



**CB INDUSTRIAL  
PRODUCT  
HOLDING  
BERHAD**

(Company No. 428930-H)  
Incorporated in Malaysia



ANNUAL  
REPORT  
**2008**





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## Corporate Information

# Board of Directors



**Tan Sri Datuk Dr. Yusof Bin Basiran**  
Non-Independent Non-Executive Chairman



**Lim Chai Beng**  
Managing Director



**Lim Chai Huat**  
Non-Independent  
Non-Executive Director



**Tengku Ardy Esfandiari  
Bin Tengku A. Hamid Shah**  
Executive Director



**Mak Chee Meng**  
Executive Director



**Michael Ting Sii Ching**  
Independent Non-Executive  
Director



**Wong Chee Beng**  
Independent Non-Executive  
Director

## Corporate Information (cont'd)

<b>Audit Committee</b>	<p><b>Wong Chee Beng</b> Chairman, Independent Non-Executive Director</p> <p><b>Michael Ting Sii Ching</b> Independent Non-Executive Director</p> <p><b>Lim Chai Huat</b> Non-Independent Non-Executive Director</p>
<b>Company Secretaries</b>	<p>Mah Li Chen (MAICSA 7022751) Tan Ley Theng (MAICSA 7030358)</p>
<b>Registered Office</b>	<p>Unit 1C, 3C &amp; 5C, 3rd Floor, Block 2 Worldwide Business Centre Jalan Tinju 13/50, Seksyen 13 40675 Shah Alam Selangor Darul Ehsan Telephone No : 03-5513 8800 Facsimile No : 03-5513 9393 E-mail : info@cbip.com.my Website : www.cbip.com.my</p>
<b>Share Registrar</b>	<p>Symphony Share Registrars Sdn Bhd Level 26 Menara Multi-Purpose Capital Square No 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone No : 603-2721 2222 Facsimile No : 603-2721 2530 / 2721 2531</p>
<b>Principal Bankers</b>	<p>OCBC Bank (Malaysia) Berhad HSBC Bank Malaysia Berhad AmBank (M) Berhad</p>
<b>Auditors</b>	<p>Horwath Chartered Accountants Level 16 Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No : 03-2166 0000 Facsimile No : 03-2166 1000</p>
<b>Stock Exchange</b>	<p>Main Board Bursa Malaysia Securities Berhad</p>
<b>Stock Code</b>	7076



## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of CB INDUSTRIAL PRODUCT HOLDING BERHAD will be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Friday, 12 June 2009 at 10.00 a.m. for the following purposes:-

### AGENDA

1. To lay the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon (Please refer to Note A).
2. To re-elect the following Directors retiring in accordance with Article 99 of the Articles of Association of the Company:
 

(a) Lim Chai Huat	<b>Ordinary Resolution 1</b>
(b) Mak Chee Meng	<b>Ordinary Resolution 2</b>
(c) Tan Sri Datuk Dr. Yusof Bin Basiran	<b>Ordinary Resolution 3</b>
3. To approve the payment of Non-Executive Directors' fees of RM150,300 for the financial year ended 31 December 2008. **Ordinary Resolution 4**
4. To re-appoint Messrs Horwath as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

### AS SPECIAL BUSINESSES

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

5. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** **Ordinary Resolution 6**

"THAT subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through the Bursa Securities subject further to the following: -

- (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profit and share premium reserve of the Company. Based on the last audited accounts as at 31 December 2008, the retained profit and share premium reserve of the Company were RM19,780,327 and RM5,558,873 respectively;
- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration

## Notice of Annual General Meeting (cont'd)

of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authority;

and

- (iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:
- (a) cancel the Shares so purchased; or
  - (b) retain the Shares so purchased as treasury shares; or
  - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
  - (d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 7**

"THAT pursuant to Section 132D of the Act, the Directors be and are hereby empowered 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 issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

By Order of the Board

**MAH LI CHEN** (MAICSA 7022751)  
**TAN LEY THENG** (MAICSA 7030358)  
*Company Secretaries*

Selangor Darul Ehsan  
21 May 2009

## Notice of Annual General Meeting (cont'd)

### Notes:-

(A) *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.*

*A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*

*A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*

*Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

*If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*

*The instrument appointing a proxy must be deposited at the registered office of the Company at Unit 1C, 3C & 5C, 3rd Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Seksyen 13, 40675 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

*If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*

### Explanatory notes on the Special Business

#### (i) Ordinary Resolution 6

##### **Proposed Renewal of Authority for Purchase of Own Shares by the Company**

The proposed Ordinary Resolution 6 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Please refer to the Share Buy-Back Statement dated 21 May 2009 for further information.

#### (ii) Ordinary Resolution 7

##### **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 7 if passed, will give the flexibility to the Directors of the Company to allot and issue up to a maximum of 10% of the issued share capital of the Company at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

## Statement Accompanying Notice Of Annual General Meeting

### **1. Names of Directors who are standing for re-election at the Twelfth Annual General Meeting of the Company:**

The following Directors are retiring pursuant to Article 99 of the Company's Articles of Association:

- (a) Lim Chai Huat
- (b) Mak Chee Meng
- (c) Tan Sri Datuk Dr. Yusof Bin Basiran

### **2. Details of Attendance of Directors at Board Meetings**

The details are set out on page 18 of this Annual Report.

### **3. Date, Time and Venue of Twelfth Annual General Meeting of the Company**

The Twelfth Annual General Meeting of the Company will be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Friday, 12 June 2009 at 10.00 a.m.

### **4. Details of Directors who are standing for re-election are set out in the Profile of Directors on pages 10 to 12 and Analysis of Shareholdings on pages 83 to 86 of this Annual Report**



## Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of CB Industrial Product Holding Berhad ("CBIPH" or "the Company"), I am pleased to present the Annual Report of CBIPH Group of Companies ("the Group") for the financial year ended 31 December 2008.

### **BUSINESS REVIEW**

During the period under review, the Group recorded a turnover of RM410 million and a profit before tax of RM71 million, which represents a 41% and 44% increase in turnover and profit before tax respectively, over the preceding financial year.

Our Group's continued progress in terms of operational efficiency, strategic planning and prudent financial decisions has put us on a strong footing for even further progress in the coming years.

### **PROSPECTS**

With the negative global economic conditions, the palm oil industry to a lesser extent is affected. We still continue to have many enquiries and potential projects to sign up. We would continue to rationalise our products and improve productivity to serve our existing and new customers.

Since our venture into the plantation sector in year 2005, the land bank and planted area of oil palm has been increased significantly from 2,650 hectares to 14,500 hectares as at to-date. The plantation division recorded substantial earnings for the financial year ended 31 December 2008. The Group increased its effort in strengthening the sustainable good agriculture practices to proactively manage its plantation operations to achieve the best quality of products. A notable achievement is that the plantation division is growing further in the local and overseas markets.

The average CPO price for 2008 improved as compared to 2007 despite the CPO prices experiencing extreme fluctuation during 2008. The CPO price is expected to rebound after the drop in second half of last year.

The plantation segment is expected to remain satisfactory in view of its projected increase in crop yield for 2009 and the improvement in CPO price since end of last year.

### **DIVIDEND**

The Company declared a tax exempt interim dividend of 10% per ordinary share for the financial year ended 31 December 2008 which was paid on 11 February 2009.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Group continues to implement projects based on continuous sterilization, zero dilution and composting of Empty Fruit Bunches (EFB), the zero – discharge concept. The projects will be commissioned in 2009 and we are positive that it is the way forward to eliminate total discharge of waste water to the water courses. In addition, organic nutrients are produced in the EFB composting to replace the conventional inorganic fertilizers

We expect more customers to adopt this system once our on-going projects are commissioned and evaluated.

## Chairman's Statement (cont'd)

### CORPORATE DEVELOPMENT

During the financial year 2008, the Group completed the following corporate exercises :-

- (a) Acquisition of the entire equity interest in Empresa (M) Sendirian Berhad;
- (b) Acquisition of 30% equity interest in Kumpulan Kris Jati Sdn Bhd;
- (c) Acquisition of 30% equity interest in Bahtera Bahagia Sdn Bhd; and
- (d) Joint venture involving the acquisition of Solar Green Sdn Bhd.

The above acquisitions are expected to contribute positively to the Group's future earnings, thereby enhancing value to the shareholders.

### ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors and I would like to extend our deepest appreciation and thanks to the Management and Staff of the Group for their commitment and unrelenting efforts throughout the year. With their continuous dedication, we are confident that the Group will continue to succeed in the face of the challenges ahead.

We would also like to thank our clients, business associates, respective authorities and shareholders for their continuous support and understanding extended to us during the year.

**Tan Sri Datuk Dr. Yusof Bin Basiran**  
Chairman

## Directors' Profile

### **Tan Sri Datuk Dr. Yusof Bin Basiran** *Non-Independent Non-Executive Chairman*

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TAN SRI DATUK DR. YUSOF BIN BASIRAN, aged 61, Malaysian, was appointed to the Board on 20 February 2006.

He is presently holding several important positions which include:

- Chief Executive Officer of Malaysian Palm Oil Council (MPOC)
- Director of FELDA Holdings Bhd and 2 of its subsidiaries
- Chairman and Director of TH Plantations Berhad
- Chairman and Director of TH Ladang (Sabah & Sarawak) Sdn Bhd

Apart from holding distinguished corporate positions, he is also involved in other organisations which are:

- President of Academy of Sciences Malaysia
- Fellow member of Malaysia Scientific Association (MSA)
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA)
- Fellow member of the Incorporated Society of Planters

His notable academic achievements are as follows:

- In 1972, he obtained his Bachelor in Chemical Engineering Degree from the University of Canterbury, New Zealand;
- In 1974, he obtained his Post-Graduate Degree in Rubber Technology (ANCRT) in the United Kingdom; and
- In 1976, he obtained his Masters Degree in Engineering specialising in Industrial Management (M.E.) and also in Business Administration (MBA) from the Catholic University of Leuven in Belgium.

Before he joined Palm Oil Research Institute of Malaysia (PORIM) in 1979, he held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/Malaysian Rubber Research Development Board (MRRDB).

In 1986, he completed his doctorate with a PhD in Applied Economics and Management Science from the University of Stirling, Scotland. He was later appointed as the Director-General of PORIM in 1992. He held the position for 8 years until April 2000 before assuming the role of the Director-General of Malaysia Palm Oil Board (MPOB), an organisation which existed as a result of a PORIM and Palm Oil Registration and Licensing Authority (PORLA) merger, from 1 May 2000 until 18 January 2006.

For all these services, he was conferred the Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N.), Darjah Yang Mulia PANGLIMA JASA NEGARA (P.J.N.) and Darjah Kebesaran PANGLIMA SETIA MAHKOTA (P.S.M.)

### **Lim Chai Beng** *Managing Director*

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LIM CHAI BENG, aged 51, Malaysian, was appointed to the Board on 3 February 1999.

He is one of the founders of C.B. Industrial Product Sdn Bhd and also the Managing Director of this subsidiary company, a position he holds until today. He is also the Managing Director of the subsidiary company, Modipalm Engineering Sdn Bhd. He has vast experience in the engineering industry. He is the driving force behind the Group's growth and responsible for the overall management and formulation of the Group's strategic plans and policies. He possesses strong inter-personal and management skills, which inculcates a good rapport with the highly motivated and dedicated workforce.



## Directors' Profile (cont'd)

### **Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah** *Executive Director*

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TENGGU SERI PADUKA SHAH BANDAR TENGGU ARDY ESFANDIARI BIN TENGGU A. HAMID SHAH, aged 50, Malaysian, was appointed to the Board on 3 February 1999. He is a member of the Remuneration Committee.

He is an established business entrepreneur with extensive networking and great public relations skills. He was previously the Director/Project Director of Worldwide Holdings Berhad for more than 8 years and was involved in the restructuring exercise of the Company in the year 1990.

He was appointed a director of C.B. Industrial Product Sdn Bhd in 1994 and is responsible for the public affairs and government liaison of this subsidiary company. He is also the Managing Director of the subsidiary company, AVP Engineering (M) Sdn Bhd, involved in the fabrication of specialised vehicles.

He was appointed the "Orang Besar Istana" on December 2008 with the bestowed title of "Tengku Seri Paduka Shah Bandar" by his Majesty the Sultan of Selangor.

### **Lim Chai Huat** *Non-Independent Non-Executive Director*

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LIM CHAI HUAT, aged 48, Malaysian, was appointed to the Board on 3 February 1999. He is the Chairman of the Nomination and Committee and also a member of the Audit Committee.

He is one of the founders of C.B. Industrial Product Sdn Bhd. He joined Chin Beng Engineering Works in 1980 as the Operations Manager. When Chin Beng Engineering Works was incorporated into a private limited company under its present name of C.B. Industrial Product Sdn Bhd, in 1983, he was promoted due to his vast experience and track record to Production Manager in the manufacturing division. In 1985, he was further promoted to Project Director where he headed the project team and managed the Project Division. He currently acts as an advisor for palm oil mill projects and the administration of the factory and Property Division. He is the Managing Director of Freiberg (Malaysia) Sdn Bhd ("Freiberg"), a company, which was granted a license from Australia to manufacture office furniture and partitions.

### **Mak Chee Meng** *Executive Director*

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MAK CHEE MENG, aged 54, Malaysian, was appointed to the Board on 3 February 1999. Prior to joining C.B. Industrial Product Sdn Bhd in 1994, he was a Director of Palmilltech Engineering from 1989 to 1991 specialized in Steam Turbine repairs and machinery reconditioning services. From 1982 to 1989, he was the Manager (Industrial Division) for Salcon Centrimax Engineering Sdn Bhd, a company principally involved in the supply of palm oil mill equipment and related services, where he was responsible for the sales and marketing division. He is the founder and currently the Managing Director of the subsidiary company, Avecpalm Engineering (Malaysia) Sdn Bhd and Avecpalm Marketing Resources Sdn Bhd. He is instrumental in developing the export market in the West African countries, Papua New Guinea and the South American tropical belt countries.

## Directors' Profile (cont'd)

### **Michael Ting Sii Ching** *Independent Non-Executive Director*

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MICHAEL TING SII CHING, aged 52, Malaysian, was appointed to the Board on 10 October 2001. He is the Chairman of the Remuneration Committee, and also a member of the Audit and Nomination Committees.

He was previously with Arthur Andersen/HRM Management Services Sdn Bhd as a senior consulting manager for more than 9 years in which he oversaw/undertook a variety of management and financial consulting assignments and/or projects. Subsequently, he was appointed a General Manager in PhileoAllied Securities Sdn Bhd and an Executive Director in Phileo Allied Capital Partners Sdn Bhd, overseeing the origination, structuring and advisory of corporate finance deals/transactions over a period of about 8 years. His professional experience also included heading the corporate planning and development division of MISC Berhad for over 4 years. He is currently a director of TH Group Berhad.

