.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease clarification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

(a) Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-byproperty basis and, if classified as investment property, is accounted for as if held under a finance lease ; and

(b) Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – the Group as Lessee

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

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

The depreciation policy for hire purchase or leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d) and (e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Leases (Contd.)

(iii) Operating leases – the Group as lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings elements of the lease at the inception of the lease. The up-front payments represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating leases – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2 (m) (vii)). Initial direct costs incurred in negiotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Income tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(l) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(l) Employee Benefits (Contd.)

(iii) Defined Benefit Plans

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

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

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs.

The last valuation of the Scheme was carried out in March 2006.

(m) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Dividend income

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

(ii) Hotel related operations

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(m) Revenue (Contd.)

(iii) Management fees

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

(iv) Mobilisation fees

Mobilisation fees are recognised on receivable basis.

(v) Port services

Revenue from port services and provision of container services are measured at fair value of the consideration receivable and are recognised in the income statement on rendered basis.

Revenue from Operation and Maintenance of deepwater bulk terminal and facility is recognised in the income statement on an accrual basis.

(vi) Proceeds from bus fare collection and provision of charter services

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

(vii) Rental income

Rental income is recognised over the term of the tenancy.

(viii) Sale of goods

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

(ix) Sale of completed properties

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(m) Revenue (Contd.)

(x) Sale of developed lands

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

Revenue relating to sale of other vacant land represents the proportionate sales value of land sold attributable to the percentage of sales value received during the financial year. With regard to the sale of land where the subsidiary has transferred the risks and rewards of ownership upon finalisation of the sales and purchase agreements, revenue is recognised in full.

(xi) Sale of development properties

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

Profit from joint development project of a subsidiary is recognised based on guaranteed amount received during the year.

(n) Non-current Assets Held for Sale

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

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

(o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(o) Financial Instruments (Contd.)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

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

(ii) Other Non-current Investments

Other non-current investments are stated at cost less allowance for diminution in value. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-Bearing Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(o) Financial Instruments (Contd.)

(v) Interest-Bearing Borrowings (Contd.)

Borrowings are reported at their face values. Borrowing costs directly attributable to the acquisition and construction of development properties and port facilities are capitalised as part of the cost of those assets, until:

(i) port construction is completed and ready for use; or

(ii) properties under development are brought to their saleable position.

All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(vi) Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")

The BaIDS are bonds issued in accordance with the Islamic finance concept of Bai Bithaman Ajil and accordingly excluded from the disclosure and presentation requirements of FRS 132 -Financial Instruments : Disclosure and Presentation. In accordance with such concept, the subsidiary sold certain assets to a trustee, and will repurchase them back at a pre-agreed price inclusive of profit margin. The payment of the purchase price is deferred in accordance with the maturities of the BaIDS, whilst the profit element is paid half yearly.

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

(vii) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(p) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

(q) Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2007, the Group and the Company adopted the following revised FRSs and amendment to FRSs:

FRSs and Amendment to FRS	Effective for financial periods beginning on or after
FRS 117 : Leases	1 October 2006
FRS 124 : Related Party Disclosures	1 October 2006
Amendment to FRS 119_{2004}: Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group and the Company.

The adoption of the revised FRS 124 and Amendment to FRS 119_{2004} give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

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

(a) Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment or port facilities and was stated at valuation less accumulated depreciation. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and building are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group and the Company has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the consolidated balance sheet of the Group and the Company as at 31 December 2007 are set out below:

	2007
Group and Company	**RM**
Decrease in port facilities	(13,053,185)
Decrease in property, plant and equipment	(12,984,900)
Increase in prepaid land lease payments	26,038,085

There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Contd.)

(a) Leasehold land held for own use (Contd.)

Group	Previously stated RM	Adjustment RM	Restated RM
Property, plant and equipment	84,248,399	(13,172,344)	71,076,055
Prepaid land lease payments	—	26,365,579	26,365,579
Port facilities	13,193,235	(13,193,235)	—

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and IC Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRSs, amendment to FRS and interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and IC Interpretations	Effective for financial periods beginning on or after
FRS 139 : Financial Instruments : Recognition and Measurement	Deferred
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
FRS 107 : Cash Flow Statements	1 July 2007
FRS 111 : Construction Contracts	1 July 2007
FRS 112 : Income Taxes	1 July 2007
FRS 118 : Revenue	1 July 2007
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134 : Interim Financial Reporting	1 July 2007
FRS 137 : Provision, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above new and revised FRSs, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the application of FRS 139.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

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

Classification between investment properties and property, plant and equipment

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

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

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of 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.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2007 was RM23,811,003 (2006 : RM23,811,003). Further details are disclosed in Note 10.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (Contd.)

(b) Key Sources of Estimation Uncertainty (Contd.)

(ii) Property development

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

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

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised capital allowances of the Group was RM467,345 (2006: RM836,952) and the unrecognised tax losses and capital allowances of the Group was RM10,823,517 (2006: RM14,371,226).

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the asset's useful life. Management estimates the useful life of plant and machinery to be 5 to 10 years while 50 years for building, based on the level of expected usage. Management also estimates that these assets will have minimal residual values at the end of its useful life. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (Contd.)

(b) Key Sources of Estimation Uncertainty (Contd.)

(v) Allowance for doubtful debts

The Group provides for allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management's judgement is guided by the past experiences to evaluate the adequacy of the allowance for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) Provision for liquidated damages

Provision for liquidated damages is made for expected liquidated damages claim in respect of projects undertaken by the Group. The Management's judgement is guided by the past experiences to evaluate the adequacy of the provision which is in accordance with the terms of the applicable sale and purchase agreements. Where the expectation is different from the original estimate, such difference will impact the adequacy of provision for liquidated damages.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM	Plant and machinery RM	Other assets** RM	Total RM
At 31 December 2007				
Cost				
At 1 January 2007	80,806,502	2,707,529	12,212,397	95,726,428
Additions	–	19,978	1,426,225	1,446,203
Disposal	–	–	(3,989)	(3,989)
Written off	–	(2,770)	–	(2,770)
At 31 December 2007	80,806,502	2,724,737	13,634,633	97,165,872
Accumulated depreciation				
At 1 January 2007	12,676,118	2,358,594	9,615,661	24,650,373
Depreciation charge for the year	1,054,671	117,510	916,165	2,088,346
Disposal	–	–	(3,521)	(3,521)
Written off	–	(2,770)	–	(2,770)
At 31 December 2007	13,730,789	2,473,334	10,528,305	26,732,428
Net carrying amount	67,075,713	251,403	3,106,328	70,433,444
At 31 December 2006				
Cost				
At 1 January 2006	85,213,414	2,678,600	11,402,269	114,637,024
Additions	–	61,244	991,119	1,052,363
Written off	–	(32,315)	(175)	(32,490)
Reclassified as held for sale (Note 14)	(4,406,912)	–	(180,816)	(4,587,728)
At 31 December 2006	80,806,502	2,707,529	12,212,397	95,726,428
Accumulated depreciation				
At 1 January 2006	11,834,685	2,244,032	8,891,265	22,969,982
Depreciation charge for the year	1,109,210	146,877	772,170	2,028,257
Written off	–	(32,315)	(175)	(32,490)
Reclassified as held for sale (Note 14)	(267,777)	–	(47,599)	(315,376)
At 31 December 2006	12,676,118	2,358,594	9,615,661	24,650,373
Net carrying amount	68,130,384	348,935	2,596,736	71,076,055

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

***Land and buildings**

Group	Freehold land RM	Buildings RM	Leasehold land and buildings – Finance lease RM	Total RM
At 31 December 2007				
Cost				
At 1 January 2007 and At 31 December 2007	23,242,502	45,630,000	11,934,000	80,806,502
Accumulated depreciation				
At 1 January 2007	–	11,255,400	1,420,718	12,676,118
Depreciation charge for the year	–	912,600	142,071	1,054,671
At 31 December 2007	–	12,168,000	1,562,789	13,730,789
Net carrying amount	23,242,502	33,462,000	10,371,211	67,075,713
At 31 December 2006				
Cost				
At 1 January 2006	24,922,500	48,356,914	11,934,000	85,213,414
Reclassified as held for sale (Note 14)	(1,679,998)	(2,726,914)	–	(4,406,912)
At 31 December 2006	23,242,502	45,630,000	11,934,000	80,806,502
Accumulated depreciation				
At 1 January 2006	–	10,556,039	1,278,646	11,834,685
Depreciation charge for the year	–	967,138	142,072	1,109,210
Reclassified as held for sale (Note 14)	–	(267,777)	–	(267,777)
At 31 December 2006	–	11,255,400	1,420,718	12,676,118
Net carrying amount	23,242,502	34,374,600	10,513,282	68,130,384

