



3



the financials

financial review

REVIEW OF FINANCIAL RESULTS

PPB Group Bhd achieved a consolidated profit before tax of RM840.1 million in 2006, representing an increase of 38% from the previous year's Group profit of RM608.5 million.

Revenue for the year improved by 8% from RM10.7 billion to RM11.5 billion in 2006 mainly due to higher refined palm product prices realised and higher sales of edible oils.

At the operating level, the oil palm plantation division contributed higher profits as a result of higher crop production and better CPO prices realised, whilst the sugar refining division recorded lower profits due to higher raw sugar prices in the first half of 2006. Higher profits were recorded in the grains trading, flour and feed milling division due to increased sales whilst the higher profits from the edible oils refining and trading and packaging divisions were due to better margins.

The associated company engaged in commodity trading achieved higher profits due to favourable market conditions. The gain from disposal of an associated company engaged in utilities also contributed to the profits. The livestock farming division incurred a loss mainly due to depressed farm products prices.

Profit attributable to shareholders of PPB Group increased by 42% from RM394.6 million to RM560.7 million. Earnings per share improved to 47.3 sen in 2006 from 33.3 sen in 2005.

CASH FLOWS

Net cash generated from operating activities decreased by 51% from RM592.7 million in 2005 to RM290.9 million in 2006 with additional cash used to finance the Group's working capital requirements. The net cash used in investing activities increased marginally from RM213.4 million to RM222.3 million in 2006. Proceeds from the disposal of an associated company yielded RM132.0 million cash for the Group in 2006. Purchases of property, plant and equipment, investment properties, biological assets and intangible assets of RM461.7 million were incurred during the year and financed by internally generated funds and bank loans. The net cash used in financing activities was lower at RM49.6 million due to utilisation of bank term loans.

DIVIDENDS

The Directors have recommended the payment of a final dividend of 15 sen per share less 27% income tax, amounting to RM129.8 million. Together with the interim dividend paid of 5 sen per share less 28% income tax, PPB's total dividend payment for the financial year 2006 would be 20 sen per share. Total net dividend would amount to RM172.5 million, a marginal increase of 1% from RM170.7 million paid in 2005. The net dividend amount represents a payout ratio of 104% of the Company earnings in 2006.

REVIEW OF FINANCIAL SITUATION AND DEBT

As at 31 December 2006, the Group's borrowings were higher at RM690.8 million compared with RM516.5 million in 2005 out of which 40% amounting to RM275.0 million were bills payable comprising bankers' acceptances and foreign currency trade loans used to finance trade operations.

The balance of 60% amounting to RM415.8 million and representing a gearing ratio of 9% over shareholders funds consisted of :-

- a. Current portion of long term loans, short term loans, revolving credits, overdraft and hire purchase liabilities totaling RM81.6 million which were repayable within 12 months; and
- b. long term bank loans and hire purchase liabilities totaling RM334.2 million of which majority were repayable within 1 to 5 years.

Most of the Group's borrowings were unsecured on floating interest rates ranging from 3.50% to 8.25% during the year. The Group's exposure to foreign currency borrowings was RM436.4 million of which about 95% was USD denominated.

GROUP CAPITAL EXPENDITURE IN 2006

Total capital expenditure incurred during the year amounted to RM470.0 million and the major items were as follows:-

- * FFM Group incurred RM24.0 million on the upgrading of edible oil refineries, RM22.5 million on a biodiesel plant, RM12.0 million on the purchase of flour milling machinery in Prai, RM10.4 million on the biomass project, RM10.0 million on the Phase II construction of the flour, feed mill and grain storage plant at Pulau Indah in Klang, RM8.4 million on purchase of land, RM7.0 million on construction of the meat processing plant at Pulau Indah in Klang, RM4.7 million on a new palm kernel extraction plant; and RM1.6 million on the construction of a warehouse in Kota Bahru.
- * PPBOP Group spent RM149.0 million on new planting and maintenance of immature palms, RM64.0 million for the purchase of motor vehicles, mill equipment, agricultural machinery and equipment to speed up mechanisation, RM29.0 million for the provision of housing, social amenities and recreational facilities for staff and workers, RM28.0 million for the construction of mills in Central Kalimantan, Indonesia and Sabah; and RM24.0 million on land acquisition and development of infrastructure.
- * MSM Group spent RM24.0 million on upgrading of plant and machinery for its sugar refinery at Prai, Province Wellesley.
- * PPB Leisure Group spent RM12.1 million on the setting up of an 8-screen multiplex at Queensbay Mall, Penang and the purchase of cinema equipment.
- * PPB Hartabina Group spent RM11.4 million on the construction of New World Park, renovation of pre-war buildings in Penang and construction of sales office and buildings in Kedah.
- * Chemquest Group spent RM7.2 million for the purchase of machinery, motor vehicles, office furniture and fittings and waste equipment.

directors' responsibility statement

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

In preparing the financial statements for the year ended 31 December 2006 set out on pages 81 to 194 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgements and estimates that are fair and reasonable.

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

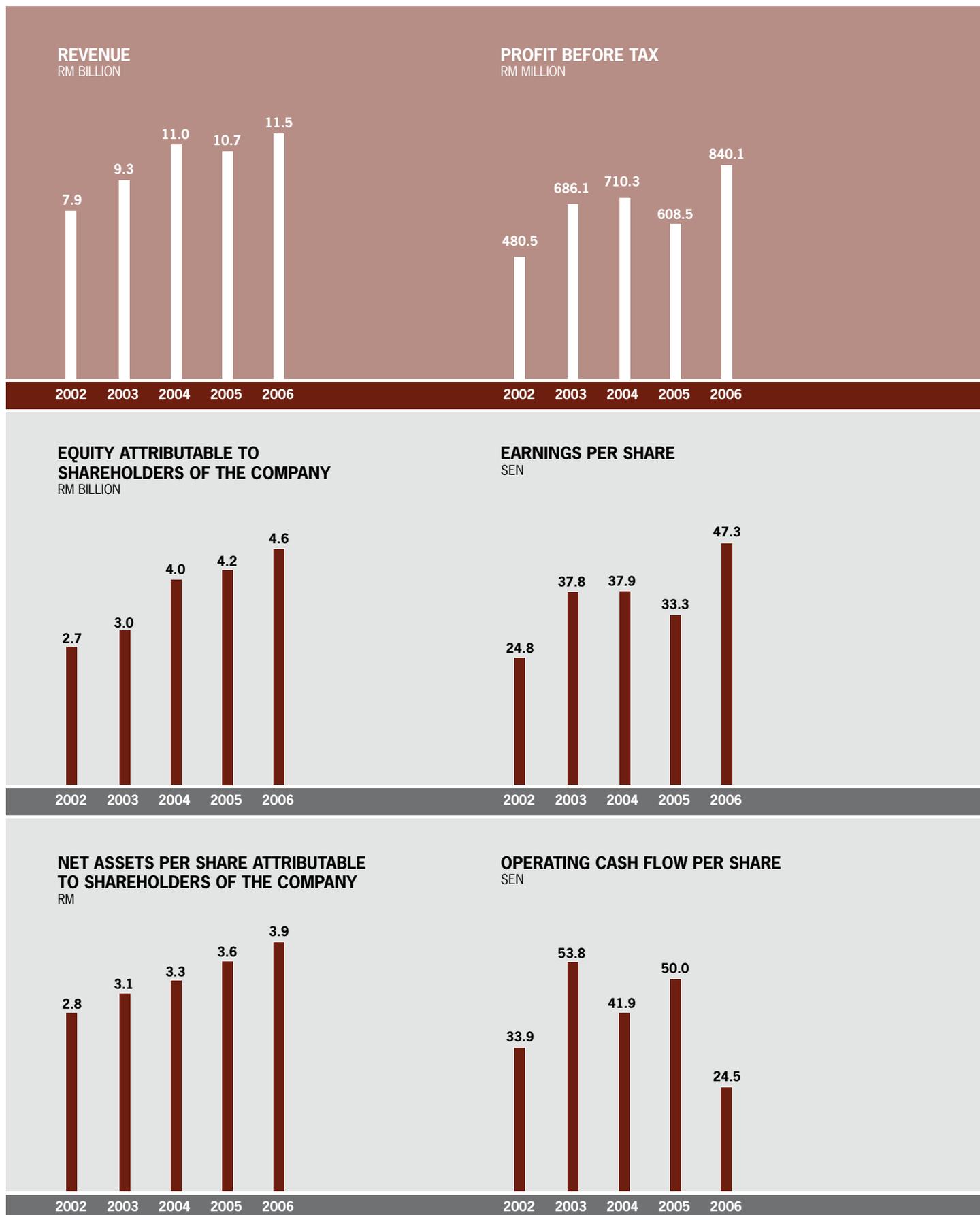
The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 6 April 2007.

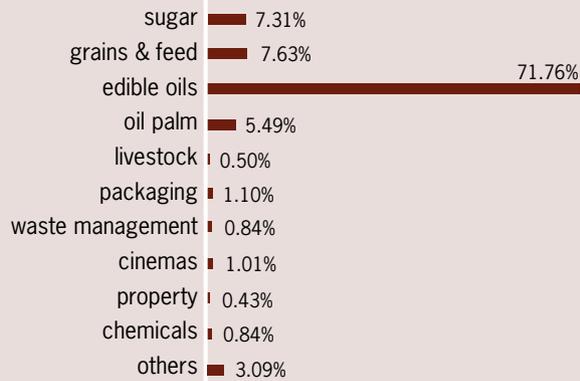
5-year financial statistics

YEAR ENDED 31 DECEMBER		2006	2005	2004	2003	2002
Revenue	RM Million	11,519.767	10,687.950	10,999.682	9,319.768	7,857.980
Profit from operations	RM Million	583.660	516.778	601.970	554.572	377.813
Net profit from investing activities	RM Million	149.334	59.681	81.119	39.666	19.592
Share of net profits less losses of associated companies	RM Million	139.476	47.069	42.315	103.378	96.909
Profit before tax	RM Million	840.065	608.501	710.277	686.094	480.500
Profit for the year	RM Million	694.250	468.235	549.716	536.882	378.492
Net dividend for the year	RM Million	172.490	170.712	140.482	100.675	210.968
Issued share capital	RM Million	1,185.500	1,185.500	592.750	490.623	490.623
Equity attributable to shareholders of the Company	RM Million	4,644.684	4,215.153	3,960.088	2,988.027	2,701.372
Total equity and liabilities	RM Million	7,288.922	6,369.313	6,133.912	5,805.156	5,338.335
Earnings per share	Sen	47.29	33.28	37.90	37.84	24.77
KLSE QUOTES						
High	RM	5.45	4.50	4.03	3.28	2.16
Low	RM	3.86	3.30	3.05	1.93	1.65
Close	RM	5.45	4.16	3.40	3.28	1.97
No. of shareholders		12,587	11,560	10,547	8,673	8,528

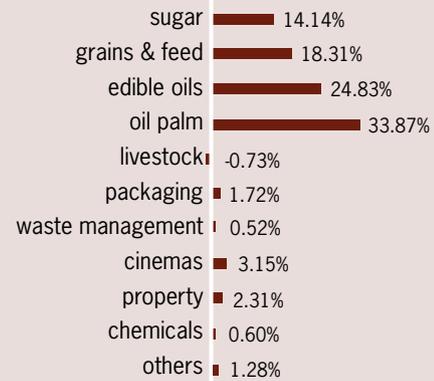
5-year financial statistics



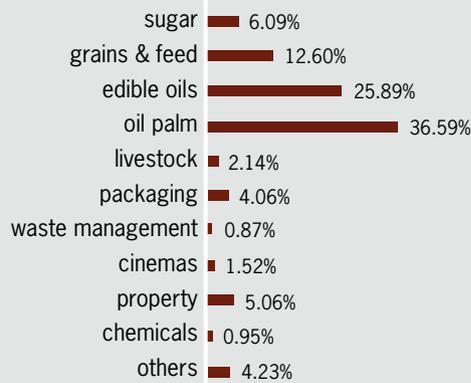
segmental analysis



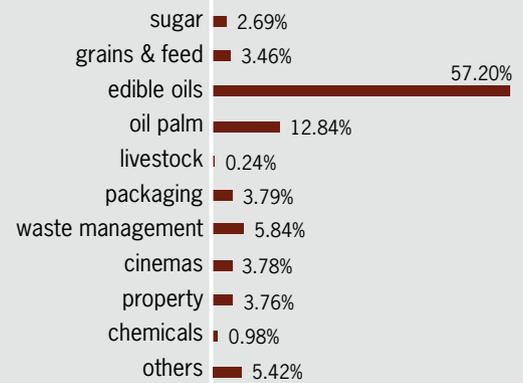
REVENUE RM11,520 million



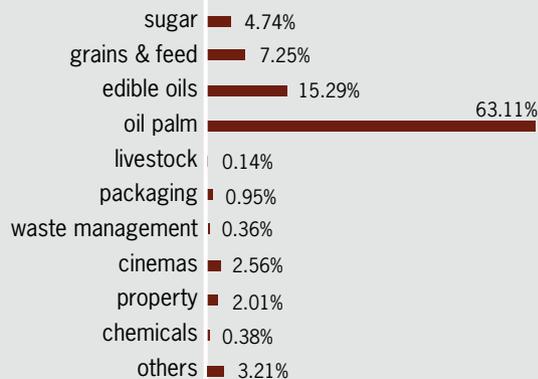
OPERATING PROFITS RM600 million



ASSETS RM5,244 million



LIABILITIES RM696 million

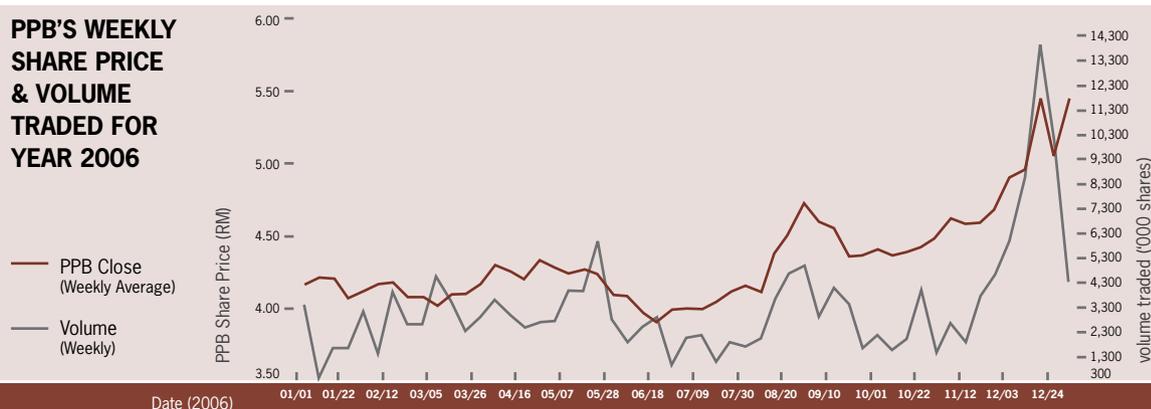


CAPITAL EXPENDITURE RM470 million

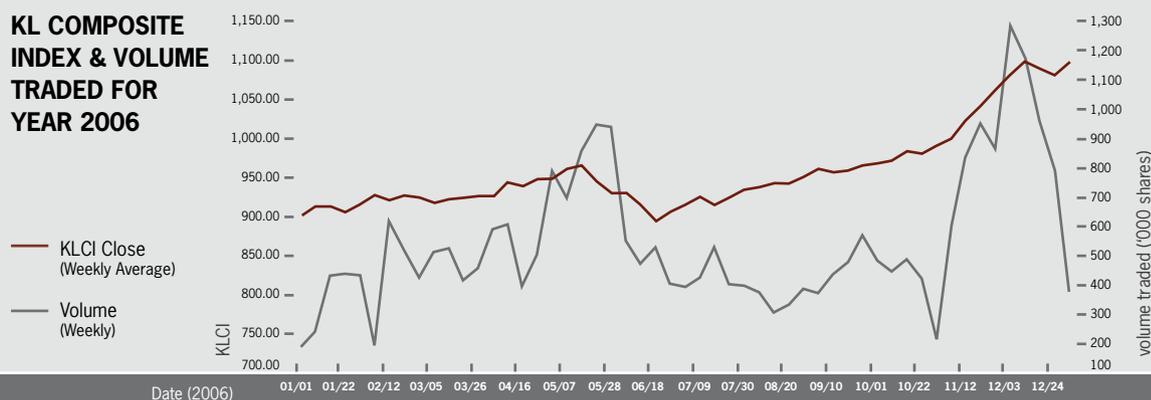
- sugar sugar refining & cane plantation
- grains & feed grains trading, flour & feed milling
- edible oils edible oils refining & trading
- oil palm oil palm plantations
- livestock livestock farming
- packaging packaging
- waste management environmental engineering, waste management & utilities
- cinemas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

share performance chart

PPB'S WEEKLY SHARE PRICE & VOLUME TRADED FOR YEAR 2006



KL COMPOSITE INDEX & VOLUME TRADED FOR YEAR 2006



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

The KLCI began the year well riding on the effects of a rally in regional markets and the upward trend continued in February after the Chinese New Year break. The market eased on concerns over higher interest rates but recovered in March on expectations of an expansionary 9th Malaysia Plan which led the KLCI to close at 926.6 points, recording a 3% increase from the previous quarter.

In the 2nd quarter, a renewed rally in regional markets in April drove the KLCI to a 6-year high of 970.46 points in early May. However, regional and global markets retreated amidst concerns of potentially excessive credit tightening in the US causing the KLCI to register its year low of 883.2 points in mid-June. Investor sentiments improved towards the end of June, which led the KLCI to close at 914.69 on 30 June 2006, down 1.3% from the preceding quarter.

In July, the KLCI rebounded reflecting the positive improvement of regional markets as concerns over further hikes in US interest rates eased. Malaysia's better-than-expected 2nd quarter 2006 GDP coupled with Bank Negara's decision to keep interest rates unchanged led the KLCI to rise to 970.79 points in late September before closing at 967.55 points, up 5.8% from the preceding quarter.

The KLCI moved higher in October amidst the sustained up trend in the US markets. Promising corporate earnings results, renewed merger & acquisitions activities and higher-than-expected 3rd quarter GDP growth helped the KLCI to rise by 9.3% in November. After touching a 9½ year high of 1,110.1 points in mid-December, the index eased on profit taking to close 2006 at 1,096.2 points.

PPB share price closed 31% higher at RM5.45 on 29 December 2006 as compared with the closing price of RM4.16 for year 2005. Accordingly, market capitalization of PPB shares increased significantly to RM6.46 billion from RM4.93 billion in the preceding year.

PPB SHARE PRICE	2006 RM	2005 RM	Change %
Year High	5.45	4.50	21.10%
Year Low	3.86	3.30	16.97%
Year Close	5.45	4.16	31.00%

directors' report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit attributable to shareholders of the Company	560,665	166,448
Unappropriated profit brought forward	2,713,438	968,467
Effects of adopting <i>FRS 3</i>	48,312	-
Effect of changes in group structure	(898)	-
Transfer of reserves	(830)	-
Profit available for appropriation	<u>3,320,687</u>	<u>1,134,915</u>
Dividends	<u>(170,712)</u>	<u>(170,712)</u>
Unappropriated profit carried forward	<u>3,149,975</u>	<u>964,203</u>

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2005, as disclosed in the Directors' report of that year :	
Final dividend of 15 sen per share less 28% income tax paid on 7 June 2006	128,034
In respect of the financial year ended 31 December 2006 :	
Interim dividend of 5 sen per share less 28% income tax paid on 28 September 2006	<u>42,678</u>
	<u>170,712</u>

The Directors have recommended the payment of a final dividend of 15 sen per share less 27% income tax in respect of the financial year ended 31 December 2006.

Together with the interim dividend already paid, the total dividend payment for the financial year ended 31 December 2006 will be 5 sen per share less 28% income tax and 15 sen per share less 27% income tax.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year except as disclosed in the statement of changes in equity as set out on pages 84 to 87.

SHARES AND DEBENTURES

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

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

DIRECTORS

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

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

In accordance with Article 107 of the Company's Articles of Association, Dato' Lim Chee Wah and Mr Ang Guan Seng retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election.

Dato Sri Liang Kim Bang and Datuk Harun bin Din, being over seventy years of age, retire in accordance with Section 129 of the Companies Act 1965 and offer themselves for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the next AGM.

DIRECTORS' INTERESTS IN SHARES

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

Interest in the Company

**No. of ordinary shares of RM1 each registered
in the name of Directors**

Name of Director	As at			As at 31.12.06
	1.1.06	Bought	Sold	
Datuk Oh Siew Nam	120,666	-	-	120,666
Dato' Lim Chee Wah	80,000	-	-	80,000
Tan Yew Jin	26,666	-	-	26,666

**No. of ordinary shares of RM1 each
in which Directors are deemed to have interest**

Name of Director	As at			As at 31.12.06
	1.1.06	Bought	Sold	
Datuk Oh Siew Nam	916,500	261,332	-	1,177,832
Ang Guan Seng	41,566,992	-	-	41,566,992
Tan Yew Jin	462,732	-	-	462,732

Interest in Subsidiary Company

**No. of ordinary shares of RM1 each registered
in the name of Directors**

Name of Director	Name of Subsidiary Company	As at			As at 31.12.06
		1.1.06	Bought	Sold	
Datuk Oh Siew Nam	PPBOP	20,000	-	-	20,000
Dato' Lim Chee Wah	PPBOP	10,000	-	-	10,000
Dato Sri Liang Kim Bang	PPBOP	10,000	-	-	10,000
Tan Yew Jin	PPBOP	65,000	-	-	65,000

**No. of ordinary shares of RM1 each
in which Directors are deemed to have interest**

Name of Director	Name of Subsidiary Company	As at			As at 31.12.06
		1.1.06	Bought	Sold	
Datuk Oh Siew Nam	PPBOP	36,000	55,000	-	91,000
Tan Yew Jin	PPBOP	10,000	-	-	10,000

PPBOP = PPB Oil Palms Berhad

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965 except for Mr Ang Guan Seng who has financial interest in companies which have transactions with certain of the Company's subsidiary companies for sale and purchase of raw materials and finished products in the normal course of business as disclosed in note 49 to the financial statements.

INFORMATION ON THE FINANCIAL STATEMENTS

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

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors :-

- (a) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made except as disclosed in note 58 to the financial statements; and
- (c) no contingent or other liability has become enforceable, or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

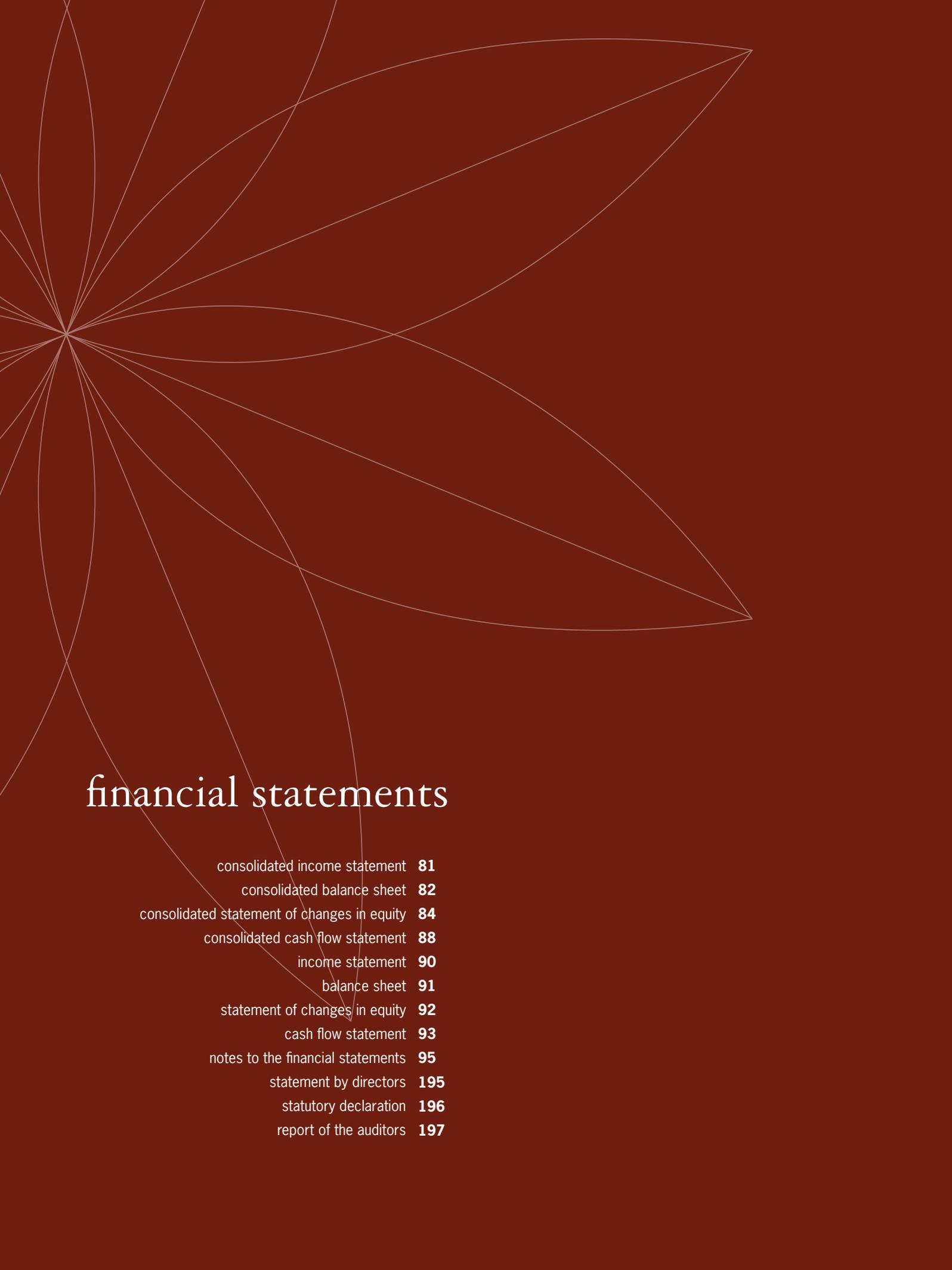
Messrs Moores Rowland have indicated their willingness to continue in office.

