PERAK CORPORATION BERHAD

(210915-U)

Incorporated in Malaysia

ANNUAL REPORT 2008

Perak Corporation Berhad

210915-U
(Incorporated in Malaysia)

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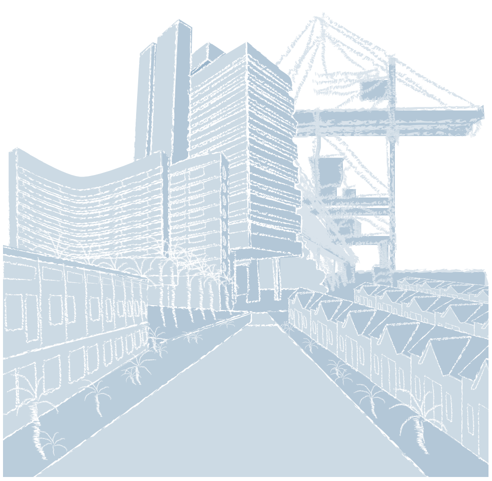


Corporate Information

BOARD OF DIRECTORS

Tuan Haji Dr Ab Wahab bin Ismail (Chairman)
Non-Independent Non-Executive

Tuan Haji Asmuni bin Awi
Non-Independent Non-Executive

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

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

Dato' Mohammed Zabidi bin Dasuki
Independent Non-Executive

Mr Wong Yoon Choong
Independent Non-Executive

MANAGEMENT TEAM

Dato' Samsudin bin Hashim DPMP, PMP, AMP
Group Chief Executive Officer

Mr 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 GM, Business Development

Hajah Sharifah Nor Hashimah bt Syed Kamaruddin AMP, PPT
Group GM, Land and Property

Encik Amin bin Halim Rasip
Group GM, Infrastructure

Ms Chow Mun Lan
Group GM, Hospitality

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

Mr 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
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 Eighteenth 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, 27 May 2009**, 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 2008 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 2008.	**Resolution 2**
3.	To approve the payment of Directors' fees for the year ended 31 December 2008.	**Resolution 3**
4.	To re-elect the following Directors who retire in accordance with Article 87 of the Company's Articles of Association:	
	a) Tuan Haji Dr Ab Wahab bin Ismail	**Resolution 4**
	b) Tuan Haji Asmuni bin Awi	**Resolution 5**
	c) Dato' Mohammed Zabidi bin Dasuki	**Resolution 6**
	d) Mr Wong Yoon Choong	**Resolution 7**
	e) Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri	**Resolution 8**
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 9**

As special business:

6. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 10**

"**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 28 April 2009, 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."

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

By order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
28 April 2009

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 25% income tax will be paid on 17 July 2009.

Notice is hereby given that the Register of Members of the Company will be closed on 30 June 2009, 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 2009 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, 27 May 2009 at 11.30 a.m.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 to 8
The profiles of the Directors standing for re-election are disclosed on pages 6 to 7 of the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings on page 37 of the Annual Report.

Explanatory Note
Resolution 10
Please refer to the Circular to Shareholders dated 28 April 2009 which is enclosed together with the Annual Report of the Company.

Profile of Directors

TUAN HAJI DR. AB WAHAB BIN ISMAIL
(Malaysian, aged 54 years)
Non-Independent Non-Executive Director

Tuan Haji Dr Ab Wahab bin Ismail was first appointed as Director and Chairman to the Board on 2 January 2009. He was appointed a Chairman of the Finance and Business Development Committee on 27 February 2009.

He graduated with a Bachelor of Science in Mechanical Engineering (Hons) from the Leeds University, United Kingdom. Thereafter he obtained his PhD in Mechanical Engineering thereat.

He is currently the Group Executive Advisor of Ingress Corporation Berhad (Ingress) of which he is one of the founder members since its inception in 1992. He had previously served as a Lecturer with Universiti Kebangsaan Malaysia, Manager with Proton Berhad, Group Managing Director with Sapura Motors Berhad (formerly known as Sapura Industrial Bhd), Executive Director with Sapura Holdings Sdn Bhd and Managing Director with Uniphone Telecommunications Berhad.

Currently, he sits on the Board of Directors of Perbadanan Kemajuan Negeri Perak (PKNPk), Bina Darulaman Berhad and a number of subsidiaries of the Ingress Group and a subsidiary of the Company.

He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

TUAN HAJI ASMUNI BIN AWI
(Malaysian, aged 55 years)
Non-Independent Non-Executive Director

Tuan Haji Asmuni bin Awi was first appointed to the Board on 2 January 2009. He was appointed as a member of the Finance and Business Development Committee on 27 February 2009.

He holds a law degree from the University of Malaya. He has previously served as Majistrate with Jitra Magistrate Court Kedah, Assistant Director with Biro Bantuan Guaman Perak, Deputy Public Prosecutor with Anti Corruption Agency, Peguam Persekutuan with Jabatan Hasil Dalam Negeri, Advocate & Solicitor with Maxwell, Kenion, Cowdy & Jones, Ipoh and currently he practises as Advocate & Solicitor with Awi & Co.

He also sits on the Board of Directors of PKNPk and Syarikat Majuperak Berhad, a wholly owned subsidiary of MajuPerak Holdings Berhad which in turn is a subsidiary of PKNPk.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

TUAN HAJI AB RAHMAN BIN MOHAMMED
(Malaysian, aged 63 years)
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 and Nomination and Remuneration Committee on 29 August 2007 and 27 February 2009 respectively.

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

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

He attended all 4 out of 4 Board of Directors' meetings held during the financial year ended 31 December 2008. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

ENCIK WAN HASHIMI ALBAKRI BIN WAN AHMAD AMIN JAFFRI

(Malaysian, aged 50 years)
Non-Independent Non-Executive Director

Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri was first appointed to the Board on 18 June 2008.

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

He attended 1 out of 2 Board of Directors' meetings held during the financial year ended 31 December 2008 from the date of his appointment. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

DATO' MOHAMMED ZABIDI BIN DASUKI

(Malaysian, aged 60 years)
Independent & Non-Executive Director

Dato' Mohammed Zabidi bin Dasuki was first appointed to the Board and as Chairman of the Audit Committee on 2 January 2009. He was appointed as a Chairman of the Nomination and Remuneration Committee on 27 February 2009.

He graduated from University of Malaya with a Bachelor in Economics, majoring in Accounting.

He was an accountant with Jabatan Akauntan Negara and various Ministries' Departments for more than 20 years. In 1998 he was seconded to Kumpulan Wang Simpanan Pekerja as Senior Manager of Finance and retired as Deputy Chief Executive Officer in 2005 thereat.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

MR WONG YOON CHOONG

(Malaysian, aged 51 years)
Independent Non-Executive Director

Mr Wong Yoon Choong was first appointed to the Board and as a member of the Audit Committee on 2 January 2009. He was appointed a member of the Nomination and Remuneration Committee on 27 February 2009.

He is currently the Administration and Management Consultant of Tokyo Electric Power Services Co. Ltd for the Pahang-Selangor Raw Water Transfer Project, Malaysia. He had previously served as Administration and Management Consultant of Kumagai-Wika Joint Operation for the Sipan-Sihaporas Hydro Electric Power Project, Indonesia.

He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

Management Team

DATO' SAMSUDIN BIN HASHIM
(Malaysian, aged 52)
Group Chief Executive Officer

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

He graduated from Universiti Kebangsaan Malaysia with a Bachelor in Business Administration (Hons) majoring in Finance & Marketing. He joined Perbadanan Kemajuan Negeri Perak (PKNPk) 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 PKNPk, a position held since 1 January 1998.

He holds directorships in a number of companies under the PKNPk Group and the Company's subsidiaries. He does not have any family relationship with any director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years. He holds 18,750 ordinary shares of the Company.

HARBHAJAN SINGH
Group Chief Financial Officer

IBRAHIM YAACOB
Group GM, Township Development

HAMSIDI SHAHARAH
Group GM, Business Development

SHARIFAH NOR HASHIMAH
Group GM, Land and Property

AMIN HALIM RASIP
Group GM, Infrastructure

CHOW MUN LAN
Group GM, Hospitality

Group Activities

Hospitality & Tourism


Impiana Casuarina Ipoh


Hotel Lobby and Lounge


Executive Suite Room

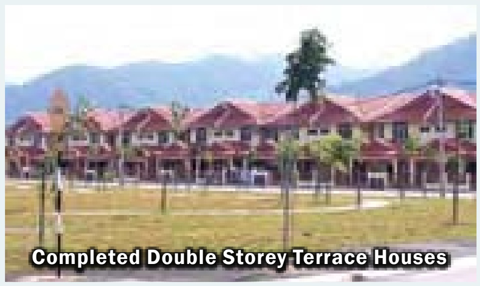

Crystal Ballroom


"The Bistro"


"Garden Terrace" Coffee House

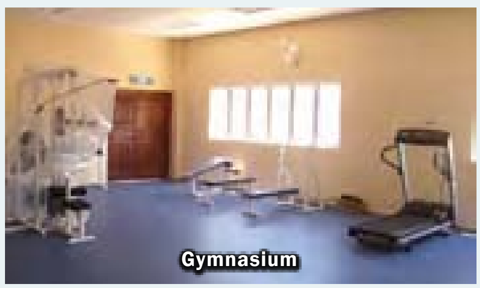
Township Development


Bandar Meru Raya


Completed Double Storey Terrace Houses

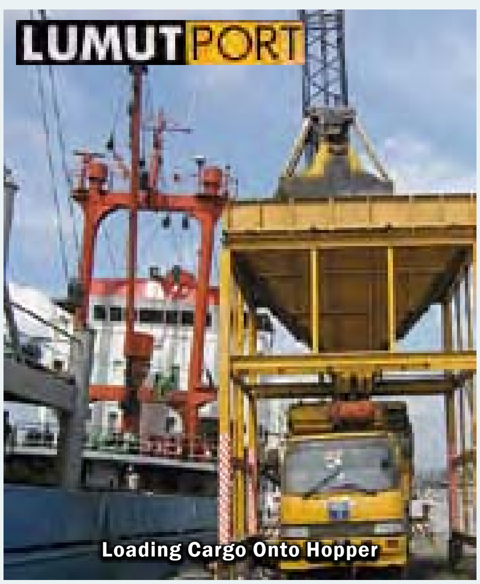

MSC Cybercentre and Commercial Area


Badminton Academy


Gymnasium


Badminton Hall and Courts

Infrastructure



Loading Cargo Onto Hopper


Aerial View of Lumut Maritime Terminal


Berthed Vessel at LMT


Biodiesel Plant at Lumut Port Industrial Park


Steel Fabrication Plant for Oil and Gas

Chairman's Statement

Penyata Pengerusi

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 2008

OVERVIEW

The Group activities in 2008 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 and lower demand whereas the hospitality services segment continued to incur a loss after taxation. However, the consistent though reduced 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 to achieve favourable results in the foreseeable future.

FINANCIAL REVIEW

For the financial year ended 31 December 2008, the Group's revenue decreased by 9% to RM103.58 million (2007: RM114.50 million) mainly due to lower developed land sales realised from the various business segments. Accordingly, the Group achieved a pretax profit of RM30.66 million for the year under review in comparison to RM38.13 million recorded in the year 2007 whilst net profit attributable to shareholders was RM12.49 million in comparison to RM13.46 million earned in the previous year.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Perak Corporation Berhad bagi tahun kewangan berakhir 31 Disember 2008

TINJAUAN KESELURUHAN

Aktiviti Kumpulan di dalam 2008 masih memfokus ke atas perniagaan-perniagaan teras iaitu pembangunan bandar baru bagi hartanah dan perkhidmatan-perkhidmatan sampingan, perkhidmatan perhotelan dan perkhidmatan maritim dan penjualan tanah berkaitan pelabuhan.

Aktiviti bandar baru dan pembangunan hartanah berkurangan berpunca dari kenaikan kos dan permintaan yang rendah manakala segmen perkhidmatan perhotelan terus mengalami kerugian selepas cukai. Namun begitu, pulangan yang konsisten walaupun berkurangan dari perkhidmatan maritim telah membolehkan Kumpulan mencapai keputusan yang menggalakkan bagi tahun kewangan di bawah kajian. Kumpulan akan terus meningkat kekuatannya di dalam semua segmen perniagaannya untuk kekal berdaya saing bagi mencapai keputusan yang menggalakkan pada masa hadapan yang boleh diramalkan.

TINJAUAN SEMULA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2008, perolehan Kumpulan telah menurun sebanyak 9% ke RM103.58 juta (2007: RM114.50 juta) disebabkan kekurangan penjualan tanah yang telah dimajukan oleh pelbagai segmen perniagaan. Seterusnya, Kumpulan mencapai keuntungan sebelum cukai yang berjumlah RM30.66 juta bagi tahun bawah kajian berbanding dengan RM38.13 juta yang dicatat pada tahun 2007 manakala agihan untung bersih kepada pemegang saham-pemegang saham sebanyak RM12.49 juta berbanding dengan RM13.46 juta diperolehi pada tahun sebelumnya.