### **Wong Chee Beng** *Independent Non-Executive Director*

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WONG CHEE BENG, aged 56, Malaysian, was appointed to the Board on 23 May 2002. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He also holds a Master of Business Administration (MBA) from Brunel University, United Kingdom and is a Certified Financial Planner (CFP).

He has more than 30 years of experience in the areas of auditing, accounting, financial management, business entrepreneurship and company secretarial work. He is currently a director of TH Group Berhad.

#### **Notes to Directors' Profile:**

##### **1. Family Relationship**

Lim Chai Huat is the brother to Lim Chai Beng, a Director and substantial shareholder of the Company.

The other Directors do not have any family relationship with any Director and/or major shareholders of the Company.

##### **2. Conviction of Offences**

None of the Directors have been convicted for any offences (other than traffic offences) within the past 10 years.

##### **3. Conflict of Interest**

All the Directors have no conflict of interest with the Company and its subsidiaries.

##### **4. Attendance at Board Meetings**

The details of attendance of the Directors at the Board Meetings are set out on page 18 of this Annual Report.

##### **5. Shareholdings**

The details of Directors' Interest in the securities of the Company are set out in the Analysis of Shareholdings on page 84 of this Annual Report.

## Audit Committee Report

The Board is pleased to present below the Audit Committee Report for the financial year ended 31 December 2008.

### COMPOSITION AND MEETINGS

The Audit Committee comprises three (3) Directors as follows:

#### Chairman

Wong Chee Beng – Independent Non-Executive Director

#### Members

Michael Ting Sii Ching – Independent Non-Executive Director

Lim Chai Huat – Non-Independent Non-Executive Director

A total of five (5) meetings were held during the financial year ended 31 December 2008. The details of the attendance of the Audit Committee are as follows:

		Attendance
<b>Chairman</b>	Wong Chee Beng (Independent Non-Executive Director)	5/5
<b>Members</b>	Michael Ting Sii Ching (Independent Non-Executive Director)	5/5
	Lim Chai Huat (Non-Independent Non-Executive Director)	3/4

Senior Management staff, Group internal auditor and the external consultants to whom the internal audit function was outsourced to, were invited to attend the Audit Committee meetings. The agenda of the meetings and relevant information were distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In accordance with the Terms of Reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the year ended 31 December 2008, including the deliberation on and review of:

- (a) the quarterly announcements and annual audited financial statements of the Company to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the submission to the Board of Directors for approval.
- (b) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.
- (c) the audit reports of the external auditors in relation to audit and accounting matters arising from the statutory audit; matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management.
- (d) related party transactions and conflict of interest situation that may arise within the Group.
- (e) the internal audit reports, audit recommendations and implementation status of the recommendations.
- (f) the quarterly update on the Group's key risk profile with a view to re-assess and manage the key business risks as well as to monitor the readiness to manage these risks.



## Audit Committee Report (cont'd)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

- (g) the Audit Committee Report and Statement on Internal Control for compliance with the Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Malaysia Securities Berhad before recommending to the Board of Directors for approval.
- (h) re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board of Directors for approval.

### INTERNAL AUDIT FUNCTION

Prior to 1 September 2008, the Internal Audit Function was outsourced to external consultants, assisted by the Group Internal Auditor in undertaking the internal audit work. The internal audit function of the Group was fully performed in-house effective from 1 September 2008.

The Internal Audit Function assisted the Audit Committee in ensuring the adequacy and effectiveness of the internal control system of the Group. The activities of the Internal Audit Function during the financial year ended 31 December 2008 were as follows:

- (a) Execution of the approved internal audit plan.
- (b) Presentation of the internal audit findings at the Audit Committee meetings. All findings raised by the Internal Audit Function had been directed to Management for appropriate actions.
- (c) Conducted follow-up reviews to ensure previously established action plans had been adequately implemented by Management within the agreed original/extended timelines.
- (e) Development of the Internal Audit Plan for the year 2008.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Further details of the Internal Audit Function are set out in the Statement on Internal Control on pages 22 to 23.

### TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee are as follows:

#### COMPOSITION

- The Audit Committee shall be appointed from amongst the Board and shall:
  - i) comprise no fewer than three (3) members who are Non-Executive Directors and majority of whom are Independent Directors;
  - ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' of working experience and;
    - (a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (b) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad; and

## Audit Committee Report (cont'd)

### COMPOSITION (cont'd)

iii) no alternate director shall be appointed as a member of the Audit Committee.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

- The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.
- In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within 3 months.

### DUTIES

- To review with the external auditors on:
  - i) the audit plan, its scope and nature;
  - ii) the audit report;
  - iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - iv) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the system of internal controls within the Group.
- To review with management:
  - i) audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
  - ii) interim financial information and press release relating to financial matters of importance; and
  - iii) the assistance given by the officers of the Company to external auditors.
- To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review the quarterly reports on consolidated results and annual financial statements with management and the auditors prior to submission to the Board of Directors.
- To consider the appointment and/or re-appointment of internal and external auditors, the audit fees and any questions or resignation or dismissal including recommending the nomination of person or persons as external auditors to the Board of Directors.
- To verify the allocation of options pursuant to a share scheme for eligible executives and non-executives Directors as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.
- To review the Statement on Internal Control and Audit Committee Report.
- To review the effectiveness of the Group's Risk Management Framework, Policies and Processes to mitigate Key Risks facing the Group.

## Audit Committee Report (cont'd)

### RIGHTS

The Audit Committee shall:

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) have the right to obtain independent professional or other advice at the cost of the Company;
- f) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;
- g) the Chairman shall call for a meeting upon a request of the internal auditors and external auditors.
- h) promptly report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements.

### MEETINGS

- The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Directors.
- The Company Secretary is responsible for co-ordinating all administrative details including calling of meetings, voting and keeping of minutes.
- The Chairman shall upon request of the external auditors convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.
- The internal and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.
- Members of the Audit Committee are provided with the meeting agenda and other relevant financial and non-financial information prior to each meeting.
- Senior Management staff, external auditors and internal auditors are invited to attend the meetings, where their presence is needed.
- The Company Secretary is responsible for preparing the minutes of each meeting which are subsequently approved and adopted.

### REVIEW OF AUDIT COMMITTEE

The Board of Directors shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to gauge their compliance with the terms of reference.



## Statement of Corporate Governance

The Board of Directors recognises the importance of establishing and maintaining good corporate governance within the Group. The Board is committed to ensure the adoption of the principles and best practices of the Code to safeguard the Group's assets and shareholders' interests.

This statement sets out the manner in which the Group has applied the Principles and the extent of compliance with the Best Practices in Corporate Governance as set out in Part 1 and Part 2 respectively of the Code, pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad. The best practices that were not adopted during the financial year are explained in the relevant paragraphs.

### THE BOARD OF DIRECTORS

- **Composition**

The Group is led by an effective and experienced Board with members from different backgrounds possessing a wide range of expertise. Together they bring a broad range of skills, experience and knowledge which give added strength to the leadership in managing and directing the Group's operations.

The Board recognises its key role in charting the strategic direction, development and control of the Group which would include the reviewing and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

- **Board Balance**

The Board comprises 7 members, of whom, 2 are Independent Non-Executive Directors, 2 are Non-Independent Non-Executive Directors and 3 Executive Directors. The profiles of the members of the Board are set out on page 10 to 12 of this Annual Report.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The role of the Independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

With this composition of members, the Board is satisfied that it fairly reflects the investment of the minority shareholders and represents the mix of skills and experiences required for the effective discharge of Board's duties and responsibilities.

There is a clear division of responsibilities between the roles of the Chairman and Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board.

The Board is of the opinion that the appointment of a Senior Independent Non-Executive Director is not necessary at this stage as the Chairman fully encourages active participation by Directors at Board Meetings.

## Statement of Corporate Governance (cont'd)

### THE BOARD OF DIRECTORS (cont'd)

- Board Meetings**

During the financial year ended 31 December 2008, a total of seven (7) Board meetings were held and the attendance details of individual Board members are shown below.

Name of Director	Designation	No. of meetings attended
Tan Sri Datuk Dr. Yusof Bin Basiran	Non-Independent Non-Executive Chairman	5/7
Lim Chai Beng	Managing Director	7/7
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	Executive Director	6/7
Mak Chee Meng	Executive Director	7/7
Lim Chai Huat	Non-Independent Non-Executive Director	6/7
Michael Ting Sii Ching	Independent Non-Executive Director	7/7
Wong Chee Beng	Independent Non-Executive Director	7/7

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. During the meetings, Board members will deliberate on and consider matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plans. Senior Management may be invited to attend these meetings to explain and clarify the relevant matters tabled, if required. All meetings of the Board are duly recorded in the Board Minutes by the Company Secretary.

All Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. If considered necessary, the Directors may engage suitably qualified consultants at the Group's expense, in fulfilment of their duties.

- Supply of Information to Board Members**

Board papers providing updates on operations, financial, corporate developments and minutes of the Board Committees are circulated prior to each meeting. This is to provide the Directors sufficient time to enable them to participate in the deliberations of the issues to be raised at the meetings and to make informed decisions.

- Appointment and Re-election of Directors**

The appointment of Directors is undertaken by the Board as a whole guided by formal recommendations by the Nomination Committee.

In accordance with the Company's Articles of Association, all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

## Statement of Corporate Governance (cont'd)

### THE BOARD OF DIRECTORS (cont'd)

#### • Appointment and Re-election of Directors (cont'd)

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Currently, there are no Directors of the Company who is subject to such re-appointment.

#### • Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Program as prescribed by Bursa Securities.

For the financial year ended 31 December 2008, the Directors have attended an in-house training on 28 November 2008 on the topic "Managing Strategic Change Effectively". Other than the in-house training, the following Directors have presented and/or attended the training and development programmes or international trade shows or exhibitions as follows:

Tan Sri Datuk Dr. Yusof Bin Basiran	<ul style="list-style-type: none"> <li>• Bankers' Brainstorming with Ethos Companies</li> <li>• Palm Oil Congress Seminar</li> <li>• Washington International Renewable Energy Conference</li> <li>• National Institute of Oil Seed Products Conference</li> <li>• The Palm Oil Trade Seminar</li> <li>• Transfer of Technology Seminar</li> <li>• Forum of Seismic and Tsunami Hazards and Risks Study in Malaysia</li> <li>• The World's Sustainable Palm Oil Conference</li> </ul>
Michael Ting Sii Ching	Key Provision of Companies (Amendment) Act 2007 and Capital Markets & Services Act, 2007 that Impact Directors
Wong Chee Beng	<ul style="list-style-type: none"> <li>• Creative Accounting</li> <li>• Due Diligence Audit</li> <li>• Succeeding on Your Initial Public Offering Objectives</li> <li>• Key Provision of Companies (Amendment) Act 2007 and Capital Markets &amp; Services Act, 2007 that Impact Directors</li> </ul>

The Directors have also benefited from various updates on regulatory and legal developments briefed by the Company Secretaries during Board meetings from time to time, with the intention of keeping the Directors abreast with the regulatory and legal related developments.

The Board of Directors are encouraged to evaluate their own training needs on a regular basis and to determine the relevant programmes, seminars or dialogues available that would best enable them to enhance their skill and knowledge so as to effectively discharge their duties.

### BOARD COMMITTEES

Apart from the Audit Committee, there are two additional committees established to assist the Board of Directors in the execution of its responsibilities. All the committees are provided with written terms of reference. Details of the Board committees are provided below.

## Statement of Corporate Governance (cont'd)

### BOARD COMMITTEES (cont'd)

- **Nomination Committee**

The Nomination Committee consists of entirely of Non-Executive Directors with majority being Independent Directors. The members of the Nomination Committee are:

Chairman

Lim Chai Huat – Non-Independent Non-Executive Director

Members

Wong Chee Beng – Independent Non-Executive Director

Michael Ting Sii Ching – Independent Non-Executive Director

The primary objective of the Nomination Committee is to evaluate suitability of candidates and make recommendations to the Board for new appointments. The Nomination Committee is also empowered to assess the effectiveness of the Board as a whole.

- **Remuneration Committee**

The Remuneration Committee consists of one (1) Executive Director and two (2) Non-Executive Directors. The members of the Remuneration Committee are:

Chairman

Michael Ting Sii Ching – Independent Non-Executive Director

Members

Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah – Executive Director

Lim Chai Huat – Non-Independent Non-Executive Director

The Remuneration Committee is responsible to recommend to the Board the remuneration framework for Directors necessary to attract, retain and motivate the Directors which are reflective of the Directors' experience and level of responsibilities.

It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors and none of the Executive Directors participate in any way in determining their individual remuneration. The remuneration and entitlements of the Non-Executive Directors is a matter of the Board of Directors as a whole, with individual Directors abstaining from decisions in respect of their remuneration.

The Remuneration Committee held one (1) meeting during the year, which was attended by all the members.

- **Audit Committee**

The report of the Audit Committee is set out on pages 13 to 16.

### DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year ended 31 December 2008 are categorised as follows:

(a) **Total Remuneration**

Director	Salaries RM'000	Fees RM'000	Bonus and Allowances RM'000	Benefit- in-kind RM'000	Total RM'000
Executive	1,010	48	161	12	1,231
Non-Executive	–	150	28	24	202
Total	1,010	198	189	36	1,433

## Statement of Corporate Governance (cont'd)

### DIRECTORS' REMUNERATION (cont'd)

#### (b) Directors' remuneration by bands

Range of Remuneration	Executive	Non-Executive
Below RM100,000	–	4
RM150,001 to RM200,000	1	–
RM400,001 to RM450,000	1	–
RM600,001 to RM650,000	1	–

The details of individual Director's remuneration are not disclosed as the Board considers the above disclosures on the Directors' remuneration comply sufficiently with the transparency and accountability aspects of the Code.

### ACCOUNTABILITY AND AUDIT

#### • Financial Reporting

The financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group at the end of the financial year. The Board of Directors strives to ensure that the quarterly reports and annual financial statements are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

A Responsibility Statement by the Directors of their responsibility pursuant to Section 169 of the Companies Act, 1965 is set out on page 25 of the Annual Report.

#### • Statement on Internal Control

The Board acknowledges its responsibility to establish a sound system of internal control that is maintained and reviewed regularly for its adequacy and integrity.

The Group's Statement on Internal Control is set on pages 22 to 23 of the Annual Report.

#### • Relationship With Auditors

The role of the Audit Committee in relation to the external auditors is explained in the Audit Committee Report set out on pages 13 to 16 of the Annual Report.

### RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The timely release of quarterly financial results, press releases and other announcements provide the primary platform for the ongoing communication of the Group's performance and operations to the Company's shareholders and investors. All queries from shareholders and members of public received through phone calls or letters are handled by the Directors. In addition, the Board has taken appropriate steps to ensure that no market information is disclosed to any party prior to making an official announcement to Bursa Malaysia Securities Berhad.

At the Annual General Meeting, the Board presents the progress and performance of the Group. The Chairman of the Board gives shareholders ample time and opportunity to question matters of concern to them.



