JOHOR CORPORATION

Annual Report
2008

Business Jihad

A Community Of Enterprises
Serving a Higher Cause

CORPORATE MISSION

Business Jihad

The Jihad of Peace and Prosperity through Enterprise

Objectives

- Prospering the Muslim ummah and integrating them into global economic mainstream through business and market driven methods

- Reclaim the middle ground away from extremism, ideological hostility and conflict and to focus on convergent business interests

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PERSADA JOHOR
RESTORAN
Food...

> "The Group also recorded 27.4% growth in profit before tax of RM660 million compared to RM518 million the previous year. These achievements were driven by better results from JCorp's subsidiaries."

Corporate Philosophy

We are a market-driven multi-business corporate organisation comprising of member enterprises whose raison d'etre is to create value and generate wealth through entrepreneurial effort. As a Group, we aspire to become one of Malaysia's leading corporate contributors to national economic growth and prosperity. This is to be achieved principally through growing strategic businesses that can enhance Malaysia's competitive position in the increasingly globalised market, as well as meeting with the continuous expansion in demand for quality products and services. Additionally, through a clearly defined Intrapreneuring Program, we strive to also release entrerpreneurial energies, harness creativity and innovation from among talented individuals, enabling them to establish and build businesses that can similarly create entrepreneurial career opportunities for those involved and to support our corporate growth as well. This Intrapreneuring Program is fully market-driven and is structured on venture capital format.

Collectively, over time, we aspire to build JCorp into a Community of Enterprises in more than one sense of the word. In the long run, we also aim to add value to Malaysia's social capital so critical for national cohesion and continued political stability and integrity. In this effort we are therefore pioneering an institutional corporate concept that combines the pursuit for profits and cash flow and the accumulation of assets and wealth on the one hand, with the realisation of Malaysia's broader national aspirations and equity agenda on the other. Most of all, we believe all these can be achieved through corporate means and strictly business-driven methods.

We are therefore above all,

- A corporate organization spawning member enterprises that create and add value and are result-oriented, yet people-focused, maximising opportunities for all levels of its people to express their entrepreneurial energies and business creativity.

- An entrepreneurial business organization that promises a business and corporate career opportunity for talented individuals to rise to his/her highest performance level, to be matched by the pace and scope of business growth of each of its member enterprise.

- A Community of Enterprises that respect the deeper social values that binds the organization to its roots within the larger Malaysian community. We fully recognise that these values need to be integrated and synthesised into JCorp's corporate life before the powerful motivational driving force inherent within these values can be harnessed to get maximum results from its people.

- A value-driven business entity peopled largely by Malaysians of the Islamic faith that takes upon itself the exciting challenge of successfully integrating the fundamentals of Islamic values into corporate practice. The formidable task of JCorp is to adapt and synthesise these values to ensure business relevance, yet sustain their integrity and meaning. The exercise will expose the Group to the extreme test of maintaining corporate coherence and to ultimately translate all these efforts to measure up in terms of business results and outstanding corporate performance.

- A learning business organization aspiring to similarly integrate the best management practices, the drive for quality, the thirst for knowledge and mastery over competencies and relevant technology into the day-to-day life and activities of member enterprises. This tremendous challenge therefore demands the deliberate institutionalization of a dynamic and vibrant corporate culture and infusing elements of change and continuous adaptation into the Group's corporate life.

- A corporate entity contributing to Malaysia's economic growth and towards bridging economic divides and alleviating impact from distortions imposed upon society by the economic system. This can be achieved through our presence as a corporate 'trust' institution and through the value premise underlying our intrapreneuring concept.

- A corporate institution actively cultivating and sustaining the trust and faith of all our stakeholders, indeed, of all Malaysians. It is to be achieved, for example, through aligning corporate action with community concerns on current environmental and ecological issues, among others. Such trust and faith is to be ultimately earned from public endorsement of JCorp's institutional long-term impact on society and from its performance and behaviour in the market.

JCorp's institutional presence is therefore designed to contribute towards correcting imbalances and mitigating its worst impact on society. As a corporate institution, we aim to minimise the effect of marginalization of talented members of Malaysian society from the business and corporate mainstream. Hence the offer of entrepreneurial career opportunities particularly to those who would otherwise be alienated simply due to their lack of capital or inaccessibility to exclusive corporate networks.

When all is said and done, we are hopeful that Malaysians will indeed recognise that the Group's pursuit for business success and corporate critical mass will not, in the long run, end up only in exacerbating the universal capitalistic outcome of gross social and economic inequality in society.

In short, we in JCorp are single-minded in our determination to serve the community through enterprise – A Community of Enterprises and an Enterprise for Community!

Corporate Philosophy

“JCorp was awarded The BrandLaureate Conglomerate Award 2008-2009, one of the prestigious and most coveted awards from Asia Pacific Brands Foundation.”

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2008 Synopsis

section 1

YBHG TAN SRI DATO' MUHAMMAD ALI BIN HAJI HASHIM
President and Chief Executive
Johor Corporation

YAB DATO' HAJI ABDUL GHANI BIN OTHMAN
Chairman
Johor Corporation

"Most of our companies are in good standing because we have learnt from the economic downturn in 1997. The most important thing is to make an early move in maintaining financial strength".

Tan Sri Dato' Muhammad Ali Hashim,
President and Chief Executive of JCorp
Business Times, 27 December 2008

An Outstanding 2008 and Ready for Challenges Ahead

Despite the global economic challenges arising from the financial turmoil, Johor Corporation (JCorp) managed to improve business performance and sustain corporate growth for year 2008 and further recorded several remarkable corporate achievements.

Alhamdulillah, on 31 March 2009, JCorp was awarded *The BrandLaureate Conglomerate Award 2008 - 2009*, one of the prestigious and most coveted awards from Asia Pacific Brands Foundation (APBF). APBF is a not-for-profit organization dedicated to the promotion and improvement of branding standards in Malaysia and the Asia Pacific. The awards are presented annually to multinational, public listed and Government-linked companies which have demonstrated best practices in branding and met the requirements of the APBF. The recognition is based on criteria that include brand strategy, culture, integrated brand communication, brand equity and brand performance. JCorp was selected by APBF committee which recognised the spectrum of brands in JCorp that have been the key growth drivers to the Corporation and contributors to the country's economic development. This is a testimony of JCorp success, an endorsement of being with the best and acknowledgement of the JCorp brand's value, strength and character.

Another credential achievement of JCorp was when the Corporation was awarded a 4-Star rating in Financial Management Accountability Index (State of Johor) by National Audit Department. JCorp stood out as the only government agency being rated with a 4-Star rating for financial management. The award is a testament to JCorp's strong commitment towards attaining the highest level of corporate excellence and governance, in embracing the true spirit of accountability and transparency.

Of greater significance was the fact that JCorp Group's extraordinary achievement for 2008 was also reflected by the market recognition it received. Despite the gloomy scenario of the local bourse, two of the Group's listed subsidiaries on Bursa Malaysia had outperformed the market and in fact bucked the general downward trend. KFC Holdings (Malaysia) Berhad (KFCH), made market history when it became the best performer and was one out of the only two companies on the Composite Index (CI) that had outperformed all others in the market with improved 2008 year end price of 16% compared with end 2007. Another Group member in the mid-size category, Sindora Berhad (Sindora), recorded stellar performance of 27% improvement in year end 2008 price. Other than being a positive reflection of shareholders' strong perception and market confidence in the JCorp Group as a whole, Sindora's achievement in particular is indeed a very strong endorsement on the viability and relevance of JCorp's Intrapreneur Venture and intrapreneur development concept generally.

In 2008, the market capitalisation of JCorp's 9 listed companies had also managed to withstand the overall performance of the local bourse, outperforming the CI by 9 percentage points. It stood at RM6.9 billion at the end of 2008, a contraction of 30% compared with 39% decline in the CI within a year period. Excluding the New Britain Palm Oil Limited (NBPOL) which is listed in both London and Port Moresby Stock Exchanges, the market capitalisation performance of JCorp's Group PLCs fell by only 19 percentage points, by far a much better performance than the CI.

In the year under review, JCorp Group's revenue managed to show a remarkable performance despite the economic downturn. Revenue of RM6.3 billion was an astounding 34% growth from previous year's revenue of RM4.7 billion. The Group also recorded 27.4% growth in profit before tax of RM660 million compared to RM518 million the previous year. These achievements were driven by better results from JCorp's subsidiaries. In financial year 2008, JCorp subsidiaries recorded an aggregate profit before tax (before Group elimination) of RM806.4 million, an increase of RM49.5 million or by 6.5% as compared to achievement made in financial year 2007 of RM756.9 million.

Recognition should be given to JCorp's subsidiaries that had recorded strong financial performances. For a second consecutive year, the revenue of Kulim (Malaysia) Berhad

(Kulim), KFCH, Natural Oleochemicals Sdn Bhd (NatOleo) and KPJ Healthcare Berhad (KPJ) had surpassed RM1 billion. Sindora should also be credited for its excellent historic performance in achieving the highest revenue ever, exceeding the RM300 million benchmark. Whereas KPJ's profit before tax also surpassed the RM100 million benchmark, a historic record as well. In addition, 10 JCorp intrapreneur venture and SME companies had crossed the RM1 million mark in profit before tax each, namely EA Technique (M) Sdn Bhd, Metro Parking Group, Pro-Office Solution Sdn Bhd, Tepak Marketing Sdn Bhd, Epasa Shipping Agency Sdn Bhd, Johor Skills Development Sdn Bhd (PUSPATRI), TMR Urusharta (M) Sdn Bhd, Teraju Farma Sdn Bhd, JTP Trading Sdn Bhd and HC Duraclean Sdn Bhd.

Other encouraging growth performances were also recorded by JCorp's intrapreneur companies (now exceeding 60 companies) many with business expansions up to the international level. The sustained growth of JCorp's intrepreneur companies is fully in line with its motto, 'A Community of Enterprises and an Enterprise for Community!'. Obviously JCorp has been highly successful in imbibing its people with a high sense of entrepreneurial spirit. Simultaneously, in order to inculcate entrepreneurship among the young in Malaysia, JCorp with the collaboration of all its strategic companies had made greater progress in making a success of its comprehensive young entrepreneur development programs. The main programs, namely Tunas Bistari, Didik Bistari and Siswa Bistari had widened its scope and impact. In 2008, a new landmark was achieved when JCorp introduced Catur Bistari, an innovative and exciting Malaysian board game that emphasizes high ethics and Islamic business values. These programs were initiated to boost business skills among young Malaysians as well as to equip them with appropriate fundamental skills, attitude and motivational faculties that will help them face the real world and the job market and to better enable them to position themselves in facing the harsh competition.

JCorp Group was also listed among the top ranks of Malaysia's leading corporate employers that offer vast career and career enrichment opportunities through its network of more than 260 operating companies involving more than 55,000 employees. The opening of more than 70 new outlets of Pizza Hut, KFC, Rasamas and Kedai Ayamas all around Malaysia for the year under review, had contributed immeasurably towards improving the employment prospects, as the unemployment rate in Malaysia is expected to reach 6% in 2009.

RSPO Certification for Kulim and New Britain Palm Oil Limited

The Group's Palm Oils business also recorded a new landmark when Kulim's subsidiary, NBPOL were given full

Roundtable on Sustainable Palm Oil (RSPO) certifications. RSPO is a global, multi-stakeholder initiative on sustainable palm oil. The RSPO certification is an important international accreditation as it assures Kulim's adherence and commitment to the highest standards of green, sustainable oil palm cultivation practices as well as value enhancement.

Guided by its 8 Principles and 39 Criteria of RSPO, Kulim has successfully passed the first RSPO audit and attained its RSPO Certification in January 2009, whilst Kulim's subsidiary NBPOL, listed on the Port Morseby as well as the Main Market of London Stock Exchange, has already attained its RSPO certification in September 2008. Kulim was also the first plantation company to commence the reporting of sustainability activities. Sustainability Report 2007/2008 which was published in October 2008 was one of Kulim's targets towards Sustainable Palm Oil practices as well as a basis of additional communications with Kulim's stakeholders. It was indeed rewarding and extremely encouraging when Kulim was announced as the winner of Gold Award for Environmental Excellence category in Global CSR Summit Awards 2009 by The Pinnacle Group International in January 2009 for its efforts towards palm oil sustainability.

Recognition at the global level has enhanced Kulim's potential in securing a premium certification for its palm oil products. The Sustainable Palm Oil program is also part of Kulim's Corporate Social Responsibility (CSR) efforts.

“Kulim was announced as the winner of Gold Award for Environmental Excellence category in Global CSR Summit Awards 2009.”

KPJ Making Its Mark on a Journey of Continuous Caring

In spite of the economic turmoil surrounding the Malaysian economy, KPJ continued to expand and grow strategically through the acquisition of Kluang Utama Specialist Hospital, a profit making specialist medical centre in December 2008, becoming the latest member of its 25 chain of private hospitals worldwide including 6 hospitals abroad. The expansion affirms KPJ's leadership position in the private healthcare services industry in the region.

In the year under review, KPJ garnered many prestigious awards such as the Southeast Asia Private Hospital Group Growth Strategy Leadership Award by Frost & Sullivan, which honoured medical research organizations, healthcare technologies, pharmaceutical companies and healthcare service providers. On 1 July 2008, KPJ was also awarded the prestigious *BrandLaureate Awards* by the Asia Pacific Brands Foundation. Later, on 22 August 2008 KPJ was among 7 companies, honored with the exemplary Corporate Responsibility Awards 2008 by StarBiz-ICR Malaysia Corporate Responsibility Awards. KPJ was declared as the winner of the marketplace category among companies with market capitalisation below RM1 billion. On 31 October 2008, KPJ won an award for Excellence in the ASEAN Healthcare Sector (Healthcare Services) for being the most prominent healthcare provider in the industry and Datin Paduka Siti Sa'diah Sheikh Bakir, KPJ's

Managing Director was recognised as 'CEO of the Year' for Leadership in the ASEAN Healthcare Sector (World Class Innovative Healthcare Services) under the Technology ASEAN Award 2008.

In the meantime, strategic moves to strengthen KPJ's competitive advantage are beginning to show its impact. Most outstanding is KPJ's realizing of its asset value from the heavy capital asset investments through the Al-'Aqar KPJ REIT. On 19 August 2008, KPJ announced an injection of additional 9 high yielding assets into Al-'Aqar KPJ REIT. The assets include 7 hospital buildings namely, Seremban Specialist Hospital, Taiping Medical Centre, Damai Specialist Hospital, Bukit Mertajam Specialist Hospital, KPJ Penang Specialist Hospital, Tawakal Hospital, KPJ Tawakal Specialist Hospital, Hotel Selesa and Metropolis Tower in Johor Bahru (KPJ International College). With this third asset acquisition exercise, Al-'Aqar KPJ REIT asset size will surpass RM1 billion size of assets.

Al-'Aqar KPJ REIT had also managed to secure RM250 million Syndicated Ijarah Facilities which was arranged by 2 major Investment Banks for the acquisition of the properties. The latest financing facility, will be a stepping stone for Al-'Aqar KPJ REIT to penetrate the Middle East Market as it complies with the Gulf Cooperation Council and Malaysian Syariah standards.

Al-'Aqar KPJ REIT Created Another History

In the year 2008, Al-'Aqar KPJ REIT was awarded a prestigious award from Euromoney Magazine, the industry leading capital markets focused publication for professionals around the world involved in the financial capital market. Al-'Aqar KPJ REIT won the Islamic Finance Award for 'Most Innovative Deal' category. The award's major highlight was the establishment of the 'Sukuk Ijarah Program' involving on issuance of up to RM300 million for Al-'Aqar KPJ REIT's second asset acquisition. On 10 January 2009, Al-'Aqar KPJ REIT was named winner of the 'Best Real Estate Deal' 2008 category by the Islamic Finance News.

The award was the latest addition to Al-'Aqar KPJ REIT's many outstanding corporate achievements not only in Malaysia, but also globally, notably being the world's first listed Islamic REIT, first healthcare REIT in Asia-Pacific, first Islamic Healthcare REIT and first REIT launched and listed under the Malaysian Securities Commission's Guidelines for Islamic REITs.

Sindora Berhad’s Intrapreneur Venture - EA Technique Secured 10 Years Contracts

In year under review, despite the economic uncertainties, EA Technique (M) Sdn Bhd (EA Technique) an Intrapreneur Venture subsidiary of Sindora, managed to secure a 10-year contract from major oil company to supply 3 oil tankers on a long term charter party contract with an option to continue for another 3 years.

EA Technique recently inked an agreement with a shipbuilder for the construction of another 4 new vessels to its fleets in order to meet robust demand from the oil and gas industry. Currently, EA Technique's fleet of 11 vessels comprised of 6 tankers and 5 support vessels (2 harbour tugboats, 2 fast crew boats and a security boat) with a total capacity of 61,000 dead weight tonnage (dwt).

Sindora's aim is to build EA Technique to become one of major shipping companies in Malaysia by year 2010.

Towards this end, EA Technique will invest RM25 million to set up its own 20-acre shipyard and ship repair facilities in Tanjung Langsat to support the company's fleet expansion plan. Tanjung Langsat is among 5 designated growth zones within Iskandar Malaysia under the Eastern Gate Development flagship zone (Zone D) which focused on heavy industries and logistics, including electrical and electronics, chemical, oleochemicals, food and engineering-based industries as well as ports and logistics warehouse.

Sindora's other Intrapreneur Venture businesses also generally charted impressive growth and performance. This business segment had contributed 3.6% higher revenue at RM223.6 million in 2008, compared with RM215.8 million in 2007. On the contrary, profit before tax was 36.4% lower at RM11.7 million compared with RM18.4 million in the corresponding period last year. Overall, revenue and profit before tax contribution to the Group's results from Intrapreneur Venture Business in 2008 were 63.7% and 32.8% respectively.

This iconic Intrapreneur concept, is a novel, market driven approach in developing entrepreneurial talent which is in tandem with JCorp's mission to create value and generate wealth through entrepreneurial effort. The intrapreneur scheme which was launched in 1999 has proven its success with 65 intrapreneur companies generating a combined revenue in excess of RM500 million and aggregated profit before tax exceeding RM40 million in 2008.

Through the Intrapreneur scheme, JCorp has sought, explored and seized new business opportunities, strengthened its strategic advantages and positioning as well as sustained its value creation and corporate growth.

QSR Brands Berhad and KFC Holdings (Malaysia) Berhad - Strengthening the Businesses

In the effort to enhance shareholder value, QSR Brands Berhad (QSR) continued to increase its interest in KFCH by acquiring shares in the open market. As at 2 January 2009, QSR acquired an additional 863,300 ordinary KFCH shares, increasing its total holding in KFCH to 50.3%. Subsequently, KFCH became a subsidiary of QSR. This important milestone is crucial towards the streamlining of business activities and most importantly towards long term management stability and ensuring a steady income contribution to QSR.

The expansion plan into Cambodia has been gradually progressing as scheduled. On 29 February 2008, the venture was formalized by the signing of the Joint Venture Agreement with two partners namely Royal Group of Companies Ltd and Rightlink Corporation Limited Hong Kong, with QSR having a 55% stake in the joint venture company. The first KFCH outlet in Cambodia opened on 2 March 2008 and has been well received by Cambodian customers.

KFCH received the Gold Trusted Brand award for Pizza Hut and KFC in the Reader's Digest Trusted Brand poll. It was also awarded the BrandLaureate Award 2007-2008 for Brand Excellence in Product Branding under the Fast Food Chicken Category, while Ayamas received the BrandLaureate Award 2008 - 2009 for Excellence in Product Branding under the Chicken-Based Products category. Another credential achievement is KFC's Asian Franchise of the Year Award 2008 from Yum! International for 2 consecutive years.

A Relief for Amanah Saham Johor

The Corporation had totally reviewed its original plan to make Unit Trusts as vehicles for public investment participation, especially after the Unit Trust Schemes it managed suffered severe and irreversible setbacks consequent upon the extreme Asian financial crisis of 1997. Pelaburan Johor Berhad (PJB), the licensed unit trust management company within the JCorp Group, managing Amanah Saham Johor (ASJ), Dana Johor (DJ) and Amanah Saham Angkasa (ASA) was therefore greatly challenged. In the year under review, PJB had to institute the painful task of terminating the ASJ Scheme and this was finally formalized on 16 June 2008 after a strong mandate was passed by unit holders in the Adjourned Extraordinary Unit Holders Meeting convened on 15 May 2008.

JCorp, in collaboration with the Johor State Government had announced the Price Support Scheme for both funds sponsored by JCorp namely ASJ and DJ since 9 February 2004. The Price Support Scheme presented an opportunity for unit holders of ASJ and DJ to redeem an annual 10% of their total unit holding at a guaranteed price of RM1.00 and 50 sen per unit respectively. The final Price Support Scheme for ASJ was carried out from 15 February 2007 to 8 April 2008. ASJ's unit holders were given the opportunity to redeem all of their holdings at RM1.00 per unit. Even after the resolution for termination was passed, unit holders who did not redeem their units under the Price Support Scheme, were able to do so at RM1.00 until 15 June 2008 before the assets of ASJ were transferred to the appointed Trustee, AmanahRaya Trustees Berhad.

As for DJ, the Price Support Scheme for the unit trust has been continued for fifth consecutive year starting 22 February 2008. As at 31 December 2008, 31.6 million units were redeemed by unit holders involving a total cash payout of RM15.8 million. Since the launching of the scheme, a total of 145 million units had been redeemed with a total cash payout of RM72.5 million.

Major Foreign Companies to Invest in Tanjung Langsat

Foreign Direct Investments (FDIs) into Johor have always been welcomed and substantial energy and resources have been devoted by JCorp and its subsidiary, namely TPM Technopark Sdn Bhd towards promoting and attracting them to Johor, especially to Pasir Gudang and Tanjung Langsat Industrial complex. Other than contributing significantly to revenues and earnings, Industrial property and FDIs are critical to job creation, technology transfer, value creation and hence economic turnaround and growth.

The Tanjung Langsat Industrial Complex (TLIC) is an extension of the existing Pasir Gudang Industrial Area which involves a total of 1,400 hectares dedicated to light, medium and heavy industries. TLIC was officially launched by the former Prime Minister, YBhg Tun Abdullah bin Haji Ahmad Badawi on 15 August 2006. Up to the year under review, TLIC has been able to attract 21 local and foreign companies with a total investment of RM1.5 billion that includes investment from Nexsol (Malaysia) Sdn Bhd, Dairen Chemical (M) Sdn Bhd, Kiswire Cord Sdn Bhd, Titan Petchem (M) Sdn Bhd and White Horse Ceramic Industries Sdn Bhd.

4 major foreign companies are on track to invest an additional RM5.7 billion, especially in heavy manufacturing projects in TLIC. The companies are Asiaflex (Technip), Europe's second-largest oilfield services company; Kiswire Neptune, a South Korean steel wire producer; Acerinox, a Spanish stainless steel manufacturer; and Lion Eco Chemical, a Japanese company that proposed to produce an eco-friendly palm oil-based surfactant used in biodegradable detergents. Participation by these foreign companies in Tanjung Langsat was in line with the Government's objective to develop Johor as a center of high technology manufacturing industry in Malaysia. In addition, plant investments are expected to provide more than 2,000 job opportunities and generate a multitude of spin off activities for the local economy when they become fully operational.

In order to meet the infrastructure needs of the investors, Tanjung Langsat Port Sdn Bhd, the developer of the 500 acres industrial port are fast expanding the port facilities through a fast-track expansion program. To meet with its financing requirements, the port management company, a fully-owned member company of the JCorp Group, issued RM385 million of Islamic Bond (Sukuk) for the expansion of the wharf facilities, construction of storage tank, development of a marine support base and many other facilities.

"The corporate waqaf was a way to mitigate the extremes from the impact and side effects of global capitalism."

(The Star, 15 July 2008)

> "Johor Corporation's corporate waqaf should serve as an inspiration for other organizations to develop waqaf assets that help eradicate poverty, provide job opportunities and reduce government expenditure".
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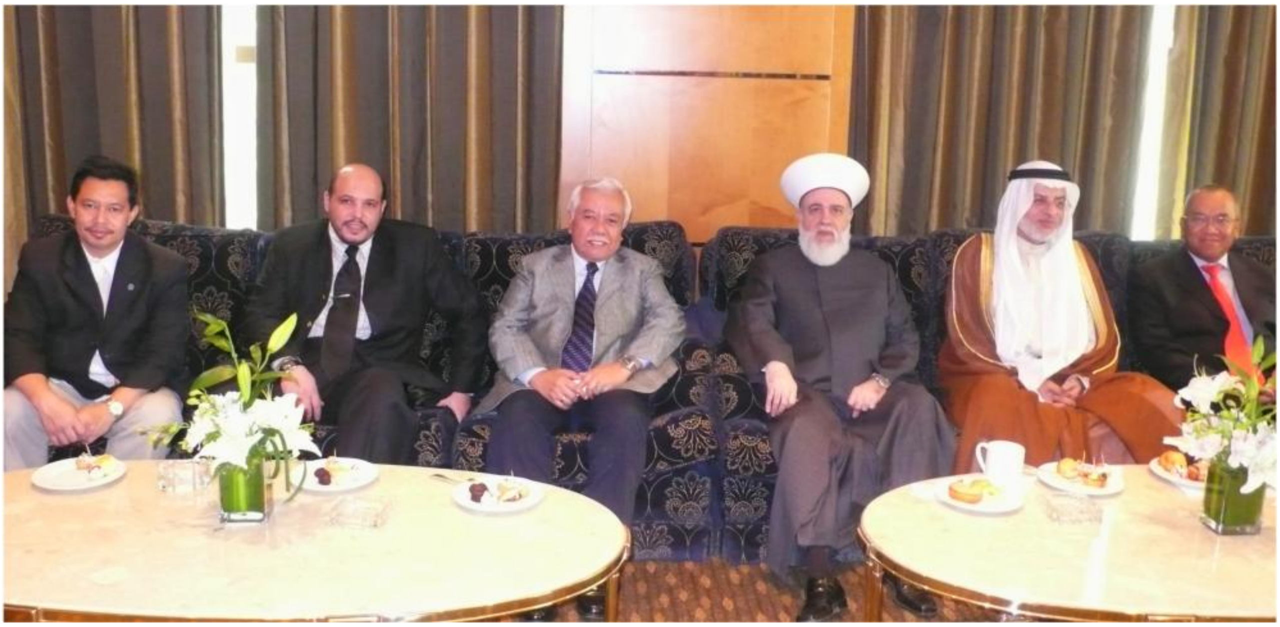
> *Tun Abdullah Ahmad Badawi,*
> *Former Prime Minister of Malaysia*
> New Straits Times, 12 August 2008

JCorp's Islamic Corporate Social Responsibility Agenda

JCorp's Corporate Waqaf (endowment) initiative launched in August 2006 is indeed iconic and a path-breaking institutional innovation with far reaching impact. Indeed, this JCorp Business Jihad initiative has given a totally new meaning and direction to the concept of CSR, especially in the context of integrating Islamic values directly into corporate endeavours. With this Islam-inspired philanthropic move, JCorp has institutionalized the



ownership of the shares involved that will have significant far-reaching implications in mitigating one of the most difficult challenges faced by a capitalist society - that of persistent worsening economic, social and political divides created by unequal distribution of incomes and wealth.

Through the waqaf, JCorp is attempting to counter balance the extreme ownership divide. Further, through the annual dividend payouts, (currently from the RM200 million worth on net asset value basis of public listed shares transferred to Waqaf) JCorp and Waqaf An-Nur Corporation Berhad have the instrument to bridge income gaps through its many charitable contributions to amal programs. Over and above the 70% to be reinvested, 25% of the dividends are to be spent on the noble causes ('fisabililah' - good works dedicated to the path of Allah). The rest of the 5% are to be contributed to the Johor Islamic Religious Council.

The best illustration to-date of the waqaf's powerful and meaningful institutional role is to be observed from the impact thus far created from the emerging national chain of Waqaf An-Nur Clinics throughout the country as well as to the first Waqaf Charity hospital in Pasir Gudang. Up to the end of the year under review, more than 430,000 deserving patients have received medical treatments at the Waqaf clinics and hospital throughout the nation. JCorp plans to open more charity clinics under Waqaf An-Nur to provide medical treatment for a much larger number of the poor and the needy of all ethnic groups and backgrounds; in spite of the fact that the majority of the Waqaf An-Nur clinics and the hospital are located within the mosque premises.

The Corporate Waqaf, a first ever undertaken by a business corporation in the world, is intended to reinvent the waqaf as an institution that has played such a vital and dynamic role in Muslim societies in the past. The idea is to creatively carve a new role for waqaf in the context of a business and corporate-driven global world of today, and especially to mitigate the extremes from the impact and side-effects of global capitalism. Corporate Waqaf can indeed be considered as an Islamic CSR program initiated by JCorp to integrate business into serving a higher social cause.

More than just a CSR agenda, the ultimate aim is to institutionalise the link between the wealth creation and value addition effort of JCorp as a corporate entity with the obligation to meeting the needs of the marginalised, disenfranchised and the alienated in society on a structured and sustainable basis. Additionally, the efficient and effective use of waqaf assets and income is one of the best ways to eradicate poverty and uplift the socio-economic standing of the community.

JCorp's Corporate Waqaf is managed by Waqaf An-Nur Corporation Berhad, a limited by guarantee company, established to manage the assets and shares of companies within the JCorp Group which have been endowed in accordance with the principles of Syariah according to the terms and condition of Hujjah Waqaf. In 2008, a total of RM409,246 was distributed for Fisabilillah causes.

Year 2008 also witnessed the official opening of Larkin Sentral An-Nur Mosque, the third mosque built within a business complex, after the Kotaraya An-Nur Mosque at Plaza Kotaraya and An-Nur Mosque at Pasir Gudang Town Centre Complex. The main intention of building a mosque within the shopping complex area is to bring the institution of mosque nearer to the society and emphasise the role of mosques as well as the importance of Islamic values in the development of a modern community living in a business-driven, plural and highly competitive economic environment.

The establishment of Waqaf Dana Niaga with the aim of offering access for small businesses in securing financing either for start-ups or expansion, is also part of JCorp's Corporate Waqaf initiative through Waqaf An-Nur Corporation Berhad to bridge divides, support the upliftment of the otherwise marginalized and disenfranchised and generally distribute the benefits from corporate success to the needy and the low-income members of society. Additionally, the setting-up of a relief team known as Briged Waqaf which consists of 5 functional groups focused namely on logistics, food & beverage, medical relief services, cleaning & restoration and rescue & volunteers, is indeed another noble effort of Waqaf An-Nur Corporation Berhad to encourage volunteerism and organize relief works to assist victims of disasters.

All the initiatives signify the Group's strong commitment to dedicate its corporate energy and resources to serve the needs of transforming Malaysian society. In this regard, we are indeed extremely grateful to all members of the JCorp Group for their dedication, not only in making a success of the Group's business activities that enhance the attainment of national economic objectives, but also in their pursuit of realizing noble, higher ideals. These higher ideals have given a much higher meaning to those who serve the Group, especially in ensuring that JCorp Group ultimately become a responsible corporate citizen and a valuable institutional member of the community.

Indeed, we are very proud that all and everyone had fully lived up to the Jihad Business aspirations, and given their best to attain the full meaning to JCorp's true character as 'A Community of Enterprises and An Enterprise for Community!'

Prospects

Statement by the World Bank that the world economy is on track to post its worst performance since the Great Depression, with developing countries bearing much of the economic pain, suggesting that the economic turmoil is far from over and the confidence level is not going to get any better. The bank also said that the global economic growth is likely to shrink in 2009 for the first time since World War II, noting that global industrial production by the middle of 2009 can be as much as 15% lower than in 2008. Major advanced economies including United States, Europe area, Germany, Japan and the United Kingdom are projected to experience a negative growth in their economy.

In addition, world trade is on track to record its largest decline in 80 years, with the sharpest losses expected in East Asia. The financial crisis will have longer term implications for them, following the drag of falling export demand and financing, lower commodity prices and much tighter external financing constraints.

Therefore the bank is of the view that the developed countries will enhance their own recoveries if they spend some of their fiscal stimulus in developing countries. Nevertheless, East Asian economies are better prepared to face policy challenges because of improved macroeconomic policy implementation and stronger economic frameworks. This has also prompted the International Monetary Fund (IMF) to make a series of downward revision of global growth and the latest by 1.7% to 0.5% in 2009.

Simultaneously, the Malaysian government unveiled an unprecedented RM60 billion stimulus plan aimed at providing a cushion against recession. But still slower growth in 2009 and perhaps to a greater extent a contraction in GDP as projected by the government of between -1% to 1% is inevitable, judging from the current economic ordeal. The official forecast of GDP has been revised sharply based on the deteriorating factors and the fiscal stimulus package that is adaptive to domestic demand as external demand has since faltered will be the main catalyst for the local economy. Banking on the fiscal efforts which include fast tracking some projects under the Ninth Malaysia Plan and improving public facilities, the services, construction and agriculture are among the sectors that will continue to grow, albeit at a slower pace.

Nevertheless, Malaysia's direct trade exposures to the developed economies are still substantial. Whereas its indirect trade exposures to those economies has been on the rise as widening export shares to China are largely comprised of intermediate goods for further processing into final products that will be then exported to countries such as the United States, Europe and Japan. Therefore, apart from lower commodity and crude oil prices that will continue to result in lower earnings for Malaysia as the local economy is a net exporter for both commodities, a contraction in external demand will have significant contagious effect to the overall economy.

Having some space to ease its monetary policy specifically through rates reduction, business and consumer confidence level in the local economy will be elevated as declining cost of doing business and cost of living will cater the needs for higher spending. Reduction in both fuel prices and electricity tariff, translating into gradual price adjustment for food and services will definitely boost consumption. Moreover, a rise in net disposable income through a 3% reduction in employees' EPF contribution to 8% in two years starting 2009 will provide an alternative for a lift in consumer spending.

But the government's stimulus package which is also targeted in reducing unemployment and improving private sentiment through jobs creation in the public sector and RM29 billion funding to assist the private sector to ride out the crisis should be seen as part of their initiatives to improve the overall sentiment and that the needs of the nations have been taken into considerations. In conclusion, internal drivers will remain a crucial approach for the local economy to withstand the current difficult economic situation.

Simultaneously, given the fact that JCorp has been able to ride out the unprecedented challenges since its establishment and the notion that every crisis provides an opportunity for further changes and innovations, the group will take these chances for greater improvements. Through its vast experiences, defensive approaches and diversified areas of growth, JCorp Group will be in better position to survive the current economic turmoil and will continue to sustain a commendable performance in the years ahead.

Appreciation

On behalf of the Board, we wish to express our heartfelt thanks and deep appreciation of the efforts and perseverance of the management and staff for assisting the Group in achieving better results for the financial year 2008.

The success of the Group owes much to the skill of all the employees led by the management team who has worked hard with much integrity, dedication and professionalism towards achieving the mission of our organization. Thus, we take this opportunity to convey our gratitude and appreciation to all members of our employees in JCorp and Group for all the great achievements. Together, with unity, we must stand resilient and ready to face all the challenges in the year ahead.

We also wish to relay our sincere gratitude and appreciation to State and Federal Government Authorities, Regulators, associates and partners, bankers as well as financial institutions for their continuous confidence and unwavering support to JCorp and its member companies, and shall look forward to their continued support in the future.

DATO' HAJI ABDUL GHANI BIN OTHMAN
Chairman
Johor Corporation

TAN SRI DATO' MUHAMMAD ALI BIN HAJI HASHIM
President and Chief Executive
Johor Corporation

IN SEARCH OF AN ALTERNATIVE BUSINESS WAY
A MALAYSIAN CORPORATION'S "BUSINESS JIHAD"

By Tan Sri Dato' Muhammad Ali Hashim,
President and Chief Executive of JCorp

The following is an abridged version from an article published in The Report Malaysia 2009 by Oxford Business Group.

The fallout from the 2008 American financial and economic crisis had been traumatic and had taken a severe global toll when even corporate giants with seemingly unassailable corporate presence, reputation, and global brand names have since been humbled.

In a business-driven world economic system, corporate crisis triggered by business failure in the world's largest economy such as America, have extremely far-reaching consequences and implications on every one else. More so in today's highly interconnected, and intricately networked global system. Millions of people across all continents have seen their wealth wiped out as stock markets melted and became poorer as asset values diminished.

The greater concern with grave, far-reaching implications and more unpredictable consequences would be the millions of jobs lost, decimating middle classes everywhere. Millions of aspirants to capitalism's promise of plenty, prosperity and wealth are now assured only of poverty, deprivation and despair.

The kind of business values that corporate America expounded are fast being blamed for the meltdown and consequential fallout. American leaders and legislators themselves are unreservedly inflamed by the blatantly greedy, selfish and uncaring attitudes and values exhibited by their top corporate executives. Many had the audacity to pay themselves lavish bonuses and had shamelessly taken hefty stock options whilst simultaneously reaching out, cup in hand, for corporate doles and bailouts - all at society's and future generations' expense!

There is indeed something fundamentally flawed and ugly about corporate capitalism and its culture and the business ways it spawned.

Even at the best of times capitalism would enrich only a few. It nevertheless would intoxicate everyone with the hope and promise of unimaginable prosperity. In reality, however, this would happen only to a handful through a tentative, trickle-down process.

Capitalism thus promised rewards of tremendous wealth for an almost exclusive elite group that unfortunately had the rest of the masses simultaneously hooked to its materialistic lifestyle and consumption traps. All are therefore chained to a system that tolerates gross inequality, and one that ultimately marginalises the vast majority, condemning them into mass dependency, and alienating the rest at the fringes into deprivation and poverty.

It is indeed "Westoxication" in the sense that it was highly intoxicating to the masses already hooked to the system.

Now that the global crisis has unmasked capitalism for what it truly is, it would be irresponsible for society not to do anything about changing and reforming it. It would also be absolutely reprehensible after the crisis blows over, for us to permit everyone to get back to the same old game, allowing the promise of riches for an exclusive few to just drag the rest of us down with capitalism's false hopes and undeliverable promises. Never again!

Yes, there are indeed outstanding examples of benign riches and corporate philanthropy of the Bill Gates Foundation kind. And yes, the much touted CR or corporate responsibility principles and practices are also high on corporate players' list of noble acts, self-serving PR and window-dressing or face-saving motives notwithstanding. Nonetheless, rampant and blatant value compromises and ethical and moral lapses of many of the non-Bill Gates kind were at the very roots of the current capitalist crisis triggering economic havoc and spinning political and social damage.

Obviously these values are already so deeply embedded into corporate structures and institutions, hence shaping and in turn are shaped by the psyche, behavior, worldview and mindset of all those who define and drive capitalism through their dominant command over the levers of corporate power. In the current greed-driven meltdown it appears that there was no mechanism available to oversee and over-ride their runaway damaging, corrosive and toxic impact.

Thus we see today the same corporate cancer spreading all over the world - resulting, for example, in European corporate fallouts ending even with several tragic high-profiled executive suicides in the UK, France and Germany. China's fatal melamine milk poisonings, India's unfortunate Satyam lies and betrayals, together with Japanese K. Nami's Ponzi-like schemes are clear evidences of a kind of a global value systems failure triggered by greed spawned by capitalism's extremes.

As it had originated from the developed West, it is a kind of a "Westoxicating" disease. It is indeed "Westoxication" in the sense that it was highly intoxicating to the masses already hooked to the system. It is clearly also highly toxic, (remember the "toxic assets" and "toxic loans" that started it all in America's home mortgages collapse?). Its toxic harm is clearly evident when millions of non-players lost jobs and incomes, hence becoming totally impoverished through sheer collateral damage.

If these values have been found wanting, and if the same values have been shaped and moulded by the corporate structure and system that had been duplicated world-wide, Westoxication cannot any more simply be taken lightly. Nations and corporations have no choice but to seek and adopt alternative business ways. These new ways must include total corporate reform to critically curtail and harness gross ethical and moral value compromises that had caused systems failure.

At issue are the values that drive global business and the vestment of absolute ownership in exclusive hands of the excessively rich at the top of all corporate hierarchies. Unfortunately, American worship of highly individualistic and cowboy "dog-eat-dog" capitalism appears to be the model "deity" for businesses and economies to emulate. The rest of the so-called "Free World" is thus bent on paying homage to the same Western "deity", resulting only in a wider spread of corrosive Westoxication.

The Westoxication of Muslim states in particular, has resulted in Islamic society's extreme values conflict over decades and centuries past, since almost without exception, modern Muslim states have adopted the western capitalist model. Many had gone headlong and at full speed, thus today finding themselves face to face with all of capitalism's blatant contradictions and inherent inconsistencies that conflict with fundamental Islamic values, way of life and social order.

Islam in particular places very high value on equity and social justice - values that capitalism obviously ignores, or condescendingly treats as inconsequential. This gross neglect has resulted in highly divisive, intolerable inequality and rampant social injustice and is therefore a highly combustible mix. It became extremely explosive when combined with the capitalist penchant for resource grabs, blatant exploitation and subjugation, corporate hegemony and economic imperialism - all recently strongly championed in the name of globalisation, liberalisation and freedom.

In the context of the extreme challenges that they face, it is therefore imperative for Muslim states to seriously redefine capitalism in Islamic terms, consistent with their value system. In order to regain the Muslim world's middle ground away from Islamist extremists and terrorists on the one hand, and

Westoxicating capitalist extremes on the other, they have no choice other than to meaningfully launch into "Islamising" capitalism and its economic order.

"Islamic capitalism" is clearly an oxymoron to many. A detailed, precise definition is, however, beyond the scope of this essay. Suffice it to say for the purpose of making a success of a business-driven economic reform, clearly the powerful dynamics of the competitive market system must remain the core foundation.

In Malaysia, a leading corporate entity, namely Johor Corporation, (JCorp), is already making fascinating breakthroughs in this attempt. An entrepreneurial state-owned enterprise with more than 250 member companies, JCorp Group today employs more than 54,000 people group-wide, with market leadership positions in several strategic businesses. JCorp has committed itself to this long journey towards reforming business and corporate ways to suit Islamic demands and standards, which it aptly labeled as a "Business Jihad"!

JCorp's impressive corporate track record of more than two decades of dynamic growth and expansion are early endorsements of the Business Jihad's conceptual validity and practical relevance.

JCorp's Business Jihad journey had involved many highly entrepreneurial ventures. This included building Malaysia's leading private healthcare enterprise from zero-base in early 1980s into a billion Ringgit business, involving more than 600 top consultants and medical specialists as business partners.

More notable was JCorp Group's high-profiled success in acquiring one of Asia's larger quick service restaurant enterprises involving more than 700 KFC and Pizza Hut restaurants in the Asean region. This highly contested acquisition occurred in 2006-2007 and had stretched for about a year. The fully market-driven acquisition had resulted in a landmark shift in corporate ownership in Malaysia.

JCorp's ground-breaking Business Jihad initiative is indeed unprecedented, in that it was also initiated as a corporate reform agenda. It was aimed at fully integrating Islamic values into capitalist corporate practice. In JCorp's case, this was mainly achieved through a corporate culture that integrates Amanah (Islamic stewardship) through its highly successful Intrapreneuring or entrepreneur-managers program. It is also expressed in an unprecedented reform initiative to transform itself incrementally into a "waqaf" corporate institution.

A "waqaf" is an early Islamic institution for endowment that long preceded today's "CSR" or corporate responsibility programs. In the days of Islam's past glories, the rich had played a critical role in providing comprehensive, voluntary social safety nets for the mass population, with funds provided out of their charity and generosity, inspired by the spirit of caring and sharing as expounded by Islam.

Obviously, a corporate reform agenda that is truly altruistic, caring and equitable is what is critically needed to mitigate the westoxicating pains caused by capitalism's crisis with all the attendant fears, trauma, tension, stresses and strains brought to millions everywhere and this agenda has to be initiated, driven and institutionalized by the corporate sector itself, with the larger corporations taking the lead.

A kind of Business Jihad mission complemented by an effective "waqaf" and Islamic CSR programs that are structurally embedded into the corporate system and fully institutionalized into corporate practice, is indeed a worthy executive pursuit. More so for businesses which operate in a Muslim economic and social environment. The fact that the Business Jihad journey had worked well and was financially rewarding as well for JCorp over the more than two decades of practice is indeed a measure of its credibility and validity.

Malaysia's Business Jihad and Corporate Waqaf initiatives, though still in its very early stages, are options for consideration by Muslim-led corporations keen to partake in capitalism's reform agenda. Fundamentally, their validity stems from the fact that ownership of enterprise is not vested in individual, family, or even private hands but is institutionalized through Waqaf.

The empowering impact of managing an enterprise that is simply "not owned by anyone", should never be under-estimated. Additionally, the tremendous potential that such ownership form can contribute towards long term equity and social justice should also not be taken lightly. The fact that all these can ultimately be achieved without compromising on business performance makes Business Jihad and Corporate Waqaf impossible to ignore, especially as a strategic response for corporations and societies seeking to free themselves from the clutches of capitalism's systemic flaws!

A "waqaf" is an early Islamic institution for endowment that long preceded today's "CSR" or corporate responsibility programs.

2008 SIGNIFICANT CORPORATE EVENTS

January

01
JCorp's annual 'PEDOMAN' staff meeting was held at Persada Johor.

11
Bistari Young Entrepreneur Sdn Bhd organized Catur BISTARI Board Game Competition in conjunction with 'Jejak Usahawan MPUD' Program for East Zone.

18
Audit Session for Accountability Index by National Audit Department.

22
Signing Ceremony between Tanjung Langsat Port Sdn Bhd and Asiaflex Products Sdn Bhd was held at Seri Pacific Hotel, Kuala Lumpur.

25
President and Chief Executive of JCorp, YBhg Tan Sri Dato' Muhammad Ali Hashim presented his paper on 'CSR in Halal Sector' at Singapore Hall 4B, Singapore in conjunction with 'Singapore International Halal Showcase' (SIHAS 2008).

February

5
The Launching of Tunas BISTARI and Didik BISTARI Program was held at Persada Johor.

13
Bistari Young Entrepreneur Sdn Bhd in collaboration with Ministry of Entrepreneurial Development and Co-Operative and Entrepreneur Development Institute (INSKEN) organized Catur Bistari Board Game Competition, National Level at Legend Hotel, Kuala Lumpur.

April

18 - 24
The 13th Pasir Gudang International Kite Festival was held at Bukit Layang-layang, Taman Bandar, Pasir Gudang. The Festival was organized by the Johor State Government and JCorp in collaboration with Johor Tourism Action Council and Pasir Gudang Municipal Council.