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

****Other assets**

Group	Equipment, furniture and fittings RM	Motor vehicles RM	Refurbishment and renovation RM	Total RM
At 31 December 2007				
Cost				
At 1 January 2007	10,020,456	1,748,699	443,242	12,212,397
Additions	122,271	—	1,303,954	1,426,225
Disposal	(3,989)	—	—	(3,989)
At 31 December 2007	10,138,738	1,748,699	1,747,196	13,634,633
Accumulated depreciation				
At 1 January 2007	7,664,422	1,662,886	288,353	9,615,661
Depreciation charge for the year	250,836	26,137	639,192	916,165
Disposal	(3,521)	—	—	(3,521)
At 31 December 2007	7,911,737	1,689,023	927,545	10,528,305
Net carrying amount	2,227,001	59,676	819,651	3,106,328
At December 2006				
Cost				
At 1 January 2006	9,222,256	1,748,699	431,314	11,402,269
Additions	979,016	—	12,103	991,119
Written off	—	—	(175)	(175)
Reclassified as held for sale (Note 14)	(180,816)	—	—	(180,816)
At 31 December 2006	10,020,456	1,748,699	443,242	12,212,397
Accumulated depreciation				
At 1 January 2006	7,010,667	1,647,749	232,849	8,891,265
Depreciation charge for the year	701,354	15,137	55,679	772,170
Written off	—	—	(175)	(175)
Reclassified as held for sale (Note 14)	(47,599)	—	—	(47,599)
At 31 December 2006	7,664,422	1,662,886	288,353	9,615,661
Net carrying amount	2,356,034	85,813	154,889	2,596,736

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	**Leasehold land and building – Finance lease RM**	**Equipment, furniture and fittings RM**	**Motor vehicles RM**	**Total RM**
At 31 December 2007				
At cost				
At 1 January 2007	11,934,000	101,242	231,841	12,267,083
Additions	–	42,735	–	42,735
Disposal	–	(3,989)	–	(3,989)
At 31 December 2007	11,934,000	139,988	231,841	12,305,829
Accumulated depreciation				
At 1 January 2007	1,420,718	65,317	231,837	1,717,872
Depreciation charge for the year	142,071	14,433	–	156,504
Disposal	–	(3,521)	–	(3,521)
At 31 December 2007	1,562,789	76,229	231,837	1,870,855
Net carrying amount	10,371,211	63,759	4	10,434,974
At 31 December 2006				
At cost				
At 1 January 2006	11,934,000	81,316	231,841	12,247,157
Additions	–	19,926	–	19,926
At 31 December 2006	11,934,000	101,242	231,841	12,267,083
Accumulated depreciation				
At 1 January 2006	1,278,646	54,729	214,724	1,548,099
Depreciation charge for the year	142,072	10,588	17,113	169,773
At 31 December 2006	1,420,718	65,317	231,837	1,717,872
Net carrying amount	10,513,282	35,925	4	10,549,211

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) Net book values of property, plant and equipment held under hire purchase and finance lease

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other assets:				
Equipment, furniture and fittings	640,265	666,000	–	–
Motor vehicles	19,121	45,268	–	–

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash payments	1,446,203	386,363	42,735	19,926
Finance lease arrangements	–	666,000	–	–
	1,446,203	1,052,363	42,735	19,926

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Plant and machinery	1,937,841	1,854,104	–	–
Other assets:				
Equipment, furniture and fittings	6,029,555	5,368,757	79,033	41,518
Motor vehicles	1,028,498	973,521	231,841	231,841
	8,995,894	8,196,382	310,874	273,359

4. PORT FACILITIES

Group	Port structure RM	Port equipment RM	Total RM
At 31 December 2007			
Cost			
At 1 January 2007	64,560,774	9,020,519	73,581,293
Additions	5,197,828	18,934	5,216,762
At 31 December 2007	69,758,602	9,039,453	78,798,055
Accumulated depreciation			
At 1 January 2007	5,687,032	6,869,676	12,556,708
Depreciation charge for the year	1,440,000	344,768	1,784,768
At 31 December 2007	7,127,032	7,214,444	14,341,476
Net carrying amount	62,631,570	1,825,009	64,456,579
At 31 December 2006			
Cost			
At 1 January 2006	64,414,774	9,004,285	73,419,059
Additions	146,000	16,234	162,234
At 31 December 2006	64,560,774	9,020,519	73,581,293
Accumulated depreciation			
At 1 January 2006	4,677,032	6,516,503	11,193,535
Depreciation charge for the year	1,010,000	353,173	1,363,173
At 31 December 2006	5,687,032	6,869,676	12,556,708
Net carrying amount	58,873,742	2,150,843	61,024,585

(a) Net book values of port facilities held under hire purchase and finance lease arrangements are as follows:

	Group 2007 RM	Group 2006 RM
Port equipment	297,916	477,727

4. PORT FACILITIES (CONTD.)

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

5. PREPAID LAND LEASE PAYMENTS

	Group	
	2007	**2006**
	RM	**RM**
At cost		
At 1 January	30,087,465	30,096,351
Written off	–	(8,886)
At 31 December 2007	30,087,465	30,087,465
Accumulated amortisation		
At 1 January	3,721,886	3,385,442
Written back	(8,886)	–
Amortisation charge for the year	336,380	336,444
At 31 December 2007	4,049,380	3,721,886
Net carrying amount	26,038,085	26,365,579
Analysed as		
Long term leasehold land	26,038,085	26,365,579

Included in the prepaid land lease payments is leasehold port land with unexpired lease period of more than 50 years.

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Group	
	2007	**2006**
	RM	**RM**
Freehold land		
Carrying amount		
At 1 January and 31 December	33,295,004	33,295,004

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property Development Costs

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Property development costs at 1 January:				
Freehold land	79,920,733	79,699,184	41,171,594	29,463,454
Leasehold land	15,657,908	16,457,908	–	–
Development costs	140,520,420	199,493,257	29,131,566	25,504,560
	236,099,061	295,650,349	70,303,160	54,968,014
Costs incurred during the year:				
Freehold land	3,105,179	9,025,430	1,604,265	11,708,140
Development costs	9,934,767	22,678,191	–	3,627,006
	13,039,946	31,703,621	1,604,265	15,335,146
Reversal of costs arising from completed phases:				
Freehold land	(1,111,700)	(2,433,353)	–	–
Development costs	(13,110,370)	(67,495,732)	–	–
	(14,222,070)	(69,929,085)	–	–
Reversal of costs arising from completed sale of land:				
Freehold land	(18,487,925)	(6,370,428)	(15,911,346)	–
Development costs	(3,001,605)	(6,151,675)	–	–
	(21,489,530)	(12,522,103)	(15,911,346)	–
Costs recognised as an expense in income statement:				
At 1 January	(94,639,013)	(133,342,800)	(15,911,346)	–
Costs recognised in income statement (Note 25)	(24,237,818)	(43,747,401)	–	(15,911,346)
Reversal of costs arising from completed phases	14,222,070	69,929,085	–	–
Reversal of costs arising from completed sale of land	21,489,530	12,522,103	15,911,346	–
At 31 December	(83,165,231)	(94,639,013)	–	(15,911,346)

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property Development Costs (Contd.)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Transfers:				
To inventories	(405,938)	(8,803,721)	–	–
Property development costs at 31 December	129,856,238	141,460,048	55,996,079	54,391,814

i) Included in property development costs of the Group incurred during the financial year is:

	Group	
	2007	2006
	RM	RM
Development expenditure written off	620,052	–
Interest on overdraft (Note 27)	–	10,280

(ii) Titles of certain land costing RM20,206,944 (2006 : RM20,206,944) have yet to be issued to certain subsidiaries.

(iii) Freehold land of the Group with carrying values of RM2,556,944 in the previous year had been pledged to a bank for banking facilities as referred to in Note 17.