Net assets per share attributable to ordinary equity holders of the parent as at 31 December 2008 improved to RM3.81 (2007: RM3.71) based on the ordinary shares in issue of RM1.00 each of 100 million (2007: 100 million) units.

For the year under review, the Company achieved revenue of RM6.22 million resulting in pretax profits of RM6.88 million as compared to revenue of RM10.09 million with pretax profits of RM8.62 million recorded in the year 2007. Profit after taxation was recorded at RM5.30 million as against RM5.80 million achieved in the year 2007. The decrease in profits was largely attributable to lower dividends received from a subsidiary for the year under review.

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.

The renovation and refurbishment carried out in 2007 at ICI was able to increase the room revenue with an average occupancy of 71.04% for the year under review.

The hotel and tourism segment has achieved a revenue of RM16.14 million (2007: RM15.79 million) whereas the loss before taxation for the year was recorded at RM0.80 million (2007: loss RM0.39 million) due to higher operating costs.

Agihan aset bersih sesaham kepada pemegang ekuiti biasa syarikat induk pada 31 Disember 2008 meningkat ke RM3.81 (2007: RM3.71), berasas kepada syer biasa yang diterbit pada RM1.00 seunit untuk 100 juta (2007: 100 juta) unit.

Bagi tahun bawah kajian, Syarikat telah mencapai perolehan sebanyak RM6.22 juta yang menghasilkan keuntungan sebelum cukai RM6.88 juta berbanding dengan perolehan RM10.09 juta dengan keuntungan sebelum cukai RM8.62 juta dicatat pada tahun 2007. Keuntungan selepas cukai dicatat pada RM5.30 juta berbanding RM5.80 juta yang dicapai pada tahun 2007. Penurunan keuntungan ini adalah hasil dari kekurangan penerimaan dividen daripada sebuah subsidiari pada tahun bawah kajian.

TINJAUAN SEMULA AKTIVITI-AKTIVITI

Perhotelan dan Pelancongan

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

Usaha usaha pengubahsuaian dan penaiktaraf yang dilaksanakan pada 2007 di ICI membolehkan peningkatan perolehan bilik dengan kadar purata penginapan 71.04% bagi tahun bawah kajian.

Segmen perhotelan dan pelancongan telah mencapai perolehan sebanyak RM16.14 juta (2007: RM15.79 juta) manakala kerugian sebelum cukai bagi tahun tersebut telah dicatat pada RM0.80 juta (2007: kerugian RM0.39 juta) berpunca dari peningkatan kos operasi.

Township Development

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

PCBD's township development known as "Bandar Meru Raya" (BMR), is located in the north of the City of Ipoh Perak which has received the MSC Malaysia Cybercentre status Certificate for having fulfilled the necessary set of criteria towards meeting the vision of MSC Malaysia. Currently, various purchasers of development lands from PCBD are in different stages of completion of 110 double storey shophouses in BMR. Among the government institutions being located in BMR, Bangunan Jabatan Audit Negara (Cawangan Perak) is at advanced stage of completion. In addition, Majlis Amanah Rakyat (MARA) has purchased 15 acres of developed lands to set up an institution of higher learning for 1,000 students to be known as "Kolej Polytech MARA" which is estimated to cost RM27.5 million.

This segment has achieved a revenue of RM18.87 million (2007: RM19.44 million) with profit before taxation of RM2.38 million (2007: RM3.11 million) for the year under review.

Infrastructure

The Group's contributor in this segment is via its subsidiary, Lumut Maritime Terminal Sdn. Bhd. (LMTSB). LMTSB is a terminal owner, operator and land developer.

Lumut Maritime Terminal (LMT) is a terminal that provides total integrated port services and facilities with capability to berth vessels up to 40,000 dead weight tonnes to handle a whole range of cargo from dry bulk, liquid bulk, general and project cargoes. The year 2008 saw a 23.27% growth in cargo throughput at the Terminal of 3.03 million tons, as compared to 2.45 million tons in 2007. Export cargo accounted for 70% of the throughput composed of mainly cement clinkers, limestone and liquid cargo. Bulk palm oil accounted for 20% of the total exports. Import cargos are mainly coal and petcoke for the cement plants.

Pembangunan Bandar Baru

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

Pembangunan bandar baru PCBD yang dikenali sebagai "Bandar Meru Raya" (BMR), terletak di utara Bandar Ipoh, Perak yang telah menerima Sijil "MSC Malaysia Cybercentre Status" di atas pencapaian menyempurnakan segala kriteria ke arah memenuhi visi MSC Malaysia. Terkini, pelbagai pembeli tanah yang telah dimajukan dari PCBD adalah di pelbagai peringkat pembangunan di dalam penyiapan 110 unit rumahkedai dua tingkat di BMR. Antara instituisi kerajaan yang ditempatkan di BMR, Bangunan Jabatan Audit Negara (Cawangan Perak) adalah hampir siap. Di samping itu, Majlis Amanah Rakyat (MARA) telah membeli 15 ekar tanah yang dimajukan untuk pembangunan sebuah instituisi pengajian tinggi bagi 1000 penuntut yang akan dikenali sebagai "Kolej Polytech MARA" dengan anggaran kos sebanyak RM27.5 juta.

Segmen ini telah mencapai perolehan sebanyak RM18.87 juta (2007: RM19.44 juta) dengan keuntungan sebelum cukai RM2.38 juta (2007: RM3.11 juta) bagi tahun bawah kajian.

Infrastruktur

Sumbangan Kumpulan dalam segmen ini ialah melalui subsidiari, Lumut Maritime Terminal Sdn Bhd. (LMTSB). LMTSB ialah pemilik terminal, operator dan pemaju tanah.

LMT adalah terminal yang menyediakan perkhidmatan pelabuhan yang bersepadu dengan kemudahan yang berupaya melabuh bagi kapal-kapal sehingga 40,000 "dead weight tonnes" bagi pengendalian berbagai jenis kargo dari pukal kering, pukal cecair, kargo awam dan kargo khusus. Pengendalian kargo di Terminal bagi tahun 2008 mencatat pertumbuhan 23.27% berjumlah 3.03 juta tan berbanding dengan 2.45 juta tan pada 2007. Kargo eksport merupakan 70% daripada jumlah pengendalian kargo yang utamanya simen "clinkers", batu kapur dan kargo cecair. Eksport minyak sawit pukal kekal pada 20% dari jumlah eksport. Kargo import yang utama ialah arangbatu dan "petcoke" bagi loji-loji simen.

For the year 2009, LMT is expected to handle a moderate cargo growth of about 10% despite the economic slowdown due to new cargoes to be handled namely petroleum products. It is seriously looking to improve the cargo handling systems having put in place the necessary infrastructure such as pipe gantries for the users to lay their pipelines connecting their plants and the Terminal.

LMTSB is also the operator and manager of Lekir Bulk Terminal (LBT), a deep water seaport with a natural draft of 20 meters. LBT is a dedicated terminal to handle coal for the Janakuasa Sultan Azlan Shah in Sri Manjung. In the year 2008, it handled 5.5 million tons (2007: 4.5 million tons) of coal and is expected to handle throughput in the year 2009 to match that of 2008.

LMTSB's Lumut Port Industrial Park (LPIP) which is adjacent to the LMT develops and sells industrial land on lease for 89 years for heavy, medium and light industries at competitive prices. The selling price of the land depends on the location, total acreage purchased and most importantly the usage of port facilities. Currently, it has about 195 acres of land available for sale. Foreign ownership is permitted. Being located next to the Terminal makes it a very attractive for investors.

This infrastructure segment has contributed to the Group's revenue by achieving RM66.56 million (2007: RM77.24 million) with profit before taxation totalling RM27.30 million (2007: RM36.96 million) for the year under review.

Bagi tahun 2009, LMT menjangka pertumbuhan kargo yang sederhana sebanyak 10% walaupun dalam kelembapan ekonomi hasil dari pengendalian kargo baru iaitu produk-produk petroleum. LMTSB memandang serius untuk meningkat sistem pengendalian kargo setelah penyiapan infrastruktur yang perlu seperti paip gantri bagi pengguna pengguna memasang talian paip yang menghubungkan loji loji mereka dengan Terminal.

LMTSB juga adalah operator dan pengurus Lekir Bulk Terminal (LBT), pelabuhan laut yang mendalam dengan kedalaman semulajadi 20 meter. LBT secara khusus mengendalikan arang batu bagi Janakuasa Sultan Azlan Shah di Seri Manjung. Dalam tahun 2008, sebanyak 5.5 juta tan arang batu dikendalikan (2007: 4.5 juta tan) dan dijangka akan mengurus pengedalian bagi tahun 2009, yang setanding dengan 2008.

Lumut Port Industrial Park (LPIP) kepunyaan LMTSB yang bersebelahan dengan LMT memajukan dan menjual tanah industri di atas pajakan 89 tahun untuk industri berat, sederhana dan ringan pada harga yang kompetitif. Harga jualan tanah berdasar kepada lokasi, keluasan tanah dibeli dan yang terpenting ialah penggunaan kemudahan pelabuhan. Pada masa kini, terdapat 195 ekar tanah telah sedia untuk dijual. Pemilikan asing dibenarkan. Lokasi yang bersebelahan dengan Terminal menjadikan ia satu tarikan kepada pelabur.

Segmen infrastruktur ini telah menyumbang kepada perolehan Kumpulan dengan pencapaian RM66.56 juta (2007: RM77.24 juta) dan keuntungan sebelum cukai berjumlah RM27.30 juta (2007: RM36.96 juta) bagi tahun bawah kajian.

CORPORATE REVIEW

On 5 February 2008, the Company disposed of its entire equity interest in its associate, Asia Brands Corporation Berhad, for a total consideration of RM21.00 million (refer to Note 34 in the Financial Statements) as the Group intends to pursue its core businesses as stated above. The Company has utilised RM11.50 million of the sale proceeds towards the settlement of certain bank borrowings and the balance has been used as working capital.

On 21 August 2008, the Company entered into a Conditional Sale and Purchase Agreement with Putera Capital Berhad to dispose of its entire equity interest in its associate, Konsortium LPB Sdn Bhd, for a total consideration of RM6.00 million (Proposed Disposal) subject to the fulfillment of certain Conditions Precedent (refer to Note 34 in the Financial Statements). To date, the Proposed Disposal is still pending and is not expected to be completed within the next 12 months.

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.

TINJAUAN KORPORAT

Pada 5 Februari 2008, Syarikat telah melupus keseluruhan kepentingan ekuiti di dalam syarikat sekutunya, Asia Brands Corporation Berhad, untuk perolehan berjumlah RM21.0 juta (rujuk Nota 34 di dalam Penyata Kewangan) supaya Kumpulan memberi keutamaan kepada perniagaan-perniagaan teras seperti tercatat di atas. Syarikat telah menggunakan RM11.50 juta dari perolehan tersebut untuk penyelesaian pinjaman-pinjaman bank tertentu dan bakinya dipakai sebagai modal kerja.

Pada 21 Ogos 2008, Syarikat memasuki satu Perjanjian Jualbeli Bersyarat dengan Putera Capital Berhad untuk melupus keseluruhan kepentingan di dalam syarikat sekutunya, Konsortium LPB Sdn Bhd, untuk perolehan RM6.00 juta (Cadangan Pelupusan) tertakluk kepada penyempurnaan "Conditions Precedent" tertentu (rujuk Nota 34 di dalam Penyata Kewangan). Terkini, Cadangan Perlupusan masih tertangguh dan di jangka tidak dapat disiap dalam tempoh 12 bulan berikut.

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 menyempurnakan komitmen sepenuhnya untuk memastikan kepatuhan urus tadbir korporat yang baik diamalkan di seluruh Kumpulan.

PROSPECTS FOR THE YEAR 2009

The Group may be able to achieve satisfactory results for the financial year 2009 which may be affected by the current global economic slowdown.

DIVIDEND

The Board of Directors recommends a final dividend of 2.5 sen per share less 25% taxation (2007: 2.5 sen per share less 26% taxation), totalling RM1.875 million (2007: RM1.85 million) for the financial year ended 31 December 2008, for approval by shareholders at the forthcoming Annual General Meeting ("AGM").

The recommended dividend shall be paid on 17 July 2009, upon approval by shareholders in the forthcoming AGM.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to Dato' Ir Haji Harun bin Ahmad Saruji, YB Senator Dato' Azian bin Osman, Encik Razidan bin Ghazalli and Puan Noor Asmah bt Mohd Nawawi, who have resigned from the Board, for their invaluable services and contributions during their tenures.

I would also like to extend my sincere appreciation 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.

TUAN HAJI DR AB WAHAB BIN ISMAIL
Chairman

28 April 2009

PROSPEK BAGI TAHUN 2009

Kumpulan berkemampuan mencapai keputusan yang munasabah bagi tahun kewangan 2009 yang mungkin terdesak dengan kesan kelembapan ekonomi global semasa.