On behalf of the Board

DATUK OH SIEW NAM
Executive Chairman

Kuala Lumpur
6 April 2007

DATO' LIM CHEE WAH
Deputy Chairman



financial statements

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consolidated income statement

for the year ended 31 december 2006

	Note	2006 RM'000	2005 RM'000
Revenue	4	11,519,767	10,687,950
Cost of sales	5	(10,511,647)	(9,762,976)
Gross profit		1,008,120	924,974
Other operating income		36,433	21,787
Distribution costs		(199,874)	(199,685)
Administrative and general expenses		(190,762)	(165,262)
Other operating expenses		(70,257)	(65,036)
Profit from operations	6	583,660	516,778
Net profit from investing activities	7	149,334	59,681
Share of net profits less losses of associated companies		139,476	47,069
Share of net profits less losses of jointly controlled entities		311	482
Finance costs	8	(32,716)	(15,509)
Profit before tax		840,065	608,501
Income tax expense	9	(145,815)	(140,266)
Profit for the year		694,250	468,235
Attributable to:			
Shareholders of the Company		560,665	394,579
Minority interests		133,585	73,656
		694,250	468,235
Basic earnings per share attributable to			
shareholders of the Company (sen)	10	47.3	33.3
Dividend per share (net of tax) (sen)			
- Interim		3.6	3.6
- Final		11.0	10.8
		14.6	14.4

Notes to and forming part of the financial statements are set out on pages 95 to 194.

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consolidated balance sheet

as at 31 december 2006

	Note	2006 RM'000	2005 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,933,389	1,776,554
Investment properties	12	206,204	217,146
Biological assets	13	921,038	783,066
Land held for property development	14	437	437
Goodwill	15	33,316	32,413
Other intangible assets	16	3,254	3,501
Investment in associated companies	18	738,480	633,826
Investment in jointly controlled entities	19	39,050	40,151
Other investments	20	388,653	413,442
Deferred tax assets	21	7,098	9,827
		4,270,919	3,910,363
Current assets			
Inventories	23	956,951	899,209
Biological assets	13	48,562	37,976
Other intangible assets	16	9,221	10,701
Property development costs	24	52,614	43,696
Gross amount due from customers	25	6,632	15,401
Trade receivables	26	418,225	375,157
Accrued billings	27	2,768	654
Other receivables, deposits and prepayments	28	122,601	78,307
Amounts due from associated companies	29	609,648	218,180
Amounts due from jointly controlled entities	19	-	528
Current tax assets		27,874	26,302
Deposits	30	673,968	659,188
Cash and bank balances	31	88,744	93,651
		3,017,808	2,458,950
Non-current assets classified as held for sale	32	195	-
		3,018,003	2,458,950
TOTAL ASSETS		7,288,922	6,369,313

consolidated balance sheet
as at 31 december 2006

	Note	2006 RM'000	2005 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	33	1,185,500	1,185,500
Share premium		6,715	6,715
Non-distributable reserves	34	302,494	309,500
Unappropriated profit		3,149,975	2,713,438
Equity attributable to shareholders of the Company		4,644,684	4,215,153
Minority interests		886,641	803,656
Total equity		5,531,325	5,018,809
Non-current liabilities			
Long term bank loans	35	334,155	149,263
Hire purchase liabilities	36	21	175
Negative goodwill	37	-	23,535
Deferred tax liabilities	38	302,535	308,567
Total non-current liabilities		636,711	481,540
Current liabilities			
Gross amount due to customers	25	8,320	12,991
Trade payables	39	341,830	239,258
Progress billings	27	3	-
Other payables and accruals	40	234,102	182,926
Amounts due to associated companies	29	133,453	43,700
Amounts due to jointly controlled entities	19	2,850	-
Hire purchase liabilities	36	154	599
Short term borrowings	41	354,099	360,541
Bank overdrafts	42	2,412	5,941
Current tax liabilities		43,643	23,008
		1,120,866	868,964
Liabilities directly associated with non-current assets classified as held for sale	32	20	-
Total current liabilities		1,120,886	868,964
Total liabilities		1,757,597	1,350,504
TOTAL EQUITY AND LIABILITIES		7,288,922	6,369,313

Notes to and forming part of the financial statements are set out on pages 95 to 194.

Auditors' Report - Page 197.

consolidated statement of changes in equity

for the year ended 31 december 2006

		<-----Attributable to shareholders of the Company ----->			
					<-----Non-distributable----->
		Share Capital	Share Premium	Revaluation Reserve	Exchange Translation Reserve
		RM'000	RM'000	RM'000	RM'000
At 1 January 2005	Note	592,750	526,874	164,674	31,024
Effect of changes in group structure	43	-	-	-	-
Translation differences for the year		-	-	-	(10,199)
Share of reserves of associated companies		-	-	-	3,974
Realisation upon liquidation of a subsidiary company		-	-	-	(7,893)
Realisation upon liquidation of an associated company		-	-	-	(2,077)
Net (expense)/income recognised directly in equity		-	-	-	(16,195)
Profit for the year		-	-	-	-
Total recognised (expense)/income for the year		-	-	-	(16,195)
Transfer of reserves		-	-	(2,494)	(30,419)
Dividends paid to shareholders of the Company	44	-	-	-	-
Dividends paid to minority shareholders of subsidiary companies		-	-	-	-
Issue of shares pursuant to Bonus Issue of 1 for 1	33	592,750	(520,000)	-	-
Share issue expenses		-	(159)	-	-
Acquisition of shares in new subsidiary companies		-	-	-	-
Acquisition of additional shares in existing subsidiary companies		-	-	-	-
Issue of shares to minority interests		-	-	-	-
Disposal of shares in subsidiary companies		-	-	-	-
Disposal of shares in a subsidiary company to minority interests		-	-	-	-
Liquidation of subsidiary companies		-	-	-	-
At 31 December 2005		1,185,500	6,715	162,180	(15,590)

consolidated statement of changes in equity
for the year ended 31 december 2006

Capital Reserve RM'000	Unappropriated Profit RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
152,282	2,492,484	3,960,088	779,395	4,739,483
9,322	(1,010)	8,312	-	8,312
-	-	(10,199)	(5,938)	(16,137)
711	-	4,685	-	4,685
-	-	(7,893)	-	(7,893)
-	-	(2,077)	-	(2,077)
10,033	(1,010)	(7,172)	(5,938)	(13,110)
-	394,579	394,579	73,656	468,235
10,033	393,569	387,407	67,718	455,125
595	32,318	-	-	-
-	(132,183)	(132,183)	-	(132,183)
-	-	-	(35,494)	(35,494)
-	(72,750)	-	-	-
-	-	(159)	-	(159)
-	-	-	62	62
-	-	-	(13,316)	(13,316)
-	-	-	4,644	4,644
-	-	-	568	568
-	-	-	721	721
-	-	-	(642)	(642)
162,910	2,713,438	4,215,153	803,656	5,018,809

consolidated statement of changes in equity
for the year ended 31 december 2006

		<-----Attributable to shareholders of the Company ----->			
				<-----Non-distributable----->	
		Share Capital	Share Premium	Revaluation Reserve	Exchange Translation Reserve
		RM'000	RM'000	RM'000	RM'000
At 1 January 2006	Note				
As previously stated		1,185,500	6,715	162,180	(15,590)
Effects of adopting <i>FRS 3</i>		-	-	-	-
Restated		1,185,500	6,715	162,180	(15,590)
Effect of changes in group structure	43	-	-	-	-
Translation differences for the year		-	-	-	(32,902)
Effect of changes in tax rate on fair value adjustments		-	-	820	-
Share of reserves of associated companies		-	-	-	12,476
Realisation upon liquidation of a subsidiary company		-	-	-	4
Net income/(expense) recognised directly in equity		-	-	820	(20,422)
Profit for the year		-	-	-	-
Total recognised income/(expense) for the year		-	-	820	(20,422)
Transfer of reserves		-	-	(2,460)	2,111
Dividends paid to shareholders of the Company	44	-	-	-	-
Dividends paid to minority shareholders of subsidiary companies		-	-	-	-
Acquisition of additional shares in existing subsidiary companies		-	-	-	-
Capital reduction by a subsidiary company		-	-	-	-
At 31 December 2006		1,185,500	6,715	160,540	(33,901)

Notes to and forming part of the financial statements are set out on pages 95 to 194.

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consolidated statement of changes in equity
for the year ended 31 december 2006

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

consolidated cash flow statement

for the year ended 31 december 2006

	Note	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		840,065	608,501
Adjustments for non-cash items:			
Amortisation and depreciation		157,073	162,988
Bad and doubtful debts		4,070	3,471
Property, plant and equipment, investment properties and biological assets written off		7,107	1,761
Impairment in value of property, plant and equipment and investment properties		8,871	26,088
Profit on disposal of property, plant and equipment and investment properties		(261)	(7,417)
Profit on disposal of an associated company		(87,173)	(526)
Profit on disposal of other investments		(13,286)	(26,812)
Loss on disposal of subsidiary companies		-	(66)
Surplus arising from liquidation of subsidiary companies		(22)	(7,877)
Surplus arising from liquidation of an associated company		-	(2,074)
Capital distribution from an investee company		-	(1,350)
(Write back)/Diminution in value of other investments		(1,612)	3,361
Share of net profits less losses of associated companies		(139,476)	(47,069)
Share of net profits less losses of jointly controlled entities		(311)	(482)
Inventories written off		48	220
Unrealised foreign exchange (gain)/loss		(4,256)	9,982
Goodwill on acquisition of subsidiary companies amortised and written off		-	3,505
Discount on acquisition of subsidiary companies amortised and written off		(496)	(5,290)
Interest expense		32,716	15,509
Dividend income		(28,160)	(24,178)
Interest income		(28,211)	(17,205)
Rental income		(364)	(641)
Operating profit before working capital changes		746,322	694,399
Adjustments for working capital changes:			
Land and development expenditure		(18,336)	(13,883)
Inventories, biological assets and other intangible assets		(65,709)	(6,548)
Gross amounts due from/to customers		4,078	6,371
Receivables		(486,576)	144,036
Payables		240,080	(94,397)
Cash generated from operations		419,859	729,978
Tax paid		(129,000)	(137,244)
Net cash generated from operating activities		290,859	592,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares in new subsidiary companies	45	-	(1,731)
Acquisition of additional equity interest in existing subsidiary companies	45	(4,870)	(11,746)
Payment for disposal of subsidiary companies	46	-	(889)

consolidated cash flow statement
for the year ended 31 december 2006

	Note	2006	2005
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		RM'000	RM'000
Payment for liquidation of subsidiary companies		-	(448)
Investment in associated companies		(6,487)	(989)
Proceeds from disposal of an associated company		132,000	834
Capital repayment from liquidation of an associated company		-	1,018
Repayment from/(Advances to) associated companies		11,666	(18,353)
Purchase of other investments		(5,390)	(310)
Proceeds from disposal of other investments		31,515	63,929
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	47	(461,664)	(320,536)
Proceeds from disposal of property, plant and equipment and investment properties		7,092	16,533
Withdrawal from/(Placement of) deposits		1,752	(2,037)
Dividends received from associated companies		16,984	19,611
Dividends received from other investments		27,870	23,888
Interest received		26,874	17,229
Rental received		365	641
Net cash used in investing activities		<u>(222,293)</u>	<u>(213,356)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued to minority shareholders of subsidiary companies		-	4,644
Payment to minority interests arising from capital reduction in a subsidiary company		(2,030)	-
Payment of share issue expenses		-	(159)
Revolving credits, bankers' acceptance and short term loans		6,320	12,305
Bank term loans		185,277	8,891
Payment of hire purchase liabilities		(599)	(906)
Advances from associated companies		8,249	220
Advances from jointly controlled entities		2,868	-
Interest paid		(32,444)	(18,295)
Dividends paid to shareholders of the Company		(170,712)	(132,183)
Dividends paid to minority shareholders of subsidiary companies		(46,481)	(35,494)
Net cash used in financing activities		<u>(49,552)</u>	<u>(160,977)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS		19,014	218,401
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		735,827	519,858
EFFECT OF EXCHANGE RATE CHANGES		(3,860)	(2,432)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		<u>750,981</u>	<u>735,827</u>
 Represented by:			
Cash and bank balances		88,744	93,651
Deposits		664,649	648,117
Bank overdrafts		(2,412)	(5,941)
		<u>750,981</u>	<u>735,827</u>

*Notes to and forming part of the financial statements are set out on pages 95 to 194.
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income statement

for the year ended 31 december 2006

	Note	2006 RM'000	2005 RM'000
Revenue	4	19,148	17,615
Cost of sales	5	(21,041)	(19,131)
Gross loss		(1,893)	(1,516)
Other operating income		917	1,209
Administrative and general expenses		(14,741)	(15,879)
Loss from operations	6	(15,717)	(16,186)
Net profit from investing activities	7	210,901	198,060
Finance costs	8	(1,914)	(1,738)
Profit before tax		193,270	180,136
Income tax expense	9	(26,822)	(32,841)
Profit for the year		166,448	147,295
Dividend per share (net of tax) (sen)			
- Interim		3.6	3.6
- Final		11.0	10.8
		14.6	14.4

Notes to and forming part of the financial statements are set out on pages 95 to 194.
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balance sheet

as at 31 december 2006

	Note	2006 RM'000	2005 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	31,793	33,488
Investment properties	12	3,252	6,675
Investment in subsidiary companies	17	1,846,950	1,863,857
Investment in associated companies	18	50,883	50,883
Other investments	20	98,821	110,946
Amounts due from subsidiary companies	22	89,861	64,822
		<u>2,121,560</u>	<u>2,130,671</u>
Current assets			
Inventories	23	2,495	2,597
Biological assets	13	9,825	9,913
Other receivables, deposits and prepayments	28	7,073	944
Amounts due from subsidiary companies	22	250	583
Amounts due from associated companies	29	74,996	75,398
Current tax assets		8,622	6,004
Deposits	30	8,054	4,493
Cash and bank balances	31	1,795	620
		<u>113,110</u>	<u>100,552</u>
Non-current assets classified as held for sale	32	122	-
		<u>113,232</u>	<u>100,552</u>
TOTAL ASSETS		<u>2,234,792</u>	<u>2,231,223</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	33	1,185,500	1,185,500
Share premium		6,715	6,715
Unappropriated profit		964,203	968,467
Total equity		<u>2,156,418</u>	<u>2,160,682</u>
Non-current liability			
Deferred tax liabilities	38	5,011	5,834
Current liabilities			
Trade payables	39	1,191	615
Other payables and accruals	40	4,543	12,491
Amounts due to subsidiary companies	22	67,594	51,265
Amounts due to associated companies	29	35	22
Bank overdraft	42	-	314
Total current liabilities		<u>73,363</u>	<u>64,707</u>
Total liabilities		<u>78,374</u>	<u>70,541</u>
TOTAL EQUITY AND LIABILITIES		<u>2,234,792</u>	<u>2,231,223</u>

Notes to and forming part of the financial statements are set out on pages 95 to 194.

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statement of changes in equity

for the year ended 31 december 2006

	Note	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000
At 1 January 2005		592,750	526,874	1,026,105	2,145,729
Profit for the year		-	-	147,295	147,295
Dividends	44	-	-	(132,183)	(132,183)
Issue of shares pursuant to Bonus issue of 1 for 1	33	592,750	(520,000)	(72,750)	-
Share issue expenses		-	(159)	-	(159)
At 31 December 2005		1,185,500	6,715	968,467	2,160,682
Profit for the year		-	-	166,448	166,448
Dividends	44	-	-	(170,712)	(170,712)
At 31 December 2006		1,185,500	6,715	964,203	2,156,418

Notes to and forming part of the financial statements are set out on pages 95 to 194.

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cash flow statement

for the year ended 31 december 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	193,270	180,136
Adjustments for non-cash items:		
Bad and doubtful debts	-	17
Depreciation	1,789	2,500
Property, plant and equipment written off	18	3
Impairment in value of property, plant and equipment and investment properties	3,752	-
Profit on disposal of property, plant and equipment	(946)	(4,203)
Profit on disposal of an associated company	-	(734)
(Profit)/Loss on disposal of other investments	(10,794)	8,314
Impairment in value of an investment in a subsidiary company	16,907	-
Diminution in value of other investments written back	-	(25)
Interest expense	1,914	1,738
Dividend income	(216,782)	(199,255)
Interest income	(2,537)	(1,641)
Rental income	(504)	(557)
Operating loss before working capital changes	(13,913)	(13,707)
Adjustments for working capital changes:		
Inventories and biological assets	311	(1,469)
Receivables	217	7,715
Payables	1,237	794
Cash used in operations	(12,148)	(6,667)
Tax refunded/(paid)	551	(1,069)
Net cash used in operating activities	(11,597)	(7,736)

cash flow statement
for the year ended 31 december 2006

	Note	2006 RM'000	2005 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital repayment from liquidation of a subsidiary company		-	325
Proceeds from disposal of an associated company		-	834
Purchase of property, plant and equipment	47	(2,342)	(1,117)
Proceeds from disposal of property, plant and equipment		970	9,056
Proceeds from disposal of other investments		10,271	27,334
Advances to subsidiary companies		(24,416)	(5,728)
(Advances to)/Repayment from associated companies		(13)	8,561
Dividends received from subsidiary companies		179,154	156,258
Dividends received from associated companies		4,125	3,676
Dividends received from other investments		2,568	2,605
Interest received		2,110	1,518
Rental received		504	557
Net cash generated from investing activities		<u>172,931</u>	<u>203,879</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of share issue expenses		-	(159)
Advances from/(Repayment to) subsidiary companies		16,246	(58,467)
Advances from/(Repayment to) associated companies		13	(36)
Interest paid		(1,831)	(1,844)
Dividends paid		(170,712)	(132,183)
Net cash used in financing activities		<u>(156,284)</u>	<u>(192,689)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,050	3,454
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		<u>4,799</u>	<u>1,345</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD		<u>9,849</u>	<u>4,799</u>
Represented by:			
Cash and bank balances		1,795	620
Deposits		8,054	4,493
Bank overdraft		-	(314)
		<u>9,849</u>	<u>4,799</u>

Notes to and forming part of the financial statements are set out on pages 95 to 194.

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notes to the financial statements

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the previous financial year except for the following changes in accounting policies:

2.2.1 Adoption of new/revised FRSs which are effective

On 1 January 2006, the Group and the Company adopted the following new/revised FRSs which are relevant to their operations and effective for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs does not have significant financial impact on the Group and the Company except for *FRS 3*, *FRS 5*, *FRS 101*, *FRS 136* and *FRS 138*. The principal effects of the changes in accounting policies resulting from the adoption of these FRSs are discussed below:

FRS 3 -Business Combinations, FRS 136 -Impairment of Assets and FRS 138 -Intangible Assets

The adoption of *FRS 3* and the consequential changes to *FRS 136* and *FRS 138* have resulted in a change in the accounting policy relating to goodwill and negative goodwill on consolidation and premium or discount on acquisition of associated companies.

Goodwill

Previously, goodwill acquired in a business combination was capitalised and amortised on a straight-line basis over its estimated useful life or 25 years, whichever is shorter. At each balance sheet date, the Group would assess if there was any indication of impairment of the cash-generating unit to which the goodwill is attached. If such an indication existed and impairment was established, an impairment loss would be recognised in addition to the annual amortisation.

With the adoption of *FRS 3* and *FRS 136*, goodwill is now no longer subjected to annual amortisation. Instead it is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If impairment is established, an impairment loss is recognised and goodwill is stated at cost less such impairment loss.

Negative goodwill

Previously, negative goodwill was either taken to income statement as and when they arose or retained in the balance sheet and credited to the income statement over a suitable period, depending on the particular circumstances which gave rise to it.

With the adoption of *FRS 3*, negative goodwill is now recognised immediately in the income statement as and when they arise.

Premium and discount on acquisition of associated companies

Previously, premium paid on the acquisition of associated companies was either amortised over a maximum of 25 years or retained at cost on the consolidated balance sheet and not amortised at all, depending on the circumstances.

Discount received on the acquisition of associated companies was netted off against the carrying value of the associated companies on the consolidated balance sheet.

With the adoption of *FRS 3* and *FRS 136*, premium is now entirely no longer subjected to annual amortisation. Premium relating to an associated company is now included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in 2.23.2 below.

Discount is now taken to the income statement on acquisition.

Transitional provisions

In accordance with the transitional provisions of *FRS 3*, the changes in accounting policies have been applied prospectively for business combinations with agreement dates on or after 1 January 2006.

For business combinations entered prior to that date, the transitional provisions of *FRS 3* require the Group to set off accumulated goodwill amortised up to 1 January 2006 amounting to RM17.592 million against the cost (less impairment losses) of goodwill as at that date amounting to RM50.005 million.

After the set off, the carrying amount of goodwill as at 1 January 2006 amounting to RM32.413 million ceases to be amortised. This has the effect of reducing the amortisation charge by RM2.093 million for the year ended 31 December 2006.

The carrying amount of negative goodwill as at 1 January 2006 totaling RM48.756 million (RM23.535 million from the acquisition of subsidiary companies and RM25.221 million from the acquisition of associated companies) is derecognised, with a corresponding credit to unappropriated profit.

As these changes in accounting policies have been applied prospectively, there is no impact on amounts reported for 2005 or prior periods. These changes also have no impact on the Company's separate financial statements.

FRS 5 -Non-current assets held for sale and discontinued operations

Previously, non-current assets held for sale were not classified separately on the balance sheet. There were no differences in the measurement of non-current assets held for sale and those for continuing use.

Upon the adoption of *FRS 5*, non-current assets held for sale are now classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

The impact of applying *FRS 5* on the Group's and Company's results for the year is insignificant.

The Group has applied *FRS 5* prospectively in accordance with the transitional provisions. Accordingly, there is no impact on amounts reported for 2005 or prior periods.

FRS 101 -Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity.

Upon the adoption of the revised *FRS 101*, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the consolidated statement of changes in equity.

The revised *FRS 101* also requires disclosure on the face of the consolidated statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to shareholders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of the total tax expense of the associated companies and jointly controlled entities accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement.

Upon the adoption of the revised *FRS 101*, the share of the total tax expense of the associated companies and jointly controlled entities is now not included as part of the Group's income tax expense but is deducted in arriving at the share of profits or losses included in the Group's profit or loss before tax.

The above changes in presentation have been applied retrospectively, and accordingly, the comparatives have been restated. These changes in presentation have no impact on the Company's separate financial statements.

2.2.2 New/revised FRSs that are not yet effective

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

1 October 2006

FRS 117 Leases
FRS 124 Related Party Disclosures

The Group and the Company will apply these standards from the financial year beginning 1 January 2007.

Effective date yet to be announced

FRS 139 Financial Instruments : Recognition and Measurement

2.3 Significant accounting judgements and estimates

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

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

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

Critical judgement made in applying accounting policies

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

Classification between investment properties and owner-occupied properties

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

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

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

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

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

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

Revenue recognition of engineering contracts and property development activities

The Group recognises engineering contracts and property development activities based on the percentage of completion method. The stage of completion of engineering contracts and property development activities is measured in accordance with the accounting policies set out in 2.15 and 2.14 below.

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation of property, plant and equipment and investment properties

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

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2006 were RM1,933.389 million and RM31.793 million (2005: RM1,776.554 million and RM33.488 million), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 December 2006 were RM206.204 million and RM3.252 million (2005: RM217.146 million and RM6.675 million), respectively.

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

Amortisation of film rights

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

The carrying amount of the Group's film rights as at 31 December 2006 was RM9.221 million (2005 : RM10.701 million).

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

Allowance for doubtful debts

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

The carrying amount of the Group's trade receivables as at 31 December 2006 was RM418.225 million (2005: RM375.157 million).

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

Provision for stock obsolescence and inventories write down

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

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

The carrying amounts of the Group's and Company's inventories as at 31 December 2006 were RM956.951 million and RM2.495 million (2005: RM899.209 million and RM2.597 million), respectively.

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

Impairment of goodwill

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

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

The net carrying amount of the Group's goodwill as at 31 December 2006 was RM33.316 million (2005: RM32.413 million).

Income taxes

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

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

The carrying amounts of the Group' tax liabilities and tax assets as at 31 December 2006 were RM346.198 million (2005: RM331.575 million) and RM34.972 million (2005: RM36.129 million), respectively.

Deferred tax assets

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

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

The carrying amounts of the Group's recognised and unrecognised deferred tax assets as at 31 December 2006 were RM7.098 million (2005: RM9.827 million) and RM9.417 million (2005: RM12.691 million), respectively.

2.4 Subsidiary companies

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

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

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

2.5 Basis of consolidation

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

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

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

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

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities, contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is immediately credited to the consolidated income statement. The goodwill is accounted for in accordance with the accounting policy set out in 2.23.1 below.