28
Official Launching of Waqaf An-Nur Clinic, Kuching, Sarawak.

12
The Launching of Tunas BISTARI Teknik was held at Sekolah Menengah Teknik Perdagangan, Johor Bahru.

18 - 20
KFC-Johor Open Regatta 2008 was organized at Pasir Layar, Tanjung Langsat, Pasir Gudang, Johor.

19
School Band Competition for Johor Secondary Schools 2008 was held at Pelabuhan Tanjung Langsat, Pasir Gudang, Johor.

May

24
Pelaburan Johor Berhad (PJB), Fund Manager for Amanah Saham Johor had convened an Extraordinary Unit Holder Meeting (EGM) with a resolution to terminate the Fund. However the meeting was postponed to 15 April 2008 due to not enough quorum to pass the resolution. The meeting was held at Puteri Pacific Hotel, Johor Bahru.

15
PJB held an Adjourned Extraordinary Unit Holder Meeting (EGM) which was convened at Persada Johor with the resolution of terminating ASJ. The resolution was passed with a 96.7% vote, surpassed the 75% votes required to pass any special resolution.

June

02
JCorp through Corporate Bureau, Malaysian Islamic Chamber of Commerce and JAKIM launched the 4th At-Tijarah television program.

16
JCorp received a delegation of representatives from the Accountant General of Malaysia.

17
IPPJ Sdn Bhd organized a seminar on 'Pembangunan Industri Halal Nasional' held at Persada Johor.

24
The 15th Annual General Meeting of BISTARI Johor Berhad was held at Puteri Pacific Hotel, Johor Bahru.

26
JCorp received a delegation from Organization of the Islamic Conference (OIC) and Sudan Senior Officers.

27
The 7th Annual General Meeting of Malaysian Islamic Chamber of Commerce Johor (MICCJ) was held at Dewan Panglima Salleh, Kotaraya, Johor Bahru.

MICCJ and Masjid An Nur Kotaraya organized 'Majlis Maulidur Rasul 1429H'.

30
The 7th Annual General Meeting of Kumpulan Waqaf An-Nur Berhad was held at Persada Johor.

July

1
JCorp's 'Pedoman Eksekutif' Meeting was held at Persada Johor.

August

11 - 12

The 'International Seminar on Awqaf' 2008 was held at Persada Johor. The seminar with the theme 'Awqaf : The Social and Economic Empowerment of The Ummah' was organized by JCorp in collaboration with Department of Awqaf, Zakat And Hajj (JAWHAR), Prime Minister's Department and Institute of Islamic Understanding Malaysia (IKIM).

16

The closing ceremony and price giving of the Catur Bistari Competition Inter Varsity National Level 2008 held at Persada Johor.

21

The launching ceremony of the 4th Tijarah Ramadan held at Putra World Trade Centre (PWTC), Kuala Lumpur.

September

3

MICCJ in collaboration with Masjid An-Nur Kotaraya, organized 'Majlis Sentuhan Ramadan' at Masjid An-Nur Kotaraya, Johor Bahru.

15 - 16

SIRIM Surveillance Audit.

October

25

Launching ceremony of Catur BISTARI at KFC Restaurant by YBhg Tan Sri Dato' Muhammad Ali Hashim, the President and Chief Executive of JCorp cums Chairman of QSR Brands Berhad/KFC Holdings (Malaysia) Berhad was held at the KFC Kota Damansara, Petaling Jaya.

7

The launching of KPJ Ipoh Specialist Hospital's new wing by Sultan of Perak, Sultan Azlan Shah.

10

The Auditor General of Malaysia, YBhg Tan Sri Dato' Setia Ambrin Buang visited JCorp.

23

JCorp was awarded 4-star acknowledgement for the 'Excellent Financial Management' based on Accountability Index for the Year 2007 by National Audit Department at National Audit Academy, Nilai, Negeri Sembilan.

November

12 - 14
Hari Mekar Kumpulan JCorp with the theme 'Quality Spearheads Excellence' was held at Persada Johor.

17
Launching and MOU signing ceremony between Baitulmal Sarawak and KPJ Healthcare Berhad.

25
The Seminar Quality Management Systems (MS 1900:2005) Requirements from Islamic Perspectives was held at Concorde Hotel, Shah Alam.

28
'Majlis Anugerah Program Usahawan Muda Tunas BISTARI dan Penghargaan Program Didik BISTARI 2008' was held at Persada Johor.

29
Golf Amal NatOleo/Waqaf An-Nur Pasir Gudang Tournament was held at Tanjung Puteri Golf Resort, Pasir Gudang, Johor.

December

1
8th KPJ National Healthcare Conference was held at Persada Johor.

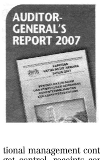
3
Wind Orchestra Competition Inter Higher Educational Institution was held at Persada Johor.

12
The first Jumaat prayer was held at Masjid An-Nur Larkin Sentral, Johor Bahru. The mosque was officially opened on December 8.

18
The President and Chief Executive of JCorp, YBhg Tan Sri Dato' Muhammad Ali Hashim presented his paper on 'Striving Towards Excellence in Approach to Business' at Fatih University, Istanbul, Turkey.

NEW STRAITS TIMES TUESDAY,

70pc of govt agencies rated 'good' or better



KUALA LUMPUR: The financial management of the majority of government agencies at the federal and state levels is good, says the National Audit Department in the Auditor-General's Report 2007.

According to a statement by the auditor-general yesterday, of the 212 agencies that were given the Accountability Index (IA) assessment, 4.7 per cent were categorised as "very good", 66.5 per cent were "good" and 28.7 per cent were considered "satisfactory".

Federal agencies with "very good" financial management were the Prime Minister's Department, Public Service Department, Coordination and Implementation Unit, Sarawak Manpower Department, Attorney-General's Chambers and and Malaysian Administrative Modernisation and Management Planning Unit.

Federal statutory bodies which obtained a similar assessment were Bank Kerjasama Rakyat Malaysia Bhd and the Malaysian Deposit Insurance Corporation, while the state agencies were the Johor Corporation and Pahang Geoscience and Mineral Department.

Aspects of financial management assessed included operational management control, budget control, receipts control, expenditure control, trust funds and trust accounts/deposits management, assets and inventory management, investment management, loan management and financial statements.

The statement said the agencies were told of aspects of their financial management that needed to be improved.

"If the agency heads are fully committed to and consistent in implementing improvements, the prospect of them receiving a better rating is very bright," it said.

The government agencies can also make use of the IA rating system as a benchmark when assessing the progress of improvement efforts in their financial management from time to time.

The statement said the auditor-general had issued the audit certificate without reprimand on the financial statement of 115 federal statutory bodies and 44 state statutory bodies and 47 local authority financial statements.

Audit certificates with a reprimand have been issued for nine federal statutory body accounts, three state statutory body financial statements and two local authority financial statements.

In general, the preparation of financial statements of the Federal Government, and federal st... improving.

"However, i... give a view on ... ments of stat... and local auth... all financial st... submitted for ...

There were ... mission of st... and local auth... ments for 200...

The delays v... ies not mainta... counting recor... ities, the law c... fix a period ... submit their a...

Fifty-seven ... have been don... and 76 at the ... how far gover... projects have ... assess their ef...

The Audit D... government ... from their w... ning, impleme... ing the activiti... formance aud...

According ... most issues ra... General's Report 2006 had been dealt with. — Bernama

> If agency heads are fully committed to implementing improvements, the prospect of them receiving a better rating is very bright.

Buy-back schemes before trading of ASJ units ceased

TRADING of Amanah Saham Johor (ASJ) ceased on May 15 following a decision by the majority of its unit holders during its extraordinary general meeting.

The house was told that all unit holders were notified of the decision either by post or announcements in newspapers and over the radio.

Menteri Besar Datuk Abdul Ghani Othman said this in reply to questions raised by Datuk Baderi Dusuki (BN-Panti), Lim Kee Moi (BN-Yong Peng) and Dr Boo Cheng Hau (DAP-Skudai).

Abdul Ghani said the ASJ, launched on May 15, 1991 with 300 million units, peaked at RM2.12 on Jan 11, 1994.

It plunged to its lowest at RM0.17 on Jan 11, 2001.

He said the state government and Johor Corporation (JCorp), the state's marketing arm, had come up with a remedial strategy for the unit holders called the "Conditional Buy-back Scheme" on Feb 9, 2004. Under this scheme, they were offered RM1 for 10 per cent of their total units.

The scheme was offered again, until April 8 this year, for the unit holders to dispose of all of their units at RM1, while the market price was only at RM0.5063.

"ASJ had paid up all the dividends totalling RM213.89 million, which was equivalent to RM0.8001 sen per unit since it was launched.

"However, dividends were not paid after the buy-back scheme was introduced."

The house was told Dana Johor, which ... launched in April 1995, w... capacity of 500 million ... chalked up its highest tra... price of RM1.20 in April ... Its lowest price was RM0. ... December 2005.

"Until last month, t... were 239.75 million units ... 3.540 million unit holders ... investments valued ... RM47.07 million acq... through bank loans.

"Dana Johor had ... RM116.87 million in ... dends, which is equivale... RM0.02551 for every unit ...

He said five buy-... schemes were introduce... 2004, 2005, 2006, 2007 ... February this year with a... fered price of RM0.50 against the market price of RM0.17.

Plantation firms to buy more land

CPO price downtrend provides opening for expansion

By HANIM ADNAN

PETALING JAYA: Cash rich local plantation companies will actively expand their land bank within the next five years via acquisitions of green fields, existing oil palm plantations and distressed planters.

Analysts believe the current downtrend in the crude palm oil (CPO) prices would provide local planters the advantage in sourcing for more attractively priced plantation land in favourite locations like Sabah, Sarawak and Indonesia.

The commodity boom over the past five years saw many tier-one and tier-two local planters accumulating healthy cash in the range of RM450mil to over RM1.4bil.

Of late, plantation giants like IOI Corp Bhd, Sime Darby Bhd and Kuala Lumpur Kepong Bhd, which each has a cash pile of over RM1bil, have indicated strong intentions to progressively expand plantation hectarage.

Major planters like Kulim (M) Bhd, Hap Seng Plantations Bhd, IJM Plantations Bhd, Asiatic Development Bhd and Ta Ann Holdings Bhd are also in the midst of acquiring more land bank.

Jupiter Securities head of research Pong Teng Siew told StarBiz that plantation companies had not been actively paying out the best dividends, particularly last year.

"Many seem to be hoarding their cash to embark on new land bank acquisitions."

Production gain is slow in production.

Said Pong: "Planters need to grow by acquiring more land bank and progressively undertake replanting activities with high yielding clones."

He concurred that land bank acquisition was the major strategy of local oil palm planters.

In Sabah, plantation land can fetch up to RM15,000 to RM16,000 per acre currently compared with only RM5,000 per acre in the late 1990s.

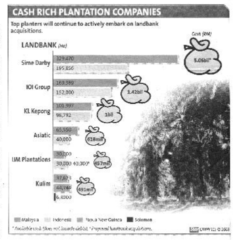
Sarawak plantation land is even higher at RM18,000 to RM20,000 per acre.

As for Indonesia, the land price is about half Sabah's prices.

Pong said the major obstacle faced by most Malaysian plantation companies in the republic was mainly the land ownership issue despite the availability of huge tracks of plantation land.

IOI Corp group executive chairman Tan Sri Lee Shin Cheng recently said the group was

> TURN TO B



2 JOHOR BUZZ NEW STRAITS TIMES THURSDAY, FEBRUARY 14, 20

Siswa Bestari to boost business skills

■ By Yiswaree Palansamy

JOHOR Corporation (JCorp) will launch a new programme called Siswa Bestari by the middle of the year to cultivate entrepreneurial interests among undergraduates.

"It is another joint programme between Johor Corporation, Bistari Johor Berhad and UiTM Segamat," said JCorp chief executive officer Tan Sri Muhammad Ali Hashim.

He said the programme, in addition to its successful Tunas Bestari and Didik Bestari programmes, was another effort by the company to realise its vision of creating globally successful Muslim businessmen.

"The programme requires undergraduates to form a company and run their businesses with capital provided by JCorp," he said.

JCorp has also this year introduced an educational game, known as Catur Bestari, to enhance entrepreneurial skills among students. The game has also been incorporated into the Tunas and Didik Bestari programme syllabuses respectively.

"Catur Bestari is a game which exposes the young to the knowledge and business practices based on Islamic values, and the whole family can participate," said Muhammad Ali.

He said with the game supported by KFC Holdings, plans were underway to enable the public to try out the game at all 407 KFC outlets nationwide.

"We plan to hold a national-level Catur Bestari competition at the main UiTM campus in Shah Alam in June or July offering various prizes, including a car. There are also plans to send the winners on a tour of either Australia or Japan," he said.

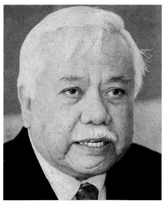
The Tunas Bestari programme has also been introduced this year to four technical schools — SMT (ERT) Azizah and SMT Perdagangan, both in Johor Baru, SMT Kota Tinggi and SMT Segamat.

A total of 101 primary schools and 64 secondary schools have registered as members under the Tunas Bestari and Didik Bestari programmes.

Nadzirin Nadia Zakaria, a Home Science and Engineering Technology teacher at SMK Pasir Putih, said the Tunas Bestari and Didik Bestari programmes provided an excellent platform to expose students to the entrepreneurial world.

Among those present were state Education Department director Mokhy Saidon and chief assistant director of the National Institute of Entrepreneurship, Abdul Aziz Ashaari.

A cheque presentation ceremony was also held, with Maktab Sultan Abu Bakar's Excellent Crew Company being the recipient for winning the national-level convention of young entrepreneurs last year. Aid to needy students was also given ou...


Tan Sri Muhammad Ali Hashim says the programme will cultivate entrepreneurial interests


From left: Sindora MD Rozan Mohd Sa'at, Tan Sri Muhammad Ali Hashim and director Tan Sri Arshad Ayub

Three sectors to drive Sindora

By ZAZALI MUSA
zaza@thestar.com.my

JOHOR BARU: Sindora Bhd sees the plantation, shipping and insurance brokerage businesses becoming more important as the engines of growth for the group.

Chairman Tan Sri Muhammad Ali Hashim ...rs were inter... ...e to the group, ...iness direction. ... sectors to fur... same time we ...n add value to ...r Sindora AGM

...fident it would ...urrent financial ... in the global

...the world mar... ...g this and next ...ng tight due to

...crude oil in the global market would also push the price of crude palm oil as the usage of biofuel would also rise.

Ali said shipping activities related to the logistics and transportation of foods and non-food goods, and oil and gas-related products would also increase especially from China and India.

"Shipping is critical as demand from all over the world will increase as many countries will engage in the import and export of crops," he added.

Ali said Sindora was on the right track when it started the Intrapreneur Venture Business (IVB) in 2002 and its 10 IVB subsidiaries and associate companies had contributed significantly to the company.

The company would continue to look for companies to be part of the IVB as it believed there were many small and medium enterprises which could be further nurtured and developed.

For the financial year ended Dec 31, Sindora recorded pre-tax profit of RM30.76mil on revenue of RM295.16mil compared with RM14.49mil and RM205.64mil respectively in 2006.

Kulim allocates RM5mil for CR programme

ULU TIRAM: Kulim (M) Bhd is allocating about RM5mil for its corporate responsibility (CR) activities this year.

Managing director Ahamad Mohamad said the company had recently launched "We care we share" programme to promote volunteerism among its employees.

He said the activities lined up under its CR programme this year would benefit and involve the handicapped, the poor and school children.

"The economic downturn should not be an excuse for corporate bodies and companies not to continue helping the needy," Ahamad told *StarBiz* on Friday at the handing-over of a single-storey two-bedroom concrete house to 80-year-old widow Fatimah Omar at Kg Paya, Sungai Redan in Basir Ismail Estate near here.

Kulim had contributed RM29,500 for the house and the construction of the house was jointly undertaken by its intraprenuer company Kulim Civilwork Sdn Bhd and 25 members of Johor Corp's Waqaf Brigade.

Ahamad said Fatimah's house was damaged during a major flood in Ulu Tiram in December 2006 and it was the first to be built by the company under its CR programme.

"The target groups for our CR programme this year are those residing within our estates and the boundaries where the company and its subsidiaries are operating," he said.

Kulim with 35 estates in Johor with an area of 8,000ha, employs 8,000 workers. The company, a Johor Corp subsidiary, is involved in four strategic core businesses – oil palm plantations, biodiesel, oleochemicals and quick-service restaurants. Ahamad said Kulim was also planning to set up a Smart Team comprising its employees to provide assistance to the authorities and the needy during disasters such as floods or landslides. – By ZAZALI MUSA

Foreign firms to invest RM6b in Tanjung Langsat

KUALA LUMPUR: Four major foreign companies will invest a total of RM5.67bil to undertake manufacturing activities in Tanjung Langsat Industrial Complex in Johor.

Johor Corp (JCorp) chief executive officer Tan Sri Muhammad Ali Hashim said these companies were expected to start developing their facilities by early 2009.

"Four companies have confirmed they will do business in our port," he said after the launch of Bistari Game Kota Damansara outlet yesterday.

The companies are Asiaflex (Technip), Europe's second-largest oilfield services company; Kiswire Neptune, a South Korean steel wire producer; Acerinox, a Spanish stainless steel manufacturer; and Lion Eco Chem, a Japanese company involved in producing methyl ester sulfonic.

Muhammad Ali said JCorp would spend about RM100mil to expand the jetty facility in Tanjung Langsat for the convenience of the investors.

He also said the company was currently in talks with other investors but declined to disclose the names.

JCorp, via unit Tanjung Langsat Port Sdn Bhd, is the developer of the 363.2ha port. It is focusing on developing petrochemicals and non-edible liquid bulk terminals and storage facilities.

To date, 21 local and foreign companies with investments totalling RM1.5bil are operating in the estate. – Bernama

EATech to spend RM202m on 5 vessels

■ By Kamarul Yunus
ahmadk@nstp.com.my

E.A TECHNIQUE Sdn Bhd (EATech), a logistics provider and ship management company, is buying five new vessels for RM202 million to carry out its contracts.

The company has about RM430 million of charters that it secured from an oil major this year.

It also plans to set up its own RM25 million shipyard in Tanjung Langsat, Johor, said managing director Datuk Abd Hak Md Amin.

EATech is a subsidiary of Sindora Bhd, which in turn is a listed subsidiary of Johor Corp.

"There is no turning back now. Through our business plans, we hope EATech will become one of the major shipping companies in Malaysia, with assets worth about RM500 million by 2010.

"With the acquisition of the new vessels, we expect to play a bigger role, from being a regional player to an international outfit," he said.

He spoke to reporters after the signing of a deal between EATech and Sumber Samudra Sdn Bhd for the construction of the five vessels in Kuala Lumpur yesterday. Also present were EATech chairman Muhammad Ali Hashim and Sumber Samudra managing director Chee Cheong Sow.

Set up in 1993, EATech owned its first ship in 1995. From 2003 to 2007, it bought 11 ships with a total net value of RM166 million.

It now has a strong fleet to serve Malaysia and neighbouring countries like Thailand, Vietnam, Indonesia, Myanmar and India.

On the five new vessels, Abd Hak said the vessels, namely one double hull 8,500 tonnes carrying capacity black oil tanker; two double hull 9,500 tonnes carrying capacity clean product tankers; and two mooring boats, will be delivered to a major oil company between September 2009 to early 2010.

"The first tanker will be delivered in January, the second in February and third in March 2010. The remaining two mooring boats will be delivered by September next year," he said.

With the five new vessels, EATech will own nine tankers with a combined capacity of 90,000 deadweight tonne and seven support vessels. It now has six tankers and five support vessels.

For the financial year ended December 31 2007, EATech, which is 51 per cent owned by Sindora, made a net profit of RM17.49 million on the back of RM63.30 million turnover.

SMOOTH SAILING: Abd Hak (left) exchanging documents with Chee yesterday. Looking on is Muhammad Ali (centre).

Bus terminal to get

■ By Ahmad Fairuz Othman

JOHOR Corporation is spending RM6 million on the second phase of upgrading Larkin Sentral in Johor Baru.

JCorp chief executive officer Tan Sri Muhammad Ali Hashim said the improvements included expansion of the wet market, bazaar and bus and taxi terminal, which would take up 2,337 square metres.

He said JCorp had already spent RM3 million for the first phase in 2004 to install new escalators, lighting and public toilets.

Larkin Sentral was built in 1994 by the Lion Group and began operations two years later.

However, JCorp took over the terminal's management in 2002 and began upgrading it.

"Larkin Sentral is one of the most strategic locations in Johor. It boasts many retail outlets and is the main bus terminal in the city. No other complex is more sophisticated," said Muhammad Ali after attending Aidiladha prayers at the new An-Nur Mosque at Level 3 of Larkin Sentral.

The RM1.5 million mosque, which opened on Dec 4, can accommodate up to 1,000 people.

It is the third mosque built by JCorp within a shopping mall. The other two are in Plaza Kotaraya and the Pasir Gudang Town Centre Complex.

On the possibility of petty traders moving out after Larkin Sentral is fully upgraded, Muhammad Ali said JCorp was working to keep all of its tenants.

"Several parts of the upgraded complex would not be suitable for some traders. However, we will guide the petty traders as our priority is to keep them. We will conduct courses for traders to add value to their businesses."

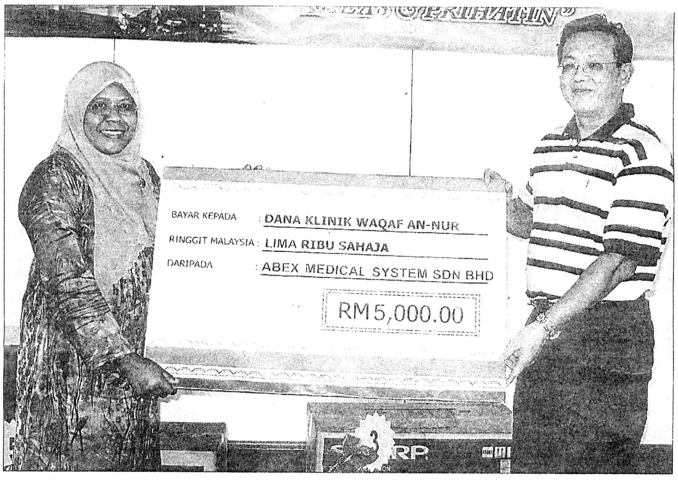
He said between five and 10 per cent of Larkin Sentral tenants may leave after the rental rates are raised following the completion of upgrading works in a few years.

However, the corporation has set up contingency plans, including the relocation of traders.

"We have to realise Larkin Sentral has to compete with any other commercial complex."

About 60,000 people use Larkin Sentral daily.


BRAND NEW: The An-N... chief executive officer Ta...



THANK YOU: Azizah receives the donation from Abex Medical System Sdn Bhd East Malaysia branch manager Chua Ching Liann.

More to benefit from dialysis

KUCHING: More needy diabetic patients can get treatment as three more dialysis machines will be installed at Klinik Waqaf An-Nur Kuching in Jalan Haji Taha by end of this month.

Kumpulan Waqaf An-Nur

affordable medical treatment at nominal fee of as low as RM5 to RM10 per treatment including the medication.

The clinic is managed by KPJ Healthcare Bhd through the Kuching Specialist Hospital.

programmes like a charity golf circuit called 'Klinik Waqaf An-Nur Golf Championship Circuit 2008'. The six-leg circuit was organised with the target of raising RM800,000.

"This charity golf championship is an initiative

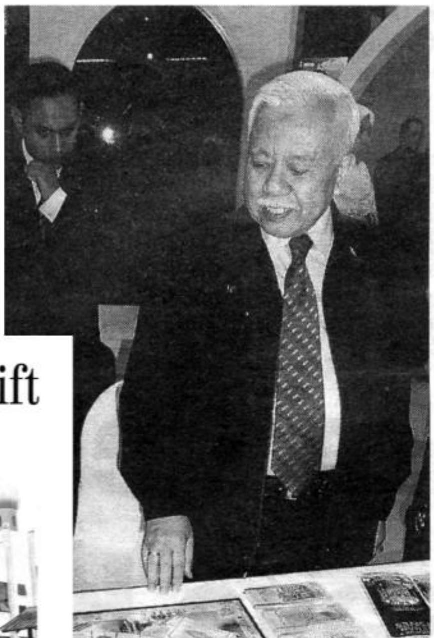
JCorp promotes Catur Bistari

By ZAZALI MUSA
zaza@thestar.com.my

JOHOR BARU: Johor Corp (JCorp) will be selling its Catur Bistari board game sets at all 417 Kentucky Fried Chicken outlets nationwide by month-end.

Chief executive officer Tan Sri Muhammad Ali Hashim said JCorp was targeting to sell more than 20,000 sets in the next 12 months.

"Our ultimate goal is to market the board game all over the world," he told *StarBiz* after the closing ceremony of

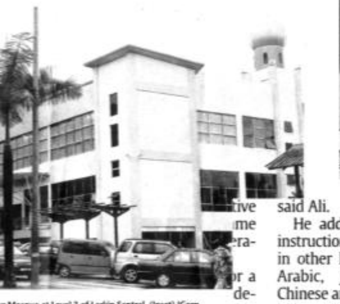


go international," said Ali.

He added that the game's instructions would be available in other languages – English, Arabic, Japanese, Spanish, Chinese and French – from just Bahasa Malaysia now.

The game was invented by JCorp to create interest and awareness in money management and entrepreneurship; to develop a culture and interest in entrepreneurship and to instill genuine entrepreneurial values.

RM6m facelift



r Mosque at Level 3 of Larkin Sentral. (Inset) JCorp
n Sri Muhammad Ali Hashim

8 ▶ JOHOR BUZZ NEW STRAITS TIMES MONDAY, AUGUST 4, 2008

// My Johor

JCorp holds state flag high

Fauziah Ismail
fauziah@nstp.com.my

FOR 21 days last month, I was holed up at the Damansara Specialist Hospital.

I wasn't sick but my dear friend was admitted to the intensive care unit of this hospital with viral encephalitis.

When I fall sick, I tend to miss home. I can safely say that we Johoreans — while I am from Johor Baru, my friend was born and bred in Batu Pahat — felt at "home" at this hospital.

Damansara Specialist Hospital is Johor-owned but based in Selangor and only a stone's throw from having a Kuala Lumpur address.

We in Kuala Lumpur are spoilt for choice if we want to go to a Johor-owned hospital. At last count, there are six KPJ Healthcare Bhd's hospitals in Kuala Lumpur and Selangor alone.

Besides Damansara Specialist Hospital, there are the Ampang Puteri Hospital, Selangor Specialist Hospital, Tawakal, Sentosa Medical Centre and Kajang Specialist Hospital.

In fact, you can find KPJ Healthcare hospitals in all the states with the exception of Perlis, Terengganu and Malacca.

There are also three KPJ Healthcare hospitals in Indonesia, two in Saudi Arabia and one in Dhaka, Bangladesh.

Within the span of 27 years, KPJ Healthcare has a stable of 23 hospitals, both locally and abroad. It started with only two in 1981.

Johor Corporation (JCorp), KPJ Healthcare's parent company, is probably the only state economic development corporation in the country that has an extended reach outside its own state and the country.

You don't really have to look hard for a "Johor" link in Kuala Lumpur.

All you need to do is follow the JCorp trail.

The "finger-licking good" trail, to be exact, as JCorp, through QSR Brands, also owns the KFC, Pizza Hut and Rasa Ayamas Restaurants.

QSR Brands, calling itself "a leading, fully-integrated quick-service restaurant enterprise", operates the Pizza Hut chain of restaurants in Malaysia and Singapore; the KFC chain of restaurants in Malaysia, Singapore and Brunei; and the Rasamas chain of restaurants and the Kedai Ayamas convenience food stores in Malaysia.

The company operates over 480 outlets in Malaysia, Singapore and Brunei, as well as 25 Rasamas restaurants in Malaysia.

In addition, via its associated company, KFC Holdings (Malaysia) Bhd, it operates over 487 KFC restaurants in Malaysia, Singapore, Brunei and Cambodia, as well as 25 Rasamas restaurants in Malaysia.

There's no semblance of JCorp in any of these outlets, so you wouldn't really know that it actually owns the restaurants through a subsidiary company.

I guess the only "physical" presence you can find is the JCorp office in Kuala Lumpur located at Damansara Town Centre, which it also owns.

It is an inconspicuous office, with the exception of the JCorp logo outside the building.

I was told JCorp top bosses use the Damansara Town Centre office whenever they are in town for meetings.

Oh, speaking of Damansara, wonder why there is a Damansara Aliff in Johor Baru?

JCorp, through its public-listed subsidiary Damansara Realty Bhd, took the brand down south.

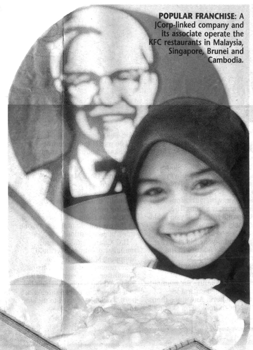
I was surprised myself to see this new township as we drove past Jalan Tampoi when I went home a year ago.

The only reference to Aliff is the cemetery on the hill called Bukit Aliff and the only landmark I can remember is the Eveready battery factory there.

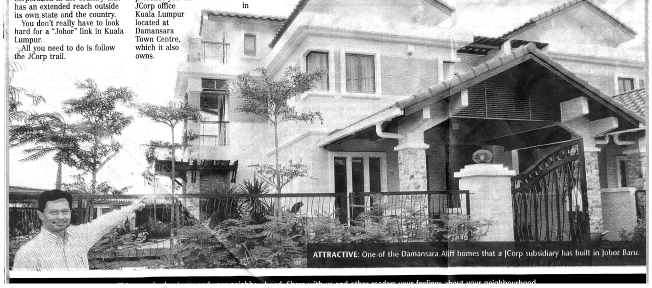
Damansara Realty is also taking the Damansara brand to Kuantan as it will be developing a self-contained township called Bandar Damansara Kuantan.

The project is being developed by Damansara Realty's subsidiary Damansara Realty (Pahang) Sdn Bhd.

The next time I meet JCorp boss Tan Sri Muhammad Ali Hashim, I'm going to ask him what else the corporation will be doing and where its next investment destination would be.



POPULAR FRANCHISE: A JCorp-linked company and its associate operate the KFC restaurants in Malaysia, Singapore, Brunei and Cambodia.



ATTRACTIVE: One of the Damansara Aliff homes that a JCorp subsidiary has built in Johor Baru.

RM50mil shares for fund

JCorp transferring amount to endowment fund this year

KUALA LUMPUR: Johor Corp (JCorp), which plans to transform into an Islamic corporate waqaf institution, expects to transfer RM50mil worth of shares to its waqaf or endowment fund this year.

The corporate waqaf "was a way to mitigate the extremes from the impact and side effects of global capitalism," chief executive Tan Sri Muhammad Ali Hashim said after a media briefing yesterday.

Ali said the first corporate waqaf involved the transfer to Kumpulan Waqaf An-Nur Bhd RM200mil (on net asset value basis) of JCorp's shareholding in public listed subsidiaries, comprising 12.35 million shares in Kulim (M) Bhd, 18.6 million shares in KPJ Healthcare Bhd and 4.32 million shares in Johor Land Bhd.

Through the waqaf mechanism, JCorp pledged to dedicate 25% of the annual dividend payout from the shares transferred to waqaf to be spent in supporting charitable social activities.

One of JCorp's programmes undertaken through the waqaf approach was the chain of nine Waqaf An-Nur clinics and one Waqaf An-Nur hospital, which had benefited more than 380,000 patients, Ali said.

On whether JCorp had plans to privatise fast food chain KFC Holding (M) Bhd (KFCH), he said: "That would be a business decision. QSR Brands Bhd is already the majority shareholder in KFCH."

"It's still not absolute majority but the process already in place will enable us to increase our stake to beyond 51%," he said, adding that QSR was allowed to acquire up to 2% of KFCH shares every two months.

"We are looking forward to KFCH becoming a subsidiary of QSR by early next year.

"At this juncture, there is no talk about taking it private. Its a business decision and would depend on the appropriate price," he said.

Kulim is the parent company of QSR, which currently holds 48.7% stake in KFCH.

On the impact of the current global economic volatility, Ali said he anticipated more difficult times ahead.

"This year is going to be more difficult then previous years with cost escalation. We are monitoring the performance of all our businesses closely."

JCorp recorded a 72% jump in its pre-tax profit of RM600mil for its financial year ended Dec 31, 2007 compared with RM348mil in the previous corresponding period. The increase was attributed to its palm oil business and increase in the number of hospitals under its management. Its revenue rose 38.1% to RM4.774bil from RM3.457bil in 2006.

Earlier, Ali said JCorp, in collaboration with Institut Kefahaman Islam Malaysia, would be organising the International Seminar on Awqaf 2008, themed *The Social and Economic Empowerment of the Ummah* on Aug 11 and 12 in Johor Baru.

He said 300 participants were expected at the event, which would feature lectures by leading international academicians in the field.

M4 NEWS STARMETRO, THURSDAY 17 APRIL 2008

Raising funds for mosque

Johor Corp staff bring in RM50,000 at Larkin Sentral

JOHOR BARU: Some 160 staff of Johor Corporation and its 10 subsidiaries volunteered for a charity sale recently to raise funds for a new mosque.

The three-day event from April 4 to 6 raised RM50,000 for the RM1.5mil Masjid An-Nur in Larkin Sentral.

At the open car park of the terminal, the staff set up stalls offering food, beverage, personal essentials, books and household goods, and a counter for health screening and blood donation.

The mosque, which is 50% completed, will be ready in July.

Comprising 684.97 sq metres, it can accommodate 700 people and will be the third mosque at a retail complex in Johor.

The two other mosques, in Plaza Kotaraya Shopping Mall and Pasir Gudang Town Centre Complex, were partially financed by Johor Corp and public donations.

"Friday prayers will be conducted at the mosque for Muslim travellers, shoppers, retailers, residents, office workers and bus and taxi drivers," Johor Corp senior general manager Lukman Abu Bakar told *The Star*.

Among those present at the launch were Johor mufti Datuk Nooh Gadot and his deputy Datuk Mohd Tahrir Shamsudin.

»The donations came from Muslims and non-Muslims, including businessmen and companies. We appeal for more people to donate for the clinics so that more poor patients can benefit«

LUKMAN ABU BAKAR

Lukman said the donations would also be channelled to Kumpulan Waqaf An-Nur Bhd to finance its charitable activities.

Caring deed: A stall selling costume jewellery and scarves at the charity sale in Larkin Sentral, Johor Baru, recently.

Waqaf An-Nur runs eight charity clinics – four in Johor, one each in Seremban, Ijok, Sungai Buloh and Kuching, and a charity hospital in Johor.

He said the clinics had treated 375,000 patients including 20,000 non-Muslims and 127 patients undergoing dialysis at the clinics in Pasir Gudang, Johor Baru and Seremban.

Lukman said the donations came from Muslims and non-Muslims, including businessmen and companies.

"We appeal for more people to donate for the clinics so that more poor patients can benefit," he said.

For more information, call Mizzah Ismail at 07-219 2692 or 07-219 2783.

Donations can be sent to Malayan Banking Bhd account no: 501011627510.

Awards & Accolades

The BrandLaureate Award 2008-2009

JCorp
The BrandLaureate Conglomerate Award

KFC
Best Brands in Fast Food - Fried Chicken

Ayamas
Best Brands in Chicken-Based Products

Pizza Hut
Best Brands in Food and Beverage - Pizzas

Other Award

JCorp
4-Star in Financial Management Accountability Index (State of Johor) 2007
National Audit Department

"Despite the global economic challenges arising from the financial turmoil, JCorp managed to improve business performance and sustain corporate growth for year 2008 and further recorded several remarkable corporate achievements."

33 - 56

Section 2

About Johor Corporation

section 2

Over the 35 years since its incorporation, JCorp as a Government-linked entity established by the Johor State Government has fully earned the trust and confidence of all stakeholders it intended to serve, especially both the Johor State and Federal Government of Malaysia. The trust and confidence are indeed well-deserved, as the Corporation has, over the years, established a formidable track record of business and corporate successes that have also greatly contributed to adding value and enhancing Malaysia's economic growth and development.

JCorp is indeed a proud corporate entity with a formidable track record of delivering not only business and corporate goals, but also strategic socio-economic objectives through creative and often innovative, market-driven methods. At the same time, it has also established an enviable reputation as a Government-linked entity that is autonomous and market-driven with a distinctive capacity to sustain performance in spite of extreme challenges, including especially the financial and economic crisis of 1997.

Corporate Profile

As one of Malaysia's larger corporate organizations, JCorp Group continues to chalk up impressive results, turning in an average of more than RM375 million profit before tax annually for the past 5 years, with Group profit before tax for 2008 of RM660 million. Total market capitalization of JCorp's 9 subsidiaries and associate companies listed on Bursa Malaysia, namely Kulim (Malaysia) Berhad (Kulim), KPJ Healthcare Berhad (KPJ), Johor Land Berhad (JLand), Sindora Berhad (Sindora), Damansara Realty Berhad (DBhd), QSR Brands Berhad (QSR), KFC Holdings (M) Berhad (KFCH), Al-'Aqar KPJ REITs (Al-'Aqar) and a subsidiary of Kulim namely New Britain Palm Oil Ltd (NBPOL) listed on the Port Moresby Stock Exchange, at the end of December 2008 remarkably exceeded RM6.9 billion.

JCorp's main goal is to generate wealth and create sustainable value through entrepreneurial effort, business and corporate actions. The growth and success of the JCorp Group to date is testimony to the entrepreneurial leadership and business acumen of its more than 50,000 executives and staff employed throughout the Group, including sizeable teams of professionals in their respective fields of specialization.

Corporate Activities

With a formidable force of over 250 companies in its stable, JCorp stands among the nation's largest conglomerates, with core businesses encompassing Palm Oils with oleochemicals, Specialist Healthcare Services, Property Development and Intrapreneur Venture. The Corporation's other principal business ventures include Industrial Property Development, Intrapreneur Business Development, Unit Trusts and Fund Management, Commercial Property Management, Administration of Local Authority and the Hospitality Business.

JCorp has since become a national market leader in several of its core businesses, namely the Oleochemicals, Specialist Healthcare Services and Car-Park Management. It also has a significant regional presence in the Palm Oils Business Segment as well as other businesses, with operations and business interests spanning not only in Malaysia, but also in other regional territories, such as Papua New Guinea, Singapore, Brunei, the Philippines and the Solomon Islands.

Through Kulim, JCorp over the past decade, has been among the leaders in oil palm plantations industry with current total plantation area of 79,460 hectares in Papua New Guinea, 7,577 hectares in Solomon Islands and 37,796 hectares in Peninsular Malaysia.

Through Kulim also, JCorp has managed to acquire QSR which owns the majority shareholding of a fast-food operator in Malaysia. QSR's dominant market share of the pizza market in Malaysia is through Pizza Hut, however, the more important profit contributor is its KFC fast food franchise, which is held by KFCH.

The whole group is currently mainly involved in the operations of KFC quick service restaurants in the country but it also has a hand in poultry processing, retailing and contract farming services as well as ancillary businesses like feed mill operations, breeder farms, hatchery and sauce manufacturing. The company holds the KFC franchise for Malaysia, Singapore and Brunei and currently operates approximately 517 outlets in total - 436 in Malaysia, 8 in Brunei and 73 in Singapore.

KPJ, the healthcare arm of JCorp with principal activities in providing medical and specialist healthcare services, owns and manages 19 private specialist hospitals throughout Malaysia plus 3 hospitals in Indonesia, 1 in Dhaka, Bangladesh and 2 in the Kingdom of Saudi Arabia, bringing the total to 25 hospitals in the KPJ Group.

KPJ also owns and operates the KPJ International College of Nursing and Health Sciences (KPJIC) with the mission to 'Provide Nurses For The World'. Besides its impressive main campus in Kota Seriemas, Nilai, Negeri Sembilan, KPJIC has also extended its training services in the southern region with the new branch campus in the Metropolis Tower of Johor Bahru.

Pasir Gudang, the industrial area managed by JCorp holds the unique advantage as hosts to the world's largest concentration of downstream palm oil processing activities, including refineries and oleochemicals, complemented by the presence of several petrochemical plants. This will be further enhanced by the completion of new Tanjung Langsat Port which will be developed into Malaysia's first Biofuel Hub.

Industrial land area of more than 1,200 acres has already been designated and prepared for bio-diesel. In view of the ever-increasing petroleum prices and petroleum's prospective world supply constraints, biodiesel is expected to be a new, exciting product of strategic global significance. JCorp's strategic positioning for biodiesel, coupled with Pasir Gudang's critical mass and Tanjung Langsat's ready infrastructure, therefore also promises Malaysia tremendous future strategic advantages.

JCorp has always adopted a much broader dimension to its corporate obligations in meeting with the aims and objectives of its Corporate Social Responsibility (CSR) to add value to Malaysia's social asset so critical for nation building and uplifting the quality of life.

JCorp was the first to develop and successfully manage Malaysia's only chain of 9 charity clinics that adopted and adapted the Islamic Waqaf concept. Named Waqaf An-Nur Clinics, other than providing quality medical care especially to the needy and less fortunate at a nominal charge of only RM5 including medicines, these clinics also offer dialysis treatment services at highly subsidized cost, and for selected, deserving patients, through the support of the Baitul Mal, even free-of-charge treatments.

Corporate Social Responsibility

Together with public support, the Corporation, through its in-house Corporate Social Organization (CSO) also funds and manages The Darul Hanan Orphanage in Pasir Gudang, Johor that also opens its doors to underprivileged children. JCorp had also initiated the establishment and management of 4 mosques, other than launching the Pasir Gudang Dana Bakti Community Chest that raises funds for community support programs.

With the aim to help bridge social divides, including the digital divide, empowering the community with knowledge and skills to improve access to economic opportunities and towards a better life is therefore among the Corporation's focus; through programmes undertaken by its business units as well as NGOs established for the purpose. This is principally achieved through programs and services offered by the Johor Skills Development Centre, (PUSPATRI), the Johor Centre for Management Training (IPPJ), BISTARI and TUNAS BISTARI, as well as through the JCorp's corporate support offered to the Corporate Bureau of the Malaysian Islamic Chamber of Commerce.

The JCorp Group therefore will continue to dedicate itself to the corporate cause of creating wealth and sustaining value creation through business enterprises. At the same time, it will always remain responsive to the needs of society and invest energy and resources towards fulfilling its CSR, both directly through the business activities of its companies, as well as indirectly through extending its professional management capabilities to achieve wider social goals and objectives.

Corporate Information

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Website

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Chartered Accountant
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Principal Banker

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Growth

1968

- Johor State Economic Development Corporation (JSEDC) was established by the state government under the 4th Enactment 1968.

1971

- JSEDC was given the mandate by the Johor State Government to manage 1,580.72 hectares of Tebrau Oil Palm Estate.

1972

- Obtained approval from the Johor State Government to carry out tin mining activity on a 12,950.08 hectares of land in Kota Tinggi.

- 3.52 hectares land located in the middle of Johor Bahru city was awarded by the Johor State Government to JSEDC to construct a shopping complex named Tun Abdul Razak Complex (KOMTAR).

- Opening of industrial areas at Pasir Gudang, Tanjong Agas in Muar and Tongkang Pecah in Batu Pahat.

1975

- Purchase of Kulim (Malaysia) Berhad's shares, an oil palm and rubber plantations company. The company was listed in the Stock London Exchange under Kulim Group Limited. This was the starting point for JSEDC to be involved in agro-business sector with an initial equity holding of 8.72%.

1977

- Restructuring of Sindora Berhad resulting with JSEDC owning 65% equity, the biggest shareholding in Sindora Berhad.

- JSEDC was appointed administrator of Pasir Gudang as Pasir Gudang Local Authority under section 150, Township Board Enactment, No 118.

1988

- JSEDC acquired Kemajuan Intisari Sdn Bhd and later changed its name to Kumpulan Perubatan (Johor) Sdn Bhd.

Expansion

1991

- JSEDC became involved in aluminium ingot manufacturing activities through a joint-venture via its subsidiary, Johor Aluminium Processing Sdn. Bhd.
- JSEDC was appointed master franchiser for The Medicine Shoppe International Inc. in Malaysia, Singapore and Brunei region.
- The construction of Masjid An-Nur KOTARAYA, Johor Bahru was completed.

1992

- JSEDC successfully launched Amanah Saham Johor.
- JSEDC introduced BAKTILADANG Worker Housing scheme - a free housing scheme to estate workers.

1993

- JSEDC was announced the winner of the 1993 Public Service Innovation Award for the innovation of the use of coupon at the rubbish disposal area, Pasir Gudang and the 1993 Public and Private Sector Innovation Award for the innovation of BADANG or mechanical buffalo.
- Pasir Gudang Local Authority was announced winner for the 1993 Public Services Special Award in the Financial Management Category.
- Johor Skills Development Centre (PUSPATRI) in Pasir Gudang, a wholly owned subsidiary of the JSEDC, was set up to cater for the training needs of highly-skilled workers in the field of production technology.

1994

- Pasir Gudang Industrial Estate won the coveted International Real Estate Federation (FIABCI) Malaysian Chapter's Industrial Development Award 1994.

JSEDC through KPJSB established the first nursing college, Puteri Nursing College heralding the nation's call to solve the problem of inadequate supply of nurses.

- The opening of Selesa Hotel located in Pasir Gudang was officiated by YAB Dato' Seri Anwar Ibrahim, Deputy Prime Minister of Malaysia.
- The listing of Kumpulan Perubatan Johor Sdn Bhd's subsidiary, KPJ Healthcare Berhad, a wholly owned subsidiary of JSEDC on KLSE Main Board.