# Statement on Internal Control

## INTRODUCTION

The Board of Directors remains committed towards ensuring that a sound system of internal control exists in order to safeguard shareholders' investment and the Group's assets.

The Board is pleased to present herewith the Statement on Internal Control ("Statement") which outlines the nature and scope of internal controls of the Group during the financial year under review. This Statement is prepared pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Internal Controls: Guidance for Directors of Public Listed Companies.

## BOARD RESPONSIBILITY

The Board affirms its responsibility for establishing and maintaining a sound system of internal control and risk management practices as well as reviewing the adequacy and integrity of the internal control system. The Board has delegated the oversight function over the internal control system to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditors.

As there are inherent limitations in any system of internal control, such a system can only manage rather than eliminate all risks that may impede the achievement of the Group's corporate objectives. Therefore, the system of internal control can only provide reasonable assurance rather than absolute assurance against material misstatement or loss. In devising control procedures, due consideration is given to the cost of implementation as compared to the expected benefits.

## KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

### 1. Control Environment

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- Periodic Performance Review

Actual performance of the Group is monitored against plans to identify and to address significant variances at least once in every quarter.

- Group Policies and Procedures

The Group has documented policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Site visits

Regular factory and site visits by members of the Management team, the internal auditor and external consultants are conducted.

### 2. Risk Management Framework

Risk management is regarded by the Board to be an integral part of managing business operations. The respective Heads of Departments are responsible for managing risks related to their functions on a day-to-day basis. Periodic management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the Management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

## Statement on Internal Control (cont'd)

### 2. Risk Management Framework (cont'd)

The abovementioned practices and initiatives by the Management serves as the ongoing process used to identify, assess and manage key business, operational and financial risks faced by the Group.

In addition, the Management presented to the Audit Committee on the status of implementation of previously identified management action plans pertaining to key business risks of the Group.

### 3. Internal Audit Function

Prior to 1 September 2008, the Internal Audit Function was outsourced to external consultants, assisted by the Group Internal Auditor in undertaking the internal audit work. The internal audit function of the Group was fully performed in-house effective from 1 September 2008.

The Internal Audit Function assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

This is documented in the Audit Committee Report on pages pages 13 to 16 of this Annual Report.

On a quarterly basis, the Group's internal auditors table the results of their review of the business processes of different operating units to the Audit Committee at their scheduled meetings. The status of the implementation of corrective actions to address control weaknesses are also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented.

During the financial year under review, identified weaknesses in internal controls have been directed to the relevant personnel to take the appropriate actions to enhance and strengthen the internal control environment.

### 4. Information And Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

### 5. Monitoring And Review

Scheduled management meetings are held to discuss and review the business planning, budgeting, financial and operational performances.

- Financial and Operational Review

The monthly management accounts and the quarterly financial statements containing key financial results, operational performance results and comparisons of performance against budget are presented to the Board for their review, consideration and approval.

- Business Planning and Budgeting Review

The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

### 6. Conclusion

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will continue to put in place appropriate action plans to further enhance the system of internal controls.

## Additional Compliance Information

### 1. Shares Buy-Backs

During the financial year, the Company purchased 1,594,900 of its issued shares from the open market of Bursa Malaysia Securities Berhad for RM5,737,648.15. The details of the shares bought back and held as treasury shares during the financial year are as follows:

Month	Number of Shares	Buy Back Price Per Share (RM)		Average Price (RM)	Total Cost (RM)
		Lowest	Highest		
July	489,200	3.54	3.88	3.73	1,823,898.50
August	678,200	3.73	3.98	3.85	2,611,283.33
September	246,500	3.36	3.84	3.46	852,241.45
October	60,000	2.42	2.87	2.58	155,024.57
November	121,000	2.43	2.44	2.44	295,200.30
<b>Total</b>	<b>1,594,900</b>			<b>3.60</b>	<b>5,737,648.15</b>

None of the treasury shares were resold or cancelled during the financial year.

### 2. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year under review.

### 3. American Depository Receipts (“ADR”) or Global Depository Receipt (“GBR”)

The Company did not participate in any ADR or GDR Programme during the financial year.

### 4. Imposition of Sanction / Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

### 5. Non-Audit Fees

The amount of non-audit fees incurred for services rendered by the external auditors to the Group for the financial year ended 31 December 2008 amounted to RM64,000.

### 6. Variation in Results for the Financial Year

There was no material variance between the audited results for the financial year ended 31 December 2008 and the unaudited results previously announced.

### 7. Profit Guarantee

There were no profit guarantees given by the Company during the financial year.

### 8. Material Contracts involving Directors’ and Major Shareholders’ Interests

There was no material contracts entered into by the Company and its subsidiaries involving Directors’ and major shareholders’ interests, which were subsisting at the end of the financial year ended 31 December 2008.

### 9. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

### 10. Revaluation Policy on Landed Properties

The Company has not adopted a revaluation policy on landed properties.

## Statement of **Directors' Responsibility** in Respect of the Preparation of the Financial Statements

The Directors acknowledged their responsibility for ensuring that the financial statements of the Group are drawn up in accordance with applicable approved accounting standards in Malaysia and the provision of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2008 and of the results and cash flows of the Company and the Group for the financial year ended on that date.

In preparing the financial statements of the Company and the Group for the year ended 31 December 2008, the Directors have:

- ensured that relevant and appropriate accounting policies are consistently applied and that these policies are in accordance with applicable approved accounting standards;
- made judgments and estimates that are reasonable and prudent; and
- used the going concern basis for the preparation of the financial statements.

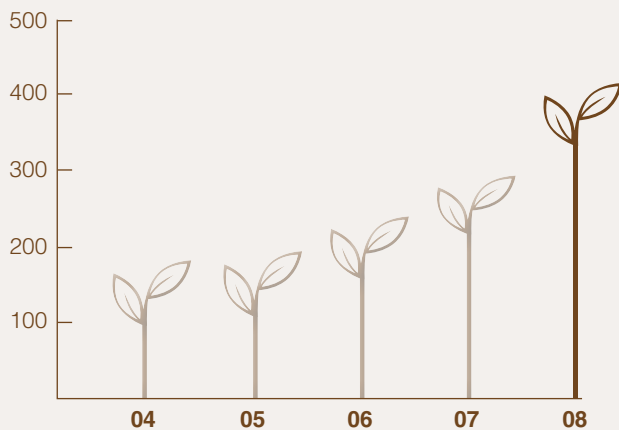
The Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy and that these records are kept in accordance with the Companies Act, 1965. The Directors are also responsible for taking steps that are reasonable to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

## Five Years Financial Highlights

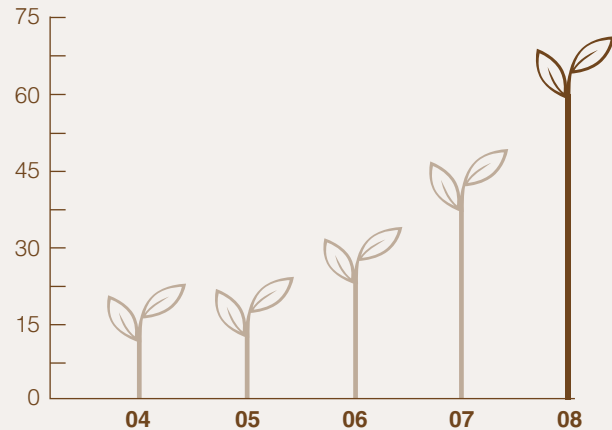
In RM'000	2004	2005	2006	2007	2008
Turnover	183,244	191,327	228,811	289,819	<b>409,903</b>
Profit Before Taxation	22,144	22,897	33,663	48,867	<b>70,562</b>
Net Profit For The Financial Year	14,644	18,120	31,016	46,546	<b>60,686</b>
Shareholders' Funds	80,912	117,339	142,323	177,053	<b>217,941</b>
Earnings Per Share (Sen)	17.2 *	15.6	22.8	33.8	<b>44.3</b>

\* Adjusted for enlarged share capital after share split in 2005.

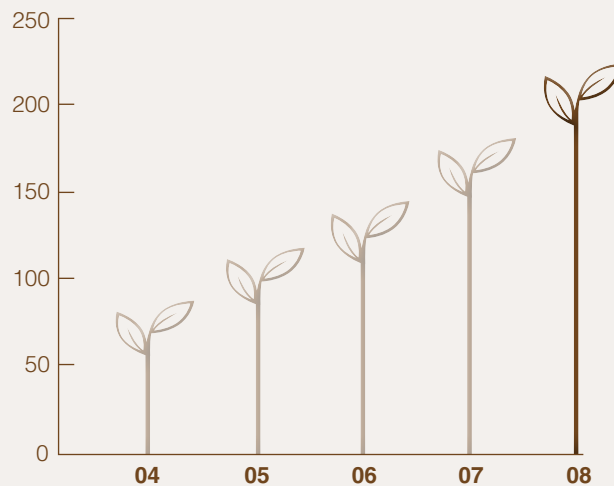
Turnover  
(RM million)



Profit Before Taxation  
(RM million)



Shareholders' Funds  
(RM million)







## Financial Statements

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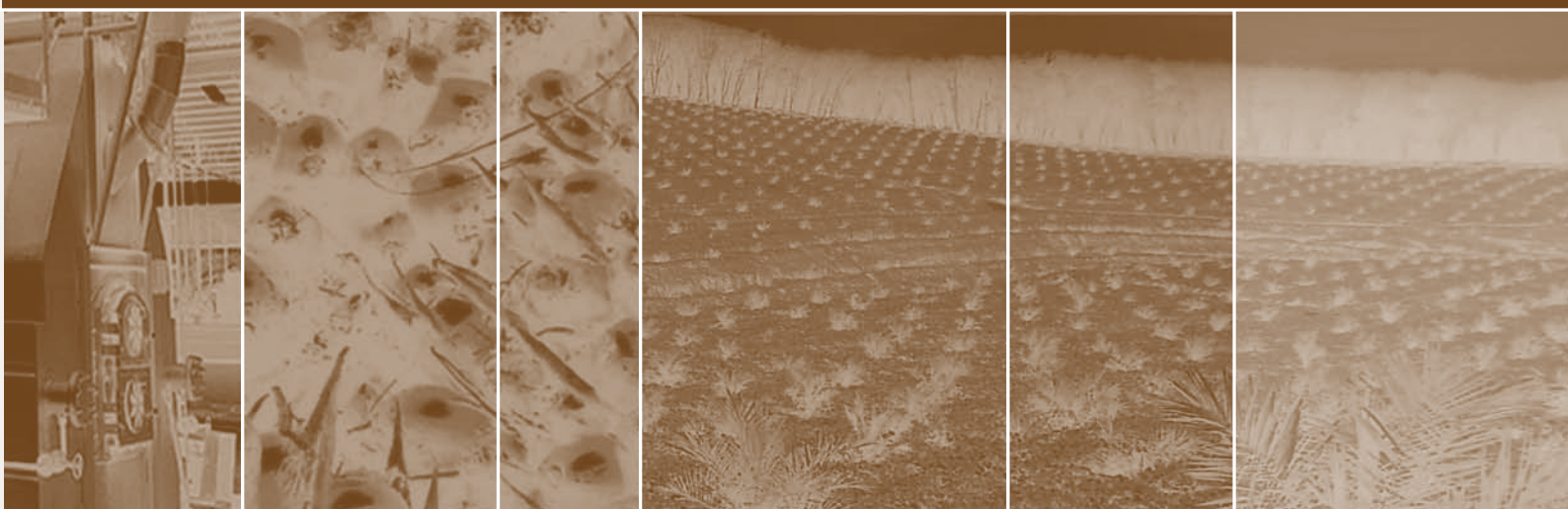
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## Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	<b>62,933</b>	<b>33,177</b>
Attributable to:		
Equity holders of the Company	<b>60,686</b>	<b>33,177</b>
Minority interests	<b>2,247</b>	–
	<b>62,933</b>	<b>33,177</b>

### DIVIDENDS

Since the previous financial year, the Company paid a final tax-exempt dividend of RM0.05 per ordinary share amounting to RM6,819,755 in respect of the previous financial year on 22 May 2008.

The directors declared an interim tax-exempt dividend of RM0.05 per ordinary share amounting to RM6,798,380 in respect of the current financial year. The said interim dividend was paid on 11 February 2009.

The directors do not recommend the payment of any final dividend for the current financial year.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### TREASURY SHARES

During the financial year, the Company purchased from the open market, 1,594,900 units of its own shares through purchases on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM3.60 per ordinary share. The total consideration paid for acquisition of the shares was RM5,737,648 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. None of the treasury shares held were resold or cancelled during the financial year.

As at 31 December 2008, the Company held 1,594,900 repurchased shares as treasury shares out of its total issued and paid up share capital of 137,562,500 ordinary shares of RM0.50 each. Such treasury shares are held at a carrying amount of RM5,737,648.

## Directors' Report (cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### CHANGE OF CIRCUMSTANCES

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 financial statements misleading.

## Directors' Report (cont'd)

### ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial statements of the Group and of the Company for the current financial year.

### DIRECTORS

The directors who served since the date of the last report are as follows:-

TAN SRI DATUK DR. YUSOF BIN BASIRAN  
 TENGKU ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH  
 LIM CHAI BENG  
 LIM CHAI HUAT  
 MAK CHEE MENG  
 MICHAEL TING SII CHING  
 WONG CHEE BENG

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2008	BOUGHT	SOLD	AT 31.12.2008
<i>Direct Interests:</i>				
TENGKU ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH	800,000	–	–	800,000
LIM CHAI BENG	40,234,782	892,200	(60,000)	41,066,982
MAK CHEE MENG	3,542,062	–	–	3,542,062
LIM CHAI HUAT	4,202,600	300,000	–	4,502,600
<i>Indirect Interests held through</i>				
<i>Spouse/Child*:</i>				
TAN SRI DATUK DR. YUSOF BIN BASIRAN	40,000	100,000	–	140,000
LIM CHAI BENG	2,000	–	–	2,000
LIM CHAI HUAT	–	227,000	–	227,000

\* *Deemed interest through spouse's and/or children's shareholdings by virtue of Section 134(12)(C) of the Companies (Amendment) Act 2007.*

None of the other directors had any interests in shares in the Company during the financial year.

By virtue of his interest in shares in the Company, Lim Chai Beng is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965 in Malaysia.

## Directors' Report (cont'd)

### **DIRECTORS' BENEFITS**

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

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events of the Group during the financial year are disclosed in Note 42 to the financial statements.