DIVIDEN

Ahli Lembaga Pengarah mencadangkan dividen akhir 2.5 sen sesaham ditolak 25% cukai(2007: 2.5 sen sesaham ditolak 26% cukai), berjumlah RM1.875 juta (2007: RM1.85 juta) bagi tahun kewangan berakhir 31 Disember 2008, tertakluk kepada kelulusan para pemegang saham di Mesyuarat Agung Tahunan ("AGM") yang akan datang.

Dividen yang dicadangkan akan dibayar pada 17 Julai 2009 setelah kelulusan diperolehi daripada para pemegang saham diAGM akan datang.

PENGHARGAAN

Saya, bagi pihak Lembaga Pengarah, mengambil kesempatan ini untuk merakamkan penghargaan kepada Dato' Ir Haji Harun bin Ahmad Saruji, YB Senator Dato' Azian bin Osman, Encik Razidan bin Ghazalli dan Puan Noor Asmah bt Mohd Nawawi, yang telah meletak jawatan dalam Lembaga, diatas perkhidmatan dan sumbangan yang tidak ternilai sepanjang tempoh perkhidmatan mereka.

Seterusnya, 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 di atas dedikasi dan komitmen dalam menjalankan tugas.

TUAN HAJI DR AB WAHAB BIN ISMAIL
Pengerusi

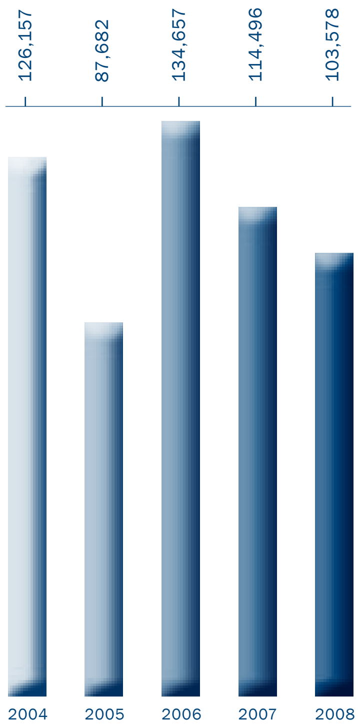
28 April 2009

Corporate Structure as at 31 December 2008

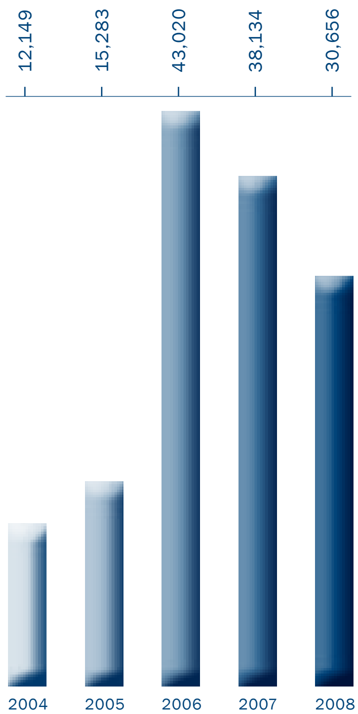
Perak Corporation Berhad
Management Services & Others

- **PCB Development Sdn Bhd** — 100% — Township and Property Development
  - **PCB Transportation Travel & Tours Sdn Bhd** — 100% — Hotel, Tourism and Related Services
  - **PCB Trading & Manufacturing Sdn Bhd** — 100% — Trading of Building Materials
- **Magni D'Corp Sdn Bhd** — 100% — Township and Property Development
- **Premium Meridian Sdn Bhd** — 100% — Township and Property Development
- **Taipan Merit Sdn Bhd** — 100% — Management Services and Others
  - **Lumut Maritime Terminal Sdn Bhd** — 50% +1 share — Infrastructure
    - **LMT Capital Sdn Bhd** — 100% — Dormant
  - **Cash Hotel Sdn Bhd** — 61.16% — Hotel, Tourism and Related Services
    - **Silveritage Corporation Sdn Bhd** — 100% — Hotel, Tourism and Related Services
      - **Cash Complex Sdn Bhd** — 50.48% — Management Services and Others
- **Trans Bid Sdn Bhd** — 51% — Infrastructure
- **Konsortium LPB Sdn Bhd** — 12.19% — Infrastructure

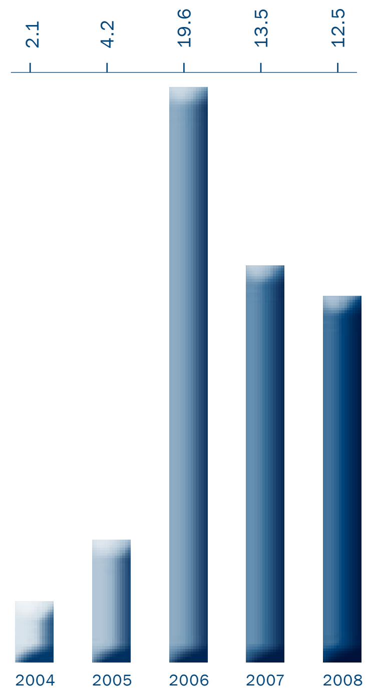
Financial Highlights 31 December



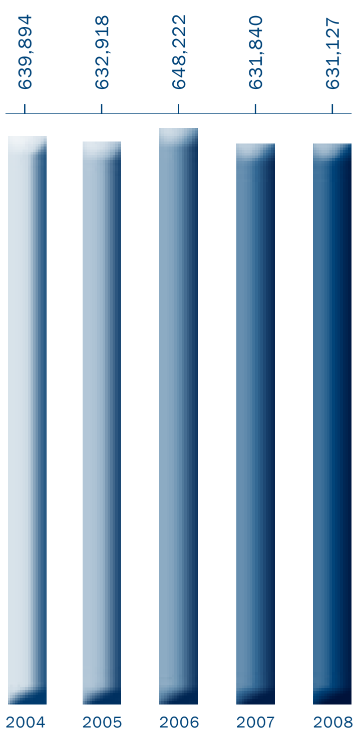
Revenue
(RM'000)



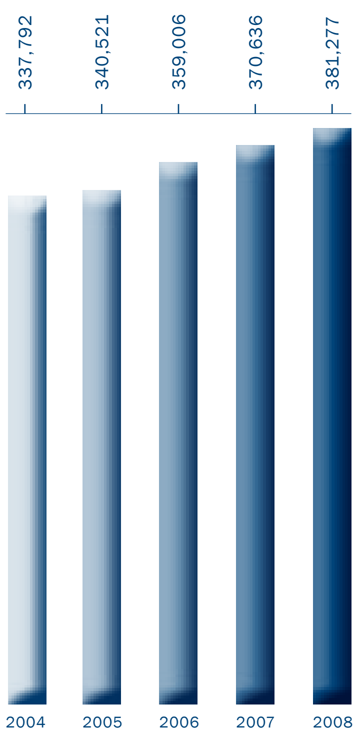
Profit Before Taxation
(RM'000)



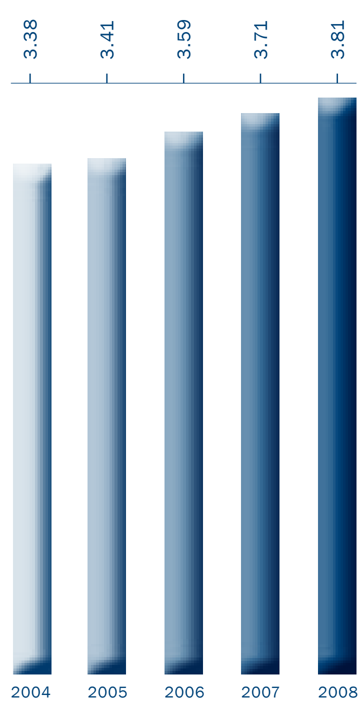
Earnings per Share
(sen)



Total Assets
(RM'000)



Equity Holders' Funds
(RM'000)



Net Assets per Share
(RM)

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 six 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 major shareholders.

Tuan Haji Dr Ab Wahab bin Ismail 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 6 and 7.

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

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 2008, the Board held meetings on the following dates: 28 February, 28 May, 27 August, and 26 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 2008
(i)	Dato' Ir. Haji Harun bin Ahmad Saruji (resigned on 02/01/2009)	4/4
(ii)	Tuan Haji Ab Rahman bin Mohammed	4/4
(iii)	Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri (appointed on 18/06/2008)	1/2
(iv)	Encik Razidan bin Ghazalli (resigned on 18/06/2008)	1/2
(v)	Dr. Nawawi bin Mat Awin (deceased on 14/03/2008)	1/1
(vi)	YB Dato' Azian bin Osman (resigned on 02/01/2009)	2/4
(vii)	Puan Noor Asmah bt. Mohd Nawawi (resigned on 02/01/2009)	3/4

(Note: Tuan Haji Dr Ab Wahab bin Ismail, Tuan Haji Asmuni bin Awi, Dato' Mohammed Zabidi bin Dasuki and Mr Wong Yoon Choong were appointed on 2 January 2009.)

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report of the Audit Committee set out on pages 29 to 33), Nomination Committee and Remuneration Committee.

The Board has also set up a Finance and Business Development Committee ("FBDC") to assist the Board to evaluate major operating issues which arise out of the ordinary course of business and new businesses being assessed. The FBDC also reviews Annual Budgets before they are submitted to the Board and annual salary reviews of the employees of the Company. The FBDC comprises a Non-Executive Director, the Group Chief Executive Officer (the Group Chief Financial Officer as his alternate) and headed by the Chairman of the Board.

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

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 resolved to merge the Nomination Committee and the Remuneration Committee into a single committee to be known as Nomination and Remuneration Committee on 27 February 2009. The Nomination and Remuneration Committee ("NRC") comprises three Non-Executive Directors, two of whom are independent. The Committee is headed by Dato' Mohammed Zabidi bin Dasuki and other members are Mr. Wong Yoon Choong and Tuan Haji Ab Rahman bin Mohammed. This NRC is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director upon evaluation of the candidate's ability to discharge the expected responsibilities.

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

The NRC shall evaluate annually 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 have adopted the Guidelines for Directors' Training Needs as recommended by the NRC. The guidelines require each director to attend at least one (1) seminar/course/workshop during the financial year.

During the financial year ended 31 December 2008, 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 have 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 NRC meeting was held on 28 February 2008 which was attended by all its then members.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

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

Directors' Remuneration

The aggregate remuneration of the directors (all of whom are non-executives) of the Company for the financial year ended 31 December 2008 is as follows:

	RM
Company: fees and attendance allowances	131,227
Subsidiary companies: fees, salaries, bonuses, allowances and benefits-in-kind	220,847
Total	352,074

Bands of remuneration for the financial year ended 31 December 2008 are as follows:

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

* Includes a director who passed away and another who resigned during the financial year.

For details of appointment, death and resignation of directors, please refer to page 19 of the Annual Report.

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

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

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

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

An explanatory statement to facilitate full understanding and evaluation of the 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 39 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 25 to 28 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 29 to 33. 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 businesses 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 Bandar Meru Raya township with the MSC Malaysia Cyber Centre status shall provide the community with improved and higher quality standard of living through enhancements of new infrastructure and a cleaner environment.

(b) The establishment of LMT BioHub shall provide the beneficial impact of the gradual changeover from high pollution fossil fuels to clean biofuels, which are renewable resources, on the overall reduction of carbon dioxide emissions and global warming.

(c) The commitment towards the community by supporting and donating to charitable causes and disaster relief funds organised by the local governments and non-profitable organisations, besides 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.

This Statement is made in accordance with a resolution of the Board dated 27 March 2009.

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

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

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. (The Company has on 21 August 2008 entered into a Conditional Sale and Purchase Agreement with Putera Capital Bhd to dispose of its entire equity interest in KLPB as disclosed under Note 34 of the Financial Statements.)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

1. Organisational Structure

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

2. Policies and Operating Procedures Manual

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

2.1 Financial Authority Limits

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

2.2 Budgeting

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

2.3 Tender Committee

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

3. Management Financial Report

Quarterly financial and performance reports are submitted to the Board which include the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. This involves the inclusion of the Group Income Statement, 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 Officer for his information.

CONCLUSION

Overall the state of Internal Control of the Group is satisfactory except for 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.

This Statement is made in accordance with a resolution of the Board dated 27 March 2009.

Report of Audit Committee

COMPOSITION

	Meeting attendance in 2008
Chairman:	
Dato' Mohammed Zabidi bin Dasuki (appointment 02/01/2009) *Independent Non-Executive*	–
Dr Nawawi bin Mat Awin (deceased on 14/03/2008) *Independent Non-Executive*	1/6
Dato' Azian bin Osman (appointed 28/05/2008, resigned on 02/01/2009) *Independent Non-Executive*	6/6
Members:	
Mr Wong Yoon Choong (appointment on 02/01/2009) *Independent Non-Executive*	–
Tuan Haji Ab Rahman bin Mohammed *Non-Independent Non-Executive*	6/6
Puan Noor Asmah bt Mohd Nawawi (resigned on 02/01/2009) *Independent Non-Executive*	6/6

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 Officer, the Group Chief Financial Officer and the Head of Internal Audit of the Company's ultimate holding corporation and a representative of the external auditors (if required) will normally attend the meetings. Other Board members may attend meetings upon invitation by the Committee.

