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## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Sixth (46th) Annual General Meeting of the Company will be held at Conference Room Level 3, Eastin Hotel, 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor on Thursday, 12th June 2008 at 10.00 a.m. for the following purposes:-

#### **AGENDA**

#### (Resolution 1)

- 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.
- 2. To re-elect the following Directors who shall retire in accordance with Article 94 of the Articles of Association of the Company:-

#### (Resolution 2)

(Resolution 3)

- (a) Tuan Syed Omar Bin Syed Abdullah
- (b) Khaw Teik Thye
- (Resolution 4)
- To re-appoint Messrs. Deloitte KassimChan and to authorise the Directors to fix their remuneration as Auditors of the Company until the conclusion of the next Annual General Meeting.

#### 4. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

- Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965
  - "Resolved that subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia and other relevant government/ regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

### (Resolution 5)

 Proposed Renewal and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

### **Notice of Annual General Meeting**

"THAT, the Mandate granted by the shareholders of the Company at the Annual General Meeting held on 22 June 2007 pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries (SHC Group) to enter into the recurrent transaction of a revenue or trading nature as set out in Section 2.2.1 of the Circular to Shareholders dated 20th May 2008 ("Circular") with the related parties mentioned therein which are necessary for the SHC Group's day-to-day operations, be and is hereby renewed AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.2.1 of the Circular with the related parties mentioned therein.

AND THAT the scope of such renewed and additional shareholders' Mandate be and is hereby extended to apply to the recurrent transactions likewise of revenue or trading nature as set out in Section 2.2.1 of the Circular.

THAT the SHC Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

- a) the transaction are in the ordinary course and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure of the aggregate value of the transactions concluded during a financial year will be disclosed in the Annual Report for the said financial year.

THAT authority conferred by such renewed shareholders mandate shall continue to be in force until:

- i) the conclusion of the next AGM of SHC for financial year ended 31 December 2008, at which time it will lapse, unless by a resolution(s) passed at the AGM, the authority is again renewed;
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act);

or

iii) revoked or varied by a resolution(s) passed by the shareholders in general meeting, whichever is the earlier.

### **Notice of Annual General Meeting**

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

(Resolution 6)

5. To transact any other business for which due notice has been given.

#### BY ORDER OF THE BOARD

NG SEE YEN (MAICSA 0729161) Company Secretary

Kuala Lumpur Date: 20th May 2008

#### **EXPLANATORY NOTES TO SPECIAL BUSINESS**

(a) Ordinary Resolution No. 7

The proposed adoption of the resolution for the authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.

(b) Ordinary Resolution No. 8

The proposed resolutions in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, if pass will give power to the Group to transact with the parties related to the Group. Please refer to the Circular to Shareholders dated 20th May 2008 for further information.

#### Notes :-

- 1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- 2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting.
- 3. Where a member appoints more than one proxy the appointment shall be invalid unless he specifies the proportions in writing or, if the appointer is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- 5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 3, Wisma E & C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, not less that forty-eight (48) hours before the time appointed for holding the meeting and any adjournment thereof.

# Statement Accompanying Notice of Annual General Meeting

#### 1. Directors who are standing for re-election / re-appointment

The Directors who are standing for re-election at the Annual General Meeting of the Company are:-

Tuan Syed Omar Bin Syed Abdullah	Article 94	Resolution 2
Mr Khaw Teik Thye	Article 94	Resolution 3

#### 2. Profile of Directors who are standing for re-election

Further details pertaining to Directors standing for election and re-election are outlined on page 10 of the Annual Report 2007.

#### 3. Details of attendance of Directors at Board Meetings

There were eight (8) Board of Directors' Meetings held during the financial year ended 31 December 2007. Detail of attendance of the Directors are set out in the Profile of Board of Directors appearing on page 11 of the Annual Report.

#### 4. Place, date and time of the Board of Directors' Meetings

All of the Board of Directors' meetings held during the financial year ended 31 December 2007 were held at Board Room, Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur. The dates and time of the Board Meetings are as follows:-

Date of Meeting	Time
18.01.2007	3.00 p.m.
13.03.2007	11.00 a.m.
10.05.2007	11.00 a.m.
30.05.2007	9.30 a.m.
22.06.2007	3.30 p.m.
16.08.2007	11.00 a.m.
9.10.2007	11.00 a.m.
17.12.2007	3.00 p.m.