### **SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE**

The significant event of the Group subsequent to the balance sheet date is disclosed in Note 43 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Horwath have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 27 APRIL 2009

**TENGKU ARDY ESFANDIARI BIN  
TENGKU A. HAMID SHAH**

Director

**LIM CHAI BENG**

Director



## Statement by Directors

We, **Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah** and **Lim Chai Beng**, being two of the directors of **CB Industrial Product Holding Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 35 to 80 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 27 APRIL 2009

**TENGGU ARDY ESFANDIARI BIN  
TENGGU A. HAMID SHAH**  
Director

**LIM CHAI BENG**  
Director

## Statutory Declaration

I, **Tan Hock Yew**, being the officer primarily responsible for the financial management of **CB Industrial Product Holding Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 35 to 80 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.

Subscribed and solemnly declared by  
Tan Hock Yew, at Klang in the state of  
Selangor Darul Ehsan on this 27 April 2009

**TAN HOCK YEW**

Before Me  
**GOH CHENG TEAK**  
Commissioner For Oaths

## Independent **Auditors' Report** to the Members of CB Industrial Product Holding Berhad

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CB Industrial Product Holding Berhad, which comprise the balance sheets as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 80.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which is indicated in Note 6 to the financial statements;
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Independent Auditors' Report to the Members of CB Industrial Product Holding Berhad (cont'd)

### OTHER MATTERS

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

#### **HORWATH**

Firm No : AF 1018  
Chartered Accountants

Kuala Lumpur  
27 April 2009

#### **LEE KOK WAI**

Approval No : 2760/06/10 (J)  
Partner

## Balance Sheets

at 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	6	–	–	<b>103,280</b>	44,160
Investment in associates	7	<b>54,737</b>	–	<b>49,430</b>	–
Investment in jointly controlled entity	8	<b>11,739</b>	–	<b>10,187</b>	–
Property, plant and equipment	9	<b>80,260</b>	40,920	<b>1,211</b>	268
Prepaid land lease payments	10	<b>56,912</b>	28,296	–	–
Plantation development expenditure	11	<b>74,953</b>	25,924	–	–
Goodwill on consolidation	12	<b>14,983</b>	10,130	–	–
Other investments	13	<b>596</b>	596	–	–
		<b>294,180</b>	105,866	<b>164,108</b>	44,428
<b>CURRENT ASSETS</b>					
Inventories	14	<b>48,617</b>	27,048	–	–
Trade receivables	15	<b>93,676</b>	73,867	–	–
Amount due from contract customers	16	<b>38,389</b>	64,097	–	–
Other receivables, deposits and prepayments		<b>14,948</b>	25,968	<b>10</b>	12,055
Amount owing by subsidiaries	17	–	–	–	22,298
Assets held for sale	18	<b>393</b>	–	–	–
Dividend receivable		–	–	–	7,500
Tax refundable		–	180	<b>53</b>	53
Fixed and short term deposits with licensed banks	19	<b>6,770</b>	345	–	–
Cash and bank balances		<b>20,745</b>	5,702	<b>92</b>	94
		<b>223,538</b>	197,207	<b>155</b>	42,000
<b>TOTAL ASSETS</b>		<b>517,718</b>	303,073	<b>164,263</b>	86,428
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	20	<b>68,781</b>	68,781	<b>68,781</b>	68,781
Treasury shares	21	<b>(5,738)</b>	–	<b>(5,738)</b>	–
Share premium	22	<b>5,559</b>	5,559	<b>5,559</b>	5,559
Currency translation reserve		<b>(441)</b>	1	–	–
Retained profits	23	<b>149,780</b>	102,712	<b>19,781</b>	222
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>217,941</b>	177,053	<b>88,383</b>	74,562
<b>MINORITY INTERESTS</b>		<b>4,367</b>	3,276	–	–
<b>TOTAL EQUITY</b>		<b>222,308</b>	180,329	<b>88,383</b>	74,562

The annexed notes form an integral part of these financial statements.

## Balance Sheets (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
NON-CURRENT LIABILITIES					
Long term borrowings	24	112,984	4,568	–	177
Deferred taxation	25	5,394	6,903	–	–
		<b>118,378</b>	11,471	–	177
CURRENT LIABILITIES					
Trade payables	26	66,079	47,521	–	–
Amount due to contract customers	16	22,255	28,024	–	–
Other payables and accruals		14,562	10,435	109	103
Amount owing to subsidiaries	17	–	–	68,973	4,641
Amount owing to a director	27	13	–	–	–
Proposed dividend		6,798	6,878	6,798	6,878
Provision for taxation		3,097	–	–	–
Short term borrowings	28	61,320	15,859	–	67
Bank overdrafts	28	2,908	2,556	–	–
		<b>177,032</b>	111,273	<b>75,880</b>	11,689
TOTAL LIABILITIES		<b>295,410</b>	122,744	<b>75,880</b>	11,866
TOTAL EQUITY AND LIABILITIES		<b>517,718</b>	303,073	<b>164,263</b>	86,428

The annexed notes form an integral part of these financial statements.



## Income Statements

for the Financial Year Ended 31 December 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
REVENUE	29	<b>409,903</b>	289,819	<b>35,271</b>	12,867
COST OF SALES	30	<b>(320,888)</b>	(225,446)	–	–
GROSS PROFIT		<b>89,015</b>	64,373	<b>35,271</b>	12,867
OTHER OPERATING INCOME		<b>4,872</b>	4,726	<b>30</b>	3
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		<b>93,887</b>	69,099	<b>35,301</b>	12,870
		<b>(25,741)</b>	(18,637)	<b>(1,892)</b>	(1,176)
PROFIT FROM OPERATIONS		<b>68,146</b>	50,462	<b>33,409</b>	11,694
FINANCE EXPENSES		<b>(6,416)</b>	(1,595)	<b>(16)</b>	(7)
SHARE OF PROFIT OF ASSOCIATES		<b>7,191</b>	–	–	–
SHARE OF PROFIT OF JOINTLY CONTROLLED ENTITY		<b>1,641</b>	–	–	–
PROFIT BEFORE TAXATION	31	<b>70,562</b>	48,867	<b>33,393</b>	11,687
TAXATION	32	<b>(7,629)</b>	(2,157)	<b>(216)</b>	181
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		<b>62,933</b>	46,710	<b>33,177</b>	11,868
ATTRIBUTABLE TO:					
Equity holders of the Company		<b>60,686</b>	46,546	<b>33,177</b>	11,868
Minority interests		<b>2,247</b>	164	–	–
		<b>62,933</b>	46,710	<b>33,177</b>	11,868
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:					
- Basic	33	<b>44.3 sen</b>	33.8 sen		
- Diluted	33	<b>N/A</b>	N/A		

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity

for the Financial Year Ended 31 December 2008

THE GROUP	← NON-DISTRIBUTABLE →		← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →				← DISTRIBUTABLE →		TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CURRENCY TRANSLATION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000		
Balance at 1.1.2007	68,781	5,559	124	67,859	142,323	3,875	146,198		
Currency translation differences	-	-	(123)*	-	(123)	-	(123)		
Profit for the financial year	-	-	-	46,546	46,546	164	46,710		
Final tax-exempt dividend of RM0.035 per ordinary share paid in respect of the previous financial year	-	-	-	(4,815)	(4,815)	-	(4,815)		
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year	-	-	-	(6,878)	(6,878)	-	(6,878)		
Piecemeal acquisition of investment in a subsidiary	-	-	-	-	-	(763)	(763)		
Balance at 31.12.2007	68,781	5,559	1	102,712	177,053	3,276	180,329		

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity (cont'd)

	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →		← NON-DISTRIBUTABLE →		← DISTRIBUTABLE →		TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CURRENCY TRANSLATION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	
<b>THE GROUP</b>							
Balance at 1.1.2008	68,781	-	5,559	1	102,712	177,053	180,329
Currency translation differences	-	-	-	(442)*	-	(442)	(442)
Profit for the financial year	-	-	-	-	60,686	60,686	62,933
Final tax-exempt dividend of RM0.05 per ordinary share paid in respect of the previous financial year**	-	-	-	-	(6,820)	(6,820)	(6,820)
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year**	-	-	-	-	(6,798)	(6,798)	(6,798)
Piecemeal acquisition of investment in a subsidiary	-	-	-	-	-	-	(1,156)
Purchase of own shares	-	(5,738)	-	-	-	(5,738)	(5,738)
<b>Balance at 31.12.2008</b>	<b>68,781</b>	<b>(5,738)</b>	<b>5,559</b>	<b>(441)</b>	<b>149,780</b>	<b>217,941</b>	<b>222,308</b>

\* Represent gains/(losses) not taken to income statement.

\*\* The dividends are computed based on the outstanding issued and paid-up capital excluding treasury shares held by the Company.

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity (cont'd)

THE COMPANY	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2007	68,781	–	5,559	47	74,387
Profit for the financial year	–	–	–	11,868	11,868
Final tax-exempt dividend of RM0.035 per ordinary share paid in respect of the previous financial year	–	–	–	(4,815)	(4,815)
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year	–	–	–	(6,878)	(6,878)
Balance at 31.12.2007/1.1.2008	68,781	–	5,559	222	74,562
Profit for the financial year	–	–	–	33,177	33,177
Final tax-exempt dividend of RM0.05 per ordinary share paid in respect of the previous financial year**	–	–	–	(6,820)	(6,820)
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year**	–	–	–	(6,798)	(6,798)
Purchase of own shares	–	(5,738)	–	–	(5,738)
<b>Balance at 31.12.2008</b>	<b>68,781</b>	<b>(5,738)</b>	<b>5,559</b>	<b>19,781</b>	<b>88,383</b>

\*\* The dividends are computed based on the outstanding issued and paid-up capital excluding treasury shares held by the Company.

## Cash Flow Statements

for the Financial Year Ended 31 December 2008

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit before taxation	<b>70,562</b>	48,867	<b>33,393</b>	11,687
Adjustments for:-				
Allowance for doubtful debts	<b>1,131</b>	1,822	-	-
Amortisation of plantation development expenditure	<b>2,700</b>	1,317	-	-
Amortisation of prepaid land lease payments	<b>782</b>	643	-	-
Bad debts written off	-	110	-	-
Depreciation of property, plant and equipment	<b>4,074</b>	3,140	<b>164</b>	65
Interest expense	<b>6,022</b>	1,291	<b>16</b>	7
Inventories written down	<b>561</b>	449	-	-
Allowance for doubtful debts no longer required	<b>(2,594)</b>	(55)	-	-
Dividend income	-	-	<b>(35,250)</b>	(12,450)
Gain on disposal of property, plant and equipment	<b>(296)</b>	(1,963)	-	-
Loss on disposal of a subsidiary	<b>46</b>	-	-	-
Interest income	<b>(280)</b>	(264)	-	(3)
Negative goodwill on consolidation written off	<b>(472)</b>	-	-	-
Share of profit of:				
- associates	<b>(7,191)</b>	-	-	-
- jointly controlled entity	<b>(1,641)</b>	-	-	-
Unrealised loss/(gain) on foreign exchange	<b>4,407</b>	(688)	-	-
Operating profit/(loss) before working capital changes	<b>77,811</b>	54,669	<b>(1,677)</b>	(694)
Increase in inventories	<b>(21,421)</b>	(10,305)	-	-
Decrease/(Increase) in amount due from contract customers, net	<b>21,558</b>	(26,540)	-	-
(Increase)/Decrease in trade and other receivables	<b>(504)</b>	(20,885)	<b>12,045</b>	(12,020)
(Decrease)/Increase in trade and other payables	<b>(24,447)</b>	12,657	<b>6</b>	2
CASH FROM/(FOR) OPERATIONS	<b>52,997</b>	9,596	<b>10,374</b>	(12,712)
Interest paid	<b>(6,022)</b>	(1,291)	<b>(16)</b>	(7)
Tax (paid)/refunded	<b>(1,117)</b>	(1,028)	<b>(216)</b>	128
Dividend received	-	-	<b>42,750</b>	4,950
NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	<b>45,858</b>	7,277	<b>52,892</b>	(7,641)

The annexed notes form an integral part of these financial statements.

## Cash Flow Statements (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
BALANCE BROUGHT FORWARD		45,858	7,277	52,892	(7,641)
CASH FLOWS (FOR)/FROM					
INVESTING ACTIVITIES					
Deposits paid		–	(12,049)	–	–
Interest received		280	264	–	3
Purchase of a subsidiary		–	–	(59,220)	–
Investment in associates		(49,430)	–	(49,430)	–
Investment in jointly controlled entity		(10,137)	–	(10,137)	–
Purchase of other investments		–	(14)	–	–
Proceeds from disposal of property, plant and equipment		510	7,877	–	–
Proceeds from disposal of a subsidiary		–	–	50	–
Purchase of property, plant and equipment	34	(32,355)	(8,097)	(1,107)	(34)
Plantation development expenditure incurred		(1,038)	(283)	–	–
Piecemeal acquisition of investment in a subsidiary		(689)	(942)	–	(1,591)
Net cash outflow on acquisition of a subsidiary	35	(57,055)	–	–	–
Net cash outflow on disposal of a subsidiary	36	(46)	–	–	–
NET CASH FOR INVESTING ACTIVITIES		(149,960)	(13,244)	(119,844)	(1,622)
CASH FLOWS FROM/(FOR)					
FINANCING ACTIVITIES					
Dividends paid		(13,698)	(4,815)	(13,698)	(4,815)
Treasury shares		(5,738)	–	(5,738)	–
Advances from subsidiaries		–	–	86,630	14,090
Proceeds from issuance of shares to minority shareholders		6	–	–	–
Advances from/(Repayment to) a director		13	(31)	–	–
Drawdown of term loans (Repayment))/Drawdown of revolving credit		168,725	5,000	–	–
Repayment of hire purchase obligations		(3,700)	7,000	–	–
Repayment of term loans		(1,070)	(491)	(244)	(55)
Repayment of term loans		(18,878)	(17,324)	–	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		125,660	(10,661)	66,950	9,220
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,558	(16,628)	(2)	(43)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,491	20,242	94	137
Exchange differences on translation of opening balance		(442)	(123)	–	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	24,607	3,491	92	94

The annexed notes form an integral part of these financial statements.

## Notes to the Financial Statements for the Financial Year Ended 31 December 2008

### 1. GENERAL INFORMATION

The Company is a public company limited by shares, and incorporated and domiciled in Malaysia under the Malaysian Companies Act, 1965. The registered office and principal place of business is Unit 1C, 3C & 5C, 3rd Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Seksyen 13, 40675 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 April 2009.

### 2. PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign exchange risks on sales, purchases and investments that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

##### (ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase arrangements. The policy is to utilise a suitable mix of both fixed and floating rate financial instruments and to obtain the most favourable interest rates available.

Information relating to the Group's interest rate exposure is disclosed in Note 28 to the financial statements.

Surplus funds are placed with reputable financial institutions at the most favourable interest rates.

##### (iii) Price Risk

The Group's principal exposure to market risks arises mainly from changes in market prices of its quoted investments. The Group manages this exposure by prudent investment policies and procedures.

The Group is also exposed to market risks in respect of the volatility in the price of oil palm products.

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.