7. INVESTMENTS IN SUBSIDIARIES

	Company 2007 RM	Company 2006 RM
Unquoted shares, at cost		
Ordinary shares	1,602,509	1,602,511
Preference shares	5,100,000	5,100,000
	6,702,509	6,702,511

(a) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2007	Equity Interest Held (%) 2006	Principal Activities
Magni D'Corp Sdn. Bhd.	Malaysia	100	100	Property investment
PCB Development Sdn. Bhd.	Malaysia	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.	Malaysia	100	100	Property development and project management
Taipan Merit Sdn. Bhd.	Malaysia	100	100	Investment holding
Trans Bid Sdn. Bhd.	Malaysia	51	51	Distribution, operation and management of water supply services
Amsit Corporation Sdn Bhd* (Note 30)	Malaysia	—	100	Investment holding, construction and development
Held by PCB Development Sdn. Bhd.				
PCB Trading & Manufacturing Sdn. Bhd.	Malaysia	100	100	Trading and manufacture of building materials
PCB Transportation Travel & Tours Sdn. Bhd.	Malaysia	100	100	Provision of transport and travel services

7. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(a) Details of the subsidiaries are as follows (contd.):

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2007	2006	Principal Activities
Held by Taipan Merit Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.*	Malaysia	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing ownership and operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities.
Cash Hotel Sdn. Bhd.	Malaysia	61.16	61.16	Hotelier, restaurateur and property developer.
Held by Lumut Maritime Terminal Sdn. Bhd.				
LMT Capital Sdn. Bhd.*	Malaysia	100	100	Issuance and redemption of Redeemable Preference Shares. The Redeemable Preference Shares were fully redeemed in 2003. The company is currently dormant.
Held by Cash Hotel Sdn. Bhd.				
Silveritage Corporation Sdn. Bhd.	Malaysia	100	100	Development of tourism projects
Held by Silveritage Corporation Sdn. Bhd.				
Cash Complex Sdn. Bhd.	Malaysia	50.48	50.48	Investment holding

*Audited by firms of auditors other than Ernst & Young

The directors are of the opinion that the fair values of the subsidiaries are not less than their carrying values as at 31 December 2007. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

(b) Disposal of a subsidiary

Information relating to the disposal of Amsit Corporation Sdn Bhd is set out in Note 30.

8. INVESTMENTS IN ASSOCIATES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
At cost:				
Quoted shares in Malaysia	20,000,000	20,000,000	20,000,000	20,000,000
Unquoted shares in Malaysia	3,992,793	3,992,793	3,992,793	3,992,793
	23,992,793	23,992,793	23,992,793	23,992,793
Share of post acquisition reserves	4,966,577	2,325,339	—	—
	28,959,370	26,318,132	23,992,793	23,992,793
Less: Accumulated impairment losses	(6,291,402)	—	(1,255,000)	(608,000)
	22,667,968	26,318,132	22,737,793	23,384,793
Market value of quoted shares*	16,450,000	13,766,667	16,450,000	13,766,667

The Group's interest in the associates is analysed as follows:

	2007 RM	2006 RM
Share of net assets	19,871,704	23,521,868
Share of goodwill in an associate	2,796,264	2,796,264
	22,667,968	26,318,132

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Equity Interest Held (%) 2007	Equity Interest Held (%) 2006	Principal Activities
Asia Brands Corporation Berhad (Note 36)	Malaysia	23.01	22.06	Investment holding and provision of management services
Konsortium LPB Sdn. Bhd.**	Malaysia	12.19	12.19	To construct, operate and manage the operation of the privatised project West Coast Highway for a 30-year concession period

8. INVESTMENTS IN ASSOCIATES (CONTD.)

* The directors shall not dispose the investment in an associate whose shares are quoted below cost and have made appropriate impairment losses to its carrying value in the financial statements.

** Although the Group currently holds less than 20% of the voting power in Konsortium LPB Sdn. Bhd. ("KLPB"), the Group exercises significant influence by virtue of its contractual right to appoint two directors to the Board of this associate and equity interest of 20% if the Group subscribes to its entitlement before KLPB signs the concession agreement with the relevant authorities.

The financial statements of Asia Brands Corporation Berhad ("ABC") and Konsortium LPB Sdn. Bhd. ("KLPB"), which have financial year ends of 31 March and 31 January respectively to conform with their respective holding company's financial year end are not coterminous with those of the Group. For the purpose of applying the equity method of accounting, the financial statements of ABC and KLPB for the period ended 31 December 2007 have been used.

The summarised financial information of the associates are as follows:

	2007 RM	2006 RM
Assets and liabilities		
Current assets	35,171,900	25,732,353
Non-current assets	6,976,349	7,056,112
Total assets	42,148,249	32,788,465
Current liabilities	10,988,519	8,872,164
Non-current liabilities	4,481,609	394,433
Total liabilities	15,470,128	9,266,597
Results		
Revenue	28,993,060	32,023,840
Profit for the year	11,085,777	1,422,713

9. OTHER INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current				
At cost:				
Quoted unit trusts in Malaysia	3,380,141	3,306,189	–	–
Market value of quoted unit trusts	3,438,697	3,378,925	–	–
Non-current				
At cost:				
Unquoted shares in Malaysia	25,000	25,000	25,000	25,000
Less: Allowance for diminution in value	(25,000)	(25,000)	(25,000)	(25,000)
	–	–	–	–
Quoted shares in Malaysia	–	4,622,500	–	4,622,500
Less: Allowance for diminution in value	–	(628,660)	–	(628,660)
	–	3,993,840	–	3,993,840
Market value of quoted shares	–	3,993,840	–	3,993,840

10. INTANGIBLE ASSETS

	Group 2007 RM	Group 2006 RM
Goodwill		
Cost		
At 1 January	23,829,682	23,829,682
Accumulated amortisation and impairment		
At 1 January	18,679	–
Impairment loss recognised in income statement	–	18,679
At 31 December	18,679	18,679
Net carrying amount		
At 31 December	23,811,003	23,811,003

11. INVENTORIES

	Group 2007 RM	Group 2006 RM
At cost:		
Completed properties	8,203,895	9,635,721
Food and beverage	104,145	133,889
Sundry supplies	105,776	84,142
Tools and spares	3,218,684	3,025,427
	11,632,500	12,879,179

Certain inventories of completed properties with carrying amount of RM1,997,641 (2006: Nil) have been pledged for bank overdraft facilities granted to a subsidiary as disclosed in Note 17.

12. TRADE AND OTHER RECEIVABLES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Current				
Trade receivables				
Third parties	19,900,139	26,690,441	4,200,000	5,885,476
Companies in which certain directors of certain subsidiaries have or deemed to have substantial interests	10,618,719	9,560,707	—	—
Accrued billings in respect of property development costs	33,073,220	27,858,152	—	—
	63,592,078	64,109,300	4,200,000	5,885,476
Less: Allowance for doubtful debts	(673,759)	(682,172)	—	—
Trade receivables, net	62,918,319	63,427,128	4,200,000	5,885,476
Other receivables				
Amount due from related parties:				
Ultimate holding corporation	3,849,717	3,172,305	177,368	146,395
Subsidiaries	—	—	43,539	351,271
Fellow subsidiaries	100,001,520	96,674,755	100,001,520	96,674,755
	103,851,237	99,847,060	100,222,427	97,172,421
Deposits	103,545	109,922	250	250
Deposit paid for purchase of land	4,257,103	—	—	—
Prepayments	201,271	305,873	6,776	6,776
Other receivables	3,236,667	3,155,832	21,617	—
	111,649,823	103,418,687	100,251,070	97,179,447
	174,568,142	166,845,815	104,451,070	103,064,923
Non-current				
Other receivables				
Amount due from subsidiaries	—	—	213,777,449	214,923,303

12. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables

Included in trade receivables of the Group and of the Company are amounts of RM6,869,800 (2006 : RM7,545,616) and RM4,200,000 (2006 : RM4,200,000) respectively payable by means of contra for works performed as negotiated by a subsidiary and the Company.

The Group's and the Company's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

(b) Other receivables (Current)

The amounts due from related parties of the Group and of the Company are unsecured, interest free and have no fixed terms of repayment.

Included in the amounts due from fellow subsidiaries of the Group and of the Company are advances together with accrued interest amounting to RM97,476,304 (2006 : RM94,149,539) which are unsecured, bear interest rates of 3% (2006 : 3%) per annum, and have no fixed terms of repayment. The amounts due from fellow subsidiaries of the Group and of the Company have been long outstanding. Based on the information available at the date of the financial statements, the directors are of the opinion that these amounts are fully recoverable after making necessary assessment.

Included in other receivables of the Group is stakeholder's placement of RM1,000,000 (2006 : RM1,000,000) which is refundable in full and was paid to secure the purchase of an investment in quoted shares which is pending the finalisation of share sale agreement.

Included in other receivables of the Group is an amount owing from Tabung Usahawan Bumiputera of RM600,000 (2006 : RM600,000). The amount is unsecured, interest free and has no fixed terms of repayment.

The Group has no other significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(c) Deposit paid for purchase of land

This represents the progressive payments made towards the purchase of land for future development by a subsidiary as disclosed in Note 33 (ii).