1995

- JSEDC changed its name to Johor Corporation.
- The first Medaniga BISTARI - the culmination of the Tunas Bistari programme, where Tunas Bistari students were given opportunities to showcase their entrepreneurial skills.
- Dana Johor was launched by YAB Dato' Seri Dr Mahathir Mohamad, Prime Minister of Malaysia.
- ‘The Achipelago Fund’, a joint venture project with Jupiter International of London, was listed in the Luxembourg Stock Exchange.
- The first Pasir Gudang International Kite Festival was held in Pasir Gudang.
- Johor State Economic Development Corporation (JSEDC) officially changed its name to Johor Corporation (JCorp)

1996

- JCorp sponsored ‘Jejak Rasul 2’ TV programme aired on TV3 throughout the fasting month.
- The official opening of the Ampang Puteri Specialist Hospital by YAB Dato' Seri Anwar Ibrahim, Deputy Prime Minister of Malaysia.
- The official launching of ‘Membujur Lalu’ book written by YB Dato' Muhammad Ali Hashim, Chief Executive of JCorp.
- The official opening of Rumah Sakit Selasih in Padang Sumatera, and the opening of Padang Industrial Park, West Sumatera, jointly launched by Bapak Hasan Basri Durin and YAB Dato' Abdul Ghani Othman, JCorp's Chairman.
- JCorp through Kulim (Malaysia) Berhad acquired 90 percent stake in New Britain Palm Oil Limited (NBPOL), the biggest plantation company in Papua New Guinea.
- Johor Land Berhad a subsidiary company of JCorp was listed on the KLSE main board.

Transformation

1997

- Pasir Gudang Local Authority received the ISO 9002 certification, making it the first Local Authority to receive such recognition from SIRIM.
- The administration of Johor Football Association (JFA) was awarded to JCorp by the State Government.
- Tan Sri Dato' Hj Hassan Yunus Stadium in Larkin, Johor Bahru became one of the venues for the IX World Youth Football Championship.
- Johor Franchise Development Sdn Bhd signed an agreement with Duraclean Inc (USA) to establish Duraclean franchise outlets in Malaysia, Singapore, Indonesia and Brunei.
- The signing of the Joint-Venture Agreement between Johor Capital Holdings Sdn Bhd and Albarakah Islamic Investment Bank of Bahrain. With the signing, the Asian Islamic Equity Fund was launched and managed by Albarakah-PJB Pacific Investment Company.
- Ground breaking ceremony of Perdana Specialist Hospital, Kota Bahru officiated by YAB Tuan Guru Dato' Nik Aziz bin Nik Mat.

1998

- The opening of the first Klinik Waqaf An-Nur to the public located at Level 3, Plaza KOTARAYA.

2000

- The agreement signing ceremony for purchase of majority stake in Medicare Specialist Centre between Kumpulan Perubatan Johor Sdn Bhd and DBS Land Group of Singapore.
- Puan Hajjah Siti Sa'diah Sh Bakir was conferred the 'Pingat Darjah Paduka Mahkota Johor Yang Amat Mulia Pangkat Dua (DPMJ) which carries the title 'Datin Paduka'.
- YB Dato' Muhammad Ali Hashim, Chief Executive of JCorp was awarded the 'Pingat Darjah Kebesaran Panglima Setia Mahkota (PSM) which carries the title 'Tan Sri'.
- Waqaf An-Nur Clinic with the co-operation of RTM organised 'Forum Perdana Hal Ehwal Islam' at Dataran Bandaraya, Johor Bahru.

2001

- The Corporate Philosophy was launched, - 'A Community of Enterprises!'.

2002

- Corporate Restructuring Master Plan (CRMP) was approved with the conversion of JCorp's existing debt amounting to RM3.38 billion into long term Islamic financial instruments.

2003

- Signing of Memorandum of Understanding (MOU) between Johor State Government and JCorp Group, to revive the prices of Amanah Saham Johor and Dana Johor through the Price Support Scheme.
- JCorp through KPJ Healthcare Berhad entered into a management agreement with the United Group LTD, Dhaka, Bangladesh to commission, provide healthcare technical expertise and manage the Continental Hospital in Dhaka, Bangladesh.

2004

- 8 out of 10 hospitals under the KPJ Healthcare Berhad Group continued to be certified with MS ISO 9001:2000.
- Development of a convention centre known as the Persada Johor International Convention Centre.

Strategic Expansion

2005

- Acquisition of 36.7% QSR shares by Kulim.
- Undertaking of Corporate Waqaf by JCorp, involving the transfer of 75% equity in Tiram Travel Sdn Bhd.
- Acquisition of 2 intrapreneur companies by Sindora, namely EPASA Shipping Sdn Bhd and MM Vitaoils Sdn Bhd.
- Launching of Al-Aqar KPJ REIT by KPJ Healthcare Berhad.
- Disposal of JMF Asset Management Sdn Bhd by Sindora to Amanah Raya Berhad.
- Disposal of oil palm plantation in Sumatera by Kulim for USD60 million.
- Opening of Seremban Specialist Hospital by KPJ Healthcare Berhad.
- Increase of fatty acid annual production to 380,000 tonne by Natoleo, making Natoleo one of the largest oleochemical plants in the world.

2006

- JCorp through Kulim (Malaysia) Berhad successfully took over majority shareholding in QSR Brands with 51.9% equity ownership.
- JCorp through Kulim (Malaysia) Berhad ventured into bio-diesel field, a joint-venture with Cremer Gruppe to produce 100,000 tonnes per annum of bio-diesel in Tanjung Langsat.
- The first waqaf hospital - 'Waqaf An-Nur Hospital' was officially opened to the public by DYAM Tunku Mahkota Johor.
- The launching and listing of the Al-'Aqar KPJ REIT, the first Islamic Healthcare REIT in the world.
- Launching of Corporate Waqaf which involved the transfer of 12.3 million unit shares owned by JCorp in Kulim (Malaysia) Berhad, 18.6 million unit shares in KPJ Healthcare Berhad and 4.3 million unit shares in Johor Land Bhd to Kumpulan Waqaf An-Nur Bhd as trustee.
- YAB Dato' Seri Abdullah Ahmad Badawi officiated at the Proclamation of the Tanjung Langsat Industrial Complex as a designated Bio-Fuel Park.

2007

- Second listing of New Britain Palm Oil (subsidiary of Kulim) at the London Stock Exchange.
- Purchase of majority shareholding in Sindora by Kulim from JCorp.
- Acquisition of Taiping Medical Centre by KPJ Healthcare Berhad.
- Setting up of KPJ International College of Nursing and Health Sciences branch campus at Metropolis Tower, Johor Bahru by KPJ Healthcare Berhad.

2008

- Implementation of Final Price Support Scheme for Amanah Saham Johor and termination of Amanah Saham Johor. Continuation of the Fifth Price Support Scheme for Dana Johor.
- New establishment of Pasir Gudang Local Authority status to Pasir Gudang Municipal Council.
- Lease of an 80 acres of land for an amount of RM87.12 million between Tanjung Langsat Port and Asiaflex Products Sdn Bhd (Technip), Kiswire Neptune Sdn Bhd and Johor Shipyard and Engineering Sdn Bhd (JSE).
- Signing of Islamic Securities Agreement (Sukuk) between Tanjung Langsat Port and MIDF Amanah Investment Bank Bhd for issuance of RM250 million Sukuk Musyarakah Bond and RM135 million Musyarakah Commercial Papers/Musyarakah Commercial Notes Programme.
- The construction of 4 new cargo berths which are 3 additional liquid cargo berths and a specialized dry cargo berth with a total cost of RM480 million.
- Handling of the first vessel loading 2,817 cubic metres of Palm Fatty Acid Distillates and Palm Kernel Fatty Acid Distillates from Langsat Bulkers Storage Tank.
- Unincorporated Joint Venture agreement between Damansara Asset Sdn Bhd and Majlis Perbadaran Pasir Gudang to construct Aqabah Tower. The cost of construction is RM 11 million.
- The construction of JCorp's new office in Bandar Dato' Onn with RM28 million cost of construction.

Every employee plays an important role in achieving the Business Jihad mission. JCorp's commitment to people development is demonstrated through the execution of a wide variety of training programs. Improvements are focused on professionalism and virtuous values in every employee.

JCorp continues to organize programs to enhance entrepreneurial and professional skills. In 2008, 23 employees (3rd group) were awarded the Certificate In Intrapreneurship (CII), a program conducted in collaboration with Malaysian Entrepreneur Development Corporation, MARA University of Technology (MEDEC-UiTM). Besides that, 19 employees were awarded the HR Certification (Level II) which was organized in collaboration with EMC Management Centre Sdn Bhd and Bureau Innovation and Consultancy, University of Technology Malaysia (UTM). In addition, 2 Company Secretaries are currently enrolled in the Institute of Chartered Secretaries and Administrators (ICSA) program. On the other hand, a total of 17 employees are enrolled the Master in Business Administration In Healthcare (MBA Healthcare), a collaboration program with Institute of Business School (IBS), University of Technology Malaysia which started in December 2007.

JCorp has always cherished the spirit of teamwork and innovation in the workplace. The 14th Hari Mekar 2008, an occasion to celebrate innovation, was successfully organized jointly with QSR Brands Berhad on 12th to 14th November 2008 in which 78 teams took part in presenting their innovative ideas.

The employees' views are always taken into consideration in ensuring a more conducive working environment. The Majlis Bersama Jabatan (MBJ) which was established in 2004 has successfully met these objectives in improving the employer-employee relationship. The formation of MBJ has been well received whereby there were an increase of suggestions and issues brought forward through employees' representatives that is 34 issues raised in 2008 in comparison to 31 issues in 2007.

A good cooperation between the employer and employees has help to improve the internal communication as well as the working system. Supported by learning programs which are aligned to the business mission and organizational strategic direction, together with good organizational values, JCorp will be more competitive and ready in fulfilling its vision.

JCorp is committed to protecting the well-being of its workforce through the effective and stringent implementation on good Occupational Safety and Health (OSHA) practices in all business operations through the establishment of the Occupational Safety and Health Committee since June 2002.

In compliance with the Occupational Safety and Health Act 1994 (OSHA), JCorp undertakes to:

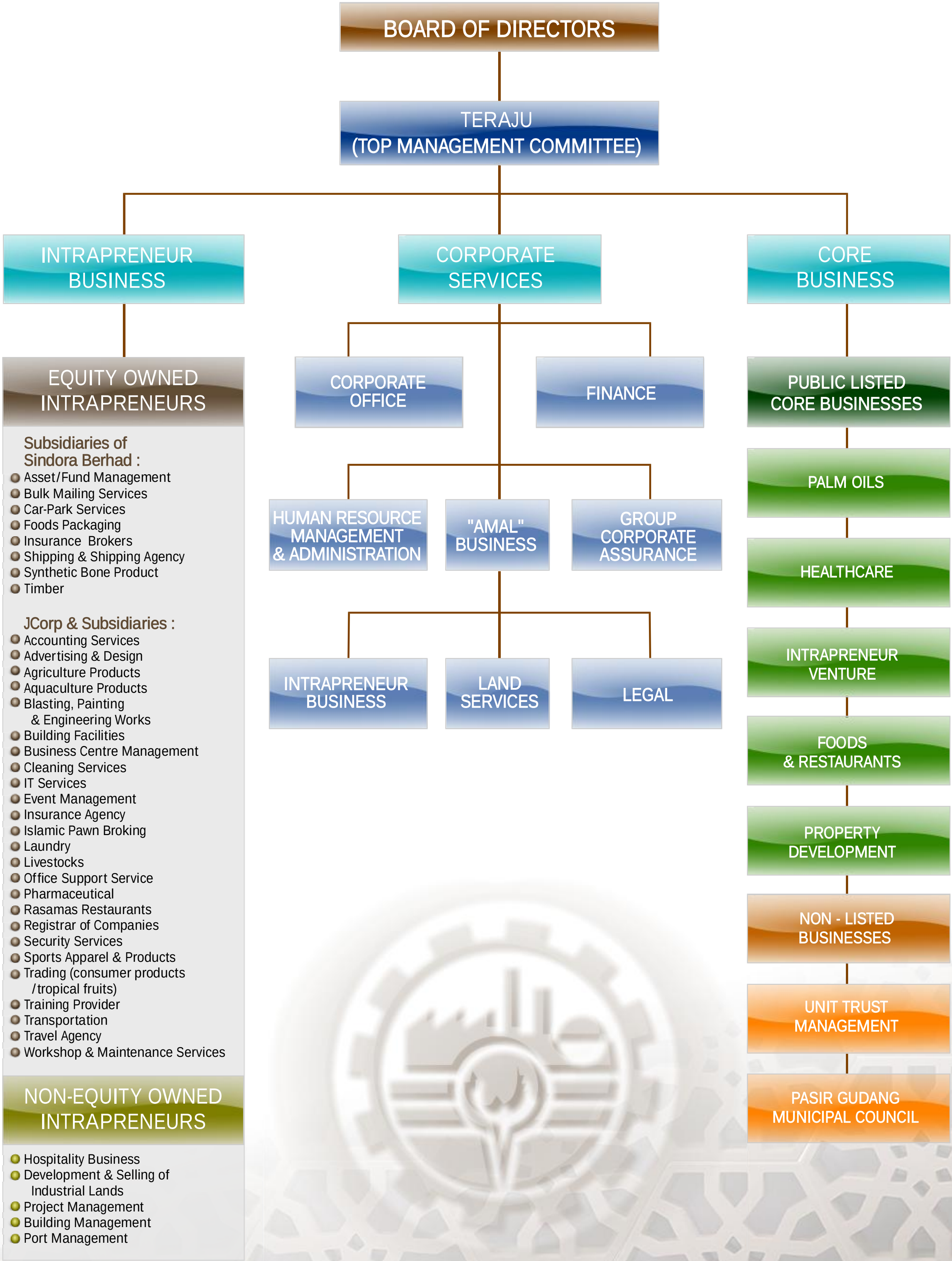
- Maintain and take reasonable care for the safety and health of the working environment for its employees;
- Maintain its workplaces and equipment in a condition that is safe and without risks to health;
- Provide information, instruction, training and supervision to enable employees to perform the work in safe manner without risk to health;
- Provide suitable facilities to encourage a health lifestyle.

During the year JCorp's regular occupational awareness programmes are also being conducted to the employees. The awareness program activities was conducted by the Occupational Safety and Health Committee in collaboration with the Department of Occupational Safety and Health (DOSH) and National Institute of Occupational Safety and Health (NIOSH).

JCorp also encourage all companies within the Group to set up an Emergency Response Team (ERT) and Fire Squad.

“Johor Corporation (JCorp) is not likely to be affected by the global economic recession following continuous growth of its plantation, food manufacturing, poultry and medical business.”

(The Star, 4 November 2008)


BOARD OF DIRECTORS
TERAJU
(TOP MANAGEMENT COMMITTEE)
INTRAPRENEUR BUSINESS
CORPORATE SERVICES
CORE BUSINESS
EQUITY OWNED INTRAPRENEURS
Subsidiaries of Sindora Berhad :
Asset/Fund Management
Bulk Mailing Services
Car-Park Services
Foods Packaging
Insurance Brokers
Shipping & Shipping Agency
Synthetic Bone Product
Timber
JCorp & Subsidiaries :
Accounting Services
Advertising & Design
Agriculture Products
Aquaculture Products
Blasting, Painting & Engineering Works
Building Facilities
Business Centre Management
Cleaning Services
IT Services
Event Management
Insurance Agency
Islamic Pawn Broking
Laundry
Livestocks
Office Support Service
Pharmaceutical
Rasamas Restaurants
Registrar of Companies
Security Services
Sports Apparel & Products
Trading (consumer products /tropical fruits)
Training Provider
Transportation
Travel Agency
Workshop & Maintenance Services
NON-EQUITY OWNED INTRAPRENEURS
Hospitality Business
Development & Selling of Industrial Lands
Project Management
Building Management
Port Management
CORPORATE OFFICE
FINANCE
HUMAN RESOURCE MANAGEMENT & ADMINISTRATION
"AMAL" BUSINESS
GROUP CORPORATE ASSURANCE
INTRAPRENEUR BUSINESS
LAND SERVICES
LEGAL
PUBLIC LISTED CORE BUSINESSES
PALM OILS
HEALTHCARE
INTRAPRENEUR VENTURE
FOODS & RESTAURANTS
PROPERTY DEVELOPMENT
NON - LISTED BUSINESSES
UNIT TRUST MANAGEMENT
PASIR GUDANG MUNICIPAL COUNCIL

BOARD OF DIRECTORS

YAB DATO' HAJI ABDUL GHANI BIN OTHMAN
Chief Minister of Johor

YBHG TAN SRI DATO' MUHAMMAD ALI HASHIM
President and Chief Executive
Johor Corporation

YB DATIN PADUKA ZAINON BINTI HAJI YUSOF
State Financial Officer of Johor

YBHG TAN SRI DATO' ABDUL RAHMAN BIN MAMAT
Secretary General, Ministry of International Trade & Industry

YBHG DATO' HAJI MUSA BIN MUHAMAD
Secretary General, Ministry of Entrepreneur and Cooperative Development

YBHG TAN SRI DATO' ABDULLAH BIN AYUB
Businessman

YB DATO' HAJI ABD LATIFF BIN YUSOF
State Secretary of Johor

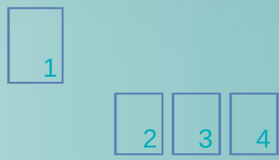
YB DATUK ABDUL RAHMAN PUTRA BIN DATO' HAJI TAHA
State Legal Advisor of Johor

YBHG DATUK RAHAMAT BIVI BINTI YUSOFF
Director of Budget Management Division (Treasury), Ministry of Finance

YBHG DATUK DR HARIS BIN SALLEH
Businessman

ENCIK ALFADZILAH BIN HAJI MAT ARIS
Secretary

Board Audit Committee



Chairman

1 YBHG DATUK DR HARIS BIN SALLEH
Independent Director

Members

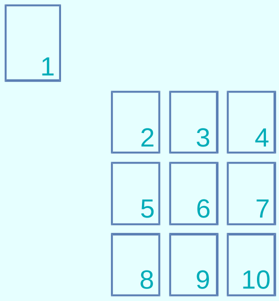
2 YB DATO' JOHARI BIN MOHAMAD
Independent Director
(Retired 31 December 2008)

3 PUAN ZAINAH BINTI MUSTAFA
Independent Director

Secretary

4 ENCIK ABD RAZAK BIN HARON
Senior General Manager
(Group Corporate Assurance)

Group Top Management Committee (TERAJU)



Chairman

1 YBHG TAN SRI DATO' MUHAMMAD ALI HASHIM
President and Chief Executive

Members

2 YB DATIN PADUKA HAJJAH SITI SA'DIAH BINTI SHEIKH BAKIR
Chief Executive, Healthcare Division

3 TUAN HAJI AHAMAD BIN MOHAMAD
Chief Executive, Palm Oils Business Divison

4 TUAN HAJI JAMALUDIN BIN MD ALI
Managing Director, QSR Brands Berhad

5 TUAN HAJI ROZAN BIN MOHD SA'AT
Managing Director, Sindora Berhad / Senior Vice President (Intrapreneur Development)

6 TUAN HAJI AFM SHAFIQUL HAFIZ
Chief Executive, Property Development Division

7 TUAN HAJI KAMARUZZAMAN BIN ABU KASSIM
Senior Vice President (Corporate Services, International Business and Finance)

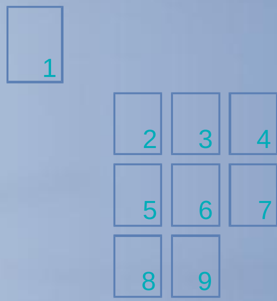
8 TUAN HAJI LUKMAN BIN HAJI ABU BAKAR
President, Pasir Gudang Municipal Council

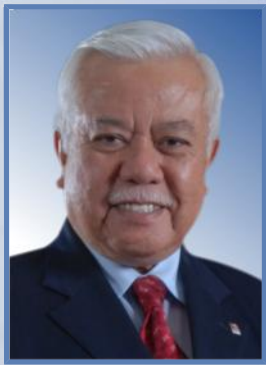
9 ENCIK ABDUL RAZAK BIN HARON
Senior General Manager (Group Corporate Assurance)

Secretary

10 PUAN SATIRA BINTI OMAR
General Manager (Corporate Office)

Group Remuneration and Nomination Committee





Chairman

1 YBHG TAN SRI DATO' MUHAMMAD ALI HASHIM
President and Chief Executive

Members

2 YBHG TAN SRI DATO' ARSHAD BIN AYUB
Independent Director

3 YB DATIN PADUKA HAJJAH SITI SA'DIAH BINTI SHEIKH BAKIR
Chief Executive, Healthcare Division

4 TUAN HAJI AHAMAD BIN MOHAMAD
Chief Executive, Palm Oils Business Division

5 TUAN HAJI JAMALUDIN BIN MD ALI
Managing Director, QSR Brands Berhad

6 TUAN HAJI ROZAN BIN MOHD SA'AT
Managing Director, Sindora Berhad / Senior Vice President (Intrapreneur Development)

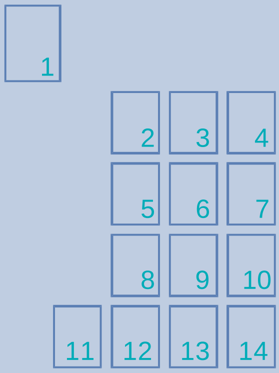
7 TUAN HAJI AFM SHAFIQUL HAFIZ
Chief Executive, Property Development Division

8 TUAN HAJI KAMARUZZAMAN BIN ABU KASSIM
Senior Vice President (Corporate Services, International Business and Finance)

Secretary

9 ENCIK IDHAM JIHADI BIN ABU BAKAR
Manager, Pro Corporate Management Services Sdn Bhd

Group Human Resource Committee



Chairman

1 YB DATIN PADUKA HAJJAH SITI SA'DIAH BINTI SHEIKH BAKIR
Chief Executive, Healthcare Division

Members

2 TUAN SYED ALI BIN SYED AHMAD
Group Human Capital Advisor
Kulim (Malaysia) Berhad

3 TUAN HAJI LUKMAN BIN HAJI ABU BAKAR
President, Pasir Gudang Municipal Council

4 PUAN HAJJAH AZIZAH BINTI AHMAD
General Manager
Waqaf An-Nur Corporation Berhad

5 TUAN HAJI YUSOF BIN RAHMAT
Managing Director, TPM Technopark Sdn Bhd

6 TUAN HAJI ABD MALEK BIN TALIB
Managing Director, Damansara Assets Sdn Bhd

7 ENCIK AZHARI BIN ABDUL HAMID
Executive Director, HC Duraclean Sdn Bhd

8 TUAN HAJI YUSOF BIN ISMAIL
Group Human Resource Manager
KPJ Healthcare Berhad

9 ENCIK RAMLAN BIN JUKI
General Manager, Sindora Berhad

10 CIK MARIANA BINTI SIDI
Senior General Manager, Johor Land Berhad

11 PUAN SATIRA BINTI OMAR
General Manager (Corporate Office)

12 ENCIK MOKTAR BIN M. SALLEH
Corporate Director of Human Resource
Puteri Hotels Sdn Bhd

13 SHARIFAH MUSAINAH BINTI SYED ALWI
Deputy General Manager
Group Human Resource
KFC Holdings (Malaysia) Berhad

Secretary

14 CIK SUHANA BINTI SHUIB
Deputy General Manager
(Human Resource Development
& Administration)







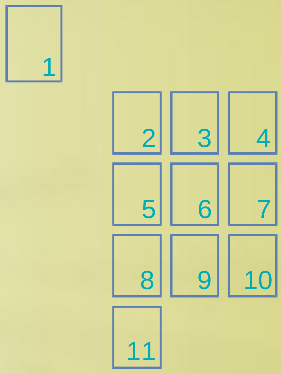







MANAGEMENT COMMITTEES

Strategic Planning Committee



Chairman

1 TUAN HAJI AHAMAD BIN MOHAMAD
Chief Executive, Palm Oils Business Division

Members

2 YB DATIN PADUKA HAJJAH SITI SA'DIAH BINTI SHEIKH BAKIR
Chief Executive, Healthcare Division

3 TUAN HAJI AFM SHAFIQUL HAFIZ
Chief Executive, Property Development Division

4 TUAN HAJI ROZAN BIN MOHD SA'AT
Managing Director, Sindora Berhad /
Senior Vice President
(Intrapreneur Development)

5 TUAN HAJI KAMARUZZAMAN BIN ABU KASSIM
Senior Vice President
(Corporate Services, International Business and Finance)

6 TUAN HAJI LUKMAN BIN HAJI ABU BAKAR
President, Pasir Gudang Municipal Council

7 ENCIK MD SHAHRODIN BIN MD YUNOS
General Manager (Land Services)

8 PUAN SATIRA BINTI OMAR
General Manager (Corporate Office)

9 ENCIK AZLI BIN MOHAMED
Deputy General Manager (Finance)

10 PUAN NORISHAH BINTI MOHD SETH
Deputy General Manager
(Intrapreneur Business)

11 CIK SUHANA BINTI SHUIB
Deputy General Manager
(Human Resource Development
& Administration)










Corporate Synergy and Restructuring Committee

Chairman

1 TUAN HAJI JAMALUDIN BIN MD ALI
Managing Director, QSR Brands Berhad

Members

2 TUAN HAJI ROZAN BIN MOHD SA'AT
Managing Director, Sindora Berhad /
Senior Vice President
(Intrapreneur Development)

3 TUAN HAJI KAMARUZZAMAN BIN ABU KASSIM
Senior Vice President
(Corporate Services, International Business
and Finance)

4 TUAN HAJI LUKMAN BIN HAJI ABU BAKAR
President, Pasir Gudang Municipal Council

5 TUAN HAJI YAHAYA BIN HASSAN
Managing Director, Damansara Realty Berhad

Secretary

6 PUAN NORISHAH BINTI MOHD SETH
Deputy General Manager
(Intrapreneur Business)

MANAGEMENT COMMITTEES

Investment Review Committee (JAWS)

Chairman

1 ENCIK HALMI BIN JASMIN
Group Managing Director
Metro Parking (M) Sdn Bhd

Members

2 TUAN HAJI AHAMAD BIN MOHAMAD
Chief Executive, Palm Oils Business Division

3 TUAN HAJI ROZAN BIN MOHD SA'AT
Managing Director, Sindora Berhad
Senior Vice President
(Intrapreneur Development)

4 TUAN HAJI AFM SHAFIQUL HAFIZ
Chief Executive, Property Development Division

5 TUAN HAJI ABDUL MALEK BIN TALIB
Managing Director, Damansara Assets Sdn Bhd

6 ENCIK MD SHAHRODIN BIN MD YUNOS
General Manager (Land Services)

7 ENCIK AZLI BIN MOHAMED
Deputy General Manager (Finance)

8 PUAN NORISHAH BINTI MOHD SETH
Deputy General Manager
(Intrapreneur Business)

9 ENCIK AZHARI BIN ABDUL HAMID
Executive Director, HC Duraclean Sdn Bhd

Secretary

10 PUAN MAZENAH BINTI ABU BAKAR
Executive (Corporate Office)

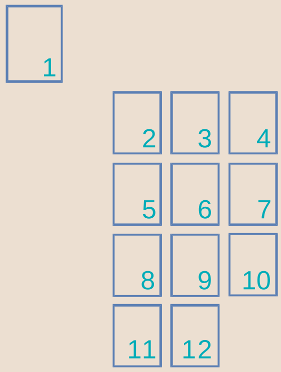








Executive Committee (EXCO)



Chairman

1 PUAN SATIRA BINTI OMAR
General Manager (Corporate Office)

Members

2 TUAN HAJI LUKMAN BIN HAJI ABU BAKAR
President, Pasir Gudang Municipal Council

3 TUAN HAJI YUSOF BIN RAHMAT
Managing Director, TPM Technopark Sdn Bhd

4 PUAN HAJJAH AZIZAH BINTI AHMAD
General Manager
Waqaf An-Nur Corporation Berhad

5 TUAN HAJI MAZLAN BIN OTHMAN
Managing Director
Tanjung Langsat Port Sdn Bhd

6 ENCIK MD SHAHRODIN BIN MD YUNOS
General Manager (Land Services)

7 ENCIK AZLI BIN MOHAMED
Deputy General Manager (Finance)

8 PUAN NORISHAH BINTI MOHD SETH
Deputy General Manager
(Intrapreneur Business)

9 PUAN ZAITON BINTI IBRAHIM
General Manager, Damansara Assets Sdn Bhd

10 CIK SUHANA BINTI SHUIB
Deputy General Manager
(Human Resource Development
& Administration)

11 PUAN WAN SU BINTI ALI
Manager (Legal)

Secretary

12 PUAN MAZENAH BINTI ABU BAKAR
Executive (Corporate Office)



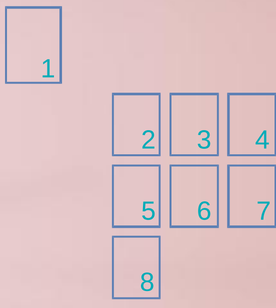








Finance and Investment Committee (KEMUDI)



Chairman

1 ENCIK AZLI BIN MOHAMED
Deputy General Manager (Finance)

Members

2 ENCIK MD SHAHRODIN BIN MD YUNOS
General Manager (Land Services)

3 PUAN SATIRA BINTI OMAR
General Manager (Corporate Office)

4 PUAN NORISHAH BINTI MOHD SETH
Deputy General Manager
(Intrapreneur Business)

5 TUAN HAJI MOHD KORDI BIN BAKIN
Senior Manager (Finance)

6 ENCIK AZHARI BIN ABDUL HAMID
Executive Director, HC Duraclean Sdn Bhd

7 CIK SHEKHAH BINTI MD SALLEH
Senior Manager (Legal)

Secretary

8 ENCIK ALFADZILAH BIN HAJI MAT ARIS
Deputy Manager (Corporate Office)







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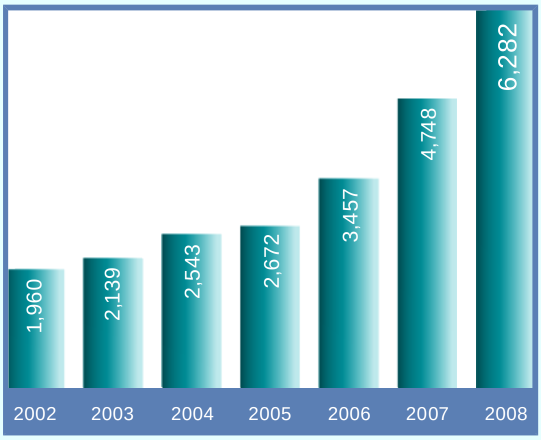
Section 3

Financial Highlights

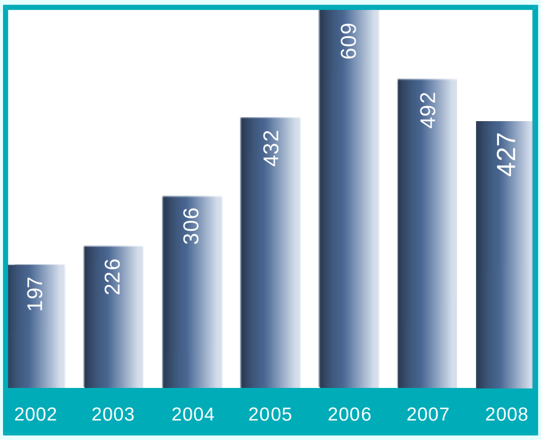
section 3

FINANCIAL HIGHLIGHTS 2002 - 2008

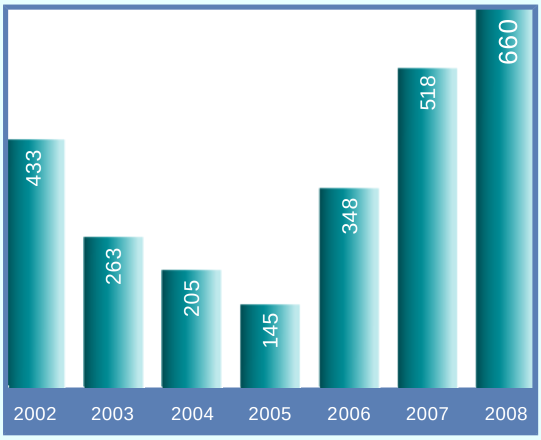
REVENUE (GROUP)
(RM Million)



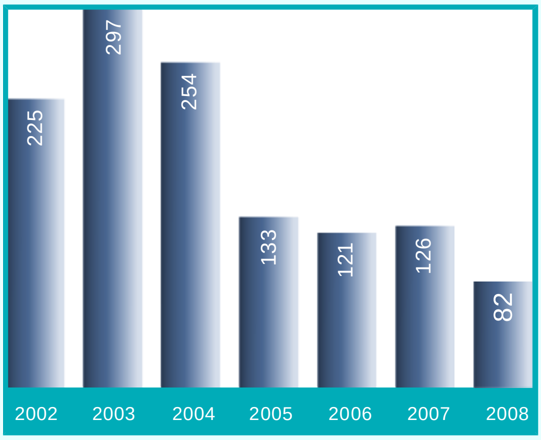
REVENUE (JCORP)
(RM Million)



PROFIT BEFORE TAX (GROUP)
(RM Million)



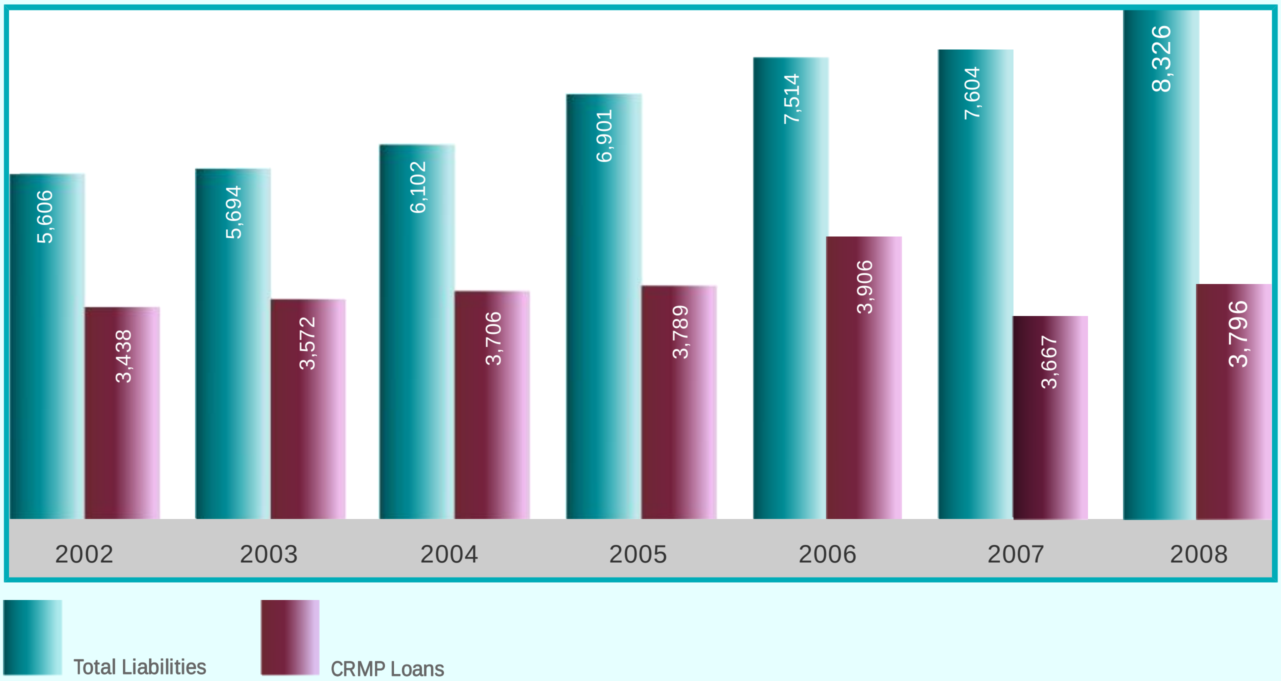
PROFIT BEFORE TAX (JCORP)
(RM Million)



TOTAL ASSETS (GROUP)
(RM Million)

TOTAL ASSETS (JCORP)
(RM Million)

TOTAL LIABILITIES (GROUP)
(RM Million)



Financial Highlights 2002 - 2008

(RM Million)

	2002	2003	2004	2005	2006	2007	2008
GROUP							
REVENUE	1,960	2,139	2,543	2,672	3,457	4,748	6,282
PROFIT BEFORE TAX	433	263	205	145	348	518	660
PROFIT AFTER TAX	357	153	80	61	262	478	464
TOTAL ASSETS	7,457	7,794	8,299	8,754	10,264	11,330	12,273
TOTAL LIABILITIES	5,606	5,694	6,102	6,901	7,514	7,604	8,326
TOTAL EQUITY	1,851	2,100	2,197	1,853	2,750	3,726	3,947
JCORP							
REVENUE	197	226	306	432	609	492	427
PROFIT BEFORE TAX	225	297	254	133	121	126	82
PROFIT AFTER TAX	221	277	246	124	115	126	77
TOTAL ASSETS	3,417	3,826	4,093	4,233	4,680	4,796	4,934
TOTAL LIABILITIES	3,888	4,019	4,040	4,058	4,251	4,241	4,302
TOTAL EQUITY	(471)	(193)	53	175	429	555	632

“Sindora was on the right track when it started the Intrapreneur Venture Business (IVB) in 2002 and its 10 IVB subsidiaries and associate companies had contributed significantly to the company.”

(The Star, 26 June 2008)

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Section 4

Prospects

section 4

2008 was a challenging year for the global economy. The world economic growth moderated to 3.4% compared with 5.2% in 2007. The significant downturn was reputed by some financial experts as the worst since the Great Depression in 1930s. Most major developed economies had slipped into recession in second half 2008 and subsequently the incapability of the emerging and developing countries to decouple from the western economies caused them to lose their grip on growth momentum.

The collapse of the $8 trillion bubble in the United States housing market which began in 2007 had already spilled over into the economy and created a ripple effect across the globe, affecting a wide range of financial and economic activities and institutions. The loss in value of securitized mortgages significantly raised foreclosures, resulted in liquidity crisis that prompted massive capital injection in already highly-leveraged financial systems and simultaneously tightened credit conditions towards both corporate and consumer.

The crisis was further dampened in 2008 by a series of debacles among banks, mortgage lenders and insurance companies whose exposure to mortgage-backed securities was tremendous. The most notable events of the year were the collapse of two investment banks namely Bear Stearns and IndyMac Bank, the Federal takeover of the United States biggest mortgage lenders, Fannie Mae and Freddie Mac and the bailout of AIG, previously perceived as a prominent insurance company.

But it was the bankruptcy of the 158-year-old global financial services firm Lehman Brothers cited as the largest bankruptcy in United States history that sent stock markets worldwide to unprecedented levels in years and subsequently entered into a period of high volatility. Within a year, the global bourses tumbled more than 30% on average, signifying a severe loss of confidence among investors and reflecting the rising risk aversion among them on worries over weakening growth and corporate earnings prospects.

The significant downturn was reputed by some financial experts as the worst since the Great Depression in 1930s.

The upheaval continued to spread on consumption activities as evidenced by the bailout of US two major automakers namely General Motors Corporation and Chrysler LLC who suffered and still suffering from excessive fall in auto sales. While anemic global growth that resulted a huge contraction in global demand, had also reversed the commodity price boom as reflected in a sharp drop in oil prices which has since retreated about 70% from its peak of $147 in July 2008 and CPO prices which contracted more than half from its peak of over RM4,000 per tonne in 1Q 2008. Despite concerted efforts to contain the economic meltdown, including a series of rate cuts and huge capital injections, the damage across the globe had already been done.

In Malaysia, the economy was not spared from the catastrophe. The negative performance of the Kuala Lumpur Composite Index (KLCI) as a whole in 2008 was in tandem with the rest of regional bourses. Even though the KLCI managed to outperform by a slight percentage point, the degree of decline in general was quite significant, confirming that the credit crisis which originated from the West has taken its toll on the local economy. For the whole year of 2008, the growth in Malaysian economy moderated to 4.6% compared with 6.3% in 2007.

Initially, local policymakers faced challenging tasks in managing the inflationary pressure exacerbated by a spike in fuel prices and electricity tariff adjustment. Inflationary impact on consumer and business spending was perceived as detrimental towards the local economy. When the world biggest economy entered a period of recession in the second half 2008, global economic activities deteriorated further and both emerging and developing economies including Malaysia grappled with the prospects of faltering external demand and steep decline in commodity prices.

As the Malaysian economy has been banking on resource-based export earnings, the shift towards domestic consumption with the announcement of RM7 billion economic stimulus stabilization package was a crucial point in the government's effort to mitigate the impact of the economic downturn. Rates reduction was also part of the government's plan as the threat of inflationary pressure on consumption subsided towards the later part of the year.

Palm Oils Business Division

JCorp's Palm Oils Division led by Kulim (Malaysia) Berhad (Kulim) continues to be on track in its quest towards sustainable value creation for all stakeholders, whilst building a more robust and balanced business profile.

2008 was underlined by a trend of prices volatility influenced by various macroeconomic forces, in particular the early manifestation of deteriorating growth prospects stemming from the collapse in US financial markets. CPO prices that was trading above RM3,500/tonne during the first half of the year recorded a 58% fall from its historical monthly average high of RM3,695/tonne in March 2008 to RM1,520/tonne in November 2008 as bearish sentiments prevailed in the market during the second-half of the year, influenced by the sharp decline in crude oil prices as well as other vegetable oils, high palm oil stocks and fears of global recession. This resulted in the monthly average CPO price falling below the RM2,000/tonne level since October 2008. For the year, the CPO price averaged RM2,777, an increase of 9.8% or RM247 against RM2,530 the previous year.

The onset of global economic slowdown had also affected demand in other core businesses of the Division including oleochemicals and restaurants.

Against this highly challenging backdrop, the Division via Kulim recorded another strong performance in terms of achievement of its operational, profitability and corporate objectives, including further enhancement of its corporate governance practices throughout the year under review.

2008 witnessed an important first step in the Division's efforts to attain a key differentiation advantage when the entire Kulim's plantation operations in Malaysia and PNG were awarded Sustainable Palm Oil (SPO) certification, making the Group one of first corporations in the world to receive the accolade. The certification is integral to the Group's initiative for corporate responsibility whilst at the same facilitating access and according premium for Group's palm products to global markets that are responding to growing calls for sustainable palm oils.

Following the strategic rethinking of the Division's plantation operations to focus in PNG and Solomon Islands (SI) as the future driver of growth, the Division through New Britain Palm Oil Ltd (NBPOL) had successfully acquired Ramu Agri Industries Ltd (RAI), for a total consideration of K163.9 million or approximately RM196.7 million. RAI holds long term leases over approximately 30,000 hectares of land in the Ramu Valley in Papua New Guinea (PNG) with established operations in oil palm, sugar and livestock. The acquisition was completed in October 2008.

During the year under review, NBPOL also commenced with plans to establish an integrated palm oil processing facility in United Kingdom that will produce refined palm oil to cater to the growing demand for fully traceable and sustainable palm oil in the European Union. The project is complementary to the successful SPO initiatives in Malaysia and PNG as well as potentially allowing a widening in the marketing focus of the Malaysian operations to include sales to export markets in addition to domestic deliveries. The development, earmarked in Liverpool, England will see the creation of a refining facility with initial production capacity of 200,000 metric tonnes of refined palm oil per annum, and is expected to be commissioned by the end of the first quarter of financial year 2010.

Restructuring of Malaysian operations in terms of the proposed acquisition of Sindora Berhad (Sindora) by Kulim which had commenced in November 2007 was completed in May 2008. As at 31 December 2008, Kulim's shareholding in Sindora was at 76.8%.

In terms of plantation operations, a total of 1,871,202 metric tonnes of Fresh Fruit Bunches (FFB) were produced in 2008 compared to 1,804,483 metric tonnes in 2007, an increase of 3.7% contributed by improvements in production of all major groups of companies within the Division. For Malaysia operations, an increase of 4.3% was recorded, in line with the yield trend of Peninsular Malaysia during the year when no major weather impediments were recorded. Production from PNG and SI operations recorded an increase of 3% with minimum additional contribution from RAI as the acquisition was completed with effect from 1 October 2008.

The Division's mills processed a total of 2,568,315 metric tonnes of FFB in 2008, an increase of 4.6% compared to 2,455,699 metric tonnes in 2007 following the improvement in production by its own estates as well as higher purchases from external suppliers in Malaysia and outgrowers in PNG and SI. In turn, a total of 542,173 metric tonnes of CPO and 140,850 metric tonnes PK were produced in 2008, an improvement of 7% and 4.3% respectively compared to the level produced in 2007.

The operational improvements recorded in 2008 were in line with the Division's Vision 30:30 production charter which specifically targets FFB production yield per hectare of 30 metric tonnes and total palm products extraction of 30%. Further enhancement is envisaged through various measures implemented including optimal replanting program, whereby a total of 3,259 hectares in Malaysia and 1,691 hectares in PNG/SI were replanted in 2008; introduction of superior cloned planting materials in Malaysia by Kulim TopPlant Sdn Bhd which is slated to commence in 2009 and application of more stringent standards for harvesting and milling operations.

Operating profits from Kulim's plantations operations in 2008 stood at RM475.3 million; RM121.1 million from Malaysia operations and RM354.2 million from PNG and SI operations. The Malaysia operations recorded a reversal from the slight loss position in 2007 whilst PNG and SI achieved an 28% improvement. The improvement in the plantations operating profits was contributed by the higher average palm products' prices during the year as well as higher production.

The oleochemicals sector led by Natural Oleochemicals Sdn Bhd (NatOleo) faced significant challenges in 2008 following the surge in feedstock prices during the first half of the year and sales defaults as well as currency effects during the latter part of it. Amidst the challenging operating environment, NatOleo had once again surpassed the RM1 billion mark with a revenue of RM1.5 billion in 2008, 41% higher than RM1.09 billion recorded in the previous year. Profitability however was lower, with operating profits of RM33.2 million from RM63.2 million achieved in 2007, mainly due to the committed costs arising from the default of sales contracts.

In view of the favourable prices situation during the second quarter of 2008, the Division had commenced the operation of its biodiesel plant with initial shipment of 5,000 metric tonnes in September 2008. However whilst buyers continued to show an interest to buy, proposed contracts were held back pending the Group obtaining RSPO certification. The biodiesel operation recorded a RM2.5 million loss for 2008.

The Foods and Restaurants sector spearheaded by QSR Brands Berhad (QSR) continued to achieve further growth in turnover and profitability during the year under review. In 2008, QSR recorded a total of RM532.8 million in turnover and RM97.7 million in profit before tax from the Pizza Hut and KFC franchise business in Malaysia and Singapore.