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

- To review the financial statements before the quarterly announcements to 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 2008, the Committee held meetings on the following dates: 28 February, 28 March, 27May, 27 August, 20 October and 25 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 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 2008, 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 25 to 28.

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 the associations 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 the 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 the 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.

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: 1/1/08 – 31/12/08 (RM)*
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak ("PKNPk")	Ultimate Holding Corporation	2,023,549
Management services provided to the Company	PKNPk	Ultimate Holding Corporation	296,000
Project services provided to the Company	PKNPk	Ultimate Holding Corporation	1,304,000
Rental and disbursements payable by the Company	PKNPk	Ultimate Holding Corporation	457,322
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	25,801,336
Tug boat services provided to a subsidiary, LMT	Radikal Rancak Sdn Bhd ("RR")	See note 3 below	5,883,000

Relationship with the Company:

1. Kuda Sejati Sdn. Bhd. ("KS") is a wholly owned subsidiary of PKNPk, which holds 8.41% of the equity interest of ITB as at 31 December 2008. 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 major 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 RM5,000 (2007: RM5,000) payable to the external auditors of the Company and its subsidiaries for the financial year ended 31 December 2008.

Summary of Properties as at 31 December 2008

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 28 years RM10,229,139	Rented to Perbadanan Kemajuan Negeri Perak except for second, seventh and eigth floors 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 7 years RM4,030,058	Currently vacant
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 22 years RM45,346,856	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 RM308,454	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 13 years RM83,155,745	Port operations

Analysis of Shareholdings as at 31 March 2009

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*	*%*
219	Less than 100	10,649	0.01
155	100 to 1,000	99,336	0.10
1,952	1,001 to 10,000	5,869,915	5.87
261	10,001 to 100,000	6,704,175	6.70
37	100,001 to 4,999,999	14,684,675	14.69
3	5,000,000* and above	72,631,250	72.63
2,627		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	270,000*2	0.27
2.	Permodalan Nasional Berhad	15,000,000	15.00	-	-
3.	Sime Darby Property Berhad	6,125,000	6.13	-	-
4.	Yayasan Pelaburan Bumiputra	-	-	15,000,000*3	15.00

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), Cherry Blossom Sdn Bhd and Kuda Sejati Sdn Bhd*

**3. Deemed interest through its shareholdings in Permodalan Nasional Berhad*

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

None of the Directors in office had any interest in shares in the Company.

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	Permodalan Nasional Berhad	15,000,000	15.00
3	Sime Darby Property Berhad	6,125,000	6.13
4	KAF Trustee Berhad *(KAF Fund Management Sdn Bhd for KAF Seagroatt & Campbell Berhad)*	4,378,000	4.38
5	Citigroup Nominees (Asing) Sdn Bhd *(Citigroup GM Inc for SC Fundamental Value Fund LP)*	995,616	1.00
6	OSK Nominees (Tempatan) Sdn Berhad *(OSK Capital Sdn Bhd for Perbadanan Kemajuan Negeri Perak)*	760,000	0.76
7	Citigroup Nominees (Asing) Sdn Bhd *(Citigroup GM Inc for SC Fundamental Value BVI Ltd)*	695,384	0.69
8	Lim Pay Kaon	613,900	0.61
9	PM Nominees (Tempatan) Sdn Bhd *(PCB Asset Management Sdn Bhd For MUI Continental Insurance Berhad)*	600,000	0.60
10	Ng Lai Chiek	440,000	0.44
11	KAF Trustee Berhad *(KAF Fund Management Sdn Bhd for Yayasan Istana Abdul Aziz)*	360,000	0.36
12	KAF Trustee Berhad *(KAF Fund Management Sdn Bhd for DYMM Tuanku Bainun Mohd Ali)*	351,000	0.35
13	Lim Ah Waa	318,200	0.32
14	Tan Jin Tuan	315,400	0.31
15	Ke-Zan Nominees (Asing) Sdn Bhd *(Kim Eng Securities Pte Ltd for Horizon Growth Fund NV)*	300,300	0.30
16	Cheong Chong Lok & Sons Sdn Bhd	268,000	0.27
17	Citigroup Nominees (Asing) Sdn Bhd *(Citigroup GM Inc for SC Fundamental LLC Employee Savings and Profit Savings Plan)*	264,500	0.26
18	Cheong Chong Lok	263,000	0.26
19	Cheong Yoke Choy	250,000	0.25
20	Lee Choon Hoong	240,000	0.24
21	OSK Nominees (Tempatan) Sdn Berhad *(OSK Capital Sdn Bhd for Sergap Berkat Sdn Bhd)*	240,000	0.24
22	Fawziah bt Hussein Sazally	230,000	0.23
23	Tan Jin Tuan	221,000	0.22
24	RHB Capital Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Flora Siu Tse Mee)*	200,000	0.20
25	TCL Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Hoo Pak @ Hor Ker Pay)*	200,000	0.20
26	Wong Choong Loong	200,000	0.20
27	Toh Hock Chooi	197,000	0.20
28	Lim Kiam Chai	196,900	0.20
29	Chan Wing Kit	183,900	0.18
30	RHB Capital Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Caroline Siu Tse Lee)*	171,000	0.17
		86,084,350	86.08

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.

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Perak Corporation Berhad
210915-U
(Incorporated in Malaysia)

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FINANCIAL STATEMENTS

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

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 13 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	21,846,117	5,304,289
Attributable to:		
Equity holders of the Company	12,490,401	5,304,289
Minority interests	9,355,716	–
	21,846,117	5,304,289

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 2007 was as follows:

	RM
In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:	
Ordinary final dividend of 2.5% less 26% taxation, on 100,000,000 ordinary shares, approved on 28 May 2008 and paid on 18 July 2008	1,850,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2008, of 2.5% less 25% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM1,875,000 (1.87 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 2009.

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:

Tuan Haji Dr Ab Wahab Bin Ismail (appointed on 2 January 2009)
Tuan Haji Asmuni Bin Awi (appointed on 2 January 2009)
Tuan Haji Ab Rahman Bin Mohammed
Wan Hashimi Albakri Bin Wan Ahmad Amin Jaffri (appointed on 18 June 2008)
Dato' Mohammed Zabidi Bin Dasuki (appointed on 2 January 2009)
Wong Yoon Choong (appointed on 2 January 2009)
Dato' Ir Haji Harun Bin Ahmad Saruji, DPMP, AMP (resigned on 2 January 2009)
YB Dato' Azian Bin Osman, DPMP, AMP (resigned on 2 January 2009)
Noor Asmah Bt Mohd Nawawi (resigned on 2 January 2009)
Razidan bin Ghazalli (resigned on 18 June 2008)

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 5 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 2008**	**Bought**	**Sold**	**31 December 2008**
Dato' Ir Haji Harun bin Ahmad Saruji DPMP, AMP				
- direct	23,750	–	–	23,750
- indirect*	15,000	–	–	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.

(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.

Other statutory information (contd.)

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

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

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

(f) In the opinion of the directors:

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

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

Significant and/or recurring events

The significant and/or recurring events during the financial year are as disclosed in Note 34 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2009.

Tuan Haji Dr Ab Wahab Bin Ismail **Tuan Haji Asmuni Bin Awi**

Ipoh, Perak Darul Ridzuan, Malaysia

Statement by Directors

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

We, Tuan Haji Dr Ab Wahab Bin Ismail, and Tuan Haji Asmuni Bin Awi, 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 49 to 135 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 2008 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 27 March 2009.

Tuan Haji Dr Ab Wahab Bin Ismail

Tuan Haji Asmuni Bin Awi

Ipoh, Perak Darul Ridzuan, Malaysia

Statutory Declaration

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

I, Harbhajan Singh A/L Ujagar Singh, AMP, PPT, being the officer primarily responsible for the financial management of Perak Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 135 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Harbhajan Singh A/L Ujagar Singh, AMP, PPT at Ipoh in the State of Perak Darul Ridzuan on 27 March 2009

Harbhajan Singh A/L Ujagar Singh
AMP, PPT

Before me,

Haji Ahmad Jalany bin Hj Mohd Ali, PPT
No. A174
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan
Malaysia.

Independent Auditors' Report

to the members of Perak Corporation Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Perak Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 135.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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

(b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

(c) We are satisfied that the accounts 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.

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

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

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Ipoh, Perak Darul Ridzuan, Malaysia
Date: 27 March 2009

Income Statements

For the year ended 31 December 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Revenue	3	103,577,984	114,495,860	6,224,252	10,089,796
Cost of sales	4	(44,016,574)	(50,778,653)	–	317,595
Gross profit		59,561,410	63,717,207	6,224,252	10,407,391
Other operating income		5,521,952	6,372,644	4,095,309	3,065,157
Sales and marketing expenses		(415,856)	(377,473)	–	–
Administrative expenses		(10,789,767)	(9,246,330)	(841,637)	(974,304)
Other operating expenses		(19,659,001)	(19,553,443)	(2,492,219)	(3,110,748)
Profit from operations	5	34,218,738	40,912,605	6,985,705	9,387,496
Finance costs	6	(4,342,449)	(5,420,018)	(110,561)	(764,534)
Share of profit of associates		779,975	2,641,238	–	–
Profit before taxation		30,656,264	38,133,825	6,875,144	8,622,962
Taxation	7	(8,810,147)	(11,339,570)	(1,570,855)	(2,819,744)
Profit for the year		21,846,117	26,794,255	5,304,289	5,803,218
Attributable to:					
Equity holders of the Company		12,490,401	13,455,238	5,304,289	5,803,218
Minority interests		9,355,716	13,339,017	–	–
		21,846,117	26,794,255	5,304,289	5,803,218
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	8	12.49	13.46		
Diluted, for profit for the year	8	–	–		

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

Balance Sheets

as at 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	74,226,715	70,433,444	10,388,687	10,434,974
Port facilities	10	73,176,998	64,456,579	–	–
Prepaid land lease payments	11	25,701,705	26,038,085	–	–
Land held for property development	12	26,780,170	33,295,004	–	–
Investments in subsidiaries	13	–	–	6,702,000	6,702,509
Investments in associates	14	1,990,504	22,667,968	3,992,793	22,737,793
Other investments	15	–	–	–	–
Intangible assets	16	23,811,003	23,811,003	–	–
Other receivables	18	–	–	214,181,069	213,777,449
Deferred tax assets	27	729,394	1,009,428	–	–
		226,416,489	241,711,511	235,264,549	253,652,725
Current assets					
Property development costs	12	141,104,866	129,856,238	57,395,098	55,996,079
Inventories	17	15,432,495	11,632,500	–	–
Trade and other receivables	18	158,154,861	174,568,142	106,990,269	104,451,070
Tax recoverable		1,684,430	1,535,579	665,689	655,582
Other investments	15	3,528,831	3,380,141	–	–
Cash and bank balances	19	84,805,426	64,883,286	8,902,114	2,568,406
		404,710,909	385,855,886	173,953,170	163,671,137
Non-current asset classified as held for sale	20	–	4,272,352	–	–
		404,710,909	390,128,238	173,953,170	163,671,137
TOTAL ASSETS		631,127,398	631,839,749	409,217,719	417,323,862

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	21	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	22	108,506,556	97,866,155	52,501,308	49,047,019
		381,276,996	370,636,595	325,271,748	321,817,459
Minority interests		76,342,943	71,986,227	–	–
Total equity		457,619,939	442,622,822	325,271,748	321,817,459
Non-current liabilities					
Other payables	28	–	–	1,215,977	1,216,127
Borrowings	23	50,551,030	55,506,046	57,970	–
Retirement benefits	26	1,511,969	1,495,875	–	–
Deferred tax liabilities	27	5,543,075	5,447,428	–	–
		57,606,074	62,449,349	1,273,947	1,216,127
Current liabilities					
Retirement benefits	26	265,874	120,834	–	–
Borrowings	23	65,243,059	73,023,431	60,014,269	71,500,000
Trade and other payables	28	49,152,149	50,326,673	22,657,755	22,790,276
Tax payable		1,240,303	2,766,990	–	–
Provision for liabilities	29	–	529,650	–	–
		115,901,385	126,767,578	82,672,024	94,290,276
Total liabilities		173,507,459	189,216,927	83,945,971	95,506,403
Total equity and liabilities		631,127,398	631,839,749	409,217,719	417,323,862