(d) Other receivables (Non-current)

The amounts due from subsidiaries are unsecured, interest free and not repayable or due within the next twelve months except for an amount due from a subsidiary totalling RM2,075,000 (2006 : RM3,575,000) which bears an interest rate of 7.2% (2006 : 7.2%) per annum.

13. CASH AND BANK BALANCES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash in hand and at bank	9,239,342	14,532,117	68,406	228,163
Deposits with licensed banks	55,643,944	56,616,035	2,500,000	6,100,000
	64,883,286	71,148,152	2,568,406	6,328,163

Included in the deposits with licensed banks of the Group are amounts of RM461,775 (2006 : RM457,582) pledged for guarantees and other bank facilities granted to certain subsidiaries as referred to in Note 17.

The average interest rates of the deposits with licensed banks during the financial year range between 2.0% to 3.65% (2006 : 2.0% to 3.65%) per annum and the maturities of the deposits as at 31 December 2007 were between 1 day to 15 months (2006 : 1 day to 15 months).

Cash deposited in the designated disbursement account of a subsidiary amounting to RM5,872,451 (2006 : RM8,007,951) is not available for use by the Group as these amounts are reserved for the redemption of Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") as disclosed in Note 19.

14. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 27 June 2006, a wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCBD") entered into an agreement to dispose a building which was to be completed within 1 year of the agreement subject to obtaining approvals from the relevant authority.

As at 31 December 2007, the disposal of the building is still pending approval from the relevant authority.

	Group	
	2007	2006
	RM	RM
Assets		
Property, plant and equipment	4,272,352	4,272,352

15. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. RETAINED EARNINGS

Prior to year assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 December 2007, the Company has tax exempt profits available for distribution of tax exempt dividends of approximately RM1,134,000 (2006 : RM1,134,000).

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to approximately RM24,259,000 (2006: RM17,741,000) out of its retained earnings. The Company may distribute the balance of the retained earnings of RM24,788,000 as dividends under the single tier system.

17. BORROWINGS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	1,311,171	2,391,791	—	—
Term loan	—	2,585,008	—	—
Hire purchase and finance lease liabilities (Note 18)	212,260	239,630	—	—
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (Note 19)	—	5,000,000	—	—
	1,523,431	10,216,429	—	—
Unsecured:				
Revolving credits	71,500,000	80,602,764	71,500,000	80,602,764
	73,023,431	90,819,193	71,500,000	80,602,764
Long Term Borrowings				
Secured:				
Hire purchase and finance lease liabilities (Note 18)	506,046	720,810	—	—
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (Note 19)	55,000,000	55,000,000	—	—
	55,506,046	55,720,810	—	—
Total Borrowings				
Bank overdrafts	1,311,171	2,391,791	—	—
Revolving credits	71,500,000	80,602,764	71,500,000	80,602,764
Term loan	—	2,585,008	—	—
	72,811,171	85,579,563	71,500,000	80,602,764
Hire purchase and finance lease liabilities (Note 18)	718,306	960,440	—	—
BaIDS (Note 19)	55,000,000	60,000,000	—	—
	128,529,477	146,540,003	71,500,000	80,602,764

17. BORROWINGS (CONTD.)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Maturity of borrowings (excluding hire purchase and finance lease and BaIDS):				
Within one year	72,811,171	85,579,563	71,500,000	80,602,764

The term loan of the Group in the previous year was secured by way of a first legal charge over certain freehold land of the subsidiary as referred to in Note 6 and bore interest at a rate of 7.75% per annum. During the year, the term loan has been fully repaid by way of redemption proceeds from development properties of the subsidiary.

The applicable interest rates during the financial year for borrowings, excluding hire purchase and finance lease and BaIDS, were as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	%	**%**	**%**	**%**
Bank overdrafts	8.55	7.75 - 8.55	—	—
Revolving credits	7.80	7.30 - 7.80	7.80	7.30 - 7.80
Term loan	7.75	6.40 - 8.40	—	—

The bank overdrafts and term loan of the Group are secured and supported by the following;

(a) inventories and freehold land of a subsidiary as referred to in Note 6 and 11;

(b) deposits with licensed banks of a subsidiary as referred to in Note 13; and

(c) corporate guarantees from the Company.

18. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2007	**2006**
	RM	**RM**
Future minimum payments:		
Not later than 1 year	260,034	310,992
Later than 1 year and not later than 5 years	566,202	826,145
	826,236	1,137,137
Less: Finance charges	(107,930)	(176,697)
	718,306	960,440
Analysis of present value of hire purchase and finance lease liabilities:		
Amount due within 12 months (Note 17)	212,260	239,630
Amount due after 12 months (Note 17)	506,046	720,810
	718,306	960,440

The hire purchase payables of the Group bear interest at the balance sheet date of between 3.70% to 6.75% (2006: 3.70% to 6.75%) per annum.

19. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS")

	Group	
	2007	**2006**
	RM	**RM**
Primary bonds (Note 17)	55,000,000	60,000,000
Secondary bonds	26,437,500	30,937,500
	81,437,500	90,937,500
Less: Secondary bonds	(26,437,500)	(30,937,500)
	55,000,000	60,000,000

19. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS") (CONTD.)

	2007 Primary Bonds RM	Secondary Bonds RM	2006 Primary Bonds RM	Secondary Bonds RM
Maturity of BaIDS:				
Not later than 1 year	—	4,125,000	5,000,000	4,500,000
Later than 1 year and not later than 5 years	20,000,000	14,250,000	15,000,000	15,375,000
Later than 5 years	35,000,000	8,062,500	40,000,000	11,062,500
	55,000,000	22,312,500	55,000,000	26,437,500
	55,000,000	26,437,500	60,000,000	30,937,500

Pursuant to the financing procedure under the Syariah principle of Bai Bithaman Ajil, a subsidiary has entered into an asset sale and re-purchase agreement on 22 November 2004 under which a bank has agreed to grant the subsidiary BaIDS facility with an aggregate face value of RM60 million. The BaIDS are constituted by a Trust Deed dated 22 November 2004 between the subsidiary and the Trustee for the holders of the BaIDS.

The BaIDS are of negotiable value, non-interest bearing secured Primary Bonds together with nondetachable Secondary Bonds. The Primary Bonds were issued in 10 series, with maturities between 2007 to 2017.

Each series of BaIDS comprise Primary BaIDS with a face value of between RM5 million and RM10 million each, to which shall be attached an appropriate number of Secondary Bonds, the face value of which represents the semi-annual profit of the bonds. The Secondary Bonds are redeemable every 6 months commencing from the issue date and the last of which shall be payable on the maturity date. The face value of the Secondary Bonds are computed based on the profit rates of 7.5% per annum.

The BaIDS are secured by way of:

(i) an assignment of the subsidiary's rights under the operations and maintenance agreements ("OMA") with Lekir Bulk Terminal Sdn Bhd ("LBT");

(ii) a charge over a Designated Account of the subsidiary into where only the Fixed Project Consideration received from LBT under the OMA will be paid; and

(iii) a Power of Attorney from the subsidiary for the appointment by the security trustee for the BaIDS, of a competent port operator as a sub-contractor of the subsidiary to fulfill in the event of non-performance by the subsidiary under the OMA.

19. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS") (CONTD.)

The major covenants of the BaIDS are as follows:

Positive Covenants

The subsidiary shall:

(i) maintain a debt to equity ratio of not exceeding 70:30;

(ii) maintain all insurance necessary for its business as required under the OMA;

(iii) cause and ensure that the current shareholders remain unchanged unless with the prior consent of the Trustee; and

(iv) perform and carry out all and any of its obligations under the OMA.

Negative Covenants

The subsidiary shall not without the prior written consent of the Trustee:

(i) reduce its authorised and/or issued ordinary shares save and except for redemption of preference share capital and any decrease in its issued capital resulting from purchases of its own shares;

(ii) incur, assume, guarantee or permit to exist any debt that will in aggregate exceed its Debt to Equity Ratio of 70:30;

(iii) save for the Leasehold Industrial Land, dispose of any such assets which will materially and adversely affect its business operations;

(iv) amend the OMA so as to affect the Fixed Project Consideration; and

(v) declare, pay dividends or make any distribution to equity investors or payment on any subordinated debt if an event default has occurred or the proceeds accounts is at any time less than the profit and principal payment due within the next six months.