Improvement in revenue by 14.2% was supported by sales growth from the increased number of branches in 2008 to 234 outlets from 211 outlets in 2007, including 2 new KFC stores in Cambodia. KFC Holdings (M) Bhd (KFCH) Group recorded a significant 11.3% increase in pre-tax profit to RM167.5 million during the year under review compared to RM150.6 million in 2007 as well as growth in number of branches from 479 outlets in 2007 to 517 outlets in 2008. QSR had also successfully increased its equity holding in KFC from 49.6% to 50.3% in January 2009, effectively turning KFC into a subsidiary.

For the year under review, Kulim Group managed to yet again record its highest ever pre-tax profit of RM667.9 million compared to RM558.8 million in 2007, on the back of 44% growth in revenue of RM3.9 billion from RM2.7 billion achieved in 2007. Net profit increased 2.2% to RM526.6 million from RM515.1 recorded the previous year.

The sterling performance of 2008 emphasizes the relative strength and robustness of the Division's business model amid the prevailing uncertainties throughout the year under review. The model however will be closely challenged and examined given the seemingly deteriorating economic environment and business prospects of 2009/10. The Division will continue to be resolute in fulfilling its sustainable growth agenda whilst in the same time remains optimistic that new windows of opportunities will present themselves especially with the inclusion of new planting frontiers in PNG through Ramu-Agri Industries Limited, fresh intrapreneur ventures under the consolidated Sindora and expansion of foods and restaurants business in other countries.

Healthcare Division

KPJ Healthcare Berhad (KPJ) is the JCorp's investment arm that has successfully created a strong niche in private healthcare services. Since its establishment 27 years ago, KPJ has gone through various phases on its transformational journey - from development to integration and consolidation into a regional leader in healthcare management and services.

In 2008, KPJ extended its network of hospitals with the acquisition of Kluang Utama Specialist Hospital, bringing the total number of hospitals in the Group to 19 in Malaysia. Together with three hospitals in Indonesia, one in Bangladesh and two in Saudi Arabia, KPJ reaffirms its position as the leading private healthcare provider in the region. The Group offers a full range of medical and surgical services for all disciplines delivered by more than 650 medical consultants and 6,800 staff.

As it expands its hospital network, KPJ is set to further pursue its aspiration of becoming an excellent healthcare provider of international standard. 5 KPJ's hospitals in the country are accredited by Malaysian Society for Quality Health (MSQH) which attest to their conformance to quality standards. KPJ has put in place the best quality systems and patient care management. Its commitment to ensuring quality has earned the company quality certifications including MS ISO 9001: 2000, ISO 14001, ISO/IEC Guide 62: 1996, OHSAS 18001, SIRIM Quality System, Hazard Analysis Critical Control Points (HACCP) for Food Safety, Baby Friendly Hospital initiative and the Integrated Management System (IMS), which conforms to the three standards for quality, environmental, safety and health management.

KPJ's accomplishments were given due recognition by noted bodies and publications in 2008. On 13 June 2008, the Company was presented the Southeast Asia Private Hospital Group Growth Strategy Leadership Award by Frost & Sullivan 'for being recognized as the best in class for innovation and perseverance'. On 1 July 2008, KPJ received the prestigious 'BrandLaureate Awards' in Healthcare (Best Brand) for exemplary brand performance. KPJ was also one of the seven companies honoured for exemplary commentable corporate responsibility initiatives at the inaugural StarBiz-ICR Malaysia Corporate Responsibility Awards held on 22 August 2008. KPJ won the award in the marketplace category for companies with market capitalisation below RM1 billion. On 31 October 2008, at a ceremony for the Technology Business Review Awards and Technology Business Review ASEAN Awards, KPJ won an award for Excellence in the Health Sector (Healthcare Services) for being the most prominent healthcare provider in the industry. In the same occasion, KPJ's Managing Director, Datin Paduka Siti Sa'diah Sheikh Bakir, received the "CEO of the Year" award for Leadership in the ASEAN Healthcare Sector (World Class Innovative Healthcare Services).

Throughout the years, KPJ has consistently been able to maintain a balance between the need to remain as a viable and profitable business venture with that of delivering quality healthcare to all its customers. More importantly, it is also seen as an organisation with a heart, touching the lives of many people who have sought its services. In creating the 'Preferred Hospital' for its customers, KPJ offers the very best in terms of treatments, facilities and hospital ambience. Thus it is committed to making constant improvements so as to make its hospitals more customer friendly. These include undertaking renovation and upgrading existing buildings as well as expanding and improving its facilities. One such example was the opening of KPJ Ipoh Specialist Hospital newest block by the Sultan of Perak on 7 October 2008.

In year 2008, KPJ had also undertaken the building of the new KPJ Tawakal, to relocate the Tawakal Hospital. Another hospital being built is KPJ Penang in Bandar Perda, Bukit Mertajam, which will be opened in 2009. Other renovation and extension exercises are aggresively being undertaken by other hospitals in the Group.

KPJ's expansion programme in 2008 also covered its subsidiary, KPJ International College of Nursing and Health Sciences (KPJ International College). Set up in Nilai, Negeri Sembilan in 1991, the College epitomised KPJ's proactive commitment towards preparing and educating its own corps of nurses. Today, the College's range of courses includes collaborative programmes with reputable overseas universities, such as the University of South Australia, Liverpool John Moores, University of the United Kingdom and University of Hertforshire, United Kingdom. KPJ International College's Nilai campus is already well established and has a growing international student population. During the year, a branch campus was opened in Johor Bahru, Johor, to cater to nursing requirements in the southern region of Malaysia. Continuous demand for qualified nurses has also prompted KPJ to invest RM26 million in 2008 to purchase four parcels of land adjacent to its existing college in Nilai to expand its nursing and health science educational facilities. When fully utilized in the future, the college will be able to house and educate 10,000 students.

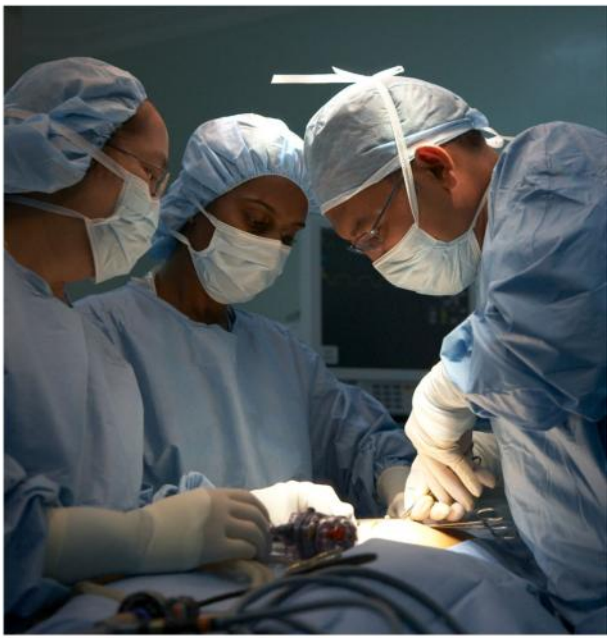
KPJ is also tapping on the lucrative medical tourism market in light of Malaysia fast becoming known as an affordable healthcare hub in Asia. According to the online investment news service NuWire Investor, Malaysia ranks third amongst the world's top medical tourism destinations, after Panama and Brazil. The number of medical tourism patients has tripled since 2003 to 341,288 patients in 2007. For the first nine months of 2008, more than 282,000 foreigners sought medical treatment in Malaysia. KPJ is benefiting from this interest from foreigners who are attracted to seek medical treatment in Malaysia because of the quality of the country's private hospitals, competitive costs, regulated medical charges and well-trained medical consultants and staff. The majority of medical tourist patients in KPJ's hospitals come from Indonesia, with others hailing from neighbouring Southeast Asian countries, Australia, Great Britain, Japan, South Korea and the Middle East. In 2008, a total of 18,667 treatments were recorded, an increase of 19% of the number of treatments of 15,689 in 2007.

These developments in 2008 further strengthened KPJ's position as Malaysia's leading healthcare provider. The company's strong and sound strategies have enabled it to maintain its financial form as well as strengthen its position for the year as a market leader in the private healthcare sector.

KPJ breached the one hundred million ringgit profit before tax benchmark with a figure of RM114 million (2007:RM85.3 million), which was realized on a turnover of RM1.3 billion. In the previous year, the Company had surpassed the one billion ringgit turnover benchmark with RM1.1 billion. The earnings per share for the year under review were 41.4 sen (2007: 36 sen).

The KPJ network of hospitals saw an increase in the number of outpatients treated from 1,733,500 in 2007 to 1,956,303 in 2008. There was also a rise in the number of inpatients from 179,227 in 2007 to 196,291 in 2008. For the financial year ended 31 December 2008, KPJ has declared an interim and final dividend of 7 sen in cash (2007: 10 sen) and 31 sen in dividend in specie, bringing the total dividend to 38 sen, totaling RM58.5 million, which is an increase of 97% over dividends paid out in 2007.

KPJ's innovative Al-'Aqar KPJ REIT continued to perform well in 2008. Introduced in 2006, the Al-'Aqar KPJ REIT is the first healthcare REIT registered in Asia, the first global Islamic REIT as well as the first Islamic healthcare REIT. In the initial launch, six hospitals, i.e. KPJ Johor Specialist Hospital, Puteri Specialist Hospital, KPJ Ampang Puteri Specialist Hospital, KPJ Damansara Specialist Hospital, KPJ Selangor Specialist Hospital and KPJ Ipoh Specialist Hospital, were injected into the REIT. Since then, five more hospitals have been included - Kuantan Specialist



Hospital, Perdana Specialist Hospital, Kedah Medical Centre, Sentosa Medical Centre and KPJ Kajang Specialist Hospital - which brought the total assets value of the Al-'Aqar to RM651.5 million as at 31 December 2008. Nine more assets would be injected into the Al-'Aqar in 2009.

The innovativeness of the Al-'Aqar garnered it the inaugural Deal of the Year Award (Islamic REIT category) presented by Islamic Finance News in early 2007. To this accolade has been added the Islamic Finance Award in the Most Innovative Deal category from Euromoney in early 2008. The fund has declared an interim and final dividend of 4.1 sen per unit for its Al-'Aqar KPJ REIT for the financial year ended 31 December 2008 (2007: 7.6 sen).

Intrapreneur Venture Division

In year 2008, Sindora Berhad (Sindora) remained at the forefront of Intrapreneur Venture concept, meeting and overcoming the challenges of intense competition and continuing expanding in a more challenging business and economic environment confronting all facets of its business. This is attributed to Sindora's central focus on its core strategy of expanding and growing continuously of its Intrapreneur Venture Business through developing and nurturing the existing business to emerge as the leading player in its respective industry. The acquisitions of businesses were done judiciously, with emphasis on selective and profitable ventures. Simultaneously, the Plantation Business had emerged as the major contributor to strengthen Sindora financial achievement and cashflow position.

These strategies had served Sindora well and remained entirely valid and relevant in 2008, in addition to a number of key initiatives undertaken by Sindora that will also position Sindora for the future and provided the positive backdrop to sustaining the strong performance of Sindora in 2009.

In year 2008, JCorp has disposed its entire shareholding in Sindora of approximately 62.0% to Kulim . The disposal was successfully concluded on 25 April 2008 and pursuant to that Sindora has been the subsidiary of Kulim.

In financial year 2008, Sindora chalked up another year of record profitability which was the highest in its history whereby Sindora achieved a remarkable performance in 2008 with revenue hike by 19% to RM351.2 million against RM295.2 million in the previous financial year. Subsequently, the Group registered profit before tax of RM35.7 million for the period under review compared to RM30.8 million achieved in 2007, an increase of 16%.

Sindora continued to expand its Intrapreneur Venture Business with exposures in various sectors, among others in Shipping and Logistics, Parking Management, Consumer Products and other services had proven profitable. This business segment had contributed 3.6% higher revenue at RM223.6 million, compared with RM215.8 million in 2007. On the contrary, profit before tax was 36.4% lower at RM11.7 million compared with RM18.4 million in corresponding period last year. Overall, revenue and profit before tax contribution to Sindora's results from Intrapreneur Venture Business in 2008 were 63.7% and 32.8% respectively.

The better performance in revenue for the year under review was mainly attributable to the significantly improved performance of Sindora's subsidiaries and associate companies under this business. The result has proven that the shift to Intrapreneur Venture Business as the main thrust for growth and expansion has been an overwhelming strategic success in adding long term value to Sindora.

The lower profit before tax contribution in 2008 from the Intrapreneur Venture Business was mainly due to the decrease in profit from the Group's strategic company, EA Technique (M) Sdn Bhd (EA Technique). EA Technique was strongly challenged by the economic slowdown coupled with the surge in fuel prices and low utilisation rate due to mechanical breakdown of several of its vessels.

Sindora is committed to deliver and maximise shareholders value over the long term especially through its core business thrust of Intrapreneur Venture. Shareholders will note that the fundamental concept and criteria adopted for the Intrapreneur Venture Business are fully market-driven. Hence, all future investments will be judiciously evaluated and strictly ensured to fulfil all the stringent selection criteria formulated which included sound financial position, strong business growth prospects and established management systems and structure.

Intrapreneur Venture as the Growth Driver - Performance of Intrapreneur Venture Companies

Sindora's core business in Intrapreneur Venture had sustained the Group's achievement and recorded commendable results for 2008 in the midst of onslaught global financial crisis. Sindora has undertaken prudent measures and transform itself to prepare for a tougher operating environment so as to emerge stronger from the crisis.

Since the inception of the Intrapreneur Venture concept in 2002 until the end of 2008, Sindora had recovered RM35 million in the form of dividends, capital gains and investments harvested from the Intrapreneur Venture companies, which represented 42.1% return on total investment of RM83.1 million. This percentage was recorded after taking into account the substantial investment of RM38.3 million in acquiring 51% equity interest in EA Technique, which was completed in December 2006. EA Technique has yet to declare any dividend payments in view of its focus on expanding its fleet of vessels. Returns from all Intrapreneur Venture businesses were further re-invested on new projects or acquisitions that could provide lucrative returns to strengthen the Group's stronghold in the market.

EA Technique (M) Sdn Bhd

In 2008, EA Technique is the only Intrapreneur Venture company that has been categorised as a Strategic Business with profit contribution of RM12.6 million or 35.3% to the Group's profit before tax. The Group is well positioned to capitalise on the opportunities arising within the shipping industry and complemented by organic growth and M&A initiatives in the future.

In the year under review, EA Technique generated RM81.5 million revenue, which accounted for 23.2% of the Group's total revenue, an increase of 28.8% as compared to RM63.3 million reported in the previous year. Revenue had increased in line with the operations of a new oil tanker, MT Nautica Johor Bahru and full year operation of MT Nautica Muar.

EA Technique, a 51% subsidiary of Sindora has secured a contract from an oil major company to supply three oil tankers on a long-term time charter contracts for a period of 10 years with an option to continue for another three years. The 10 years contract has a combined value of more than RM400 million, thus, improve the long-term prospects of the business. These contracts would require the company to invest RM200 million to construct two units of 9,500 dead weight tonnage (dwt) tankers and a unit of 8,500 dwt tanker. On 10 November 2008, the company has inked an agreement with a shipbuilder, Sumber Samudera Sdn Bhd (SSSB) for the design, construction and delivery of the tankers, which are expected to be delivered and operational by March 2010.

EA Technique had also entered into a shipbuilding contract with SSSB to design, construct and deliver two units of mooring boats for RM950,000 each and another two units of the same boats for RM3 million each by September 2009. These boats are needed to meet a seven-year contract requirement with an option to extend for another three years. Both contracts are estimated to generate total revenue of around RM29.5 million.

With the addition of these new vessels, EA Technique will have a total fleet size of 18 tankers and boats with a total carrying capacity of 90,850 dwt. This would allow EA Technique to achieve better economies of scale which will effectively enhance its image and competitive position.

Metro Parking (M) Sdn Bhd and its Group of Companies

Metro Parking (M) Sdn Bhd (Metro Parking) is a leading parking operator in the country, garnering some 30% market share with parking management and related consultancy as its core business activities. It has established strong regional network and operation base in Malaysia, Singapore, Brunei, Indonesia and the Philippines. In 2008, Metro Parking commenced its operations in Hong Kong through a wholly owned subsidiary, Metro Parking Hong Kong Ltd.

Consolidated revenues and profit before tax of Metro Parking Group were trending upwards with revenue recorded its highest ever achievement at RM101.6 million, grew by 5.8% from RM96 million in 2007. Profit before tax had also increased by 7.3% during the period under review at RM1.4 million against 2007 at RM1.3 million. The revenue growth was mainly contributed by Hong Kong operation while profit before tax improvement was due to higher profit from Singapore and Philippines' operations. At the same time, the Indonesian operation has turned around and showed a marginal improvement in profit.

Metro Parking has also expanded further to India with initial investment in Mumbai through the establishment of Metro Parking Services (India) Private Limited in February 2008. The new subsidiaries are expected to contribute further towards the success of Metro Parking Group. As at 31 December 2008, Metro Parking Group is managing a total of 216 car parks with 66,052 parking bays.

Metro Parking has vast experience in managing various types of car parks including for airport, office building, shopping complex, hotel, transport terminal, hospital, open site, sports centre, recreational area and local council on-street parking. Among its most valuable experiences include managing carparks at Kuala Lumpur Sentral Station in Malaysia, Shaw Centre in Singapore, The Enterprise Centre in the Philippines and several airports throughout Malaysia.

Metro Parking's continuous pursuit of excellence in rendering its services had enabled it to successfully won several awards and recognitions. In 2008 alone, Metro Parking (M) Sdn Bhd was the recipient of the Asia Pacific Entrepreneurship Award 2008 under the 'Outstanding Entrepreneur' category, which was awarded to En Halmi Jasmin, Metro Parking's Group Managing Director. The Group has also received another prestigious award on 13 October 2008 organized by SMI & SME Network for the 3rd Business of The Year Award under the category of 'Excellent Company'. On 8 January 2009, Metro Parking received the prestigious 'Brandlaureate - SMEs Chapter Award 2008' for Best Brand in Corporate Branding, Service - Parking Management, organized by the Asia Pacific Brands Foundation.

Pro Office Solutions Sdn Bhd

Pro Office Solutions Sdn Bhd (Pro Office) is a Business Process Outsourcing (BPO) company that provides total solutions in the Data and Document Processing (DDP) industry. Pro Office is principally involved in the provision of integrated outsourcing solutions in DDP to telecommunication companies, financial institutions and insurance companies and a number of government-linked companies. DDP covers services ranging from data extraction, conversion, formatting of documents to data printing and preparation of printed documents for distribution via post. Pro Office has also diversified its services in other value added services such as Mailroom Management, Direct Marketing, Handmail/Admail and Courier/Parcel Services.

In 2008, Pro Office recorded profit before tax of RM1.9 million against RM1.5 million in 2007, an increase of 22.4% in tandem with higher revenue of RM24.2 million compared with RM19.9 million in 2007, an improvement of 21.6%. This can be attributed to new contracts being secured and renewed during the year and at the same time, the company is constantly identifying various cost-cutting measures to remain competitive. All its equipments are being fully utilised and run at optimal level while wastages and complaints are at minimal level.

In an effort to strengthen its operations, Pro Office is actively reviewing various possible business options including collaboration, mergers and/or acquisition of another service provider and even total divestment and harvest. Concurrently, Pro Office is also seeking new business opportunities and generating a new sub-intrapreneur unit which deals with other mailing related activities. The services involved are mailroom management, return mail management and courier services.

Pro Office aims to maintain its existing clients by ensuring the renewal of contractual agreements and moving towards capturing a larger market share in the industry. Having an excellent track record for the past 15 years in the industry will assure Pro Office of securing more business opportunities in conjunction with the growth of outsourcing prospects in Malaysia.

EPASA Shipping Agency Sdn Bhd

Based in Pasir Gudang, Johor, EPASA Shipping Agency Sdn Bhd (Epasa) is principally involved as an agency for shipping and forwarding, management of a container yard and beginning July 2008, has diversified into haulage business. Its clients include major shipping companies with international affiliation such as China Shipping, Kontena Nasional and other clientele that comprises Antara Steel Mills Sdn Bhd, Behn Meyer, Natural Oleo Chemical Sdn Bhd, PFM (M) Sdn Bhd, etc.

In 2008, Epasa registered the best performance ever since it started operation in 1979. The company had performed remarkably well in 2008 with profit before tax of RM1.2 million on the back of RM10.1 million revenue. Both revenue and profit before tax had increased substantially by 31.5% and 35.9% respectively.

Due to current economic slowdown that generally affected industrial output, Epasa handled lower TEUs of 99,890 in 2008 as compared to 117,717 TEUs reported in 2007. However, container yard operations managed to register higher revenue of RM4.5 million against RM3.8 million in 2007. In addition, the container yard operations received additional income through the imposition of depot gate charges effective August 2008 onwards.

In an effort to sustain all its operations under current challenging economic situation, the company will explore various opportunities to enhance its performance including the possibility of expanding its operations at the Port of Tg Pelepas, Gelang Patah, Johor. This is in tandem with the potential of the rapid growth and development of the Iskandar Development Region which is in close proximity to the port.

Sindora Timber Sdn Bhd

In 2008, Sindora Timber Sdn Bhd (Sindora Timber) registered a turnaround with profit before tax of RM46,204 after hefty losses in the last two consecutive years of more than RM2.5 million a year. This is achieved albeit substantially smaller revenue of RM6.1 million in 2008 against a year ago of RM9.4 million.

Its decision to venture into civil contract works through a subsidiary, General Access Sdn Bhd (GASB) has proven successful in adding value and profitability to the company. GASB, a full fledged earthwork contracting company has also been implemented with the equity ownership scheme since late 2006. It is involved in land clearing, road grading, resurfacing, replanting, terracing, hiring and rental of machinery. GASB's performance has been on an upward trend with revenue of RM1.5 million for 2008 compared with RM0.7 million last year, up by

121.2%. Consequently, profit before tax for the period surged to RM0.3 million or 475.7% higher compared with a mere RM47,000 registered previously.

Sindora Timber has taken a move to diversify its business in cultivating Grey Oyster and Black Jelly Mushrooms on a medium scale basis in line with its effort to create value by utilising existing building and infrastructure at Bandar Tenggara Timber Complex with minimal capital expenditure. Currently, the mushroom unit has the capacity to produce up to 500kg per day with actual production of around 200kg per day. The plan is for Sindora Timber to transform the mushroom business as another source of core income on a bigger scale with more than two tonnes production per day. Pursuant to this, Sindora Timber has conducted its own research and development on tropical mushrooms and established a research centre to support the business requirement. Involvement in this business has enabled the company to redeploy the existing timber employees with the long term aim to create more sub-intrapreneurship for the mushroom cultivation.

GranuLab (M) Sdn Bhd

GranuLab (M) Sdn Bhd (GranuLab) is still in its infancy stage and was the outcome of joint research efforts between SIRIM Berhad, Malaysian Institute of Nuclear Technology (MINT), University Sains Malaysia (USM), Universiti Kebangsaan Malaysia (UKM) and International Islamic University of Malaysia (IIUM) to produce Bone Graft Substitutes for surgical applications in normal bone procedure for Orthopaedics, ENT, dentistry, plastic surgery and Maxillofacial surgery. The company has been granted by SIRIM Berhad the sole licensing to commercialise GranuMaS™ for 10 years with further 10 years renewal option.

It is currently focusing on establishing and positioning of the product, GranuMaS™ as the preferred medical device for synthetic bone graft applications locally and internationally with aggressive marketing drive. GranuMaS™ had received international accreditation including the American Standards for Testing Materials Standard and ISO 10993 Series In-Vitro Cytotoxicology and Biocompatibility Tests.

The product has also won many awards both domestically and internationally, such as ISESCO Science Award 2006, Gold Medal - Salon International Des Inventions Geneva (2005), Silver Medal - Expo Science, Technology and Innovation (2004), SIRIM Best Innovation Award 2004 - Category - Product: GranuMaS™, and SIRIM's Best Innovation Award 2004 - Category Technology.

Local medical practitioners and the Ministry of Health have also endorsed the product, which is now included

under product listing of the Ministry. The company will embark on the setting up of a medical grade plant for the production of GranuMaS™ with annual production capacity of 50 kg, at the Technology Park Malaysia, Bukit Jalil, Selangor worth RM7.0 million, which is expected to be ready for commercial production by early 2010.

The company was granted Bio Nexus Status by Malaysian Technology Development Corporation (MTDC) which allowed GranuLab to be eligible to receive a grant of up to RM2.69 million under the Central Research Development Fund (CRDF), 4C category. Another RM2.5 million in the form of Seed Fund from Malaysian Biotechnology Corporation (BioTech Corp) has also been approved to the company to finance the development of the production facility.

The way forward for GranuLab is to export the product to more than 46 countries worldwide. Currently GranuLab is reviewing various options including penetrating the US market through smart partnership with a US-based company that will be taking up the responsibility of getting FDA approval and marketing and distribution of the product in North America.

Tepak Marketing (M) Sdn Bhd

Tepak Marketing (M) Sdn Bhd (Tepak) is a contract manufacturer for tea blending and packaging under the brand name of Lipton for Unilever Holdings (M) Berhad and producer of 'Zippie' carbonated drinks. The contract manufacturing of tea continues as the key driver of the company's growth.

On 4 February 2008, Sindora concluded the disposal of 55% equity in this company to KFCH for a total consideration of RM3 million and maintained only 20% shareholding in Tepak.

During the year under review, Tepak recorded revenue of RM19.1 million with profit before tax of RM1.1 million compared with RM18.8 million and RM1.5 million respectively in 2007.

Being part of the bigger KFCH Group, Tepak has the ability to leverage on the strong business network and infrastructure to better position Zippie as the preferred beverage in the local market.

Plantation Business

Sindora strives to achieve sustainable practices in developing a business that is economically viable, environmentally appropriate and socially beneficial. As a testimony of this noble cause which is judiciously evaluated and implemented, Sindora was certified with Roundtable on Sustainable Palm Oil (RSPO) in conformance to RSPO Principles and Criteria:2007 and Malaysian National Interpretation MY NIWG Indicators and Guidance:2008 by BSI Management Systems Singapore Pte Ltd in December 2008. This certification would enable the Company to gain better premium and higher preference by the market, hence improving its profitability and returns.

The Plantation Business has registered its highest ever revenue of RM127.6 million in 2008, a substantial improvement of 60.8% from RM79.3 million in 2007. Consequently, the pre-tax profit rose almost double from RM12.4 million in 2007 to RM24 million in 2008, up by 93.7%, which was an all time high for the Plantation Business. This was achieved on the back of increased production of Fresh Fruit Bunches (FFB) from 79,880 tonne in 2007 to 87,099 tonne in 2008, an increase of 9%. The higher profit was also contributed by the higher average CPO price registered in 2008 at RM2,779/tonne against 2007 of RM2,180/tonne. Accordingly, Palm Kernel (PK) price also increased significantly from RM999/tonne to RM1,632/tonne. Majority of the transactions for CPO were based on spot sales.

Sindora's planted area as of 31 December 2008 was 5,687 hectares with total matured area at 4,358 hectares while immature area stood at 1,019 hectares. During 2008, 310 hectares of aged and lower yielding oil palm stands were replanted with superior planting materials produced at it's own Research and Development Centre. The company is committed towards improving the average age profile of its palms to sustain higher production yield and profitability.

The better performance of the Plantation Business is a testimony to a tireless effort undertaken by the company in terms of its commitment towards optimising the productivity of this crop.

Sindora is expected to remain resilient in 2009 due to its strong balance sheet position, market positioning, continued profitability, healthy asset quality and improved risk management practices. The impact of the financial turmoil affecting the developed economies on Malaysian corporations will continue to remain controllable. Sindora will remain competitive, particularly in its Intrapreneur Venture Business due to strong business approach, a conducive operating environment and external conditions and its continued expansion drive through M&A and EA Technique expanding frontier in shipping business. Sindora will continue to introduce competitive products and services in seeking to sustain its profitability, compete aggressively and increase market share.

Due to the increasingly challenging domestic economic outlook in the midst of an impending global recession, the Group will implement cost cutting measures and take pre-emptive measures in carrying its diversified range of highly viable business with sustainable growth prospects. The competitive business landscape will force the Group to further build its capability and capacity to compete. Its continual commitment to improvement in business infrastructure and human capital will enable it to better respond to challenges. Sindora expects to be on a more sustainable growth path, drawing drive and energy from inner corporate strengths.

Sindora will continue to pursue its growth strategies to increase market share for its core business of Intrapreneur Venture Business, which will be complemented by the it's Plantation Business. Under the Intrapreneur Venture Business, the Group will further expand its activities in shipping and logistics, parking management and other services through judicious expansion drive.

Sindora is pro-active in undertaking short-term counter cyclical measures while creating and capitalising opportunities to undertake strategic investments and address structural issues that affect the Group's long-term growth potential, development prospects and business competitive advantage.

Thus, barring unforeseen circumstances, the Group is optimistic in delivering better performance in 2009. In the medium term, the Group is confident in gaining significant benefits from its investments and on-going efforts in enlarging and integrating all its Intrapreneur Venture operations.

Property Development Division

The Group Property Development Division is another one of the Corporation's core business divisions led by two Public Listed Companies (PLCs) namely Johor Land Berhad (JLand) and Damansara Realty Berhad (DBhd).

Johor Land Berhad

JLand's strength as a property developer lies in its major residential township projects mainly based in Johor. The company currently has a prime land bank of over 3,000 acres in Johor, within the epicenter of the Southern Economic Development Region named the Iskandar Malaysia (IM). In its endeavour to be a premier property company in the country, JLand plans to mark its presence throughout the nation and regionally while expanding its involvement in other related sectors within the property development industry.

For the year under review, JLand's property development activities centered on infrastructure development for Bandar Dato' Onn (BDO). The township that is scheduled to be fully completed over a period of 15 years, will feature some 17,800 property units with expected gross sales and gross profit of RM4 billion and RM1.2 billion respectively.

Bandar Dato' Onn is JLand's latest property offering promises to be one of the most sought after address in Iskandar Malaysia. The township will be developed based on an exclusive neighbourhood concept. There will be 19 exclusive neighbourhoods each carefully planned to bring out the finest aspects of community living. One of the most distinctive features of the township is the emphasis on green areas, with linear and recreational parks planned throughout. Also within the township, a 'Regional Commercial Hub' of 118 acres will be made available, that will become the nerve centre of BDO. The township featuring exclusive neighborhoods and vibrant commercial hub is set to be one of the most beautiful and modern townships to live in, in the southern part of the nation.

On the other hand, JLand's on-going projects, Taman Bukit Dahlia and Taman Bukit Tiram will continue to provide a steady stream of recurring revenue. Taman Bukit Dahlia is strategically located between Masai and Pasir Gudang, one of Johor's growth corridors; while Taman Bukit Tiram is a mixed development spread over an area of 150 acres. This development is in addition to JLand's development of Bandar Tiram, planned as a self-contained township on 1,200 acres.

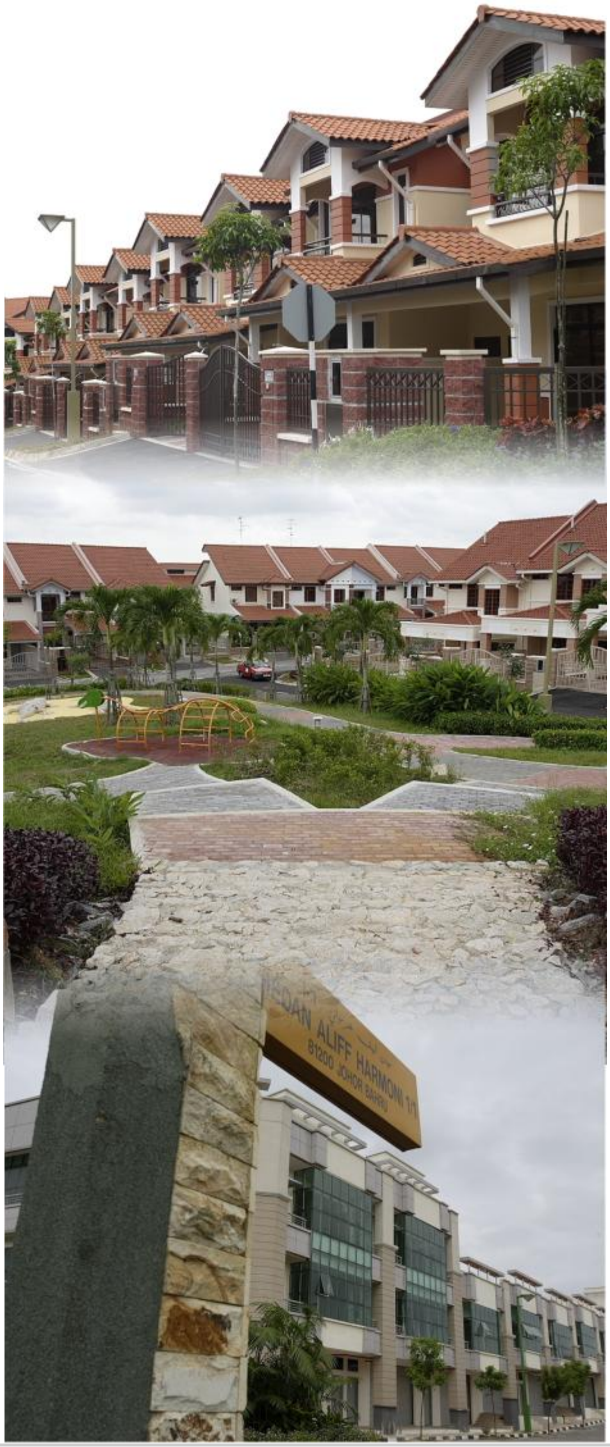
JLand's revenue for the period ended 31 December 2008 has increased by 118.9% from RM63.4 million to RM138.7 million compared to the same period last year. This improved performance was attributable to higher sales and progress billings from JLand's core property projects. Similarly, profit before tax increased to RM25.3 million compared to profit before tax of RM8.3 million of the same period last year. The quality of JLand's balance sheet has improved as the net tangible assets grew to RM653.3 million in 2008, against RM640.5 million recorded the previous year.

Damansara Realty Berhad

DBhd is the other listed company within the JCorp Group that comes under the JCorp's Property Development Division.

DBhd's current property development activities are in Taman Damanasara Aliff (TDA), Johor Bahru and Bandar Damansara Kuantan (BDK), Pahang. The Group's revenue from property development activities in 2008 was contributed primarily by the TDA development as the development activities at BDK was put on hold in view of the limited and softer demand in Kuantan property market.

The property development activities in TDA generated a total revenue of RM27.1 million in 2008 primarily from land sales (RM24.7 million in revenue) and Aliff Puteri 2 storey terraced houses (revenue of RM4.7 million). The development activities in Aliff Puteri (Sub-Phase 1) - 2 Storey Terrace House achieved 70% progress work as at end 2008. This development project is expected to handed over by June 2009.



With the resolution of the land matters in relation to Sri Gading construction contract with Syarikat Perumahan Negara Bhd (SPNB), the Group has been able to derive commendable revenue from the construction activities. The first is the design and construction of 3,129 units of low and medium cost houses and apartment in Sri Gading (Sri Gading Project). The contract of SPNB was for a sum of RM245 million. The second major contract onhand is the RM210 million design and construction of Sandakan Intergrated Trade Exchange Terminal, known as 'SITExT'. In 2008, the Group's revenue from construction activities amounting to RM10 million was contributed solely by the Sri Gading Project as the SITExT contract has yet to commence pending the financing for the project.

The DBhd Group is involved in the provision of healthcare related services via its 70% owned subsidiary, Healthcare Technical Services Sdn Bhd (HTS) and 51% owned subsidiary, DHealthcare Centre Sdn Bhd (DCSB). HTS is primarily involved in providing full services within the hospital development sector from healthcare technical services, hospital and medical planning and design to project management and maintenance. DCSB is currently involved in operating a 20,000 square feet wellness centre located in Pusat Bandar Damansara, Kuala Lumpur. The wellness centre provides conventional as well as complementary medical services.

HTS recorded a revenue of RM4.3 million in 2008. It has successfully undertaken the project management of a total of 6 construction projects with an aggregate contract sum of around RM51 million. HTS has also undertaken the facilities management services for a total of 17 hospitals and 1 nursing college under the KPJ Group hospitals a well as 5 hotels under the Selesa Group hotels.

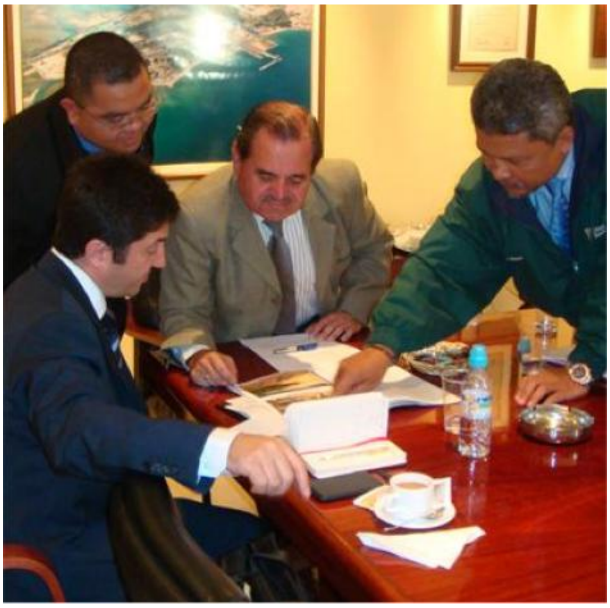
DCSB recorded a revenue of around RM59,000 in 2008. It has introduced 2 new services at its Clinic, namely Dermatology & Allergy Services and Maggot Debridement Therapy. In addition, new occupancies include a dental clinic, an optometrist centre and a colon hydrotherapy centre.

In the financial year 2008, the DBhd Group recorded a revenue of RM44.2 million compared to RM32.8 million in 2007. RM30.2 million (or 68%) of the total revenue in 2008 was contributed by the property development activities whilst the construction activities and healthcare services contributed RM10 million (23%) and RM4.3 million (10%) respectively.

The DBhd Group recorded a loss after taxation of RM12.6 million in 2008 compared to a loss after taxation of RM16 million in 2007. The loss in 2008 was mainly attributable to provisions for doubtful debts and diminution in value of assets amounting to RM6 million as well as finance costs of about RM4.4 million.

Industrial Land Development

The launch of Iskandar Malaysia (IM) in late 2006 by the Honourable Prime Minister of Malaysia, had given Johor a boost in terms of renewed FDI interests. Capitalising on the recognition as one of the economic development nodes of IM Johor Corporation had redoubled effort to sustain its role as the principal industrial property developer in Johor by focusing on and promoting the Group's industrial development projects in the Pasir Gudang and Tanjung Langsat industrial development areas. Sale and development work of the Corporation's industrial land is entrusted to JCorp's wholly owned subsidiary, TPM Technopark Sdn Bhd (TTSB).



For the year 2008, TTSB has successfully sold 505.8 acres of JCorp's industrial land worth RM252.2 million. Tanjung Langsat Industrial Complex (TLIC) was the most sought after location, accounting for the highest total sales area of 482.1 acres, followed by Pasir Gudang Industrial Estate with total sales of 21.9 acres. Various marketing strategies and techniques were employed, both through the direct approach to woo potential investors, as well as indirectly through participating in exhibitions, trade dialogues sessions and investment missions, advertisements and seminars including those organized by MIDA, MITI and the Johor State Government. Johor's strategic advantage in being the only location in Malaysia able to offer access to the best of both Malaysia and Singapore combined were fully leveraged upon. Furthermore, the ready infrastructure in our Industrial areas of Pasir Gudang and Tanjung Langsat, and especially the formidable presence of a dedicated industrial port at Tanjung Langsat, has always presented an attractive proposition to potential investors both domestic and foreign.

TTSB is in the process of developing new industrial area in Kuala Kabong, which has been designated as 'Sedenak Industrial Park' with total land area of 700 acres. It is expected to play a significant role due to its strategic location in the heart of Iskandar Malaysia.

TTSB is also directly involved in the development of the TLIC, and its designation as a biofuel park, offers a new dimension to the southern region's future industrial potential. The completion and operation of Tanjung Langsat Port will further complement the biofuel park.

Besides sale of Industrial Land, TTSB also acts as project manager for numerous Group projects among others including the upgrading and reconstruction of Tun Abdul Razak Complex (KOMTAR), the construction of a 20-storey commercial cum office tower in Pasir Gudang and the upgrading and extension of Larkin Sentral Complex including the construction of an adjoining mosque which was completed and opened to the public on 31 December 2008. TTSB is currently managing projects worth RM556 million.

Apart from that, other projects undertaken by TTSB include the development of mangrove swamp reserve area and a crocodile den at Tanjung Langsat. These new attractions are meant to provide more tourist spots to help boost the tourism industry in Johor.

As an industrial land marketing agent for JCorp, TTSB is constantly involved in trade missions to lure more investment from abroad and to introduce Johor as the preferred location for investment.

Tanjung Langsat Port

Another prominent Industrial Complex developed by JCorp is the Tanjung Langsat Industrial Complex which is situated on the southern region of the Johor State, bounded by the Straits of Johor in the south and the west bank of the Johor River. It covers an area of 4,000 acres of industrial land designated for heavy, medium and light marine related industries with focus on petrochemicals and oil and gas industries. TLIC is also complemented by the existence of the Tanjung Langsat Port (TLP). The fast changing landscape of the 500 acres of land within the Port area is testimony to the dynamics created as a result of these developments that are expected to further change Johor's and Malaysia's industrial and economic landscape going forward.

TLP is strategically located in the heart of South East Asia together with the vast land bank within the port area. Its 4.5 kilometres of shoreline and an adequate mooring depth gives a distinct advantage to TLP to attract investors to use the port. Its close proximity with Pasir Gudang Port further increases TLP's synergy and reach in terms of critical mass, as both ports can complement and cooperate with each other.

In terms of logistical advantage, TLP's location which is within 30 minutes of steaming time or 12 nautical miles from the international shipping lane and only about 50 kilometres from Senai Airport - a designated regional air cargo hub, provides TLP with added accessibility and connectivity. In addition, TLP is located within the newly launched IM which is expected to provide impetus to the Port's development and growth in the future.

Currently the Port boasts of having L-shaped twin berth jetty facilities with a draft of 12.8 metres capable of handling ships of up to 45,000 dwt.

Latest in its development agenda, TLP had secured the lease of 80 acres of land within the port area to two reputable internationally known companies Asiaflex Products Sdn Bhd (Technip) of France, Kiswire Neptune Sdn Bhd (Kiswire) of South Korea and a local company Johor Shipyard & Engineering Sdn Bhd. Apart from that, TLP has also managed to activate two major expansion projects simultaneously in 2008 namely the expansion of liquid cargo jetty by constructing 3 additional liquid cargo berths and the construction of the specialised dry cargo berth costing RM285 million and RM195 million respectively including capital dredging works. Both projects are expected for completion by end of 2009.

2008 also marked another historical milestones for TLP by successfully raising RM385 million nominal value Islamic securities, consisted of Sukuk Musyarakah and Musyarakah Commercial Papers/Medium Term Notes Programme for TLP development projects. This augurs well for TLP as it shows the confidence of financial community to TLP's current and future prospects.

Operationally, TLP managed to handle its first vessel 'Ginga Jaguar' loading 2,817 cubic metres of Palm Fatty Acid Distillates and Palm Kernel Fatty Acid Distillates from Langsat Bulkers Sdn Bhd's storage tanks on 25 April 2008. Meanwhile, the first vessel for TLP Oil Terminal 'BW Captain' discharging 61,576 cubic metres of motor spirit arrived on 4 June 2008 and berthed alongside TLP jetty's outer berth.

A total of 21 vessels comprising 12 vessels for TLP Oil Terminal and 9 vessels for LBSB were handled in 2008. In terms of cargo throughput 284,308 cubic meters were handled for TLP Oil Terminal and 22,700 cubic meters for LBSB giving a total of 307,008 cubic meters of cargo handled in 2008.

With respects to the projects carried out by TLP's tenants, works on the construction of 400,000 cubic meters by Langsat Terminal One Sdn Bhd (LG T-1), a joint venture company of Dialog, Trafigura and MISC had started in early 2008. The RM500 million project is expected to complete in stages from July 2009 and when completed the facility is forecast to generate 12.5 M tonnes (one-way) of petroleum products a year. Asiaflex Products Sdn Bhd, a subsidiary of Technip, France has also commenced construction of its RM500 million flexible pipes plant which is expected to be operational by March 2010. In another unexpected development Asiaflex has announced its intention to build a technologically advanced umbilical cords producing plant costing another RM200 million in TLP. The company is also planning to build a factory producing spool base in the future.

TLP's financial performance for 2008 has shown a remarkable profit of RM7.9 million mainly due to the profits from the sale of land. TLP's total revenue for the year under review was RM82 million and the total expenditure was RM74 million. Sale of land contributed about 93% of the revenue while 7% came from operational income. This trend is expected to continue until year 2010 but it will be reversed from 2011 onwards when income from port operation will be higher than sale of land.

Pelaburan Johor Berhad

Pelaburan Johor Berhad (PJB), a licensed unit trust management company within the JCorp Group had gone through a great challenge of Amanah Saham Johor (ASJ), the first unit trust schemed launched and managed, being terminated after the resolution for the termination been passed by the unit holders. ASJ was terminated on 16 June 2008, after 16 years from its launching on 15 May 1992. Currently, PJB is managing another two unit trust funds namely Dana Johor (DJ) and Amanah Saham Angkasa (ASA).

The economic crisis that hit the region in 1997 had a crippling effect on the equity market thus detrimented the performance of most unit trust funds in Malaysia including unit trust funds under the management of PJB. Nevertheless, JCorp in collaboration with the Johor State Government had launched the Price Support Scheme for both funds sponsored by JCorp, ASJ and DJ on 9 February 2004.

The Price Support Scheme presented an opportunity for unit holders of ASJ and DJ to redeem an annual 10% of their total unit holding at a guaranteed price of RM1.00 and 50 sen per unit respectively.

As for ASJ unit holders, JCorp with the full support from the Johor State Government had announced the final Price Support Scheme for ASJ since 15 February 2007 to 8 April 2008, a period where ASJ unit holders were offered to redeem all, 100% of their holding without limitation at RM1.00 per unit which is far above its prevailing market price. On 24 April 2008, PJB had convened an Extraordinary Unit Holders Meeting with a resolution to terminate the Fund. And, on 15 May 2008, in an Adjourned Extraordinary Unit Holders Meeting, a very strong mandate was received from ASJ unit holders to proceed with the resolution, surpassed the 75% votes required to pass any special resolution as stipulated in the Guidelines on Unit Trust Funds.