## Notes to the Financial Statements (cont'd)

### 3. FINANCIAL RISK MANAGEMENT POLICIES( cont'd)

#### (b) Credit Risk( cont'd)

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by the application of appropriate credit approvals, credit limits and monitoring procedures on an ongoing basis.

#### (c) Liquidity and Cash Flow Risks

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through adequate committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has effective cash management to ensure that the Group can pay its dividends to shareholders at an appropriate time.

### 4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards and the Companies Act 1965 in Malaysia.

During the current financial year, the Group has adopted the following:

#### (a) FRSs issued and effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 120 is not relevant to the Group's operations. The adoption of the other standards did not have any material impact on the form and content of disclosures presented in the financial statements.

#### (b) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - *Net Investment in a Foreign Operation* has been issued and is effective for financial periods beginning on or after 1 July 2007.

The adoption of this amendment did not have any material impact on the financial statements of the Group.

#### (c) IC Interpretations issued and effective for financial periods beginning on or after 1 July 2007:

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not relevant to the Group's operations.

## Notes to the Financial Statements (cont'd)

### 4. BASIS OF PREPARATION (cont'd)

(d) The Group has not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group.

(i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments
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FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

(ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

The Group considers financial guarantee contracts entered to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

IC Interpretation 9 is not relevant to the Group's operations. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) Critical Accounting Estimates And Judgements (cont'd)

##### (ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (iii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (iv) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

##### (v) *Allowance for Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### (vi) *Construction Contracts*

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

##### (a) *Contract Revenue*

Construction contract accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

##### (b) *Contract Costs*

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

##### (vii) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

#### (c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2008.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheets of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statements of the Group.

#### (d) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment loss, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Investments

##### (i) Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

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

##### (ii) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

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

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

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Investments in associates are stated at cost less impairment losses.

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

##### (iii) Jointly Controlled Entities

Jointly controlled entities are corporations, partnerships or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the consolidated income statement and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited financial statements or management accounts of the companies concerned. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in jointly controlled entities is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the jointly controlled entities.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Investments (cont'd)

##### (iii) *Jointly Controlled Entities (cont'd)*

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the consolidated income statement.

##### (iv) *Other Investments*

Other investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of the business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/debited to the income statement.

#### (f) Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and, except for leasehold land classified as investment property, the leased assets are not recognised on the balance sheet. All lease rentals payable are accounted for on a straight-line basis over the lease term and included in "other operating expenses".

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring leasehold land is accounted for as prepaid lease payments at the balance sheet date. In the case of a lease of land and buildings, the prepaid lease payments are allocated, whenever necessary, between the land element and the buildings element of the lease at the inception of the lease in proportion to their relative fair value. The prepaid lease payments are amortised over the lease terms in accordance with the pattern of benefits provided.

Leases of plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes places.

#### (g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (g) Property, Plant and Equipment (cont'd)

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	1% - 5%
Estate access road	5%
Factory equipment and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	10% - 20%
Renovation	10% - 20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

#### (h) Plantation Development Expenditure

Plantation development expenditure comprise cost of planting and development of oil palm. Plantation development expenditure are stated at cost less accumulated amortisation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(g) to the financial statements.

Expenditure incurred on newly planted areas up to the time of maturity is capitalised under plantation development expenditure. This expenditure will be amortised over its estimated useful life commencing from the year of maturity of the crop that is normally 3 years from planting. Subsequent expenditure incurred on planted areas is expensed off to the income statement.

Plantation development expenditure is amortised on a straight-line basis over a period of 25 years commencing from the year of maturity of the crop.

#### (i) Capitalisation of Borrowing Costs

Borrowing costs incurred to finance plantation development expenditure that require a substantial period of time to be ready for their commercial harvesting are capitalised. Capitalisation of borrowing costs will cease when the crops are ready for commercial harvesting.

#### (j) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.



## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Impairment of Assets (cont'd)

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

#### (k) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

#### (l) Non-Current Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

#### (m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis, and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials and an appropriate proportion of production overheads.

Nursery inventories comprising seedling remaining in nursery for eventual field planting are valued at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis, and comprising the cost of materials, direct labour and appropriate proportion of planting production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

#### (n) Amount Due From/(To) Contract Customers

The amount due from/(to) contract customers is stated at cost plus profit attributable to contracts in progress less progress billings and provision for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (o) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

#### (p) Payables

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

#### (q) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

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

#### (r) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (s) Purchase of Own Shares

When the share capital recognised as equity is bought by the Company under the share buy-back programme, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares bought that are not subsequently cancelled are classified as treasury shares and presented as a deduction from the total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in shareholders' equity.

#### (t) Income Taxes

Income taxes for the year comprise current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (t) Income Taxes (cont'd)

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### (u) Functional and Foreign Currency

##### (i) *Functional and Presentation Currency*

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates.

The financial statements are presented in Ringgit Malaysia which is the Company's functional and presentation currency.

##### (ii) *Transactions and Balances*

Transactions in foreign currency are converted into the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies, using the rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

##### (iii) *Foreign Operations*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency for consolidation purposes as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for the income statement are translated at average exchange rates for the financial year; and
- (iii) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve.

On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

#### (v) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (w) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), investment properties, land held for development, inventories, property under development, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include deferred tax assets, whilst segment liabilities do not include provision for taxation and borrowings from financial institutions.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

#### (x) Employee Benefits

##### (i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

##### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### (y) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

## Notes to the Financial Statements (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (z) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

#### (aa) Revenue Recognition

##### (i) Revenue from Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case the revenue on contracts will only be recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

##### (ii) Sale of Goods and Fresh Fruit Bunches

Revenue are recognised upon the delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

##### (iii) Dividend Income

Dividend income from investment in subsidiaries is recognised upon declaration by the subsidiaries. Dividend income from other investments is recognised when the right to receive the dividend is established.

##### (iv) Other Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Fee, rental and commission income are recognised on an accrual basis.

### 6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost:-		
At 1 January	44,160	42,569
Acquired during the financial year	59,220	1,591
Disposed of during the financial year	(50)	-
Transfer to investment in jointly controlled entity (Note 8)	(50)	-
	<hr/>	<hr/>
At 31 December	103,280	44,160

## Notes to the Financial Statements (cont'd)

### 6. INVESTMENT IN SUBSIDIARIES (cont'd)

On 14 July 2008, the Company acquired 100% equity interest in Empresa (M) Sendirian Berhad for a cash consideration of approximately RM59.22 million. This transaction has been accounted for by the purchase method of accounting.

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2008	2007	
Modipalm Engineering Sdn. Bhd.	Malaysia	100%	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support, commissioning and contracting works for palm oil mills.
Sachiew Plantations Sdn. Bhd.	Malaysia	100%	100%	Cultivation of oil palm.
Empresa (M) Sendirian Berhad	Malaysia	100%	–	Cultivation of oil palm.
CBIP (PNG) Limited*#	Papua New Guinea	100%	100%	Providing engineering support and contracting works for palm oil mills.
AVP Engineering (Malaysia) Sdn. Bhd.	Malaysia	51%	51%	Retrofitting special purpose vehicles.
Advance Boilers Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and servicing boilers.
C.B. Industrial Product Sdn. Bhd.	Malaysia	100%	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support, commissioning and contracting works for palm oil mills.
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	60%	60%	Trading of palm oil mill processing equipment and carrying out contracting work for palm oil mills.
Midas Portfolio Sdn. Bhd.*	Malaysia	100%	100%	Investment holding.
PT. CB Polaindo*#	Indonesia	95%	60%	Providing engineering support and contracting works for palm oil mills.
Avecpalm Engineering (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Steam-Mech Engineering Sdn. Bhd.*	Malaysia	100%	100%	Dormant.

\* held through C.B. Industrial Product Sdn. Bhd.

# not audited by Messrs. Horwath.

## Notes to the Financial Statements (cont'd)

## 7. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost	49,430	–	49,430	–
Share of post acquisition profit	5,307	–	–	–
	<b>54,737</b>	–	<b>49,430</b>	–

	THE GROUP	
	2008 RM'000	2007 RM'000
Net interest represented by:-		
Net assets	2,160	–
Goodwill	52,577	–
	<b>54,737</b>	–

Details of the associates, which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2008	2007	
Bahtera Bahagia Sdn. Bhd. #	30%	–	Cultivation of oil palm.
Kumpulan Kris Jati Sdn. Bhd. #	30%	–	Cultivation of oil palm and production of crude palm oil and palm kernel.

# not audited by Messrs Horwath.

The summarised financial information of the associates is as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
<b>Results</b>		
Revenue	175,277	–
Profit for the financial year	19,720	–
<b>Assets and liabilities</b>		
Non-current assets	258,108	–
Currents assets	47,618	–
Currents liabilities	(49,081)	–
Non-current liabilities	(249,443)	–
Net assets	<b>7,202</b>	–

Included in the investment in associates is an amount of approximately RM52.577 million (2007 - Nil) which represents goodwill arising from the investment in associates. This amount is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill included in the investment in associates, and determined that goodwill is not impaired.



## Notes to the Financial Statements (cont'd)

### 7. INVESTMENT IN ASSOCIATES (cont'd)

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit identified according to business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

Key assumptions	PLANTATION	
	2008	2007
(i) Budgeted gross margin	41%	N/A
The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.		
(ii) Growth rate	7%	N/A
The growth rate used is based on the expected projection of the fresh fruit bunches and the yield on plantation.		
(iii) Discount rate	9.50%	N/A
The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.		

### 8. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost:				
- transfer from investment in subsidiary (Note 6)	50	–	50	–
- acquisition by cash	10,137	–	10,137	–
	10,187	–	10,187	–
Share of post acquisition profit	1,552	–	–	–
	11,739	–	10,187	–

Details of the jointly controlled entity, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2008	2007	
Pride Palm Oil Mill Sdn. Bhd.	50%	100%	Investment holding.
Solar Green Sdn. Bhd. #*	50%	–	Cultivation of oil palm and production of crude palm oil and palm kernel.

# not audited by Messrs Horwath.

\* wholly owned subsidiary of Pride Palm Oil Mill Sdn. Bhd.

## Notes to the Financial Statements (cont'd)

## 8. INVESTMENT IN JOINTLY CONTROLLED ENTITY (cont'd)

The summarised financial information of the jointly controlled entity is as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
<b>Results</b>		
Revenue	12,783	–
Profit for the financial year	6,208	–
<b>Assets and liabilities</b>		
Non-current assets	99,185	–
Currents assets	14,751	–
Currents liabilities	(7,733)	–
Non-current liabilities	(80,000)	–
Net assets	26,203	–

## 9. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	NET CARRYING AMOUNT AT 1.1.2008	NET CARRYING AMOUNT AT DATE OF ACQUISITION	ADDITIONS	DISPOSALS	RECLASSIFIED TO ASSETS HELD FOR SALE	TRANSFER	DEPRECIATION CHARGE	NET CARRYING AMOUNT AT 31.12.2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land and buildings	4,848	–	–	–	–	–	(65)	4,783
Buildings	14,080	3,744	2,328	(148)	–	7,055	(607)	26,452
Estate access road	1,098	6,037	2,941	–	–	–	(347)	9,729
Factory equipment and machinery	9,782	288	650	–	–	–	(1,374)	9,346
Furniture, fittings and office equipment	1,275	56	700	(4)	–	–	(320)	1,707
Motor vehicles	3,891	263	835	(62)	–	–	(1,254)	3,673
Renovation	188	–	443	–	–	–	(107)	524
Capital work-in-progress	5,758	284	25,273	–	(214)	(7,055)	–	24,046
<b>Total</b>	<b>40,920</b>	<b>10,672</b>	<b>33,170</b>	<b>(214)</b>	<b>(214)</b>	<b>–</b>	<b>(4,074)</b>	<b>80,260</b>

THE GROUP	NET CARRYING AMOUNT AT 1.1.2007	ADDITIONS	DISPOSALS	TRANSFER	DEPRECIATION CHARGE	NET CARRYING AMOUNT AT 31.12.2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land and buildings	10,588	112	(5,715)	–	(137)	4,848
Buildings	9,626	7	–	4,860	(413)	14,080
Estate access road	975	186	–	–	(63)	1,098
Factory equipment and machinery	8,575	2,503	(84)	–	(1,212)	9,782
Furniture, fittings and office equipment	1,199	290	–	–	(214)	1,275
Motor vehicles	4,067	1,006	(115)	–	(1,067)	3,891
Renovation	178	44	–	–	(34)	188
Capital work-in-progress	5,941	4,677	–	(4,860)	–	5,758
<b>Total</b>	<b>41,149</b>	<b>8,825</b>	<b>(5,914)</b>	<b>–</b>	<b>(3,140)</b>	<b>40,920</b>

## Notes to the Financial Statements (cont'd)

## 9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

<b>THE GROUP AS AT 31.12.2008</b>	<b>COST RM'000</b>	<b>ACCUMULATED DEPRECIATION RM'000</b>	<b>NET CARRYING AMOUNT RM'000</b>
Freehold land and buildings	5,666	(883)	<b>4,783</b>
Buildings	30,006	(3,554)	<b>26,452</b>
Estate access road	11,003	(1,274)	<b>9,729</b>
Factory equipment and machinery	15,216	(5,870)	<b>9,346</b>
Furniture, fittings and office equipment	3,458	(1,751)	<b>1,707</b>
Motor vehicles	11,756	(8,083)	<b>3,673</b>
Renovation	879	(355)	<b>524</b>
Capital work-in-progress	24,046	–	<b>24,046</b>
<b>Total</b>	<b>102,030</b>	<b>(21,770)</b>	<b>80,260</b>

**AS AT 31.12.2007**

Freehold land and buildings	5,666	(818)	4,848
Buildings	16,363	(2,283)	14,080
Estate access road	1,250	(152)	1,098
Factory equipment and machinery	14,004	(4,222)	9,782
Furniture, fittings and office equipment	2,376	(1,101)	1,275
Motor vehicles	8,415	(4,524)	3,891
Renovation	436	(248)	188
Capital work-in-progress	5,758	–	5,758
<b>Total</b>	<b>54,268</b>	<b>(13,348)</b>	<b>40,920</b>

<b>THE COMPANY</b>	<b>NET CARRYING AMOUNT AT 1.1.2008 RM'000</b>	<b>ADDITIONS RM'000</b>	<b>DEPRECIATION CHARGE RM'000</b>	<b>NET CARRYING AMOUNT AT 31.12.2008 RM'000</b>
Furniture, fittings and office equipment	8	162	(34)	<b>136</b>
Motor vehicles	260	–	(65)	<b>195</b>
Renovation	–	290	(58)	<b>232</b>
Buildings	–	655	(7)	<b>648</b>
<b>Total</b>	<b>268</b>	<b>1,107</b>	<b>(164)</b>	<b>1,211</b>