20. RETIREMENT BENEFITS

	Group 2007 RM	Group 2006 RM
(i) Balance Sheet		
The amounts recognised in the balance sheet are determined as follows:		
Present value of unfunded defined benefits obligations	2,122,635	1,859,027
Unrecognised actuarial losses	(174,114)	(174,114)
Unrecognised past service costs	(251,666)	(251,666)
Unrecognised transition obligations	(80,146)	(80,146)
Net liability	1,616,709	1,353,101
Analysed as:		
Current	120,834	118,646
Non-current	1,495,875	1,234,455
	1,616,709	1,353,101
Movement in the present value of the defined benefit obligations over the year is as follows:		
At 1 January	1,859,027	1,053,181
(Deficit) / Surplus at start	(378,410)	607,986
Current service cost	124,256	61,679
Interest cost	89,573	53,295
Actuarial losses	7,692	–
Past service cost	443,393	–
Transition obligation	80,146	160,292
Benefits paid by the plan	(103,042)	(77,406)
At 31 December	2,122,635	1,859,027
(ii) Income Statement		
The amounts recognised in the income statements are as follows:		
Current service cost	248,459	124,256
Interest cost	95,046	89,573
Actuarial loss recognised	5,967	7,692
Past service cost recognised	75,975	443,393
Transition obligation recognised	80,146	80,146
Expense recognised in income statement	505,593	745,060
The amounts recognised in the income statements are included in the following line items:		
Other operating expenses	505,593	745,060

20. RETIREMENT BENEFITS (CONTD.)

(iii) Actuarial Assumption

The principal actuarial assumptions used for the purposes of the actuarial valuation were as follows:

	2007	2006
	%	%
Discount rate	5.8	5.8
Expected rate of salary increases	5.0	5.0

Assumptions regarding the future mortality and disability rates are based on experience of many retirement schemes in Malaysia.

21. DEFERRED TAX

	Group	
	2007	2006
	RM	RM
At 1 January	4,005,000	3,697,000
Recognised in income statement (Note 28)	433,000	308,000
At 31 December	4,438,000	4,005,000

Presented after appropriate offsetting as follows:

Deferred tax assets	(1,009,428)	(1,612,633)
Deferred tax liabilities	5,447,428	5,617,633
	4,438,000	4,005,000

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Provision for liquidated damages	Retirement benefits	Unabsorbed capital allowances	Total
	RM	RM	RM	RM
At 1 January 2007	(421,000)	(354,681)	(836,952)	(1,612,633)
Recognised in income statement	289,000	(55,402)	369,607	603,205
At 31 December 2007	(132,000)	(410,083)	(467,345)	(1,009,428)

21. DEFERRED TAX (CONTD.)

Deferred Tax Assets of the Group: (Contd.)

	Provision for liquidated damages RM	Retirement benefits RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2006	(720,000)	—	—	(720,000)
Recognised in income statement	299,000	(354,681)	(836,952)	(892,633)
At 31 December 2006	(421,000)	(354,681)	(836,952)	(1,612,633)

Deferred Tax Liabilities of the Group:

	Port facilities and property, plant and equipment RM
At 1 January 2007	5,617,633
Recognised in income statement	(170,205)
At 31 December 2007	5,447,428
At 1 January 2006	4,417,000
Recognised in income statement	1,200,633
At 31 December 2006	5,617,633

Deferred tax assets have not been recognised in respect of the following items:

	Group 2007 RM	2006 RM
Unutilised business losses	4,799,067	4,966,435
Unabsorbed capital allowances	6,024,450	9,404,791
Other taxable temporary differences	—	(2,447,935)
	10,823,517	11,923,291
Potential deferred tax benefit @ 26% (2006 : 27%)	2,814,114	3,338,521

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM4,800,000 (2006: RM5,000,000) and RM6,000,000 (2006: RM9,400,000) respectively are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

22. TRADE AND OTHER PAYABLES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Current				
Trade payables				
Third parties	5,099,634	3,097,397	–	–
Company in which certain directors of a subsidiary have substantial interests	751,251	636,530	–	–
	5,850,885	3,733,927	–	–
Other payables				
Amount due to related parties:				
Ultimate holding corporation	262,265	262,265	–	–
Subsidiary	–	–	450,000	240,000
Fellow subsidiaries	303,594	339,356	303,594	312,356
Other related parties	3,353,492	3,253,492	792,442	652,442
	3,919,351	3,855,113	1,546,036	1,204,798
Deposits received	3,220,407	1,531,456	2,784,406	3,314,288
Advances from purchasers	2,602,412	2,829,723	–	–
Tender deposits received from contractors	195,086	174,686	–	–
Accruals	4,473,092	3,726,914	810,780	924,074
Amount payable for the purchase of land	17,726,532	20,170,768	17,649,054	18,040,569
Funds for Operations and Maintenance (O&M)	7,970,953	7,512,022	–	–
Sundry payables	4,367,955	17,312,061	–	1,533
	44,475,788	57,112,743	22,790,276	23,485,262
	50,326,673	60,846,670	22,790,276	23,485,262
Non-current				
Amount due to subsidiary	–	–	1,216,127	1,216,277

(a) Trade Payables

The normal trade credit terms granted to the Group range from 7 to 90 days.

22. TRADE AND OTHER PAYABLES (CONTD.)

(b) Other payables (Current)

The amounts due to related parties of the Group and of the Company are unsecured, interest free and have no fixed terms of repayment.

The Funds for Operations and Maintenance (O&M) represent advances from Lekir Bulk Terminal Sdn. Bhd. ("LBT") to a subsidiary for expenses and sole purposes of procuring parts/tools and equipment as stipulated under Clause 6.7 of the Operations and Maintenance Agreement dated 30 June 2000 between the subsidiary and LBT.

Included in sundry payables of the Group is an amount of RM1,011,161 (2006 : RM1,011,161) representing the balance of amount due arising from the acquisition of certain properties. The amount will be classified as Class B preference shares of the subsidiary when approval from the relevant authorities is obtained.

(c) Other payables (Non-current)

The amount due to a subsidiary is unsecured, interest free and not repayable or due within the next twelve months.

23. PROVISION FOR LIABILITIES

	Group	
	2007	2006
	RM	RM
At 1 January	1,602,169	2,570,596
Additional provision	700	22,635
Overprovision in prior years	(15,451)	(51,535)
	1,587,418	2,541,696
Payments made	(1,057,768)	(939,527)
At 31 December	529,650	1,602,169

Provision is with regard to liquidated damages in respect of projects undertaken by a subsidiary. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements.

24. REVENUE

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Dividend income (gross)				
Quoted shares in Malaysia	—	73,960	—	657,293
Unquoted shares in Malaysia - subsidiary	—	—	7,934,247	3,570,000
Development properties				
Sale of development properties	6,074,873	10,150,271	—	—
Profit from joint development project	—	1,873,036	—	—
Sale of developed lands	36,282,488	57,384,708	—	19,295,550
Sale of completed properties	2,369,031	252,000	—	—
Hotel related operations	15,511,364	14,577,190	—	—
Management fees	—	—	132,000	132,000
Port services	51,403,109	47,243,902	—	—
Proceeds received from bus fare collections and provision of charter services	94,057	56,921	—	—
Project management fees	458,924	513,958	—	—
Rental income	2,302,014	2,307,286	2,023,549	2,180,750
Sale of goods	—	223,534	—	—
	114,495,860	134,656,766	10,089,796	25,835,593

25. COST OF SALES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Property development costs (Note 6 (b))	24,237,818	43,747,401	—	15,911,346
Reversal of development costs over accrued in previous year	(317,595)	—	(317,595)	—
Cost of completed properties sold	1,859,764	214,062	—	—
	25,779,987	43,961,463	(317,595)	15,911,346
Cost of goods sold	5,804,105	6,057,235	—	—
Cost of services rendered	19,194,561	17,693,176	—	—
	50,778,653	67,711,874	(317,595)	15,911,346

26. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Allowance for doubtful debts	21,911	563,534	–	–
Amortisation of prepaid land lease payments	336,380	336,444	–	–
Prepaid land lease payments (written back)/ written off	(8,886)	8,886	–	–
Auditors' remuneration				
Statutory audits				
- current year	76,100	74,200	19,000	18,000
- underprovision in previous year	5,000	–	–	–
Other services	24,320	5,000	5,000	5,000
Bad debt written off	1,748	6,041	–	–
Directors' remuneration*				
Directors of the Company:				
Fees	132,623	126,000	132,623	126,000
Other emoluments	208,346	193,192	15,000	17,000
Other directors:				
Fees	163,120	61,333	–	–
Employees Provident Fund	9,720	22,680	–	–
Other emoluments	247,100	247,000	–	–
Depreciation**	3,873,114	3,391,430	156,504	169,773
Development expenditure written off	620,052	–	–	–
Impairment loss on goodwill	–	18,679	–	–
Impairment loss on investment in an associate	6,291,401	–	647,000	608,000
(Reversal) /allowance for diminution in value of other quoted investments	(628,660)	628,660	(628,660)	628,660
Interest on late payments	1,482,131	903,922	1,380,429	713,998
Interest on late payment waived	(1,369,978)	–	(271,943)	–
Provision for liquidated damages				
- current year	700	22,635	–	–
- overprovision in prior years	(15,451)	(51,535)	–	–