Unit holders of ASJ who have not redeemed their units under the Price Support Scheme, were still given the opportunity to redeem their units within one month from 15 May 2008 to 15 June 2008 before it was transferred to be administered by the Appointed Trustee, AmanahRaya Trustees Berhad. In the one month period, a total of 19.1 million units had been redeemed involving a cash payout of RM19.1 million and 10,027 unit holders.

Since the Price Support Scheme until the termination of ASJ, a total of 261.3 million units had been redeemed by PJB involving a total cash payout of RM261.3 million and 124,872 unit holders.

As for DJ, the Price Support Scheme for the unit trust has been further continued for its fifth consecutive year starting 22 February 2008 and as at 31 December 2008, 31.6 million units had been redeemed involving a total cash payout of RM15.8 million.

Pasir Gudang Municipal Council

Year 2008 is an important milestone with the establishment of the Pasir Gudang Municipal Council (PGMC) effective from 1 July 2008. The formation of PGMC is significant as it is a recognition to JCorp as it has been entrusted to manage Pasir Gudang as the Local Authority responsible in the administration and development of Pasir Gudang for more than 3 decades since 1977.

The success of JCorp as the administrator of Pasir Gudang during the past 31 years under the leadership of top management of JCorp which started from the late Tan Sri Mohd Basir Ismail (1977-1982) and Tan Sri Dato' Muhammad Ali Hashim (1982-2008). The contributions and efforts of these Presidents have indeed contributed to the formation and development of Pasir Gudang as a well planned township that it is today.

Befitting its new establishment as a municipal council, Pasir Gudang Municipal Council (PGMC) will continue to maintain the management system that has been proven under JCorp to enable it to promote quality and efficient services to the community as well as fulfilling its responsibilities in the development of the community in line with its vision "Empowering Community".

The administrative area of PGMC covers an area of 311.31 square kilometers (31,131 hectares) which include Mukim Sungai Tiram and a part of Mukim Plentong. In 2008 the population of Pasir Gudang has exceeded 170,000 people and to be financially independent without burdening the state government and the community, PGMC pledges to uphold its principles of business and market forces to ensure PGMC continues its financial stability.

Pasir Gudang as an Important Industrial Hub

The industrial growth of Pasir Gudang over the years especially by major players related to palm oil and petrochemical has been the main contributor to economic growth of Pasir Gudang and Johor. For the year under review, Pasir Gudang industrial estates with a total area of 1,464 hectares is home to more than 350 factories.

As TLIC covers an area of 4,000 acres will become one of the biggest biodiesel hub in the region. Today, there are 4 companies operating in the area with total investment of RM4.3 billion. It is expected that, year 2009 will see more investments which are expected to be finalized.

The development of TLIC will also boost further the development of residential and commercial properties in the vicinity of the industrial estate.

The growth in the industrial sectors of Pasir Gudang has not only provided employment opportunities to more than 70,000 people but will also have a spill over effect to the economy directly and indirectly to the community in the area.

Pasir Gudang A Preferred Destination

As a new township with a well planned development program, Pasir Gudang has always put in place the need to have a balance between physical and spiritual development. To ensure Pasir Gudang continues to be a preferred destination for residential, PGMC will thus focus on recreation, sports and tourism products in its current and future development projects.

The success in organizing the Pasir Gudang International Kite Festival year after year has made Pasir Gudang famous to all avid kiters throughout the world.

The 14th International Kite Festival held on 18 to 24 February 2008 has attracted a record number of participants of 173 international kiters from 26 countries and more than 500 local kiters from all over Malaysia.

The year 2008, is a new milestone for Pasir Gudang when it became host to the Secondary School Brass Band Competition held on 19 April 2008. The competition at Pasir Layar, Tanjung Langsat saw 6 secondary schools competing.

The focus of development in Pasir Gudang has moved towards the development of sports activities in line with its objective to make Pasir Gudang a venue for sports at international level.

The success of organizing the Johor International Sepak Takraw Invitational Tournament in 2007, has called upon PGMC to yet again organize this tournament on 30 October until 2 November 2008. The event was a resounding success with participation of 12 teams from 10 countries and 16 local teams.

The Johor Open Regatta, better known as Sailors Beach in Tanjung Langsat, has seen athletes from Johor and Pasir Gudang developed by leaps and bounce. Since its inception in 2003, the sports have produced athletes that comprise of students of Kampung Perigi Acheh, Kampung Kopok or rather children of Pasir Gudang to yachting events not only at national level but also at international level. At the Training Centre run by Johor Yachting Association, 95 athletes are undergoing training of which, 45 are children from Pasir Gudang.

PGMC's commitment in promoting sports activities shall be made a priority and will be extended with the development of the Football Corner which covers am area of 46.2 acres and expected to be completed in April 2009. The development will see the completion of 5 football, 2 rugby and 2 futsal fields as well as an asphalt running tracks for athletic sports.

Besides recreation and sporting activities, PGMC is in the amidst of completing its latest tourism product, namely the Crocodile Den. Expected to be ready in 2009, the Crocodile Den will house more than 300 crocodiles of the species Crodylus Porosus.

The development in sports and tourism facilities, will not only help Pasir Gudang to become a preferred choice of recreation, sports and tourism in Johor, but also to become an attraction for the community to make Pasir Gudang their choice of residence that offers a comfortable and serene home.

The change of image from an industrial township to a preferred residence will be the focus of future development in Pasir Gudang.

With the launching of Iskandar Malaysia, Pasir Gudang will continue to attract new investors to enhance its economy.

Damansara Assets Sdn Bhd

Besides owning substantial land banks, a very sizeable portion of JCorp Group's assets are in the form of office buildings, shopping complexes and other physical assets that have contributed significantly to adding and creating value over the years. As the outcome of past restructuring exercise, quite a sizable value of these assets are owned by JCorp's wholly owned subsidiary, namely Damansara Assets Sdn Bhd (DASB). DASB is a commercial property company that manages it's own properties as well as those belonging to the JCorp Group.

To-date DASB manages approximately 5 million square feet of commercial space consisting of shopping complexes, office buildings, sports complexes, transport terminals, markets, jetty and various other properties. These properties are valued at more than RM1 billion and occupied by almost 2,000 tenants.

As a majority of the JCorp Group's properties managed by DASB are located in the Johor Bahru City Center Zone of the Iskandar Malaysia, the new Southern economic growth region in Johor, the value of JCorp Group properties will inevitably benefit from capitalizing on their strategic locations within one of Malaysia's dynamic and exciting economic growth regions. DASB will therefore continuously set in motion efforts to capitalize on the situation by enhancing competitive value of the assets via repositioning and upgrading initiatives.

At end of 2008, the average occupancy rate of shopping and office complexes managed by DASB stood at 89% and 86%, respectively, way beyond the average occupancy rates of similar properties in Johor Bahru and the Klang Valley. Both the average occupancy rates have also improved from the previous average of 82% for shopping complex and 74% for office space. This significant achievement was made possible by a combination of several factors namely strategic locations, improved facilities, competitive rental packages and aggressive marketing strategies.

The Ansar Biz Centre (ABC) located at the podium of Menara Ansar was officially launched on 1 November 2008. ABC was managed by company called Pro-Biz Solutions Sdn Bhd which was set up by DASB on 18 January 2008. The intrapreneur company specializes in business centre management spearheaded by En Hishamuddin Mohamed who holds fifteen percent of the shares. The centre is offering venues for small offices, meeting rooms and events such as signing ceremony and project launching.

DASB initiated the revival of Tunjuk Laut Beach Resort Tanjung Leman that has been vacant since 2003. The resort consisting of 21 units of chalets was reopened for business on 8 March 2008. Other leisure activities offered by the resort are camping, fishing, barbeque and beach games. The resort attracted local guests and foreigners.

The Medan Selera Kebayan Kotaraya was given a RM2.7 million facelift making it more spacious with fresher ambience. The renovation work involved expanding the

food court from 5,000 square feet to 13,000 square feet. The number of the kitchens was reduced from 28 to 21 to enable each of the food operators to capture more seating from 330 chairs previously to 488 chairs. The new Medan Selera Kebayan started business on 17 July 2008.

The Larkin Sentral has been expanded to provide an additional retail area of 9,000 square feet. For convenience of shoppers and crowds the building is also facilitated with a new Masjid An Nur that can accommodate up to 700 people. The mosque was completed and opened during Hari Raya Aidil Adha on 8 December 2008. Plan to locate a new Waqaf An-Nur Clinic at the building is also under way.

DASB disposed Menara Kotaraya to Iskandar Investment Berhad (IIB) on 12 December 2008. The strategic location at the heart of Central Business District has driven IIB to purchase and designate Menara Kotaraya as an office tower intended for investors of Iskandar Malaysia.

Following the disposal of Menara Kotaraya to IIB, a new JCorp office was constructed at Bandar Dato' Onn. The construction work of the four-storey building started on 1 December 2008 and scheduled to complete at the end of 2009. Once completed, the building is expected to be the catalyst for Bandar Dato' Onn.

Hospitality Business

JCorp's involvement in the hospitality industry is through its ownership of 4 hotels, one resort and an international convention centre within the Group. With recent increases in investments, the Corporation expects the sector to contribute significantly to JCorp's future growth as well as uplifting Johor into a destination with international appeal.

A subsidiary of Johor Corporation, Puteri Hotels Sdn Bhd has been entrusted to manage 2 hotels within the Group namely The Puteri Pacific, Johor Bahru and Sibu Island Resort off Tg. Leman as well as the new Persada Johor International Convention Centre (Persada Johor). On the other hand another management team has also been set up to manage and focus on the Corporation's Selesa Hotel chain namely Hotel Selesa, Johor Bahru, Hotel Selesa, Pasir Gudang and Selesa Beach Resort, Port Dickson.

Sibu Island Resort located off the East Coast of Johor, is designated to be a private idyllic getaway indoctrinating retreat, adventure, corporate teambuilding and spa. It is an integrated leisure and honeymoon destination. The island resort has just been re-opened in January 2009 after undergoing major renovation and upgrading the resort to meet an international standard resort such as a desalination plant to provide fresh, clean water at all times, 3 beaches, a tropical Spa, newly-renovated rooms, garden chalets and lobby area, with world-class facilities for adventure and teambuilding, kid's recreational, sea-sports and other outdoor as well as indoor implements.

Moreover, Arab Resort Areas Company (ARAC) of Saudi Arabia and Puteri Hotels Sdn Bhd, are heading definitively towards achieving a quantum leap in forging an Arabian - Malaysian hospitality business partnership. The aim of the pact was to create a hotel company named as Arab-Malaysian Hospitality Management Corporation (AMHMC) which aims to build and manage a chain of hotels and resorts under the name of ARAMAS HOTELS and ARAMAS RESORTS.

To elevate the partnership towards further fruition, the signing ceremony marks yet another milestone where ARAC (as the Owner of the upcoming ARAMAS Hotel Madinah) agrees to officially seal the Hotel Management Agreement with AMHMC who shall manage the ARAMAS Hotel Madinah and perhaps, other ARAMAS HOTELS that are planned to be built in line with future expansions within the Kingdom of Saudi Arabia, in the Gulf, the Middle-East, Europe and Asia, firstly targeting cities such as Mecca, Riyadh, Jeddah, then Kuala Lumpur and subsequently in London, Paris, Istanbul, Alexandria, Cairo and Singapore.

> The " finger-licking good" trail, to be exact, as JCorp, through QSR Brands, also owns the KFC, Pizza Hut and Rasa Ayamas Restaurants.

(New Straits Times, 4 August 2008)

JCorp's Intrapreneur Business Division

JCorp has a unique and vital role to play in Johor's and nation's future economic development and particularly in fulfilling the affirmative action component of the national policy through realising the National Economic Policy (NEP) objectives.

The unique feature of JCorp's approach in performing this role, elsewhere generally regarded as a social responsibility, is to undertake this as part and parcel of a corporate exercise to be efficiently and effectively managed as any commercial venture would be. In fact it will be observed that JCorp's entrepreneurial development program became a key component of its own corporate growth and expansion strategy, with JCorp's pace and direction of growth being largely determined by the rate of success achieved in its entrepreneur development program.

The entrepreneurial development program were undertaken by JCorp on several fronts, with focus on two sets of target groups. The first target group involved facilitating entrepreneurial development and creating business opportunities aimed at increasing the number and enhancing quality of external Malay-Muslim businessmen.

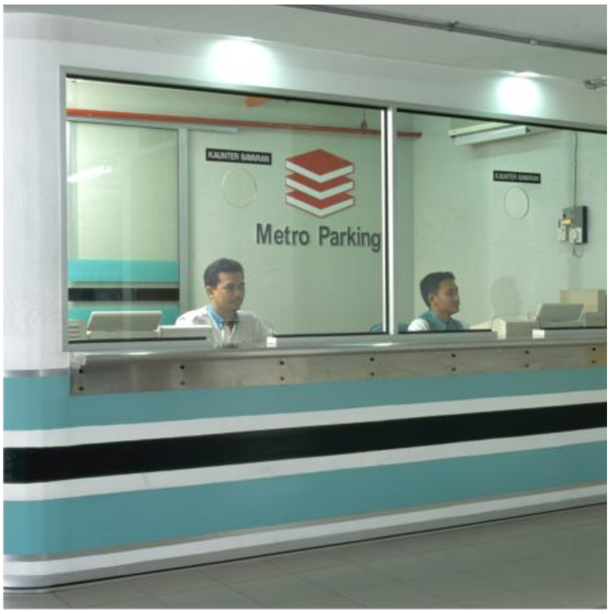
The second no less important target group, on the other hand, involved developing intrapreneurs or entrepreneur-managers from among JCorp's own teams of executives to provide corporate leadership in managing assets and enhancing value of JCorp's own business units and profit centers. It is the second component in particular that provided the strategic link to JCorp's growth and expansion strategy.

An Intrapreneur refers to JCorp Group's salaried executive employed directly in the service of the Group assigned with the responsibility for undertaking entrepreneurial ventures. Within the context of JCorp corporate practice therefore, share ownership is not a defining criterion. Thus, within JCorp Group, there are currently many intrapreneurs who are not shareholders (often referred to as Corporate Intrapreneurs).

Thus, corporate energy and resources were also devoted to train, expose and develop entrepreneurial talent from among JCorp's own teams of executives throughout the Group (officially referred to as intrapreneurs). Other than formal training (subsequently institutionalized through the establishment of the JCorp Academy in 1998), the program's success is dependent more on a hands-on approach involving selected executives to form part of teams assigned to make commercial success out of autonomously managed businesses.

Over the years, JCorp in fact has established a national reputation in its unique intrapreneurial development program which has successfully thrown up several outstanding entrepreneur-managers who are today managing listed and unlisted companies in the Group.

These groups of internally developed corporate leaders are further supported by several layers of young second- and third-liner intrapreneurs who, as members of team entrepreneurs, are groomed to lead the companies in the Group in facing up to future challenges for corporate growth.



Indeed, several leading intrapreneurs within the Group who are managing its core businesses today were the product of tested and exposed executives who had 'cut their teeth' in managing failed enterprises early in their careers. Examples of JCorp's Corporate Intrapreneurs that have emerged include the Managing Directors of public listed companies (PLCs) namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, QSR Brands Berhad, KFC Holdings (Malaysia) Berhad, Sindora Berhad and Johor Land Berhad.

Obviously long-term corporate growth can only be assured where there is a will to continuously plant new seeds and the courage to seize new business opportunities and continue to venture into uncharted waters but ensuring and putting into place improved formulae to better manage risks.

Encouraged by the success of its PLCs, JCorp's continued approach of establishing many small businesses as incubators is perhaps one of the most effective way to succeed in developing entrepreneurs from among inexperienced and novice Malay-Muslim and Bumiputera executives and businessmen in the hope of one day developing into more core businesses of JCorp. This approach allows risks to be limited to small operations that can afford a higher rate of failure, while the bigger businesses are reserved for growing those who have proven their worth.

JCorp's institutional role was instrumental and indeed critical to deliver the success of this programme. Given that universally, 80 percent of business start-ups do not last beyond the fifth year, institutionalizing the collective effort under the corporate umbrella of an organization such as JCorp is indeed one of the most effective ways to get long term sustainable results.

JCorp's Intrapreneur Share Ownership Scheme

JCorp's most important innovation is the introduction of direct ownership element to the scheme. Among the lessons learned from the past experience was that companies in the Group had, over time, been weakened by the lack of ownership commitment on the part of executives responsible for their future. Steps have therefore been taken to share both the risks and rewards from enterprise development through the offer of a maximum 25 per cent equity stake to intrapreneurs involved. This is a definite departure from the traditionally held policy of JCorp exclusively owning total equity in all its businesses.

The uniqueness of the scheme lies on its concept which strives to spawn and develop entrepreneurial talent from among young intrapreneurs in a risk and return sharing dimension, who are willing to face the challenges of the ever-changing business environment. Further, JCorp is fully aware that its institutional assets and resources will be harnessed and utilised to support the growth of the intrapreneurs.

The key element of the scheme empowers identified, proven successful and charismatic intrapreneurs in undertaking business decisions. This scheme is also suitable as a means of identifying future leaders of the Group with the most outstanding intrapreneurs given the opportunity to be promoted to a higher position with greater responsibilities. Obviously, they will be amply rewarded to commensurate with their achievement and value they have created.

JCorp's intrapreneuring concept is not ownership focused. It can be described as highly people-focused, emphasizing more on the people development aspect, releasing energies of intrapreneurs and developing their full potential as professional managers who happen to also make entrepreneurial-type decisions aimed at creating and accumulating wealth for long term benefit of JCorp as a corporate organization.

The offer of a stake in the equity of the enterprise is anticipated to also provide intrapreneurs involved with willingness to assume ownership risks while at the same time legitimizing their authority and empowering them to personally take charge and drive their respective businesses to success. Over time, and prior to the offer of ownership stake, it was observed that the heavy hand of the Corporation's bureaucracy had taken its toll on the spirit of enterprise among many managers, sapping their will to take risks and make bold decisions, resulting in many failures among intrapreneurial entities.

As such, the main objectives of establishing the scheme were to balance between JCorp's bureaucracy and allowing the intrapreneurs to exercise their ability in driving the business and focusing on maximizing value and profit. The scheme also complements and realizes JCorp's other objectives as follows: -

a) As a means of inculcating a structured performance culture for continuous value addition and wealth creation;
b) As a creative approach in transforming small businesses as future core business entities of the Group;
c) Provide career development with structured remuneration, recognition and rewards mechanism to the intrapreneurs;
d) Achieve JCorp's mission as a 'Community of Enterprises' and to sustain JCorp's position as a leading Corporate Amanah Institution.

JCorp's unique Intrapreneur Scheme was officially launched in 1999 with the main objective of fulfilling JCorp's roles to produce a generation of young, resilient and competent entrepreneurs and to provide the opportunities and institutional infrastructure to train and enhance the management skills and business acumens of executives through sharing of experiences and core competencies within JCorp Group with the pool of available assets and human capital resources.

In fact it will be observed that JCorp's entrepreneur development program subsequently became a key component of its own corporate growth and expansion strategy, with JCorp's pace and direction of growth being largely determined by the rate of success achieved in its entrepreneur development program.

As at end of 2008, JCorp had spawned and developed 65 intrapreneur companies which involved in diverse businesses among others included bulk mailing services, food processing and packaging, car parking management, forwarding, shipping and logistic agency, aquaculture, information technology services, office support services, pharmaceutical trading, travel agency, building facilities management and cleaning services and fast food outlets.

The scheme has been a tremendous success in enhancing the Group's value creation and performance, which is clearly shown from the substantial improvement in revenue and profit of the intrapreneur companies over the years.

To date, this innovative and enterprising scheme had proven to be remarkably successful as shown by the financial performance. For the financial year ended 31 December 2008, all JCorp Intrapreneur companies recorded an aggregate pre-tax profit of RM38.6 million on top of an aggregate revenue of RM581.2 million. Indeed, these numbers once again are clear testimonies to the validity of the scheme and reaffirms the conceptual coherence of JCorp's Intrapreneur Business approach in developing entrepreneurial talent.

The new global business climate dictates that national economies aspiring to achieve respectable rates of growth as a prerequisite to the long term prosperity of their peoples have no alternative but to adopt the competitive, capitalist model and be market driven. In facing up to this new reality, given that bridging ethnic economic disparities is still high on Malaysia's national agenda, it is imperative that focus be also directed towards re-conceptualizing and redesigning Malaysia's affirmative action program.

Ultimately, it will be observed that the institutionalization of ownership can significantly contribute towards building a nation's social capital so critical to sustain national solidarity and social cohesion.

> Klinik Waqaf An-Nur, was set up to provide the poor and needy - irrespective of race or background - with affordable medical treatment at nominal fee of as low as RM5 to RM10 per treatment including the medication.

(Borneo Post, 3 November 2008)

كلينيك وقف النور
KLINIK WAQAF AN - NUR
النور
AN-NUR
Klinik
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LSL WATER
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KLINIK WAQAF AN - NUR
AN-NUR
Klinik
كلينيك وقف النور سراوق
Waqaf An-Nur Sarawak

Giving Back to the Community

JCorp adopts a much broader dimension to its institutional obligations in meeting with the aims and objectives of corporate social responsibility (CSR), one that seems also to redefine its fundamental institutional role, transforming it into fully an Amanah (Trust) corporate organization. As the Corporation aspires to become a leading wealth seeking corporate entity, it is very conscious of its responsibilities to ensure that its business objectives and corporate success are achieved based on methods and approaches that are aligned with Islamic and universal values.

Value creation must therefore extend beyond the economic and material, and must ultimately be translated into improvement in Malaysia's value of social assets and social capital. JCorp subscribes to the view that corporations must finally bring positive impacts by enriching the larger community, contributing to nation building and national bonding , as well as giving back to society in terms of higher levels of social achievements and greater significant and meaning to the community's social life. In short, JCorp and its member companies are committed towards significantly adding value to Malaysia's social assets and social capital on a sustained basis.

First of all, in living up to the aspirations of an Amanah Corporate Organization, all JCorp intrapreneurs, managers and employees take the view that all assets owned by JCorp are 'trust' to be managed in the best way possible to bring the maximum social good and to be used to avoid negative and disruptive end results.

Based on the Waqaf or Islamic endowment concept, the creation of Waqaf An-Nur Corporation Berhad, is found to be highly effective and instrumental in mobilising voluntary donations from the public, contributing further to its future viability as a powerful financially self-reliant social outreach programme. The 'Corporate Waqaf' a first ever undertaken by a corporate business institution in the world is intended to reintroduce the waqaf institution that has played such a vital and dynamic role in Muslim societies in the past. The idea is to creatively carve a new role for waqaf in the context of a business and corporate driven global world of today and especially to mitigate the extremes from the impact and side effects of global capitalism. JCorp 'Corporate Waqaf' can indeed be considered as an Islamic CSR program initiated to integrate business into serving a higher social cause, more than just a CSR agenda, the ultimate aim is to institutionalise the linkage between the wealth creation and value addition effort of JCorp as a corporate entity with meeting the needs of the marginalised, disenfranchised and the alienated society on a structured and sustainable basis.

Not stopping at just clinics, using this powerful endowment concept, JCorp embarked on a vision one step further by creating full fledge charity hospital in Malaysia.

Waqaf An-Nur Pasir Gudang Hospital and the chain of Waqaf An-Nur Clinics were formed to serve the needy regardless of racial and religion better medical treatment at almost no cost. The total number of treatments carried out up to 31 December 2008 were 362,045, out of these 19,053 were non-muslims.

Year 2008 also saw the opening of the first An-Nur Clinic in East Malaysia, in Kuching Sarawak, which was later complemented by a Dialysis Centre. This Dialysis Centre was set up in collaboration with Baitulmal Sarawak.

The deliberate choice of locating Waqaf An-Nur Clinics in the vicinity of mosques is also a move towards expanding latter's function beyond the traditional practice of mosques

purely as centres for spiritual pursuits and congregational prayers. Waqaf An-Nur Clinics and dialysis centres are turning mosques to serve as a community centres that also extend services to the needy from non Muslims.

All Waqaf An-Nur Clinics clinics are complemented by Dialysis Centres that offer registered patients suffering from kidney failure, kidney blood cleansing services at a subsidized rate. In fact in many cases, needy patients would be supported by Baitulmal funds for the poor administered by the State Religious Councils or other charitable organizations.

The mosques under the administration of JCorp plays a vital role in delivering 'dakwah' to the public through various activities. In addition to that, the mosques officials are often referred to by the public for advice and consultation regarding Islamic and family matters.

The justification having constructing mosques at shopping complexes such as the Kotaraya and Kompleks Pusat Bandar Pasir Gudang, enabled shoppers and traders to perform their solat comfortably. Furthermore, most of the activities organised have made it possible to revive the mosques as well as enhancing the spiritual values of congregates.

Year 2008 also sees the opening of Masjid An-Nur Larkin Sentral as the third mosque that has been built in a shopping complex. Located at Larkin Sentral, it has a built-up area of 7,373 square feet with the construction cost of RM 1.59 million. The mosque cater up to 700 congregates at one time, comprises of passengers and drivers of public transports, tenants of the terminal and people from the surrounding area.

Waqaf An-Nur Corporation Berhad plays a vital roles in managing and monitoring of the mosques and chain of Waqaf Clinics and Hospital. Waqaf An-Nur Corporation Berhad is very driven to carry out the mission to inculcate the intrepreneurship mindset of the people through dakwah. One strategy of the mission is Waqaf Dana Niaga, a micro financial aid scheme aimed to provide interest-free credit facility to small scale entrepreneurs.

Waqaf An-Nur Corporation Berhad has further spread its wing with the formation of Brigade Waqaf, a body of volunteers aimed to provide humanitarian aids especially during emergency and tragedy. The Brigade is supported by companies under JCorp Group which have been divided into 5 companies namely Ali Bin Abu Talib, Salahudin Al-Ayyubi, Umar Al-Khattab, Tariq Bin Ziad and Khalid Al-Walid.

One of the initiatives carried out by the brigade was the 'EXERCISE JIWA MURNI', a special project which involves constructing a house for an elderly living at Kg Paya, Basir Ismail Estates, Kota Tinggi.

At-Tijarah/Tijarah Ramadan

During the year under review, JCorp in collaboration with Malaysian Islamic Chamber of Commerce (MICC) and Jabatan Kemajuan Islam Malaysia (JAKIM) continued its production of At-Tijarah and Tijarah Ramadhan programs aimed to instill entrepreneurial mindset and adoption of strong business culture on the part of the wider Malaysian community. These TV programs have entered their fourth season and were aired by RTM 1.

At-Tijarah programs is to promote the Islamic entrepreneurial spirit and corporate concept to viewers.

On the other hand, Tijarah Ramadan was introduced by JCorp to facilitate media coverage toward the CSR activities of Johor Corporation's subsidiaries and other corporate organizations by giving financial aid and assistance to the poor and the needy. JCorp's PLCS namely Kulim, DBhd, JLand, KPJ and Sindora have been together involved in the program which highlighted the lives of the poor and needy.

Tijarah Ramadan which was aired during the fasting month encourages donation via Short Messaging System (SMS) while being aired, and these donation were in turn extended to the under-previliged members of society. In the year under review, the program managed to collect a total of RM311,221.10 and a total of RM250,709.73 being distributed towards helping the less fortunate, and the disenfranchised through our on-going and expanded charitable programs.

> The Tunas Bistari and Didik Bistari programmes provided an excellent platform to expose students to the entrepreneurial world.
>
> *(New Straits Times, 14 February 2008)*

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Section 5

Corporate Governance

section 5

Corporate Governance Statement

It has always been the policy of Johor Corporation (JCorp) strictly adheres to good corporate governance in its operations. The change in the business environment and the way businesses are conducted has become a major factor in the establishment of an organisation's corporate governance. Concerning the implementation of corporate governance, being a state-owned enterprise and statutory body, JCorp is required to meet the regulations and laws, namely Johor Corporation Enactment No. 4 of 1968 (as amended by Enactment No. 5 of 1995)(the Enactment) and Incorporation (State Legislatures Competency) Act 1962 (Act 380).

JCorp has continuously pursued good corporate governance in all its activities and business transactions of its companies within the Group through its Board of Directors, Companies Administration System and Governance Committees. We take pride in our standard of corporate governance and in the reputation we have built. We believe these are essential to the building of an enduring brand value and sustained stakeholder value. JCorp Group also observes high standards of corporate conduct in line with the principles and guidelines of the revised Malaysian Code on Corporate Governance (where applicable).

We have put in place a corporate governance structure with clear internal control systems, reporting and responsibility lines, and procedures that are easily understood. The Group's corporate governance practices are outlined in the following sections.

THE BOARD OF DIRECTORS

Composition

JCorp's Board of Directors ('the Board') currently consists of a Chairman, the President and Chief Executive, three officials of the Johore Civil Service (the State Secretary, the State Legal Advisor and the State Financial Officer), three representatives of the Federal Government (the Secretary General to the Ministry of International Trade & Industry, the Secretary General to the Ministry of Entrepreneur and Cooperative Development and the Director of Budget Management Division (Treasury) to the Ministry of Finance, and two independent members appointed amongst the business community. The President and Chief Executive is the only Executive Director. Each director brings to the Board his skills, experience, insights and good judgement.

Duties and Responsibilities

The Board takes responsibility for the overall performance of JCorp. The Board establishes the vision and objectives of JCorp, overseeing the adequacy and the integrity of JCorp's strategies, financial performance, business issues and internal control systems.

As stipulated by the Enactment, the Chairman shall not be the President and Chief Executive and their roles are separate. The President and Chief Executive exercises control over the quality and timeliness of information flow between the Board and management.

The Chairman is independent of management and is responsible for the workings of the Board, ensuring that Board members engage management in constructive debate on various matters including strategic issues and business planning processes.

Board Meetings

The Board meets according to the schedule that has been set a minimum of four times annually to analyse theperformance of JCorp and resolve on matters related to policy and strategic business issues of JCorp and its Group of Companies. The Chairman may at any time call a meeting and shall, upon the written request of not less than five members of the Board, call a special meeting thereof within one month of the date of such request. For 2008, the Board met four times.

JCorp however, believes that contributions from each director can be reflected in ways other than by reporting their attendance at the Board and Board committee meetings. Thus, it has chosen not to focus solely on attendances at formal meetings as this may lead to a narrow view of a director's contributions.

Board Committees

To ensure smooth operations and facilitate decision-making, and at the same time ensure proper controls, the Board is supported by three Board committees, namely the Audit Committee, Strategic Planning Committee and Tender Committee. Management functions are delegated to the Group Top Management Committee (TERAJU) and various governance committees.

Access to Information

Management provides adequate and timely information to the Board on Board affairs and issues requiring Board's decision. It also provides on-going reports relating to operational and financial performance of the Group. The Secretary attends to corporate secretarial administration matters.

COMPANIES ADMINISTRATION SYSTEM

All company secretarial functions in companies whereby JCorp is the main shareholder are undertaken by Pro Corporate Management Services Sdn Bhd (Pro Corporate), the company secretary service provider for the Group. Pro Corporate's function is supported by the qualified secretaries and is responsible in ensuring that all companies meet all statutory requirements under the Companies Act 1965 and where applicable, the Listing Requirements of Bursa Malaysia and the Securities Commission's Guidelines. It is also their responsibility to ensure that the board of directors comply with the companies policies set forth and achieved its objectives. The appointment of company secretaries are determined and approved by TERAJU.

All appointments of directors are administered by Pro Corporate on an annual basis. The criteria in the appointment are set forth as follows:

Director

- Passed all mandatory examinations;
- Has been in employment for a minimum of five years.

Deputy Chairman

- Has been a director for a minimum of eight consecutive years;
- Holding a minimum post as a Manager.

Chairman

- Has been a director for a minimum of ten consecutive years;
- Holding a minimum post as General Manager.

GOVERNANCE COMMITTEES

JCorp adopts an elaborate decision-making structure and system embodying the principles and practice of 'Syura'. The Corporate Office plays important role in ensuring all decisions are approved by the respective committees.

Group Top Management Committee (TERAJU)

The Committee consists of nine members and is chaired by the President and Chief Executive. Its roles include discussing and deciding on strategic issues relating to JCorp and its Group of Companies.

TERAJU Korporat Committee

The Committee is chaired by the Senior Vice President (SVP), Corporate Services, International Business and Finance of JCorp and comprises of seven members. Its roles includes endorse and ratify all decisions made at the various committees i.e. Executive Committee (EXCO), Finance and Investment Committee (KEMUDI), etc.

Executive Committee (EXCO)

The Committee comprises of eleven members amongst the management of JCorp and is chaired by the General Manager of Corporate Office. It deliberates on operational matters and forward recommendations to Teraju Korporat Committee.

Finance and Investment Committee (KEMUDI)

The Committee comprises of seven members amongst the management of JCorp and is currently chaired by the Deputy General Manager (Finance). It deliberates on all financial matters and forward recommendations to Teraju Korporat Committee.

Investment Review Committee (JAWS)

The Committee deliberates on all new investments and projects and comprises of ten members appointed amongst the managing directors of companies within JCorp Group. At present, it is chaired by the Group Managing Director of Metro Parking (M) Sdn Bhd.

Besides the five main committees mentioned above, there are more than thirty governance committees which have their specific terms of reference and functions in monitoring Group's operations. The committees, among others, are Rehabilitation Committee, Kemudi Korporat (Accounts) Committee, Quarterly Report Committee, Agreement Committee, Group Remuneration & Nomination Committee, Corporate Synergy & Restructuring Committee, and Risk Management Committee.

CORPORATE GOVERNANCE IN LISTED ENTITIES WITHIN JCORP GROUP

There are nine listed entities within JCorp Group, of which eight are listed on the main board of Bursa Malaysia (namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad, Sindora Berhad, Damansara Realty Berhad, QSR Brands Berhad, KFC Holdings (Malaysia) Berhad and Al-Aqar KPJ REIT) and one (namely New Britain Palm Oil Ltd) is dual listed on Port Moresby Stock Exchange and London Stock Exchange. As listed entities, the demand for implementing good corporate governance is increasing. They are required to always comply with various terms and conditions issued by stock exchanges on which the shares are registered and listed. Each company has its own board of directors and audit committee.

TRANSPARENCY

Transparency in the decision making process

Several examples of the implementation of the transparency aspect include the information infrastructure development in the forms of the intranet and knowledge management. The knowledge management is the employees' means to give various information in the forms of suggestions and ideas. Those who express bright ideas and innovations that can be choosed to be implemented/adopted will receive awards from the management or receive a certification through ‘Cempaka Scheme and Quality Convention’. In addition, JCorp has also developed a whistle blowing communication channel, namely Ethics Declaration Form, which is expected to be used by the employees to provide direct input to the President and Chief Executive should they find any irregularities and/or counter proctive behaviours among staff.

Transparency to business partner

To boost transparency to all business partners, JCorp extends the Ethics Declaration Form to the contractors, suppliers and vendors.

Transparency in assessing employee performance

Each employee is appraised based on achievement of individual set of Key Performance Index (KPI) which was agreed at the beginning of the year. The Human Resource Development and Administration Department together with the respective heads of department will present result of the appraisals to the Performance Appraisal Committee.

JCorp also adopts the Reverse Appraisal system where the Senior Executives and above will be appraised by the subordinates and fellow employees.

ACCOUNTABILITY AND AUDIT

In presenting the annual financial statements the Directors aim to present an accurate an balanced assessment of the Group's financial position and prospects. The Audit Committees reviews both the annual financial statements reports to ensure that appropriate accounting policies are consistently applied and supported by reasonable judgements and estimates and that all accounting standards which they consider applicable have been followed.

Internal Control

The Statement of Internal Control that provides an overview of the state of internal control is set out on page 102.

Relationship with Auditors

The Board, through the Audit Committee, maintains a transparent and appropriate relationship with the internal and external auditors. The role of the Audit Committee in relation with the Auditors is illustrated in the Audit Committee set out on page 101.

Audit Committee Report

Composition

Board Audit Committee (BAC) is chaired by YBhg Datuk Dr Haris Bin Salleh, an independent member of the Board. Other members are Dato' Johari Bin Mohamed and Puan Zainah Bte Mustafa, independent directors of listed companies within JCorp Group. The Group Chief Auditor is the secretary of BAC.

Puan Zainah is a Fellow of the Association of Chartered Certified Accountants (ACCA) United Kingdom.

Attendance at Meetings

The Committee meets on a scheduled basis at least twice a year. The SVP attends Board Audit Committe meetings by invitation. In 2008, Board Audit Committee met in three occasions as follow:

MEMBERS	DATE OF MEETING 22/04	20/06	25/11
YBhg Datuk Dr Haris Bin Salleh	✓	✓	✓
YB Dato' Johari Bin Mohamed *(retired 31/12/2008)*	✓	✓	✓
Zainah Binti Mustafa	✓	✓	✓

Duties and Responsibilities

The role of BAC includes :

Internal Control

- Consider the effectiveness of JCorp's internal control over its financial reporting, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over :-
  - Reliability and accuracy of financial reporting;
  - Effectiveness and efficiency of operation;
  - Compliance with applicable laws, rules and regulations and
  - Safeguarding of assets.

Internal Audit

- Review reports by the Internal Audit Committee of JCorp Group (IAC)
- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- Consider the major findings of internal investigations and management's response.
- As necessary, meet separately with the Group Chief Auditor to discuss any matters that the BAC or the Group Chief Auditor believes should be discussed privately.

External Audit

- Meet separately with the external auditors to discuss any matters that the BAC or the external auditors believe should be discussed privately.
- Review the external auditors' management letter and response from management.
- Review the appointment of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board.
- Discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.

Financial Statements

- Review the year-end financial statements of JCorp, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption and
  - Compliance with accounting standards and other legal requirements.

Risk Management

- Review risk management report by the Risk Management Committee (RMC) and to discuss any significant risk or exposure and assess the steps that Management had taken to minimise the risks.

Other Responsibility

- Perform other activities related to its Term of Reference and other areas as requested and defined by the Board.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2008, the activities of the BAC included the followings :

- Review reports by the IAC which had held its meetings on 25 March and 22 October 2008;
- Review and approved the Internal Audit Plan for the year;
- Discuss problems and reservations arising from the interim and final audits, and any matter both internal and external auditors may wish to discuss (in the absence of management where necessary);
- Review the adequacy of the scope, functions and resources of the external auditors, and that it has the necessary authority to carry out its work;
- Review the results of year-end audit by the External Auditors and discussed the findings and other concerns of the External Auditors;
- Review reports by the RMC which had held its meeting on 14 April, 13 June and 10 November 2008.

Internal Control Statement

JCorp's 'Sistem PEKASA' (Internal Control System) ensures that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

BAC responsibilities are complemented by the work of the IAC, RMC and Audit Committees of the respective listed companies.

BAC has reviewed the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting its operations. Based on the audit reports of internal auditors, BAC is satisfied that there are adequate internal controls in place within the Group.

The main features of the control system are:

Control Framework

The Group's strategy is formulated by the management team and approved by the Board. Management has the ultimate responsibility for implementing plans, identifying risks and ensuring appropriate control measures are in place. This is achieved through an organizational structure that clearly defines responsibilities, levels of authority and reporting procedures.

The Group adopts The Committee of the Sponsoring Body of the Treadway Commission (COSO)'s Internal Control Framework and has in place manuals on policies and procedures for accounting and financial reporting, capital expenditure appraisal, delegation of authorities and authorisation levels, treasury risks management, property operations and human resource management.

Financial Reporting

Detailed budgets prepared by each division are reviewed by the Strategic Planning Committee before the consolidated budget is approved by the Board. KPI and operating results are prepared and monitored against budgets.

Operating Controls

The Group's management teams operate within the Group's guidelines on operating procedures, designed to achieve optimum operating efficiency and service effectiveness, and the planned financial results. Specific controls are in place to ensure prudent financial management, safeguard assets from physical loss, and insurance at appropriate levels.

Investment Appraisal

The Group has clearly defined procedures for the approval of investments and other capital expenditure. Planned expenditure is set out in the annual budget. Approval of capital expenditure commitments is made in accordance with the delegated authority levels approved by the Board. All major investment proposals are subjected to review by the Panel and Main JAWS, before being presented to TERAJU and the Board for approval.

Monitoring Controls

The effectiveness of internal financial control systems and operational procedures is monitored by management and audited by the Group Corporate Assurance (GCA) of JCorp. GCA adopts a risk-based audit plan, an approach whereby the auditor focuses on the factors that affect, beneficially or adversely, the achievement of the objectives of the organisation and its operations. Its scope covers the risks themselves, and the way in which those risks are governed, managed and controlled. It then reports to IAC/BAC on internal control weaknesses and monitors the implementation of recommendations for improvements.

INTERNAL AUDIT

The internal audit function is undertaken by GCA, supported by the Internal Audit Departments of the respective listed companies. GCA plans its internal audit schedules each year in consultation with, but independent of management; and its plan is submitted to IAC/BAC for approval.

JCorp is a corporate member of the Institute of Internal Auditors Malaysia. GCA subscribes to, and is guided by the International Standards for the Professional Practice of Internal Auditing (the Standards) and has incorporated these Standards into its audit practices. The Standards cover requirements on:

- Independence
- Professional proficiency
- Scope of work
- Performance of audit work
- Management of the Internal Audit activities.

GCA's internal audit activity was certified 'Generally Conform' with the Standards. To ensure that the internal audits are performed by competent professionals and technical knowledge remains current and relevant, GCA provides appropriate training and development opportunities to its staff, including the Certified Internal Auditor (CIA) programme. At present, there are thirteen practicing CIAs throughout JCorp Group.

Risk Management Statement

The function of risk management is to provide a sound contribution to the achievement of JCorp corporate objectives and to support the strategic directions of the Group. JCorp is committed in establishing an organisational philosophy and culture that ensures effective business risk management is an integral part of all Group activities and a core management capability. Risk management allows JCorp to take advantage of opportunities to improve its outcomes and outputs by ensuring that any risk taken is based on informed decision-making and on realistic analysis of possible outcomes.

JCorp is also committed to business continuity management as an integral component of risk management, to ensure continuity of key business processes which are essential for or contributing to the achievement of JCorp's objectives.

JCorp recognises that it is obliged to systematically manage and regularly review its risk profile at a strategic, financial and operational level. JCorp has done this by developing and adopting a risk management framework that determines the process and identifies tools for realising its objectives. Not only does it wish to minimise its risks but also maximise its opportunities.

The Risk Management Framework's scope is Group-wide. The framework is undertaken by GCA under its Enterprise Risk Management (ERM) function with content input from those with accountability in specific areas. A Risk Register is being developed that will be regularly reviewed at portfolio level and subsequently ranked, deliberated and reported to the President and Chief Executive, SVP, Senior Management Team, RMC, BAC and the Board.

Of greater significance was the fact that JCorp Group’s extraordinary achievement for 2008 was also reflected by the market recognition it received.

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Section 6

Financial Reports

section 6

**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENT OF JOHOR CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2008**

The financial statement of Johor Corporation and the Group for the year ended 31 December 2008 have been audited by my representative. This financial statement is the responsibility of Johor Corporation's management. My responsibility is to audit and give an opinion on this financial statement.

The audit has been conducted in accordance with the Audit Act 1957 and guided by approved auditing standards. The standards require the audit to be planned and performed to obtain reasonable assurance as to whether the financial statement is free of material error or omission. The audit includes examining the records on a test basis, verifying evidence supporting the amounts and ensuring adequate disclosures in the Financial Statement. The audit also includes assessing the accounting principles used, significant projections by management and the overall Financial Statement presentation. I believe the audit performed provides a reasonable basis for my opinion.

In my opinion, the Financial Statement give a true and fair view of the financial position of Johor Corporation and the Group as at 31 December 2008, its operating results and the cash flow for the year based on the approved accounting standards.

I have considered the Financial Statement and the audit reports for all the subsidiaries not audited by me as stated in the Notes to the Consolidated Financial Statement. I am satisfied that the said Financial Statement had been consolidated with the Financial Statement of Johor Corporation are in a form and content appropriate and proper for the purposes of preparing the consolidated Financial Statements. I have also received satisfactory information and explanation required for those purposes.

The auditors' reports on the Financial Statements of the subsidiaries were not subject to any qualification that will affect the consolidated financial statements.

(TAN SRI DATO' SETIA AMBRIN BIN BUANG)
AUDITOR GENERAL OF MALAYSIA

PUTRAJAYA
29 APRIL 2009

The Directors are pleased to submit their annual report together with the audited Financial Statements of the Group and Corporation for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Corporation was incorporated under the Johor Corporation Enactment (No. 4, 1968), (as amended by Enactment No. 5, 1995) as a development agency and public enterprise. The Corporation is principally engaged in palm oil business, property development and management and investment. The principal activities of the Group consist mainly of palm oil business, healthcare services, property development and management, intrapreneur ventures, quick service restaurants and investments.

FINANCIAL RESULTS

	Group RM Million	Corporation RM Million
Profit before tax	660	82
Tax	(196)	(5)
Profit after tax but before minority interests	464	77
Minority interests	(361)	-
Profit attributable to the Corporation	103	77

RESERVES AND PROVISIONS

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Johor Corporation granted ESOS in 2004 and 2008 respectively for eligible employees in the Group. More information on the ESOS are set out in Note 7 to the financial statements.

DIRECTORS OF JOHOR CORPORATION

The Directors who served since the date of the last report are :-

YAB Dato' Haji Abdul Ghani Bin Othman	(Chairman)
YBhg Tan Sri Dato' Muhammad Ali Bin Hashim	(Group Chief Executive)
YBhg Tan Sri Dato' Abdullah Bin Ayub	
YB Dato' Haji Abd Latiff Bin Yusof	
YB Datuk Abdul Rahman Putra Bin Dato' Haji Taha	
YB Datin Paduka Zainon Binti Haji Yusof	
YBhg Tan Sri Dato' Abdul Rahman Bin Mamat	
YBhg Dato' Haji Musa Bin Muhamad	
YBhg Datuk Latifah Binti Datuk Abu Mansor	(Retired : 31 January 2009)
YBhg Datuk Dr Rahamat Bivi Binti Yusoff	(Appointed : 1 February 2009)
YBhg Datuk Dr Haris Bin Salleh	

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the Income Statements and Balance Sheets of the Group and of the Corporation were made out, the Directors took reasonable steps to ascertain that :

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

(b) all current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and Corporation had 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 :

(a) that would render the amounts written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and Corporation inadequate to any substantial extent; or

(b) that would render the values attributed to the current assets in the financial statements of the Group and Corporation misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Corporation misleading or inappropriate.