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

Statements of Changes in Equity

For the year ended 31 December 2008

		Attributable to Equity Holders of the Company					
Group	**Note**	**Share capital RM**	**Non distributable Share premium RM**	**Distributable Retained earnings RM**	**Total RM**	**Minority interests RM**	**Total Equity RM**
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	30	–	–	(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
At 1 January 2008		100,000,000	172,770,440	97,866,155	370,636,595	71,986,227	442,622,822
Profit for the year, representing total recognised income and expense for the year		–	–	12,490,401	12,490,401	9,355,716	21,846,117
Dividend	30	–	–	(1,850,000)	(1,850,000)	–	(1,850,000)
Dividend paid by a subsidiary to a minority shareholder		–	–	–	–	(4,999,000)	(4,999,000)
At 31 December 2008		100,000,000	172,770,440	108,506,556	381,276,996	76,342,943	457,619,939

Company	Note	Share capital RM	Non distributable Share premium RM	Distributable Retained earnings RM	Total Equity RM
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	30	–	–	(1,825,000)	(1,825,000)
At 31 December 2007		100,000,000	172,770,440	49,047,019	321,817,459
At 1 January 2008		100,000,000	172,770,440	49,047,019	321,817,459
Profit for the year, representing total recognised income and expense for the year		–	–	5,304,289	5,304,289
Dividend	30	–	–	(1,850,000)	(1,850,000)
At 31 December 2008		100,000,000	172,770,440	52,501,308	325,271,748

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

Cash Flow Statements

For the year ended 31 December 2008

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before taxation	30,656,264	38,133,825	6,875,144	8,622,962
Adjustments for:				
Allowance for doubtful debts	220,886	21,911	–	–
Amortisation of prepaid land lease payments	336,380	336,380	–	–
Prepaid land lease payments written back	–	(8,886)	–	–
Bad debt written off	1,373,375	1,748	–	–
Depreciation				
- Property, plant and equipment	2,040,521	2,088,346	173,012	156,504
- Port facilities	3,020,671	1,784,768	–	–
Loss on disposal of plant and equipment	–	88	–	88
Development expenditure written off	–	620,052	–	–
Property, plant and equipment written off	1	–	1	–
Dividend income	(148,690)	(73,952)	(4,053,703)	(7,934,247)
Provision/(reversal) of impairment loss on investment in an associate	–	6,291,401	(1,255,000)	647,000
Reversal for diminution in value of other quoted investments	–	(628,660)	–	(628,660)
Impairment loss on investmentin subsidiary	–	–	509	–
Loss/(Gain) on disposal of				
- other investment	–	(462,250)	–	(462,250)
- an associate	457,439	–	(1,000,000)	–
- a subsidiary	–	(47,562)	–	–
Interest expenses	5,950,285	6,902,149	1,185,479	2,144,963
Interest income	(3,663,503)	(3,361,549)	(1,796,841)	(1,684,304)
Interest waived	–	(1,369,978)	–	(271,943)
Provision for liquidated damages (net)	(78,345)	(14,751)	–	–
Provision for retirement benefits	399,273	505,593	–	–
Share of profit of associates	(779,975)	(2,641,238)	–	–
Operating profit carried forward	39,784,582	48,077,435	128,601	590,113

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash flows from operating activities				
Operating profit brought forward	39,784,582	48,077,435	128,601	590,113
Write down of carrying amount of non-current asset held for sale upon reversal to property, plant and equipment	181,404	–	–	–
Operating profit before working capital changes	39,965,986	48,077,435	128,601	590,113
Working capital changes:				
Property development costs	(4,733,793)	8,116,825	(1,399,019)	(1,604,265)
Inventories	(3,799,995)	1,246,679	–	–
Payables	(2,766,144)	(7,704,323)	(1,207,587)	(1,803,625)
Receivables	16,189,951	(6,207,962)	(1,571,887)	1,310,981
Cash generated from/(used in) operations	44,856,005	43,528,654	(4,049,892)	(1,506,796)
Liquidated damages paid	(451,305)	(1,057,768)	–	–
Retirement benefits paid	(254,354)	(241,985)	–	–
Taxes paid	(10,110,005)	(12,160,400)	(527,000)	(1,528,092)
Net cash generated from/(used in) operating activities	34,040,341	30,068,501	(4,576,892)	(3,034,888)
Cash flows from investing activities				
Dividends received	148,690	73,952	2,999,740	5,792,000
Interest received	2,292,571	1,810,274	425,908	133,029
Net proceeds from disposal of a subsidiary	–	(81)	–	5
Proceeds from disposal of property, plant and equipment	–	380	–	380
Proceeds from disposal of other investment	–	5,084,750	–	5,084,750
Proceeds from disposal of an associate	21,000,000	–	21,000,000	–
Purchase of quoted investment	(148,690)	(73,952)	–	–
Purchase of port facilities	(11,501,090)	(5,216,762)	–	–
Purchase of property, plant and equipment	(1,593,845)	(1,446,203)	(46,726)	(42,735)
Net cash generated from investing activities	10,197,636	232,358	24,378,922	10,967,429

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash flows from financing activities				
Dividend paid	(1,850,000)	(1,825,000)	(1,850,000)	(1,825,000)
Dividend paid to minority interests	(4,999,000)	(11,310,181)	–	–
Interest paid	(4,342,449)	(5,420,018)	(110,561)	(764,534)
(Placement)/uplift of bank balances pledged	(3,648,065)	2,135,500	–	–
Uplift/(placement) of deposits pledged	12,490	(4,193)	–	–
Repayment of				
- hire purchase and lease financing	(313,217)	(242,134)	(7,761)	–
- term loan	–	(2,585,008)	–	–
- revolving credit	(11,500,000)	(9,102,764)	(11,500,000)	(9,102,764)
- BaiDs	–	(5,000,000)	–	–
Net cash used in financing activities	(26,640,241)	(33,353,798)	(13,468,322)	(11,692,298)
Net increase/(decrease) in cash and cash equivalents	17,597,736	(3,052,939)	6,333,708	(3,759,757)
Cash and cash equivalents at 1 January	57,237,889	60,290,828	2,568,406	6,328,163
Cash and cash equivalents at 31 December	74,835,625	57,237,889	8,902,114	2,568,406
Cash and cash equivalents comprise:				
Cash and bank balances	5,007,786	9,239,342	1,152,114	68,406
Deposits with licensed banks	79,797,640	55,643,944	7,750,000	2,500,000
Bank overdrafts	–	(1,311,171)	–	–
	84,805,426	63,572,115	8,902,114	2,568,406
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(449,285)	(461,775)	–	–
Bank balances pledged	(9,520,516)	(5,872,451)	–	–
	74,835,625	57,237,889	8,902,114	2,568,406

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

Notes to the Financial Statements

31 December 2008

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 13. 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 27 March 2009.

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").

2.2 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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(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.

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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

(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%
Leasehold land and buildings – finance lease	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 year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the 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 non-current 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.

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

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.

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

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

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

The excess of revenue recognised in 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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

(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-by-property 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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(i) Leases (contd.)

(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 negotiating 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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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 makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(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.

(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 and tour related services

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

(vii) Rental income

Rental income is recognised over the term of the tenancy.

(viii) Sale of goods

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(m) Revenue (contd.)

(ix) Sale of completed properties

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

(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 is recognised when the risks and rewards of ownership has been transferred upon finalisation of the sales and purchase agreements.

(xi) Sale of development properties

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

(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 noncurrent 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.

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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(o) Financial instruments (contd.)

(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.

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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(o) Financial instruments (contd.)

(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.

(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. Significant accounting policies (contd.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 January 2008, the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

FRS 107 : Cash Flow Statements
FRS 111 : Construction Contracts
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets Amendment to
FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1 : Changes in Existing Decommisioning, Restoration and Similar Liabilities
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6 : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electrical Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationery Economies
IC Interpretation 8: Scope of FRS 2

FRS 111 and 120 and the above amendment and IC Interpretations are not relevant to the Group's and the Company's operations and the adoption of FRS 107, 112, 118, 134 and 137 had no impact on the financial statements of the Group and the Company.

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 FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and IC Interpretations	**Effective for financial periods beginning on or after**
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments : Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 139 : Financial Instruments : Recognition & Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

FRS 4 and 8 and the above Interpretations above 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 initial application of FRS 7 and FRS 139.

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.

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

(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 2008 was RM23,811,003 (2007 : RM23,811,003). Further details are disclosed in Note 16.

(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 RM246,933 (2007 : RM467,345) and the unrecognised tax losses and capital allowances of the Group was RM11,596,460 (2007 : RM10,823,517).

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

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

(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.

(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 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. The amount of provision for liquidated damages as at 31 December 2008 was RMNil (2007 : RM529,650). Further details are disclosed in Note 29.

3. Revenue

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Dividend income from unquoted shares in Malaysia				
- subsidiary	–	–	4,053,703	7,934,247
Development properties				
Sale of development properties	3,236,274	6,074,873	–	–
Sale of developed land	14,217,231	36,282,488	–	–
Sale of completed properties	3,430,200	2,369,031	–	–
Hotel related operations	15,842,569	15,511,364	–	–
Management fees	–	–	132,000	132,000
Port services	63,939,190	51,403,109	–	–
Proceeds received from bus fare collections and provision of charter services	74,000	94,057	–	–
Tour related services	195,371	–	–	–
Project management fees	332,750	458,924	–	–
Rental income	2,310,399	2,302,014	2,038,549	2,023,549
	103,577,984	114,495,860	6,224,252	10,089,796

4. Cost of Sales

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Property development costs (Note 12 (b))	11,445,860	24,237,818	–	–
Reversal of development costs over accrued in previous year	–	(317,595)	–	(317,595)
Cost of completed properties sold	2,719,643	1,859,764	–	–
	14,165,503	25,779,987	–	(317,595)
Cost of goods sold	5,897,964	5,804,105	–	–
Cost of services rendered	23,953,107	19,194,561	–	–
	44,016,574	50,778,653	–	(317,595)

5. Profit from operations

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
This is stated after charging/(crediting):				
Allowance for doubtful debts	220,886	21,911	–	–
Amortisation of prepaid land lease payments	336,380	336,380	–	–
Prepaid land lease payments written back	–	(8,886)	–	–
Auditors' remuneration Statutory audits				
- current year	89,400	76,100	20,000	19,000
- underprovision in previous year	–	5,000	–	–
- other services	58,339	24,320	5,000	5,000
Bad debt written off	1,373,375	1,748	–	–
Directors' remuneration*				
Directors of the Company:				
Fees	115,827	132,623	115,827	132,623
Other emoluments	226,647	208,346	15,400	15,000
Other directors:				
Fees	172,530	163,120	–	–
Employees Provident Fund	9,720	9,720	–	–
Other emoluments	397,664	247,100	–	–
Depreciation				
- property, plant and equipment	2,040,521	2,088,346	173,012	156,504
- port facilities	3,020,671	1,784,768	–	–
Development expenditure written off	–	620,052	–	–
Impairment loss on investment in subsidiary	–	–	509	–
Provision/(reversal) of impairment loss on investment in an associate	–	6,291,401	(1,255,000)	647,000
Reversal for diminution in value of other quoted investments	–	(628,660)	–	(628,660)

5. Profit from operations (contd.)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
This is stated after charging/(crediting) (contd.):				
Interest on late payments	1,607,836	1,482,131	1,074,918	1,380,429
Interest on late payment waived	–	(1,369,978)	–	(271,943)
Provision for liquidated damages				
- current year	5,810	700	–	–
- overprovision in prior years	(84,155)	(15,451)	–	–
Provision for retirement benefits	399,273	505,593	–	–
Property, plant and equipment written off	1	–	1	–
Rental of port equipment and office equipment	6,538,627	4,411,503	–	–
Rental of premises	339,502	369,527	194,542	194,542
Staff costs**	11,949,980	10,370,394	676,667	636,916
Write down of carrying amount of non-current asset held for sale upon reversal to property, plant and equipment	181,404	–	–	–
Dividend income from quoted investment	(148,690)	(73,952)	–	–
Gain on disposal of other investment	–	(462,250)	–	(462,250)
Gain on disposal of a subsidiary	–	(47,562)	–	–
Loss/(gain) on disposal of an associate	457,439	–	(1,000,000)	–
Loss on disposal of plant and equipment	–	88	–	88
Interest income	(3,663,503)	(3,361,549)	(1,796,841)	(1,684,304)
Rental income	(2,073,756)	(2,023,549)	(2,038,549)	(2,023,549)

* 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 (2007 : RM9,600).