26. PROFIT FROM OPERATIONS (CONTD.)

Profit from operations is stated after charging/(crediting) (Contd.):

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Provision for retirement benefits	505,593	745,060	—	—
Rental of port equipment	4,411,503	3,445,501	—	—
Rental of premises	369,527	466,462	194,542	321,502
Staff costs***	10,370,394	10,345,944	636,916	615,547
Bad debt recovered	—	(10,000)	—	—
Dividend income from quoted investment	(73,952)	(6,189)	—	—
Gain on disposal of other investment	(462,250)	—	(462,250)	—
Gain on disposal of subsidiary	(47,562)	—	—	—
Loss on disposal of plant and equipment	88	—	88	—
Interest income	(3,361,549)	(1,959,174)	(1,684,304)	(1,422,254)
Rental income	(2,023,549)	(2,023,550)	(2,023,549)	(2,180,750)

* The estimated monetary value of other benefits not included in the above received by a director of the Group and of the Company is RM9,600 (2006 : RM10,200).

The number of directors of the Company whose total remuneration during the year fall within the following bands are as follows:

	Number of directors	
	2007	2006
Non-executive directors:		
Below RM50,000	6	5
RM50,001 - RM100,000	—	—
RM100,001 - RM150,000	—	—
RM150,001 - RM200,000	—	—
RM200,001 - RM250,000	1	1

** A portion of the expenses is charged to property development costs whereby profits are recognised in the income statement based on the percentage of completion method (Note 6).

26. PROFIT FROM OPERATIONS (CONTD.)

*** Staff costs (excluding directors' remuneration) comprised:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Salaries and wages	9,343,997	9,323,824	602,770	579,124
Employees Provident Fund contributions	909,923	911,241	33,536	35,840
Social Security Fund contributions	92,216	91,531	610	583
Other staff related expenses	24,258	19,348	–	–
	10,370,394	10,345,944	636,916	615,547

27. FINANCE COSTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
BaIDS financing cost	4,468,750	4,500,000	–	–
Interest on overdraft	118,291	252,419	–	–
Interest on term loan	–	37,894	–	–
Interest on hire purchase and finance lease liabilities	68,443	6,464	–	184
Interest on revolving credit	764,534	516,986	764,534	516,986
	5,420,018	5,313,763	764,534	517,170
Less: Amount capitalised in property development costs (Note 6)	–	(10,280)	–	–
	5,420,018	5,303,483	764,534	517,170

28. TAXATION

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Current tax:				
Tax expense for the year	11,097,367	11,362,735	2,644,000	2,670,000
(Over)/under provision in prior years	(190,797)	(1,002,720)	175,744	(15,107)
	10,906,570	10,360,015	2,819,744	2,654,893
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	289,048	372,234	–	–
Relating to changes in statutory tax rate	(48)	–	–	–
Under/(over) provision in prior years	144,000	(64,234)	–	–
	433,000	308,000	–	–
Tax expense for the year	11,339,570	10,668,015	2,819,744	2,654,893

Domestic income tax is calculated at the statutory tax rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The income tax applicable to some of the subsidiaries is calculated at Malaysian statutory tax rate of 20% on the first RM500,000 for assessable profit for the year and where applicable, 27% (2006 : 28%) for assessable profit in excess of RM500,000. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

28. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2007 RM	2006 RM
Group		
Profit before taxation	38,133,825	43,019,824
Taxation at applicable tax rate	10,296,133	12,045,550
Effect on opening deferred tax of reduction in income tax	(153,406)	–
Expenses not deductible for tax purposes	1,637,335	271,172
Income not subject to tax	(289,740)	–
Other items	3,155	1,489
Utilisation of previously unrecognised unabsorbed capital allowances	(107,110)	(583,242)
Under/(over) provision of deferred tax in prior years	144,000	(64,234)
Over provision of current tax in prior years	(190,797)	(1,002,720)
Tax expense for the year	11,339,570	10,668,015
Company		
Profit before taxation	8,622,962	7,128,870
Taxation at applicable tax rate	2,328,200	1,996,084
Income not subject to tax	(269,773)	–
Expenses not deductible for tax purposes	585,573	673,916
Under/(over) provision of current tax in prior years	175,744	(15,107)
Tax expense for the year	2,819,744	2,654,893

29. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2007	**2006**
Profit attributable to ordinary equity holders of the Company (RM)	13,455,238	19,579,711
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Basic earnings per share (sen) for:		
Profit for the year	13.46	19.58

(b) Diluted

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

30. DISPOSAL OF SUBSIDIARY

On 31 December 2007, the Company had disposed of its entire equity interest in a subsidiary, Amsit Corporation Sdn Bhd, comprising 5 ordinary shares of RM1 each representing 100% of the issued and paid up capital of ACSB for a total consideration of RM5.

The revenue, results and cash flows of the subsidiary were as follows:

	Financial year ended 31.12.2007 RM
Revenue	–
Other administrative expenses	(2,325)
Loss attributable to shareholders	(2,325)

30. DISPOSAL OF SUBSIDIARY (CONTD.)

	Financial year ended 31.12.2007 RM
Cash flow from operating activities	350,000
Cash flow from investing activities	(350,000)
Total cash flow	–

The net assets of the subsidiary were as follows:

Net assets disposed:	
Land held for property development	2,866,933
Other receivables	13,250
Cash and bank balances	86
Trade and other payables	(2,927,836)
	(47,567)
Gain on disposal to the Group	47,562
Total consideration received from disposal	5
Less: Cash and cash equivalent of subsidiary disposed	(86)
Net cash outflow of the Group	(81)

31. DIVIDEND

	Group and Company				
	Dividend in respect of Year			Dividends Recognised in Year	
	2007	2006	2005	2007	2006
	RM	RM	RM	RM	RM
Final dividend for 2006: 2.5% less 27% taxation, on 100,000,000 ordinary shares (1.83 sen per ordinary share)	–	1,825,000	1,440,000	1,825,000	1,440,000
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2007: 2.5% less 26% taxation, on 100,000,000 ordinary shares (1.85 sen per ordinary share)	1,850,000	–	–	–	–
	1,850,000	1,825,000	1,440,000	1,825,000	1,440,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2007 of 2.5% less 26% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM1,850,000 (1.85 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2008.

32. RELATED PARTY DISCLOSURES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Transactions with the ultimate holding corporation				
Disbursements	116,336	324,046	116,336	94,516
Management fee expense	296,000	296,000	296,000	296,000
Project expenditure	531,946	2,520,455	1,304,000	1,304,000
Rental payable	321,502	321,502	321,502	321,502
Project management income	(45,262)	(3,480,093)	—	—
Rental income	(2,023,549)	(2,023,550)	(2,023,549)	(2,023,550)
Repayment of advances	125,615	(37,437)	(45,262)	(20,234)
Transactions with subsidiaries				
Repayment of advances	—	—	1,610,000	7,691,577
Advances paid	—	—	(371,067)	(398,832)
Accounting fees	—	—	(18,000)	(18,000)
Interest income	—	—	(156,505)	(257,400)
Management fee income	—	—	(132,000)	(132,000)
Payment of deposits	—	—	—	500,000
Transactions with fellow subsidiaries (subsidiaries of the ultimate holding corporation)				
Interest income	(4,564,847)	(664,486)	(4,564,847)	(664,486)
Advances paid	(250,130)	(3,900,817)	(250,130)	(3,900,817)
Repayment of advances	1,461,210	(346,790)	1,488,210	753,210

32. RELATED PARTY DISCLOSURES (CONTD.)

Transactions with related parties

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Management fee expense	600,000	600,000	–	–
Advances paid	(140,000)	(120,000)	–	–
Port services payable	–	383,550	–	–
Fixed monthly charges	275,040	–	–	–
Port services receivable	(29,573,851)	(30,210,089)	–	–

Account balances with significant related parties of the Group and of the Company at year end are as follows:

Account balances with the ultimate holding corporation

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Receivables	3,849,717	3,172,305	177,368	146,395
Payables	(262,265)	(262,265)	–	–

Account balances with subsidiaries

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Receivables	–	–	213,820,988	215,274,574
Payables	–	–	(1,666,127)	(3,956,277)

32. RELATED PARTY DISCLOSURES (CONTD.)

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Account balances with fellow subsidiaries (subsidiaries of ultimate holding corporation)				
Receivables	100,001,520	96,674,755	100,001,520	96,674,755
Payables	(303,594)	(339,356)	(303,594)	(312,356)

A coporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn Bhd, a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Integrax Bhd	(100,000)	–	–	–

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Receivables	10,618,719	9,560,707	–	–
Payables	(4,004,743)	(3,890,022)	(792,442)	(652,442)

The remuneration of directors and other members of key management during the year was as follows:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Salaries and allowances	1,522,502	1,467,325	515,359	519,500

Included in the total remuneration of key management personnel are:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Directors' remuneration	340,969	319,192	147,623	143,000

33. CAPITAL COMMITMENTS

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
(i) Authorised but not contracted for:				
Land and buildings	6,000,000	–	–	–
Property, plant and equipment	3,020,000	11,512,000	10,000	10,000
Port facilities	20,215,000	–	–	–
	29,235,000	11,512,000	10,000	10,000

(ii) Purchase of land

On 23 January 2007, a wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCBD") entered into a sale and purchase agreement ("the Agreement") with I & P Seriemas Sdn Bhd (formerly known as Golden Hope Development Sdn Bhd) to purchase several pieces of land for a total consideration of RM24,326,304 for future development purposes.