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

At the date of this report, there does not exist :

(a) any charge on the assets of the Group or Corporation that has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Corporation that has arisen since the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors :-

(a) the results of the Group's and Corporation's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) except as disclosed in the financial statements, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Corporation for the financial year in which this report is made.

Signed on behalf of the Board of Directors :

DATO' HAJI ABDUL GHANI BIN OTHMAN
Chairman

TAN SRI DATO' MUHAMMAD ALI BIN HASHIM
Group Chief Executive

Johor Bahru

09 April 2009

Statement By Chairman And One Of The Directors Of Johor Corporation (Group Accounts)

We, Dato' Haji Abdul Ghani Bin Othman and Tan Sri Dato' Muhammad Ali Bin Hashim, being the Chairman and one of the Directors of Johor Corporation, do hereby state that, in the opinion of the Directors, the accompanying financial statements as stated in the Balance Sheets, Income Statements, Statement of Changes in Equity and Statement of Cash Flow set out together with the notes to the financial statements are drawn up so as to give a true and fair view of the financial position of the Corporation as at 31 December 2008 and of the results and cash flow for the year then ended.

Signed on behalf of the Board of Directors :

DATO' HAJI ABDUL GHANI BIN OTHMAN
Chairman

TAN SRI DATO' MUHAMMAD ALI BIN HASHIM
Group Chief Executive

Johor Bahru

09 April 2009

Declaration Made By Officer Primarily Responsible For The Financial Management Of Johor Corporation

I, Kamaruzzaman Bin Abu Kassim, the officer primarily responsible for the financial management and accounting records of the Group and Johor Corporation, do solemnly and sincerely declare that the financial statements shown in the Balance Sheets, Income Statements, Statement of Changes in Equity and Cash Flow Statements set out together with the notes to the financial statement are in my knowledge and opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared	)	
by the abovenamed	)	
at Johor Bahru	)	....
on 09 April 2009	)	

Before me,

COMMISSIONER FOR OATHS

Consolidated Income Statements
For The Year Ended 31 December 2008

Amounts in RM million unless otherwise stated

	Note	Group		Corporation	
		2008	2007	2008	2007
Continuing operations					
Revenue	3	6,282	4,748	427	492
Cost of sales		(4,272)	(3,198)	(186)	(263)
GROSS PROFIT		2,010	1,550	241	229
Other incomes	4	219	455	198	212
Distribution expenses		(479)	(464)	(6)	(3)
Administrative expenses		(612)	(522)	(48)	(48)
Other expenses	5	(273)	(299)	(122)	(86)
RESULTS FROM OPERATING ACTIVITIES	6	865	720	263	304
Finance costs	9	(301)	(296)	(181)	(178)
OPERATING PROFIT		564	424	82	126
Share of results of associates		96	94	-	-
PROFIT BEFORE TAX		660	518	82	126
Tax expenses	10	(196)	(122)	(5)	-
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		464	396	77	126
Loss from discontinued operations	11	-	(25)	-	-
Gain on sale of discontinued operations, net of tax	11	-	107	-	-
PROFIT FOR THE YEAR		**464**	**478**	**77**	**126**
Attributable to :					
Johor Corporation		103	116	77	126
Minority interests		361	362	-	-
PROFIT FOR THE YEAR		**464**	**478**	**77**	**126**

Amounts in RM million unless otherwise stated

	Note	Group 2008	Group 2007 Restated	Corporation 2008	Corporation 2007
ASSETS					
PROPERTY, PLANT AND EQUIPMENT	12	4,692	3,913	65	59
INVESTMENT PROPERTY	13	1,867	1,856	380	359
PROPERTY DEVELOPMENT	14	212	451	22	13
SUBSIDIARIES	15	-	-	2,683	2,532
ASSOCIATES	16	1,018	876	90	120
LONG TERM INVESTMENTS	17	68	96	21	23
PREPAID LEASE PAYMENTS AND OTHER ASSETS	18	703	645	263	266
INTANGIBLE ASSETS	19	365	393	-	-
DEFERRED TAX ASSETS	20	63	27	-	-
TOTAL NON-CURRENT ASSETS		8,988	8,257	3,524	3,372
PROPERTY DEVELOPMENT	14	403	292	170	141
INVENTORIES	21	522	374	71	95
TRADE AND OTHER RECEIVABLES	22	1,147	1,112	1,021	1,107
TAX RECOVERABLE		45	63	8	-
ASSETS HELD FOR SALE	23	273	135	-	-
SHORT TERM INVESTMENTS	24	42	132	2	7
DEPOSITS, BANK AND CASH BALANCES	25	853	965	138	74
TOTAL CURRENT ASSETS		3,285	3,073	1,410	1,424
TOTAL ASSETS		12,273	11,330	4,934	4,796

Amounts in RM million unless otherwise stated

		Group		Corporation	
	Note	2008	2007 Restated	2008	2007
EQUITY					
CAPITAL RESERVES	26	990	1,005	55	58
REVENUE RESERVES		38	(27)	577	497
CURRENCY FLUCTUATION RESERVES		(87)	(65)	-	-
		941	913	632	555
MINORITY INTERESTS		3,006	2,813	-	-
TOTAL EQUITY		3,947	3,726	632	555
LIABILITIES					
BORROWINGS	27	4,396	4,692	2,755	3,267
DEFERRED TAX LIABILITIES	20	448	316	6	1
OTHER LONG TERM LIABILITIES	28	190	146	10	-
TOTAL NON-CURRENT LIABILITIES		5,034	5,154	2,771	3,268
TRADE AND OTHER PAYABLES	29	1,144	1,031	408	496
BORROWINGS	27	2,018	1,377	1,123	467
CURRENT TAX LIABILITIES		130	42	-	10
TOTAL CURRENT LIABILITIES		3,292	2,450	1,531	973
TOTAL LIABILITIES		8,326	7,604	4,302	4,241
TOTAL EQUITY AND LIABILITIES		12,273	11,330	4,934	4,796

Amounts in RM million unless otherwise stated

	Capital reserve	Revenue reserves	Currency fluctuation reserves	Total	Minority interests	Total equity
Group						
At 1 January 2007						
- As previously stated	996	(97)	(71)	828	1,922	2,750
Effect of adopting FRS 112 (See Note 36)	-	23	-	23	2	25
At 1 January 2007, restated	996	(74)	(71)	851	1,924	2,775
Profit for the year	-	116	-	116	362	478
Disposal of subsidiaries	(18)	(79)	(9)	(106)	573	467
Transfer to revenue reserve	(2)	6	(4)	-	-	-
Waiver of property gain tax	36	-	-	36	-	36
Share of translation reserve	-	-	19	19	(5)	14
Dividend paid to minority interests	-	-	-	-	(41)	(41)
Other changes	(7)	4	-	(3)	-	(3)
	1,005	(27)	(65)	913	2,813	3,726
At 31 December 2007/1 January 2008						
- As previously stated	1,005	(50)	(65)	890	2,811	3,701
Effect of adopting FRS 112 (See Note 36)	-	23	-	23	2	25
At 31 December 2007/ 1 January 2008, restated	1,005	(27)	(65)	913	2,813	3,726
Profit for the year	-	103	-	103	361	464
Partial acquisition/disposal of subsidiaries	-	(47)	-	(47)	(91)	(138)
Share of translation reserve	-	-	(25)	(25)	69	44
Dividend paid to minority interests	-	-	-	-	(148)	(148)
Other changes	(15)	9	3	(3)	2	(1)
At 31 December 2008	**990**	**38**	**(87)**	**941**	**3,006**	**3,947**

Amounts in RM million unless otherwise stated

	Capital reserves	Revenue reserves	Total equity
Corporation			
At 1 January 2007	58	371	429
Profit for the year	-	126	126
At 31 December 2007	58	497	555
Profit for the year	-	77	77
Transfer to revenue reserves	(3)	3	-
At 31 December 2008	**55**	**577**	**632**

Amounts in RM million unless otherwise stated

	Group		Corporation	
	2008	2007	2008	2007
OPERATING ACTIVITIES				
Profit before tax				
- Continuing operations	660	518	82	126
- Discontinued operations	-	82	-	-
Adjustments to reconcile net profit for the year to cash from operations :				
Property, plant and equipment :				
- Gain on disposal	14	-	-	-
- Written off	5	6	-	1
- Depreciation	249	211	10	9
- Impairment loss	5	-	-	-
Investment property :				
- Change in fair value	4	(48)	(23)	(13)
- Depreciation	-	4	-	-
- (Gain)/Loss on disposal	(1)	8	-	6
Prepaid lease payments :				
- Amortisation	11	9	3	3
- Impairment loss	2	-	-	-
(Gain)/Loss on disposal of :				
- Subsidiaries	-	(163)	(137)	(93)
- Associates	2	-	-	(6)
- Discontinued operation	-	(107)	-	-
- Other investments	5	(2)	-	-
Negative goodwill	(41)	-	-	-
Development expenditure :				
- Written off	-	-	-	6
Investments :				
- Allowance/(Write back) for diminution	31	(52)	86	(48)
Intangible assets :				
- Amortisation	3	3	-	-
- Written off	35	3	-	-
Dividend income	(4)	(4)	(82)	(79)
Amortisation of government grant	(30)	(71)	(2)	-
Amortisation of land lease rental	(2)	-	-	-
Interest expense	301	302	181	178
Interest income	(28)	(14)	(25)	(22)
Share of results of associates	(96)	(94)	-	-
Contribution to Waqaf	-	50	-	50
Operating profit before changes in working capital	1,125	641	93	118

Amounts in RM million unless otherwise stated

	Group		Corporation	
	2008	2007	2008	2007
Changes in working capital :				
- Bank deposits not regarded as cash equivalents	(27)	99	(55)	35
- Inventories	(29)	6	24	38
- Property development cost	(108)	16	(42)	51
- Receivables	(9)	(227)	28	(220)
- Payables	70	291	(85)	250
- Associates	(51)	72	-	-
- Short term investments	90	(111)	-	(1)
- Short term borrowings	28	(266)	-	-
Cash generated from/(used in) operations	1,089	521	(37)	271
Increase/(Decrease) in land and property development	88	(68)	4	3
Land lease rental received	53	-	-	-
Tax paid	(82)	(106)	-	-
Dividend received	4	4	64	59
Interest received	28	14	25	22
Net cash generated from operating activities	1,180	365	56	355
INVESTING ACTIVITIES				
Proceeds from disposal of investment in :				
- Subsidiaries	11	-	103	170
- Associates	4	-	-	23
- Other investments	18	48	13	46
Property, plant and equipment :				
- Proceeds from disposal	143	5	-	-
- Purchase	(792)	(576)	(16)	(4)
Investment property :				
- Proceeds from disposal	17	21	1	19
- Purchase	(42)	(31)	-	(1)
Intangible assets :				
- Addition	(7)	(5)	-	-
Prepaid leases payments :				
- Purchase	(64)	(7)	-	-
Acquisition of subsidiaries, net of cash acquired	(240)	-	-	-
Purchase/Subscription of :				
- Partial interest in subsidiaries	(97)	-	(92)	(190)
- Partial interest in associates	(15)	-	(11)	(4)
- Other investments	(26)	-	(18)	(17)

Amounts in RM million unless otherwise stated

	Group		Corporation	
	2008	2007	2008	2007
Proceeds from partial disposal of subsidiaries	-	502	-	-
Proceeds from partial disposal of associates	-	23	-	-
Proceeds from discontinued operation	-	436	-	-
Net cash (used in)/generated from investing activities	(1,090)	416	(20)	42
FINANCING ACTIVITIES				
Repayment of term loans and other long term borrowings	(465)	(1,072)	(2)	(372)
Repayment of hire purchase and leases	(6)	(8)	-	-
Drawndown of term loans and other long term borrowings	490	1,040	17	-
Repayment of long term liabilities	-	(5)	-	-
Government grant received	21	14	9	-
Interest paid	(147)	(172)	(51)	(48)
Dividend paid to minority interests	(148)	(41)	-	-
Net cash used in financing activities	(255)	(244)	(27)	(420)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(165)	537	9	(23)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**762**	**237**	**23**	**46**
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	22	(12)	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**619**	**762**	**32**	**23**
CASH AND CASH EQUIVALENTS				
Cash and bank balances	386	749	14	21
Fixed deposits	467	216	124	53
	853	965	138	74
Fixed deposits subject to restriction/pledged	(124)	(97)	(106)	(51)
Bank overdrafts	(110)	(106)	-	-
	619	**762**	**32**	**23**

Johor Corporation was incorporated under the Johor Corporation Enactment (No. 4, 1968), (as amended by Enactment No. 5, 1995).

The address of the principal place of business of the Corporation is as follows :-

Level 2, PERSADA JOHOR
Jalan Abdullah Ibrahim
80000 Johor Bahru, Johor
Malaysia

The consolidated financial statements of the Corporation as at and for the year ended 31 December 2008 comprise the Corporation and its subsidiaries and the Group's interest in associates.

The Corporation is principally engaged in palm oil business, property development and management and investment. The principal activities of the Group consist mainly of palm oil business, healthcare services, property development and management, intrapreneur ventures, quick service restaurants and investments.

The Financial Statements were approved by the Board of Directors on 9 April 2009.

1 BASIS OF PREPARATION

i. Statement of compliance

The Financial Statements of the Group and of the Corporation have been prepared in accordance with Financial Reporting Standards (FRS) and accounting principles generally accepted in Malaysia.

The Group and the Corporation have not been applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

Standard/Interpretation	*Effective Date*
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments : Disclosures*	1 January 2010
FRS 8, *Operating Segment*	1 July 2009
FRS 139, *Financial Instruments : Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010

The Group and the Corporation plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Corporation.

1 BASIS OF PREPARATION (continued)

FRS 8 : *Operating Segment*

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to asess its performance. Currently, the Group presents segment information in respect of its business and geographical segments. Under FRS 8, the Group will present segment information in respect of its operating segments.

ii. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in their respective accounting policies notes :

- Property, plant and equipment
- Investment property
- Non-current assets and disposal groups held for sale

iii. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Corporation's functional currency. All financial information presented in RM has been rounded to the nearest million, unless otherwise stated.

iv. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 13 - valuation of investment property
- Note 15 - business combinations
- Note 19 - measurement of the recoverable amounts of cash-generating units
- Note 20 - recognition of unutilised tax losses and capital allowances

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, except for the change in accounting policy as stated in Note 36.

Certain comparative amounts have been restated as disclosed in Note 37.

(a) Basis Of Consolidation

i. Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Corporation's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

ii. Minority Interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Corporation, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Corporation. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Corporation.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

iii. Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis Of Consolidation (continued)

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Corporation's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

iv. Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign Currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

ii. Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

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

iii. Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Corporation's net investment in foreign operations, are recognised in the Corporation's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Forward foreign exchange contracts used are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Revalued property, plant and equipment where no revaluation policy is adopted

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued prior to 1998 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on a valuation).

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

ii. Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

iii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

iv. Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

• Buildings	10 - 50 years
• Plant and equipment	4 - 20 years
• Fixtures and fittings	4 - 20 years
• Leasehold improvements and renovations	10 years
• Restaurants and office equipment	3 - 10 years
• Estate developments expenditure	17 - 20 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Leased assets

i. Finance lease

Leases in terms of which the Group or the Corporation assume 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of the interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (continued)

ii. Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classifies as operating leases and, except for property interest held under operating lease, the leased asset are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

iii. Leasehold land/Prepaid lease payments

Leasehold land that normally has an indefinite economic life and 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 a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land classified as investment property.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A upon adoption of FRS 117, Leases in 2006. Payment made under operating leases are recognised in the income statements on a straight-line basis over term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

(f) Estate development expenditures

Estate development expenditures are stated at cost less any accumulated depreciation and any impairment losses.

The Group's accounting policy on plantation development expenditure is amortisation method wherein planting expenditure are capitalised and amortised over its estimated economical life of the plantation from the maturity date.

All expenditures relate to development of oil palm field (immature field) will be classified under estate development expenditure. This cost will be amortised when the field achieves maturity. Estate overhead expenditure is apportioned to revenue and estate development expenditure on the basis of the proportion of mature to immature areas.

The maturity date for estate development expenditures is the point in time in which such new planting areas yield 8.60 tonnes of fresh fruit bunches per hectare per annum or 48 months from the date of planting, whichever is earlier.

Estate development expenditure of oil palm will be amortised on the straight line basis over 20 years being the current expected useful lives of oil palm trees.

(g) Intangible assets

i. Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

ii. Other intangible assets

Intangible assets other than goodwill, that are acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

iii. Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

iv. Amortisation

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

The amortisation period and the amortisation method are reviewed at least at each balance sheet date. The restaurants' initial and renewal franchise fees and territorial franchise fee are amortised over a period of 10 years.

(h) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments in debt and equity securities (continued)

Subsequent to initial recognition :

- Investments in non-current equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value,

- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value,

- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to :

a) the recognition of an asset on the day it is received by the entity, and
b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(i) Investments property

i. Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the income statements. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

ii. Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the income statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments property (continued)

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in the income statements.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

iii. Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year or the Directors estimate the fair value of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuation reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note13.

(j) Property development

Property development consist of land held for future development and current development expenditure which comprise construction and other related development costs including borrowings costs, is stated at cost less accumulated impairment losses.

The Group and the Corporation consider as current asset that proportion of property development on which sales have been launched and/or the project is expected to be completed within the normal operating cycle of two to three years. Cost of property development classified as current assets are stated at the lower of cost and net realisable value.

When the outcome of a property development cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property Development (continued)

Any anticipated loss on a property development (including costs to be incurred over the defects liability period), is recognise as an expense immediately.

Accrued billings represent the excess of property development revenue recognised in the income statements over billings to purchaser while progress billings represent the excess of billings to purchasers over property development revenue recognised in the income statements.

(k) Inventories

Inventories consist of raw materials, stores, work-in-progress, completed shops and houses and marketable securities.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle/weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress/finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(l) Receivables

Receivables are initially recognised at their cost when contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(m) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Constructions work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of receivables, deposits and prepayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(o) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(p) Impairment of assets

The carrying amounts of assets except for financial assets/inventories/assets arising from construction contracts/deferred tax assets/investment property that is measured at fair value are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of the assets (the "cash-generating units"). The goodwill acquired in a business combination for the purpose of impairment testing is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statements.

(q) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(r) Employee benefits

i. Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

ii. Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(s) Payables

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition

i. *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. *Services*

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

iii. *Construction contracts*

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed or the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

iv. *Commissions*

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

v. *Rental income*

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

vi. *Government grants*

Government grants is recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the income statements on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the income statements on a systematic basis over the useful life of the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition (continued)

vii. *Dividend income*

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

(u) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(v) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expenses as and when they are utilised (See Note 36).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statements is restated as if the operation had been discontinued from the start of the comparative period.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Amounts in RM million unless otherwise stated

3 REVENUE

	Group		Corporation	
	2008	2007	2008	2007
Goods sold	4,199	2,909	183	152
Property and industrial development	370	149	148	242
Healthcare services	1,275	1,118	-	-
Hotel and tourism services	58	50	-	-
Management services	91	71	-	-
Sale of short term investments	6	126	6	13
Dividend income	4	4	82	79
Rental income	90	100	8	6
Parking and related services	70	100	-	-
Mailing and printing	19	22	-	-
Transportation services	24	80	-	-
Rendering of other services	76	19	-	-
	6,282	4,748	427	492

4 OTHER INCOMES

Included in other incomes are :

	Group		Corporation	
	2008	2007	2008	2007
- Amortisation of government grant	30	71	2	-
- Bad debts recovered	2	-	-	-
- Change in fair value of investment properties	34	48	23	13
- Gain on disposal of :				
Investment properties	1	-	-	-
Other investments	-	2	-	-
Property, plant and equipment	2	-	-	-
Subsidiaries/associates	1	163	137	99
- Interest income	28	14	25	22
- Negative goodwill recognised	41	-	-	-
- Realised gain on foreign exchange	26	-	-	-
- Reversal of allowance for amount due from subsidiaries	-	-	6	29
- Reversal of diminution in value of long term investments	-	52	-	-
- Reversal of impairment in investment in subsidiaries/associates	-	-	2	48
- Waiver/Write back of creditors	3	-	-	-

Amounts in RM million unless otherwise stated

5 OTHER EXPENSES

Included in other expenses are :

	Group		Corporation	
	2008	2007	2008	2007
- Allowance for doubtful debts	(14)	(4)	(33)	-
- Amortisation of intangible assets	(3)	(3)	-	-
- Change in fair value of investment properties	(38)	-	-	-
- Contribution for repurchase of unit trust	(25)	(79)	-	-
- Diminution in value of long term investments	(31)	-	(88)	-
- Intangible assets written off	(35)	(3)	-	-
- Inventory written down	(9)	(21)	-	(19)
- Loss on disposal of :				
Associates	(3)	-	-	-
Investment properties	-	(8)	-	(6)
Other investments	(5)	-	-	-
Property, plant and equipment	(16)	-	-	-
- Property development expenditure written off	-	(11)	-	(11)
- Realised loss on foreign exchange	(54)	(3)	-	-
- Waqaf contribution	-	(50)	-	(50)

6 RESULTS FROM OPERATING ACTIVITIES

Results from operating activities was arrived at after charging :

	Group		Corporation	
	2008	2007	2008	2007
Bad debts written off	1	-	-	-
Hire of property, plant and equipment	21	19	-	-
Depreciation of investment properties	-	4	-	-
Property, plant and equipment :				
- Depreciation	249	211	10	9
- Impairment	5	-	-	-
- Written Off	5	6	-	1
Prepaid lease payments :				
- Amortisation	11	9	3	3
- Impairment	2	-	-	-
Rental of offices and buildings	159	138	2	2
And after crediting the following item :				
Amortisation of lease rental income	2	-	-	-

Amounts in RM million unless otherwise stated

7 STAFF COSTS

	Group		Corporation	
	2008	2007	2008	2007
Wages, salaries and bonus	589	477	11	11
Defined contribution retirement plan	23	38	1	1
Other employee benefits	36	29	-	-
	648	544	12	12

Employee Share Option Scheme

The Johor Corporation Employee Share Option Scheme ("ESOS") was established on 14 September 2004 pursuant to the Trust Deed between Johor Corporation ("JCorp") and Johor Ventures Sdn Bhd ("JVSB"), in which certain shares in JCorp's listed companies, namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Sindora Berhad and Johor Land Berhad, were transferred to and held in trust by JVSB as Trustee under the Scheme. JVSB agreed to hold the shares owned by JCorp and shall deal with the shares in accordance with the written instructions of JCorp and specifically, for the purpose of granting options to Directors and employees of the JCorp Group as approved by JCorp and agreed to sell and transfer the shares in accordance with the terms of the respective Option Agreements entered into between JVSB and the Qualified Option Holders of the JCorp Group.

The main features of the JCorp ESOS are as follows :

i) Option is for 5 year period commencing from 16 September 2004 and expiring on 15 September 2009 or such extended date as may be agreed by the parties in writing;

ii) Option holder may exercise option at any time but each exercise must be for a minimum of 20% of his entitlement;

iii) Board of JCorp will determine which Directors and employees are eligible;

iv) Option holder must settle the option price at time of issuing notice of exercise of option;

v) The option price is as per stated in the First Schedule of the Option Agreement entered into between the Qualified Option Holder and JVSB; and

vi) If at any time within the first 12 months of ESOS Option holder becomes eligible for the Intrapreneur Scheme, he will lose entitlement under the ESOS to the extent of the value of shares under the Intrapreneur Scheme.

The financial effect of 2004 ESOS is not significant to the financial statements.

Johor Corporation implemented another ESOS in 2008 for certain senior key management personnel in the Group. The ESOS is for a 3 years period and expire in 2011. The Group incurred an expense of RM177,000 in 2008 for the portion of 2008 ESOS shares exercised and RM570,000 to be incurred for the remaining options when exercised in the future.

Amounts in RM million unless otherwise stated

8 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The key management personnel compensations are as follows :

	Group		Corporation	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-executive directors :				
- Fees	900	600	900	600
Executive directors :				
- Fees	467	409	90	60
- Remuneration	768	541	768	541
Other short term employee benefits : (Including estimated monetary value of benefits-in-kind)	241	146	158	146
Defined contribution retirement plan	93	59	93	59
	2,469	1,755	2,009	1,406
Other key management personnel :				
- Short-term employee benefits	39,137	32,354	1,510	1,214
	41,606	34,109	3,519	2,620

Other key management personnel comprises persons other than the Directors of the Corporation, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

9 FINANCE COSTS

	Group		Corporation	
	2008	2007	2008	2007
Guaranteed Redeemable Islamic Bonds	154	156	154	156
Term loan	89	92	-	-
Short term borrowings	23	20	20	17
Others	45	38	7	5
Total interest expenses	311	306	181	178
Less : Amount capitalised to :				
Property, plant and equipment (Note 12)	(9)	(4)	-	-
Property development (Note 14)	(1)	(6)	-	-
	301	296	181	178

Amounts in RM million unless otherwise stated

10 TAX EXPENSES

	Group		Corporation	
	2008	2007	2008	2007
Current tax for the year :				
- Malaysia	84	31	-	-
- Foreign	100	82	-	-
Deferred tax (Note 20) :				
- Malaysia	9	3	5	-
- Foreign	3	6	-	-
Share of tax of equity accounted associates	25	21	-	-
Total tax expenses	**221**	**143**	**5**	**-**
Income tax				
- Current year	187	134	-	-
- Over provisions in prior years	(3)	(21)	-	-
	184	113	-	-
Deferred tax				
- Origination and reversal of temporary differences	14	9	5	-
- Overprovision in prior year	(2)	-	-	-
Share of tax of equity accounted associates	25	21	-	-
	37	30	5	-
Total tax expenses	**221**	**143**	**5**	**-**

Reconciliation of effective tax expenses :

	Group		Corporation	
	2008	2007	2008	2007
Profit for the year	464	478	77	126
Total tax expense	221	143	5	-
Profit excluding tax	685	621	82	126
Tax calculated at the Malaysian income tax	178	162	21	34
Effect of different tax rate of other countries	13	12	-	-
Effect of changes in tax rate	(6)	(7)	-	-
Non deductible expenses	178	100	57	30
Income not subject to tax	(137)	(103)	(73)	(64)
Recognition of previously unrecognised deferred tax asset	(3)	(10)	-	-
Others	3	10	-	-
Overprovision in prior years	(5)	(21)	-	-
Tax expense	**221**	**143**	**5**	**-**

Amounts in RM million unless otherwise stated

10 TAX EXPENSES (continued)

Federal Government Gazette dated 16 August 2005 exempts Johor Corporation and its subsidiaries from income taxes in respect of certain incomes specified in the gazette received from 1 January 1998 to 31 December 2006. On 18 January 2007, the same exemptions were further extended to 31 December 2012.

11 DISCONTINUED OPERATIONS

The Group has disposed of PT Graha Cakra Mulia, PT Sumber Mahardhika Graha, PT Salonok Ladang Mas and PT Harapan Hibrida Kalbar on 8 August 2007 and subsequently, PT Trimurti Sumbertama on 26 September 2007.

Management sold this Indonesia plantation due to the strategic decision to place greater focus on its more profitable and less risky plantation developments in Malaysia, Papua New Guinea and the Solomon Islands, where the Group has extensive experience and infrastructure in place.

The effect of the disposal on the financial position of the Group was as follows :

	2007
Property,plant and equipment	241
Prepaid lease payments	34
Inventories	14
Receivables	5
Tax recoverable	2
Bank balances	1
Trade and other payables	(61)
Currency translation differences	25
Net assets	261
Incidental cost	69
Gain on disposal	107
Proceeds from disposal	437
Less:Cash and cash equivalent of subsidiaries disposed	(1)
Group net cash inflow	436

Amounts in RM million unless otherwise stated

11 DISCONTINUED OPERATIONS (continued)

Profit attributable to the discontinued operation was as follows :

	Group 2007
Results of discontinued operation	
Revenue	26
Finance cost	(6)
Other expenses	(45)
Results from operating activities	(25)
Gain on sale of discontinued operation	107
Profit for the year	**82**

Cash flows from discontinued operations	
Net cash from operating activities	(13)
Net cash from investing activities	(65)
Net cash from financing activities	72
	(6)

Amounts in RM million unless otherwise stated

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Estate development expenditure	Buildings	Furniture & fittings, plant & machinery and motor vehicles	Capital work in progress	Total
Group						
At Cost or Valuation						
At 1 January 2007	1,380	1,086	1,078	1,896	165	5,605
Additions	12	132	33	224	185	586
Disposals/Write off	-	(39)	(2)	(68)	-	(109)
Transfers	(107)	(1)	(63)	48	(98)	(221)
Disposal of subsidiaries	-	(202)	(25)	(29)	-	(256)
Acquisition of subsidiaries	5	-	5	5	-	15
Exchange differences	91	(106)	(3)	(9)	(3)	(30)
At 31 December 2007/ 1 January 2008	1,381	870	1,023	2,067	249	5,590
Additions	21	124	18	173	465	801
Disposals/Write off	-	(2)	(8)	(115)	-	(125)
Transfers	(78)	-	(40)	352	(331)	(97)
Disposal of subsidiaries	-	-	(2)	(4)	-	(6)
Acquisition of subsidiaries	-	76	254	33	3	366
Exchange differences	(1)	(9)	(8)	(11)	11	(18)
At 31 December 2008	**1,323**	**1,059**	**1,237**	**2,495**	**397**	**6,511**

Amounts in RM million unless otherwise stated

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Estate development expenditure	Buildings	Furniture & fittings, plant & machinery and motor vehicles	Capital work in progress	Total
Group						
Accumulated Depreciation						
At 1 January 2007	-	328	297	951	-	1,576
Charge for the year	-	28	30	153	-	211
Disposals/Write off	-	(40)	(2)	(56)	-	(98)
Transfers	-	-	(5)	(4)	-	(9)
Disposal of subsidiaries	-	(6)	(3)	(4)	-	(13)
Acquisition of subsidiaries	-	-	1	3	-	4
Exchange differences	-	(1)	(2)	(4)	-	(7)
At 31 December 2007/ 1 January 2008	-	309	316	1,039	-	1,664
Charge for the year	-	37	35	177	-	249
Disposals/Write off	-	(2)	(1)	(75)	-	(78)
Transfers	-	-	(5)	(5)	-	(10)
Disposal of subsidiaries	-	-	(1)	(4)	-	(5)
Acquisition of subsidiaries	-	-	-	-	-	-
Exchange differences	-	(3)	(5)	(11)	-	(19)
At 31 December 2008	-	341	339	1,121	-	1,801

Amounts in RM million unless otherwise stated

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Estate development expenditure	Buildings	Furniture & fittings, plant & machinery and motor vehicles	Capital work in progress	Total
Group						
Accumulated Impairment Losses						
At 1 January 2007/ 31 December 2007	-	12	-	-	1	13
At 1 January 2008	-	12	-	-	1	13
Impairment for the year	-	-	5	-	-	5
At 31 December 2008	-	12	5	-	1	18
Carrying amount						
At 31 December 2008	1,323	706	893	1,374	396	4,692
At 31 December 2007	1,381	549	707	1,028	248	3,913

	Freehold land	Estate development expenditure	Buildings	Furniture & fittings, plant & machinery and motor vehicles	Capital work in progress	Total
Corporation						
At Cost or Valuation						
At 1 January 2007	93	67	61	79	-	300
Additions	-	-	-	3	-	3
Disposals/Write off	-	(8)	-	(1)	-	(9)
Transfer to prepaid lease payments	(92)	-	-	-	-	(92)
At 31 December 2007/ 1 January 2008	1	59	61	81	-	202
Additions	-	12	1	2	1	16
Disposals/Write off	-	-	-	(2)	-	(2)
At 31 December 2008	1	71	62	81	1	216

Amounts in RM million unless otherwise stated

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Estate development expenditure	Buildings	Furniture & fittings, plant & machinery and motor vehicles	Capital work in progress	Total
Corporation						
Accumulated Depreciation						
At 1 January 2007	-	46	31	65	-	142
Charge for the year	-	2	3	4	-	9
Disposals/Write off	-	(7)	-	(1)	-	(8)
At 31 December 2007/ 1 January 2008	-	41	34	68	-	143
Charge for the year	-	3	3	4	-	10
Disposals/Write off	-	-	-	(2)	-	(2)
At 31 December 2008	-	44	37	70	-	151
Carrying amount						
At 31 December 2008	1	27	25	11	1	65
At 31 December 2007	1	18	27	13	-	59

The net book value of Property, Plant and Equipment acquired under finance leases of the Group amounted to RM54 million (2007:RM54 million).

Included in additions of the Group is borrowing cost of RM9 million (2007:RM4 million) capitalised during the year (Note 9).

During the year, the Group acquired Property, Plant and Equipment with an aggregate cost of RM801 million (2007:RM586 million). The acquisition is settled through the following means :

	Group	
	2008	2007
Cash payment	792	576
Under finance lease	9	10
	801	586

Amounts in RM million unless otherwise stated

12 PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2008, Property, Plant and Equipment of the Group and the Corporation with net book value of RM1,808 million (2007:RM1,763 million) and RM9 million (2007:RM9 million) respectively, are pledged as security for borrowings.

The particulars of freehold land, estate development expenditure and buildings stated at cost or valuation are as follows :

	Group		Corporation	
	2008	2007	2008	2007
Cost				
Freehold land	171	162	1	1
Estate development expenditure	1,059	870	71	59
Buildings	892	626	62	61
Valuation				
Freehold land	1,152	1,219	-	-
Buildings	345	397	-	-
	3,619	3,274	134	121

If the total amounts of freehold land and buildings had been determined in accordance with the historical cost, they would have been stated :-

	Group		Corporation	
	2008	2007	2008	2007
Net book value				
Freehold land	146	159	-	-
Buildings	241	257	-	-
	387	416	-	-

Amounts in RM million unless otherwise stated

13 INVESTMENT PROPERTY

	At Fair Value	At Cost	Total
Group			
At 1 January 2007	1,834	86	1,920
Additions	31	-	31
Disposals	(141)	-	(141)
Depreciation	-	(4)	(4)
Transfer	2	-	2
Change in fair value	48	-	48
At 31 December 2007/1 January 2008	1,774	82	1,856
Additions	42	-	42
Disposals	(16)	-	(16)
Reclassification	82	(82)	-
Transfer	(11)	-	(11)
Change in fair value	(4)	-	(4)
At 31 December 2008	**1,867**	**-**	**1,867**
Included in the above are :			
Freehold land	284	-	284
Short term leasehold land	22	-	22
Long term leasehold land	306	13	319
Buildings	1,162	69	1,231
At 31 December 2007	**1,774**	**82**	**1,856**
Freehold land	253	-	253
Short term leasehold land	74	-	74
Long term leasehold land	306	-	306
Buildings	1,234	-	1,234
At 31 December 2008	**1,867**	**-**	**1,867**

Amounts in RM million unless otherwise stated

13 INVESTMENT PROPERTY (continued)

	At Fair Value	
Corporation	2008	2007
At 1 January	359	367
Additions	-	1
Disposals	(2)	(24)
Transfer from property development costs	-	2
Change in fair value	23	13
At 31 December	**380**	**359**
Included in the above are :		
Freehold land	152	137
Long term leasehold land	138	138
Short term leasehold land	60	57
Buildings	30	27
At 31 December	**380**	**359**

Long term and short term leasehold land refer to unexpired lease period more than 50 years and less than 50 years respectively.

The Group uses several methods to determine the fair value, including :
- Valuation by external professional valuers based on open market/comparison basis;
- Expected selling price to third parties or offer price from third parties;
- Estimation by the Directors.

Investment properties of the Group with carrying amount of RM Nil (2007:RM82.4 million) are stated at cost as the market value is not available than.

As at 31 December 2008, Investment properties of the Group and the Corporation with carrying amount of RM267 million (2007:RM142 million) and RM35 million (2007:RM28 million) respectively are pledged as security for borrowings. Investment properties of certain subsidiaries with carrying amount of RM132 million (2007:RM95.8 million) and are in the process of being transferred to the names of subsidiaries.

Investment properties of the Corporation with carrying amount of RM40.6 million (2007:RM48.8 million) are registered in the names of subsidiaries and are in the process of being transferred to the name of Corporation.

In 2004, a subsidiary entered into a tripartite agreement with Pelaburan Johor Berhad ("PJB") and Amanah Raya Berhad ("ARB"), the manager and trustee for both Amanah Saham Johor ("ASJ") and Dana Johor ("DJ") respectively for the implementation of a repurchase scheme for the unit holders of both ASJ and DJ as disclosed in Note 33. In conjuction with this scheme, the subsidiary entered into :

a) an alienation agreement with State Government of Johor ("SGJ") to alienate six pieces of landed properties for a premium of RM60 million; and
b) a sale and purchase agreement with State Secretary, Johor (Incorporation) ("SSI") to acquire a wet market and bus terminal for a consideration of RM40 million.

Amounts in RM million unless otherwise stated

13 INVESTMENT PROPERTY (continued)

SGJ had alienated five pieces of the landed properties and is in the process of alienating of another piece of the landed property with a carrying amount of approximately RM4 million (2007:RM4 million) to the subsidiary. The Directors estimated the fair value of the land to be alienated to the subsidiary amounted to approximately RM5.7 million.

At the end of the financial year 2007, the subsidiary disposed the wet market and bus terminal to the Corporation for RM112 million. Immediately upon acquisition, the Corporation disposed the wet market and bus terminal operation to a subsidiary, TPM Management Sdn Bhd ("TPMM") at the same consideration and then disposed the properties via contribution of 61% equity interest in TPMM to Kumpulan Waqaf An-Nur Berhad at zero consideration.

14 PROPERTY DEVELOPMENT

(a) Future development

	Group		Corporation	
	2008	2007	2008	2007
At Cost :				
Freehold land	18	26	-	-
Leasehold land	244	236	6	6
Development expenditure	189	121	7	16
At 1 January	**451**	**383**	**13**	**22**
Cost incurred during the year :				
Freehold land	1	7	-	-
Leasehold land	-	74	-	-
Development expenditure	6	78	-	1
	7	**159**	**-**	**1**
Less : Charged to income statement				
Leasehold land	(86)	(59)	-	-
Development expenditure	(2)	(9)	(3)	(9)
	(88)	**(68)**	**(3)**	**(9)**
Transfer to current development (Note 14 (b))				
Freehold land	(12)	(15)	-	-
Leasehold land	(5)	(3)	(3)	-
Development expenditure	16	-	16	-
Transfer/Reclassification	(157)	(5)	(1)	(1)
	(158)	**(23)**	**12**	**(1)**
	212	**451**	**22**	**13**

Amounts in RM million unless otherwise stated

14 PROPERTY DEVELOPMENT (continued)

(a) Future development (continued)

	Group		Corporation	
	2008	2007	2008	2007
At Cost :				
Freehold land	7	18	-	-
Leasehold land	147	244	3	6
Development expenditure	58	189	19	7
At 31 December	**212**	**451**	**22**	**13**

(b) Current development

	Group		Corporation	
	2008	2007	2008	2007
At Cost :				
Freehold land	24	8	-	-
Leasehold land	14	10	-	-
Development expenditure	603	561	445	412
At 1 January	**641**	**579**	**445**	**412**
Cost incurred during the year :				
- Development expenditure	204	78	64	36
Cost recognised as an expense in income statements :				
- Previous year	(349)	(269)	(304)	(218)
- Current year	(97)	(105)	(22)	(86)
	(446)	(374)	(326)	(304)
Transfer from/(to) :				
- Future development				
- Freehold land	12	15	-	-
- Leasehold land	5	3	3	-
- Development expenditure	(16)	-	(16)	-
- Inventories	(8)	(6)	-	-
- Investment properties	11	(3)	-	(3)
	4	9	(13)	(3)
At 31 December	**403**	**292**	**170**	**141**

Amounts in RM million unless otherwise stated

14 PROPERTY DEVELOPMENT (continued)

Included in the development expenditure during the year are the following item :

	Group	
	2008	2007
Interest expenses (Note 9)	1	6

Development lands for the Group with carrying amount of RM179 million (2007:RM97 million) are pledged as security for borrowings.

Development lands of the Corporation at carrying amount of RM53 million (2007:RM41 million) are charged to a licensed bank for the Redeemable Secured Certificates facility amounting to RM214.3 million (2007:RM214.3 million).

As at 31 December 2008, lands with carrying amount of RM349 million (2007:RM387 million) are not registered in the names of certain subsidiaries and are in the process of being transferred to the names of the subsidiaries.

Certain titles of leasehold land of a subsidiary with carrying amount of RM44 million (2007:RM44 million) are pending issuance to the Group by relevant authorities and in the progress of application for conversion of the leasehold land to freehold land.

Lands with carrying amount of RM25 million (2007:RM25 million) are not registered in the name of certain subsidiaries but are held in escrow by the State Authority of Johor for the beneficial interest of the subsidiaries until the entire land has been sold in subdivided lots to purchasers.

15 SUBSIDIARIES

	Corporation	
	2008	2007
At cost		
Quoted shares in Malaysia	663	620
Unquoted shares in Malaysia	1,223	1,350
Convertible Unsecured Loan Stocks ("CULS")	331	331
Unsecured preference shares *	1,405	1,167
Less : Allowance for diminution in value/ Accumulated impairment	(939)	(936)
	2,683	2,532
Market value for quoted shares	1,049	1,716

* The unsecured preference shares are issued by different subsidiaries with features as follows :

- Convertible and non-convertible
- Cumulative and non-cumulative
- Redeemable and non-redeemable

The subsidiaries audit reports with modified opinion are indicated in the list of subsidiaries and associates on page 196 to 206.

Amounts in RM million unless otherwise stated

15 SUBSIDIARIES (continued)

Acquisition and disposal of subsidiaries in 2008

Except as disclosed below, other acquisition and disposal of subsidiaries do not have any significant effect to the Group.

a) Partial acquisition and disposal of equity interest in listed Subsidiaries.

The Corporation acquired and disposed its investment in listed Subsidiaries from time to time. During the year, the net effect of these transactions to the Group are summarised below :

	Net gain/(loss) on partial acquisition and disposal	
	2008	2007
Kulim (Malaysia) Berhad	45	(17)
KPJ Healthcare Berhad	(1)	2
Johor Land Berhad	-	(5)
Sindora Berhad	(3)	2
	41	(18)

b) On 1 October 2008, Kulim (Malaysia) Berhad ("KMB"), via its 51% controlled subsidiary New Britain Palm Oil Limited ("NBPOL"), has successfully concluded the acquisition of Ramu Agri-Industries Limited ("RAIL") by securing control over the company. RAIL and its subsidiaries grow, manufacture and sell sugar and ethanol, palm oil and palm kernel and engage in cattle farming and production of beef. The new subsidiary is located in Gusap, Madang province, Papua New Guinea.

The acquisitions had the following effect on the Group's assets and liabilities on acquisition date :-

	Book value at date of acquisition	Fair value adjustment	Recognised fair value on acquisition
Property, plant and equipment	277	82	359
Investment	2	(2)	-
Inventories	91	19	110
Trade and other receivables	33	(8)	25
Borrowings	(133)	-	(133)
Trade and other payables	(59)	-	(59)
Deferred tax liabilities	(57)	(26)	(83)
Net assets acquired	154	65	219
Less : Cash and cash equivalent of subsidiaries acquired			-
Consideration paid, satisfied in cash			219

Amounts in RM million unless otherwise stated

15 SUBSIDIARIES (continued)

The fair value are provisional as the acquisition was completed with effect from 30 September 2008. Provisional fair values may be used for a period of 12 months from acquisition.

During the 12 month period from acquisition date, an independent valuer will complete a detailed valuation of the land acquired to determine the final fair value of these assets. Utilising the independent valuers report, NBPOL will determine the final allocation of the excess across property, plant and equipment, intangible assets, deferred tax assets and liabilities, the outcome of which could materially change the provisional fair values identified above.

c) During the financial year, the Group acquired an additional 2.16 % in QSR Brands Berhad ("QSR") for about RM74,971,000 in cash, increasing its ownership from 57.42% to 59.58%. The carrying amount of QSR's net assets in the consolidated financial statements on the date of acquisition was RM590,432,000. The Group recognised a decrease in minority interest of about RM12,869,000 and increase in intangible assets on acquisition of about RM4,005,000.

d) On 29 February 2008, the Group, via QSR, entered into a Joint Venture Agreement with Royal Group of Companies Ltd, Combodia and Rightlink Corporation Limited, Hong Kong to form a new joint venture under a new joint venture company, Kampuchea Food Corporation Limited ("KFCL"), to operate KFC Restaurant business in Cambodia.

QSR acquired 55% of the issued and paid up share capital of USD1.5 million in KFCL for cash consideration of RM2,665,575.

e) On 7 December 2007, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a subsidiary of KPJ Healthcare Berhad, a subsidiary of the Corporation, acquired 100% of the equity interest in Taiping Medical Centre Sdn Bhd comprising 231,619 ordinary shares of RM1.00 each for an aggregate cash consideration of RM18,000,000. The acquisition has been approved by Foreign Investment Committee vide its letter dated 28 December 2007. The acquisition was completed on 22 January 2008. The fair value of net assets in Taiping Medical Centre Sdn Bhd at the date of acquisition was RM10,824,609 and the goodwill arising on this acquisition amounted to RM7,175,391.

f) On 8 October 2008, KPJSB acquired 100% of the equity interest in Pusat Pakar Kluang Utama Sdn Bhd comprising 2,000,000 ordinary shares of RM1.00 each for an aggregate cash consideration of RM12,000,000. The fair value of net assets in Pusat Pakar Kluang Utama Sdn Bhd at the date of acquisition was RM9,355,825 and the goodwill arising on this acquisition amounted to RM2,644,175.

g) During the financial year, KPJSB had acquired Renal-Link Sentosa Sdn Bhd, Prai Specialist Hospital Sdn Bhd and Lablink (M) Sdn Bhd for total cash consideration of RM1,771,158.