5. Profit from operations (contd.)

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

	Number of directors	
	2008	**2007**
Non-executive directors:		
Below RM50,000	6	6
RM50,001 - RM100,000	–	–
RM100,001 - RM150,000	–	–
RM150,001 - RM200,000	–	–
RM200,001 - RM250,000	1	1

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

	Group		Company	
	2008 **RM**	**2007** **RM**	**2008** **RM**	**2007** **RM**
Salaries and wages	11,132,511	9,343,997	640,693	602,770
Employees Provident Fund contributions	753,167	909,923	35,236	33,536
Social Security Fund contributions	30,569	92,216	738	610
Other staff related expenses	33,733	24,258	–	–
	11,949,980	10,370,394	676,667	636,916

6. Finance costs

	Group		Company	
	2008 **RM**	**2007** **RM**	**2008** **RM**	**2007** **RM**
BaIDS financing cost	4,125,000	4,468,750	–	–
Interest on overdraft	56,105	118,291	–	–
Interest on hire purchase and finance lease liabilities	54,166	68,443	3,383	–
Interest on revolving credit	107,178	764,534	107,178	764,534
	4,342,449	5,420,018	110,561	764,534

7. Taxation

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Current tax:				
Tax expense for the year	8,731,091	11,097,367	1,570,000	2,644,000
(Over)/under provision in prior years	(296,625)	(190,797)	855	175,744
	8,434,466	10,906,570	1,570,855	2,819,744
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	236,952	289,048	–	–
Relating to changes in statutory tax rate	–	(48)	–	–
Under provision in prior years	138,729	144,000	–	–
	375,681	433,000	–	–
Tax expense for the year	8,810,147	11,339,570	1,570,855	2,819,744

Domestic income tax is calculated at the statutory tax rate of 26% (2007 : 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company, being Malaysian resident companies with a paid up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : Malaysian corporate statutory tax rate

The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

7. 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:

Group	2008 RM	2007 RM
Profit before taxation	30,656,264	38,133,825
Taxation at applicable tax rate	7,970,629	10,296,133
Effect on opening deferred tax of reduction in income tax	(187,913)	(153,406)
Expenses not deductible for tax purposes	1,839,174	1,637,335
Income not subject to tax	(658,032)	(289,740)
Other items	6,576	3,155
Utilisation of previously unrecognised unabsorbed capital allowances	(2,391)	(107,110)
Under provision of deferred tax in prior years	138,729	144,000
Over provision of current tax in prior years	(296,625)	(190,797)
Tax expense for the year	8,810,147	11,339,570

Company	2008 RM	2007 RM
Profit before taxation	6,875,144	8,622,962
Taxation at applicable tax rate	1,787,537	2,328,200
Income not subject to tax	(619,373)	(269,773)
Expenses not deductible for tax purposes	401,836	585,573
Under provision of current tax in prior years	855	175,744
Tax expense for the year	1,570,855	2,819,744

8. 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	
	2008	**2007**
Profit attributable to ordinary equity holders of the Company (RM)	12,490,401	13,455,238
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Basic earnings per share (sen) for:		
Profit for the year	12.49	13.46

(b) Diluted

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

9. Property, plant and equipment

Group	Land and buildings* RM	Plant and machinery RM	Other assets** RM	Total RM
At 31 December 2008				
Cost				
At 1 January 2008	80,806,502	2,724,737	13,634,633	97,165,872
Additions	–	412,407	1,330,438	1,742,845
Write off	–	–	(73,000)	(73,000)
Reclassification	–	666,000	(666,000)	–
Reclassification from assets held for sale (Note 20)	4,030,058	–	60,890	4,090,948
At 31 December 2008	84,836,560	3,803,144	14,286,961	102,926,665
Accumulated depreciation				
At 1 January 2008	13,730,789	2,473,334	10,528,305	26,732,428
Depreciation charge for the year	1,054,672	255,160	730,689	2,040,521
Write off	–	–	(72,999)	(72,999)
At 31 December 2008	14,785,461	2,728,494	11,185,995	28,699,950
Net carrying amount	70,051,099	1,074,650	3,100,966	74,226,715
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)
Write 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)
Write 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

9. Property, plant and equipment (contd.)

***Land and buildings**	**Freehold land RM**	**Buildings RM**	**Leasehold land and buildings - Finance lease RM**	**Total RM**
Group				
At 31 December 2008				
Cost				
At 1 January 2008	23,242,502	45,630,000	11,934,000	80,806,502
Reclassification from assets held for sale (Note 20)	1,679,998	2,350,060	–	4,030,058
At 31 December 2008	24,922,500	47,980,060	11,934,000	84,836,560
Accumulated depreciation				
At 1 January 2008	–	12,168,000	1,562,789	13,730,789
Depreciation charge for the year	–	912,600	142,072	1,054,672
At 31 December 2008	–	13,080,600	1,704,861	14,785,461
Net carrying amount	24,922,500	34,899,460	10,229,139	70,051,099
At 31 December 2007				
Cost				
At 1 January 2007/ 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

9. Property, plant and equipment (contd.)

****Other assets**	**Equipment, furniture and fittings RM**	**Motor vehicles RM**	**Refurbishment and renovation RM**	**Total RM**
Group				
At 31 December 2008				
Cost				
At 1 January 2008	10,138,738	1,748,699	1,747,196	13,634,633
Additions	509,381	192,173	628,884	1,330,438
Write off	–	(73,000)	–	(73,000)
Reclassification	–	–	(666,000)	(666,000)
Reclassification from assets held for sale	55,040	–	5,850	60,890
At 31 December 2008	10,703,159	1,867,872	1,715,930	14,286,961
Accumulated depreciation				
At 1 January 2008	7,911,737	1,689,023	927,545	10,528,305
Depreciation charge for the year	564,148	35,237	131,304	730,689
Write off	–	(72,999)	–	(72,999)
At 31 December 2008	8,475,885	1,651,261	1,058,849	11,185,995
Net carrying amount	2,227,274	216,611	657,081	3,100,966
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

9. 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 2008				
At cost				
At 1 January 2008	11,934,000	139,988	231,841	12,305,829
Additions	–	36,627	90,099	126,726
Write off	–	–	(73,000)	(73,000)
At 31 December 2008	11,934,000	176,615	248,940	12,359,555
Accumulated depreciation				
At 1 January 2008	1,562,789	76,229	231,837	1,870,855
Depreciation charge for the year	142,072	20,429	10,511	173,012
Write off	–	–	(72,999)	(72,999)
At 31 December 2008	1,704,861	96,658	169,349	1,970,868
Net carrying amount	10,229,139	79,957	79,591	10,388,687
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

9. Property, plant and equipment (contd.)

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

	Group		**Company**	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Other assets:				
Equipment, furniture and fittings	417,952	640,265	–	–
Motor vehicles	79,597	19,121	79,591	–

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

	Group		**Company**	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Cash payments	1,593,845	1,446,203	46,726	42,735
Finance lease arrangements	149,000	–	80,000	–
	1,742,845	1,446,203	126,726	42,735

(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**	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Plant and machinery	2,172,684	1,937,841	–	–
Other assets:				
Equipment, furniture and fittings	6,356,077	6,029,555	48,138	79,033
Motor vehicles	955,499	1,028,498	158,841	231,841
	9,484,260	8,995,894	206,979	310,874

10. Port facilities

Group	Port structure RM	Port equipment RM	Total RM
At 31 December 2008			
Cost			
At 1 January 2008	69,758,602	9,039,453	78,798,055
Additions	10,558,380	1,182,710	11,741,090
At 31 December 2008	80,316,982	10,222,163	90,539,145
Accumulated depreciation			
At 1 January 2008	7,127,032	7,214,444	14,341,476
Depreciation charge for the year	2,630,000	390,671	3,020,671
At 31 December 2008	9,757,032	7,605,115	17,362,147
Net carrying amount	70,559,950	2,617,048	73,176,998
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

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

	Group 2008 RM	Group 2007 RM
Port equipment	486,033	297,916

10. 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.

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

	Group	
	2008	**2007**
	RM	**RM**
Cash payments	11,501,090	5,216,762
Finance lease arrangements	240,000	–
	11,741,090	5,216,762

11. Prepaid land lease payments

	Group	
	2008	**2007**
At cost	**RM**	**RM**
At 1 January/31 December	30,087,465	30,087,465
Accumulated amortisation		
At 1 January	4,049,380	3,721,886
Write back	–	(8,886)
Amortisation charge for the year	336,380	336,380
At 31 December	4,385,760	4,049,380
Net carrying amount	25,701,705	26,038,085
Analysed as		
Long term leasehold land	25,701,705	26,038,085

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

12. Land held for property development and property development costs

(a) Land held for property development

Freehold land	Group 2008 RM	Group 2007 RM
Carrying amount		
At 1 January	33,295,004	33,295,004
Transfer to property development costs	(6,514,834)	–
At 31 December	26,780,170	33,295,004

(b) Property development costs

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Property development costs at 1 January:				
Freehold land	77,733,368	79,920,733	26,864,513	41,171,594
Leasehold land	15,657,908	15,657,908	–	–
Development costs	119,630,191	140,520,420	29,131,566	29,131,566
	213,021,467	236,099,061	55,996,079	70,303,160
Costs incurred during the year:				
Freehold land	11,494,919	3,105,179	1,399,019	1,604,265
Development costs	9,011,573	9,934,767	–	–
	20,506,492	13,039,946	1,399,019	1,604,265
Reversal of costs arising from completed phases:				
Freehold land	(4,900)	(1,111,700)	–	–
Development costs	(4,059,704)	(13,110,370)	–	–
	(4,064,604)	(14,222,070)	–	–
Reversal of costs arising from completed sale of land:				
Freehold land	(4,536,893)	(18,487,925)	–	(15,911,346)
Development costs	(2,997,103)	(3,001,605)	–	–
	(7,533,996)	(21,489,530)	–	(15,911,346)

12. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Costs recognised as an expense in income statement:				
At 1 January	(83,165,231)	(94,639,013)	–	(15,911,346)
Costs recognised in income statement (Note 4)	(11,445,860)	(24,237,818)	–	–
Reversal of costs arising from completed phases	4,064,604	14,222,070	–	–
Reversal of costs arising from completed sale of land	7,533,996	21,489,530	–	15,911,346
At 31 December	(83,012,491)	(83,165,231)	–	–
Transfers:				
From land held for property development	6,514,834	–	–	–
To inventories	(4,326,836)	(405,938)	–	–
	2,187,998	(405,938)	–	–
Property development costs at 31 December	141,104,866	129,856,238	57,395,098	55,996,079

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

	Group	
	2008	2007
	RM	RM
Development expenditure written off	–	620,052

(ii) Titles of certain land costing RM13,865,000 (2007: 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 previous year had been pledged to a bank for banking facilities as referred to in Note 23.

13. Investments in subsidiaries

	Company 2008 RM	Company 2007 RM
Unquoted shares, at cost		
Ordinary shares	1,602,509	1,602,509
Preference shares	5,100,000	5,100,000
	6,702,509	6,702,509
Less: Accumulated impairment losses	(509)	–
	6,702,000	6,702,509

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%) 2008	Equity interest held (%) 2007	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
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

13. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Equity interest held (%) 2008	2007	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 firm 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 2008. 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.

14. Investments in associates

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
At cost:				
Quoted shares in Malaysia	–	20,000,000	–	20,000,000
Unquoted shares in Malaysia	3,992,793	3,992,793	3,992,793	3,992,793
	3,992,793	23,992,793	3,992,793	23,992,793
Share of post-acquisition reserves	(2,002,289)	4,966,577	–	–
	1,990,504	28,959,370	3,992,793	23,992,793
Less : Accumulated impairment losses	–	(6,291,402)	–	(1,255,000)
	1,990,504	22,667,968	3,992,793	22,737,793
Market value of quoted shares	–	16,450,000	–	16,450,000

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

	2008 RM	2007 RM
Share of net assets	1,990,504	19,871,704
Share of goodwill in an associate	–	2,796,264
	1,990,504	22,667,968

(a) Details of the associates are as follows:

Name of associates	Country of incorporation	Equity interest held (%) 2008	Equity interest held (%) 2007	Principal activities
Asia Brands Corporation Berhad (Note 34(b))	Malaysia	–	23.01	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

14. Investments in associates (contd.)

* 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 KLPB, which have a financial year end of 31 January to conform with its holding company’s financial year end are not coterminous with those of the Group. For the purpose of applying the equity method of accounting, the financial statements of KLPB for the period ended 31 December 2008 have been used.

The summarised financial information of the associates are as follows:

	2008 RM	2007 RM
Assets and liabilities		
Current assets	8,617,918	35,171,900
Non-current assets	6,484	6,976,349
Total assets	8,624,402	42,148,249
Current liabilities	1,757,470	10,988,519
Non-current liabilities	4,876,000	4,481,609
Total liabilities	6,633,470	15,470,128
Results		
Revenue	–	28,993,060
Profit for the year	322,536	11,085,777

(b) Disposal of associate

On 5 February 2008, the Company had disposed 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 (“Disposal”).

Upon completion of the Disposal, ABCB ceased to be an associate of the Company and the Disposal gave rise to a loss on disposal of RM457,439 to the Group and a gain on disposal of RM1,000,000 to the Company.