Upon execution of the Agreement, PCBD paid a deposit of RM2,342,630. The remaining balance of the consideration is to be settled within thirty six months via twelve quarterly instalments effective from 1 April 2007.

As at 31 December 2007, the total amount paid by PCBD was RM4,257,103 (inclusive of deposit) and the acquisition of land have yet to be completed.

34. CONTINGENT LIABILITIES

	Company 2007 RM	Company 2006 RM
Unsecured:		
Guarantees given to banks in respect of facilities granted to a subsidiary	3,103,008	4,346,000

Included in the contingent liabilities is a corporate guarantee of RM2,035,000 provided by the Company in respect of a performance bond issued by a bank on 30 September 2003 for a contract undertaken by a subsidiary which has expired on 5 December 2007. The contract has been completed and the cancellation of the performance bond is still pending as at 31 December 2007.

35. SIGNIFICANT AND RECURRING EVENTS

(a) On 27 June 2006, PCB Development Sdn Bhd (PCBD), a subsidiary of the Company entered into a Sale and Purchase Agreement with Smart K-Worker Professional Consortium Sdn Bhd (“SKPC”), for the sale of a piece of land held under HSD 98757 PT 167585 Mukim Hulu Kinta, Daerah Kinta, Perak measuring approximately in area 20,234 square metres together with a three storey Institutional Building for a total consideration of RM8,500,001. The sale is to be satisfied by way of cash of RM1 and 5,000,000 fully paid ordinary shares (effectively a shareholding of 17.9%) and 1,538,462 preference shares in SKPC.

The principal activities of SKPC are developing, implementing and managing e-trainings for k-worker professionals as well as to promote the said business as the parties may mutually agree in writing. This agreement is conditional and shall only take effect upon SKPC having within one year from the date of the agreement obtained the written approval from Economic Planning Unit of the Prime Ministers’ Department and all other relevant government authorities.

On 27 June 2006, PCBD also entered into a Shareholder Agreement with Perak E-Organisations Sdn Bhd (“PEO”), a private limited liability company wholly owned by Perak State Economic Development Corporation, Multi Media Synergy Corporation Sdn Bhd (“MMSC”), a private limited liability company, primarily involved in the business developing e-Learning solutions, Bijak Inovasi Sdn Bhd (“BISB”), an investment holding company, MMSC Management Sdn Bhd (“MMSB”), a private limited liability company currently owned by staff at the management level of MMSC in SKPC, to regulate the relationship of the shareholders of SKPC to carry out the business.

As at 31 December 2007, the sale of land together with the building is still pending approval from the relevant authority.

On 25 March 2008, PCBD has consented to an extension of time up to 27 June 2008 for SKPC to obtain the required approval from the relevant authority.

36. SUBSEQUENT EVENT

On 5 February 2008, the Company accepted the offer to dispose of its entire equity interest in its associate, Asia Brands Corporation Berhad (“ABCB”), which comprise 11.67 million ordinary shares of RM1 each, representing 23.01% of the issued and paid up share capital of ABCB on the basis of RM1.80 per share (original cost of RM1.72 per share to the Company) for a total consideration of RM21.00 million (“Proposed Disposal”). Upon completion of the Proposed Disposal, ABCB shall cease to be an associate of the Company.

37. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

The Group is organised into four major business segments:

(i) **Hotel and Tourism**
Hospitality services in respect of the operation of hotels and development of tourism projects;

(ii) **Infrastructure**
Maritime services in respect of the development of an integrated privatised project and encompassing operations of multipurpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities;

(iii) **Township Development**
The township development of real property and ancillary services; and

(iv) **Management services and others**
Provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

37. SEGMENTAL INFORMATION (CONTD.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
31 December 2007						
Revenue						
External revenue	15,789,829	77,240,864	19,441,618	2,023,549	–	114,495,860
Inter-segment revenue	–	–	–	23,559,648	(23,559,648)	–
Total revenue	15,789,829	77,240,864	19,441,618	25,583,197	(23,559,648)	114,495,860
Results						
Segment results	(346,517)	41,447,157	3,388,543	25,300,342	(28,876,920)	40,912,605
Finance costs	(43,219)	(4,490,840)	(277,926)	(764,534)	156,501	(5,420,018)
Share of profit of associates	–	–	–	–	–	2,641,238
Profit before taxation	(389,736)	36,956,317	3,110,617	24,535,808	(28,720,419)	38,133,825
Taxation	(26,378)	(10,186,337)	(412,197)	(7,040,123)	6,325,465	(11,339,570)
Profit for the year						26,794,255

37. SEGMENTAL INFORMATION (CONTD.)

	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
31 December 2007 (Contd.)						
Assets and liabilities						
Segment assets	64,401,572	175,887,895	149,225,897	517,599,917	(299,611,079)	607,504,202
Investment in associates				22,737,793	(69,825)	22,667,968
Unallocated assets						1,667,579
Total assets						631,839,749
Segment liabilities	(7,199,596)	(69,084,530)	(123,527,181)	(196,731,249)	220,992,872	(175,549,684)
Unallocated liabilities						(13,667,243)
Total liabilities						(189,216,927)
Other segment information						
Amortisation of prepaid land lease payments	187,444	148,936	–	–	–	336,380
Capital expenditure	1,325,272	5,263,927	31,031	42,735	–	6,662,965
Depreciation	1,763,221	1,867,850	85,538	156,505	–	3,873,114
Gain on disposal of subsidiary	–	–	–	(47,562)	–	(47,562)
Gain on disposal of other investment	–	–	–	(462,250)	–	(462,250)
Loss on disposal of property, plant and equipment	–	–	88	–	–	88

37. SEGMENTAL INFORMATION (CONTD.)

	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
31 December 2007 (Contd.)						
Other segment information (contd.)						
Impairment losses on investment in an associate	–	–	–	6,291,401	–	6,291,401
Impairment losses and diminution in value on other quoted investments recognised in income statement	–	–	–	18,340	(647,000)	(628,660)
Other significant non-cash expenses:						
Provisions	1,748	21,911	(14,751)	–	–	8,908
Prepaid land lease payment written back	–	(8,886)	–	–	–	(8,886)
Increase in liability for defined benefit plan	505,593	–	–	–	–	505,593
Development expenditure written off	–	620,052	–	–	–	620,052

37. SEGMENTAL INFORMATION (CONTD.)

31 December 2006	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
Revenue						
External revenue	18,233,962	70,877,704	24,152,040	21,393,060	–	134,656,766
Inter-segment revenue	–	–	–	17,522,534	(17,522,534)	–
Total revenue	18,233,962	70,877,704	24,152,040	38,915,594	(17,522,534)	134,656,766
Results						
Segment results	2,141,331	37,355,403	3,717,804	20,898,778	(17,212,722)	46,900,594
Finance costs	(4,682)	(4,533,855)	(505,176)	(517,170)	257,400	(5,303,483)
Share of profit of associates	–	–	–	–	–	1,422,713
Profit before taxation	2,136,649	32,821,548	3,212,628	20,381,608	(16,955,322)	43,019,824
Taxation	274,714	(9,118,951)	(32,123)	(6,266,382)	4,474,727	(10,668,015)
Profit for the year						32,351,809