Amounts in RM million unless otherwise stated

15 SUBSIDIARIES (continued)

A summary of the details of net assets acquired and cash flows arising from the acquisitions in above (e), (f) and (g) during the financial year is as follows :

	Acquiree's Carrying Amount	Fair Value
Property, plant and equipment	7	7
Prepaid leases (leasehold land)	1	7
Inventories	1	1
Receivables, deposits and prepayments	1	1
Deposits, bank and cash balances	8	8
Payables	(2)	(2)
Deferred tax liabilities	-	(2)
Net assets acquired	16	20
Goodwill on acquisition		10
Negative goodwill		(1)
Purchase consideration settled in cash		29
Less : Cash and cash equivalent of subsidiaries acquired		(8)
Cash outflow of the Group on acquisition of subsidiaries		21

The effect of the acquisitions as stated in the above (b), (c), (d), (e), (f) and (g) on the financial results of the Group during the year is not material.

Acquisition and disposal of subsidiaries in 2007

a) Deemed disposal of New Britain Palm Oil Limited ("NBPOL")

On 31 July 2007, Kulim (Malaysia) Berhad ("KMB"), a subsidiary of the Corporation, disposed of total of 12 million ordinary shares of Kina 0.25 each, representing 10.51% of the equity shareholding of KMB in NBPOL, at Kina 8.00 per share for a total consideration of Kina 96 million (equivalent to RM115.8 million), resulting in a gain on partial disposal of RM41.8 million. KMB's equity interest in NBPOL fell to 61.23%.

On 17 December 2007, NBPOL has its entire 145 million issued and paid-up share capital admitted to the Main Market of London Stock Exchange ("LSE"). The placing on LSE comprised an offer to subscribe for 25 million new ordinary shares and the sale of 10.6 million existing ordinary shares at offer price of GBP2.50 per share.

As a result, KMB's equity shareholding in NBPOL was diluted from 61.23% to 50.68% post-admission to LSE. The Group reported a gain of RM120.1 million from the dilution.

b) Disposal of subsidiaries

The Group disposed certain subsidiaries in Indonesia during the year. The effect is disclosed as Discontinued Operations as mentioned in Note 11.

The Corporation also contributed (waqaf) its investment in TPM Management Sdn Bhd ("TPMM") to KWANB as mentioned in Note 13.

Amounts in RM million unless otherwise stated

16 ASSOCIATES

	Group 2008	Group 2007	Corporation 2008	Corporation 2007
At Cost				
Quoted shares in Malaysia	953	849	240	229
Less: Allowance for diminution in value	-	-	(198)	(157)
	953	849	42	72
Unquoted shares in Malaysia	112	120	48	48
Share of post acquisition retained profits and reserves less losses	(47)	(93)	-	-
	1,018	876	90	120
Market value for quoted shares	976	796	42	58

Summary financial information on associates :

	Country of incorporation	Effective ownership interest	Revenues (100%)	Profit/ (loss) (100%)	Total assets (100%)	Total liabilities (100%)
2008						
KFC Holdings (Malaysia) Bhd	Malaysia	16.07%	2,180	120	1,154	452
Nexsol Singapore Pte Ltd	Singapore	26.08%	478	(14)	140	162
Revertex (M) Sdn Bhd	Malaysia	14.59%	569	31	267	133
Union Industries Sdn Bhd	Malaysia	23.09%	6	-	11	1
Al-`Aqar KPJ REIT	Malaysia	24.61%	48	44	704	262
Kedah Medical Centre Sdn Bhd	Malaysia	23.00%	51	4	46	15
Hospital Penawar Sdn Bhd	Malaysia	15.11%	24	3	14	9
Willis (Malaysia) Sdn Bhd	Malaysia	31.64%	23	11	47	23
AmanahRaya-JMF Asset Management Sdn Bhd	Malaysia	8.32%	14	3	7	4
MM Vitaoils Sdn Bhd	Malaysia	14.56%	101	4	76	51
Bertam Properties Sdn Bhd	Malaysia	20.00%	85	31	242	5
Damansara Realty Bhd	Malaysia	31.74%	42	(13)	312	195
Panca Pesona Sdn Bhd	Malaysia	40.00%	21	5	87	59
TPM Management Sdn Bhd	Malaysia	39.00%	9	4	122	36
Healthcare Technical Services Sdn Bhd	Malaysia	15.07%	4	1	9	5
Tepak Marketing Sdn Bhd	Malaysia	30.70%	19	1	9	4
			3,674	235	3,247	1,416

Amounts in RM million unless otherwise stated

16 ASSOCIATES (continued)

	Country of incorporation	Effective ownership interest	Revenues (100%)	Profit/ (loss) (100%)	Total assets (100%)	Total liabilities (100%)
2007						
KFC Holdings (Malaysia) Bhd	Malaysia	13.54%	1,730	106	1,006	397
Nexsol Singapore Pte Ltd	Singapore	24.66%	30	(8)	133	140
Revertex (M) Sdn Bhd	Malaysia	15.49%	531	30	278	170
Union Industries Sdn Bhd	Malaysia	23.08%	6	-	11	1
Al-`Aqar KPJ REIT	Malaysia	21.96%	36	25	495	146
Kedah Medical Centre Sdn Bhd	Malaysia	22.79%	46	1	71	38
Hospital Penawar Sdn Bhd	Malaysia	14.97%	19	2	12	8
Willis (Malaysia) Sdn Bhd	Malaysia	41.00%	25	12	35	22
AmanahRaya-JMF Asset Management Sdn Bhd	Malaysia	13.00%	13	5	10	7
MM Vitaoils Sdn Bhd	Malaysia	22.76%	87	4	69	47
Bertam Properties Sdn Bhd	Malaysia	20.00%	153	107	308	65
Damansara Realty Bhd	Malaysia	23.10%	43	(13)	295	169
Panca Pesona Sdn Bhd	Malaysia	40.00%	19	4	93	70
TPM Management Sdn Bhd	Malaysia	39.00%	-	-	115	33
Healthcare Technical Services Sdn Bhd	Malaysia	14.97%	5	1	8	5
Renal-Link Sentosa Sdn Bhd	Malaysia	24.96%	1	-	1	-
			2,744	276	2,940	1,318

17 LONG TERM INVESTMENTS

	Group		Corporation	
At Cost	2008	2007	2008	2007
Quoted shares in Malaysia	122	132	27	20
Quoted shares overseas	-	1	-	-
	122	133	27	20
Less : Allowance for diminution in value	(84)	(74)	(10)	(1)
	38	59	17	19
Unquoted shares in Malaysia	18	74	-	-
Unquoted shares overseas	27	23	-	-
Unquoted Subordinated Bond	4	4	-	-
Other investments	11	16	5	4
Less : Allowance for diminution in value	(30)	(80)	(1)	-
	68	96	21	23
Market value for quoted shares	34	53	17	17

It is not practicable within the constraints of timeliness and cost to estimate the fair value of the other unquoted investments.

Amounts in RM million unless otherwise stated

18 PREPAID LEASE PAYMENTS AND OTHER ASSETS

	Group		Corporation	
	2008	2007	2008	2007
Prepaid lease payments	698	645	263	266
Other assets	5	-	-	-
	703	645	263	266

PREPAID LEASE PAYMENTS

	Leasehold land unexpired period less than 50 years	Leasehold land unexpired period more than 50 years	Total
Group			
At Cost/Valuation			
At 1 January 2007	69	581	650
Addition	-	7	7
Disposal	-	(1)	(1)
Disposal of subsidiaries	-	(37)	(37)
Reclassification/Transfer	1	81	82
Exchange differences	-	(1)	(1)
At 31 December 2007/ 1 January 2008	70	630	700
Addition	-	64	64
Acquisition of subsidiaries	-	7	7
Reclassification/Transfer	-	(5)	(5)
At 31 December 2008	70	696	766
Accumulated Amortisation			
At 1 January 2007	7	45	52
Amortisation for the year	1	8	9
Disposal	-	(1)	(1)
Disposal of subsidiaries	-	(4)	(4)
Reclassification	-	(1)	(1)
At 31 December 2007/ 1 January 2008	8	47	55
Amortisation for the year	1	10	11
At 31 December 2008	9	57	66

Amounts in RM million unless otherwise stated

18 PREPAID LEASE PAYMENTS AND OTHER ASSETS (continued)

PREPAID LEASE PAYMENTS (continued)

	Leasehold land unexpired period less than 50 years	Leasehold land unexpired period more than 50 years	Total
Accumulated Impairment Losses			
At 1 January 2007/31 December 2007 /1 January 2008	-	-	-
Impairment for the year	-	2	2
At 31 December 2008	-	2	2
Carrying amount			
At 31 December 2008	61	637	698
At 31 December 2007	62	583	645

	Leasehold land unexpired period less than 50 years	Leasehold land unexpired period more than 50 years	Total
Corporation			
At Cost/Valuation			
At 1 January 2007	4	177	181
Reclassification	3	(3)	-
Transfer from property, plant and equipment	-	92	92
At 31 December 2007/1 January 2008/ 31 December 2008	7	266	273
Accumulated Amortisation			
At 1 January 2007	1	2	3
Amortisation for the year	-	3	3
At 31 December 2007/1 January 2008	1	5	6
Amortisation for the year	-	3	3
At 31 December 2008	1	8	9

Amounts in RM million unless otherwise stated

18 PREPAID LEASE PAYMENTS AND OTHER ASSETS (continued)

PREPAID LEASE PAYMENTS (continued)

	Leasehold land unexpired period less than 50 years	Leasehold land unexpired period more than 50 years	Total
Accumulated Impairment Losses			
At 1 January 2007	1	-	1
At 31 December 2007/1 January 2008	1	-	1
At 31 December 2008	**1**	**-**	**1**
Carrying amount			
At 31 December 2008	**5**	**258**	**263**
At 31 December 2007	**5**	**261**	**266**

As at 31 December 2008, prepaid lease payments of the Group and of the Corporation with carrying amount of RM329 million (2007:RM341 million) and RM170 million (2007:RM173 million) were pledged as security for bank loans and borrowings.

Prepaid lease payments of the Corporation with carrying amount of RM90.12 million (2007:RM91.06 million) are registered in the name of a subsidiary and are in the process of being transferred to the name of the Corporation.

19 INTANGIBLE ASSETS

	Goodwill	Rights	Franchise rights	Timber extraction rights	Others	Total
Group						
At Cost						
At 1 January 2007	83	274	30	127	3	517
Acquisition of subsidiaries	-	2	3	-	-	5
Written Off	-	-	-	-	(3)	(3)
At 31 December 2007/ 1 January 2008	83	276	33	127	-	519
Acquisition of subsidiaries	10	-	-	-	-	10
Addition	-	4	3	-	-	7
Written off	(35)	-	-	-	-	(35)
Disposal of subsidiaries	-	-	-	(127)	-	(127)
At 31 December 2008	**58**	**280**	**36**	**-**	**-**	**374**

Amounts in RM million unless otherwise stated

19 INTANGIBLE ASSETS (continued)

	Goodwill	Rights	Franchise rights	Timber extraction rights	Others	Total
Accumulated Amortisation						
At 1 January 2007	-	-	4	61	-	65
Amortisation	-	-	2	1	-	3
At 31 December 2007/ 1 January 2008	-	-	6	62	-	68
Amortisation	-	-	3	-	-	3
Disposal of subsidiaries	-	-	-	(62)	-	(62)
At 31 December 2008	-	-	9	-	-	9
Accumulated Impairment Losses						
At 1 January 2007	-	-	-	58	-	58
At 31 December 2007/ 1 January 2008	-	-	-	58	-	58
Disposal of subsidiaries	-	-	-	(58)	-	(58)
At 31 December 2008	-	-	-	-	-	-
Carrying amount						
At 31 December 2008	58	280	27	-	-	365
At 31 December 2007	83	276	27	7	-	393

Impairment testing for cash-generating units (CGU) containing rights and goodwill

For the purpose of impairment testing, rights and goodwill are allocated to the Group's operating divisions which represent the lowest level within the Group at which the rights and goodwill are monitored for internal management purposes.

The aggregate carrying amounts of rights and goodwill allocated to each unit are as follows :

	Group	
	2008	2007
Rights :		
- Pizza Restaurants (1)	280	276
Goodwill :		
- Hospitals and Support Services (2)	50	40
- Others	8	43
	338	359

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Amounts in RM million unless otherwise stated

19 INTANGIBLE ASSETS (continued)

Key assumption used in value-in-use calculations :-

(1) Pizza Restaurants

The recoverable amount of CGU is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a ten-year period. The growth rate used to extrapolate the cash flows of the Pizza Restaurants segment beyond the five-year period is 4% (2007:5%) which is in line with the estimated GDP growth rate for the country in which it operates.

- There will be no material changes in the structure and principal activities of the investee Group.
- Raw material price inflation - there will not be any significant increase in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in the economic conditions or other abnormal factors, which will adversely affect the operations of CGU.
- Statutory income tax rate - the tax rate for Malaysia is 26% for current year and thereafter 25%. There will be no material changes in the present legislation or regulations, rates and bases of duties, levies and other taxes affecting the Group's and the CGUs' activities.
- A pre-tax discount rate of 6% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the average interest rate of 5.5% per annum on the existing facilities for the year.
- Foreign exchange rate - the foreign exchange rate will not be substantially and adversely different from the current rate.

(2) Hospitals and Support Services

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average rate for the relevant CGUs.

The key assumptions used in the value-in-use calculations are as follows :

	2008 %	2007 %
Budgeted gross margin	28	28
Growth rate	7	7
Pre-tax discount rate applied to the cash flow projections	12	12
Terminal growth rate	5	5

The growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period.

Recoverable amount based on value-in-use

The Directors have determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Amounts in RM million unless otherwise stated

20 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following :-

	Group		Corporation	
	2008	2007 Restated	2008	2007
Property, plant and equipment	43	10	1	2
Intangible assets	3	-	-	-
Receivables	2	3	2	4
Provisions	9	8	-	-
Unutilised tax losses	18	27	-	6
Others	4	3	-	1
	79	51	3	13
Offsetting	(16)	(24)	(3)	(13)
Deferred tax assets (after offsetting)	63	27	-	-
Property, plant and equipment	(442)	(354)	(8)	(8)
Investment properties	(16)	(8)	-	-
Unutilised reinvestment allowance	22	22	-	-
Others	(28)	-	(1)	(6)
	(464)	(340)	(9)	(14)
Offsetting	16	24	3	13
Deferred tax liabilities (after offsetting)	(448)	(316)	(6)	(1)

Movement of deferred tax assets and liabilities during the year are as follows :-

	Group		Corporation	
	2008	2007 Restated	2008	2007
At 1 January				
As previously stated	(314)	(339)	(1)	(1)
Effect of adopting FRS 112 (See Note 36)	25	25	-	-
At 1 January, restated	(289)	(314)	(1)	(1)
(Charged)/Credited to Income Statement (Note 10)				
- Property, plant and equipment	7	(1)	-	-
- Investment properties	2	-	-	-
- Intangible assets	-	15	-	-
- Tax losses	2	8	-	-
- Provisions	1	-	-	-
- Receivables	-	(9)	-	-
- Others	(24)	(4)	(5)	-
	(301)	(305)	(6)	(1)

Amounts in RM million unless otherwise stated

20 DEFERRED TAX ASSETS AND LIABILITIES (continued)

	Group		Corporation	
	2008	2007 Restated	2008	2007
Charged to equity	3	36	-	-
Acquisition of subsidiaries	(85)	(6)	-	-
Disposal of subsidiaries	3	-	-	-
Currency translation differences	(5)	(14)	-	-
At 31 December	**(385)**	**(289)**	**(6)**	**(1)**

Unrecognised deferred tax assets

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised is as follows :

	Group	
	2008	2007
Unutilised capital allowances	34	56
Deductible temporary differences	3	29
Tax losses	203	276
	240	**361**

21 INVENTORIES

	Group		Corporation	
	2008	2007	2008	2007
Stores and materials	170	49	2	1
Stock of produce	29	91	8	8
Finished goods	244	109	-	-
Work in progress	1	2	-	-
	444	251	10	9
Shops and houses	33	40	4	4
Land and buildings	45	83	57	82
	522	**374**	**71**	**95**

Inventories of the Corporation at carrying amount of RM18.5 million (2007:RM21.1 million) are pledged as security for borrowings.

Amounts in RM million unless otherwise stated

21 INVENTORIES (continued)

Inventories of the Corporation in respect land with carrying amount of RM12 million (2007:RM12 million) are registered in the names of subsidiaries and are in the process of transferring to the name of the Corporation.

The status of certain leasehold land title of the Corporation with carrying amount of RM2 million (2007: RM2 million) is in the process of being issued.

22 TRADE AND OTHER RECEIVABLES

	Group		Corporation	
	2008	2007	2008	2007
Trade receivables	856	939	46	47
Less : Allowance for doubtful debts	(107)	(121)	(7)	(2)
	749	818	39	45
Other receivables	189	147	13	14
Less : Allowance for doubtful debts	(11)	(3)	(1)	(7)
	178	144	12	7
Deposits	149	130	1	1
Less : Allowance for doubtful deposits	(96)	(107)	-	-
	53	23	1	1
Prepayments	75	37	1	1
	1,055	1,022	53	54
Amount due from subsidiaries	-	-	1,769	1,826
Less : Allowance for doubtful debts	-	-	(884)	(856)
	-	-	885	970
Amount due from associates	92	90	83	83
	1,147	1,112	1,021	1,107

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are widely dispersed, cover a broad spectrum of manufacturing and distribution and have a variety of end markets in which they sell. The Group's historical experience in collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Amounts in RM million unless otherwise stated

22 TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Corporation	
	2008	2007	2008	2007
- Ringgit Malaysia	747	693	1,020	1,107
- PNG Kina	58	13	-	-
- US Dollar	327	394	-	-
- Australian Dollar	-	5	-	-
- Others	15	7	-	-
	1,147	1,112	1,020	1,107

23 ASSETS HELD FOR SALE

	Group	
	2008	2007
Assets classified as held for sale		
Property, plant and equipment	243	121
Prepaid lease payment	12	10
Land and development expenditure	4	4
Investment in an associate	14	-
	273	135

Included in assets classified as held for sale are mainly the following :

i) RM246.5 million as stated in Note 35(11) relates to disposal of 7 hospital land and buildings (2007:RM123.2 million for 5 hospital land and buildings).

ii) RM5.5 million (2007:RM5.5 million) relates to disposal of a property to KFC Holdings (Malaysia) Berhad. The disposal was not completed as at year end.

iii) RM13.9 million relates to disposal of MM Vitaoils Sdn Bhd, an associate of Sindora Berhad as disclosed in Note 35(9).

Amounts in RM million unless otherwise stated

24 SHORT TERM INVESTMENTS

	Group		Corporation	
	2008	2007	2008	2007
At Cost				
Quoted shares in Malaysia	28	49	4	7
Quoted shares Overseas	-	13	-	-
Less : Allowance for diminution in value	(20)	(40)	(2)	-
	8	22	2	7
Unquoted shares in Malaysia	8	3	-	-
Unquoted shares Overseas	21	-	-	-
Less : Allowance for diminution in value	(21)	-	-	-
Fund investment	26	107	-	-
	42	132	2	7
Market value for quoted shares	8	22	2	6

25 DEPOSITS, BANK AND CASH BALANCES

	Group		Corporation	
	2008	2007	2008	2007
Bank and cash balances	386	749	14	21
Fixed deposits :				
- With licensed banks	460	209	124	53
- With licensed financial institutions	7	7	-	-
	853	965	138	74

Included in the deposits with licensed banks are the following amount subject to restriction :

	Group		Corporation	
	2008	2007	2008	2007
- Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties	18	46	-	-
- Restricted usage under the Restructuring Corporate Master Plan	43	5	43	5
- Restricted usage under the Redeemable Secured Certificates Scheme	63	46	63	46
	124	97	106	51

Amounts in RM million unless otherwise stated

25 DEPOSITS, BANK AND CASH BALANCES (continued)

The currency profile of cash and cash equivalent is as follows :

	Group		Corporation	
	2008	2007	2008	2007
- Ringgit Malaysia	603	470	138	74
- US Dollar	25	21	-	-
- Indonesia Rupiah	3	6	-	-
- PNG Kina	101	22	-	-
- Euro Dollar	4	433	-	-
- Australian Dollar	7	8	-	-
- Pound Sterling	96	-	-	-
- Others	14	5	-	-
	853	965	138	74

The weighted average interest rates of deposits, bank and cash balances that were effective at the balance sheet date were as follows :

	Group		Corporation	
	2008	2007	2008	2007
Deposits with licensed banks	4.13%	3.97%	4.58%	5.95%
Deposits with licensed financial institutions	3.30%	3.47%	-	-

Deposits of the Group and of the Corporation have an average maturity of 178 days (2007: 204 days) and 228 days (2007: 265 days) respectively.

Included in cash and bank balances of the Group is an amount of RM4 million (2007: RM3 million) of which the utilisation is subject to the Housing Developers (Housing Development Account) Regulations 2002.

26 CAPITAL RESERVES

Capital reserves of the Group and the Corporation mainly comprise revaluation reserve arising from revaluation of Property, Plant and Equipment and Prepaid Lease Payments.

Amounts in RM million unless otherwise stated

27 BORROWINGS

	Group		Corporation	
	2008	2007	2008	2007
NON-CURRENT				
Secured				
- Redeemable Secured Certificates	195	214	195	214
- Finance Lease	32	31	-	-
- Term Loans	1,005	1,072	-	-
- Islamic Debt Securities	328	22	-	-
- Bridging Loan	11	25	-	-
Unsecured				
- Guaranteed Redeemable Islamic Bonds	2,543	3,053	2,543	3,053
- Term Loans	51	69	-	-
- Commercial Papers	214	206	-	-
- Federal Goverment Loans	17	-	17	-
	4,396	4,692	2,755	3,267
CURRENT				
Secured				
- Bank Overdrafts	39	23	-	-
- Revolving Credits	82	72	-	-
- Islamic Committed Revolving Credit Facility/Scheduled Payment Arrangement	400	400	400	400
- Redeemable Secured Certificates	19	-	19	-
- Finance Lease	19	17	-	-
- Term Loans	309	176	-	-
- Islamic Debt Securities	2	139	-	-
- Bridging Loan	66	-	-	-
Unsecured				
- Guaranteed Redeemable Islamic Bonds	639	-	639	-
- Bank Overdrafts	71	83	-	-
- Revolving Credits	78	34	-	-
- Term Loans	19	130	-	-
- Federal Government Loans	65	67	65	67
- Other short term borrowings	210	236	-	-
	2,018	1,377	1,123	467
TOTAL	6,414	6,069	3,878	3,734

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

The table below summarise the repayment terms of the Group's and the Corporation's loans and borrowings :-

	Year of Maturity	Carrying amount	Under 1 Year	1-2 Years	2-5 Years	Over 5 Years
2008						
Secured						
- Bank Overdrafts	-	39	39	-	-	-
- Revolving Credits	-	82	82	-	-	-
- Bridging Loan	2010	77	66	11	-	-
- Islamic Commited Revolving Credit Facility/Scheduled Payment Arrangement ("CRCF/SPA")	2012	400	400	-	-	-
- Redeemable Secured Certificate ("RSCs")	2012	214	19	-	195	-
- Finance Lease	2012	51	19	13	19	-
- Term Loans	2021	1,314	309	337	341	327
- Islamic Debt Securities	2010-2019	330	2	48	22	258
Unsecured						
- Bank Overdrafts	-	71	71	-	-	-
- Revolving Credits	-	78	78	-	-	-
- Other Short Term Borrowings	-	210	210	-	-	-
- Federal Government Loans	-	82	65	-	-	17
- Term Loans	2011	70	19	11	40	-
- Commercial Papers	2012	214	-	-	214	-
- Guaranteed Redeemable Islamic Bonds (GRIBs")	2011	3,182	639	-	2,543	-
		6,414	2,018	420	3,374	602
2007						
Secured						
- Bank Overdrafts	-	23	23	-	-	-
- Revolving Credits	-	72	72	-	-	-
- Bridging Loan	2010	25	-	-	25	-
- Islamic Commited Revolving Credit Facility/Scheduled Payment Arrangement	2012	400	400	-	-	-
- Redeemable Secured Certificate	2009-2012	214	-	19	195	-
- Finance Lease	2012	48	17	12	19	-
- Term Loans	2018	1,248	176	265	621	186
- Islamic Debt Securities	2011-2012	161	139	9	13	-
Unsecured						
- Bank Overdrafts	-	83	83	-	-	-
- Revolving Credits	-	34	34	-	-	-
- Other Short Term Borrowings	-	236	236	-	-	-
- Federal Government Loans	-	67	67	-	-	-
- Term Loans	2011	199	130	19	50	-
- Commercial Papers	2012	206	-	-	206	-
- Guaranteed Redeemable Islamic Bonds	2009-2012	3,053	-	614	2,439	-
		6,069	1,377	938	3,568	186

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

	Group 2008	Group 2007
Finance lease liabilities		
Minimum lease payments :		
- Not later than 1 year	22	20
- Later than 1 year and not later than 2 years	20	17
- Later than 2 years and not later than 5 years	15	21
	57	58
Future finance charges on finance leases	(6)	(10)
Carrying amount of finance lease liabilities	**51**	**48**
Non current	32	31
Current	19	17
	51	48

	Group		Corporation	
	2008 %	2007 %	2008 %	2007 %
Weighted average effective interest rates of borrowings at the balance sheet date :				
- Bank Overdrafts	6.73	7.83	-	-
- Revolving Credits	3.47	5.59	-	-
- Term Loans	5.46	5.83	-	-
- Federal Government Loans	5.98	6.51	5.98	6.51
- Other Short Term Borrowings	3.97	3.97	-	-
- Bridging Loan	8.25	7.30	-	-
- Finance Lease	3.75	4.40	-	-
- Commercial Papers	3.85	3.85	-	-

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

Group borrowings : Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
As at 31 December 2008 :					
- Fixed	1,175	112	3,020	387	4,694
- Floating	1,720	-	-	-	1,720
	2,895	112	3,020	387	6,414
As at 31 December 2007 :					
- Fixed	251	673	2,889	130	3,943
- Floating	2,126	-	-	-	2,126
	2,377	673	2,889	130	6,069

Corporation borrowings : Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
As at 31 December 2008 :					
- Fixed	723	-	2,738	17	3,478
- Floating	400	-	-	-	400
	1,123	-	2,738	17	3,878
As at 31 December 2007 :					
- Fixed	67	633	2,634	-	3,334
- Floating	400	-	-	-	400
	467	633	2,634	-	3,734

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

The currency profile of loans and borrowings are as follows :

	Group		Corporation	
	2008	2007	2008	2007
Ringgit Malaysia	6,206	6,000	3,878	3,734
US Dollar	34	34	-	-
Singapore Dollar	6	17	-	-
PNG Kina	168	18	-	-
	6,414	6,069	3,878	3,734

Estimated fair values

Except as disclosed below and the Federal Government Loans, the carrying amounts of all borrowings at balance sheet date approximated their fair values :

	Group		Corporation	
	Carrying amount	Fair value	Carrying amount	Fair value
2008				
Term Loans - fixed rate	1,159	1,126	-	-
Guaranteed Redeemable Islamic Bonds	3,182	2,634	3,182	2,634
Redeemable Secured Certificate	214	173	214	173
2007				
Term Loans - fixed rate	340	354	-	-
Guaranteed Redeemable Islamic Bonds	3,053	2,359	3,053	2,359
Redeemable Secured Certificate	214	162	214	162

Significant covenants

Corporation

In connection with the Debt Restructuring Scheme Agreement dated 29 May 2002 which resulted in the issuance of various debts instruments, namely CRCF/SPA, GRIBs and RSCs and condition imposed by Ministry of Finance ("MOF"), the Corporation covenants that it shall not :

(a) incur additional borrowings or causes any of its property to be charged except for those existing on the date of the agreement;

(b) sell or disposed any material assets otherwise than arms length transactions; and

(c) make any loan or advances to or guarantee any related company or any other person.

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

There is no specific financial covenant associated with the debt instruments issued by the Corporation other than in the event of default, the entire GRIB and RSCs become immediately due and repayable.

On 17 July 2002, the Corporation had applied for a restructuring of its Federal Government loans amounting to RM86.97 million (inclusive of outstanding interest) to the Ministry of Finance with the following options :-

(i) to pay off the loans by exchange of properties; or
(ii) to restructure the loans into a soft loan repayable after 10 years with interest.

The application is still pending approval from the Ministry of Finance. Currently, the Corporation is paying RM2 million each year and will continue doing so until the maturity of all the loans under the Group's Corporate Restructuring Master Plan ("CRMP") in 2012. As a result, it is impracticable to estimate the fair value of Federal Government loans outstanding.

On 31 July 2002, the Group implemented its debt restructuring scheme under the Group's CRMP further to the Debt Restructuring Agreement entered into between the Corporation, its subsidiaries and the respective lenders. In the restructuring exercise, RM4.16 billion loans were restructured which comprise of RM2.8 billion for Johor Corporation and RM1.4 billion for the subsidiaries. The lenders had also granted hair cuts to the restructured unsecured loans amounting to RM729.09 million.

With the implementation of the scheme, all the loans of Johor Corporation were converted into the following instruments :-

(i) Islamic Committed Revolving Credit Facility ("CRCF")/Scheduled Payment Arrangement ("SPA") under Conventional/Syariah principles of Murabahah (cost plus) of RM400.0 million. The tenure and profit rates of the instruments are as follows :

	Tenure	Profit Rate
CRCF	Committed for ten (10) years thereafter it will be subject to yearly review	At 0.75% p.a. above each financier's effective Islamic cost of funds
SPA	Committed for ten (10) years thereafter it will be subject to yearly review	At 0.75% p.a. above each effective Islamic cost of funds of Maybank

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

(ii) Guaranteed Redeemable Islamic Bonds ("GRIBs") under the Syariah principles of Bai' Bithaman Ajil (Deferred Payment Sale) with Islamic Debt Securities Issuance of RM2.752 billion nominal amount comprising three (3) series as follows :

Series	Nominal Amount	Tenure (Years)	Effective Yield To Maturity/Profit Margin (% p.a.)
Series 1	300	5	4.25
Series 2	500	7	4.75
Series 3	1,952	10	5.05
	2,752		

(iii) RM230.3 million nominal amount of Redeemable Secured Certificates ("RSCs") under the Syariah Principles of Qardhul Hassan with no profit rate as follows :

Series	Nominal Amount	Tenure (Years)
Series 1	16	5
Series 2	19	7
Series 3	195	10
	230	

The GRIBs and the profit under the Islamic financing for paragraph (i) above are guaranteed by Johor State Government.

The Series 1 GRIBs and RSCs have been repaid in July 2007. The Series 2 GRIBs and RSCs with a total amount of RM675 million are due for repayment on 31 July 2009. The Corporation has put in place plans to raise the necessary fund for the repayment, including disposal of certain industrial land and a commercial complex. The Corporation has secured buyers for these properties and currently is fulfilling the relevant conditions precedent to enable completion and collection of sale proceeds before 31 July 2009.

Subsidiaries

In connection with the significant term loan facilities granted to a subsidiary, the subsidiary has agreed on the following significant covenants with the lenders :

(a) the consolidated shareholders' fund of the subsidiary to be at least RM2 billion and such consolidated shareholders' fund excluding its asset revaluation reserve to be at least RM500 million,

Amounts in RM million unless otherwise stated

27 BORROWINGS (continued)

Subsidiaries (continued)

(b) the ratio of the total borrowings to the consolidated shareholders' funds (i) at any time prior to the expiry of its financial year ended 31 December 2008, to be below 0.8 times, and (ii) on and subsequent to the expiry of its financial year 2008, to be below 0.5 times,

(c) the ratio of the earnings before interest, tax, depreciation and amortisation ("EBITDA") to interest expense of the subsidiary to be at least 1.5 times,

(d) the subsidiary will continue to maintain at least 50.1% of the issued and paid-up capital of QSR, and

(e) the subsidiary will procure and ensure that each of its subsidiary companies does not and/or will not enter into any agreements which impose restrictions on each of the subsidiary companies' ability to make or pay dividend or other forms of distributions to the shareholders.

The secured borrowings of the Group and the Corporation are secured by charges over certain assets owned by Subsidiaries in the Group and the Corporation, as mentioned in Note 12,13,14,18 and 21.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

28 OTHER LONG TERM LIABILITIES

	Group		Corporation	
	2008	2007	2008	2007
Government grant	55	70	10	-
Other long term payables	70	76	-	-
Land lease rental received in advance	51	-	-	-
Others	14	-	-	-
	190	146	10	-
Government Grant				
At Cost				
At 1 January	204	190	-	-
Grant received during the year	21	14	12	-
Reclassification	(19)	-	-	-
At 31 December	206	204	12	-
Accumulated Amortisation				
At 1 January	134	63	-	-
Amortisation for the year	30	71	2	-
Reclassification	(13)	-	-	-
At 31 December	151	134	2	-
Balance As At 31 December	55	70	10	-

Amounts in RM million unless otherwise stated

28 OTHER LONG TERM LIABILITIES (continued)

The Long Term Payables are in respect of the balances of purchase consideration for the acquisition of freehold lands and property from State Government of Johor and the State Secretary, Johor (Incorporation) ("SSI"). These amounts are secured, interest free and are repayable as follows :

	Group	
	2008	2007
Under 1 year	5	5
1 - 2 years	5	5
2 - 3 years	5	5
Over 3 years	55	61
Carrying amount	70	76
Estimated fair value	37	39

Land lease rentals received in advance

	Group	
	2008	2007
At Cost		
At 1 January	-	-
Additions	53	-
At 31 December	53	-
Accumulated amortisation		
At 1 January	-	-
Amortisation for the year	2	-
At 31 December	2	-
Balance as at 31 December	51	-

This represents money received in advance from sub lessees for lease periods of 30 to 60 years.

Amounts in RM million unless otherwise stated

29 TRADE AND OTHER PAYABLES

	Group		Corporation	
	2008	2007	2008	2007
Trade payables	410	435	38	41
Other payables	633	495	244	145
Trade accruals	81	92	40	42
Amount due to other shareholders of subsidiaries	7	7	-	-
Amount due to subsidiaries	-	-	86	268
Amount due to associates	13	2	-	-
	1,144	1,031	408	496

The currency profile of trade and other payables are as follows :

	Group		Corporation	
	2008	2007	2008	2007
- Ringgit Malaysia	1,012	947	408	496
- PNG Kina	63	35	-	-
- US Dollar	36	41	-	-
- Others	33	8	-	-
	1,144	1,031	408	496

Included in other payables is an amount of RM25 million (2007:RM169 million) owing to Ikhtisas Mayang Sdn Bhd in respect of deposit received for a proposed joint venture with a subsidiary, Damansara Assets Sdn Bhd. As the proposal has been cancelled, except for RM25 million retained for a new Joint Venture arrangement in 2009, the remaining balance of RM144 million has been repaid in 2008.

Amounts in RM million unless otherwise stated

30 GROUP BUSINESS SEGMENT ANALYSIS

(a) Primary reporting format - Business Segments

	Palm Oil	Healthcare	Property	Intrapreneur Ventures	Quick Service Restaurant	Others	Eliminations	Group
Group - 2008								
SALES								
External sales	3,634	1,287	602	178	527	54	-	6,282
Intersegment sales	112	-	36	21	-	44	(213)	-
Total sales	3,746	1,287	638	199	527	98	(213)	6,282
RESULTS								
Segment results (External)	687	115	81	19	46	(22)	-	926
Unallocated income								19
Unallocated cost								(80)
Profit from operation								865
Finance cost								(301)
Share of results of associates	-	19	4	6	57	10	-	96
Profit before tax								660
Tax								(196)
Profit after tax from continuing operations								464
Minority interests								(361)
Profit for the year								103

Amounts in RM million unless otherwise stated

30 GROUP BUSINESS SEGMENT ANALYSIS (continued)

(a) Primary reporting format - Business Segments (continued)

	Palm Oil	Healthcare	Property	Intrapreneur Ventures	Quick Service Restaurant	Others	Group
Group - 2008							
OTHER INFORMATION							
Segment assets	4,573	1,100	1,212	349	592	1,456	9,282
Associates	-	227	117	4	601	69	1,018
Unallocated assets							1,973
Consolidated total assets							12,273
Segment liabilities	337	270	196	189	269	76	1,337
Unallocated liabilities							6,989
Consolidated total liabilities							8,326
Capital expenditure	407	127	5	24	47	191	801
Depreciation & amortisation	124	43	13	19	26	35	260

Amounts in RM million unless otherwise stated

30 GROUP BUSINESS SEGMENT ANALYSIS (continued)

(a) Primary reporting format - Business Segments (continued)

	Palm Oil	Healthcare	Property	Intrapreneur Ventures	Quick Service Restaurant	Others	Less: Discontinued Operations	Eliminations	Group
Group - 2007									
SALES									
External sales	2,522	1,127	428	216	466	15	(26)	-	4,748
Intersegment sales	96	-	80	80	-	40	-	(296)	-
Total sales	2,618	1,127	508	296	466	55	(26)	(296)	4,748
RESULTS									
Segment results (external)	428	94	77	23	48	78	-	-	748
Unallocated income									13
Unallocated cost									(41)
Profit from operation									720
Finance cost									(296)
Share of results of associates	-	12	21	7	-	54	-	-	94
Profit before tax									518
Tax									(122)
Profit after tax from continuing operations									396
Loss from discontinuing operations									(25)
Gain on sales of discontinued operations									107
Minority interests									(362)
Profit for the year									116

Amounts in RM million unless otherwise stated

30 GROUP BUSINESS SEGMENT ANALYSIS (continued)

(a) Primary reporting format - Business Segments (continued)

	Palm Oil	Healthcare	Property	Intrapreneur Ventures	Quick Service Restaurant	Others	Group
Group - 2007							
OTHER INFORMATION							
Segment assets	3,367	1,050	1,290	332	509	1,960	8,508
Associates	3	167	99	21	518	68	876
Unallocated assets							1,946
Consolidated total assets							11,330
Segment liabilities	246	52	23	225	631	-	1,177
Unallocated liabilities							6,427
Consolidated total liabilities							7,604
Capital expenditure	307	115	2	110	42	10	586
Depreciation & amortisation	96	43	10	21	21	36	227

(b) Secondary reporting format - Geographical Segments

	Sales (External)		Total Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
GROUP						
Malaysia	3,728	3,031	7,438	7,014	563	395
Indonesia	74	22	20	21	1	64
Papua New Guinea	53	75	1,824	1,473	237	127
United Kingdom	-	205	-	-	-	-
Rest of Asia	575	766	-	-	-	-
Rest of Europe	1,610	519	-	-	-	-
Other Countries	242	130	-	-	-	-
	6,282	4,748	9,282	8,508	801	586
Associates			1,017	876		
Unallocated assets			1,974	1,946		
Total assets			12,273	11,330		

Amounts in RM million unless otherwise stated

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Corporation if the Group or the Corporation has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Corporation and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Group and the Corporation are as follows :

	Corporation	
	2008	2007
Paid/Payable to subsidiaries :-		
Purchases of FFB	73	65
Management fees	3	7
Purchase of property, plant and equipment and investment properties	-	67
Guaranteed return to a subsidiary	3	3
Receipt/Receivable from subsidiaries :-		
Sales of FFB	-	4
Sale of investment in certain subsidiaries	374	-
Sale of property, plant and equipment	14	25
Sale of inventories - land	-	179
Sale of development land and Convention Centre	-	8
Interest income	23	21
Dividend	64	69

	Group		Corporation	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
A charitable organisation in which the spouse of a Director is the chairman :				
- Donation	120	120	-	-
- Sale of land	-	2,500	-	-
- Balance outstanding in respect of the sale of land	-	2,250	-	-
Donation to a foundation in which a Director is the chairman	150	150	-	-

Amounts in RM million unless otherwise stated

32 COMMITMENTS

(a) CAPITAL COMMITMENTS

	Group		Corporation	
	2008	2007	2008	2007
Authorised capital expenditure not provided for in the financial statements :				
- Contracted for	306	216	67	32
- Not contracted for	543	376	-	-
	849	592	67	32
Analysed as follows :				
- Property, plant and equipment	732	440	-	-
- Development expenditure	109	100	67	32
- Investment property	8	52	-	-
	849	592	67	32

(b) NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group	
	2008	2007
The future minimum lease payments :		
- Not later than 1 year	196	90
- Later than 1 year and not later than 5 years	566	401
- More than 5 years	274	253
	1,036	744

Amounts in RM million unless otherwise stated

33 CONTINGENT LIABILITIES

SECURED

	Group	
	2008	2007
Bank/Corporate Guarantee given to third parties	9	9

UNSECURED

	Group		Corporation	
	2008	2007	2008	2007
Potential claims by third parties	3	149	3	140
Bank/Corporate Guarantee for :				
- An associate	26	26	-	-
	29	175	3	140

Included in potential claims by third parties in 2007 are the followings :

a) a claim for specific performance in respect of a Sale and Purchase agreement relating to 50 acres of land known as PLO 1, Mukim Kluang, Johor, and an alternative claim for damages in lieu of specific performance in the sum of RM31 million. The claim has been settled by refunding the deposit of RM348,480 with interests of RM180,000 by the Corporation to the plaintiff.

b) a claim of RM106 million by a third party for loss arising from flood due to alleged massive design flaw in the external drainage system on the land acquired from the Corporation. The case has been withdrawn by the plaintiff.

Other Unsecured Contingent Liability

In 2004, a subsidiary company entered into a tripartite agreement, renewable on an annual basis, with Pelaburan Johor Berhad ("PJB") and Amanah Raya Berhad ("ARB"), the manager and trustee for both Amanah Saham Johor ("ASJ") and Dana Johor ("DJ") respectively for the implementation of a scheme for the unit holders of both ASJ and DJ. Under the scheme, the unit holders may request PJB to repurchase up to five hundred units or 10% of their present shareholding in ASJ and DJ, whichever is higher, for a repurchase price of RM1 and RM0.50 for each unit of ASJ and DJ respectively. The subsidiary company is to purchase from PJB units of ASJ and DJ which PJB is required to repurchase from unit holders of ASJ and DJ. The scheme also allows the unit holders to resell the units at the above price at 10% per annum.

During the financial year, the Group entered into a fifth and final tripartite agreement with PJB and ARB for the repurchase of ASJ. Under this agreement, PJB shall offer to repurchase all of the ASJ units from the unit holders. However, in June 2008, the ASJ scheme was terminated and the remaining units were transfered to ARB.

As of year end, the Group is liable to the extend of the remaining units of DJ in circulation under the scheme. The probability of the outflow of future economic benefits arising from the scheme is not readily determinable. Hence, no provision for liability arising from the aforesaid scheme is made in the financial statements.

Amounts in RM million unless otherwise stated

34 FINANCIAL INSTRUMENTS

The Group's diversified activities expose it to a variety of financial risks, including foreign currency exchange risk, interest risk, market risk, credit risk, liquidity and cashflow risk.

The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain exposures.The Group does not trade in financial instruments.

i. *Foreign currency risk*

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar("USD") dan EURO Dollar("EUR"). The Group uses forward foreign exchange contracts in currencies other than its functional currency to manage its exposure to fluctuations in foreign currency exchange rate on specific transactions. In respect of other monetary assets and liabilities held in currencies other than RM, the Group ensures that the net exposures is kept to an acceptable level.

At 31 December 2008, the settlement dates on open forward contracts range between 1 and 6 months. The foreign currency amount and contractual exchanges rates of the Group's outstanding contracts are as follows :

Hedge Item	Currency	Amount to be received (million)	Average contract rate	Equivalent RM million
Group - 2008				
Trade receivables	USD	108.0	RM3.2	347
Group - 2007				
Trade receivables	USD	193.0	RM3.3	644

The fair values of outstanding forward contracts of the Group at the balance sheet date approximated their carrying amounts.

ii. *Price fluctuation risk*

The Group is exposed to price fluctuation risk on commodities mainly on palm oil and oleochemical products. The Group mitigates its risk to the price volatility through establishing floating and fixed price level that the Group consider acceptable and where deemed prudent, selling forward in the physical market and/or enters physical supply agreement, where necessary, to achieve these levels.

iii. *Market risk*

The Group's principal exposure to market risk arises mainly from changes in equity prices. The Group does not use derivative financial instruments to manage equity risk. The risk of loss in value is minimised through analysis before making the investment and continuous monitoring of the performance and risk of the investment made. The Group manages disposal on its investment to optimise returns on realisation.

Amounts in RM million unless otherwise stated

34 FINANCIAL INSTRUMENTS (continued)

iv. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has variable rate borrowings that are used to fund ongoing activities and accordingly, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of floating rate debts.

v. Credit risk

Credit risk is the risk that one party to the financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk arises when derivative instruments are used or sales made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

The Group does not have any significant exposure to any individual customer or by counterparty nor does it have any major concentration of credit risk related to any financial instruments.

vi. Liquidity and cash flow risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. (See Note 27)

Cash flow risk is the risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met.

The Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and prudently balances its portfolio with some short and long term funding so as to achieve overall cost effectiveness.

vii. Fair values

The carrying amounts of financial assets and liabilities of the Group and Corporation at the balance sheet date approximated their fair values except as disclosed in Note 15,16,17,24,27 and 28.

It is not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessives cost.

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END

1. In previous year, Sindora Berhad ("Sindora") a subsidiary of Kulim (Malaysia) Berhad ("KMB") entered into a conditional Share Purchase cum Subscription Agreement and Supplemental Agreement with Johari bin Ma'rof, Laili binti Ismail and Hayati binti Jalaludin (collectively known as the "Vendors") for the proposed acquisition of 1,856,992 ordinary shares of RM1.00 each and subscription of 1,167,667 new ordinary shares for a total cash consideration of RM11,141,952 and RM7,000,002 respectively.

   The agreements have been subsequently terminated due to the non-fulfillment of conditions precedent and breach of the terms of the agreements by the Vendors.

   In August 2008, Sindora has made a claim against the Vendors for the return of deposit and part payment of purchase price totalling RM2,700,000 which bears interest at 10% per annum until full settlement pursuant to the terms of agreements entered into between Sindora, the Vendors and JMP. Sindora has also made additional claims against the Vendors for legal and professional fees totalling RM210,840 which were incurred pursuant to the transaction, litigation expense and any relief that the court may deem fit.