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

2.6 Associated companies

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

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

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

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

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

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

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in 2.23.2 below.

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

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

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

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

2.7 Jointly controlled entities

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

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

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

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

2.8 Other investments

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

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

2.9 Property, plant and equipment

2.9.1 Measurement basis

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

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

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

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

2.9.2 Depreciation

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

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

The principal annual rates used for this purpose are:

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

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

2.10 Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

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

All other leases are treated as operating leases. Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

2.11 Investment properties

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

2.11.1 Measurement basis

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

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

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

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

2.11.2 Depreciation

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

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

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

2.12 Intangible assets

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

2.12.1 Goodwill

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

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

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

2.12.2 Computer software and film rights

Measurement basis

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

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

Amortisation

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

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

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

2.13 Biological assets

Biological assets comprise primarily new planting and replanting expenditures and livestock.

2.13.1 New planting and replanting expenditures

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

2.13.2 Livestock

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

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

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

2.14 Development properties

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

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

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

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

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

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

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

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

2.15 Engineering contracts

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

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

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

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

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

2.16 Inventories

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

2.17 Receivables

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

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

2.18 Non-current assets held for sale

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

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

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

2.19 Share capital

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

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

2.20 Payables

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

2.21 Income recognition

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

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

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

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

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

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

2.21.5 Interest income is recognised on a time proportion basis.

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

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

2.22 Foreign currencies

2.22.1 Functional currency

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

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

2.22.2 Transactions and balances in foreign currencies

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

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

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

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

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

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

2.22.3 Translation of foreign operations

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

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

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

2.23 Impairment of assets

2.23.1 Goodwill

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

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

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

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

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

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

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

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

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

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

2.24 Employee benefits

2.24.1 Short term employee benefits

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

2.24.2 Post-employment benefits

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

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

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

2.24.3 Termination benefits

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

2.25 Borrowing costs

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

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

2.26 Taxation

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

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

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

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

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

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

2.27 Cash equivalents

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

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

2.28 Financial instruments

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

2.28.1 Financial instruments recognised in the balance sheet

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

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

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

2.28.2 Financial instruments not recognised in the balance sheet

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

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

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

2.29 Segment reporting

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

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

2.30 Disclosure of fair value

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

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

2.30.2 Long term investments

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

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

2.30.3 Long term borrowings and debts

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

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

2.30.4 Foreign currency contracts and commodities future contracts

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

3.1 Foreign currency exchange risk

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

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

3.2 Interest rate risk

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

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

3.2.1 Financial Assets

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

3.2.2 Financial Liabilities

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

3.3 Market risk

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

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

3.4 Credit risk

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

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

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

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

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

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

3.5 Liquidity and cash flow risk

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

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

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

4. REVENUE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sales of agricultural produce, food-based products and other goods	11,204,853	10,416,223	19,148	17,615
Contract revenue	108,081	76,195	-	-
Sale of development properties	26,761	26,449	-	-
Collection from cinema operations	124,812	120,281	-	-
Rental from leasing of investment properties	24,620	21,809	-	-
Waste management and other services rendered	30,640	26,993	-	-
	11,519,767	10,687,950	19,148	17,615

5. COST OF SALES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost of goods sold	10,273,693	9,554,894	21,041	19,131
Contract cost recognised as expense	80,693	64,984	-	-
Cost of development properties sold	19,661	11,902	-	-
Cost of cinema operations	104,470	100,649	-	-
Cost of leasing of investment properties	13,646	13,038	-	-
Cost of waste management and other services rendered	19,484	17,509	-	-
	10,511,647	9,762,976	21,041	19,131

6. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<i>Profit/(Loss) from operations is stated after charging:</i>				
Amortisation of other intangible assets				
- included in cost of sales	7,109	4,285	-	-
- included in administrative and general expenses	861	637	-	-
Auditors' remuneration				
- current year	1,808	1,454	51	51
- underprovision in prior year	3	9	-	5
Bad and doubtful debts	5,605	4,544	-	17
Depreciation				
- property, plant and equipment	141,349	148,882	1,760	2,472
- investment properties	5,259	3,563	29	28
- biological assets	2,495	5,621	-	-
Direct operating expenses on				
- revenue generating investment properties	13,918	13,543	5	735
- non-revenue generating investment properties	389	432	-	-

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Directors' remuneration				
- Company's directors:				
- fees				
~ current year	456	428	295	223
~ underprovision in prior year	40	21	40	20
- other emoluments	10,381	9,261	4,026	3,257
- Subsidiary companies' directors:				
- fees				
~ current year	1,116	576	-	-
~ under/(over)provision in prior year	49	(17)	-	-
- other emoluments	18,599	15,493	-	-
Foreign exchange loss				
- realised	8,363	4,378	-	-
- unrealised	12,046	10,035	-	-
Goodwill on acquisition of subsidiary companies amortised (see note 15)	-	2,093	-	-
Inventories written off	48	220	-	-
Loss on disposal of property, plant and equipment	48	524	-	-
Operating lease rentals	2,156	1,548	-	-
Property, plant and equipment written off	7,105	1,652	18	3
Investment properties written off	2	81	-	-
Biological assets written off	-	28	-	-
Rental of premises	16,962	16,167	464	464
Termination benefits	-	434	-	-
<i>and crediting:</i>				
Allowance for doubtful debts no longer required	1,535	1,073	-	-
Bad debts recovered	-	44	-	-
Discount on acquisition of subsidiary companies amortised (see note 37)	-	1,874	-	-
Foreign exchange gain				
- realised	3,111	288	40	-
- unrealised	16,302	53	-	-
Profit on disposal of property, plant and equipment	1,428	1,544	3	41
Directors' remuneration does not include the estimated monetary value of benefits-in-kind as follows:				
Company's directors	120	113	16	15
Subsidiary companies' directors	399	370	-	-

7. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Gross dividends from subsidiary companies				
- quoted in Malaysia	-	-	38,824	38,824
- unquoted	-	-	169,497	152,678
Gross dividends from unquoted associated companies	-	-	5,720	5,040
Gross dividends from other investments				
- quoted in Malaysia	20,913	18,323	17	385
- quoted outside Malaysia	7,078	5,855	2,555	2,328
- unquoted	169	-	169	-
Interest income	28,211	17,205	2,537	1,641
Rental income from investment properties	364	641	504	557
Profit/(Loss) on disposal of				
- subsidiary companies	-	66	-	-
- associated companies	87,173	526	-	734
- other investments	13,286	26,812	10,794	(8,314)
- land and buildings	(1,119)	6,397	943	4,162
Surplus arising from liquidation of subsidiary companies (see note 48)	22	7,877	-	-
Surplus arising from liquidation of associated companies	-	2,074	-	-
Capital distribution from an investee company	-	1,350	-	-
Impairment in value of an investment in a subsidiary company	-	-	(16,907)	-
Diminution in value of other investments	(21)	(3,548)	-	-
Diminution in value of other investments written back	1,633	187	-	25
Impairment in value of property, plant and equipment	(2,659)	-	(358)	-
Impairment in value of investment properties	(6,212)	(26,088)	(3,394)	-
Goodwill on acquisition of subsidiary companies written off	-	(1,412)	-	-
Discount on acquisition of subsidiary companies written off	496	3,416	-	-
	149,334	59,681	210,901	198,060

8. FINANCE COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<i>Interest paid and payable on:</i>				
Bankers' acceptance and export credit refinancing	9,412	6,136	-	-
Revolving credits	4,447	2,129	-	-
Advances from subsidiary companies	-	-	1,914	1,738
Bank term loans	18,319	6,903	-	-
Bank overdrafts	103	177	-	-
Hire purchase	30	88	-	-
Others	405	76	-	-
	32,716	15,509	1,914	1,738

9. INCOME TAX EXPENSE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysian taxation based on results for the year				
Current	145,569	119,941	27,645	32,918
Deferred	(3,201)	19,577	(816)	(75)
	142,368	139,518	26,829	32,843
Foreign taxation				
Current	2,972	1,571	-	-
Deferred	2,544	(2,205)	-	-
	147,884	138,884	26,829	32,843
(Over)/Underprovision in prior years				
Malaysian taxation				
Current	(1,167)	(541)	-	11
Deferred	(1,329)	2,239	(7)	(13)
Foreign taxation				
Current	835	81	-	-
Deferred	(408)	(397)	-	-
	145,815	140,266	26,822	32,841

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

Accounting profit	700,278	560,950	193,270	180,136
Taxation at applicable tax rate	194,878	156,892	54,116	50,438
<i>Tax effect arising from:</i>				
Non-taxable income				
- exempt dividend	(9,306)	(6,339)	(29,885)	(19,076)
- surplus from liquidation of subsidiary companies	(7)	(2,205)	-	-

9. INCOME TAX EXPENSE (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- surplus from liquidation of associated companies	-	(581)	-	-
- profit on disposal of				
- subsidiary companies	-	(18)	-	-
- associated companies	(24,321)	(147)	-	(205)
- land and buildings	(341)	(1,791)	(247)	(1,165)
- other investments	(3,814)	(9,843)	(3,022)	-
- discount on acquisition	(139)	(1,481)	-	-
- diminution in value of other investments written back	(457)	(52)	-	(7)
- others	(5,628)	(5,987)	-	(7)
Expenses eligible for double deduction	(885)	(834)	-	-
Non-deductible expenses				
- impairment in value of property, plant and equipment	745	-	100	-
- impairment in value of investment properties	1,739	7,305	950	-
- impairment in value of a subsidiary company	-	-	4,734	-
- loss on disposal of other investments	94	2,336	-	2,328
- goodwill on acquisition	-	981	-	-
- others	17,047	14,863	468	537
Utilisation of reinvestment allowance	(7,435)	(12,609)	-	-
Addition to/(Reversal of) deferred tax assets not recognised	3,478	(1,747)	-	-
Unavailable group relief	69	63	-	-
Effect of different tax rate in other countries	-	80	-	-
Effect on reduction in future tax rate	(17,833)	(2)	(385)	-
(Over)/Underprovision in prior years	(2,069)	1,382	(7)	(2)
	145,815	140,266	26,822	32,841

Subject to agreement with the Inland Revenue Board, based on the estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the exempt account, approximately RM716.105 million of the unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability. The balance of the unappropriated profit of RM248.098 million is not covered by the tax credit and any distribution in excess of RM716.105 million will incur additional tax liability.

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

The basic earnings per share is calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM560.665 million (2005: RM394.579 million) by the number of shares in issue of 1,185.500 million (2005: 1,185.500 million) during the year.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
	Freehold	Long	Short					
	RM'000	leasehold RM'000	leasehold RM'000					
Group Cost/Valuation At 1.1.2006								
- cost	189,172	590,708	358,193	1,390,674	140,363	103,849	113,188	2,886,147
- valuation	87	141,695	100,671	31,309	-	-	-	273,762
	189,259	732,403	458,864	1,421,983	140,363	103,849	113,188	3,159,909
Additions	444	14,025	42,058	91,349	12,980	13,013	145,755	319,624
Disposals - cost	-	(3,016)	(2,762)	(3,449)	(5,624)	(3,145)	-	(17,996)
- valuation	-	(33)	-	-	-	-	-	(33)
Exchange differences								
- cost	-	-	(237)	(1,530)	(4,964)	200	79	(6,452)
Transfer to inventories								
- cost	-	-	-	-	-	-	(121)	(121)
Write-offs - cost	-	(1,168)	(42,896)	(57,835)	(1,194)	(5,047)	-	(108,140)
- valuation	-	(217)	(13,605)	-	-	-	-	(13,822)
Reclassifications								
- cost	2,104	(51,708)	112,243	75,126	1,010	383	(139,158)	-
- valuation	-	(7,029)	7,029	-	-	-	-	-
At 31.12.2006	191,807	683,257	560,694	1,525,644	142,571	109,253	119,743	3,332,969
- cost	191,720	548,841	466,599	1,494,335	142,571	109,253	119,743	3,073,062
- valuation	87	134,416	94,095	31,309	-	-	-	259,907
	191,807	683,257	560,694	1,525,644	142,571	109,253	119,743	3,332,969
Group Accumulated depreciation At 1.1.2006								
- cost	33,370	90,033	148,329	869,637	65,777	68,633	-	1,275,779
- valuation	87	26,149	49,434	30,278	-	-	-	105,948
	33,457	116,182	197,763	899,915	65,777	68,633	-	1,381,727
Charge for the year								
- cost	4,009	11,669	14,678	90,837	6,316	9,876	-	137,385
- valuation	-	1,954	2,010	-	-	-	-	3,964
Disposals - cost	-	(255)	(302)	(3,327)	(4,978)	(2,470)	-	(11,332)
- valuation	-	(10)	-	-	-	-	-	(10)
Exchange differences								
- cost	-	-	(318)	(251)	(1,103)	88	-	(1,584)
Write-offs - cost	-	(888)	(39,849)	(55,017)	(1,152)	(4,603)	-	(101,509)
- valuation	-	(123)	(13,225)	-	-	-	-	(13,348)
Reclassifications								
- cost	-	(11,405)	11,405	-	-	-	-	-
- valuation	-	(1,010)	1,010	-	-	-	-	-
At 31.12.2006	37,466	116,114	173,172	932,157	64,860	71,524	-	1,395,293
- cost	37,379	89,154	133,943	901,879	64,860	71,524	-	1,298,739
- valuation	87	26,960	39,229	30,278	-	-	-	96,554
	37,466	116,114	173,172	932,157	64,860	71,524	-	1,395,293

notes to the financial statements

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings			Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000	
	Freehold RM'000	Long							Short leasehold RM'000
		leasehold RM'000	leasehold RM'000						
Group									
Accumulated impairment losses									
At 1.1.2006									
- cost	-	-	-	1,504	-	124	-	1,628	
- valuation	-	-	-	-	-	-	-	-	
	-	-	-	1,504	-	124	-	1,628	
Charge for the year									
- cost	-	834	1,448	-	-	377	-	2,659	
At 31.12.2006	-	834	1,448	1,504	-	501	-	4,287	
- cost	-	834	1,448	1,504	-	501	-	4,287	
- valuation	-	-	-	-	-	-	-	-	
	-	834	1,448	1,504	-	501	-	4,287	
Net book value									
at 31.12.2006	154,341	566,309	386,074	591,983	77,711	37,228	119,743	1,933,389	
- cost	154,341	458,853	331,208	590,952	77,711	37,228	119,743	1,770,036	
- valuation	-	107,456	54,866	1,031	-	-	-	163,353	
	154,341	566,309	386,074	591,983	77,711	37,228	119,743	1,933,389	
<i>The net book value of revalued assets stated under the historical cost convention</i>									
At 31.12.2006	-	18,965	12,161	791	-	-	-	31,917	

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group Cost/Valuation	Land and buildings			Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
	Freehold RM'000	Long						
		leasehold RM'000	Short leasehold RM'000					
At 1.1.2005								
- cost	188,726	522,669	343,482	1,280,734	138,124	95,027	116,884	2,685,646
- valuation	87	143,284	100,671	31,309	-	-	-	275,351
	188,813	665,953	444,153	1,312,043	138,124	95,027	116,884	2,960,997
Additions	123	36,716	1,071	47,249	8,083	10,105	126,272	229,619
Additions via acquisition								
of subsidiary companies	-	20,842	-	-	-	38	-	20,880
Disposals - cost	-	(5,937)	-	(4,335)	(5,285)	(416)	-	(15,973)
- valuation	-	(1,589)	-	-	-	-	-	(1,589)
Disposals via disposal								
of subsidiary								
companies - cost	-	-	(5,231)	(548)	(75)	(755)	-	(6,609)
Exchange differences								
- cost	-	(3,561)	(1,238)	(7,556)	(41)	(939)	(324)	(13,659)
Write-offs - cost	-	(479)	(53)	(8,168)	(563)	(3,803)	(691)	(13,757)
Reclassifications								
- cost	323	20,458	20,162	83,298	120	4,592	(128,953)	-
At 31.12.2005	189,259	732,403	458,864	1,421,983	140,363	103,849	113,188	3,159,909
- cost	189,172	590,708	358,193	1,390,674	140,363	103,849	113,188	2,886,147
- valuation	87	141,695	100,671	31,309	-	-	-	273,762
	189,259	732,403	458,864	1,421,983	140,363	103,849	113,188	3,159,909
Group Accumulated depreciation At 1.1.2005								
- cost	29,389	79,960	135,414	790,764	57,750	65,249	-	1,158,526
- valuation	87	23,881	47,516	29,287	-	-	-	100,771
	29,476	103,841	182,930	820,051	57,750	65,249	-	1,259,297
Charge for the year								
- cost	3,981	11,668	13,552	92,411	13,158	8,537	-	143,307
- valuation	-	2,666	1,918	991	-	-	-	5,575
Disposals - cost	-	(1,020)	-	(2,628)	(4,553)	(328)	-	(8,529)
- valuation	-	(398)	-	-	-	-	-	(398)
Disposals via disposal								
of subsidiary								
companies - cost	-	-	(564)	(255)	(15)	(595)	-	(1,429)
Exchange differences								
- cost	-	(251)	(293)	(3,002)	(12)	(433)	-	(3,991)
Write-offs - cost	-	(324)	(6)	(7,576)	(560)	(3,639)	-	(12,105)
Reclassifications								
- cost	-	-	226	(77)	9	(158)	-	-
At 31.12.2005	33,457	116,182	197,763	899,915	65,777	68,633	-	1,381,727
- cost	33,370	90,033	148,329	869,637	65,777	68,633	-	1,275,779
- valuation	87	26,149	49,434	30,278	-	-	-	105,948
	33,457	116,182	197,763	899,915	65,777	68,633	-	1,381,727

notes to the financial statements

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land and buildings			Plant, machinery and equipment RM'000	Motor vehicles and vessel RM'000	Furniture, fittings, office and other equipment RM'000	Capital work in progress RM'000	Total RM'000
	Long		Short leasehold RM'000					
	Freehold RM'000	leasehold RM'000						
Accumulated impairment losses								
At 1.1.2005								
- cost	-	-	-	1,504	-	124	-	1,628
- valuation	-	-	-	-	-	-	-	-
	-	-	-	1,504	-	124	-	1,628
Charge for the year								
- cost	-	-	-	-	-	-	-	-
At 31.12.2005	-	-	-	1,504	-	124	-	1,628
- cost	-	-	-	1,504	-	124	-	1,628
- valuation	-	-	-	-	-	-	-	-
	-	-	-	1,504	-	124	-	1,628
Net book value								
at 31.12.2005	155,802	616,221	261,101	520,564	74,586	35,092	113,188	1,776,554
- cost	155,802	500,675	209,864	519,533	74,586	35,092	113,188	1,608,740
- valuation	-	115,546	51,237	1,031	-	-	-	167,814
	155,802	616,221	261,101	520,564	74,586	35,092	113,188	1,776,554
<i>The net book value of revalued assets stated under the historical cost convention</i>								
At 31.12.2005	-	22,240	10,560	791	-	-	-	33,591

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings		Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipment	Capital work in progress	Total
	Freehold	Long leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company Cost/Valuation At 1.1.2006							
- cost	42	30,341	13,399	4,364	2,559	1,781	52,486
- valuation	-	21,269	-	-	-	-	21,269
	42	51,610	13,399	4,364	2,559	1,781	73,755
Additions	-	44	111	239	192	-	586
Disposals - cost	-	(93)	-	-	(10)	-	(103)
- valuation	-	(33)	-	-	-	-	(33)
Transfer to inventories							
- cost	-	-	-	-	-	(121)	(121)
Write-offs - cost	-	(669)	(94)	-	(130)	-	(893)
Reclassifications							
- cost	-	-	1,660	-	-	(1,660)	-
At 31.12.2006	42	50,859	15,076	4,603	2,611	-	73,191
- cost	42	29,623	15,076	4,603	2,611	-	51,955
- valuation	-	21,236	-	-	-	-	21,236
	42	50,859	15,076	4,603	2,611	-	73,191
Company Accumulated depreciation At 1.1.2006							
- cost	-	15,150	13,109	3,563	1,941	-	33,763
- valuation	-	6,504	-	-	-	-	6,504
	-	21,654	13,109	3,563	1,941	-	40,267
Charge for the year							
- cost	-	595	492	148	270	-	1,505
- valuation	-	255	-	-	-	-	255
Disposals - cost	-	(93)	-	-	(9)	-	(102)
- valuation	-	(10)	-	-	-	-	(10)
Write-offs - cost	-	(668)	(93)	-	(114)	-	(875)
At 31.12.2006	-	21,733	13,508	3,711	2,088	-	41,040
- cost	-	14,984	13,508	3,711	2,088	-	34,291
- valuation	-	6,749	-	-	-	-	6,749
	-	21,733	13,508	3,711	2,088	-	41,040

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings		Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipment	Capital work in progress	Total
	Freehold	Long leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Accumulated impairment losses							
At 1.1.2006							
- cost	-	-	-	-	-	-	-
- valuation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Charge for the year							
- cost	-	358	-	-	-	-	358
At 31.12.2006	-	358	-	-	-	-	358
- cost	-	358	-	-	-	-	358
- valuation	-	-	-	-	-	-	-
	-	358	-	-	-	-	358
Net book value							
at 31.12.2006	42	28,768	1,568	892	523	-	31,793
- cost	42	14,281	1,568	892	523	-	17,306
- valuation	-	14,487	-	-	-	-	14,487
	42	28,768	1,568	892	523	-	31,793
<i>The net book value of revalued assets stated under the historical cost convention</i>							
At 31.12.2006	-	3,474	-	-	-	-	3,474

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings		Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipment	Capital work in progress	Total
	Freehold	Long leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company Cost/Valuation At 1.1.2005							
- cost	42	35,661	14,552	4,484	2,515	101	57,355
- valuation	-	21,423	-	-	-	-	21,423
	42	57,084	14,552	4,484	2,515	101	78,778
Additions	-	129	86	121	262	2,212	2,810
Disposals - cost	-	(5,712)	-	(161)	(4)	-	(5,877)
- valuation	-	(154)	-	-	-	-	(154)
Write-offs - cost	-	(263)	(1,239)	(80)	(220)	-	(1,802)
Reclassifications							
- cost	-	526	-	-	6	(532)	-
At 31.12.2005	42	51,610	13,399	4,364	2,559	1,781	73,755
- cost	42	30,341	13,399	4,364	2,559	1,781	52,486
- valuation	-	21,269	-	-	-	-	21,269
	42	51,610	13,399	4,364	2,559	1,781	73,755
Company Accumulated depreciation At 1.1.2005							
- cost	-	15,602	13,687	3,287	1,902	-	34,478
- valuation	-	6,294	-	-	-	-	6,294
	-	21,896	13,687	3,287	1,902	-	40,772
Charge for the year							
- cost	-	779	660	517	261	-	2,217
- valuation	-	255	-	-	-	-	255
Disposals - cost	-	(968)	-	(161)	(4)	-	(1,133)
- valuation	-	(45)	-	-	-	-	(45)
Write-offs - cost	-	(263)	(1,238)	(80)	(218)	-	(1,799)
At 31.12.2005	-	21,654	13,109	3,563	1,941	-	40,267

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings		Plant, machinery and equipment	Motor vehicles	Furniture, fittings, office and other equipment	Capital work in progress	Total
	Freehold	Long leasehold					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company Accumulated depreciation At 31.12.2005							
- cost	-	15,150	13,109	3,563	1,941	-	33,763
- valuation	-	6,504	-	-	-	-	6,504
	-	21,654	13,109	3,563	1,941	-	40,267
Net book value at 31.12.2005	42	29,956	290	801	618	1,781	33,488
- cost	42	15,191	290	801	618	1,781	18,723
- valuation	-	14,765	-	-	-	-	14,765
	42	29,956	290	801	618	1,781	33,488
<i>The net book value of revalued assets stated under the historical cost convention</i>							
At 31.12.2005	-	3,541	-	-	-	-	3,541

Included in additions to property, plant and equipment during the financial year is interest expense capitalised amounting to RM134,000 (2005: Nil).

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

	Group	
	2006 RM'000	2005 RM'000
Motor vehicles	408	1,734
Furniture, fittings, office and other equipment	17	67

Title deeds to certain of the Group's land and buildings with net book value of RM60.837 million (2005: RM64.818 million) have yet to be issued by the relevant authorities.

Certain long leasehold and short leasehold land and buildings of the Group with net book value of RM0.755 million (2005: RM0.778 million) have been charged to partially secure the bank overdraft referred to in note 42 below.

The property, plant and equipment stated at valuation were revalued by the directors based on independent professional valuations carried out in 1974, 1980, 1982 and 1995 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluations of its property, plant and equipment. The Group has availed itself to the transitional provisions when the MASB first adopted IAS 16 *Property, Plant and Equipment* in 1998 and accordingly, the carrying amounts of the revalued property, plant and equipment have been retained on the basis of these valuations as though they have never been revalued.