37. SEGMENTAL INFORMATION (CONTD.)

	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
31 December 2006 (Contd.)						
Assets and liabilities						
Segment assets	64,787,900	186,936,007	159,317,258	518,049,393	(308,421,124)	620,669,434
Investment in associates				23,384,793	2,933,339	26,318,132
Unallocated assets						1,234,217
Total assets						648,221,783
Segment liabilities	(8,098,325)	(84,625,678)	(136,003,551)	(208,520,728)	225,714,706	(211,533,576)
Unallocated liabilities						(7,724,459)
Total liabilities						(219,258,035)
Other segment information						
Amortisation of prepaid land lease payments	187,444	149,000	–	–	–	336,444
Capital expenditure	991,811	34,233	6,393	19,926	–	1,052,363
Depreciation	1,580,599	1,462,501	178,555	169,775	–	3,391,430
Impairment losses and diminution in value recognised in income statement	–	–	–	1,236,660	(589,321)	647,339
Other significant non-cash expenses:						
Provisions	343,864	225,761	(28,900)	–	–	540,725
Prepaid land lease payment written off	–	8,886	–	–	–	8,886
Increase in liability for defined benefit plan	745,060	–	–	–	–	745,060

38. COMPARATIVES

The following comparative amounts as at 31 December 2006 have been reclassified to conform with

	As previously stated RM	Adjustments RM	As restated RM
Group			
Port facilities	—	61,024,585	61,024,585
Prepaid land lease payments	—	26,365,579	26,365,579
Property, plant and equipment	84,248,399	(13,172,344)	71,076,055
Land held for property development	107,512,824	(74,217,820)	33,295,004

39. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(i) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no substantial long-term interest-bearing assets as at 31 December 2007. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

39. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(i) Interest Rate Risk (Contd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2007									
Group									
Fixed rate									
Amount due from fellow subsidiary	12	3.0	97,476,304	–	–	–	–	–	97,476,304
Deposits with licensed banks	13	2.8	55,643,944	–	–	–	–	–	55,643,944
Hire purchase and finance lease liabilities	18	5.2	(212,260)	(302,858)	(134,008)	(69,180)	–	–	(718,306)
Bai Bithaman Ajil Islamic Debt Securities	19	7.5	–	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(35,000,000)	(55,000,000)
Floating rate									
Bank overdrafts	17	8.2	(1,311,171)						(1,311,171)
Revolving credits	17	7.3	(71,500,000)	–	–	–	–	–	(71,500,000)

39. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(i) Interest Rate Risk (Contd.)

	Note	WAEIR	Within 1 year	1-2 years	2-3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
		%	RM	RM	RM	RM	RM	RM	RM
Company									
Fixed rate									
Amount due from fellow subsidiary	12	3.0	97,476,304	–	–	–	–	–	97,476,304
Amount due from subsidiary	12	7.2	2,075,000	–	–	–	–	–	2,075,000
Deposits with licensed banks	13	2.8	2,500,000	–	–	–	–	–	2,500,000
Floating rate									
Revolving credits	17	7.3	(71,500,000)	–	–	–	–	–	(71,500,000)

39. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(i) Interest Rate Risk (Contd.)

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2006									
Group									
Fixed rate									
Amount due from fellow subsidiary	12	3.0	94,149,539	–	–	–	–	–	94,149,539
Deposits with licensed banks	13	2.8	56,616,035	–	–	–	–	–	56,616,035
Hire purchase and finance lease liabilities	18	5.2	(239,630)	(302,858)	(134,008)	(143,702)	(140,242)	–	(960,440)
Bai Bithaman Ajil Islamic Debt Securities	19	7.5	(5,000,000)	–	(5,000,000)	(5,000,000)	(5,000,000)	(40,000,000)	(60,000,000)
Floating rate									
Bank overdrafts	17	8.2	(2,391,791)	–	–	–	–	–	(2,391,791)
Revolving credits	17	7.6	(80,602,764)	–	–	–	–	–	(80,602,764)
Term loans	17	7.4	(2,585,008)	–	–	–	–	–	(2,585,008)

39. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(i) Interest Rate Risk (Contd.)

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Company									
Fixed rate									
Amount due from fellow subsidiary	12	3.0	94,149,539	–	–	–	–	–	94,149,539
Amount due from subsidiary	12	7.2	3,575,000	–	–	–	–	–	3,575,000
Deposits with licensed banks	13	2.8	6,100,000	–	–	–	–	–	6,100,000
Floating rate									
Revolving credits	17	7.6	(80,602,764)	–	–	–	–	–	(80,602,764)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for revolving credits which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in above tables are not subject to interest rate risks.

39. FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial Risk Management Objectives and Policies (Contd.)

(ii) Foreign Exchange Risk

The Group's sales transactions are mainly in Malaysian Ringgit and are thus not exposed to foreign exchange risk.

(iii) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(iv) Credit Risk

The Group's credit policy and guidelines assess, evaluate and monitor credit risk of trade receivables. Credit risk is controlled via credit worthiness checking, credit limits, credit term setting and approval and credit risk exception reporting. Trade receivables are monitored on an ongoing basis as well as case by case basis, especially for the purchasers of land.

The Group does not have any significant credit risk exposure to any individual customer or groups of customers. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets and liabilities in the balance sheets.

39. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company are represented as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Financial Assets				
At 31 December 2007:				
Unquoted investment in associate	1,667,968	*	2,737,793	*
Quoted investments	24,380,141	**	20,000,000	**
Due from related corporations and other related parties	103,851,237	***	313,999,876	***
Due to related corporations and other related parties	50,326,673	***	22,790,276	***
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	55,000,000	#	—	—
Hire purchase and finance lease liabilities	718,306	567,250	—	—
At 31 December 2006:				
Unquoted investment in associate	2,063,054	*	3,384,793	*
Quoted investments	31,555,107	**	23,993,840	**
Due from related corporations and other related parties	99,847,060	***	312,095,724	***
Due to related corporations and other related parties	3,855,113	***	1,204,798	***
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	60,000,000	#	—	—
Hire purchase and finance lease liabilities	960,440	718,066	—	—

39. FINANCIAL INSTRUMENTS (CONTD.)

(b) Fair Values (Contd.)

* it is not practical to estimate the fair value of the unquoted investment because of the lack of quoted market price and the inability to estimate the fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amount represents the recoverable value.

** the fair value of the quoted shares are disclosed in Note 7 and Note 8, which is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

*** it is not practical to estimate the fair values of amounts due from/to related corporations, associates and other related parties due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

it is not practical to estimate the fair value of this financial liability representing the nominal amount of BaIDS issued by the subsidiary. The liability is carried at its original cost of RM55,000,000 (2006 : RM60,000,000) in the balance sheet.

The main covenants of the BaIDS are disclosed in Note 19.

(i) Hire purchase and finance lease liabilities

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangement.

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

39. FINANCIAL INSTRUMENTS (CONTD.)

(b) Fair Values (Contd.)

The nominal/notional amounts and net fair value of financial instruments not recognised in the balance sheet of the Company as at end of the financial year are:

	Company	
	Nominal/ Notional amount	Net fair value
	RM	RM
At 31 December 2007:		
Contingent liabilities	3,103,008	+
At 31 December 2006:		
Contingent liabilities	4,346,000	+

+ it is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

FORM OF PROXY

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

I/We ____
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

being a member/members of **PERAK CORPORATION BERHAD**, hereby appoint ____________________

____
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

or failing him/her, ____

of ____

as my/our proxy to vote for me/us and on my/our behalf, at the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Wednesday, 28 May 2008 at 12.00 noon or at any adjournment thereof in the manner indicated below:

No.	Resolutions	For	Against
1.	To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2007 together with the Report of the Directors and Auditors thereon.		
2.	To approve the payment of a first and final dividend of 2.5 sen per share less income tax for the year ended 31 December 2007.		
3.	To approve the increase in Directors' fees for the year ended 31 December 2007 and the payment of Directors' fees thereon.		
4.	To re-elect YB Senator Dato' Azian bin Osman who retires in accordance with Article 80 of the Company's Articles of Association.		
5.	To re-elect Tuan Haji Ab Rahman bin Mohammed who retires in accordance with Article 87 of the Company's Articles of Association.		
6.	To re-appoint Dato' Ir Haji Harun bin Ahmad Saruji as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.		
7.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	As special Business: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of __________________ in the year ______.

Number of ordinary shares held

____
Signature/Seal

Notes:
1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.*
2. *When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.*
6. *The registration for the above Meeting will commence on Wednesday, 28 May 2008 at 11.30 a.m.*

First Fold

stamp

THE SECRETARY

PERAK CORPORATION BERHAD Co. No. 210915-U

D-3-7, Greentown Square,

Jalan Dato' Seri Ahmad Said,

30450 Ipoh,

Perak Darul Ridzuan, Malaysia.

Second Fold

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