15. Other investments

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Current				
At cost				
Quoted unit trusts in Malaysia	3,528,831	3,380,141	–	–
Market value of quoted unit trusts	3,579,314	3,438,697	–	–
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)
	–	–	–	–

16. Intangible assets

Goodwill	Group 2008 RM	Group 2007 RM
Cost		
At 1 January and at 31 December	23,829,682	23,829,682
Accumulated impairment loss		
At 1 January and at 31 December	18,679	18,679
Net carrying amount		
At 31 December	23,811,003	23,811,003

The carrying amount of goodwill is attributable to the acquisition of Lumut Maritime Terminal Sdn. Bhd. ("LMTSB"), which is a 50% + one share subsidiary of Taipan Merit Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company. The principal activity of LMTSB is described in Note 13.

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

There is no impairment of goodwill as at balance sheet date as the recoverable amount of the cashflows was in excess of its carrying amount.

17. Inventories

	Group 2008 RM	Group 2007 RM
At cost:		
Completed properties	11,638,230	8,203,895
Food and beverage	134,885	104,145
Sundry supplies	117,129	105,776
Tools and spares	3,542,251	3,218,684
	15,432,495	11,632,500

Certain inventories of completed properties in the previous year with carrying amount of RM1,997,641 had been pledged for bank overdraft facilities granted to a subsidiary as disclosed in Note 23.

18. Trade and other receivables

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Current				
Trade receivables				
Third parties	33,152,058	19,900,139	4,200,000	4,200,000
Companies in which certain directors of certain subsidiaries have or deemed to have substantial interests	9,575,060	10,618,719	–	–
Accrued billings in respect of property development costs	–	33,073,220	–	–
	42,727,118	63,592,078	4,200,000	4,200,000
Less: Allowance for doubtful debts	(696,680)	(673,759)	–	–
Trade receivables, net	42,030,438	62,918,319	4,200,000	4,200,000

18. Trade and other receivables (contd.)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Current				
Other receivables				
Amount due from related parties:				
Ultimate holding corporation	4,059,268	3,849,717	200,959	177,368
Subsidiaries	–	–	45,687	43,539
Fellow subsidiaries	102,506,373	100,001,520	102,506,373	100,001,520
	106,565,641	103,851,237	102,753,019	100,222,427
Deposits	94,950	103,545	250	250
Deposit paid for purchase of land	7,257,103	4,257,103	–	–
Prepayments	232,580	201,271	–	6,776
Other receivables	1,974,149	3,236,667	37,000	21,617
	116,124,423	111,649,823	102,790,269	100,251,070
	158,154,861	174,568,142	106,990,269	104,451,070
Non-current				
Other receivables				
Amount due from subsidiaries	–	–	214,181,069	213,777,449

(a) Trade receivables

Included in trade receivables of the Group and of the Company are amounts of RM5,355,651 (2007 : RM6,868,800) and RM4,200,000 (2007 : 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.

18. Trade and other receivables (contd.)

(b) Other receivables (Current)

The amounts due from certain 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 RM99,981,157 (2007 : RM97,476,304) which are unsecured, bear interest rates of 3% (2007 : 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.

The amount previously included in other receivables of the Group as at 31 December 2007, which was a stakeholder's placement of RM1,000,000 had been refunded in full during the year.

Included in other receivables of the Group is an amount owing from Tabung Usahawan Bumiputera of RM600,000 (2007 : 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 32(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 (2007 : RM2,075,000) which bears an interest rate of 7.2% (2007 : 7.2%) per annum.

19. Cash and bank balances

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Cash on hand and at bank	5,007,786	9,239,342	1,152,114	68,406
Deposits with licensed banks	79,797,640	55,643,944	7,750,000	2,500,000
	84,805,426	64,883,286	8,902,114	2,568,406

Included in the deposits with licensed banks of the Group are amounts of RM449,285 (2007 : RM461,775) pledged for guarantees and other bank facilities granted to certain subsidiaries as referred to in Note 23.

The average interest rates of the deposits with licensed banks during the financial year range between 2.0% to 3.65% (2007 : 2.0% to 3.65%) per annum and the maturities of the deposits as at 31 December 2008 were between 1 day to 12 months (2007 : 1 day to 15 months).

Cash deposited in the designated disbursement account of a subsidiary amounting to RM9,520,516 (2007 : RM5,872,451) 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 25.

20. 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 an institutional building together with a piece of land (as disclosed in Note 34(a)) which was to be completed within 1 year of the agreement subject to obtaining approvals from the relevant authority.

As at 31 December 2008, the disposal of the land and building are still pending approval from the relevant authority. Due to the extension of time, the asset has been reclassified to property, plant and equipment as the timing of disposal cannot be ascertained with reasonable certainty.

	Group 2008 RM	Group 2007 RM
Assets		
Property, plant and equipment	–	4,272,352

21. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2008	2007	2008 RM	2007 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.

22. Retained earnings

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay dividends amounting to approximately RM30,384,000 (2007 : RM28,884,000) out of its retained earnings. The Company may distribute the balance of the retained earnings of approximately RM22,117,000 (2007 : RM20,163,000) as dividends under the single tier system.

As at 31 December 2008, the Company has tax exempt profits available for distribution of tax exempt dividends of approximately RM1,134,000 (2007 : RM1,134,000).

23. Borrowings

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Short term borrowings				
Secured:				
Bank overdrafts	–	1,311,171	–	–
Hire purchase and finance lease liabilities (Note 24)	243,059	212,260	14,269	–
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (Note 25)	5,000,000	–	–	–
	5,243,059	1,523,431	14,269	–
Unsecured:				
Revolving credits	60,000,000	71,500,000	60,000,000	71,500,000
	65,243,059	73,023,431	60,014,269	71,500,000
Long term borrowings				
Secured:				
Hire purchase and finance lease liabilities (Note 24)	551,030	506,046	57,970	–
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (Note 25)	50,000,000	55,000,000	–	–
	50,551,030	55,506,046	57,970	–
Total borrowings				
Bank overdrafts	–	1,311,171	–	–
Revolving credits	60,000,000	71,500,000	60,000,000	71,500,000
	60,000,000	72,811,171	60,000,000	71,500,000
Hire purchase and finance lease liabilities (Note 24)	794,089	718,306	72,239	–
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS") (Note 25)	55,000,000	55,000,000	–	–
	115,794,089	128,529,477	60,072,239	71,500,000
Maturity of borrowings (excluding hire purchase and finance lease and BaIDS):				
Within one year	60,000,000	72,811,171	60,000,000	71,500,000

23. Borrowings (contd.)

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Bank overdrafts	–	7.75 - 8.55	–	–
Revolving credits	5.60 - 5.90	7.30 - 7.80	5.60 - 5.90	7.30 - 7.80

The bank overdrafts of the Group in the previous year were secured and supported by the following:

(a) inventories and freehold land of the Company as referred to in Notes 12 and 17;

(b) deposits with a licensed bank as referred to in Note 19; and

(c) corporate guarantees from the Company

The bank overdraft facilities have been fully repaid during the financial year.

24. Hire purchase and finance lease liabilities

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Future minimum payments:				
Not later than 1 year	256,190	260,034	19,104	–
Later than 1 year and not later than 5 years	682,046	566,202	65,272	–
	938,236	826,236	84,376	–
Less: Finance charges	(144,147)	(107,930)	(12,137)	–
	794,089	718,306	72,239	–
Analysis of present value of hire purchase and finance lease liabilities:				
Amount due within 12 months (Note 23)	243,059	212,260	14,269	–
Amount due after 12 months (Note 23)	551,030	506,046	57,970	–
	794,089	718,306	72,239	–

The hire purchase payables of the Group bear interest at the balance sheet date of between 3.50% to 3.88% (2007 : 3.70% to 6.75%) per annum.

25. Bai Bithaman Ajil islamic debt securities ("BaIDS")

	Group 2008 RM	Group 2007 RM
Primary bonds (Note 23)	55,000,000	55,000,000
Secondary bonds	22,312,500	26,437,500
	77,312,500	81,437,500
Less: Secondary bonds	(22,312,500)	(26,437,500)
	55,000,000	55,000,000

	2008		2007	
	Primary bonds RM	Secondary bonds RM	Primary bonds RM	Secondary bonds RM
Maturity of BaIDS:				
Not later than 1 year	5,000,000	4,125,000	–	4,125,000
Later than 1 year and not later than 5 years	20,000,000	12,750,000	20,000,000	14,250,000
Later than 5 years	30,000,000	5,437,500	35,000,000	8,062,500
	50,000,000	18,187,500	55,000,000	22,312,500
	55,000,000	22,312,500	55,000,000	26,437,500

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 non-detachable 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.

25. Bai Bithaman Ajil islamic debt securities ("BaIDs") (contd.)

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.

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.

26. Retirement benefits

(i) Balance sheet

	Group 2008 RM	Group 2007 RM
The amounts recognised in the balance sheet are determined as follows:		
Present value of unfunded defined benefits obligations	2,121,681	2,122,635
Unrecognised actuarial losses	(168,147)	(174,114)
Unrecognised past service costs	(175,691)	(251,666)
Unrecognised transition obligations	–	(80,146)
Net liability	1,777,843	1,616,709
Analysed as:		
Current	265,874	120,834
Non-current	1,511,969	1,495,875
	1,777,843	1,616,709

Movement in the present value of the defined benefit obligations over the year is as follows:

	2008 RM	2007 RM
At 1 January	2,122,635	1,859,027
Deficit at start	(252,193)	(239,467)
Current service cost	248,459	124,256
Interest cost	95,046	89,573
Actuarial losses	5,967	7,692
Past service cost	75,975	443,393
Transition obligation	80,146	80,146
Benefits paid by the plan	(254,354)	(241,985)
At 31 December	2,121,681	2,122,635

26. Retirement benefits (contd.)

(ii) Income statement

	Group	
	2008	**2007**
	RM	**RM**
The amounts recognised in the income statement are as follows:		
Current service cost	143,459	248,459
Interest cost	102,111	95,046
Actuarial loss recognised	–	5,967
Past service cost recognised	73,557	75,975
Transition obligation recognised	80,146	80,146
Expense recognised in income statement	399,273	505,593
The amounts recognised in the income statement are included in the following line items:		
Other operating expenses	399,273	505,593

(iii) Actuarial assumption

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

	2008	**2007**
	%	**%**
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.

27. Deferred tax

	Group 2008 RM	Group 2007 RM
At 1 January	4,438,000	4,005,000
Recognised in income statement (Note 7)	375,681	433,000
At 31 December	4,813,681	4,438,000

Presented after appropriate offsetting as follows:

	Group 2008 RM	Group 2007 RM
Deferred tax assets	(729,394)	(1,009,428)
Deferred tax liabilities	5,543,075	5,447,428
	4,813,681	4,438,000

27. Deferred tax (contd.)

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	Other provisions	Total
	RM	RM	RM	RM	RM
At 1 January 2008	(132,000)	(410,083)	(467,345)	–	(1,009,428)
Recognised in income statement	132,000	(34,378)	220,412	(38,000)	280,034
At 31 December 2008	–	(444,461)	(246,933)	(38,000)	(729,394)
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)

27. Deferred tax (contd.)

Deferred tax liabilities of the group:

	Port facilities and property, plant and equipment RM
At 1 January 2008	5,447,428
Recognised in income statement	95,647
At 31 December 2008	5,543,075
At 1 January 2007	5,617,633
Recognised in income statement	(170,205)
At 31 December 2007	5,447,428

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

	Group	
	2008 RM	**2007 RM**
Unutilised business losses	4,718,497	4,799,067
Unabsorbed capital allowances	6,877,963	6,024,450
	11,596,460	10,823,517
Potential deferred tax benefit @ 25% (2007 : 26%)	2,899,115	2,814,114

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM4,700,000 (2007 : RM4,800,000) and RM6,900,000 (2007 : RM6,000,000) 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.

28. Trade and other payables

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Current				
Trade payables				
Third parties	3,485,578	5,099,634	–	–
Company in which certain directors of a subsidiary have substantial interests	–	751,251	–	–
	3,485,578	5,850,885	–	–
Other payables				
Amount due to related parties:				
Ultimate holding corporation	262,265	262,265	–	–
Subsidiary	–	–	590,000	450,000
Fellow subsidiaries	303,594	303,594	303,594	303,594
Other related parties	3,253,492	3,353,492	862,442	792,442
	3,819,351	3,919,351	1,756,036	1,546,036
Deposits received	4,766,402	3,220,407	4,454,954	2,784,406
Advances from purchasers	2,757,368	2,602,412	–	–
Tender deposits received from contractors	215,025	195,086	–	–
Accruals	5,212,842	4,473,092	592,393	810,780
Amount payable for the purchase of land	15,854,372	17,726,532	15,854,372	17,649,054
Funds for Operations and Maintenance (O & M)	10,816,961	7,970,953	–	–
Sundry payables	2,224,250	4,367,955	–	–
	45,666,571	44,475,788	22,657,755	22,790,276
	49,152,149	50,326,673	22,657,755	22,790,276
Non-current				
Amount due to a subsidiary	–	–	1,215,977	1,216,127

28. Trade and other payables (contd.)

(a) Trade payables

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

(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 (2007 : 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.