12. INVESTMENT PROPERTIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost/Valuation				
At 1 January				
- cost	291,352	287,198	6,983	6,983
- valuation	6,410	6,410	-	-
	297,762	293,608	6,983	6,983
Additions	705	6,312	-	-
Disposals - cost	(253)	-	-	-
Write-offs - cost	(2)	(2,158)	-	-
Transfer to assets held for sale - cost	(120)	-	-	-
At 31 December	298,092	297,762	6,983	6,983
- cost	291,682	291,352	6,983	6,983
- valuation	6,410	6,410	-	-
	298,092	297,762	6,983	6,983
Accumulated depreciation				
At 1 January				
- cost	53,048	51,562	308	280
- valuation	102	102	-	-
	53,150	51,664	308	280
Charge for the year - cost	5,259	3,563	29	28
Disposals - cost	(152)	-	-	-
Write-offs - cost	-	(2,077)	-	-
Transfer to assets held for sale - cost	(47)	-	-	-
At 31 December	58,210	53,150	337	308
- cost	58,108	53,048	337	308
- valuation	102	102	-	-
	58,210	53,150	337	308
Accumulated impairment losses				
At 1 January				
- cost	27,466	1,378	-	-
- valuation	-	-	-	-
	27,466	1,378	-	-
Charge for the year - cost	6,212	26,088	3,394	-
At 31 December	33,678	27,466	3,394	-
- cost	33,678	27,466	3,394	-
- valuation	-	-	-	-
	33,678	27,466	3,394	-

12. INVESTMENT PROPERTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Net book value at 31 December	206,204	217,146	3,252	6,675
- cost	199,896	210,838	3,252	6,675
- valuation	6,308	6,308	-	-
	206,204	217,146	3,252	6,675
Fair value at 31 December 2006	386,352		4,847	

Title deeds to certain investment properties of the Group with net book value of RM19.548 million (2005: RM20.674 million) have yet to be issued by the relevant authorities.

In previous years, all investment properties were included in property, plant and equipment. Following the adoption of *FRS 140 Investment Property*, these investment properties are now classified separately.

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

The fair values of these investment properties as at 31 December 2006 are arrived at by reference to market evidence of transaction prices for similar properties and is performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the locations and categories of the properties being valued.

13. BIOLOGICAL ASSETS

**Plantation Development Expenditure
(included under non-current assets)**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Group				
Cost/Valuation				
At 1 January				
- cost	552,838	457,218	-	-
- valuation	330,089	330,089	-	-
	882,927	787,307	-	-
Additions	149,019	104,126	-	-
Write-offs - cost	-	(32)	-	-
Exchange adjustments - cost	1,824	(8,474)	-	-
At 31 December	1,033,770	882,927	-	-
- cost	703,681	552,838	-	-
- valuation	330,089	330,089	-	-
	1,033,770	882,927	-	-
Accumulated depreciation				
At 1 January				
- cost	67,835	60,582	-	-
- valuation	32,026	28,273	-	-
	99,861	88,855	-	-
Charge for the year - cost	9,654	7,637	-	-
- valuation	3,111	3,753	-	-
Write-offs - cost	-	(4)	-	-
Exchange adjustments - cost	106	(380)	-	-
At 31 December	112,732	99,861	-	-
- cost	77,595	67,835	-	-
- valuation	35,137	32,026	-	-
	112,732	99,861	-	-
Net book value at 31 December	921,038	783,066	-	-
- cost	626,086	485,003	-	-
- valuation	294,952	298,063	-	-
	921,038	783,066	-	-

13. BIOLOGICAL ASSETS (continued)

**Plantation Development Expenditure
(included under non-current assets)**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<i>The net book value of revalued assets stated under the historical cost convention</i>	158,748	176,560	-	-
<i>Included in additions to plantation development expenditure during the financial year are the following expenses capitalised:</i>				
Interest expense	3,733	2,695	-	-
Depreciation	10,270	5,769	-	-

In previous years, the above biological assets were included in property, plant and equipment. Following the adoption of *FRS 101 Presentation of Financial Statements*, these biological assets are now classified separately.

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
BIOLOGICAL ASSETS (included under current assets)				
At cost				
Oil palm nursery and oil palm tissue under cultivation	30,791	20,567	-	-
Livestock	7,946	7,496	-	-
Unharvested cane crop	9,825	9,913	9,825	9,913
	48,562	37,976	9,825	9,913

14. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
Group				
At 1 January 2006	-	263	174	437
Additions	-	-	-	-
At 31 December 2006	-	263	174	437
At 1 January 2005	3,927	263	8,501	12,691
Additions	-	-	2,670	2,670
Transfer to current assets as property development costs (see note 24)	(3,927)	-	(10,997)	(14,924)
At 31 December 2005	-	263	174	437

15. GOODWILL

	Group	
	2006 RM'000	2005 RM'000
Cost		
At 1 January	50,005	50,294
Effects of adopting FRS 3	(17,592)	-
Arising from acquisitions during the year	903	1,412
Written off on disposals during the year	-	(289)
Impaired goodwill written off	-	(1,412)
At 31 December	33,316	50,005
Accumulated amortisation		
At 1 January	17,592	15,607
Effects of adopting FRS 3	(17,592)	-
Amortisation for the year	-	2,093
Written off on disposals during the year	-	(108)
At 31 December	-	17,592
Net book value at 31 December	33,316	32,413

15. GOODWILL (continued)

Impairment testing of goodwill

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

	2006 RM'000	2005 RM'000
Oil palm plantations	28,285	27,671
Environmental engineering, waste management and utilities	3,345	3,056
Chemicals trading and manufacturing	932	932
Other operations	754	754
	33,316	32,413

Recoverable amounts based on fair value less costs to sell

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

Recoverable amounts based on value in use

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

Gross margin	11.81% - 33.30%
Growth rate	0% - 15.31%
Discount rate	5.98% - 12.80%
Risk free rate	3.69%

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

(i) Budgeted gross margin

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

(ii) Growth rate

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

(iii) Discount rate

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

(iv) Risk free rate

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

15. GOODWILL (continued)

Sensitivity to changes in assumptions

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

16. OTHER INTANGIBLE ASSETS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Computer Software <i>(included under non-current assets)</i>				
Cost				
At 1 January	5,069	4,112	-	-
Additions	614	957	-	-
At 31 December	<u>5,683</u>	<u>5,069</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
At 1 January	1,568	931	-	-
Charge for the year	861	637	-	-
At 31 December	<u>2,429</u>	<u>1,568</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 December	<u>3,254</u>	<u>3,501</u>	<u>-</u>	<u>-</u>
Film rights <i>(included under current assets)</i>				
Cost				
At 1 January	24,626	23,002	-	-
Additions	5,629	4,730	-	-
Rights expired	(5,913)	(3,106)	-	-
At 31 December	<u>24,342</u>	<u>24,626</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
At 1 January	13,925	12,746	-	-
Charge for the year	7,109	4,285	-	-
Rights expired	(5,913)	(3,106)	-	-
At 31 December	<u>15,121</u>	<u>13,925</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 December	<u>9,221</u>	<u>10,701</u>	<u>-</u>	<u>-</u>

17. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2006 RM'000	2005 RM'000
Shares quoted in Malaysia at cost	432,129	432,129
Unquoted shares at cost	<u>1,436,150</u>	<u>1,436,150</u>
	1,868,279	1,868,279
Impairment loss on unquoted shares	<u>(21,329)</u>	<u>(4,422)</u>
	1,846,950	<u>1,863,857</u>
Market value of quoted shares	<u>2,766,188</u>	<u>1,135,593</u>

The subsidiary companies are listed in note 60.

18. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unquoted shares at cost	181,475	206,364	50,883	50,883
Group's share of post-acquisition reserves and retained profits less losses	<u>557,005</u>	<u>427,462</u>	-	-
	738,480	<u>633,826</u>	50,883	<u>50,883</u>

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

	2006 RM'000	2005 RM'000
<i>Assets and liabilities</i>		
Total assets	<u>3,145,153</u>	<u>3,209,941</u>
Total liabilities	<u>880,663</u>	<u>1,240,038</u>
<i>Results</i>		
Revenue	<u>3,596,393</u>	<u>2,742,113</u>
Profit for the year	<u>469,362</u>	<u>137,935</u>

The associated companies are listed in note 61.

19. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group	
	2006	2005
	RM'000	RM'000
Capital contribution, at cost	38,286	39,699
Group's share of retained profits less losses	764	452
	<u>39,050</u>	<u>40,151</u>

The Group's share of the assets and liabilities as at 31 December 2006 and revenue and results for the year of the jointly controlled entities are as follows:

	Group	
	2006	2005
	RM'000	RM'000
<i>Assets and liabilities</i>		
Total assets	<u>40,073</u>	<u>40,767</u>
Total liabilities	<u>1,023</u>	<u>616</u>
<i>Results</i>		
Revenue	<u>6,657</u>	<u>6,664</u>
Profit for the year	<u>311</u>	<u>482</u>

The unincorporated jointly controlled entities have no material contingencies and capital commitments at year end.

The amounts due from jointly controlled entities in the previous year represent trade accounts which are unsecured and interest free. The amounts were fully recovered during the year.

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

The jointly controlled entities are listed in note 62.

20. OTHER INVESTMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Shares quoted in Malaysia at cost	188,272	184,102	178	288
Diminution in value	(212)	(459)	(2)	(36)
	188,060	183,643	176	252
Shares quoted outside Malaysia at cost	198,744	220,052	98,379	98,379
Diminution in value	(916)	(4,774)	-	-
	197,828	215,278	98,379	98,379
Irredeemable convertible unsecured loan stocks quoted in Malaysia, at cost	1,635	1,635	-	-
Diminution in value	(1,095)	(1,386)	-	-
	540	249	-	-
Unquoted shares at cost	2,259	16,772	266	14,815
Diminution in value	(34)	(2,500)	-	(2,500)
	2,225	14,272	266	12,315
	388,653	413,442	98,821	110,946
Market values of				
- shares quoted in Malaysia	319,474	282,475	257	312
- shares quoted outside Malaysia	484,328	345,365	218,214	151,184
- irredeemable convertible unsecured loan stocks quoted in Malaysia	540	249	-	-
	804,342	628,089	218,471	151,496

21. DEFERRED TAX ASSETS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At beginning of the year	9,827	7,254	-	-
Exchange translation differences	48	(180)	-	-
(Reversal)/Originating during the year	(2,777)	2,753	-	-
At end of the year	7,098	9,827	-	-

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

21. DEFERRED TAX ASSETS (continued)

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax effects of				
- Unabsorbed tax losses	15,372	20,604	-	-
- Unabsorbed capital allowances	17,120	20,267	-	-
- Excess of capital allowances over accumulated depreciation on property, plant and equipment and biological assets	(25,394)	(31,044)	-	-
	<u>7,098</u>	<u>9,827</u>	<u>-</u>	<u>-</u>

In addition to the above, deferred tax benefits not recognised in the financial statements are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unabsorbed tax losses	7,418	9,518	-	-
Unabsorbed capital allowances	3,005	5,773	-	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment and biological assets	(1,006)	(2,620)	-	-
Other temporary differences	-	20	-	-
	<u>9,417</u>	<u>12,691</u>	<u>-</u>	<u>-</u>

22. AMOUNTS DUE FROM/TO SUBSIDIARY COMPANIES

Amounts due from subsidiary companies included under non-current assets

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

	Company	
	2006 RM'000	2005 RM'000
Bearing interest at 3.70% (2005: 2.80%)	56,585	56,533
Bearing interest at 3.75%	20,725	-
Interest free	12,551	8,289
	<u>89,861</u>	<u>64,822</u>

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

Amounts due from subsidiary companies included under current assets

The amounts due from subsidiary companies included under current assets represent unsecured interest free advances which can be recalled on demand.

Amounts due to subsidiary companies included under current liabilities

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

	Company	
	2006 RM'000	2005 RM'000
Bearing interest at 3.75%	37,118	-
Bearing interest at 3.60% (2005: 2.80%)	22,368	40,403
Interest free	8,108	10,862
	67,594	51,265

23. INVENTORIES

Group	<----- 2006 ----->			<----- 2005 ----->		
	At fair value less costs			At fair value less costs		
	At cost RM'000	to sell RM'000	Total RM'000	At cost RM'000	to sell RM'000	Total RM'000
Raw materials	447,584	16,890	464,474	411,986	1,619	413,605
Work-in-progress	17,125	-	17,125	16,376	-	16,376
Finished goods	234,128	143,886	378,014	238,978	159,543	398,521
Sundry stores and consumables	96,307	1,031	97,338	69,494	1,213	70,707
	795,144	161,807	956,951	736,834	162,375	899,209

Company	<----- 2006 ----->			<----- 2005 ----->		
	At fair value less costs			At fair value less costs		
	At cost RM'000	to sell RM'000	Total RM'000	At cost RM'000	to sell RM'000	Total RM'000
Sundry stores and consumables	2,495	-	2,495	2,597	-	2,597

24. PROPERTY DEVELOPMENT COSTS

	Group	
	2006 RM'000	2005 RM'000
Freehold land		
- at cost	7,581	3,778
- at valuation	1,156	1,156
Leasehold land, at cost	14	14
Development and construction costs	40,639	16,791
Costs recognised as an expense in income statement in previous years	(5,695)	(3,020)
At 1 January	43,695	18,719
Costs transferred from :		
- land held for property development (see note 14)		
- freehold land, at cost	-	3,927
- development costs	-	10,997
Costs incurred during the year		
- development costs	32,034	15,514
	32,034	30,438
Costs recognised as an expense in income statement in current year	(13,697)	(4,301)
Transferred to inventories	(9,418)	(1,160)
At 31 December	52,614	43,696

25. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS

	Group	
	2006 RM'000	2005 RM'000
Aggregate contract expenditure incurred to-date	350,828	354,845
Attributable profit recognised to-date	27,271	26,781
	378,099	381,626
Progress billings to-date	(379,787)	(379,216)
	(1,688)	2,410
Gross amount due from customers	6,632	15,401
Gross amount due to customers	(8,320)	(12,991)
	(1,688)	2,410
Progress billings comprise:		
Progress billings		
- received	367,644	359,618
- receivable	9,050	13,681
Retention sums	3,093	5,917
	379,787	379,216

26. TRADE RECEIVABLES

	Group	
	2006	2005
	RM'000	RM'000
Related parties other than associated companies	7,729	5,614
Others	423,642	381,892
	431,371	387,506
Allowance for doubtful debts	(13,146)	(12,349)
	418,225	375,157

The currency exposure profile of trade receivables is as follows:

	Group	
	2006	2005
	RM'000	RM'000
- RM	335,005	296,729
- USD	63,267	58,900
- Singapore Dollar ("SGD")	6,778	8,572
- Euro ("EUR")	417	297
- IDR	827	1,127
- Japanese Yen ("JPY")	-	166
- Vietnamese Dong ("VND")	11,931	9,366
	418,225	375,157

Credit terms granted to customers normally range from 7 to 60 days. For major established customers, the credit terms may be extended to 120 days based on the discretion of the management.

27. ACCRUED BILLINGS/(PROGRESS BILLINGS)

	Group	
	2006	2005
	RM'000	RM'000
Revenue recognised as income to-date		
Progress billings to-date	17,197	5,919
	(14,432)	(5,265)
	2,765	654
Accrued billings	2,768	654
Progress billings	(3)	-
	2,765	654

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Amount receivable from Kuok Brothers Sdn Bhd ("KBSB"), a major shareholder of the Company	34	75	34	75
Interest receivable	394	211	5	1
Surplus assets yet to be distributed by subsidiary companies under liquidation	699	728	-	-
Proceeds from disposal of other investments	5,794	-	5,794	-
Proceeds from disposal of property, plant and equipment	-	43	-	-
Other receivables	63,013	56,006	1,031	614
	69,934	57,063	6,864	690
Allowance for doubtful debts	(1,792)	(1,763)	(67)	(67)
	68,142	55,300	6,797	623
Deposits held by				
- associated companies of KBSB				
- Jerneh Insurance Berhad	267	250	71	69
- others	8,484	8,904	52	76
Margin deposits with Malaysian Derivatives Clearing House Berhad	25,821	5,333	-	-
Deposits for purchase of property, plant and equipment	1,625	255	-	-
	36,197	14,742	123	145
Prepayments	18,262	8,265	153	176
	122,601	78,307	7,073	944

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	72,044	44,079	7,073	944
- Australian Dollar ("AUD")	-	1	-	-
- USD	2,308	2,014	-	-
- SGD	182	134	-	-
- EUR	25	51	-	-
- IDR	47,516	31,039	-	-
- Hong Kong Dollar ("HKD")	33	8	-	-
- Yuan Renminbi ("CNY")	171	265	-	-
- VND	322	716	-	-
	122,601	78,307	7,073	944

29. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES

Amounts due from associated companies included under current assets

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade balances	518,207	114,812	1,429	1,977
Unquoted redeemable non-convertible preference shares in an associated company, at cost	1,117	826	-	-
Advances				
- bearing interest at 4.00%	-	539	-	-
- bearing interest at 4.73%	13,172	-	-	-
- bearing interest at 5.85%	1,413	-	-	-
- bearing interest at 4.70% (2005: 3.80%)	3,072	2,939	3,072	2,939
- interest free	72,667	99,064	70,495	70,482
	609,648	218,180	74,996	75,398

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

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	83,934	140,309	74,996	75,398
- USD	512,193	53,207	-	-
- HKD	13,183	24,664	-	-
- SGD	338	-	-	-
	609,648	218,180	74,996	75,398

Amounts due to associated companies included under current liabilities

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade balances	119,519	38,015	-	-
Advances				
- bearing interest at 4.5% (2005: 3.6%)	191	191	-	-
- interest free	13,743	5,494	35	22
	133,453	43,700	35	22

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

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

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	105,706	25,951	35	22
- USD	27,720	17,749	-	-
- SGD	27	-	-	-
	133,453	43,700	35	22

30. DEPOSITS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed banks				
- in Malaysia	323,598	211,912	-	-
- outside Malaysia	45,957	22,456	-	-
Deposits with other financial institutions in Malaysia	304,413	424,820	8,054	4,493
	673,968	659,188	8,054	4,493

The currency exposure profile of deposits is as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	624,485	632,767	8,054	4,493
- AUD	201	193	-	-
- USD	26,064	14,052	-	-
- SGD	215	555	-	-
- EUR	9,662	11,227	-	-
- IDR	2,779	-	-	-
- HKD	10,562	394	-	-
	673,968	659,188	8,054	4,493

Included in deposits with licensed banks of the Group is an amount of RM0.029 million (2005: RM0.215 million) pledged to a bank as security for banking facilities granted to a subsidiary company.

Included in deposits with other financial institutions of the Group is an amount of RM9.290 million (2005: RM10.856 million) representing margin deposits retained by a subsidiary company from its futures clients. The utilisation of the these deposits is restricted as they are intended to mitigate the risk of default by clients.

The effective interest rates range from 2.40% to 5.28% (2005: 1.50% to 4.35%). All the deposits have maturities of less than one year.

31. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM9.499 million (2005: RM8.173 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest at 2.0% (2005: 2.0%).

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	56,926	53,149	1,795	620
- USD	19,137	19,619	-	-
- SGD	140	69	-	-
- EUR	26	11	-	-
- IDR	8,242	14,977	-	-
- HKD	751	577	-	-
- VND	2,158	3,430	-	-
- CNY	1,336	1,819	-	-
- Sterling Pound ("GBP")	3	-	-	-
- JPY	2	-	-	-
- AUD	6	-	-	-
- Myanmar Kyats ("KYATS")	17	-	-	-
	88,744	93,651	1,795	620

32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year, certain investment properties of the Group are under compulsory acquisition by the Government. The management is currently negotiating with the Government for higher compensation and is expecting to complete the sale by end of year 2007.

In 2004, the Company entered into a conditional share sale agreement to dispose of an unquoted investment for a total cash consideration of RM19.554 million. The disposal was completed on 12 February 2007.

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

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

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

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Assets classified as held for sale :				
Investment properties				
At cost	120	-	-	-
Accumulated depreciation	(47)	-	-	-
Net book value	<u>73</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unquoted share at cost	<u>122</u>	<u>-</u>	<u>122</u>	<u>-</u>
Liabilities directly associated with non-current assets classified as held for sale :				
Deferred tax liabilities	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>

33. SHARE CAPITAL

	< -----2006----- >		< -----2005----- >	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM1 each				
At beginning of the year	2,000,000	2,000,000	1,000,000	1,000,000
Created during the year	-	-	1,000,000	1,000,000
At end of the year	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
Ordinary shares of RM1 each				
At beginning of the year	1,185,500	1,185,500	592,750	592,750
Shares issued pursuant to Bonus Issue of 1 for 1	-	-	592,750	592,750
At end of the year	<u>1,185,500</u>	<u>1,185,500</u>	<u>1,185,500</u>	<u>1,185,500</u>

34. NON-DISTRIBUTABLE RESERVES

	Group	
	2006 RM'000	2005 RM'000
Revaluation reserve	160,540	162,180
Exchange translation reserve	(33,901)	(15,590)
Capital reserve	175,855	162,910
	302,494	309,500

Details of capital reserve are as follows:

	Group	
	2006 RM'000	2005 RM'000
Share of capital reserves of associated companies	85,680	72,735
Share premium of subsidiary companies arising from shares issued to minority shareholders	69,051	69,051
Transferred from unappropriated profit arising from:		
- bonus issue of subsidiary companies	1,769	1,769
- gain from disposal of landed properties and investments	19,355	19,355
	175,855	162,910

35. LONG TERM BANK LOANS

	Group	
	2006 RM'000	2005 RM'000
<i>Unsecured:</i>		
USD denominated loan bearing interest at 0.55% above SIBOR (effective interest rate: 6.38% to 6.41% (2005: 5.11%)), the loan limit is to be reduced by USD3.5 million per year in 2005, 2006 and 2007 and repayable in full by 31 December 2009	34,123	57,899
USD denominated loan bearing interest at 0.50% above the bank's cost of fund (effective interest rate: 6.15% (2005: 5.28%)), repayable in full at the end of 5 years from the date of first drawdown	56,285	37,354
USD denominated loan bearing interest at 0.55% above LIBOR (effective interest rate: 5.90%), repayable in full at the end of 5 years from the date of first drawdown	145,539	-

35. LONG TERM BANK LOANS (continued)

	Group	
	2006 RM'000	2005 RM'000
USD denominated loan bearing interest at 0.75% above LIBOR (effective interest rate: 6.12%), repayable in full at the end of 5 years from the date of first drawdown	20,135	-
USD denominated loan bearing interest at 0.60% above SIBOR (effective interest rate: nil% (2005: 5.13%)) repayable in full at the end of 3 years from the date of first drawdown	-	37,354
CNY denominated loan bearing interest at 6.39% (2005: 6.12%), repayable in full on 10 July 2014	20,356	22,962
RM denominated revolving loans bearing interest at 0.50% above the bank's cost of fund (effective interest rate 4.30%), payable by instalments commencing 17 May 2007, repayable in full by 17 May 2011	57,960	-
RM denominated loan bearing interest at 4.75% (2005: 4.75%) repayable by 20 quarterly instalments commencing on the 3rd month from the date of the first drawdown	3,538	4,714
RM denominated loan bearing interest at 0.75% above the bank's cost of fund (effective interest rate: nil% (2005: 4.05%)) repayable by 8 instalments commencing 31 December 2002	-	300
RM denominated loan bearing interest at 0.50% above the bank's cost of fund (effective interest rate: nil% (2005: 3.75%)) repayable by 4 instalments commencing 9 March 2006	-	4,805
	337,936	165,388
Repayments due within the next 12 months included under short term borrowings (see note 41)	(3,781)	(16,125)
Repayments due after 12 months	334,155	149,263

36. HIRE PURCHASE LIABILITIES

	Group	
	2006 RM'000	2005 RM'000
Outstanding hire purchase instalments due:		
- not later than one year	159	630
- later than one year but not later than five years	21	180
	180	810
Unexpired term charges	(5)	(36)
Outstanding principal amount due	175	774
Outstanding principal amount due not later than one year (included under current liabilities)	154	599
Outstanding principal amount due later than one year but not later than five years	21	175

The effective interest rates of the hire purchase liabilities are between 3.5% and 7.3% (2005: between 3.5% and 7.3%) per annum.

37. NEGATIVE GOODWILL

	Group	
	2006 RM'000	2005 RM'000
Cost		
At 1 January	28,868	28,868
Effects of adopting FRS 3	(28,868)	-
Arising from acquisitions during the year	-	3,416
Written off on annual review	-	(3,416)
At 31 December	-	28,868
Accumulated amortisation		
At 1 January	5,333	3,459
Effects of adopting FRS 3	(5,333)	-
Amortisation for the year	-	1,874
At 31 December	-	5,333
Net book value at 31 December	-	23,535

38. DEFERRED TAX LIABILITIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	308,567	286,667	5,834	5,922
Exchange translation differences	13	(67)	-	-
Effect of changes in tax rate on fair value adjustments	(854)	-	-	-
Reclassified as held for sale (see note 32)	(20)	-	-	-
Transfer (to)/from income statement	(5,171)	21,967	(823)	(88)
At 31 December	302,535	308,567	5,011	5,834

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax effects of				
- Excess of capital allowances over accumulated amortisation and depreciation on property, plant and equipment, investment properties, biological assets and other intangible assets	256,524	255,462	377	256
- Surplus on revaluation of land and buildings	90,358	93,066	2,863	3,143
- Unabsorbed capital and agriculture allowances	(23,297)	(16,788)	(784)	(340)
- Unabsorbed tax losses	(17,895)	(25,078)	-	-
- Unharvested cane crop	2,555	2,775	2,555	2,775
- Other temporary differences	(5,710)	(870)	-	-
	302,535	308,567	5,011	5,834

39. TRADE PAYABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Related parties other than subsidiary and associated companies	5,067	1,891	-	-
Others	336,763	237,367	1,191	615
	341,830	239,258	1,191	615

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	313,439	218,388	1,191	615
- USD	23,990	14,571	-	-
- SGD	820	233	-	-
- EUR	52	27	-	-
- CHF	-	46	-	-
- JPY	685	1,880	-	-
- VND	519	424	-	-
- IDR	2,314	3,619	-	-
- Thai Baht ("THB")	11	70	-	-
	341,830	239,258	1,191	615

The normal credit terms extended by suppliers range from 30 to 60 days. Retention sums for construction contracts are payable upon the expiry of the defects liability period of the respective construction contracts. The defects liability periods of construction contracts are between 12 and 24 months.

40. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Part consideration received for the proposed disposal of other investments	-	6,853	-	6,853
Unpaid property, plant and equipment acquired	12,093	16,562	45	1,801
Interest accrued	4,206	67	-	-
Other payables	102,832	71,865	3,580	3,167
Accruals	106,352	80,159	775	523
Tenants and other deposits	8,619	7,420	143	147
	234,102	182,926	4,543	12,491

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	186,797	151,375	4,543	12,491
- USD	3,963	11,958	-	-
- SGD	865	155	-	-
- EUR	-	6	-	-
- IDR	37,915	18,610	-	-
- HKD	326	289	-	-
- JPY	45	14	-	-
- VND	943	475	-	-
- Swiss Franc ("CHF")	25	-	-	-
- CNY	3,223	44	-	-
	234,102	182,926	4,543	12,491

41. SHORT TERM BORROWINGS

	Group	
	2006 RM'000	2005 RM'000
<i>Unsecured:</i>		
Bankers' acceptance	132,802	236,131
Revolving credits	57,600	80,195
Bank term loans	159,916	28,090
Current portion of long term bank loans (see note 35)	3,781	16,125
	354,099	360,541

41. SHORT TERM BORROWINGS (continued)

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

	Group	
	2006 RM'000	2005 RM'000
- RM	191,636	317,450
- USD	159,916	41,217
- CNY	2,547	1,874
	<u>354,099</u>	<u>360,541</u>

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

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

	Group	
	2006 %	2005 %
Bankers' acceptance	2.70 - 3.89	2.70 - 4.47
Revolving credits	4.18 - 4.35	3.20 - 4.05
Bank term loans	5.14 - 7.15	3.20 - 7.60

42. BANK OVERDRAFTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Secured	1,037	1,921	-	-
Unsecured	1,375	4,020	-	314
	<u>2,412</u>	<u>5,941</u>	<u>-</u>	<u>314</u>

The secured bank overdraft of the Group is secured by a debenture incorporating a fixed and floating charge over all assets of a subsidiary company and a fixed charge over a long leasehold land and building of the Group as indicated in note 11 above.

The bank overdrafts bear interest at commercial rates which vary according to the banks' base lending rates. The effective interest rates applicable are between 6.50% and 8.25% (2005: between 6.00% and 7.75%).

43. EFFECT OF CHANGES IN GROUP STRUCTURE

	Group	
	2006	2005
	RM'000	RM'000
Effect of issue of shares at a premium by an associated company		
- Capital reserve	11,532	9,322
- Unappropriated profit	(898)	(1,010)
	10,634	8,312

44. DIVIDENDS

	2006	2005
	RM'000	RM'000
<i>In respect of the year ended 31 December 2004</i>		
Second interim dividend of 10 sen less 28% income tax	-	42,678
Final dividend of 10 sen comprising 2.5 sen tax exempt and 7.5 sen less 28% income tax	-	46,827
	-	89,505
<i>In respect of the year ended 31 December 2005</i>		
First interim dividend of 5 sen less 28% income tax	-	42,678
Final dividend of 15 sen less 28% income tax	128,034	-
	128,034	42,678
<i>In respect of the year ended 31 December 2006</i>		
First interim dividend of 5 sen less 28% income tax	42,678	-
	170,712	132,183

Subsequent to 31 December 2006, the directors recommended the payment of a final dividend of 15 sen less 27% income tax amounting to RM129.812 million.

45. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

(a) Details of the new subsidiary companies acquired during 2006 are as follows:

Name of subsidiaries acquired	Cash consideration RM'000	Principal activity	Equity interest acquired %	Effective acquisition date
Ivory Rose Pte Ltd	2	Investment holding	100.0	20 January 2006
Coudrey Pte Ltd	2	Investment holding	100.0	27 January 2006
PGEO Bioproducts Sdn Bhd (formerly known as Biogreen Supply Sdn Bhd)	*	Dormant	100.0	17 March 2006
Max Wealth Group Limited	2	Investment holding	100.0	27 March 2006
Newbloom Pte Ltd	2	Investment holding	100.0	27 March 2006
PGEO Marketing Sdn Bhd	*	Trading and marketing of edible oils	100.0	27 April 2006
Mantap Hijau Sdn Bhd	*	Dormant	100.0	28 April 2006
Sandakan Specialty Fats Sdn Bhd (formerly known as Saga Venture Sdn Bhd)	*	Dormant	100.0	15 June 2006
Newday Holdings Limited	5	Investment holding	100.0	15 June 2006
PT Dermaga Sungai Mentaya	731	Proposed CPO bulking and handling terminal	99.9	12 July 2006
PT Kerry Agro Management	362	Dormant	99.0	13 July 2006
Mantap Aman Sdn Bhd	*	Dormant	100.0	27 September 2006
Jubilant Chain Sdn Bhd	*	Dormant	100.0	21 December 2006

* Represents RM2

45. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (continued)

The new subsidiary companies acquired during 2005 were Easi (M) Sdn Bhd, Enterprise Advanced System Intelligence Pte Ltd, PGEO Energy Sdn Bhd, SEO Energy Sdn Bhd, Bintulu Oleochemicals Sdn Bhd, Cloverdale Trading Pte Ltd, Frissor Limited, Trilliton Holdings Limited, Fullsight Holdings Limited, Topassist Investments Limited, Certainworld Limited, Suremoment Limited, Kornhill Assets Limited, Firm Step Investments Limited, Rise High Investments Limited, Fit Best Holdings Limited, Fine Concept Holdings Limited, Richdelta Pte Ltd, Maxillion Pte Ltd, Acemaxton Pte Ltd, Stephigh Pte Ltd, Maxceed Pte Ltd, Quanta Pte Ltd, Rosevale Pte Ltd, Castlerise Pte Ltd, Ampleville Pte Ltd, Gadsden Pte Ltd, Joy Victory Pte Ltd, Wealth Anchor Pte Ltd, PT Mentaya Sawit Mas, PT Eka Kaharap Itah, PT Bulau Sawit Bajenta, PT Pukun Mandiri Lestari, PT Alam Sawit Permai, PT Benua Alam Subur, PT Hamparan Sawit Eka Malan, PT Petak Malai Sawit Makmur, PT Bawak Sawit Tunas Belum, PT Malindo Lestari Plantations, PT Guna Karya Lestari and PT Guna Karya Mandirijaya.

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

	Carrying/Fair value Group	
	2006 RM'000	2005 RM'000
Property plant and equipment	-	20,880
Trade and other receivables	-	860
Cash and bank balances	1,106	161
Trade and other payables	-	(19,926)
Net assets acquired	1,106	1,975
Minority interests	-	(62)
Goodwill on acquisition	-	32
Discount on acquisition	-	(53)
Total purchase consideration	1,106	1,892
Less: Cash and cash equivalents acquired	(1,106)	(161)
Net cash outflow on acquisition during the year	-	1,731

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

	Group	
	2006 RM'000	2005 RM'000
Revenue		
During the financial year	2,185,052	913
Pre-acquisition	-	(525)
Post-acquisition	2,185,052	388
Loss for the year		
During the financial year	(7,959)	(770)
Pre-acquisition	-	34
Post-acquisition	(7,959)	(736)

45. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (continued)

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

	Group	
	2006 RM'000	2005 RM'000
Non-current assets	28,158	34,560
Current assets	440,449	6,332
Current liabilities	(466,873)	(7,298)
Non-current liabilities	(2)	(210)
Minority interests	528	(4,146)
Group's share of net assets	2,260	29,238

(b) Details of acquisition of additional interests in existing subsidiary companies during 2006 are as follows:

Name of subsidiaries	Cash consideration RM'000	Additional interest acquired %	Effective acquisition date
Chemical Waste Management Sdn Bhd	1,323	1.0	22 February 2006
Cipta Wawasan Maju Engineering Sdn Bhd	239	15.0	14 August 2006
Malayan Adhesives & Chemicals Sdn Bhd	617	2.2	22 September 2006
PT Guna Karya Lestari	15	4.9	29 June 2006
Clonal Palms Sdn Bhd	2,676	30.0	20 December 2006

45. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (continued)

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

	Group	
	2006	2005
	RM'000	RM'000
Minority interests acquired	4,463	13,316
Goodwill on acquisition	903	1,380
Negative goodwill on acquisition	(496)	(3,363)
Foreign exchange translation	-	413
Net cash outflow on acquisition	4,870	11,746

46. DISPOSAL OF SHARES IN SUBSIDIARY COMPANIES

There was no disposal of subsidiary company during 2006.

The subsidiary companies disposed of during 2005 were Marathon Equipment Asia Pte Ltd ("MEAPL") and OTTO Environmental Systems (Asia) Pte Ltd ("OESPL").

The analysis of the disposal of MEAPL and OESPL in 2005 is as follows:

	Group	
	2006	2005
	RM'000	RM'000
Non-current assets	-	5,360
Current assets	-	8,228
Current liabilities	-	(8,603)
Non-current liabilities	-	(5,770)
Minority interest	-	1,289
Share of net assets disposed of	-	504
Profit on disposal of subsidiary companies	-	66
Total sale consideration	-	570
Less: Compensation paid on disposal	-	(1,130)
Less: Cash and cash equivalents disposed of	-	(329)
Net cash outflow during the year	-	(889)

46. DISPOSAL OF SHARES IN SUBSIDIARY COMPANIES (continued)

The effects of the disposal of MEAPL and OESPL on the consolidated financial results for the financial year and the consolidated financial position as at 31 December 2005, is as follows:

	MEAPL and OESPL 2005 RM'000
<i>Income statement</i>	
Revenue	6,621
Cost of sales	(7,548)
Gross loss	<u>(927)</u>
Other operating income	357
Administrative and general expenses	<u>(3,355)</u>
Loss from operations	(3,925)
Finance cost	<u>(220)</u>
Loss before tax	(4,145)
Income tax expense	<u>(1)</u>
Loss after tax	(4,146)
Minority interest	<u>2,550</u>
Decrease in Group's net profit	<u>(1,596)</u>
 <i>Balance sheet</i>	
Non-current assets	5,360
Current assets	8,228
Current liabilities	(8,603)
Non-current liabilities	(5,770)
Minority interest	<u>1,062</u>
Group's share of net assets	<u>277</u>

47. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, BIOLOGICAL ASSETS AND OTHER INTANGIBLE ASSETS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property, plant and equipment, investment properties, biological assets and other intangible assets acquired (see notes 11,12,13 and 16)	469,962	341,014	586	2,810
Interest expense capitalised	(3,867)	(2,695)	-	-
Depreciation capitalised	(10,270)	(5,769)	-	-
Financed via hire purchase arrangement	-	(100)	-	-
Deposits paid in prior year	(255)	(598)	-	-
Deposits paid in current year	1,625	255	-	-
Cash paid in respect of prior year acquisition	16,562	4,991	1,801	108
Unpaid balance included under other payables	(12,093)	(16,562)	(45)	(1,801)
Cash paid	461,664	320,536	2,342	1,117

48. LIQUIDATION OF SUBSIDIARY COMPANIES

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

The subsidiary companies liquidated during 2005 were Leisure Bowl (JB) Sdn Bhd, Chemquest Management Services Sdn Bhd, Chemquest International Pte Ltd, Garbagemaster Pte Ltd, Fedflour Trading Company Limited and Stock & Trade Limited.

The analysis of the liquidations are as follows:

	Group	
	2006 RM'000	2005 RM'000
Total surplus assets and capital receivable from companies liquidated during the year	84	1,486
Less:		
Cost of investment	(8,008)	(1,886)
Post-acquisition loss previously consolidated	7,922	384
Realisation of exchange fluctuation reserve	-	7,893
Net loss from liquidation of a subsidiary over recognised in prior year	24	-
Surplus from liquidation	22	7,877

49. RELATED PARTIES

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Transactions with subsidiary companies				
Interest received and receivable	-	-	2,074	1,398
Interest paid and payable	-	-	1,914	1,738
Rental income	-	-	420	420
Registration fee paid and payable	-	-	68	68
Purchase of property, plant and equipment	-	-	-	120
Management fee received	-	-	747	993
Management fee paid	-	-	-	25
Transactions with associated companies				
Sales to				
Kuok Oils & Grains Pte Ltd ("KOGS")	5,637,535	2,029,566	-	-
Kilang Gula Felda Perlis Sdn Bhd	20,440	19,344	19,148	17,615
Konsortium Abass Sdn Bhd	673	6,554	-	-
Lahad Datu Edible Oils Sdn Bhd	25,645	119,753	-	-
KOG Edible Oils BV	23,301	113,750	-	-
Kerry Flour Mills Limited	-	4,929	-	-
Interest received from				
Vita Tenggara Fruit Industries Sdn Bhd	133	107	133	107
Kerry CQ JV Environmental Engineering Ltd	645	-	-	-
Kerry CQ Environmental Engineering Ltd	428	-	-	-
Cipta Quantum Sdn Bhd	11	-	-	-
Interest paid and payable to				
Golden Screen Film Distribution Co Sdn Bhd	8	7	-	-
Management fee received from				
Konsortium Abass Sdn Bhd	60	180	-	-
Golden Access Pte Ltd	120	120	-	-
Berjaya-GSC Sdn Bhd ("BGSC")	776	1,172	-	-
JER Envirotech Sdn Bhd	60	23	-	-
Rental of premises received from				
Cipta Quantum Sdn Bhd	17	32	-	-
Kerry Leisure Concepts Sdn Bhd	248	219	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Commission received from				
KOGS	230	256	-	-
Lahad Datu Edible Oils Sdn Bhd	85	68	-	-
Purchases from				
KOGS	321,445	453,336	-	-
Lahad Datu Edible Oils Sdn Bhd	1,618,947	100,161	-	-
Saratok Palm Oil Mill Sdn Bhd	1,437	1,100	-	-
Rental of premises paid to				
Ancom-Chemquest Terminals Sdn Bhd ("Ancom-CQ")	120	120	-	-
Lease rental paid to				
Ancom-CQ	68	79	-	-
Maintenance fee charged by				
GA Software Sdn Bhd ("GAS")	242	170	-	-
Ticketing system user's license charged by				
Golden Access Pte Ltd ("GA")	276	-	-	-
POS System installation and training fee charged by				
GA	1	-	-	-
Film rental received from				
BGSC	1,595	1,039	-	-
Screen advertising and filmlet paid to				
BGSC	565	-	-	-
Provision of information technology services and sales of related products to				
BGSC	16	5	-	-
GAS	12	116	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-trade balances with associated companies as at 31 December are as follows:				
Balance of advances owing by:				
Bangladesh Edible Oils Ltd	17	-	-	-
BGSC	89	-	-	-
Cai Lan Oil & Fats Industries Company Ltd	278	-	-	-
Cipta Quantum Sdn Bhd	-	556	-	-
Foodteller Sdn Bhd	104	-	-	-
GAS	2	1	2	-
GA	1	-	-	-
JER Envirotech Sdn Bhd	1,127	839	-	-
Kerry CQ Environmental Engineering Ltd	891	12,076	-	-
Kerry CQ JV Environmental Engineering Ltd	13,695	14,020	-	-
Kerry Flour Mills Ltd	44	23	-	-
Kerry Leisure Concepts Sdn Bhd	2	-	1	-
Kilang Gula Felda Perlis Sdn Bhd	10	-	10	-
KOGS	-	955	-	-
Lahad Datu Edible Oils Sdn Bhd	7	64	1	1
PT Kaltim Bulking Terminal	85	-	-	-
PT Usaha Inti Padang	3	-	-	-
Saratok Palm Oil Mill Sdn Bhd	182	177	-	-
Trinity Coral Sdn Bhd	70,481	70,481	70,481	70,481
Vita Tenggara Fruit Industries Sdn Bhd	3,072	2,939	3,072	2,939
Wisma Perak Sdn Bhd	1,351	1,255	-	-
Balance of advances owing to:				
BGSC	-	18	-	-
GAS	13	14	-	-
GA	-	1	-	-
Golden Screen Film Distribution Co Sdn Bhd	191	191	-	-
Kilang Gula Felda Perlis Sdn Bhd	35	22	35	22
KOGS	13,695	5,457	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-trade balances with jointly controlled entity as at 31 December are as follows:				
Balance of advances owing by:				
Beijing Drainage Group Co Ltd				
Veolia Kerry Wastewater Treatment plant	2,850	-	-	-
Transactions with subsidiary companies of KOGS				
Sales to				
Cai Lan Oils & Fats Industries Company Ltd	1,629	2,287	-	-
Kerry Oils & Grains Trading Company Limited	-	9,977	-	-
Kerry (New Zealand) Limited	10,310	8,575	-	-
Southseas Oils & Fats (Chiwan) Limited	-	20	-	-
Orisatin Sdn Bhd	2,010,590	4,577,892	-	-
Bangladesh Edible Oils Ltd	279	1,053	-	-
PT Teluk Bayur Bulking Terminal	-	654	-	-
PT Usaha Inti Padang	207	1,067	-	-
PT Kaltim Bulking Terminal	33	-	-	-
Xian Kerry Oils & Fats Industries Ltd	1	45	-	-
Commission earned from Orisatin Sdn Bhd	236	250	-	-
Purchases from				
Orisatin Sdn Bhd	481,070	442,147	-	-
Kerry (New Zealand) Limited	-	3,935	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Transactions with Kuok Brothers Sdn Bhd, a major shareholder of the Company				
Management fee paid	118	140	-	-
Disposal of other investments	-	6,266	-	-
Transactions with a subsidiary company of Kuok Brothers Sdn Bhd				
Sales to Hoe Sen (Mersing) Sdn Bhd	13,024	11,640	-	-
Transactions with associated companies of Kuok Brothers Sdn Bhd				
Sales to Min Tien & Co Sdn Bhd	59,598	59,295	-	-
Sales to Eagle Trading Ltd	33,523	-	-	-
Purchases from Min Tien & Co Sdn Bhd	1,334	-	-	-
Insurance premium paid to Jerneh Insurance Berhad	13,794	13,217	326	316
Rental of premises paid to Jerneh Insurance Berhad	1,455	1,455	435	435
Insurance compensation received from Jerneh Insurance Berhad	30	-	-	-
Project management fees received from Jerneh Insurance Berhad	96	96	-	-
Rental of premises paid to Pujabina Sdn Bhd	224	172	-	-
Hire purchase instalments paid to Jerneh Credit Leasing Sdn Bhd	69	79	-	-
Corporate and share registration fee received from Jerneh Asia Berhad	17	16	-	-
Transactions with subsidiary companies of Kerry Group Limited, a major shareholder of the Company				
Sales to Kerry Foodstuffs Co Limited	1,425	13,150	-	-
Purchases from Kerry Foodstuffs Co Limited	403,737	353,577	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Transactions with companies in which directors have financial interests				
Companies in which Mr. Ang Guan Seng has financial interest				
- Sales to Batu Pahat Seng Huat Sdn Bhd	1,961	5,727	-	-
- Purchases from Ban Seng Guan Sdn Bhd	9,767	6,123	-	-
- Purchases from Hoe Seng Chan Sdn Bhd	74,010	52,617	-	-
- Purchases from Perusahaan Minyak Sawit Bintang Sdn Bhd	43,003	38,901	-	-
- Purchases from United Plastics Sdn Bhd	1,229	4,312	-	-
Transactions with companies in which a director of PPBOP, Dr Ng Siew Kee has financial interest				
Purchases from Agrocom Enterprise Sdn Bhd	233	319	-	-
Plantation advisory services fee paid to Agromac (M) Sdn Bhd	297	298	-	-
Transactions with companies in which a director of Golden Screen Cinemas Sdn Bhd, Mr. Raymond Chow Ting Hsing has financial interest				
Film sourcing service fees receivable from Golden Harvest Entertainment Co Ltd	-	32	-	-
Film royalty fee paid to Golden Movies International Limited	84	40	-	-
Transaction with a company in which a director of Volac Ingredients Sdn Bhd, Mr. Christopher John Neville has financial interest				
Sales to Volac International Ltd	7,337	2,307	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Transaction with a company in which directors of AWS Sales and Services Sdn Bhd, Mr. Andrew Chong Loong Thian and Mr. Wong Fook Tin have financial interest				
Purchases from AWS Jaya Motors Sdn Bhd	-	520	-	-
Transactions with a company in which a director of Sitamas Environmental Systems Sdn Bhd, Encik Abdul Shukor bin P A Mohd Sultan has financial interest				
Rental of truck received from				
Khidmat Kitaran Alam Sdn Bhd	95	120	-	-
Commission received from				
Khidmat Kitaran Alam Sdn Bhd	286	-	-	-
Sales of property, plant and equipment to				
Khidmat Kitaran Alam Sdn Bhd	366	275	-	-
Transaction with a company in which a director of Easi (M) Sdn Bhd ("Easi(M)", Mr. Chan Kok Chee has financial interest				
Purchase of hardware from				
EPT Consulting Pte Ltd ("EPTCPL")	30	9	-	-
Agent fee receivable from EPTCPL	111	68	-	-
Transactions with a corporate shareholder of Suburmas Plantations Sdn Bhd				
Purchases from				
- Majrany Corporation Sdn Bhd	15,371	10,685	-	-
- Tawakal Sejati Sdn Bhd	24,247	22,770	-	-

49. RELATED PARTIES (continued)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Transaction with minority shareholder of Easi(M)				
Interest payable	2	-	-	-
Support fee payable to Dezwart Fleet Sdn Bhd	106	18	-	-

The above transactions are entered into in the normal course of business and are established under negotiated terms.

50. EMPLOYEE INFORMATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff costs	359,272	323,211	16,272	15,780

Included in the staff costs are defined contribution plans amounting to RM27.461 million (2005: RM26.814 million) for the Group and RM2.033 million (2005: RM1.718 million) for the Company.

51. CONTINGENT LIABILITIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unsecured guarantees issued in consideration of credit facilities given to associated companies	4,550	23,556	2,550	2,550

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

52. MATERIAL LITIGATION

On 30 June 1999, approximately 2,176.5 hectares of a piece of land alienated to a subsidiary company, Suburmas Plantations Sdn Bhd ("Suburmas"), was compulsorily acquired by the Sarawak State Government. At the land inquiry before the Superintendent of Lands & Surveys, Suburmas claimed a compensation of RM77.30 million, based on a valuation of the affected property carried out on 12 March 1999 by Messrs CH Williams, Talhar, Wong & Yeo Sdn Bhd ("Valuer"). Suburmas has accepted the net compensation of RM16.54 million under protest and applied to the Department of Land and Surveys in Bintulu, Sarawak to refer the matter to the High Court of Sabah and Sarawak ("the Court").

In the land reference matter before the Court in Bintulu, Suburmas has made a claim for compensation of RM55.85 million based on a new valuation of the affected property carried out on 5 December 2005 by the Valuer. The Court has fixed the trial hearing on 18 May 2007.

53. COMMITMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	148,438	59,062	-	7
- not contracted	676,481	637,857	112	404
Authorised acquisition of investments not provided for in the financial statements				
- contracted	91,000	-	-	-
- not contracted	12,656	-	-	-
Operating lease and other commitments				
- within 1 year	3,136	2,850	-	-
- later than 1 year but not later than 5 years	4,831	6,450	-	-
- later than 5 years	2,600	5,785	-	-
	939,142	712,004	112	411

54. SEGMENTAL REPORTING

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

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

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

54. SEGMENTAL REPORTING (continued)

2006	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000
REVENUE					
External sales	899,981	876,336	8,722,475	131,035	50,844
Inter-segment sales	-	62,967	112,587	545,355	11,069
Total revenue	899,981	939,303	8,835,062	676,390	61,913
RESULT					
Segment operating results	84,614	109,630	148,633	202,753	(4,379)
Unallocated corporate expense					
Profit from operations					
Investing activities					
Finance costs					
Share of associates' profits	1,524	6,654	108,458	1,446	-
Share of joint ventures' profits	-	-	-	-	-
Profit before tax					
Income tax expense					
Profit for the year					
OTHER INFORMATION					
Segment assets	321,637	665,144	1,366,803	1,931,619	112,887
Investments in associates	21,322	46,633	403,527	7,210	-
Investments in joint ventures	-	-	-	-	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	19,763	25,465	420,801	94,445	1,767
Borrowings					
Tax liabilities					
Unallocated deferred income					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	22,273	34,069	71,856	296,483	678
Unallocated corporate capital expenditure					
Amortisation and depreciation	14,948	16,803	29,010	42,140	5,257
Unallocated corporate amortisation and depreciation					
Non-cash expenses other than amortisation and depreciation	424	4,481	12,553	(11,578)	157
Unallocated corporate non-cash expenses other than amortisation and depreciation					

Packaging RM'000	Environmental engineering, waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Chemicals trading & manufacturing RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
116,649	102,220	124,813	52,288	102,671	340,455	-	11,519,767
18,951	857	-	1,200	790	39,226	(793,002)	-
<u>135,600</u>	<u>103,077</u>	<u>124,813</u>	<u>53,488</u>	<u>103,461</u>	<u>379,681</u>	<u>(793,002)</u>	<u>11,519,767</u>
10,303	3,117	18,885	13,855	3,574	7,609	1,623	600,217
							(16,557)
							<u>583,660</u>
							149,334
							(32,716)
-	3,089	908	3,820	(811)	14,388	-	139,476
-	311	-	-	-	-	-	311
							<u>840,065</u>
							(145,815)
							<u>694,250</u>
214,325	45,727	80,210	267,382	50,181	223,282	(35,460)	5,243,737
-	15,839	6,132	89,493	1	148,323	-	738,480
-	39,050	-	-	-	-	-	39,050
							1,224,055
							34,972
							8,628
							<u>7,288,922</u>
27,897	42,973	27,811	27,625	7,193	39,910	(39,168)	696,482
							704,775
							346,198
							-
							10,142
							<u>1,757,597</u>
4,479	1,704	12,029	9,434	1,767	15,048	-	469,820
							142
							<u>469,962</u>
12,086	1,004	18,147	5,349	2,598	9,289	-	156,631
							442
							<u>157,073</u>
(230)	1,648	(67)	13	292	(2,133)	-	5,560
							29
							<u>5,589</u>

54. SEGMENTAL REPORTING (continued)

2005	Sugar refining & cane plantation RM'000	Grains trading, flour & feed milling RM'000	Edible oils refining & trading RM'000	Oil palm plantations RM'000	Livestock farming RM'000
REVENUE					
External sales	798,274	846,727	8,009,921	117,111	72,566
Inter-segment sales	21	57,087	116,114	468,034	11,385
Total revenue	798,295	903,814	8,126,035	585,145	83,951
RESULT					
Segment operating results	90,755	57,429	126,240	164,504	18,852
Unallocated corporate expense					
Profit from operations					
Investing activities					
Finance costs					
Share of associates' profits	4,116	7,285	15,940	1,242	-
Share of joint ventures' profits	-	-	-	-	-
Profit before tax					
Income tax expense					
Profit for the year					
OTHER INFORMATION					
Segment assets	288,222	611,213	868,900	1,636,576	118,986
Investments in associates	21,959	38,619	313,424	4,881	-
Investments in joint ventures	-	-	-	-	-
Other investing assets					
Tax assets					
Unallocated corporate assets					
Consolidated total assets					
Segment liabilities	12,672	19,092	203,573	68,846	2,272
Borrowings					
Tax liabilities					
Unallocated deferred income					
Unallocated corporate liabilities					
Consolidated total liabilities					
Capital expenditure	14,416	25,369	57,456	199,973	887
Unallocated corporate capital expenditure					
Amortisation and depreciation	17,085	15,247	26,826	49,029	5,528
Unallocated corporate amortisation and depreciation					
Non-cash expenses other than amortisation and depreciation	479	1,008	107	9,054	159
Unallocated corporate non-cash expenses other than amortisation and depreciation					

Packaging RM'000	Environmental engineering, waste management & utilities RM'000	Film exhibition & distribution RM'000	Property investment & development RM'000	Chemicals trading & manufacturing RM'000	Other operations RM'000	Elimination RM'000	Consolidated RM'000
116,240	70,897	120,281	48,630	106,965	380,338	-	10,687,950
18,916	-	-	1,153	1,231	35,663	(709,604)	-
<u>135,156</u>	<u>70,897</u>	<u>120,281</u>	<u>49,783</u>	<u>108,196</u>	<u>416,001</u>	<u>(709,604)</u>	<u>10,687,950</u>
4,879	(6,122)	17,956	18,841	15,626	25,239	617	534,816
							(18,038)
							<u>516,778</u>
							59,681
							(15,509)
-	9,343	215	4,084	(120)	4,964	-	47,069
-	482	-	-	-	-	-	482
							<u>608,501</u>
							(140,266)
							<u>468,235</u>
232,818	61,538	101,328	240,933	48,321	232,584	(32,739)	4,408,680
-	58,434	5,225	67,588	812	122,884	-	633,826
-	40,151	-	-	-	-	-	40,151
							1,245,465
							36,129
							5,062
							<u>6,369,313</u>
42,399	27,544	31,499	32,342	14,586	41,925	(36,267)	460,483
							522,204
							331,575
							23,265
							12,977
							<u>1,350,504</u>
1,407	2,892	20,179	11,748	1,270	5,122	-	340,719
							295
							<u>341,014</u>
12,673	2,225	15,732	3,623	2,856	10,954	-	161,778
							1,210
							<u>162,988</u>
(50)	266	416	141	(1,030)	5,195	-	15,745
							(1,111)
							<u>14,634</u>

54. SEGMENTAL REPORTING (continued)

(b) Secondary reporting format - geographical segment

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

	Revenue		Carrying amount of segment assets		Capital expenditure	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysia	4,999,661	7,377,450	4,507,013	3,917,194	233,220	220,892
Indonesia	117,834	116,147	653,757	406,268	232,292	119,686
Singapore	5,867,919	2,620,812	1,081	145	-	-
Other Asean countries	93,066	71,541	78,619	81,470	4,450	436
East Asia	155,823	127,632	3,267	3,603	-	-
Other Asian countries	119,248	125,334	-	-	-	-
European countries	47,030	136,347	-	-	-	-
America and Asia Pacific countries & others	119,186	112,687	-	-	-	-
	11,519,767	10,687,950	5,243,737	4,408,680	469,962	341,014

55. FINANCIAL INSTRUMENTS

(a) Credit risk

At balance sheet date, RM511.116 million or 54.04% (2005: RM103.214 million or 20.40%) of the Group's total trade receivables is due from KOGS, an associated company and Orisatin Sdn Bhd, a subsidiary company of KOGS.

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(i) Outstanding credit facilities guaranteed by the Group and the Company (see note 51)				
Total amount guaranteed	4,550	23,556	2,550	2,550
Total amount outstanding	2,411	16,270	2,119	2,272

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

	Group			
	< -----2006----- > RM'000		< -----2005----- > RM'000	
		Unrealised loss		Unrealised gain
		based on		based on
	Contract amount	year end market value	Contract amount	year end market value
Future contracts				
- sales	134,298	(15,581)	228,375	446

(b) Derivative financial instruments

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

2006	Amount to be received or paid equivalent		Average contractual rate	<-- Settlement period -->	
	'000	RM'000		Within 1 year RM'000	2 to 5 years RM'000
Trade receivables					
USD	371,955	1,330,904	3.578	1,330,904	-
SGD	1,231	2,883	2.342	2,883	-
EUR	466	2,170	4.657	2,170	-
CHF	2,007	5,817	2.898	5,817	-

55. FINANCIAL INSTRUMENTS (continued)

2006	Amount to be received or paid		Average contractual rate	<-- Settlement period -->	
	'000	equivalent RM'000		Within 1 year RM'000	2 to 5 years RM'000
Trade payables					
USD	10,000	36,266	3.627	36,266	-
Other payables					
EUR	260	1,193	4.593	1,193	-
JPY	20,600	623	0.030	623	-
USD	125	444	3.550	444	-
2005	Amount to be received		Average	<-- Settlement period -->	
	'000	equivalent RM'000	contractual rate	Within 1 year RM'000	2 to 5 years RM'000
Trade receivables					
USD	99,910	376,194	3.765	376,194	-
SGD	1,413	3,189	2.257	3,189	-
EUR	3	11	3.667	11	-
CHF	231	628	2.719	628	-
Trade payables					
USD	9,055	34,206	3.778	34,206	-
Other payables					
EUR	685	3,082	4.499	3,082	-
USD	1,238	4,673	3.775	4,673	-

55. FINANCIAL INSTRUMENTS (continued)

(c) *Fair values*

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

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2006				
<i>Non-current assets</i>				
Amounts due from subsidiary companies	n/a	n/a	89,861	*
<i>Other investments</i>				
Shares quoted in Malaysia	188,060	319,474	176	257
Shares quoted outside Malaysia	197,828	484,328	98,379	218,214
	385,888	803,802	98,555	218,471
Unquoted shares	2,225	#	266	#
2005				
<i>Non-current assets</i>				
Amounts due from subsidiary companies	n/a	n/a	64,822	*
<i>Other investments</i>				
Shares quoted in Malaysia	183,643	282,475	252	312
Shares quoted outside Malaysia	215,278	345,365	98,379	151,184
	398,921	627,840	98,631	151,496
Unquoted shares	14,272	#	12,315	#

55. FINANCIAL INSTRUMENTS (continued)

- * It is not practical to estimate the fair values of the amounts due from subsidiary companies due principally to the absence of fixed repayment terms. However, the Company does not anticipate the carrying amounts to be significantly different from the values that it would eventually receive.
- # It is not practical to estimate the fair value of unquoted investments due to the lack of quoted market values and available observable market data. Such investments are valued at cost subject to review for impairment.

56. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW/REVISED FRSs

(a) Effects of adopting *FRS 3*

In accordance with the transitional provisions of *FRS 3*, the group applied *FRS 3* prospectively and the carrying amount of negative goodwill and discount in associated companies are derecognised at 1 January 2006 with the corresponding adjustments to the opening balance of unappropriated profit.

	As previously stated RM'000	Effects RM'000	As restated RM'000
Balance sheet			
Investment in associated companies	633,826	25,221	659,047
Unappropriated profit brought forward	2,713,438	48,312	2,761,750
Minority interests	803,656	444	804,100
Negative goodwill	23,535	(23,535)	-

(b) Reclassification/restatement of comparative figures

The financial statements are presented in accordance with the FRSs adopted for the first time together with the relevant comparatives.

56. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW/REVISED FRSS (continued)

The following comparative figures have been reclassified/restated to conform with the adoption of the new/revised FRSS during the financial year.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheet				
Non-current assets				
Property, plant and equipment	1,776,554	2,780,267	33,488	40,163
Investment properties	217,146	-	6,675	-
Biological assets	783,066	-	-	-
Other intangible assets	3,501	-	-	-
Current assets				
Inventories	899,209	947,886	2,597	12,510
Biological assets	37,976	-	9,913	-
Other intangible assets	10,701	-	-	-
Income statement				
Share of net profits less losses of associated companies	47,069	66,982	-	-
Share of net profits less losses of jointly controlled entities	482	710	-	-
Share of taxation of associated companies	-	19,913	-	-
Share of taxation of jointly controlled entities	-	228	-	-

57. EVENTS PENDING COMPLETION AS AT YEAR END

(i) In 2004, the Company entered into a conditional share sale agreement to dispose of an unquoted investment classified as non-current assets held for sale as at 31 December 2006 at a net book value of RM0.122 million for a total cash consideration of RM19.554 million. The disposal has not been completed as at year end as certain conditions precedent were pending fulfilment.

The disposal was subsequently completed on 12 February 2007.

57. EVENTS PENDING COMPLETION AS AT YEAR END (continued)

- (ii) During the financial year, a wholly-owned subsidiary company, PPB Leisure Holdings Sdn Bhd, entered into a share sale and separation agreement with Golden Harvest Films Distribution Holding Ltd ("GH"), a shareholder of Golden Screen Cinemas Sdn Bhd ("GSC") to acquire GH's entire shareholding representing 40.2% equity interest in GSC for a total cash consideration of RM91.0 million. The acquisition has not been completed as at year end as certain conditions precedent were pending fulfilment.

The acquisition was subsequently completed on 28 February 2007.

An estimate of the financial effect arising from the acquisition has not been determined, as the fair value computation exercise of GSC's underlying net assets has not been completed.

58. SIGNIFICANT EVENTS

On 14 December 2006, the Company received a conditional offer letter from Wilmar International Limited (formerly known as Ezyhealth Asia Pacific Ltd) ("Wilmar"), a company listed on the Singapore Exchange Securities Trading Limited, to the Company's wholly-owned subsidiary company, FFM Berhad ("FFM"), stating its intention to acquire the following from FFM:-

- (i) 65.8% equity interest in PGEO Group Sdn Bhd for a purchase consideration to be satisfied by the issuance of 287,122,772 ordinary shares in Wilmar ("Wilmar Shares") ("PGEO Offer"); and
- (ii) 17.1% direct and 10.9% indirect (held through its wholly-owned subsidiary company, Buxton Limited) equity interest in KOGS for a purchase consideration to be satisfied by the issuance of 305,635,556 Wilmar Shares ("KOG Offer")

On the same day, PPBOP a 54.5% direct and 1.1% indirect subsidiary of the Company received a Notice of Take-Over Offer from Wilmar, to acquire all the voting shares of PPBOP not owned by Wilmar ("PPBOP Offer").

The total consideration due to the Group pursuant to the PPBOP Offer on the basis of 2.3 Wilmar Shares for each ordinary share of RM1.00 each in PPBOP is 569,489,427 Wilmar Shares.

The PGEO Offer, KOG Offer and PPBOP Offer shall collectively be referred to as "the Proposed Disposals".

On 24 January 2007, the Company's Board of Directors had approved the Proposed Disposals and had agreed to present the Proposed Disposals to the shareholders of the Company at an extraordinary general meeting for their consideration and approval.

The financial effects of the Proposed Disposals are not yet determined, as the final values of the disposal consideration would depend on the closing market price of Wilmar shares on the date of completion of the Proposed Disposals.

59. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 6 April 2007 by the Board of Directors.

60. SUBSIDIARY COMPANIES

The subsidiary companies as at 31 December 2006 are as follows:-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Malayan Sugar Manufacturing Company Bhd	100.0	100.0	Malaysia	Sugar refining and investment holding
Astakonas Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Masuma Trading Co Ltd	100.0	100.0	* Hong Kong	Investment holding
Quintrine Company Ltd	100.0	100.0	* Hong Kong	Investment holding
Banqua Limited	100.0	100.0	* British Virgin Islands	Investment holding
MSM Properties Sdn Bhd	100.0	100.0	Malaysia	Dormant
FFM Berhad	100.0	100.0	Malaysia	Investment holding, grains trading, flour milling and animal feed manufacturing
Johor Bahru Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM (Sabah) Sdn Bhd <i>(formerly known as FFM Feedmills (Sabah) Sdn Bhd)</i>	100.0	100.0	* Malaysia	Manufacturing and trading of animal feed
Cloverdale Trading Pte Ltd	100.0	100.0	* Singapore	Trading of flour
Lamlewa Feedmill Sdn Bhd	100.0	100.0	Malaysia	Dormant
FFM Feedmills (Sarawak) Sdn Bhd	75.0	75.0	* Malaysia	Manufacturing and trading of animal feed
Sri Aman Feedmills Sdn Bhd	100.0	100.0	Malaysia	Dormant
Mantap Hijau Sdn Bhd	100.0	-	Malaysia	Dormant
Mantap Aman Sdn Bhd	100.0	-	Malaysia	Dormant
PGEO Bioproducts Sdn Bhd <i>(formerly known as Biogreen Supply Sdn Bhd)</i>	100.0	-	Malaysia	Dormant
PGEO Marketing Sdn Bhd	100.0	-	Malaysia	Trading and marketing of edible oils
FFM Marketing Sdn Bhd	100.0	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	100.0	100.0	Malaysia	Dormant
Taloh Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Buxton Limited	100.0	100.0	* Samoa	Investment holding and commodity trading

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Katella Sdn Bhd	100.0	100.0	Malaysia	Shipping
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation services
Glowland Limited	100.0	100.0	* Samoa	Investment holding
JBFM Flour Mill Sdn Bhd (formerly known as JBFM Feedmill Sdn Bhd)	100.0	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Farms Sdn Bhd	100.0	100.0	Malaysia	Livestock breeding
FFM Pulau Indah Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
Affluence Trading Sdn Bhd	100.0	100.0	* Malaysia	Dormant
FFM Flour Mills (Sarawak) Sdn Bhd	100.0	100.0	* Malaysia	Flour milling
FFM SMI Sdn Bhd (formerly known as FFM Management Services Sdn Bhd)	100.0	100.0	Malaysia	Dormant
Vietnam Flour Mills Ltd	100.0	100.0	* Socialist Republic of Vietnam	Flour milling
Tego Sdn Bhd	79.9	79.9	Malaysia	Manufacturing of polyethylene and polypropylene woven bags and fabrics
Tego Multifil Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of polypropylene multi-filament yarns
Tefel Packaging Industries Co Ltd	100.0	100.0	* Union of Myanmar	Manufacturing and trading of polyethylene and polypropylene woven bags and fabrics
Keen Trade Limited	100.0	100.0	* British Virgin Islands	Trading of flexible intermediate bulk container bags, polyethylene and polypropylene woven bags and fabrics
PGEO Group Sdn Bhd	100.0	100.0	Malaysia	Investment holding and trading and marketing of edible oils
PGEO Edible Oils Sdn Bhd	100.0	100.0	Malaysia	Processing and marketing of edible oils, soya bean products, shortening, dough fats, margarine, hydrogenated products and steel drums
Fedrums Sdn Bhd	100.0	100.0	Malaysia	Broker in commodity futures
Maytown Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Sandakan Edible Oils Sdn Bhd	100.0	100.0	* Malaysia	Processing and marketing of edible oils
Bintulu Edible Oils Sdn Bhd	100.0	100.0	* Malaysia	Processing and marketing of edible oils

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Volac Ingredients Sdn Bhd	51.0	51.0	Malaysia	Processing and marketing of calcium salt
PGEO Energy Sdn Bhd	100.0	100.0	Malaysia	Supplier of alternate source of energy for industrial and commercial use
SEO Energy Sdn Bhd	100.0	100.0	Malaysia	Generation and sale of steam and power
Bintulu Oleochemicals Sdn Bhd	100.0	100.0	Malaysia	Dormant
Sandakan Specialty Fats Sdn Bhd <i>(formerly known as Saga Venture Sdn Bhd)</i>	100.0	-	Malaysia	Dormant
PPB Hartabina Sdn Bhd	100.0	100.0	Malaysia	Investment holding, property development and property investment
Kembang Developments Sdn Bhd	100.0	100.0	Malaysia	Rental of landed properties
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding, iron-ore mining and cultivation of rubber and oil palm
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
Central Kedah Rubber Estates Sdn Bhd	100.0	100.0	Malaysia	Dormant
Minsec Properties Bhd	100.0	100.0	Malaysia	Property development
Minsec Management Services Company Ltd	-	100.0	* Hong Kong	Liquidated
Ampang Leisuremall Sdn Bhd	55.0	55.0	Malaysia	Property development
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	66.2	66.2	Malaysia	Property investment and investment holding
Cathay Enterprises Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Cathay Theatres (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Property investment
Leisure Bowl Holdings Sdn Bhd	-	100.0	Malaysia	Under members' voluntary liquidation

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Golden Screen Cinemas Sdn Bhd	54.2	54.2	Malaysia	Exhibition and distribution of cinematograph films
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of cinematograph films
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	100.0	100.0	Malaysia	Operator of cafés
Easi (M) Sdn Bhd	60.0	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of its related products and services
Enterprise Advanced System Intelligence Pte Ltd	100.0	100.0	* Singapore	Software development and software maintenance
Jubilant Chain Sdn Bhd	100.0	-	Malaysia	Dormant
PPB Oil Palms Berhad	55.6	55.6	* Malaysia	Investment holding and provision of agricultural advisory services
Sapi Plantations Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation and operation of palm oil mills
Kiabau Plantations Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Suai Plantations Sdn Bhd	100.0	100.0	* Malaysia	Dormant
Saremas Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation and operation of palm oil mills
Segarmas Plantations Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Kaminsky Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Sabahmas Plantations Sdn Bhd	100.0	100.0	* Malaysia	Investment holding, oil palm cultivation and operation of palm oil mill
Red Logging Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Gepa Lumber Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Page Development Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Logmerc Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Ceramilek Sdn Bhd	89.8	89.8	* Malaysia	Investment holding
Hibumas Sdn Bhd	100.0	100.0	* Malaysia	Investment holding and oil palm cultivation
Penumilek Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Jebawang Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Sri Kamusan Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation and operation of palm oil mill

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Reka Halus Sdn Bhd	70.0	70.0	* Malaysia	Oil palm cultivation and operation of palm oil mill
Suburmas Plantations Sdn Bhd	70.0	70.0	* Malaysia	Oil palm cultivation and investment holding
Ribubonus Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Aktif Kukuh Sdn Bhd	100.0	100.0	* Malaysia	Under members' voluntary liquidation
Suburmas Palm Oil Mill Sdn Bhd	53.0	53.0	* Malaysia	Operation of palm oil mill
Sekar Imej Sdn Bhd	100.0	100.0	* Malaysia	Oil palm cultivation
Clonal Palms Sdn Bhd	100.0	70.0	* Malaysia	Cultivation and sale of clonal plantlets
Kalimantan Palm Industries Sdn Bhd	100.0	100.0	* Malaysia	Investment holding
Alam Palm Plantations Sdn Bhd	100.0	100.0	* Malaysia	Dormant
Newday Holdings Limited	100.0	-	* Labuan	Investment holding
PT Kerry Sawit Indonesia	90.0	90.0	* Indonesia	Oil palm cultivation
PT Mustika Sembuluh	90.0	90.0	* Indonesia	Oil palm cultivation and operation of palm oil mill
PT Kencana Sawit Indonesia (formerly known as PT Tidar Sungkai Sawit)	100.0	100.0	* Indonesia	Oil palm cultivation and operation of palm oil mill
PT Sarana Titian Permata	80.0	80.0	* Indonesia	Oil palm cultivation
PT Karunia Kencana Permaisejati	95.0	95.0	* Indonesia	Oil palm cultivation
PT Bumi Sawit Kencana	95.0	95.0	* Indonesia	Oil palm cultivation
PT Mentaya Sawit Mas	95.0	95.0	* Indonesia	Oil palm cultivation
PT Eka Kaharap Itah	95.0	95.0	* Indonesia	Dormant
PT Bulau Sawit Bajenta	95.0	95.0	* Indonesia	Dormant
PT Pukun Mandiri Lestari	95.0	95.0	* Indonesia	Dormant
PT Alam Sawit Permai	95.0	95.0	* Indonesia	Dormant
PT Benua Alam Subur	95.0	95.0	* Indonesia	Dormant
PT Hamparan Sawit Eka Malan	95.0	95.0	* Indonesia	Dormant
PT Petak Malai Sawit Makmur	95.0	95.0	* Indonesia	Dormant
PT Bawak Sawit Tunas Belum	95.0	95.0	* Indonesia	Dormant
PT Malindo Lestari Plantations	95.0	95.0	* Indonesia	Dormant
PT Guna Karya Lestari	99.9	95.0	* Indonesia	Dormant
PT Guna Karya Mandirijaya	98.0	98.0	* Indonesia	Dormant

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
PT Dermaga Sungai Mentaya	99.9	-	* Indonesia	Proposed CPO bulking and handling terminal
PT Kerry Agro Management	99.0	-	* Indonesia	Dormant
Dexas Investments Limited	100.0	100.0	* British Virgin Islands	Investment holding
Ferro Group Limited	100.0	100.0	* British Virgin Islands	Investment holding
Rimkus Limited	100.0	100.0	* British Virgin Islands	Investment holding
Fontille Overseas Ltd	100.0	100.0	* British Virgin Islands	Investment holding
Trade Alpha Limited	100.0	100.0	* British Virgin Islands	Investment holding
Frissor Limited	100.0	100.0	* British Virgin Islands	Investment holding
Trilliton Holdings Limited	100.0	100.0	* British Virgin Islands	Investment holding
Fullsight Holdings Limited	100.0	100.0	* British Virgin Islands	Investment holding
Topassist Investments Limited	100.0	100.0	* British Virgin Islands	Investment holding
Certainworld Limited	100.0	100.0	* British Virgin Islands	Investment holding
Suremoment Limited	100.0	100.0	* British Virgin Islands	Investment holding
Firm Step Investments Limited	100.0	100.0	* British Virgin Islands	Investment holding
Rise High Investments Limited	100.0	100.0	* British Virgin Islands	Investment holding
Kornhill Assets Limited	100.0	100.0	* British Virgin Islands	Investment holding
Fit Best Holdings Limited	100.0	100.0	* British Virgin Islands	Investment holding
Fine Concept Holdings Limited	100.0	100.0	* British Virgin Islands	Investment holding
Max Wealth Group Limited	100.0	-	* British Virgin Islands	Investment holding

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006	2005		
	%	%		
Richdelta Pte Ltd	100.0	100.0	* Singapore	Investment holding
Acemaxton Pte Ltd	100.0	100.0	* Singapore	Investment holding
Maxillion Pte Ltd	100.0	100.0	* Singapore	Investment holding
Stephigh Pte Ltd	100.0	100.0	* Singapore	Investment holding
Maxceed Pte Ltd	100.0	100.0	* Singapore	Investment holding
Quanta Pte Ltd	100.0	100.0	* Singapore	Investment holding
Rosevale Pte Ltd	100.0	100.0	* Singapore	Investment holding
Ampleville Pte Ltd	100.0	100.0	* Singapore	Investment holding
Gadsden Pte Ltd	100.0	100.0	* Singapore	Investment holding
Castlerise Pte Ltd	100.0	100.0	* Singapore	Investment holding
Joy Victory Pte Ltd	100.0	100.0	* Singapore	Investment holding
Wealth Anchor Pte Ltd	100.0	100.0	* Singapore	Investment holding
Ivory Rose Pte Ltd	100.0	-	* Singapore	Investment holding
Coudrey Pte Ltd	100.0	-	* Singapore	Investment holding
Newbloom Pte Ltd	100.0	-	* Singapore	Investment holding
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Corporate secretarial and share registration services
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Chemquest Trading (M) Sdn Bhd	100.0	100.0	Malaysia	Dormant
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacturing and trading in toilet requisites, household and chemical products
CQ Properties Sdn Bhd	100.0	100.0	Malaysia	Property investment
Minsec Engineering Services Sdn Bhd	100.0	100.0	Malaysia	Provision of engineering services
Chemical Waste Management Sdn Bhd	100.0	99.0	Malaysia	Construction works specialising in the water and environmental industry
Cipta Wawasan Maju Engineering Sdn Bhd	70.0	55.0	Malaysia	Builders and contractors for general engineering and construction works
SES Environmental Services Sdn Bhd	50.1	50.1	Malaysia	Investment holding