	<b>NET CARRYING AMOUNT AT 1.1.2007 RM'000</b>	<b>ADDITIONS RM'000</b>	<b>DEPRECIATION CHARGE RM'000</b>	<b>NET CARRYING AMOUNT AT 31.12.2007 RM'000</b>
Furniture, fittings and office equipment	–	9	(1)	8
Motor vehicles	–	324	(64)	260
<b>Total</b>	<b>–</b>	<b>333</b>	<b>(65)</b>	<b>268</b>

## Notes to the Financial Statements (cont'd)

## 9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

<b>THE COMPANY AS AT 31.12.2008</b>	<b>COST RM'000</b>	<b>ACCUMULATED DEPRECIATION RM'000</b>	<b>NET CARRYING AMOUNT RM'000</b>
Furniture, fittings and office equipment	171	(35)	<b>136</b>
Motor vehicles	324	(129)	<b>195</b>
Renovation	290	(58)	<b>232</b>
Buildings	655	(7)	<b>648</b>
<b>Total</b>	<b>1,440</b>	<b>(229)</b>	<b>1,211</b>
<b>AS AT 31.12.2007</b>			
Furniture, fittings and office equipment	9	(1)	8
Motor vehicles	324	(64)	260
<b>Total</b>	<b>333</b>	<b>(65)</b>	<b>268</b>

Included in the plant and equipment at the balance sheet date were the following assets acquired under hire purchase terms:-

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2008 RM'000</b>	<b>2007 RM'000</b>	<b>2008 RM'000</b>	<b>2007 RM'000</b>
Net carrying amounts:-				
Motor vehicles	<b>1,583</b>	2,101	–	260
Plant and machinery	<b>399</b>	356	–	–

## 10. PREPAID LAND LEASE PAYMENTS

<b>THE GROUP</b>	<b>NET CARRYING AMOUNT AT 1.1.2008 RM'000</b>	<b>NET CARRYING AMOUNT AT DATE OF ACQUISITION OF SUBSIDIARY RM'000</b>	<b>TRANSFER TO ASSETS HELD FOR SALE RM'000</b>	<b>AMORTISATION CHARGE RM'000</b>	<b>NET CARRYING AMOUNT AT 31.12.2008 RM'000</b>
Short term leasehold land	20,813	–	(179)	(556)	<b>20,078</b>
Long term leasehold land	7,483	29,577	–	(226)	<b>36,834</b>
<b>Total</b>	<b>28,296</b>	<b>29,577</b>	<b>(179)</b>	<b>(782)</b>	<b>56,912</b>
		<b>NET CARRYING AMOUNT AT 1.1.2007 RM'000</b>	<b>AMORTISATION CHARGE RM'000</b>	<b>NET CARRYING AMOUNT AT 31.12.2007 RM'000</b>	
Short term leasehold land		21,374	(561)	20,813	
Long term leasehold land		7,565	(82)	7,483	
<b>Total</b>		<b>28,939</b>	<b>(643)</b>	<b>28,296</b>	

## Notes to the Financial Statements (cont'd)

### 10. PREPAID LAND LEASE PAYMENTS (cont'd)

	<b>COST RM'000</b>	<b>ACCUMULATED AMORTISATION RM'000</b>	<b>NET CARRYING AMOUNT RM'000</b>
<b>AS AT 31.12.2008</b>			
Short term leasehold land	23,293	(3,215)	<b>20,078</b>
Long term leasehold land	38,457	(1,623)	<b>36,834</b>
<b>Total</b>	<b>61,750</b>	<b>(4,838)</b>	<b>56,912</b>
<b>AS AT 31.12.2007</b>			
Short term leasehold land	23,553	(2,740)	20,813
Long term leasehold land	8,041	(558)	7,483
<b>Total</b>	<b>31,594</b>	<b>(3,298)</b>	<b>28,296</b>

The leasehold land with a net carrying amount of approximately RM49.343 million (2007 - Nil) has been charged as collateral to licensed banks for term loan facilities granted to certain subsidiaries.

### 11. PLANTATION DEVELOPMENT EXPENDITURE

	<b>THE GROUP</b>	
	<b>2008 RM'000</b>	<b>2007 RM'000</b>
Cost:		
At 1 January	<b>34,440</b>	34,115
Arising from acquisition of a subsidiary	<b>56,821</b>	–
Addition during the year	<b>1,038</b>	283
Capitalisation of:		
- amortisation of prepaid land lease payments	<b>36</b>	24
- depreciation of property, plant and equipment	<b>54</b>	18
	<b>1,128</b>	325
<b>At 31 December</b>	<b>92,389</b>	34,440
Accumulated Amortisation:		
At 1 January	<b>(8,516)</b>	(7,199)
Arising from acquisition of a subsidiary	<b>(6,220)</b>	–
Amortised during the year	<b>(2,700)</b>	(1,317)
<b>At 31 December</b>	<b>(17,436)</b>	(8,516)
<b>Net Carrying Amount</b>	<b>74,953</b>	25,924

The plantation development expenditure has been pledged as collateral to licensed banks for term loan facilities granted to certain subsidiaries.

### 12. GOODWILL ON CONSOLIDATION

	<b>THE GROUP</b>	
	<b>2008 RM'000</b>	<b>2007 RM'000</b>
At 1 January	<b>10,130</b>	9,951
Arising from acquisition of a subsidiary	<b>4,853</b>	179
<b>At 31 December</b>	<b>14,983</b>	10,130

## Notes to the Financial Statements (cont'd)

**12. GOODWILL ON CONSOLIDATION (cont'd)****Impairment testing**

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to the individual company.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount within the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a five year period.

Key assumptions used in the value-in-used calculations are:

- (i) the pre-tax discount rate used is 9.5%;
- (ii) the growth rate used for CGU which is involved in the cultivation of oil palm plantation is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates as well as cost of productions whilst growth rates of companies in order segments are determined based on the industry trends and past performances of the respective companies; and
- (iii) profit margins are projected based on historical profit margin achieved.

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 amounts of the respective CGUs to materially exceed their recoverable amounts.

**13. OTHER INVESTMENTS**

	THE GROUP	
	2008 RM'000	2007 RM'000
Quoted shares, at cost	116	116
Allowance for impairment loss	(84)	(84)
	<b>32</b>	32
Golf club membership	<b>564</b>	564
	<b>596</b>	596
Market value of quoted shares	<b>16</b>	36

**14. INVENTORIES**

	THE GROUP	
	2008 RM'000	2007 RM'000
At cost:		
Raw materials	<b>15,992</b>	18,652
Work-in-progress	<b>9,055</b>	345
Finished goods	<b>19,809</b>	7,418
Nursery oil palm trees	<b>811</b>	259
Estate consumables and fertilisers	<b>325</b>	374
	<b>45,992</b>	27,048
At net realisable value:		
Raw materials	<b>2,625</b>	-
	<b>48,617</b>	27,048

## Notes to the Financial Statements (cont'd)

### 15. TRADE RECEIVABLES

	THE GROUP	
	2008 RM'000	2007 RM'000
Gross trade receivables	96,380	78,034
Allowance for doubtful debts:		
At 1 January	(4,167)	(2,400)
Increase during the financial year	(1,131)	(1,822)
Allowance no longer required	2,594	55
At 31 December	(2,704)	(4,167)
Net trade receivables	93,676	73,867

The Group's normal trade credit terms range from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
United States Dollar	31,737	18,992

### 16. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2008 RM'000	2007 RM'000
Costs incurred	526,415	371,366
Attributable profit	93,069	67,681
	619,484	439,047
Progress billings	(603,350)	(402,974)
Net amount due from contract customers	16,134	36,073
Amount due from contract customers	38,389	64,097
Amount due to contract customers	(22,255)	(28,024)
	16,134	36,073
Advances received on contracts	6,933	5,873

### 17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts are unsecured, interest-free and repayable upon demand.

### 18. ASSETS HELD FOR SALE

The leasehold land and buildings previously being apportioned and classified as prepaid land lease payments and properties are presented as assets held for sale as the potential buyers have been identified and the sale is expected to be completed subsequent to the balance sheet date.



## Notes to the Financial Statements (cont'd)

**18. ASSETS HELD FOR SALE (cont'd)**

At 31 December 2008, the carrying amount of the prepaid land lease payments and properties are as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Transfer from:		
- Property, plant and equipment (Note 9)	214	-
- Prepaid land lease payments (Note 10)	179	-
	<b>393</b>	-

A deposit of RM53,000 had been secured in respect of these assets. The balance of RM477,000 was subsequently received in March 2009.

**19. FIXED AND SHORT TERM DEPOSITS WITH LICENSED BANKS**

Included in fixed and short term deposits with licensed banks is an amount of RM6,412,388 (2007 - Nil) have been pledged as collateral to a licensed bank to secure for banking facilities granted to a subsidiary.

The weighted average effective interest rate of the fixed and short term deposits at the balance sheet date was 2.60% (2007 - 2.99%) per annum. The fixed and short term deposits have maturity periods ranging from 1 month to 12 months (2007 - 1 month to 12 months).

**20. SHARE CAPITAL**

	THE COMPANY			
	NUMBER OF SHARES		2008	2007
	2008 '000	2007 '000	RM'000	RM'000
<b>Authorised</b>				
Ordinary shares of RM0.50 each	200,000	200,000	100,000	100,000
<b>Issued And Fully Paid</b>				
Ordinary shares of RM0.50 each	137,562	137,562	68,781	68,781

**21. TREASURY SHARES**

	THE GROUP AND COMPANY		THE GROUP AND COMPANY	
	NUMBER OF SHARES		2008	2007
	2008 '000	2007 '000	RM'000	RM'000
Repurchased during the financial year	1,595	-	5,738	-

During the financial year, the Company purchased its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was approximately RM5.738 million and has been deducted from equity. The transaction was financed by internally generated funds and the average price paid for the shares was RM3.60 each. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

## Notes to the Financial Statements (cont'd)

### 22. SHARE PREMIUM

	<b>THE GROUP AND COMPANY</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January/31 December	<b>5,559</b>	5,559

The share premium account is not distributable for the purpose of declaring cash dividends.

### 23. RETAINED PROFITS

Subject to agreement with the tax authorities, at the balance sheet date, the Company has:-

- (i) sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits without incurring further tax liabilities; and
- (ii) tax-exempt income account of approximately RM7.682 million (2007 - RM7.500 million) available for the purpose of paying tax-exempt dividends.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends to the shareholders will be exempted from tax.

### 24. LONG TERM BORROWINGS

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Minimum hire purchase payments:				
- not later than one year	<b>438</b>	494	-	74
- later than one year and not later than five years	<b>576</b>	803	-	199
	<b>1,014</b>	1,297	-	273
Future finance charges	<b>(106)</b>	(134)	-	(29)
Present value of hire purchase payables	<b>908</b>	1,163	-	244
- repayable not later than one year (Note 28)	<b>(393)</b>	(444)	-	(67)
- repayable later than one year and not later than five years	<b>515</b>	719	-	177
Term loans	<b>159,449</b>	9,602	-	-
Repayable within twelve months (Note 28)	<b>(46,980)</b>	(5,753)	-	-
Repayable after twelve months	<b>112,469</b>	3,849	-	-
	<b>112,984</b>	4,568	-	177

## Notes to the Financial Statements (cont'd)

## 24. LONG TERM BORROWINGS (cont'd)

Details of the term loans outstanding at the balance sheet date are as follows:-

	Number of Instalments	Instalment Amount RM'000	Date of Commencement of Repayment	THE GROUP	
				Amount Outstanding at the Balance Sheet Date	
				2008 RM'000	2007 RM'000
Term loan 1	25/monthly	192	July 2007	3,864	4,616
Term loan 2	20/quarterly	3,000	Feb 2008	54,000	–
Term loan 3	33/monthly	2,101	Aug 2008	58,835	–
Term loan 4	20/quarterly	2,250	Dec 2008	42,750	–
Term loan 5	60/monthly	28	May 2005	–	401
Term loan 6	60/monthly	21	March 2006	–	699
Term loan 7	7/quarterly	3,886	July 2006	–	3,886
				<b>159,449</b>	<b>9,602</b>

The term loans are secured as follows:-

- by legal charges over the plantation development expenditure of certain subsidiaries of the Company;
- by legal charges over the leasehold land belonging to certain subsidiaries of the Company; and
- by corporate guarantees issued by the Company.

## 25. DEFERRED TAXATION

	THE GROUP	
	2008 RM'000	2007 RM'000
At 1 January	6,903	6,532
Arising from acquisition of a subsidiary	(3,778)	–
Transfer from income statement (Note 32)	3,499	2
(Over)/Underprovision in prior financial years (Note 32)	(262)	369
	<b>6,362</b>	<b>6,903</b>
Effects of changes in tax rates:		
- current financial year	(464)	–
- underprovision in prior financial years	(504)	–
	<b>(968)</b>	<b>–</b>
At 31 December	<b>5,394</b>	<b>6,903</b>
Presented after appropriate offsetting as follows:-		
Deferred tax assets	(10,199)	–
Deferred tax liabilities	15,593	6,903

## Notes to the Financial Statements (cont'd)

### 26. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days.

The foreign currency exposure profile of trade payables is as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
United States Dollar	332	1,857

### 27. AMOUNT OWING TO A DIRECTOR

The amount owing is unsecured, interest-free and repayable upon demand.

### 28. SHORT TERM BORROWINGS/BANK OVERDRAFTS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term borrowings comprise the following:-				
Current portion of hire purchase payables (Note 24)	393	444	–	67
Current portion of term loans (Note 24)	46,980	5,753	–	–
Bills payable	10,647	2,662	–	–
Revolving credit	3,300	7,000	–	–
	<b>61,320</b>	15,859	–	67

The effective interest rates at the balance sheet date were as follows:-

	THE GROUP		THE COMPANY	
	2008 %	2007 %	2008 %	2007 %
	per annum	per annum	per annum	per annum
Bank overdrafts	6.95 - 8.00	7.25 - 8.00	–	–
Bills payable	3.50 - 5.38	3.50	–	–
Hire purchase payables	1.50 - 5.80	2.35 - 4.60	–	2.42
Revolving credit	5.40 - 5.50	4.80	–	–
Term loans	3.50 - 6.00	4.75 - 5.70	–	–

The bills payable, bank overdrafts and revolving credit are secured by corporate guarantees issued by the Company.

### 29. REVENUE

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue represents:-				
Contract revenue	308,462	216,460	–	–
Sale of goods	101,441	73,359	–	–
Dividend income	–	–	35,250	12,450
Management fee income	–	–	21	417
	<b>409,903</b>	289,819	<b>35,271</b>	12,867

## Notes to the Financial Statements (cont'd)

**30. COST OF SALES**

Included in the cost of sales of the Group are contract costs of RM247,979,897 (2007 - RM176,885,929) recognised during the financial year.