## Corporate Information



#### **BOARD OF DIRECTORS**

Tuan Syed Omar Bin Syed Abdullah (Chairman / Non-Independent Executive)

Dato' Choo Keng Weng (Managing Director / Non-Independent Executive)

Y.M. Tunku Mahmood Bin Tunku Mohammed (Independent Director / Non-Executive)

En. Mohd Shariff Bin Salleh (Non-Independent Director / Executive)

Mr. Khaw Teik Thye (Independent Director / Non-Executive)

#### **AUDIT COMMITTEE**

Mr. Khaw Teik Thye (Chairman)

Tuan Syed Omar Bin Syed Abdullah (Member)

Y.M. Tunku Mahmood Bin Tunku Mohammed (Member)

#### **COMPANY SECRETARY**

Ng See Yen (MAICSA 0729161)

#### **REGISTERED OFFICE**

Level 3, Wisma E & C No.2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur Tel: 03-2094 7992

Fax: 03-2094 7996

#### **HEAD OFFICE**

Level 3, Wisma E & C No.2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur Tel: 03-2094 7992 Fax: 03-2094 7996

#### **REGISTRAR**

Comprehensive Corporate Services Sdn Bhd Suite 5.02, Level 5, Wisma E & C No.2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur Tel: 03-2713 3277

Fax: 03-2094 9154

#### **BANKERS**

CIMB Bank Berhad United Overseas Bank (Malaysia) Berhad RHB Bank Berhad Malayan Banking Berhad Malaysia Building Society Berhad Bank Pertanian Malaysia

#### **SUBSIDIARY COMPANIES**

Sin Heng Chan Industries Sdn Bhd
(formerly known as Sin Heng Chan (East Coast) Sdn Bhd)
Central Feedmill Sdn Bhd
Goldkist (NS) Sdn Bhd
Sin Heng Chan Feed Sdn Bhd
Goldkist (Malaysia) Sdn Bhd
Kuala Lumpur Feedmill Sdn Bhd
Kuala Lumpur Feedmill Sdn Bhd
Ayam Segar Sdn Bhd
LKPP-Goldkist Sdn Bhd
Urun Plantations Sdn Bhd
SHC Technopalm Plantation Services Sdn Bhd

#### **AUDITORS**

Deloitte KassimChan

#### STOCK EXCHANGE LISTING

The Main Board, Bursa Malaysia Securities Berhad

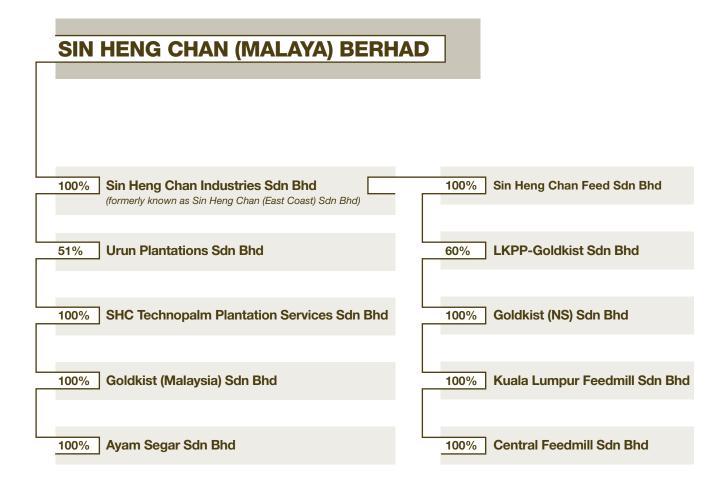
#### **STOCK NAME**

**SHCHAN** 

#### STOCK CODE

4316

## Corporate Structure





On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Sin Heng Chan (Malaya) Berhad for the year ended 31 December 2007.

#### **FINANCIAL REVIEW**

For the financial year ended 31 December 2007, the Group recorded improved results, with total revenue of 51.61 million, an increase of 45% from the preceding year. Profit after taxation improved significantly from a loss position of 9.42 million in the previous year to a profit position of 1.09 million for the financial year. This promising turnaround is largely attributed to the strong demand for the feed milling products and also sales of Fresh Fruit Branches (FFB) from our plantation division.

#### **CORPORATE AND BUSINESS DEVELOPMENTS**

Two key acquisitions were completed during the financial year under review: the acquisition of URUN Plantations Sdn Bhd and SHC Technopalm Plantation Services Sdn Bhd, both of which are involved in the oil palm industry. These investments will forge new paths in our efforts to diversify our earning base and future growth.

#### **REVIEW OF OPERATIONS**

#### Feedmill

Strong growth in revenue was registered in the feed milling division where it remains the largest revenue contributor to the Group, with contributions of 60.51%. Sin Heng Chan Industry Sdn Bhd, the feedmilling arm of the Group achieved higher revenue of 31.23 million as compared to 21.39 million in previous year. The improvement in revenue was driven by the higher selling prices for feed which in turn was affected by higher cost of raw material such as corn, soya bean and kofat. A worldwide shortage of such raw materials has pushed prices higher and we believe the trend will remain in the future, therefore affecting the margins of feed products.