60. SUBSIDIARY COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Solar Status Sdn Bhd	100.0	100.0	Malaysia	Investment holding
AWS Sales & Services Sdn Bhd	80.0	80.0	Malaysia	Contractors for garbage collection and provision of management and other services in connection with garbage collection
Conwaste Disposal Services (Pulau Pinang) Sdn Bhd	100.0	100.0	Malaysia	Provision of garbage disposal services
Sitamas Environmental Systems Sdn Bhd	70.0	70.0	Malaysia	Provision of refuse disposal services
Zegwaard Bumianda Sdn Bhd	100.0	100.0	Malaysia	Provision of liquid waste disposal services
Entrol Systems Sdn Bhd	100.0	100.0	Malaysia	Letting of properties
Tunggak Menara Services Sdn Bhd	100.0	100.0	Malaysia	Provision of garbage collection and disposal services
Sitaclean Technologies (M) Sdn Bhd	100.0	100.0	* Malaysia	Dormant
Asia Pacific Microspheres Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and marketing of "Phenoset Microspheres" and trading in contact glue
Malayan Adhesives & Chemicals Sdn Bhd	99.1	96.9	Malaysia	Manufacturing and trading in adhesives, resins, additives and formaldehyde and investment holding
Chemquest (Overseas) Ltd	100.0	100.0	* British Virgin Islands	Investment holding
CQ Technology Ltd	-	100.0	* British Virgin Islands	Struck off
PT Healthcare Glovindo	99.9	99.9	* Indonesia	Manufacturing and trading in gloves
PT Glovindo Lampung	95.0	95.0	* Indonesia	Dormant
Kerry Utilities Ltd	50.0	50.0	* Samoa	Investment holding
Beijing Kerry Veolia Waste Water Treatment Co Ltd	51.0	51.0	* People's Republic of China	Investment holding
Beijing CQ Environmental Management Consultancy Services Co Ltd	100.0	100.0	* People's Republic of China	Provision of consultancy services

* Subsidiary companies not audited by Moores Rowland

61. ASSOCIATED COMPANIES

The associated companies as at 31 December 2006 are as follows:-

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006 %	2005 %		
Kilang Gula Felda Perlis Sdn Bhd	50.0	50.0	Malaysia	Cane milling and sugar refining
Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property investment, investment holding and provision of management services
Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development
Trinity Coral Sdn Bhd	25.0	25.0	Malaysia	Investment holding
Lahad Datu Edible Oils Sdn Bhd	45.0	45.0	Malaysia	Processing and marketing of edible oils
Kuok Oils & Grains Pte Ltd	28.0	28.0	Singapore	Commodity trading
Wisma Perak Sdn Bhd	50.0	50.0	Malaysia	Investment holding
Grenfell Holdings Sdn Bhd	49.7	49.7	Malaysia	Investment holding
Kerry Flour Mills Ltd	43.4	43.4	Thailand	Wheat flour milling and distribution
KOG Edible Oils BV	35.0	35.0	Netherlands	Operation of an edible oils refinery
Golden Screen Film Distribution Co Sdn Bhd	50.0	50.0	Malaysia	Dormant
Kerry Leisure Concepts Sdn Bhd	50.0	50.0	Malaysia	Operator of amusement centres
Berjaya-GSC Sdn Bhd	50.0	50.0	Malaysia	Exhibition of cinematograph films
Golden Access Pte Ltd	50.0	50.0	Singapore	Provision of information technology services
GA Software Sdn Bhd	50.0	50.0	Malaysia	Provision of information technology services
Saratok Palm Oil Mill Sdn Bhd	30.0	30.0	Malaysia	Operation of palm oil mill
Ancom-Chemquest Terminals Sdn Bhd	25.0	25.0	Malaysia	Building, owning, operating, leasing and managing a chemical tank farm and warehouse
Cipta Quantum Sdn Bhd	30.0	30.0	Malaysia	Trading in equipment and provision of services in waste management
Worldwide Landfills Sdn Bhd	40.0	40.0	Malaysia	Management of environmental sanitary landfill and waste treatment
Konsortium Abass Sdn Bhd	-	25.0	Malaysia	Disposed in 2006
Veolia Water Kerry Water Services Ltd	49.0	49.0	Hong Kong	Investment holding
Kerry CQ Environmental Engineering Ltd	49.0	49.0	British Virgin Islands	Investment holding
Kerry CQ JV Environmental Engineering Ltd	50.0	50.0	British Virgin Islands	Investment holding

61. ASSOCIATED COMPANIES (continued)

Companies	Group's equity interest		Country of incorporation	Principal activities
	2006	2005		
	%	%		
JER Envirotech Sdn Bhd	50.0	50.0	Malaysia	Manufacturing of wood composite panel board
Mobile Money International Sdn Bhd	20.0	-	Malaysia	Research and development on providing mobile payment services and investment holding
Foodteller Sdn Bhd	35.0	-	Malaysia	Manufacturing, trading and exporting spring rolls pastry, vegetable spring rolls/samosas, puff paratha, curry puff, frozen cassava and vegetable and pastry product of all kinds

62. JOINTLY CONTROLLED ENTITIES

The jointly controlled entities as at 31 December 2006 are as follows:-

	Group's equity interest		Country of operation	Principal activities
	2006	2005		
	%	%		
Zufar Water Services-Chemical Waste Management JV	-	50.0	Malaysia	Dissolved in May 2006
Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant	42.0	42.0	People's Republic of China	To own, operate and maintain a waste water treatment plant

statement by directors

pursuant to section 169(15) of the companies act 1965

We, YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM and DATO SRI LIANG KIM BANG, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 81 to 194 are drawn up in accordance with applicable MASB Approved Accounting Standards for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of their results and cash flows for the year ended on that date.

On behalf of the Board

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM
Director

DATO SRI LIANG KIM BANG
Director

Kuala Lumpur
6 April 2007

statutory declaration

pursuant to section 169(16) of the companies act 1965

I, Leong Choy Ying, being the person primarily responsible for the accounting records and financial management of PPB Group Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 81 to 194 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEONG CHOY YING

Subscribed and solemnly declared by the
abovenamed Leong Choy Ying
at Kuala Lumpur in the state of
Federal Territory on this
6th day of April, 2007

Before me,

SOH AH KAU

Commissioner for Oaths
Malaysia
No.W315

report of the auditors

to the members

We have audited the financial statements of the Group and of the Company set out on pages 81 to 194.

These financial statements are the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities so as to give a true and fair view of :
 - (i) the financial position of the Group and of the Company as at 31 December 2006 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary companies of which we have not acted as auditors, and which are indicated in note 60 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification, and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under Section 174(3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

TANG KIN KHEONG
No. 1501/9/07 (J/PH)
Partner

Kuala Lumpur
6 April 2007



4



the properties and shareholdings

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
STATE OF PERLIS							
PN 37, Kampung Baru, Chuping PN 39, Bukit Merah, Chuping PN 40, Store Chia, Chuping PN 41, Padang Hang Chik Wa, Chuping PN 42, Padang Mayat, Chuping PN 43, Air Hujan, Chuping HS (D) 4455, Air Timbul Jerneh, Chuping HS (D) 145, Chuping HS (D) 194, Rimba Mas-Mas, Chuping	Sugar cane plantation	1.11.1980	-	5,799 hectares	Leasehold	2061 & 2063	16,543
HS (D) 2587, Bilal Udoh, Chuping	Sugar cane experimental station	2.8.1982	38	13 hectares	Leasehold	2072	
HS (D) 2483, Wang Bintong, Kangar	Bus Depot	10.5.1969	-	6,070 sq metres	Freehold	-	41
STATE OF KEDAH							
Cathay Alor Setar No 1, Jln Limbong Kapal 05000 Alor Setar	Property leased out	16.4.1990	51	3,901 sq metres	Freehold	-	1,104
Cathay Sungai Petani No 11, Jln Bank, 08000 Sg Petani	Property leased out	16.4.1990	>50	830 sq metres	Freehold	-	378
31 Jln Kampung Baru, Sg Petani, 08000 Kedah	Land for property development	7.11.1991	-	11,339 sq metres	Freehold	-	1,307
Lot 28, 57, 65, 1010, 1011, 1122-1124, 1128, 1137, 1139, 1142, 1242, 1273, 1279, 1289, 1290, 1292, 1294, 1664 & 1665, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	569 hectares	Freehold	-	13,519
Lot PT 4841 - 4846, Mukim Semeling, Daerah Kuala Muda	Oil palm estate	13.4.1981	-	91 hectares	Freehold	-	
Lot 36-39, 50-51, 108, 3132-3135, Mukim of Ayer Puteh, Gurun	Poultry breeder farm & vacant agricultural land	21.2.1995	10	103 hectares	Freehold	-	15,241
STATE OF PENANG							
Lot No 31, 333-339, 342, 343, 435 & 438, Section 15, City of Georgetown	Land for property development	30.9.1976	-	2 hectares	Freehold	-	3,910

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
798, Main Road, Prai, Province Wellesley	Sugar refinery factory	30.9.1976	42	8 hectares	Leasehold	2028 & 2054	9,130
Plot 352-355 & 362-364 Tingkat Perusahaan Tiga, Seberang Prai Tengah	Factory & office building	28.4.1989	30	24,922 sq metres	Leasehold	2035 & 2043	2,340
Plot 99(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Factory & warehouse building	25.11.1982	24	21,089 sq metres	Leasehold	2042	3,487
Plot 100(1), MK1 Tingkat Perusahaan Dua, Seberang Prai Tengah	Warehouse building	10.2.1989	24	13,489 sq metres	Leasehold	2049	3,471
Plot 571, MK13 Tingkat Perusahaan Dua, Seberang Prai Tengah	Industrial land & silos	4.11.1990	-	1,305 sq metres	Leasehold	2050	1,140
Odeon Penang No 130, Penang Road, 10000 Penang	Property leased out	16.4.1990 16.4.1990	60 -	1,084 sq metres 281 sq metres	Freehold Leasehold	- 2038	434 118
Dalit Cinema Kompleks Tun Abdul Razak Lebu Tek Soon, 10000 Penang	Shoplot leased out	16.4.1990	26	3,332 sq metres	Leasehold	2080	2,096
Cathay Bukit Mertajam No 14, Jln Aston, 14000 Bukit Mertajam	Property leased out	16.4.1990 16.4.1990 16.4.1990	51 - -	1,092 sq metres 282 sq metres 166 sq metres	Freehold Freehold Leasehold	- - 2054	375 111
No 8-8A, 8B, 10, 10A, 12, 12A, 14, 14A, 16, 16A, 18, 18A, 20, 20A, 22, 22A, 22B & 22C, Beach Street, 10300 Penang	2 storey shophouses under refurbishment	31.3.1981	> 51	2,526 sq metres	Freehold	-	7,894
No 2 & 4, Church Street, 10300 Penang	2 storey shophouses under refurbishment						
STATE OF PERAK							
Cathay Ipoh No 60, Jln Dato' Onn Jaafar, 30300 Ipoh	Property leased out	16.4.1990	50	4,494 sq metres	Freehold	-	1,134
Plot 90, Kwsn Perusahaan Silibin, Lengkok Rishah 1, Ipoh	Office building & warehouse	3.10.1991	13	8,013 sq metres	Leasehold	2045	1,487

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
Block G4 & G5, Lumut Industrial Park, Lumut	Factory	28.12.1995	< 10	80,937 sq metres	Leasehold	yet to be determined	15,705
Block G9, Lumut Industrial Park Lumut	Leasehold land rented out	29.11.1996	-	60,662 sq metres	Leasehold	yet to be determined	4,363
Lot 950, Batu 9, Sg Limau 34850 Trong	Layer farm & vacant agricultural land	25.10.1996	8	216 hectares	Freehold	-	44,760
STATE OF SELANGOR							
Lot 1-4, Section 6, Pulau Indah Industrial Park, Port Klang	Factory, warehouse & vacant industrial land	6.6.1995	5	208,170 sq metres	Leasehold	2097	100,150
Lot 2824-2827 & PT 45125 Mukim Sg Buloh, District of Kuala Lumpur	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	< 10	243,419 sq metres	Freehold	-	58,954
1 Jln SS 22/19, Damansara Jaya, 47400 Petaling Jaya	Nine 4 storey shophouses & offices leased out	16.4.1990	24	1,408 sq metres	Freehold	-	3,391
Lot No PT 10989 & PT 10991, Jln SS 24/10 & 24/8, Taman Megah, 47301 Petaling Jaya	Land leased out	16.4.1990	-	13,631 sq metres	Freehold	-	2,554
Lot 58 to 61, Daerah Gombak, Mukim Batu, Kaw Perindustrian, Taman Bukit Rahman Putra	Warehouse	15.9.1993	12	35,336 sq metres	Freehold	-	11,089
Lot 844, Jln Subang 7, Taman Perindustrian Subang, 47500 Subang Jaya	Workshop & office building	15.6.1993	7	12,266 sq metres	Freehold	-	9,279
Lot 9, Jln Utas 15/7, 40000 Shah Alam	Office building	22.2.1993	36	33,946 sq metres	Leasehold	2069	3,130
Lot 12, Persiaran Kemajuan 16/16 40000 Shah Alam	Office building	22.2.1993	18	11,458 sq metres	Leasehold	2018	2,423
16/8A Jln Pahat 40700 Shah Alam	Office building	1.1.2004	27	3,837 sq metres	Leasehold	2067	755

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
WILAYAH PERSEKUTUAN							
2nd Floor, Sungei Wang Plaza Jln Bukit Bintang 55100 Kuala Lumpur	Shoplot leased out	16.4.1990	29	6,187 sq metres	Freehold	-	9,147
Lot 2883, 39727-39729 Jln Cheras, Kuala Lumpur	Land for property development	9.3.1982	-	4,958 sq metres	Freehold	-	538
Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	11½	21,225 sq metres	Leasehold	2077 & 2080	56,812
No 11, Jln Manis 1, Taman Segar, Cheras, 56100 Kuala Lumpur	Eight storey building & carpark	9.3.1982	19	9,225 sq metres	Leasehold	2077 & 2080	15,444
Lot 82, 264, 265 & 11276 Mukim 01 Ampang, Jln Ampang	Land for property development	27.8.1990 1.7.1996	-	19,781 sq metres	Freehold	-	46,843
LA 79200014, Layang Layang Town, Labuan	Vacant commercial building	16.4.1990	-	9,941 sq metres	Leasehold	2092	1,194
STATE OF NEGERI SEMBILAN							
Lot 1350, Jln Kampung Sawah, Bukit Pelanduk	Factory & office building	25.11.1982	23 to 33	11,483 sq metres	Freehold	-	470
Lot 765 & 2100, Mukim of Linggi, District of Port Dickson	Poultry breeder farm	12.3.1992	< 14	677,849 sq metres	Freehold	-	12,155
Lot 14720-14722, Senawang Industrial Park	Factory cum office building	30.6.1996	15	38,202 sq metres	Freehold	-	12,349
Lot 3978, Senawang Industrial Estate	Factory & office building	30.6.1996	10 & 35	27,033 sq metres	Leasehold	2067	18,469
GSC Cineplex 2nd Floor, Terminal One Shopping Complex, 20B Jln Lintang 70000 Seremban	Cineplex	26.2.1996	11	1,811 sq metres	Leasehold	2094 & 2082	3,561
STATE OF MALACCA							
Lot 3.5, Cheng Industrial Estate	Office building & warehouse	12.9.1992	11	4,589 sq metres	Leasehold	2090	1,284
Cathay Melaka No 23, Jln Munshi Abdullah, 75100 Melaka	Vacant property	16.4.1990 16.4.1990	48 48	1,456 sq metres 402 sq metres	Leasehold Leasehold	2054 2054	} 537

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
STATE OF JOHOR							
Lrg Pukal Dua, Kawasan Lembaga Pelabuhan, Pasir Gudang	Factory, warehouse & office building	7.1.1989	22 to 30	71,913 sq metres	Leasehold	2049	23,589
Plo 338 & 329, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Factory, warehouse & office building	10.10.1987 14.7.1988	10 & 18	121,406 sq metres	Leasehold	2050	41,246
Plo 342, Jln Tembaga Dua, Kawasan Perindustrian, Pasir Gudang	Industrial land under development	21.1.2006	-	7,993 sq metres	Leasehold	2066	1,055
Cathay Muar No 38, Jln Sayang, 84000 Muar	Property leased out	16.4.1990	50	1,623 sq metres	Freehold	-	364
Lot 614 & 615, Bandar Maharani, Jln Ali, District of Muar	Land leased out	16.4.1990	-	345 sq metres	Freehold	-	
Cathay Batu Pahat 91A Jln Rahmat, 83000 Batu Pahat	Vacant property	16.4.1990	< 52	1,562 sq metres	Freehold	-	429
Odeon Batu Pahat 30 Jln Jenang, 83000 Batu Pahat	Property leased out	16.4.1990	< 52	1,752 sq metres	Freehold	-	591
Lot 511, Mukim of Mersing	Vacant agricultural land	19.6.2001	-	227,255 sq metres	Freehold	-	1,680
Plaza I & II Cinema F-126, 1st Floor, Holiday Plaza, Jln Dato Suleiman, 80250 Johor Bahru	Shoplot leased out	31.7.1992 16.11.1992	17 & 18	2,929 sq metres	Freehold	-	7,534
Lot 973, Mukim of Tebrau, Johor Bahru	Warehouse & office building	15.7.1996	7	34,981 sq metres	Freehold	-	10,503
Plo 679, Jln Tembaga, Kawasan Perindustrian Pasir Gudang	Factory, warehouse & office building	21.1.2004	2	8,092 sq metres	Leasehold	2064	4,760
No 5, Jln Bakti, Kawasan Perindustrian Larkin, 80350 Johor Bahru	Warehouse	30.8.2002	14 - 36	11,681 sq metres	Leasehold	2023	2,756

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
STATE OF PAHANG							
B-1770, Taman Air Putih, Kuantan	Office building	23.12.1986	39	149 sq metres	Freehold	-	300
No 19, Jln IM 3/1, Bandar Indera Mahkota 25200 Kuantan	Office building & warehouse	12.7.1997	8	7,810 sq metres	Leasehold	2061	2,287
Teruntum Cinema 6th Floor, Kompleks Teruntum, Jln Mahkota, 25000 Kuantan	Vacant commercial shoplot	16.4.1990	27	2,206 sq metres	Leasehold	2075	771
STATE OF KELANTAN							
Lot No PT 4090, Mukim Panchor, Daerah Kemumin, Kota Bharu	Vacant industrial land	30.12.2001	-	14,166 sq metres	Leasehold	2063	3,649
STATE OF SARAWAK							
Lot 2231, Pending Industrial Estate, Kuching	Factory, warehouse & office building	13.11.1984 18.6.1987 15.3.1989	> 23	6,810 sq metres	Leasehold	2040	4,147
Lot 505 Block 8, Muara Tebas Land District, Kuching	Factory, warehouse & office building	6.12.1999	3	21,350 sq metres	Leasehold	2059	21,217
Lot 137 Block 5, Undup Land District Sri Aman	Vacant agricultural land	9.3.1996	-	18,127 sq metres	Leasehold	2017	36
Lot 1149 Block 8, Muara Tebas Land District Kuching	Vacant industrial land	17.5.2004	-	10,518 sq metres	Leasehold	2064	4,298
Lot 189, 190 & 191, Block 71, Kuching Central Land District	Clonal plantlet laboratory	30.11.2001	< 6	0.45 hectares	Leasehold	2924	1,769
Cathay Kuching Lot 31, Section 23, Khoo Hun Yeang Street, 93700 Kuching	Property leased out	16.4.1990	> 50	1,661 sq metres	Leasehold	2802	374
Cathay Sibul C.D.T, No 6 Raminway, 96007 Sibul	Property leased out	16.4.1990	47	1,486 sq metres	Leasehold	2016	327
Lot 57, Sawai Land, Miri	Oil palm plantation & palm oil mill	31.5.1997	< 7	2,284 hectares	Leasehold	2056	198,265
Lot 49, Sawai Land, Miri	Oil palm plantation & palm oil mill	31.5.1997	15	9,895 hectares	Leasehold	2045	
Lot 1, Sawai Land, Suai	Oil palm plantation	31.5.1997	-	5,674 hectares	Leasehold	2043	

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
Lot 1, Block 39, Sawai Land, Miri	Oil palm plantation	31.5.1997	-	4,727 hectares	Leasehold	2053	43,333
Lot 1, Block 42, Sawai Land, Suai	Oil palm plantation	31.5.1997	-	3,988 hectares	Leasehold	2054	43,160
Lot 10, 19 & 20, Block 1, Kemena Land	Oil palm plantation & palm oil mill	31.5.1997	< 3	2,311 hectares	Leasehold	2054	45,958
Port 663, Block 20, Kemena Land District, Tanjung Kidurong, Bintulu	Palm kernel crushing plant & building	31.5.1997	9	20,000 sq metres	Leasehold	2056	6,220
Lot 9, Block 20, Kemena Land District of Bintulu	Factory building	31.5.1997	15	26,305 sq metres	Leasehold	2016	4,531
Lot 3119, Block 26, Kemena Land District of Bintulu	Industrial land under development	10.6.2005	-	39,600 sq metres	Leasehold	2058	5,044
Lot 3773, Block 31, Kemena Land District, Taman Seaview Commercial Centre, Jln Tanjung Batu, Bintulu	4 storey office building	5.7.1995	12	173 sq metres	Leasehold	2056	686
Lot 3793, Bintulu Town District, Bintulu	Commercial land for proposed office building	9.10.2006	-	2,070 sq metres	Leasehold	2055	1,543
STATE OF SABAH							
Nos 1 & 3, Tanjung Lipat, Kota Kinabalu	Office building & warehouse	17.12.1984	41	1,231 sq metres	Leasehold	2025	700
5½ mile, Jln Tuaran Kolombong Industrial Estate, Kota Kinabalu	Factory & office building	10.10.1989	14	10,927 sq metres	Leasehold	2032	4,066
Lot No 6, Kota Kinabalu Industrial Park Off Jln Sepangar, Kota Kinabalu	Factory & office building	19.10.2006	-	12,096 sq metres	Leasehold	2097	20
TL 077577514 9.5KM, Jln Batu Sapi, Sandakan	Palm kernel crushing plant	3.11.2004	-	26,846 sq metres	Leasehold	2068	12,015
TL 077577523, 9.5KM, Jln Batu Sapi, Sandakan	Industrial land under development	3.11.2004	-	26,846 sq metres	Leasehold	2068	1,126
Lot 1 - 077577489 11KM, Jln Batu Sapi, Sandakan	Industrial land under development	28.4.2005	-	25,210 sq metres	Leasehold	2068	1,108

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
Lot 1 - 077577498 11KM, Jln Batu Sapi, Sandakan	Industrial land under development	28.4.2005	-	25,730 sq metres	Leasehold	2068	1,131
BFO Building, Jln Tunku Abd Rahman/Jln Laiman Diki, 88996 Kota Kinabalu	Office building	21.11.1995	26	8,741 sq metres	Leasehold	2074	12,289
CL 075149325, Karamunting, Sandakan	Land for expansion	10.8.1996	-	58,315 sq metres	Leasehold	2881	1,883
Cathay Sandakan Lot 2869, Third Street, 90007 Sandakan	Land leased out	16.4.1990	49	1,282 sq metres	Leasehold	2053	662
Lot 2777, TL 077508788, Lrg Gardenia & 60M North of KM 24, Jln Utara, Sandakan	Land for future development	16.4.1990	-	845 sq metres	Leasehold	2061	188
TL 077533754, District of Sandakan	Factory building	31.5.1997	11 to 29	57,000 sq metres	Leasehold	2037	18,063
TL 077530066, District of Sandakan	Palm kernel crushing plant	31.5.1997	17 to 27	23,000 sq metres	Leasehold	2037	2,893
CL 075323741, Lot 1A, KM 15, Jln Labuk, 90000 Sandakan	4 storey office building	4.4.2002	5	1,500 sq metres	Leasehold	2887	2,126
CL 075457984 KM 17, Labuk Road Sandakan	Land for proposed office building	17.1.2006	-	2.663 hectares	Leasehold	2927	3,486
CL 075457975 Mile 11, Labuk Road Sandakan	Land for proposed office building	8.3.2006	-	1.094 hectares	Leasehold	2927	1,599
CL 085319946, Labuk-Sugut, Sg Sapi	Palm oil mill & ancillary building	31.5.1997	< 6 to 18	24 hectares	Leasehold	2086	8,996
CL 085322201, Labuk-Sugut, Sg Sapi	Oil palm plantation	31.5.1997	-	3,716 hectares	Leasehold	2086	48,131
CL 085322194, Labuk-Sugut, Sg Sapi	Oil palm plantation	31.5.1997	-	3,145 hectares	Leasehold	2086	52,555
CL 085322854, Labuk-Sugut, Sg Kibut	Oil palm plantation, palm oil mill & ancillary buildings	31.5.1997	< 6 to 11	6,355 hectares	Leasehold	2088	93,007