**31. PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for doubtful debts	1,131	1,822	-	-
Amortisation of plantation development expenditure	2,700	1,317	-	-
Amortisation of prepaid land lease payments	782	643	-	-
Auditors' remuneration:				
- statutory audit	146	125	12	15
- non-statutory audit	64	-	-	-
- under/(over)provision in the previous financial year	6	(5)	6	-
Bad debts written off	-	110	-	-
Depreciation of property, plant and equipment	4,074	3,140	164	65
Directors' remuneration:				
- fee	198	167	150	137
- other emoluments	1,199	1,107	40	24
- benefit-in-kind	36	45	24	24
Hire of machinery, equipment and motor vehicles	5	11	-	-
Interest expense:				
- bank overdrafts	120	41	-	-
- bills payable	139	183	-	-
- hire purchase	64	62	16	7
- loan from third party	533	-	-	-
- revolving credit	223	-	-	-
- term loans	4,943	1,005	-	-
Inventories written down	561	449	-	-
Lease rental	1	1	-	-
Loss on disposal of a subsidiary	46	-	-	-
Staff costs	13,578	10,905	542	438
Allowance for doubtful debts no longer required	(2,594)	(55)	-	-
Bad debts recovered	(10)	-	-	-
Dividend income	-	-	(35,250)	(12,450)
Gain on disposal of property, plant and equipment	(296)	(1,963)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(996)	408	-	-
- unrealised	4,407	(688)	-	-
Interest income:				
- bank account	(103)	(128)	-	-
- fixed and short term deposits	(177)	(130)	-	-
- others	-	(6)	-	(3)
Management fee income from subsidiaries	-	-	(21)	(417)
Negative goodwill on consolidation written off	(472)	-	-	-
Rental income	(669)	(995)	-	-

## Notes to the Financial Statements (cont'd)

## 32. TAXATION

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax for the financial year:				
- Malaysia	3,220	1,520	117	-
- foreign jurisdictions	2,601	391	-	-
Deferred taxation (Note 25)	3,499	2	-	-
(Over)/Underprovision in prior financial years:				
- current tax	(1,429)	(125)	99	(181)
- deferred taxation (Note 25)	(262)	369	-	-
Tax expense/(reversal) for the financial year	7,629	2,157	216	(181)

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation	70,562	48,867	33,393	11,687
Tax at statutory tax rate of 26% (2007 - 27%)	18,346	13,194	8,682	3,155
Tax effects of:-				
Expenses disallowed for tax purposes	2,821	2,801	483	207
Tax-exempt dividend income	-	-	(9,048)	(3,362)
Non-taxable income	(308)	(532)	-	-
Utilisation of reinvestment allowances	-	(46)	-	-
Utilisation of deferred tax assets brought forward	(4,521)	(3,998)	-	-
Deferred tax assets not recognised during the financial year	-	130	-	-
(Over)/Underprovision in previous financial years	(1,691)	244	99	(181)
Tax saving arising from tax incentive	(6,928)	(9,666)	-	-
Differential in tax rates:				
- Malaysia	(84)	(79)	-	-
- foreign jurisdictions	-	103	-	-
Others	(6)	6	-	-
Tax expense/(reversal) for the financial year	7,629	2,157	216	(181)

During the current financial year, the statutory tax rate was reduced from 27% to 26%.

Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

## Notes to the Financial Statements (cont'd)

**33. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the consolidated net profit attributable to equity holders of the Company for the financial year divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year excluding the treasury shares held by the Company.

	THE GROUP	
	2008 RM'000	2007 RM'000
Net profit attributable to equity holders of the Company	<b>60,686</b>	46,546
Number of ordinary shares at beginning of the financial year ('000)	<b>137,562</b>	137,562
Effects of shares repurchased and held as treasury shares ('000)	<b>(462)</b>	–
Weighted average number of ordinary shares in issue ('000)	<b>137,100</b>	137,562
Basic earnings per share (sen)	<b>44.3</b>	33.8

There is no diluted earnings per share for the current financial year as there are no dilutive potential ordinary shares.

**34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of property, plant and equipment acquired	<b>33,170</b>	8,825	<b>1,107</b>	333
Amount financed through hire purchase	<b>(815)</b>	(728)	–	(299)
Cash disbursed for purchase of property, plant and equipment	<b>32,355</b>	8,097	<b>1,107</b>	34

**35. SUMMARY OF EFFECTS OF ACQUISITION OF A SUBSIDIARY**

Details of net assets acquired, goodwill and cash flow arising from the acquisition of the subsidiary are as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Non-current assets	<b>94,628</b>	–
Current assets	<b>14,443</b>	–
Non-current liabilities	<b>(10,000)</b>	–
Current liabilities	<b>(44,704)</b>	–
Net assets in a subsidiary acquired	<b>54,367</b>	–
Goodwill on consolidation	<b>4,853</b>	–
Purchase consideration, satisfied by cash	<b>59,220</b>	–
Cash and cash equivalents acquired	<b>(2,165)</b>	–
Net cash outflow on acquisition of a subsidiary	<b>57,055</b>	–



## Notes to the Financial Statements (cont'd)

### 35. SUMMARY OF EFFECTS OF ACQUISITION OF A SUBSIDIARY (cont'd)

The goodwill arising on the acquisition of the subsidiary is attributable to the anticipated profitability of the plantation based on management best estimates on the estates performance after taking into account existing achievements.

The effects of the acquisition of the subsidiary on the results of the Group during the financial year are as follows:-

	<b>THE GROUP</b>	
	<b>2008</b> <b>RM'000</b>	<b>2007</b> <b>RM'000</b>
Revenue	<b>50,730</b>	–
Cost of sales	<b>(23,726)</b>	–
Gross profit	<b>27,004</b>	–
Other income	<b>16</b>	–
Administrative and other operating expenses	<b>(4,326)</b>	–
Profit from operations	<b>22,694</b>	–
Finance expenses	<b>(2,438)</b>	–
Profit before taxation	<b>20,256</b>	–
Taxation	<b>(4,606)</b>	–
Increase in Group's profit attributable to equity holders of the Company	<b>15,650</b>	–

If the acquisition had been completed on 1 January 2008, total Group revenue and profit after taxation for the financial year would have been approximately RM435.268 million and RM68.511 million respectively.

### 36. SUMMARY OF EFFECTS OF DISPOSAL OF A SUBSIDIARY

On 29 April 2008, the Company disposed of its 50% equity interest in Pride Palm Oil Mill Sdn. Bhd. ("PPOM") comprising 50,000 ordinary shares of RM1.00 each for a cash consideration of RM50,000.

Details of net assets disposed and cash flow arising from the disposal of a subsidiary are as follows:-

	<b>THE GROUP</b>	
	<b>2008</b> <b>RM'000</b>	<b>2007</b> <b>RM'000</b>
Proceeds from disposal of a subsidiary	<b>50</b>	–
Net assets disposed	<b>(96)</b>	–
Net cash outflow on disposal of a subsidiary	<b>(46)</b>	–

## Notes to the Financial Statements (cont'd)

**37. CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed and short term deposits with licensed banks	6,770	345	-	-
Cash and bank balances	20,745	5,702	92	94
Bank overdrafts	(2,908)	(2,556)	-	-
	<b>24,607</b>	<b>3,491</b>	<b>92</b>	<b>94</b>

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

	THE GROUP	
	2008 RM'000	2007 RM'000
United States Dollar	4,374	798

**38. DIRECTORS' REMUNERATION**

The aggregate amount of emoluments received and receivable by directors of the Company during the financial year were as follows:-

THE GROUP 2008	NO. OF DIRECTORS	SALARIES RM'000	FEES RM'000	BONUS AND ALLOWANCES RM'000	BENEFIT- IN-KIND RM'000	TOTAL RM'000
Executive						
- Between RM150,001 and RM200,000	1	168	-	20	-	188
- Between RM400,001 and RM450,000	1	349	24	56	-	429
- Above RM500,000	1	493	24	85	12	614
	3	1,010	48	161	12	1,231
Non-Executive						
- Less than or equal to RM100,000	4	-	150	28	24	202
	7	1,010	198	189	36	1,433
<b>2007</b>						
Executive						
- Between RM150,001 and RM200,000	1	168	-	19	-	187
- Between RM350,001 and RM400,000	1	308	30	62	-	400
- Above RM500,000	1	444	-	90	21	555
	3	920	30	171	21	1,142
Non-Executive						
- Less than or equal to RM100,000	4	-	137	16	24	177
	7	920	167	187	45	1,319

## Notes to the Financial Statements (cont'd)

## 38. DIRECTORS' REMUNERATION (cont'd)

THE COMPANY 2008	NO. OF DIRECTORS	SALARIES RM'000	FEES RM'000	BONUS AND ALLOWANCES RM'000	BENEFIT- IN-KIND RM'000	TOTAL RM'000
Executive						
- Less than or equal to RM100,000	3	-	-	12	-	12
Non-Executive						
- Less than or equal to RM100,000	4	-	150	28	24	202
	7	-	150	40	24	214
<b>2007</b>						
Executive						
- Less than or equal to RM100,000	3	-	-	8	-	8
Non-Executive						
- Less than or equal to RM100,000	4	-	137	16	24	177
	7	-	137	24	24	185

## 39. CONTINGENT LIABILITIES

	THE COMPANY	
	2008 RM'000	2007 RM'000
Unsecured:-		
(i) Corporate guarantees given to financial institutions for facilities granted to certain subsidiaries	322,186	280,298
(ii) Corporate guarantees given to suppliers of a subsidiary	-	1,130
	322,186	281,428

**Pending Litigations**

Two subsidiaries are involved in legal suits brought by natives for alleged trespass of native customary rights in areas included within the provisional lease area granted to the subsidiaries by the relevant authorities. The cases are now pending hearing before the courts. The directors, after consultation with legal counsel, are unable to ascertain the extent of the liability if any, at this point in time.

## Notes to the Financial Statements (cont'd)

**40. RELATED PARTY DISCLOSURES**

For the purpose of these financial statements, the Group and the Company have related party relationships with its directors, key management personnel, entities of which the directors and/or key management have significant financial interests and entities within the same group of companies disclosed in Note 6 to the financial statements.

	THE COMPANY	
	2008 RM'000	2007 RM'000
<b>Transactions with entities within the Group</b>		
Dividend received and receivable	35,250	12,450
Management fee received	21	417
Administrative and accounting fee received	30	–

**Transaction with key management personnel**

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits paid to the directors of the Company	1,433	1,319	214	185

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 is disclosed in Note 17 and 27 to the financial statements.

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial year as bad and doubtful debts in respect of the amounts owing by the related parties.

**41. SEGMENTAL INFORMATION****BUSINESS SEGMENTS**

The Group comprises the following main business segments:-

Manufacturing	Manufacture of palm oil equipment and related products, commissioning and contracting works for palm oil mills and retrofitting special purpose vehicles.
Trading	Trading of palm oil mill processing equipment.
Servicing	Provision of engineering support.
Plantation	Cultivation of oil palm.
Investing	Investment holding.

## Notes to the Financial Statements (cont'd)

## 41. SEGMENTAL INFORMATION (cont'd)

	MANUFACTURING RM'000	TRADING RM'000	SERVICING RM'000	PLANTATION RM'000	INVESTING RM'000	ELIMINATION/ UNALLOCATED RM'000	CONSOLIDATED RM'000
<b>THE GROUP</b>							
<b>2008</b>							
<b>REVENUE AND EXPENSES</b>							
<b>Revenue</b>							
External sales	347,867	6,429	2,452	53,155	–	–	<b>409,903</b>
Inter-segment sales	33,986	408	–	–	35,301	(69,695)	–
<b>Total revenue</b>	<b>381,853</b>	<b>6,837</b>	<b>2,452</b>	<b>53,155</b>	<b>35,301</b>	<b>(69,695)</b>	<b>409,903</b>
<b>Results</b>							
Segment results	37,390	3,348	457	21,848	(249)	–	<b>62,794</b>
Unallocated expenses							<b>(1,064)</b>
Operating profit from continuing operations							<b>61,730</b>
Share of profit of associates							<b>7,191</b>
Share of profit of jointly controlled entity							<b>1,641</b>
Profit before taxation							<b>70,562</b>
Taxation							<b>(7,629)</b>
Profit for the financial year							<b>62,933</b>
<b>ASSETS</b>							
Segment and consolidated assets	<b>234,392</b>	<b>8,022</b>	<b>5,720</b>	<b>179,528</b>	<b>90,056</b>	–	<b>517,718</b>
<b>LIABILITIES</b>							
Segment and consolidated liabilities	169,961	3,812	2,725	103,197	6,817	–	<b>286,512</b>
Unallocated liabilities	–	–	–	–	–	8,898	<b>8,898</b>
	<b>169,961</b>	<b>3,812</b>	<b>2,725</b>	<b>103,197</b>	<b>6,817</b>	<b>8,898</b>	<b>295,410</b>
<b>OTHER INFORMATION</b>							
Capital expenditure	2,420	228	213	31,859	1,107	(1,619)	<b>34,208</b>
Amortisation of plantation development expenditure	–	–	–	2,700	–	–	<b>2,700</b>
Amortisation of prepaid land lease payments	57	–	–	723	2	–	<b>782</b>
Depreciation of property, plant and equipment	2,655	105	145	1,105	64	–	<b>4,074</b>

## Notes to the Financial Statements (cont'd)

## 41. SEGMENTAL INFORMATION (cont'd)

	MANUFACTURING RM'000	TRADING RM'000	SERVICING RM'000	PLANTATION RM'000	INVESTING RM'000	ELIMINATION/ UNALLOCATED RM'000	CONSOLIDATED RM'000
<b>THE GROUP</b>							
<b>2007</b>							
<b>REVENUE AND EXPENSES</b>							
<b>Revenue</b>							
External sales	255,113	6,007	2,984	25,715	–	–	289,819
Inter-segment sales	30,141	439	–	–	12,867	(43,447)	–
Total revenue	285,254	6,446	2,984	25,715	12,867	(43,447)	289,819
<b>Results</b>							
Segment results	35,333	(245)	2,279	12,823	(147)	–	50,043
Unallocated expenses							(1,176)
Profit before taxation							48,867
Taxation							(2,157)
Profit for the financial year							46,710
<b>ASSETS</b>							
Segment and consolidated assets	201,833	6,352	10,754	54,377	19,627	–	292,943
<b>LIABILITIES</b>							
Segment and consolidated liabilities	81,187	630	3,363	7,118	7,229	–	99,527
Unallocated liabilities	–	–	–	–	–	23,217	23,217
	81,187	630	3,363	7,118	7,229	23,217	122,744
<b>OTHER INFORMATION</b>							
Capital expenditure	7,596	9	112	896	495	–	9,108
Amortisation of plantation development expenditure	–	–	–	1,317	–	–	1,317
Amortisation of prepaid land lease payments	27	6	29	556	25	–	643
Depreciation of property, plant and equipment	2,485	121	65	404	65	–	3,140

## Notes to the Financial Statements (cont'd)

### 41. SEGMENTAL INFORMATION (cont'd)

#### GEOGRAPHICAL SEGMENTS

THE GROUP 2008	TURNOVER RM'000	PROFIT BEFORE TAXATION RM'000	TOTAL ASSETS EMPLOYED RM'000	CAPITAL EXPENDITURE RM'000
Within Malaysia	386,699	61,939	494,130	34,207
Outside Malaysia	23,204	8,623	23,588	1
<b>Total</b>	<b>409,903</b>	<b>70,562</b>	<b>517,718</b>	<b>34,208</b>
<b>2007</b>				
Within Malaysia	279,603	47,461	281,594	8,225
Outside Malaysia	10,216	1,406	21,479	883
<b>Total</b>	<b>289,819</b>	<b>48,867</b>	<b>303,073</b>	<b>9,108</b>

### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 17 March 2008, the Company entered into a Share Sale Agreement with Tradewinds Resources Sdn. Bhd. ("Tradewinds") to dispose of a 40% equity interest in Solar Green Sdn. Bhd. ("SGSB") comprising 6,500,004 ordinary shares for a cash consideration of RM7,300,000;
- (ii) On 17 March 2008, Pride Palm Oil Mill Sdn. Bhd. ("PPOM"), a wholly-owned subsidiary of the Company, entered into a conditional Share Sale Agreement with Tradewinds ("Acquisition SSA"), to acquire a 100% equity interest in SGSB comprising 16,250,004 ordinary shares of RM1 each for a cash consideration of RM10.