2. On 12 September 2007, QSR Brands Berhad ("QSR"), a subsidiary of Kulim (Malaysia) Berhad ("KMB") announced that it had acquired an additional 5.04% equity interest in KFC Holding (Malaysia) Berhad ("KFCH") thus increased its stake in KFCH from 32.83% to 37.88%. The increase in QSR equity interest in KFCH to more than 33% had triggered the Mandatory General Offer ("MGO") by QSR. Under Section 6 of the Take-Over and Merger Code, QSR was obligated to carry out the MGO and a notice for MGO on KFCH has been served on even date.

   The MGO has been approved by the relevant authorities as well as by QSR's shareholders at its EGM on 27 March 2008. During the offer period, QSR continued to increase its equity interest in KFCH by acquiring on-market further KFCH shares.

   On 23 April 2008, QSR announced that as at the close of the offer period, the offer is still conditional as to acceptances (as QSR and persons acting in concert with it still collectively hold not more than 50% of the voting shares of KFCH). Accordingly, the offer has lapsed at the closing date.

   The acquisition of KFCH shares in the open market continued and on 2 January 2009, the Group's shareholdings in KFCH totalled 50.25% effectively making KFCH a subsidiary of the Group.

3. On 13 November 2007, Kulim (Malaysia) Berhad ("KMB"), had entered into a Conditional Sale & Purchase Agreement with the Corporation and Johor Capital Holdings Sdn Bhd, a subsidiary of the Corporation, in relation to the acquisition of 59,533,289 Sindora Shares, which represents approximately 62.01% of the issued and paid up share capital of Sindora Berhad ("Sindora") for cash consideration of RM102,397,257 or RM1.72 per share.

   As at 31 December 2007, KMB holds 4.60% equity interest in Sindora, of which 3.14% are held directly and the balance 1.46% are held indirectly through its 51% owned subsidiary, Pristine Bay Sdn Bhd.

   At an Extraordinary General Meeting held on 15 April 2008, KMB obtained shareholders' approval on the Proposed Acquisition and the consequent Proposed Mandatory Take-Over Offer.

   At the close of the offer period, KMB received collectively 2.26% acceptances which, together with Sindora shares purchased from the open market and the Proposed Acquisition that was completed on 25 April 2008. KMB's equity interest in Sindora increased to 70.73%.

   On 29 May 2008, Sindora also announced that its public shareholding spread requirement has not been met.

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (continued)

On 29 August 2008, Sindora made announcement on the non-compliance of its public shareholding spread and was granted an extension of time until 30 September 2008 to comply with the requirement. On 12 September 2008, Sindora Board made an application to Bursa Malaysia for an extension of time up to 30 June 2009 to comply with the requirement. On 28 October 2008, Sindora announced that Bursa Malaysia has granted an extension of time to comply with the requirement up to 31 March 2009.

As at 31 December 2008, KMB holds 76.06% of equity interest in Sindora Berhad.

4. On 6 February 2008, Johor Land Berhad ("JLand"), a subsidiary of the Corporation has entered into a Sale and Purchase Agreement Cum Subscription of Sale Agreement with Tengku Shaiful Bahri bin Tengku Zainal Abidin (the Vendor) and Windsor Trade Holdings Sdn Bhd ("WTHSB") in respect of the proposed acquisition of 4,000,000 existing ordinary shares of RM1.00 each in WTHSB and subscription of 10,000,000 new ordinary shares of RM1.00 each.

   The total consideration of RM15,000,000 to be paid by the JLand for the Proposed Acquisition shall be funded via the JLand internally generated funds and/or borrowings.

   As at to date, JLand has obtained approval from the Foreign Investment Committee on the Proposed Acquisition.

   The completion of the acquisition is still subject to certain conditions precedent as stated in the Sale and Purchase Agreement.

5. On 22 April 2008, a wholly owned subsidiary of the Corporation, Kumpulan Penambang (Johor) Sdn Bhd entered into a Sale of Shares Agreement with Damansara Realty Berhad, an associate of the Corporation to purchase 99.99% equity interest in its subsidiary, Tanjung Tuan Hotel Sdn Bhd comprising 36,000,000 units of ordinary shares of RM1.00 each for a total Purchase Consideration of RM37,600,000. The proposed acquisition is not completed at the year end.

6. On 16 May 2008, New Britain Palm Oil Limited ("NBPOL"), a subsidiary of Kulim (Malaysia) Berhad ("KMB") announced a cash offer (the offer) of K5.00 per share for all the Ramu Agri-Industries Limited ("RAIL") shares not already owned. RAIL is a company listed on Port Moresby Stock Exchange ("POMSOX"), which holds long term leases over approximately 30,000 hectares of land in the Ramu valley in Papua New Guinea (PNG). NBPOL held 19.45% equity interest in RAIL on the even date.

   In the month of June and July 2008, NBPOL extended the offer period from 2 July 2008 to 16 July 2008 and finally, 14 September 2008 with the offer price being revised concurrently from K5.00 per share to K6.10 per shares and finally K6.80 per share.

   On 5 September 2008, NBPOL announced that it had received valid acceptances of the Offer on approximately 51.4% of RAIL's total issued share capital. At the closing of the Offer on 14 September 2008, NBPOL held approximately 99.29% of RAIL's total issued share capital. NBPOL also announced its intention to exercise its right under PNG law to acquire compulsorily the remaining RAIL's Shares which did not accept the Offer.

   As at 30 September 2008, the acquisition has been completed with 100% acceptances received and as at 31 December 2008, RAIL was delisted from POMSOX.

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (continued)

7. On 4 June 2008, Puteri Nursing College Sdn Bhd, a wholly-owned subsidiary of Kumpulan Perubatan Johor Sdn Bhd, which in turn is a wholly-owned subsidiary of KPJ Healthcare Berhad, has entered into a conditional Sale and Purchase Agreement with I & P Permodalan Harta Sdn Bhd to acquire four (4) parcels of land for a total purchase consideration of RM26,000,000 of which two (2) parcels of land with current administrative and academic block and hostel buildings will be disposed to Al'Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") for a total consideration of RM16,500,000. The proposed acquisition has not been completed as at year end.

8. On 4 August 2008, New Britain Palm Oil Limited ("NBPOL"), a subsidiary of Kulim (Malaysia) Berhad announced its plans to invest approximately £18 million (equivalent RM90 million) from its existing resources in the establishment of an integrated palm oil processing facility in United Kingdom that will produce refined palm oil to cater to the growing demand for fully traceable and sustained palm oil in the European Union.

   Development of the site will see the creation of a refining facility with a production capacity of approximately 200,000 metric tones of refined palm oil per annum, which is expected to be commisioned by the end of the first quarter of financial year 2010.

9. On 12 August 2008, Sindora Berhad ("Sindora") received a letter of Acceptance from Encik Mazlan bin Muhammad ("MM") pertaining to the proposed disposal by Sindora to MM of 2,375,000 ordinary shares of RM1.00 each ("Sales Shares") representing 35% equity interest in MM Vitaoils Sdn Bhd, an associate of Sindora for a total cash consideration of RM14,500,000 or approximately RM6.11 per shares. On 16 January 2009, the proposed disposal was aborted and Sindora is currently in the process of renegotiating the proposed disposal with MM.

10. On 17 August 2008, a fire occurred and damaged two storage tanks containing Unleaded Gasoline and Naphtha belonging to a wholly owned subsidiary of the Corporation, Tanjung Langsat Port Sdn Bhd. The loss estimated at RM11.83 million is expected to be fully recovered through the insurance claim submitted.

11. On 4 September 2008, KPJ Healthcare Berhad, a subsidiary of the Corporation proposes to dispose its entire interest in Seremban Specialist Hospital Building, Taiping Medical Centre Building, Kota Kinabalu Specialist Hospital Building, Bukit Mertajam Specialist Hospital Building, KPJ Penang Specialist Hospital Building, Tawakal Hospital Existing Building, KPJ Tawakal Specialist Hospital Building and PNC International College Of Nursing And Healthcare Science Building to Al'-Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") for a proposed total sale consideration of RM296.4 million to be satisfied partly by cash consideration of RM179.526 million and partly by issuance of 123.025 million new units in Al'Aqar KPJ REIT at an issue price of RM0.95 per unit to be credited as fully paid-up. The approvals from the Securites Commission and shareholders for the Proposed Disposal were obtained on 18 December 2008 and 25 February 2009 respectively.

12. On 12 November 2008, Kumpulan Perubatan (Johor) Sdn Bhd a wholly owned subsidiary of KPJ Healthcare Berhad, entered into a Joint Venture Agreement incorporating Shareholders' Agreement ("JVA") with Sterilgamma (M) Sdn Bhd to offer sterilisation services to hospitals outside of the Group and any related businesses. The proposed joint venture will be jointly held through a Joint Venture company.

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (continued)

13. On 14 November 2008, Bukit Damansara Development Sdn Bhd ("BDDSB"), a subsidiary of Damansara Assets Sdn Bhd ("DASB"), entered into an Agreement with a related party, Damansara Realty Berhad ("DRB"), who shall assign the development rights to develop a parcel of land adjacent to Pusat Bandar Damansara complex ("PBD Complex") and appoint BDDSB as Turnkey Contractor for PBD Complex.

    The purchase consideration shall be satisfied by cash of RM3 million and 80% of DRB's net profit generated from the Development Project. The cash consideration of RM2 million was paid to DRB in February 2009 and the balance remains as amount owing to DRB.

    On 8 January 2009, DASB entered into a Joint Venture Agreement with BDDSB and third party, Impian Ekspresi Sdn Bhd ("IESB") to dispose its investment property, PBD Complex and assign the development right under Turnkey Contract to IESB in consideration for :

    (a) cash entitlement of RM500 million; and

    (b) office space entitlement, as follows :

        (i) 500,000 square feet of office space in the office buildings to be constructed under the Turnkey Contract; or

        (ii) office space in Pusat Bandar Damansara complex with a market value of RM200 million.

14. On 19 February 2009, the 110,000,000 CULS of Johor Land Berhad ("JLand"), were converted into 110,000,000 units of new ordinary shares of RM1.00 each. The 110,000,000 new ordinary shares were granted for listing on Bursa Malaysia Securities Berhad on 26 February 2009. With the conversion, the issued and paid-up capital of the JLand increased to RM232,000,000 comprise of 232,000,000 units of ordinary shares of RM1.00 each.

15. On 28 January 2009, Hotel Selesa (JB) Sdn Bhd, a wholly owned subsidiary of Kumpulan Penambang (Johor) Sdn Bhd entered into a agreement with Amanah Raya Berhad, acting as trustee on behalf of Al-'Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") to dispose its freehold land together with the hotel property and office building to Al-'Aqar KPJ REIT for a total sale consideration of RM87,000,000 to be satisfied by the followings :

    (i) issuance of 28,421,000 new units of Al-'Aqar KPJ REIT at an issue price of RM0.95 per unit; and

    (ii) cash consideration of RM60,000,050 to be raised by Al-'Aqar KPJ REIT from its financing facilities.

16. On 3 March 2009, Kulim (Malaysia) Berhad ("KMB") via its subsidiary Sindora Berhad ("Sindora"), entered into a conditional Exchange of Land Agreement with Sime Darby Plantation Sdn Bhd ("SDP") to exchange its oil palm estate known as Ladang Sungai Simpang Kiri with land area of approximately 2,372 hectares located in the Mukim of Chaah Bahru, District of Batu Pahat, State of Johor Darul Takzim for an oil palm estate known as Sungai Tawing Estate with a land area of approximately 2,226 hectares located in the Mukim of Paloh, District of Kluang, State of Johor Darul Takzim owned by SDP and net cash consideration of RM6.15 million from SDP.

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (continued)

17. On 13 April 2009, Johor Land Berhad ("JLand"), has announced that it has on the even date received a Notice of Voluntary Take-Over Offer from Damansara Assets Sdn Bhd ("DASB") and the Corporation (Collectively known as Joint Offeror's) through OSK Investment Bank Berhad in respect of the Joint Offeror's intention to acquire all the remaining shares of RM1.00 each in JLand not already owned by the Joint Offerors at an offer price of RM1.55 per JLand Share to be satisfied wholly in cash, subject to the provisions for adjustments as set out in the Notice.

36 CHANGE IN ACCOUNTING POLICY

The accounting policies set out in Note 2 has been applied in preparing the financial statements for the year ended 31 December 2008.

The changes in accounting policies arising from the adoption of the revised FRS 112, *Income Taxes*, are summarised below :

In the previous year, unutilised reinvestment allowance and investment tax allowance were recognised as a reduction of tax expense as and when it was utilised. Following the adoption of the revised FRS 112, a tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statements as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised. The change in accounting policy is applied retrospectively and the effects are as follows :

	Group	
	2008	2007
Balance Sheet		
Deferred tax assets at 31 December	63	24
Under recognition of deferred tax assets	-	3
Deferred tax assets at 31 December, if restated	**63**	**27**
Deferred tax liabilities at 31 December	448	338
Over recognition of deferred tax liabilities	-	(22)
Deferred tax liabilities at 31 December, if restated	**448**	**316**
Revenue reserves at 31 December	38	(50)
Under recognition of profit for the year	-	23
Revenue reserves at 31 December, if restated	**38**	**(27)**
Minority interest at 31 December	3,006	2,811
Under recognition of profit for the year	-	2
Minority interest at 31 December, if restated	**3,006**	**2,813**

37 COMPARATIVE FIGURES

The following comparative figures have been reclassified as a result in change in accounting policies as stated in Note 36 :

	As Previously Stated	Adjustments FRS 112	As Restated
Group			
Balance sheet at 31 December 2007			
Deferred tax assets	24	3	27
Deferred tax liabilities	338	(22)	316
Revenue reserves	(50)	23	(27)
Minority interest	2,811	2	2,813
Statement of changes in equity			
Revenue reserves at 1 January 2007	(97)	23	(74)
Revenue reserves at 31 December 2007	(50)	23	(27)
Minority interest at 1 January 2007	1,922	2	1,924
Minority interest at 31 December 2007	2,811	2	2,813

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
I CORE BUSINESS				
A PALM OIL				
ACTIVE COMPANIES				
Kulim (Malaysia) Berhad #	Holding company, manufacturing and oil palm plantation	Malaysia	53.22	50.33
EPA Management Sdn Bhd	Holding company and estate management	Malaysia	53.22	50.33
Kumpulan Bertam Plantations Berhad	Oil palm plantation	Malaysia	50.39	47.48
Kulim Plantations (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	53.22	50.33
Mahamurni Plantations Sdn Bhd	Oil palm plantation	Malaysia	53.22	50.33
Pembangunan Mahamurni Sdn Bhd	Investment holding	Malaysia	53.22	50.33
United Malayan Agricultural Corporation Bhd	Oil palm plantation	Malaysia	53.22	50.33
Natural Oleochemicals Sdn Bhd	Manufacturing and exporter of oleochemicals	Malaysia	48.63	45.99
Pristine Bay Sdn Bhd	Holding company	Malaysia	76.14	74.67
Selai Sdn Bhd	Oil palm plantation	Malaysia	53.22	50.33
Skellerup Industries (Malaysia) Sdn Bhd	Holding company and manufacturing of rubber product	Malaysia	53.22	50.33
Natural Soaps Sdn Bhd	Manufacturer of 'soap noodles' and detergent	Malaysia	48.63	45.99
Kulim Limited *	Investment holding	United Kingdom	-	50.33
Panquest Ventures Limited (BVI)	Holding company and estate management	British Virgin Island	53.22	50.33
PT Kulim Agro Persada	Oil palm plantation	Indonesia	53.22	50.33
Kulim TopPlant Sdn Bhd	Tissue culture laboratory	Malaysia	31.93	30.20
QSR Brands Berhad #	Investment holding and provision of management services	Malaysia	32.27	28.90
Nexsol (Malaysia) Sdn Bhd	Manufacturer of palm methyl esters and oil derivatives	Malaysia	27.14	25.67
Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	53.22	50.33
Kulim Energy Sdn Bhd	Manufacturer of bio-fuel and related products	Malaysia	53.22	50.33
Dubois-Natural Esters Sdn Bhd	Manufacturing of esters	Malaysia	26.75	25.30
Nexsol (Singapore) Pte Ltd	Manufacturer of methyl esters	Singapore	26.08	24.66
Akli Resources Sdn Bhd (Formerly known as Volgen Industry Sdn Bhd)	In-house and external training programme	Malaysia	53.22	50.33
Cita Tani Sdn Bhd	Sugar cane plantation	Malaysia	53.22	-
Kulim Livestock Sdn Bhd	Integrated cattle rearing	Malaysia	53.22	-
New Britain Palm Oil Ltd	Oil palm plantation	Papua New Guinea	26.97	25.51
New Britain Nominees Limited	Operate as legal entity for New Britain Palm Oil Ltd shares	Papua New Guinea	26.97	25.51

* Disposed in November 2008

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
A PALM OIL (continued)				
ACTIVE COMPANIES (continued)				
Guadalcanal Plains Palm Oil Limited	Grow and process oil palm	Solomon Islands	21.58	20.41
Dami Australia Pty Ltd	Research and development of premium oil palm seeds	Australia	26.97	25.51
New Britain Plantation Services Pte Ltd	Sale of germinated oil palm seeds	Singapore	26.97	25.51
Ramu Agri-Industries Limited	Growing, manufacturing and marketing of food and associated products comprising palm oils, sugar, ethanol and beef	Papua New Guinea	26.97	-
Asia Green Environmental Sdn Bhd	The provision of management services on compositing technology, production and sales of compost related products, designing, manufacturing, assembling and selling of machinery, ancillary equipment or any other equipment relating to waste management system	Malaysia	15.97	15.10
Pizza Hut Holdings (Malaysia) Sdn Bhd	Pizza restaurants	Malaysia	32.27	28.90
Pizza Hut Restaurants Sdn Bhd	Pizza restaurants	Malaysia	32.27	28.90
QSR Ventures Sdn Bhd	Investment holding	Malaysia	32.27	28.90
Pizza Hut Singapore Pte Ltd	Pizza restaurants	Singapore	32.27	28.90
KFC Holdings (Malaysia) Bhd #	Investment holding	Malaysia	16.07	13.52
Dumpu Limited	Landholding	Papua New Guinea	26.97	25.76
Kampuchea Food Corporation	Restaurant	Malaysia	17.75	-
Tepak Marketing Sdn Bhd	Tea processing and marketing	Malaysia	30.70	71.14
DORMANT COMPANIES				
Skellerup Foam Products (Malaysia) Sdn Bhd	Manufacturing of rubber products (carpet underlay)	Malaysia	53.22	50.33
Skellerup Latex Products (M) Sdn Bhd	Manufacturing of rubber products (rubber gloves)	Malaysia	53.22	50.33
Natural Alcohols Sdn Bhd	Manufacturer and exporter of fatty alcohols	Malaysia	48.63	45.99
Natural Wax Sdn Bhd	Manufacturer of wax and related products	Malaysia	29.18	27.59
PH Property Holdings Sdn Bhd	Investment holding	Malaysia	32.27	28.90
Multibrand QSR Holdings Pte Ltd	Investment holding	Singapore	32.27	28.90
Donut Empire (M) Holdings Sdn Bhd (Formerly known as PH Properties Sdn Bhd)	Dormant	Malaysia	32.27	28.90
Signature Chef Holdings Sdn Bhd	Dormant	Malaysia	32.27	-
Sterling Distinction Sdn Bhd	Dormant	Malaysia	32.27	-
SBC Coffee Holdings Sdn Bhd	Dormant	Malaysia	32.27	-
Tambola Pty Limited	Dormant	Australia	26.97	25.76
EPA Futures Sdn Bhd	Commodity broker	Malaysia	53.22	50.33

List Of Subsidiaries And Associates

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Dec 2007 %
B HEALTHCARE				
ACTIVE COMPANIES				
KPJ Healthcare Berhad #	Investment holding	Malaysia	50.37	49.91
Kumpulan Perubatan (Johor) Sdn Bhd	Investment holding and specialist hospital management	Malaysia	50.37	49.91
Johor Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	50.37	49.91
Ipoh Specialist Hospital Sdn Bhd (Formerly known as Medical Associates Sdn Bhd)	Specialist hospital	Malaysia	49.58	49.13
Pusat Pakar Tawakal Sdn Bhd	Specialist hospital	Malaysia	50.37	49.91
Ampang Puteri Specialist Hospital Sdn Bhd (Formerly known as Puteri Specialist Hospital Sdn Bhd)	Specialist hospital	Malaysia	50.37	49.91
Damansara Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	50.37	49.91
Puteri Specialist Hospital (Johor) Sdn Bhd (Formerly known as Medical Centre (Johore) Sdn Bhd)	Specialist hospital	Malaysia	50.37	49.91
Kuantan Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	39.05	38.70
Puteri Nursing College Sdn Bhd	Nursing college	Malaysia	50.37	49.91
FP Marketing (S) Pte Ltd	Distributor of pharmaceutical products	Singapore	50.37	49.91
PT Khidmat Perawatan Jasa Medika	Specialist hospital	Indonesia	80.00	100.00
PT Selasih Husada Pratama	Specialist hospital	Indonesia	69.67	69.67
Medical Supplies (Sarawak) Sdn Bhd	Pharmaceutical dealer and outlets	Malaysia	37.78	37.43
Bukit Mertajam Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	35.26	34.94
Pharmaserv Alliances Sdn Bhd	Distributor of pharmaceutical products	Malaysia	50.37	49.91
Kuching Specialist Hospital Sdn Bhd (Formerly known as Puteri Healthcare Sdn Bhd)	Specialist hospital	Malaysia	35.26	34.94
Selangor Specialist Hospital Sdn Bhd (Formerly known as Selangor Medical Centres Sdn Bhd)	Specialist hospital	Malaysia	30.22	29.95
Hospital Pusrawi SMC Sdn Bhd	Provide all kinds of medical treatment	Malaysia	15.46	15.06
Open Access Sdn Bhd	Pharmacy operator	Malaysia	50.37	49.91
Pharmacare Sdn Bhd	Trading and chain of pharmacy	Malaysia	50.37	49.91
Sentosa Medical Centre Sdn Bhd	Specialist hospital	Malaysia	50.37	49.91
Kajang Specialist Hospital Sdn Bhd (Formerly known as Hospital Sentosa Sdn Bhd)	Specialist hospital	Malaysia	50.37	49.91
Kedah Medical Centre Sdn Bhd	Specialist hospital	Malaysia	23.00	22.79
Hospital Penawar Sdn Bhd	Specialist hospital	Malaysia	15.11	14.97
Lablink (M) Sdn Bhd	Lab and pathology services	Malaysia	42.31	29.95
Perdana Specialist Hospital Sdn Bhd (Formerly known as Pusat Pakar Darul Naim Sdn Bhd)	Specialist hospital	Malaysia	30.50	30.23
Kota Kinabalu Specialist Hospital Sdn Bhd (Formerly known as Damai Specialist Centre Sdn Bhd)	Specialist hospital	Malaysia	47.85	47.41

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
B HEALTHCARE (continued)				
ACTIVE COMPANIES (continued)				
Seremban Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	36.13	35.60
PT Khasanah Putera Jakarta Medica	Specialist hospital	Indonesia	43.76	37.43
Tawakal Holdings Sdn Bhd	Investment holding	Malaysia	50.37	49.91
Taiping Medical Centre Sdn Bhd	Specialist hospital	Malaysia	50.37	-
Prai Specialist Hospital Sdn Bhd (Formerly known as SMC Land and Properties Sdn Bhd)	Development, education and general trading	Malaysia	50.37	29.95
Diaper Technology Industries Sdn Bhd	Providing IT services and rental of software	Malaysia	47.22	46.79
Pusat Pakar Kluang Utama Sdn Bhd	Specialist hospital	Malaysia	50.37	-
DORMANT COMPANIES				
Maharani Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	50.37	49.91
Malaysian Institute of Healthcare Management Sdn Bhd	Institute of healthcare management	Malaysia	37.78	37.43
Pharmacare Surgical Technologies Sdn Bhd	Manufacturing of surgical thread	Malaysia	50.36	49.91
Renalcare Perubatan (M) Sdn Bhd	Haemodialysis services	Malaysia	50.37	49.91
Ipoh Radiotherapy Sdn Bhd	Radiotheraphy services	Malaysia	49.58	49.13
Renal Link Sentosa Sdn Bhd	Dormant	Malaysia	50.37	24.96
Bayan Baru Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	27.70	27.45
Freewell Sdn Bhd	Ladies sanitary napkin manufacturer	Malaysia	40.30	39.93
KPJ Mediktv Sdn Bhd	Dormant	Malaysia	50.37	49.91
COMPANIES IN WINDING UP PROCESS				
PharmaCARE (B) Sdn Bhd	Distributor and marketing of pharmaceutical products	Brunei	30.22	29.95
C PROPERTY DEVELOPMENT				
ACTIVE COMPANIES				
Johor Land Berhad #	Property developer	Malaysia	48.51	51.52
Damansara Realty Berhad #	Investment holding	Malaysia	31.74	24.33
Advance Development Sdn Bhd	Property developer	Malaysia	48.51	51.52
Revertex (Malaysia) Sdn Bhd	Processing of rubber and chemical product	Malaysia	14.59	15.49
DORMANT COMPANIES				
Pembinaan Prefab Sdn Bhd	Construction of houses	Malaysia	48.51	51.52
Johor Land Manufacturing Sdn Bhd	Manufacturing of metal door frames	Malaysia	48.51	51.52

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
D TIMBER/INTRAPRENEUR VENTURE				
ACTIVE COMPANIES				
Sindora Berhad #	Investment holding, logging and timber processing, oil palm and rubber plantation and "Intrapreneur Venture"	Malaysia	41.59	65.02
Sindora Timber Sdn Bhd	Furniture manufacturing, kiln drying, treatment plant	Malaysia	37.43	58.51
EA Technique (M) Sdn Bhd	Marine engineering services, marine transportation services, marine engineering consultant	Malaysia	21.21	33.16
Willis (Malaysia) Sdn Bhd	Insurance broker	Malaysia	31.64	41.00
MM Vitaoils Sdn Bhd	Producer and wholesale of palm oil and other edible oils and fats	Malaysia	14.56	22.75
Amanahraya-JMF Asset Management Sdn Bhd	Fund management	Malaysia	8.32	13.00
Amanahraya-JMF Capital Sdn Bhd	Consultant, advisory and manager in relation to financial investment	Malaysia	8.32	13.00
Amanahraya-JMF Nominees (Tempatan) Sdn Bhd	Nominee company	Malaysia	8.32	13.00
Pro Office Solutions Sdn Bhd	Bulk mailing services	Malaysia	41.19	59.44
Metro Parking (M) Sdn Bhd	Carpark services	Malaysia	46.19	63.76
Metro Equipment Systems (M) Sdn Bhd	Supply of parking equipment	Malaysia	42.19	58.21
Metro Parking (B) Sdn Bhd	Carpark services	Brunei	34.64	47.82
Metro Parking (S) Pte Ltd	Carpark services	Singapore	32.33	44.63
Metro Parking Management (Philippines) Inc.	Carpark services	Philippines	46.19	63.76
PT Metro Penata Sarana	Carpark services	Indonesia	46.19	63.76
Epasa Shipping Agency Sdn Bhd	Shipping and transportation services	Malaysia	31.19	48.76
Smart Parking Management Sdn Bhd	Supplying and maintaining of carpark equipment	Malaysia	32.33	44.63
Sindora Development Sdn Bhd	Property developer and logging contractor	Malaysia	41.59	65.01
Sindora Wood Products Sdn Bhd	Manufacturing and trading of woods products	Malaysia	41.59	65.01
Granulab (M) Sdn Bhd	Trading granular synthetic bone graft	Malaysia	37.43	58.51
Metro Parking (HK) Ltd	Carpark services	Hong Kong	46.19	63.76
Johor Shipyard and Engineering Sdn Bhd	Shipyard and engineering	Malaysia	21.21	33.16
Metro Parking Services (India) Private Limited	Carpark services	India	46.19	-

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Dec 2007 %
D TIMBER/INTRAPRENEUR VENTURE (continued)				
DORMANT COMPANIES				
Metro Parking (Sabah) Sdn Bhd	Dormant	Malaysia	46.19	63.76
Sindora Trading Sdn Bhd	Marketing of furniture and wood products	Malaysia	41.59	65.01
Amanahraya-JMF Margin Sdn Bhd	Inactive	Malaysia	8.32	13.00
Sindora Timber Products Sdn Bhd	Processing of timber products	Malaysia	41.59	65.01
II INTRAPRENEUR				
A SME				
ACTIVE COMPANIES				
JTP Trading Sdn Bhd	Trading of tropical fruits	Malaysia	39.92	37.75
Excellent Relation Sdn Bhd	Provide IT and other related services	Malaysia	90.00	90.00
Pro-Office Shoppe Sdn Bhd ^	Photocopy & printing	Malaysia	95.00	95.00
Pro Communication Services Sdn Bhd	Billboard and multimedia advertisement	Malaysia	75.00	95.00
IPPJ Sdn Bhd	Entrepreneurial training programmes and seminars	Malaysia	95.00	95.00
Sejahtera Farma Sdn Bhd **	Pharmacy operator	Malaysia	-	47.83
HC Duraclean Sdn Bhd	Franchisor of cleaning services	Malaysia	86.97	91.97
Rajaudang Aquaculture Sdn Bhd	Management services and breeding of tiger prawns	Malaysia	75.00	75.00
Great Allied Engineering Sdn Bhd	Autoblasting & painting	Malaysia	89.00	89.00
Fabricare Laundry Sdn Bhd (Formerly known as Tulus Ikhtiar Sdn Bhd)	Laundry services	Malaysia	45.33	44.92
Johor Skills Development Centre Sdn Bhd	Industrial training centre	Malaysia	75.00	75.00
Edaran Badang Sdn Bhd	Agricultural machinery assembler and distributor	Malaysia	47.90	45.30
TMR Urusharta (M) Sdn Bhd	Facilities management	Malaysia	53.20	53.20
Teraju Fokus Sdn Bhd *****	Security services	Malaysia	87.14	87.14
Aquapreneur Sdn Bhd	Breeding of tiger prawns	Malaysia	39.28	39.29
Healthcare Technical Services Sdn Bhd	Project management and engineering maintenance services for specialist hospitals	Malaysia	37.33	32.00
Teraju Farma Sdn Bhd	Supplier of pharmaceutical product	Malaysia	37.78	44.42
Sovereign Multimedia Resources Sdn Bhd	Trading of computer hardware and software	Malaysia	75.00	90.00
Effective Corporate Resources Sdn Bhd	Advisors and consultants in company management, administration and finance	Malaysia	93.00	95.00
JKiNG Sdn Bhd ^	Producer of sports attire	Malaysia	95.00	95.00
Maruah Emas Sdn Bhd	Islamic pawnshop	Malaysia	92.59	92.59
Renown Value Sdn Bhd	Business in cultivation of agricultural produce	Malaysia	47.90	50.33
Kulim Civilworks Sdn Bhd	Facilities management	Malaysia	47.90	-
SIM Manufacturing Sdn Bhd	Manufacturers and dealers in rubber products of all kinds and articles made from rubber	Malaysia	47.90	-
General Access Sdn Bhd	Earthworks	Malaysia	33.69	52.66
Pro Biz Solution Sdn Bhd	Business centre	Malaysia	85.00	-

** Disposed in December 2008
***** 70% is registered in the name of the intrapreneur

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Dec 2007 %
B NON SME				
ACTIVE COMPANIES				
Kumpulan Penambang (Johor) Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00
Johor Foods Sdn Bhd	Holding company and oil palm plantation	Malaysia	100.00	100.00
Johor Franchise Development Sdn Bhd ^	Investment holding company	Malaysia	100.00	100.00
Johor Capital Holdings Sdn Bhd ^	Holding company	Malaysia	100.00	100.00
Johor Ventures Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00
Pelaburan Johor Berhad	Management of Unit Trust	Malaysia	100.00	100.00
SPMB Holdings Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00
Syarikat Pengangkutan Maju Bhd	Holding company and bus services	Malaysia	97.63	97.63
Penawar Express Line Berhad	Express bus services	Malaysia	97.63	97.63
TPM Technopark Sdn Bhd	Industrial land development	Malaysia	100.00	100.00
Total Project Management Sdn Bhd	Property management	Malaysia	100.00	100.00
Larkin Sentral Sdn Bhd ^	Property contractor and developer	Malaysia	100.00	100.00
Larkin Sentral Management Sdn Bhd ^	Property management	Malaysia	100.00	100.00
Damansara Assets Sdn Bhd	Property management	Malaysia	100.00	100.00
Tanjung Langsat Port Sdn Bhd	Development of industrial land and provider of port services	Malaysia	100.00	100.00
Puteri Hotels Sdn Bhd	Hotel operations	Malaysia	100.00	100.00
Hotel Selesa (JB) Sdn Bhd	Hotel operations	Malaysia	100.00	100.00
Hotel Selesa Sdn Bhd	Hotel operations	Malaysia	100.00	100.00
Sibu Island Resorts Sdn Bhd	Island resorts operator	Malaysia	100.00	100.00
Langsat Bulkers Sdn Bhd	Biodiesel terminal	Malaysia	60.00	60.00
PT Padang Industrial Park	Industrial land development	Indonesia	55.00	55.00
Tenaga Utama (Johor) Bhd	Investment holding	Malaysia	69.76	69.76
The World of Secret Garden Sdn Bhd ^	Personal care products	Malaysia	100.00	100.00
Yakin Tea Sdn Bhd ^	Rental of plantation	Malaysia	62.24	62.24
Dusun Damai Sdn Bhd	Marketing and managing orchards	Malaysia	100.00	100.00
Johor Silica Industries Sdn Bhd	Silica sand quarrying	Malaysia	100.00	100.00
Permodalan Teras Sdn Bhd	Investment holding	Malaysia	100.00	100.00
Rajaudang Sdn Bhd	Investment holding and rental of ponds for breeding of tiger prawns	Malaysia	100.00	100.00
Pro-Office Services Sdn Bhd	Renting of machinery and building	Malaysia	100.00	100.00
Goat Farm Solutions Sdn Bhd ^ (Formerly known as Utmost Reach Marketing Sdn Bhd)	Trading of feedlot goats rearing	Malaysia	100.00	100.00
Exquisite Livestock Sdn Bhd (Formerly known as Exquisite Assets Sdn Bhd)	Commercial cattle farming	Malaysia	100.00	100.00
Rajaudang Trading Sdn Bhd	Wholesale activities	Malaysia	71.25	71.25
Tg. Langsat Development Sdn Bhd	Industrial land development	Malaysia	100.00	100.00
Perkasa Mechanical & Engineering Sdn Bhd	Workshop for heavy machineries	Malaysia	100.00	90.00
Sri Gading Land Sdn Bhd	Industrial land development	Malaysia	51.00	51.00
Techno SCP Sdn Bhd	Industrial land development	Malaysia	60.00	60.00
Kumpulan Perbadanan Johor Sdn Bhd	Management services	Malaysia	100.00	100.00
Pro Corporate Management Services Sdn Bhd	Corporate secretarial services and share registrar	Malaysia	100.00	75.00
M-Perkasa Services Sdn Bhd ^	Management & workshop services	Malaysia	100.00	100.00
Sindora Ventures Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
B NON SME (continued)				
ACTIVE COMPANIES (continued)				
Makmuran Sendirian Bhd ***	Investment holding and timber concession	Malaysia	-	100.00
Makmuran Sawmill Sdn Bhd ***	Sawn timber processing	Malaysia	-	100.00
Makmuran Veneer & Plywood Sdn Bhd ^	Trading of sawn timber and logs	Malaysia	100.00	100.00
Damansara REIT Managers Sdn Bhd	REITs management company	Malaysia	100.00	100.00
Intrapreneur Development Capital Sdn Bhd	Investment holding	Malaysia	100.00	100.00
Bukit Damansara Development Sdn Bhd (Formerly known as Agenda Sarjana Sdn Bhd)	Investment holding, ownership of buildings	Malaysia	100.00	100.00
Bertam Properties Sdn Bhd	Estate management	Malaysia	20.00	20.00
Union Industries Sdn Bhd	Manufacturing of window frame and wheel barrow	Malaysia	23.09	23.08
MC-JTP Concept Sdn Bhd	Rental and warehouse owner	Malaysia	100.00	74.50
Segamat Inland Port Sdn Bhd	Inland port management	Malaysia	-	11.76
Panca Pesona Sdn Bhd	Industrial land and property developer	Malaysia	40.00	40.00
M.N. Koll (M) Sdn Bhd	Commercial cleaning and landscape	Malaysia	53.20	53.20
TMR ACMV Services Sdn Bhd	Maintenance of commercial air-conditioning and mechanical and ventilation services	Malaysia	53.20	53.20
East Johor Marine Farms Sdn Bhd	Rental of ponds for tiger prawns breeding	Malaysia	65.59	65.59
Johor Logistics Sdn Bhd ^	Warehousing	Malaysia	100.00	100.00
Asia Logistic Council Sdn Bhd	GHELS & GCEL systems for Asia Pacific Region	Malaysia	100.00	-
Amazing Cuisine Sdn Bhd	Cold-cuts and sausages production	Malaysia	100.00	-
Ventures Poultry Farm Sdn Bhd	Contract farming	Malaysia	100.00	-
Synergy Poultry Farming Sdn Bhd	Contract farming	Malaysia	100.00	-
Southern Poultry Farming Sdn Bhd	Contract farming	Malaysia	100.00	-
JCIA Services Sdn Bhd (Formerly known as Johor Industrial Gas Sdn Bhd)	Assurance services consulting services	Malaysia	100.00	100.00
Convenue Marketing Sdn Bhd	Marketing of convention centre	Malaysia	95.00	100.00
Bistari Young Entrepreneur Sdn Bhd (Formerly known as Damansara-Harta Management Sdn Bhd)	Producing, promoting and marketing Catur Bistari and services related to Bistari entrepreneurs programmes	Malaysia	100.00	100.00
TPM Management Sdn Bhd	Provision of technical services	Malaysia	39.00	39.00
Al-Aqar Capital Sdn Bhd	Raising Islamic Financing for Al-'Aqar KPJ REIT	Malaysia	100.00	-
DORMANT COMPANIES				
Palley Investments Limited	Investment holding	British Virgin Island	100.00	100.00
Warren Plantation (Mt.Hagen) Limited ^	Dormant	Papua New Guinea	100.00	100.00
Marenban Limited	Dormant	Papua New Guinea	100.00	100.00
PT PJB Pacific Capital	Trust account	Indonesia	100.00	100.00

*** Disposed on 30 December 2008

List Of Subsidiaries And Associates

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
B NON SME (continued)				
DORMANT COMPANIES (continued)				
Pasir Gudang Container Terminal Sdn Bhd	Dormant	Malaysia	78.10	78.10
Technical Edge Sdn Bhd	Trading of motor vehicle spare parts	Malaysia	74.00	74.00
Sungai Gadut Quarry Sdn Bhd	Dormant	Malaysia	100.00	100.00
Pagoh Highlands Resort Sdn Bhd	Dormant	Malaysia	60.00	60.00
Bandar Baru Majidee Development Sdn Bhd	Property developer	Malaysia	100.00	100.00
Vibrant Hectares Sdn Bhd	Processing of palm oil kernel	Malaysia	100.00	100.00
Mengkibol Holdings Sdn Bhd	Investment holding	Malaysia	100.00	100.00
Johor Land (H) Sdn Bhd	Holding company	Malaysia	100.00	100.00
Johor Land Constructions Sdn Bhd	Dormant	Malaysia	100.00	100.00
D.I.M.A. Sdn Bhd	Logging transportation services	Malaysia	100.00	100.00
Kiras Sdn Bhd	Timber operation	Malaysia	100.00	100.00
Mahin Sdn Bhd	Processing of sawn timber	Malaysia	100.00	100.00
Tropika Landskap Sdn Bhd	Landscaping and maintenance	Malaysia	100.00	100.00
Johor City Development Sdn Bhd ^	New township development	Malaysia	100.00	100.00
JSEDC Properties Sdn Bhd	Investment holding	Malaysia	100.00	100.00
T.T. Nusa Sdn Bhd ^	Holding company	Malaysia	100.00	100.00
PT Panca Cemerlang Utama	Dormant	Indonesia	70.00	70.00
PT Rely Panca Perdana	Dormant	Indonesia	90.00	90.00
Vision Possible Berhad ^	Dormant	Malaysia	100.00	100.00
PT Titi Nusa Cemerlang	Consultant and business development	Indonesia	100.00	100.00
DPIM Consult Sdn Bhd	Management consultant	Malaysia	100.00	100.00
Johor Paper & Publishing Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00
East Asian Marine Foods Sdn Bhd	Processing and marketing of seafood	Malaysia	100.00	100.00
Johor Tropical Products Sdn Bhd	Investment holding	Malaysia	100.00	100.00
Malaysia Pharmacy (Retail) Sdn Bhd ^	Distributor and marketing of pharmaceutical products	Malaysia	100.00	100.00
Johor Heavy Industries Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00
Johor Concrete Products Sdn Bhd	Manufacture of concrete products	Malaysia	51.00	51.00
Persada Antarabangsa (Johor) Sdn Bhd	Convention centre management	Malaysia	100.00	100.00
Aquabuilt Sdn Bhd	Rental of tiger prawns hatchery	Malaysia	100.00	100.00
TMR Koll Sdn Bhd	Provide engineering consultancy services	Malaysia	53.20	53.20
PJB Capital Sdn Bhd ^	Portfolio management	Malaysia	100.00	100.00
LY Technologies (M) Sdn Bhd	Distributor of bus and body-parts	Malaysia	51.00	51.00
Harta Consult Sendirian Berhad	Property management	Malaysia	100.00	100.00
Johor Hotels International Sdn Bhd	Holding company	Malaysia	100.00	100.00
Asia Pacific Food Traders Sdn Bhd	Imports & exports of wholesale meat and related products	Malaysia	51.00	51.00
Johor Deer Farm Sdn Bhd	Deer farming	Malaysia	100.00	100.00
Harta Facilities Management Sdn Bhd	Facilities management	Malaysia	53.20	53.20
Meatpackers Sdn Bhd	Marketing of meat products	Malaysia	99.00	99.00
Saujana Jaya Sdn Bhd	Coconut milk processing	Malaysia	100.00	100.00
Johorcraft Sdn Bhd	Ceramic production and handicraft marketing	Malaysia	100.00	100.00
Amiza Publishing Sdn Bhd ^	Book publishing and distributor	Malaysia	96.15	96.15
Rely-On-Us (M) Sdn Bhd	Franchisor of business centre operations	Malaysia	100.00	100.00
Sergam Berhad ^	Trading of steel bars and building materials	Malaysia	96.78	96.78

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
B NON SME (continued)				
DORMANT COMPANIES (continued)				
STPA Trading Sdn Bhd ^	Distribution of steel bars and building materials	Malaysia	96.78	96.78
Quality Heights Sdn Bhd ^	Distributor and marketing of pharmaceutical products	Malaysia	100.00	100.00
Paper Automation Sdn Bhd	Trading in paper products	Malaysia	93.57	93.57
Johor Toys Sdn Bhd	Dormant	Malaysia	86.24	86.24
Kilang Airbatu Perintis Sdn Bhd	Rental of land and coldroom services	Malaysia	88.22	88.22
Johor Tea Sdn Bhd	Tea plantation	Malaysia	100.00	100.00
PharmaCare Medicine Shoppe Sdn Bhd ^	Pharmacy franchise	Malaysia	100.00	100.00
Tajasukan Sdn Bhd ^	Investment holding	Malaysia	100.00	100.00
Jejak Juara Sdn Bhd ^	Photography services	Malaysia	100.00	100.00
Tiram Air Sdn Bhd !	Chartered aircraft services	Malaysia	70.00	70.00
Jedcon Engineering Survey Sdn Bhd	Land survey services	Malaysia	51.00	51.00
Trapezoid Web Profile Sdn Bhd ^	Provision of project management & consultancy services and manufacture of steel products	Malaysia	81.74	81.74
Meatpackers (A) Pty Ltd	Marketing of meat products	Australia	40.00	40.00
Sports Communications Sdn Bhd	Promotion of motor sports	Malaysia	50.00	50.00
Westbury Tubular (M) Sdn Bhd ^	Building and construction work using tubular steel	Malaysia	41.69	41.69
Tiram Tours (S) Pte Ltd	Dormant	Singapore	100.00	100.00
Orion Tours Pte Ltd	Dormant	Singapore	100.00	100.00
COMPANIES IN WINDING UP PROCESS				
Johor Aluminium Processing Sdn Bhd	Aluminium products	Malaysia	35.00	35.00
Buat Niaga Sdn Bhd	Investment holding	Malaysia	100.00	100.00
Asia Pacific Seafoods Pte Ltd	Marketing of seafood products	Singapore	100.00	100.00
PJB Pacific Advisory Services Sdn Bhd	Security consultant	Malaysia	75.00	75.00
Kumpulan Sukan Sdn Bhd ****	Investment in operation of a snooker and videogame centre	Malaysia	-	100.00
PJB IT & Research Sdn Bhd ****	Dormant	Malaysia	-	100.00
PT Panca Perdana Cemerlang	Dormant	Indonesia	100.00	100.00
COMPANY IN THE PROCESS OF STRIKING OFF				
Pharmacare (S) Pte Ltd	Pharmaceutical dealer and outlets	Singapore	100.00	100.00
COMPANY UNDER RECEIVERSHIP				
Kok Lian Marketing Sdn Bhd	Book publisher	Malaysia	51.00	51.00

**** Winding up on 22 April 2008

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest Dec 2008 %	Group Effective Interest Dec 2007 %
III LIST OF NON-GOVERNMENT ORGANISATIONS Incorporated under Companies Act, 1965, managed by Johor Corporation				
Bistari Johor Berhad	Entrepreneur club	Malaysia	@	@
Yayasan Johor Corporation	Manage and administer funds for education and charitable purposes	Malaysia	@	@
Kumpulan Waqaf An-Nur Berhad	Trustees and manager of waqaf	Malaysia	@	@
JCorp Intrapreneur (M) Bhd	Intrapreneurship club	Malaysia	@	@
Khairat Keluarga Perbadanan Johor Berhad	Employees deceased scheme	Malaysia	@	@
DORMANT COMPANIES				
Waqaf An-Nur Berhad	Dormant	Malaysia	@	@

Notes:-

- \# Listed on the Main Board of Bursa Malaysia Securities Berhad
- @ Limited by Guarantee
- ^ Emphasis of Matter on Going Concern Basis on Preparation of Financial Statements
- ! Qualified Opinion - Going Concern

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