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
CL 085208359, Labuk-Sugut, Beluran	Oil palm plantation	31.5.1997	-	972 hectares	Leasehold	2062	16,387
CL 85331040, Labuk-Sugut, Beluran	Oil palm plantation	20.2.2002	-	1,208 hectares	Leasehold	2101	12,033
Labuk-Sugut, Beluran	Oil palm plantation	31.5.1997	-	326 hectares	Leasehold	yet to be determined	2,681
PT 95092077 & PT 95082360, Sg Sugut, Beluran	Oil palm plantation	18.9.1998	-	7,540 hectares	Leasehold	2096	92,597
CL 085320672, Labuk-Sugut, Sg Sugut, Beluran	Oil palm plantation	18.9.1998	-	404 hectares	Leasehold	2087	9,851
CL 085322587, CL 085322596 & CL 085322603, Labuk-Sugut, Moynod, Beluran	Oil palm plantation & palm oil mill	31.5.1997	7 to 16	5,352 hectares	Leasehold	2087	82,306
CL 085313560/ 631/ 640/ 659/ 668/ 677, Labuk-Sugut, Sg Labuk	Oil palm plantation	31.5.1997	-	1,655 hectares	Leasehold	2081	21,020
CL 115378919/ 37/ 46/ 55/ 64/ 73 & CL 115418874, Lot 1-7, Silabukan, Lahad Datu	Oil palm plantation & palm oil mill	29.7.1998	< 7	10,477 hectares	Leasehold	2086	216,121
CL 085320403, Labuk-Sugut, Sg Sugut	Oil palm plantation & palm oil mill	7.12.1998	2	2,832 hectares	Leasehold	2085	100,508
CL 085330089, Labuk, Telupid, Beluran	Oil palm plantation	30.4.1999	-	3,262 hectares	Leasehold	2096	48,392
CL 085333740, Labuk, Telupid, Beluran	Oil palm plantation	19.5.2000	-	250 hectares	Leasehold	2096	4,729
CL 085333982, Sungai-sungai, District of Beluran	Oil palm plantation	12.8.2003	-	3,642 hectares	Leasehold	2098	26,841
INDONESIA							
Desa Talao, Sg Kunyit, Kecamatan Sangir, Kabupaten Solok, Sumatra Barat	Oil palm plantation & palm oil mill	31.12.1996	< 6	10,216 hectares	Leasehold	2032	66,568

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
PT Mustika Sembuluh Kotawaringin Timur & Seruyan, Central Kalimantan	Oil palm plantation & palm oil mill	6.7.2000	< 1	5,538 hectares	Leasehold	2031 2032 & 2035	142,180
PT Mustika Sembuluh Kotawaringin Timur & Seruyan, Central Kalimantan	Oil palm plantation & palm oil mill	6.7.2000	-	15,200 hectares	Leasehold	yet to be determined	
PT Mustika Sembuluh Kotawaringin Timur & Seruyan, Central Kalimantan	Land proposed for warehouses	9.12.2005	-	23 hectares	Leasehold	yet to be determined	576
PT Kerry Sawit Indonesia Seruyan, Central Kalimantan	Oil palm plantation	27.2.2003	-	19,139 hectares	Leasehold	yet to be determined	92,523
PT Sarana Titian Permata Seruyan, Central Kalimantan	Oil palm plantation	12.3.2004	-	19,266 hectares	Leasehold	yet to be determined	26,418
PT Bumi Sawit Kencana Kotawaringin Timur, Central Kalimantan	Oil palm plantation	16.12.2004	-	11,472 hectares	Leasehold	2040	24,251
PT Karunia Kencana Permaisejati Kotawaringin Timur, Central Kalimantan	Oil palm plantation	25.11.2004	-	19,650 hectares	Leasehold	2040	19,026
PT Mentaya Sawit Mas Kotawaringin Timur, Central Kalimantan	Oil palm plantation	12.1.2005	-	16,371 hectares	Leasehold	2040	13,567
PT Bulau Sawit Bajenta Seruyan, Central Kalimantan	Oil palm plantation	7.10.2005	-	15,000 hectares	Leasehold	yet to be determined	4,180
PT Pukun Mandiri Lestari Seruyan, Central Kalimantan	Oil palm plantation	14.10.2005	-	19,000 hectares	Leasehold	yet to be determined	4,903
PT Eka Kaharap Itah Seruyan, Central Kalimantan	Oil palm plantation	23.9.2005	-	20,000 hectares	Leasehold	yet to be determined	4,827
PT Alam Sawit Permai Seruyan, Central Kalimantan	Oil palm plantation	14.10.2005	-	16,160 hectares	Leasehold	yet to be determined	3,698
PT Benua Alam Subur Seruyan, Central Kalimantan	Oil palm plantation	21.10.2005	-	16,160 hectares	Leasehold	yet to be determined	3,913
PT Hamparan Sawit Eka Malan Seruyan, Central Kalimantan	Oil palm plantation	21.10.2005	-	19,680 hectares	Leasehold	yet to be determined	3,321

properties owned by PPB group berhad and its subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land Area	Tenure	Year of expiry	Net book value at 31.12.2006 RM'000
PT Petak Malai Sawit Makmur Seruyan, Central Kalimantan	Oil palm plantation	28.10.2005	-	19,680 hectares	Leasehold	yet to be determined	3,351
PT Bawak Sawit Tunas Belum Seruyan, Central Kalimantan	Oil palm plantation	28.10.2005	-	16,800 hectares	Leasehold	yet to be determined	2,067
PT Malindo Lestari Plantations Kotawaringin Timur, Central Kalimantan	Oil palm plantation	6.12.2005	-	10,400 hectares	Leasehold	yet to be determined	383
PT Guna Karya Lestari Kotawaringin Timur, Central Kalimantan	Land for kernel crushing plant	21.11.2005	-	13 hectares	Leasehold	yet to be determined	260
Jln Kolonel Yos Sudarso, KM 10, Kawasan Industri Medan	Land & examination glove factory	27.10.1992	14	39,032 sq metres	Leasehold	2022	3,766
Jln Insinyur Sutami, KM 7, Kecamatan Tanjung Bintang, Lampung Selatan	Land & examination glove factory	29.2.1996	17	51,450 sq metres	Leasehold	2008 & 2026	418

statement of shareholdings

as at 21 March 2007

Authorised Share Capital	RM2,000,000,000
Issued and Fully-Paid Capital	RM1,185,499,882
Class of Shares	Ordinary Shares of RM1.00 each
Voting Rights	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100	443	3.46	14,377	0.00
100 - 1,000	2,092	16.32	1,617,592	0.14
1,001 - 10,000	7,132	55.65	30,760,306	2.59
10,001 - 100,000	2,690	20.99	81,432,859	6.87
100,001 to less than 5% of issued shares	457	3.56	537,388,634	45.33
5% and above of issued shares	2	0.02	534,286,114	45.07
	12,816	100.00	1,185,499,882	100.00

DIRECTORS' INTERESTS IN SHARES

In the Company	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Datuk Oh Siew Nam	120,666	0.01	1,177,832	0.10
Dato' Lim Chee Wah	80,000	0.01	-	-
Dato Sri Liang Kim Bang	-	-	-	-
Ang Guan Seng	-	-	41,566,992	3.51
Tan Yew Jin	26,666	*	462,732	0.04
Raja Dato' Seri Abdul Aziz bin Raja Salim	-	-	-	-
Tan Gee Sooi	-	-	-	-
Datuk Harun bin Din	-	-	-	-
Datuk Rajasingam a/l Mayilvaganam	-	-	-	-

In Related Corporation	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital

PPB OIL PALMS BERHAD

Datuk Oh Siew Nam	20,000	*	91,000	0.02
Dato' Lim Chee Wah	10,000	*	-	-
Dato Sri Liang Kim Bang	10,000	*	-	-
Ang Guan Seng	-	-	-	-
Tan Yew Jin	65,000	0.01	10,000	*
Raja Dato' Seri Abdul Aziz bin Raja Salim	-	-	-	-
Tan Gee Sooi	-	-	-	-
Datuk Harun bin Din	-	-	-	-
Datuk Rajasingam a/l Mayilvaganam	-	-	-	-

* negligible

Other than as disclosed above, none of the Directors had any direct nor deemed interest in shares of any other related corporations of the Company.

statement of shareholdings

as at 21 March 2007

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest		Total	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Kuok Brothers Sdn Berhad	471,613,570	39.78	4,845,412	0.41	476,458,982	40.19
Employees Provident Fund Board	83,994,550	7.09	-	-	83,994,550	7.09
Kerry Group Limited	-	-	76,972,014	6.49	76,972,014	6.49
Kerry Holdings Limited	-	-	76,972,014	6.49	76,972,014	6.49

THE THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

Name of Shareholders	No. of Shares	% of Issued Capital
1. Kuok Brothers Sdn Berhad	466,111,564	39.32
2. Employees Provident Fund Board	68,174,550	5.75
3. HLG Nominee (Asing) Sdn Bhd UOB Kay Hian (Hong Kong) Limited For Dalex Investments Limited	43,242,264	3.65
4. Nai Seng Sdn Berhad	40,826,500	3.44
5. Valuecap Sdn Bhd	34,849,900	2.94
6. HLG Nominee (Asing) Sdn Bhd UOB Kay Hian (Hong Kong) Limited For Natalon Company Limited	30,246,666	2.55
7. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)	15,708,700	1.33
8. Kuok Foundation Berhad	15,416,420	1.30
9. Key Development Sdn Berhad	14,938,000	1.26
10. Chinchoo Investment Sdn Berhad	12,868,000	1.09
11. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt SG For Employees Provident Fund Board	10,475,000	0.88
12. Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd For Sin Heng Chan (1960) Pte Ltd	10,200,000	0.86
13. Permodalan Nasional Berhad	7,987,900	0.67

statement of shareholdings

as at 21 March 2007

Name of Shareholders	No. of Shares	% of Issued Capital
14. HSBC Nominees (Asing) Sdn Bhd HSBC-FS For Target Asia Fund Limited	7,026,400	0.59
15. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Monetary Authority of Singapore (H)	6,988,300	0.59
16. Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	6,909,466	0.58
17. Ophir Holdings Berhad	5,841,754	0.49
18. Shaw Brothers (Johore) Sdn Bhd	5,703,732	0.48
19. Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company For Ishares, Inc.	5,594,766	0.47
20. Kuok Brothers Sdn Berhad	5,503,200	0.46
21. Citigroup Nominees (Asing) Sdn Bhd CB LDN For First State Asia Pacific Fund	5,060,700	0.43
22. Keck Seng (Malaysia) Berhad	4,891,728	0.41
23. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Public Ittikal Fund	4,825,900	0.41
24. Gan Teng Siew Realty Sdn Berhad	3,621,998	0.31
25. HSBC Nominees (Asing) Sdn Bhd BBH and Co. Boston For Vanguard Emerging Markets Stock Index Fund	3,609,900	0.30
26. Universiti Malaya	3,600,000	0.30
27. Malaysia National Insurance Berhad	3,502,100	0.30
28. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For American International Assurance Company Limited	3,449,400	0.29
29. Universiti Kebangsaan Malaysia	3,323,608	0.28
30. HLG Nominee (Asing) Sdn Bhd UOB Kay Hian (Hong Kong) Limited For Chipchase Limited	3,295,584	0.28
	853,794,000	72.02

A

AMUSEMENT CENTRE OPERATIONS

Kerry Leisure Concepts Sdn Bhd

Main Office
Lot 2.37, Level 2, Cheras LeisureMall
Jalan Manis 2, Taman Segar, Cheras
56100 Kuala Lumpur
Tel : 03-91311663
Contact Person :
Mr Han Yew Kong (GM)

ANIMAL FEED MANUFACTURING

JBFM Flour Mill Sdn Bhd

(formerly known as JBFM Feedmill S/B)
Main Office/Factory
2429 MK 1, Tingkat Perusahaan Dua
Kawasan Perusahaan Prai, 13600 Prai
Seberang Prai, Pulau Pinang
Tel : 04-3999018
Contact Person :
Mr Teoh Beng Tong (ED)

FFM (Sabah) Sdn Bhd

(formerly known as FFM Feedmills (Sabah) Sdn Bhd)
Main Office/Factory
5 1/2 Mile, Off Jalan Tuaran
Kolombong Industrial Estate
88450 Kota Kinabalu, Sabah
Tel : 088-426310
Contact Person :
Mr Chia Ngun How (D/GM)

FFM Feedmills (Sarawak) Sdn Bhd

Main Office/Factory
Lot 2231, Jalan Kilang
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-482751
Contact Person :
Mr Lee Cho Fatt (D/GM)

C

CINEMA OPERATIONS

Golden Screen Cinemas Sdn Bhd

Main Office
1 Jalan SS22/19, Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77295666
Contact Person :
Mr Irving Chee (GM)

CHEMICALS MANUFACTURING

Asia Pacific Microspheres Sdn Bhd

Main Office/Factory
No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55181188
Contact Person :
Mr Huen Foo Seng (D/GM)

Malayan Adhesives & Chemicals Sdn Bhd

Main Office/Factory
No. 9 Jalan Utas 15/7
40200 Shah Alam, Selangor
Tel : 03-55191801
Contact Person :
Mr Huen Foo Seng (D/GM)

CONSUMER PRODUCTS DISTRIBUTION

FFM Marketing Sdn Bhd

Main Office
PT 45125, Batu 15 1/2, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61565888
Contact Person :
Mr Ong Hung Hock (MD)

CONTRACT MANUFACTURING

Products Manufacturing Sdn Bhd

Main Office/Factory
Lot PT 31-A1, A2 & A3, Industrial Area
Mukim Batu 6.5 Miles, Jalan Kepong
52000 Kuala Lumpur
Tel : 03-62528298
Contact Person :
Mr Khor Siang Chew (Chairman/GM)

E

EDIBLE OILS REFINING

PGEO Edible Oils Sdn Bhd

Main Office/Factory
Plo 338, Jalan Tembaga Dua
Kawasan Perindustrian Pasir Gudang
81707 Pasir Gudang, Johor
Tel : 07-2688222
Contact Person :
Mr Loh Chee Kheong (GM)

Bintulu Edible Oils Sdn Bhd

Main Office/Factory
12th Mile, Jalan Tanjung Kidurong
97007 Bintulu, Sarawak
Tel : 086-251150
Contact Person :
Mr Koh Suu Heng (Regional GM)

Sandakan Edible Oils Sdn Bhd

Main Office/Factory
Km 8, Jalan Batu Sapi, Karamunting
90729 Sandakan, Sabah
Tel : 089-611011
Contact Person :
Mrs Fung Kia Fen (M)

Lahad Datu Edible Oils Sdn Bhd

Main Office/Factory
Km 2, Jalan Kastam Baru
91109 Lahad Datu, Sabah
Tel : 089-884352
Contact Person :
En Azmer Shamsuddin (GM)

EDIBLE OILS TRADING

Kuok Oils & Grains Pte Ltd

Main Office
1 Kim Seng Promenade
Great World City #05-01
Singapore 237994
Tel : 02-67388622
Contact Person :
Mr Kwok Kian Hai (Chairman/MD)

PGEO Group Sdn Bhd

Main Office
Plo 338, Jalan Tembaga Dua
Kawasan Perindustrian Pasir Gudang
81707 Pasir Gudang, Johor
Tel : 07-2688222
Contact Person :
Mr Yee Chek Toong (Chairman/MD)

ENGINEERING SERVICES

Minsec Engineering Services Sdn Bhd

Main Office
Lot 844, Jalan Subang 7
Taman Perindustrian Subang
47500 Subang Jaya, Selangor
Tel : 03-80247650
Contact Person :
Mr Saw Kong Beng (Chairman/GM)

F

FLOUR MILLING

FFM Berhad

Main Office
PT 45125, Batu 15 1/2, Sungai Pelong
47000 Sungai Buloh, Selangor
Tel : 03-61572289
Contact Person :
Mr Tan Gee Sooi (Exec. Chairman/MD)

Johor Bahru Flour Mill Sdn Bhd

Main Office/Factory
Lorong Pukul Dua
Kawasan Lembaga Pelabuhan Johor
81700 Pasir Gudang, Johor
Tel : 07-2512211
Contact Person :
Mr Tan Hock Yong (MD)

Vietnam Flour Mills Ltd

Factory
My Xuan A Industrial Zone
Tan Thanh Commune
Ba Ria Vung Tau Province, Vietnam
Tel : 0084-64894883
Contact Person :
Mr Patrick Wong (Director)

FFM Flour Mills (Sarawak) Sdn Bhd

Main Office/Factory
Lot 505, Block 8, MTL
Sejingkat Industrial Park, Jalan Bako
93050 Kuching, Sarawak
Tel : 082-439449
Contact Person :
Mr Terry Kho (Factory Manager)

G

GLOVE MANUFACTURING

PT Healthcare Glovindo

Main Office/Factory
 Jl. Kol. Yos Sudarso Km10.5
 Kawasan Industri Medan (KIM)
 Medan 20242, Indonesia
 Tel : 00 62 61 6850015/6
 Contact Person :
 Mr Oh Seong Lee (D)

L

LIVESTOCK FARMING

FFM Farms Sdn Bhd

Main Office
 PT 45125, Batu 15 1/2, Sungai Pelong
 47000 Sungai Buloh, Selangor
 Tel : 03-61572289
 Contact Person :
 Dr Thomas Lui (MD)

O

OIL PALM CULTIVATION

PPB Oil Palms Berhad

Head Office
 15th Floor, Wisma Jerneh
 38 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Tel : 03-21441503

Main Office (Sabah)
 Lot 1A, KM 15
 Jalan Labuk
 90000 Sandakan, Sabah
 Tel : 089-670208

Main Office (Sarawak)
 Lot 964, Sublot 7
 Taman Seaview Commercial Centre
 Jalan Tanjung Batu, PO Box 730
 97008 Bintulu, Sarawak
 Tel : 086-315286

Main Office (Indonesia)
 Sampit
 Jalan HM Arsyad KM 3.5, No. 100
 Sampit, Kalimantan Tengah
 Tel : 0062-53121558/34147/24269

Clonal Palms Sdn Bhd

Main Office
 172, Lot 1829, Ground Floor
 Lorong Kota Padawan 3, KCLD
 10th Mile Penrissen Road
 93250 Kuching, Sarawak
 Tel : 082-614653

P

POLYBAG MANUFACTURING

Tego Sdn Bhd

Main Office/Factory
 Lot 5-8, Senawang Industrial Estate
 70450 Seremban, Negeri Sembilan
 Tel : 06-6773361
 Contact Person :
 Mr Boo Yew Leng (MD)

Tego Multifil Sdn Bhd

Factory
 Lot 9, Lorong Bunga Tanjung 1/2
 Senawang Industrial Park
 70400 Seremban, Negeri Sembilan
 Tel : 06-6778721
 Contact Person :
 Mr Boo Yew Leng (D)

Tefel Packaging Industries Co., Ltd

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

PROPERTY OWNERS/DEVELOPER

PPB Hartabina Sdn Bhd

Main Office
 7th Floor, Cheras Plaza
 Jalan Manis 1, Taman Segar, Cheras
 56100 Kuala Lumpur
 Tel : 03-91305088
 Contact Person :
 Mr Wong Kah Keen (Senior Manager)

Cathay Screen Cinemas Sdn Bhd

Main Office
 1 Jalan SS22/19, Damansara Jaya
 47400 Petaling Jaya, Selangor
 Tel : 03-77299118
 Contact Person : Ms Carol Au (M)

South Island Mining Co. Sdn Bhd

Main Office
 330 Simco Bungalow, Sg Toh Pawang
 08100 Bedong, Kedah
 Tel : 04-44581126
 Contact Person :
 Mr Chong Seng Meng (GM)

S

SUGAR OPERATIONS

Malayan Sugar Manufacturing Co Berhad

Main Office
 18th Floor, Wisma Jerneh
 38 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Tel : 03-21484388
 Contact Person :
 Mr Chua Say Sin (MD)

Kilang Gula Felda Perlis Sdn Bhd

Main Office/Factory
 Chuping, 2 1/2 km, Jln Kilang Gula, Chuping, Perlis
 Tel : 04-9441301
 Contact Person :
 En Mohamad Amri bin Sahari @ Khuzari (GM)

PPB Group Berhad (Cane Division)

Plantation
 KM 23, Jalan Kilang Gula, Chuping
 02400 Beseri, Perlis
 Tel : 04-9441002
 Contact Person :
 YM Tengku Shaharin (GM)

W

WASTE MANAGEMENT & ENVIRONMENTAL ENGINEERING

Chemical Waste Management Sdn Bhd

Main Office
 Lot 12, Persiaran Kemajuan
 Off Jalan Halba 16/16
 40200 Shah Alam, Selangor
 Tel : 03-55107800
 Contact Person :
 Mr Lum Swee Kuan (D)

Beijing CQ Environmental Management Consultancy Services Co. Ltd

Main Office
 Unit 905 Level 9, North Office Tower
 Beijing Kerry Centre
 1 Guang Hua Road
 Chao Yang District, Beijing 100020
 Tel : 00-8610-85298393
 Contact Person :
 Mr Ethan Pang (Accountant)

Sitamas Environmental Systems Sdn Bhd

Main Office
 Lot 15 Jalan Pahat 16/8A
 40702 Shah Alam, Selangor
 Tel : 03-55104008
 Contact Person :
 Mr Simon Lee (Chairman)

AWS Sales & Services Sdn Bhd

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

D Director
 ED Executive Director
 GM General Manager
 M Manager
 MD Managing Director

notice of annual general meeting

DATE/TIME	Friday, 18 May 2007 at 9.30 a.m.
VENUE	19th Floor Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of PPB Group Berhad will be held at 19th Floor Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 18 May 2007 at 9.30 a.m. for the following purposes :-

1. To receive and adopt the audited Financial Statements for the year ended 31 December 2006, and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a final dividend of 15 sen per share less 27% income tax for the year ended 31 December 2006 as recommended by the Directors. (See Note 2) **(Resolution 2)**
3. To approve Directors' fees. **(Resolution 3)**
- 4.1 To re-elect the following Directors who retire by rotation in accordance with Article 107 of the Articles of Association of the Company :-
 - i) Dato' Lim Chee Wah **(Resolution 4)**
 - ii) Mr Ang Guan Seng **(Resolution 5)**
- 4.2 To consider and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965 :-
 - i) "That pursuant to Section 129(6) of the Companies Act 1965, Dato Sri Liang Kim Bang be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 6)**
 - ii) "That pursuant to Section 129(6) of the Companies Act 1965, Datuk Harun bin Din be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**
5. To re-appoint Messrs Moores Rowland as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

6. As Special Business

To consider and if thought fit, to pass the following resolutions :-

ORDINARY RESOLUTIONS

6.1 AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965

"THAT subject to the Companies Act 1965 and the Articles of Association of the Company, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." (See Note 3(i))

(Resolution 9)

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

The text of the above resolution(s) together with the details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 26 April 2007. (See Note 3(ii)) **(Resolutions 10-11)**

7. To transact any other business of an Annual General Meeting.

Kuala Lumpur
26 April 2007

By Order of the Board
TAN TEONG BOON
Company Secretary

Notes :-

1. Appointment of Proxy

- i) A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- ii) A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- iii) The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

2. Notice of Dividend Entitlement and Payment

Notice is hereby given that, subject to the approval of members at the Annual General Meeting to be held on Friday, 18 May 2007, the proposed final dividend will be paid on Thursday, 7 June 2007 to members whose names appear in the Record of Depositors on Thursday, 24 May 2007.

A Depositor shall qualify for entitlement in respect of :-

- i) Shares transferred into the Depositor's securities account before 4.00 p.m. on Thursday, 24 May 2007 in respect of ordinary transfers; and
- ii) Shares bought on Bursa Malaysia Securities Berhad ("BMSB") on cum entitlement basis according to the Rules of BMSB.

3. Special Business

- i) Authority to allot shares pursuant to Section 132D of Companies Act 1965
The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten per centum (10%) of the Company's issued share capital.

With the passing of Resolution 9 mentioned above by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

- ii) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
The relevant information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 26 April 2007 which is despatched together with the Company's 2006 Annual Report.

notes

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I/We _____ NRIC/Passport No. _____
of _____
being a member/members of PPB GROUP BERHAD hereby appoint the Chairman of the Meeting*
or _____ NRIC/Passport No. _____
of _____
or failing him/her _____ NRIC/Passport No. _____
of _____

* Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.

as my/our proxy to vote for me/us and on my/our behalf at the 38th Annual General Meeting of the Company to be held on Friday, 18 May 2007 at 9.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below :-

NO.	RESOLUTIONS	FOR	AGAINST
1	To adopt the Directors' Report and Financial Statements.		
2	To approve the payment of a final dividend for the year ended 31 December 2006.		
3	To approve the payment of Directors' fees.		
4	To re-elect Dato' Lim Chee Wah as Director.		
5	To re-elect Mr Ang Guan Seng as Director.		
6	To re-appoint Dato Sri Liang Kim Bang as Director.		
7	To re-appoint Datuk Harun bin Din as Director.		
8	To re-appoint Messrs Moores Rowland as the Auditors of the Company.		
9	To authorise the Directors to Allot and Issue Shares.		
10	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with persons connected to Kuok Brothers Sdn Berhad.		
11	To approve the shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into and/or to be entered into with persons connected to Mr Ang Guan Seng.		

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

The proportion of my/our holding to be represented by my/our proxies are as follows :-

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

Signed this _____ day of _____ 2007

Signature

NOTES :

- A member of the Company entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- The Proxy Form must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, executed under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

fold here

affix
stamp
here

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38 Jalan Sultan Ismail

50250 Kuala Lumpur

fold here

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