In accordance with the terms and conditions of the Acquisition SSA, the Company agreed to undertake the repayment of the outstanding debts owed by SGSB to Tradewinds amounting to RM100,000,000;

- (iii) On 29 April 2008, the Company entered into:
  - (a) a conditional Share Sale Agreement with Tradewinds Plantation Berhad ("TPB") ("PPOM Disposal SSA") to dispose a 50% equity interest in Pride Palm Oil Mill Sdn. Bhd. ("PPOM"), a wholly owned subsidiary of the Company, comprising 50,000 ordinary shares of RM1 each for a cash consideration of RM50,000 ("Proposed PPOM Disposal"); and
  - (b) a Shareholders' Agreement with TPB and PPOM ("SA") simultaneously with the execution of the PPOM Disposal SSA, to set out and regulate their relationships as shareholders of PPOM and their dealing with PPOM and to provide for the future management and control of PPOM, with the intent that the SA shall take effect on the completion date of the Proposed PPOM Disposal; and
- (iv) On 4 July 2008, a subsidiary of the Company, C.B. Industrial Product Sdn. Bhd. increased its equity interest on its subsidiary, PT. CB Polaindo ("CB Polaindo") from 60% to 95% by acquisition of 113 additional shares in CB Polaindo for a cash consideration of RM806,697.

### 43. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Company invested 51% equity interest in a new subsidiary, Magview Machinery Sdn. Bhd. (formerly known as Marang Palm Oil Mill Sdn. Bhd.) comprising 5,100 ordinary shares of RM1.00 each for a cash consideration of RM5,100.



## Notes to the Financial Statements (cont'd)

### 44. FOREIGN CURRENCY RATES

The principal foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency transactions during the financial year are as follows:-

	THE GROUP	
	2008 RM	2007 RM
Indonesian Rupiah	0.00035	0.00040
Kina	1.30	1.25
United States Dollar	3.47	3.35
Sterling Pound	5.07	-
Euro	4.83	-

### 45. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

#### (a) Bank Balances, Short-Term Receivables and Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

#### (b) Quoted and Unquoted Investments

The fair values of quoted investments are estimated based on quoted market prices for these investments.

For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined. However, the Group believes that the carrying amount represents the recoverable amount.

#### (c) Long-Term Borrowings

The carrying amounts approximated their fair values as these instruments are pegged to prevailing floating rates.

#### (d) Hire Purchase Payables

The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

## Notes to the Financial Statements (cont'd)

### 45. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

#### (e) Contingent Liabilities

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Company are as follows:

	Note	THE COMPANY	
		Nominal Amount RM'000	Net Fair Value RM'000
At 31 December 2008:-			
Contingent liabilities	39	<b>322,186</b>	*
At 31 December 2007:-			
Contingent liabilities	39	281,428	*

\* The net fair value of the contingent liabilities is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

The carrying values of all other financial assets and liabilities are not materially different from their fair values.

## List of Properties at 31 December 2008

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 15, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	1998	22,286	8,442	10
Lot No. 2751 Mukim and District of Klang, Selangor Darul Ehsan	Industrial land with 2 units of double storey office block cum factory building/ Rented out	Freehold	1998	11,383	4,082	13
H.S. (M) 24440 P.T. No.15690 Mukim and District of Petaling, Selangor Darul Ehsan	1½ storey light industrial building	Leasehold for 99 years/ Expiring on 16 August 2094	1998	186	207	12
H.S.(D) 9207 P.T. No.3845 (Lot 8026) and H.S.(D) 9208 P.T. No.3846 (Lot 8027) Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	1 unit office lot/ Rented out	Freehold	1996	117	357	10
Lot No. 3 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan	Industrial land with factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2003	24,654	7,283	2

## List of Properties (cont'd)

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2006	20,369	9,116	2
No. 13D, 4th Floor, Block 2 Pusat Perniagaan Worldwide, Shah Alam, Selangor Darul Ehsan	1 unit office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2006	103	140	12
Lot 1, Block No.9 Suai Land District Miri, Sarawak	Plantation land with estate buildings and oil mill/ Oil palm plantation	Leasehold for 60 years/ Expiring on 1 March 2045	2005	3,720 hectares	49,245	1 to 11
Lot 52, District of Bok Land, Miri, Sarawak	Plantation land with estate buildings/ Oil palm plantation	Leasehold for 99 years/ Expiring on 27 September 2087	2008	5,936 hectares	31,953	1 to 8
No.1C, 3C & 5C, 3rd Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor Darul Ehsan	3 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2008	360	648	12

## Analysis of Shareholdings as at 30 April 2009

<b>Authorised Share Capital</b>	: RM100,000,000 of 200,000,000 ordinary shares of RM0.50 each
<b>Issued and Paid-Up Share Capital</b>	: RM67,983,800.00 comprising of 135,967,600 ordinary shares of RM0.50 each (excluding of 1,594,900 treasury shares of RM0.50 each)
<b>Class of Shares</b>	: Ordinary shares of RM0.50 each
<b>Voting Rights</b>	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
<b>Number of shareholders</b>	: 1,922

### ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of holders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	20	1.04	958	0.00
100 – 1,000	478	24.87	367,436	0.27
1,001 – 10,000	1,037	53.95	4,693,000	3.45
10,001 – 100,000	270	14.05	8,443,000	6.21
100,001 – 6,798,379 <sup>1</sup>	114	5.93	93,554,952	68.81
6,798,380 <sup>2</sup> and above	3	0.16	28,908,254	21.26

#### Notes:

- <sup>1</sup> Less than 5% of issued shares  
<sup>2</sup> 5% and above of issued shares

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Chai Beng	40,126,982 <sup>1</sup>	29.51	–	–
HSBC Holdings plc*	–	–	9,887,500	7.27
Lembaga Tabung Haji	10,674,600	7.85	–	–

- \* Shares held as Trustees for Unit Trust-Non Discretionary and registered in the name of HSBC (Malaysia) Trustee Berhad and HSBC International Trustee Limited, Hong Kong.

## Analysis of Shareholdings (cont'd)

### LIST OF DIRECTORS' INTEREST IN ORDINARY SHARES

CBIPH	Direct		Deemed	
	No. of shares	%	No. of shares	%
Lim Chai Beng	40,126,982 <sup>1</sup>	29.51	42,000 <sup>5</sup>	0.03
Lim Chai Huat	4,729,600 <sup>2</sup>	3.48	–	–
Mak Chee Meng	3,542,062 <sup>3</sup>	2.61	–	–
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	800,000 <sup>4</sup>	0.59	–	–
Tan Sri Datuk Dr. Yusof Bin Basiran	–	–	160,000 <sup>6</sup>	0.12
Michael Ting Sii Ching	–	–	–	–
Wong Chee Beng	–	–	–	–

#### Notes

<sup>1</sup>	<b>Held through:</b>	<b>No. of shares</b>
	<i>HLB Nominees (Tempatan) Sdn Bhd (SIN 9853-2)</i>	2,809,082
	<i>HLB Nominees (Tempatan) Sdn Bhd</i>	9,253,954
	<i>United Overseas Nominees (Tempatan) Sdn Bhd (MJM)</i>	8,979,700
	<i>HDM Nominees (Tempatan) Sdn Bhd</i>	2,643,500
	<i>CIMB Nominees (Tempatan) Sdn Bhd (50016 TPSA)</i>	6,500,000
	<i>Malaysia Nominees (Tempatan) Sdn Bhd</i>	5,000,000
	<i>Lim Chai Beng</i>	4,940,746
	<b>Total</b>	<b>40,126,982</b>
<sup>2</sup>	<b>Held through:</b>	<b>No. of shares</b>
	<i>HLB Nominees (Tempatan) Sdn Bhd</i>	270,000
	<i>Public Nominees (Tempatan) Sdn Bhd</i>	457,000
	<i>Lim Chai Huat</i>	4,002,600
	<b>Total</b>	<b>4,729,600</b>
<sup>3</sup>	<b>Held through:</b>	<b>No. of shares</b>
	<i>Kenanga Nominees (Tempatan) Sdn Bhd</i>	60,300
	<i>Mak Chee Meng</i>	3,481,762
	<b>Total</b>	<b>3,542,062</b>
<sup>4</sup>	<b>Held through:</b>	<b>No. of shares</b>
	<i>Public Nominees (Tempatan) Sdn Bhd</i>	800,000
<sup>5</sup>	<b>Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965</b>	<b>No. of shares</b>
	<i>Daughter - Lim Sim Tong</i>	2,000
	<i>Son - Lim Zee Yang</i>	40,000
<sup>6</sup>	<b>Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965 held by his spouse</b>	<b>No. of shares</b>
	<i>Puan Sri Saadah Binti Zainual Abidin</i>	160,000

## Analysis of Shareholdings (cont'd)

## LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

Name	No. of shares held	Percentage (%)
1 Lembaga Tabung Haji	10,674,600	7.85
2 HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chai Beng</i>	9,253,954	6.81
3 United Overseas Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chai Beng (MJM)</i>	8,979,700	6.60
4 CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chai Beng (50016 TPSA)</i>	6,500,000	4.78
5 Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Lim Chai Beng (05-00053-000)</i>	5,000,000	3.68
6 Lim Chai Guan	3,932,600	2.89
7 Lim Chai Huat	3,702,600	2.72
8 Mak Chee Meng	3,481,762	2.56
9 Lim Chai Beng	3,348,446	2.46
10 HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chai Beng (SIN 9853-2)</i>	2,809,082	2.07
11 HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chai Beng (MO2)</i>	2,643,500	1.94
12 HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For The HongKong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)</i>	2,518,900	1.85
13 Tan Yu Hwa	2,411,500	1.77
14 Alliancegroup Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Management Sdn Bhd for Employees Provident Fund</i>	2,267,700	1.67
15 Citigroup Nominees (Asing) Sdn Bhd <i>GSI for Green Dragon Fund</i>	2,134,000	1.57
16 Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund W85Z for Global Agriculture Portfolio (Wellington)</i>	2,117,000	1.56
17 Citigroup Nominees (Asing) Sdn Bhd <i>CB GW Spore For American International Assurance Co. Ltd (AIA Reg Eqty Fd)</i>	2,088,000	1.54



## Analysis of Shareholdings (cont'd)

### LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (cont'd)

	<b>Name</b>	<b>No. of shares held</b>	<b>Percentage (%)</b>
18	Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund IE1J For Van Eck Worldwide Insurance Trust Worldwide Emerging Markets Fund</i>	1,970,000	1.45
19	HSBC Nominees (Asing) Sdn Bhd <i>HSBC-FS For GAM Singapore / Malaysia Equity Inc.</i>	1,926,200	1.42
20	Lim Chye Ooi	1,738,162	1.28
21	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for OSK-UOB Thematic Growth Fund (6210-401)</i>	1,664,000	1.22
22	Lim Ann Lie	1,488,900	1.10
23	Public Invest Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohamed Nizam Bin Abdul Razak</i>	1,481,534	1.09
24	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Affin Islamic Equity Fund</i>	1,438,900	1.06
25	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For OSK-UOB Resources Fund (5378-401)</i>	1,168,900	0.86
26	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For Credit Suisse (SG BR-TST-Asing)</i>	1,166,200	0.86
27	Lim Chai Tiong	1,157,700	0.85
28	Universal Trustee (Malaysia) Berhad <i>CIMB-Principal Small Cap Fund 2</i>	1,128,600	0.83
29	Citigroup Nominees (Asing) Sdn Bhd <i>GSI For Alcor Capital Asia Fund Ltd</i>	1,125,000	0.83
30	Lim Chai Beng	1,092,300	0.80



**CB INDUSTRIAL PRODUCT HOLDING BERHAD**  
(Company No. 428930 -H) • Incorporated in Malaysia

# Proxy Form

No. of Ordinary Shares Held

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\*I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a \*member/members of **CB INDUSTRIAL PRODUCT HOLDING BERHAD** hereby appoint #THE CHAIRMAN OF THE MEETING or \*Mr/Ms \_\_\_\_\_  
of \_\_\_\_\_  
or failing \*him/her \_\_\_\_\_  
of \_\_\_\_\_

as \*my/our proxy to vote for \*me/us and on \*my/our behalf, at the TWELFTH ANNUAL GENERAL MEETING of the Company to be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Friday, 12 June 2009 at 10.00 a.m. and, at any adjournment thereof.

#If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "THE CHAIRMAN OF THE MEETING" and insert the name(s) of the person(s) desired.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Lim Chai Huat as Director		
2	To re-elect Mak Chee Meng as Director		
3	To re-elect Tan Sri Datuk Dr. Yusof Bin Basiran as Director		
4	To approve the payment of Non-Executive Directors' fees		
5	To re-appoint Horwath as Auditors of the Company		
6	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
7	To approve the Authority to Directors to Allot Shares pursuant to Section 132D of the Companies Act, 1965		

\* Delete if not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2009

\_\_\_\_\_  
Signature/Common Seal of Shareholder

**Notes:**

*A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*

*A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*

*Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

*If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*

*The instrument appointing a proxy must be deposited at the registered office of the Company at Unit 1C, 3C & 5C, 3rd Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Seksyen 13, 40675 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

*If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*

Please Fold Along This Line



The Company Secretary

**CB Industrial Product Holding Berhad** (428930-H)

Unit 1C, 3C & 5C, 3rd Floor, Block 2

Worldwide Business Centre

Jalan Tinju 13/50, Seksyen 13

40675 Shah Alam

Selangor Darul Ehsan

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## **CB INDUSTRIAL PRODUCT HOLDING BERHAD**

(Company No. 428930-H) • Incorporated in Malaysia

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