29. Provision for liabilities Group

	Group	
	2008 RM	2007 RM
At 1 January	529,650	1,602,169
Additional provision	5,810	700
Overprovision in prior years	(84,155)	(15,451)
	451,305	1,587,418
Payments made	(451,305)	(1,057,768)
At 31 December	–	529,650

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.

30. Dividend

	Group and Company				
	Dividend in respect of Year			Dividends Recognised in Year	
	2008	2007	2006	2008	2007
	RM	RM	RM	RM	RM
Final dividend for 2007:					
2.5% less 26% taxation (2006 : 2.5% less 27% taxation) on 100,000,000 ordinary shares [1.85 (2006 : 1.83 sen) sen per ordinary share]	–	1,850,000	1,825,000	1,850,000	1,825,000
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2008:					
2.5% less 25% taxation, on 100,000,000 ordinary shares (1.87 sen per ordinary share)	1,875,000	–	–	–	–
	1,875,000	1,850,000	1,825,000	1,850,000	1,825,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2008 of 2.5% less 25% taxation on 100,000,000 ordinary shares, amounting to a dividend payable of RM1,875,000 (1.87 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 2009.

31. Related party disclosures

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Transactions with the ultimate holding corporation				
Disbursements	135,820	116,336	135,820	116,336
Management fee expense	296,000	296,000	296,000	296,000
Project expenditure	911,327	531,946	1,304,000	1,304,000
Rental payable	321,502	321,502	321,502	321,502
Project management income	(16,812)	125,615	–	–
Rental income	(2,023,549)	(2,023,549)	(2,023,549)	(2,023,549)
Repayment of advances	(57,364)	(45,262)	(57,364)	(45,262)
Transactions with subsidiaries				
Repayment of advances	–	–	65,150	1,610,000
Advances paid	–	–	(304,312)	(371,067)
Accounting fees	–	–	(25,056)	(18,000)
Interest income	–	–	(149,400)	(156,505)
Management fee income	–	–	(132,000)	(132,000)
Transactions with fellow subsidiaries (subsidiaries of the ultimate holding corporation)				
Interest income	(2,663,792)	(4,564,847)	(2,663,792)	(4,564,847)
Advances paid	(840,758)	(250,130)	(840,758)	(250,130)
Repayment of advances	999,698	1,461,210	999,698	1,488,210

31. 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Management fee expense	600,000	600,000	–	–
Advances paid	–	(140,000)	–	–
Port services payable	5,883,000	6,217,103	–	–
Fixed monthly charges	108,000	275,040	–	–
Port services receivable	(25,801,336)	(23,356,748)	–	–

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

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Account balances with the ultimate holding corporation				
Receivables	4,059,268	3,849,717	200,959	177,368
Payables	(262,265)	(262,265)	–	–
Account balances with subsidiaries				
Receivables	–	–	214,226,756	215,274,574
Payables	–	–	(1,805,977)	(3,956,277)
Account balances with fellow subsidiaries (subsidiaries of ultimate holding corporation)				
Receivables	102,506,373	100,001,520	102,506,373	100,001,520
Payables	(303,594)	(303,594)	(303,594)	(303,594)

31. Related party disclosures (contd.)

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM

A corporate 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 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 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 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Receivables	9,575,060	10,618,719	–	–
Payables	(3,253,492)	(4,004,743)	(862,442)	(792,442)

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

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Salaries and allowances	914,622	1,522,502	372,154	515,359

Included in the total remuneration of key management personnel are:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors' remuneration	342,474	340,969	131,227	147,623

32. Capital commitments

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
(i) Authorised but not contracted for:				
Land and buildings	–	6,000,000	–	–
Property, plant and equipment	1,913,000	3,020,000	15,000	10,000
Port facilities	13,490,500	20,215,000	–	–
	15,403,500	29,235,000	15,000	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 2008, the total amount paid by PCBD was RM7,257,103 (inclusive of deposit) and the acquisition of land have yet to be completed.

33. Contingent liabilities

	Company	
	2008	**2007**
	RM	**RM**
Unsecured:		
Guarantees given to banks in respect of facilities granted to asubsidiary	–	3,103,008

Included in the contingent liabilities in the previous year was 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 had expired on 5 December 2007. The contract had been completed.

34. Significant and/or recurring events

(a) On 27 June 2006, PCB Development Sdn Bhd (PCBD), a subsidiary of the Company entered into a Conditional Sale and Purchase Agreement with Smart K-Worker Professional Consortium Sdn Bhd ("SKPC"), for the proposed 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 2008, the proposed sale of land together with the building is still uncompleted since approval from the relevant authorities is still pending.

On 5 February 2009, PCBD has consented to an extension of time up to 28 March 2009 for SKPC to obtain the required approval from the relevant authority.

(b) On 5 February 2008, the Company accepted the offer to dispose 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.

Upon completion of the disposal, ABCB ceased to be an associate of the Company and the disposal gave rise to a loss on disposal of RM457,439 to the Group and a gain on disposal of RM1,000,000 to the Company.

(c) On 21 August 2008, the Company has entered into a Conditional Sale and Purchase Agreement with Putera Capital Berhad ("Putera") to dispose of its entire equity interest in an associate, Konsortium LPB Sdn. Bhd. ("KLPB"), comprising 3.31 million ordinary shares @ RM1.00 each, representing 12.19% of the issued and paid up share capital of KLPB for a total consideration of RM6 million ("the Proposed Disposal"), subject to fulfillment of certain Condition Precedent. Upon completion of the Proposed Disposal, KLPB shall cease to be an associate of the Company.

As at 31 December 2008, the Proposed Disposal is still pending as the Condition Precedent set have yet to be fulfilled. The asset has not been classified as non-current asset held for sale as the Proposed Disposal is not expected to be completed within the next twelve months.

35. 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.

35. 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 2008						
Revenue						
External revenue	16,114,419	66,559,228	18,865,788	2,038,549	–	103,577,984
Inter-segment revenue	–	–	–	10,942,460	(10,942,460)	–
Total revenue	16,114,419	66,559,228	18,865,788	12,981,009	(10,942,460)	103,577,984
Results						
Segment results	(764,917)	31,420,082	2,590,698	14,644,515	(13,671,640)	34,218,738
Finance costs	(33,525)	(4,141,508)	(206,255)	(110,561)	149,400	(4,342,449)
Share of profit of associates	–	–	–	–	–	779,975
Profit before taxation	(798,442)	27,278,574	2,384,443	14,533,954	(13,522,240)	30,656,264
Taxation	282,482	(7,379,238)	(684,409)	(3,495,884)	2,466,902	(8,810,147)
Profit for the year						21,846,117

35. Segmental information (contd.)

	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
31 December 2008 (contd.)						
Assets and liabilities						
Segment assets	62,804,776	186,066,841	147,053,478	530,953,117	(300,155,140)	626,723,072
Investment in associates	–	–	–	3,992,793	(2,002,289)	1,990,504
Unallocated assets						2,413,822
Total assets						631,127,398
Segment liabilities	(7,330,153)	(70,787,063)	(119,519,096)	(185,172,537)	216,084,767	(166,724,082)
Unallocated liabilities						(6,783,377)
Total liabilities						(173,507,459)
Other segment information						
Amortisation of prepaid land lease payments	187,444	148,936	–	–	–	336,380
Bad debts written off	–	1,373,375	–	–	–	1,373,375
Capital expenditure	1,097,779	12,253,409	6,020	126,726	–	13,483,934
Depreciation	1,695,419	3,111,015	81,746	173,012	–	5,061,192
(Gain)/Loss on disposal of associate	–	–	–	(1,000,000)	1,457,439	457,439
Property, plant and equipment written off	–	–	–	1	–	1

35. Segmental information (contd.)

	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Total RM
31 December 2008 (contd.)						
Other segment information (contd.)						
Impairment losses on investment in an associate	–	–	–	(1,255,000)	1,255,000	–
Impairment losses and diminution in subsidiary	–	–	–	509	(509)	–
Other significant non-cash expenses:						
Provisions	68,738	152,148	(78,345)	–	–	142,541
Write down of carrying amount of non-current asset held for sale upon reversal to property, plant and equipment	–	–	181,404	–	–	181,404
Increase in liability for defined benefit plan	399,273	–	–	–	–	399,273

35. Segmental information (contd.)

	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

35. 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

35. 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	–	–	–	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

36. 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 2008. 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.

36. 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 2008									
Group									
Fixed rate									
Amount due from fellow subsidiary	18	3.0	99,981,157	–	–	–	–	–	99,981,157
Deposits with licensed banks	19	2.8	79,797,640	–	–	–	–	–	79,797,640
Hire purchase and finance lease liabilities	24	5.2	(243,059)	(247,354)	(204,377)	(65,358)	(33,941)	–	(794,089)
Bai Bithaman Ajil Islamic Debt Securities	25	7.5	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(30,000,000)	(55,000,000)
Floating rate									
Revolving credits	23	5.9	(60,000,000)	–	–	–	–	–	(60,000,000)

36. 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 2008									
Company									
Fixed rate									
Amount due from fellow subsidiary	18	3.0	99,981,157	–	–	–	–	–	99,981,157
Amount due from a subsidiary	18	7.2	–	–	–	–	–	2,075,000	2,075,000
Hire purchase and finance lease liabilities	24	3.7	14,269	32,203	25,767	–	–	–	72,239
Deposits with licensed banks	19	2.8	7,750,000	–	–	–	–	–	7,750,000
Floating rate									
Revolving credits	23	5.9	(60,000,000)	–	–	–	–	–	(60,000,000)

36. 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 2007									
Group									
Fixed rate									
Amount due from fellow subsidiary	18	3.0	97,476,304	–	–	–	–	–	97,476,304
Deposits with licensed banks	19	2.8	55,643,944	–	–	–	–	–	55,643,944
Hire purchase and finance lease liabilities	24	5.2	(212,260)	(302,858)	(134,008)	(69,180)	–	–	(718,306)
Bai Bithaman Ajil Islamic Debt Securities	25	7.5	–	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(35,000,000)	(55,000,000)
Floating rate									
Bank overdrafts	23	8.2	(1,311,171)	–	–	–	–	–	(1,311,171)
Revolving credits	23	5.9	(71,500,000)	–	–	–	–	–	(71,500,000)

36. 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 2007									
Company									
Fixed rate									
Amount due from fellow subsidiary	18	3.0	97,476,304	–	–	–	–	–	97,476,304
Amount due from a subsidiary	18	7.2	–	–	–	–	–	2,075,000	2,075,000
Deposits with licensed banks	19	2.8	2,500,000	–	–	–	–	–	2,500,000
Floating rate									
Revolving credits	23	7.3	(71,500,000)	–	–	–	–	–	(71,500,000)

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.

36. 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 on a 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.

36. Financial instruments (contd.)

(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 RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
At 31 December 2008:				
Unquoted investment in associate	1,990,504	*	3,992,793	*
Quoted investments	–	**	–	**
Due from related corporations and other related parties	116,140,701	***	316,934,088	***
Due to related corporations and other related parties	3,819,351	***	2,972,013	***
Bai Bithaman Ajil Islamic Islamic Debt Securities ("BaIDs")	55,000,000	#	–	–
Hire purchase and finance lease liabilities	794,089	827,541	72,239	72,032
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	114,469,956	***	315,453,462	***
Due to related corporations and other related parties	4,670,602	***	5,052,313	***
Bai Bithaman Ajil Islamic Debt Securities ("BaIDS")	55,000,000	#	–	–
Hire purchase and finance lease liabilities	718,306	755,069	–	–

36. 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 unit trusts are disclosed in Note 15, which is determined by reference to 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 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 (2007 : RM55,000,000) in the balance sheet.

The main covenants of the BaIDS are disclosed in Note 25.

(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.

36. 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 RM	Net fair value RM
At 31 December 2008:		
Contingent liabilities	–	–
At 31 December 2007:		
Contingent liabilities	3,103,000	+

\+ 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 **EIGHTEENTH 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, 27 May 2009 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 2008 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 2008.		
3.	To approve the payment of Directors' fees for the year ended 31 December 2008.		
4	To re-elect Tuan Haji Dr Ab Wahab bin Ismail who retires in accordance with Article 87 of the Company's Articles of Association.		
5	To re-elect Tuan Haji Asmuni bin Awi who retires in accordance with Article 87 of the Company's Articles of Association.		
6	To re-elect Dato' Mohammed Zabidi bin Dasuki who retires in accordance with Article 87 of the Company's Articles of Association.		
7	To re-elect Mr Wong Yoon Choong who retires in accordance with Article 87 of the Company's Articles of Association.		
8	To re-elect Encik Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri who retires in accordance with Article 87 of the Company's Articles of Association.		
9.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
10.	As special business: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

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

Dated this _____ day of __________________ in the year ______.

Number of ordinary shares held

____
Signature/Seal

1. *A member entitled to attend and vote at the 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, 27 May 2009 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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