#### **Plantation**

The year also marked the Group's expansion and venture in the oil palm industry. This provides an immediate platform for the Group to be involved in the plantation sector. The contribution of the plantation division for the year under review stands at 6.87 million, which is equivalent to 13.31% of the Group's revenue. This is on the back of 13,959 tonnes of FFB produced from 4,964 acres of oil palm that has been planted since matured. The Group has a total plantation land bank of approximately 27,174 acres as at 31 December 2007.

#### **Poultry**

The poultry division comprehensively reduced its loss from operations of 10.40 million during the previous year, to record a neglible loss from operations, in the financial year under review, of 0.41 million. This improved position was achieved as a result of the disposal of Goldkist Breeding Farm Sdn Bhd and the continuous implementation of cost cutting measures and production efficiencies.

#### **OUTLOOK AND PROSPECT**

The Group remains focused and committed to growing its businesses. The Plantation division is expected to provide robust numbers for the Group as they mature. The Group is projecting a higher production of FFB in Financial Year 2008 from additional areas coming into maturity and higher yield forecasts. Average price of crude palm oil is also expected to be at satisfactory levels given the current price trend. Increasing demand from new users for palm based biodiesel as well as from conventional users will further contribute to our bottom line. As for the feed mill and poultry division we will continue to seek improvement in its operational processes.

As the Group prepares to embrace new opportunities and the next level of growth, we will continue to direct our resources and our investments in a prudent manner to produce positive shareholder returns.

#### **ACKNOWLEDGEMENT**

I would like to take this opportunity to record my sincere appreciation to fellow Board members for their full support, dedication and commitment at all times. On behalf of the Board of Directors, I would like to extend my sincere gratitude to all the employees for their loyalty and dedication to the Group.

Last but not least, I would also like to thank our loyal shareholders, valued customers, bankers and business associates for their continuous support and confidence in the Group.

#### SYED OMAR BIN SYED ABDULLAH

Chairman

## **Profile of Directors**





#### DATO' CHOO KENG WENG

Managing Director / Non Independent Executive

Dato' Choo Keng Weng, age 58, Malaysian, is the Managing Director of the Company. He was appointed to the Board of Directors on 17 June 1995. He holds a Bachelor of Science degree and a Master in Business Administration (majoring in finance) from the Louisiana State University, USA. He was the General / Director of Chocolate Products Malaysia Berhad from 1976 till 1986 and Chief Executive Officer / Director of United Brands Industries Sdn Bhd from 1986 to 1989. Prior to joining SHC, he was an Executive Director of Kelanamas Industries Berhad from 1989 to 1995. He was appointed as Director of Java Incorporated Bhd. on 1 March 2005.

#### TUAN SYED OMAR BIN SYED ABDULLAH

Chairman / Non Independent Executive

Tuan Syed Omar Syed Abdullah, age 52, Malaysian, is the Chairman of the Company. He was appointed to the Board of Directors on 28 April 1995. He was a Press Secretary to the Chief Minister of Johor Darul Ta'zim from 1986 to 1990 and the Political Secretary to the Minister of Law of the Prime Minister's Department from 1990 to 1994. He also sits on the boards of several private limited companies. He also a member of the Audit Committee of the Company.

#### Y.M. TUNKU MAHMOOD BIN TUNKU MOHAMMED

Independent Director / Non-Executive

Y.M. Tunku Mahmood Bin Tunku Mohammed, aged 63, Malaysian, is a businessman. He also sits on the board of several private companies. He served the military for many years and currently runs a holiday resort in Johore. He was appointed a Director of the Company on 11 January 1999. He is also a member of the Audit Committee of the Company. He was appointed as Director of Java Incorporated Bhd. on 6 January 2005.

#### **EN. MOHD SHARIFF BIN SALLEH**

Non Independent Director / Executive

En. Mohd Shariff Bin Salleh, aged 57, Malaysian, was appointed to the Board on 14 March 2006. He holds a Master of Science in Poultry and Master in Business Administration from Louisiana State University, U.S.A. He has 25 years of experience in poultry industry.

#### MR. KHAW TEIK THYE

Independent Director / Non-Executive

Mr. Khaw Teik Thye, aged 38, Malaysian, was appointed to the Board on 3 April 2006. He is a Chartered Accountant and a member of MIA with his own accounting practice. He has 14 years corporate experience in several firms, including a Local/ Japanese JV in the KLIA project, as the financial advisor to the Board of Directors. He was also appointed as the Chairman of Audit Committee of the Company.



#### ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS

#### Meetings

In 2007, the Board held Eight regular meetings; where it discussed or deliberated upon and considered a variety of matters including the Group's financial and operating results, major investments, strategic decisions, the business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. This is issued in sufficient time to enable the directors to obtain further information or clarification, where necessary before the meeting. All proceedings from the Board Meetings are minuted and signed by the Chairman of the meeting.

The details of each director's attendance are as follows:-

Name of Director	Designation	Attendance
Tuan Syed Omar Bin Syed Abdullah	Chairman	5/8
Dato' Choo Keng Weng	Managing Director	8/8
Y.M. Tunku Mahmood Bin Tunku Mohammed	Independent Director	8/8
En. Mohd Shariff Bin Salleh	Non-Independent Director	7/8
Mr. Khaw Teik Thye	Independent Director	8/8

#### ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

#### Family Relationships With Any Director And / Or Major Shareholder

None of the directors have family relationship with any other directors or major shareholders of the Company.

## Additional Compliance Information

#### **UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL**

The proceeds raised from the issuance of 31,598,162 new Ordinary Shares of RM 1.00 each (Private Placement, Warrants, and ESOS) has been fully utilised in the following manner:-

Description	Utilised as at 31.12.2007 (RM'000)
Acquisition of Urun Plantations Sdn. Bhd. and SHC Technopalm Services Sdn. Bhd.	25,600,000
Increase in paid-up Capital in Sin Heng Chan Indusries Sdn. Bhd.	2,500,000
Working Capital	3,498,162
	31,598,162

#### **SHARE BUY-BACKS**

The Company did not enter into any share buy-back transactions during the financial year.

#### **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

The 30,000,000 warrants 2004/2009 are in registered form and constituted by a deed poll and which entitle the registered holders to subscribe for 1 ordinary share of RM1.00 each in the Company at a price of RM1 per ordinary share for every warrant held subject to adjustments in accordance with the deed poll. The warrants are exercisable at any time from the date of issue to its expiry date on 24 July 2009. At the end of the year, 20,000,000 warrant had been converted to ordinary shares of the Company.

Under the Company's Employees' Share Option Scheme ("ESOS"), options to subscribe for unissued new ordinary shares in the Company were granted to eligible directors and employees of the Company and its subsidiary companies. During the financial year, 1,829,000 ESOS have been exercised.

#### AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR during the financial year ended 31 December 2007.

#### **IMPOSITION OF SANCTIONS AND PENALTIES**

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

#### **NON-AUDIT FEES**

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2007 amount to RM3,000.00.

Additional Compliance Information

#### **PROFIT GUARANTEE**

During the financial year, there were no profit guarantees given by the Company.

#### 8 VARIATION IN RESULTS

There is no significant variance between the results for the financial year and the unaudited results perviously release by the Company.

#### 9 MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There is no material contract or loan entered into between the Company and a Director or a substantial shareholder during the financial year except for the rental of office premises whereby a tenancy agreement dated 31 January 2005 had been entered between the Company and Desa Samudra Sdn Bhd of which a Director, Dato' Choo Keng Weng has financial interest.

#### **10 REVALUATION POLICY**

The Company has not adopted a regular revaluation policy on its landed policy. Details of the property are disclosed in page 85 of this Annual Report.

#### 11 CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors have recognised the importance of a corporate culture that emphasises good corporate social responsibility. The Group not only increases the stakeholder value through its core business but also for the betterment of the community and environment.

#### Environment

The Group undertook initiative to make available separate bins to collect "production waste" and arrange for proper disposition on a periodic basis.

#### Community

The Group plays its role as a socially responsible corporate citizen in the community whenever the need arises. The group shall continue to uphold and support by providing assistance in cash and in kind.

#### Workplace

The Group recognises that its employees are important assets. It takes good care of the welfare of its employees and employed them under fair and equitable terms. The Group also provides Hospitalisation and Surgical insurance coverage and Group Personel Accident insurance on top of the statutory SOCSO contribution for employees to mitigate medical and accidental contingencies.

## Statement on Corporate Governance

The Board fully appreciates and commit to ensuring the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging their responsibility to protect and enhance shareholders' value.

To this end, the Board fully supports the recommendation of the Code. The Bursa Malaysia Berhad listing requirements have also been amended to require the Board to make statements in the Annual Report in relation to a listed issuer's compliance with the Code.

Set out below is a description of how the Group has applied the principles set out in the Code.

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

#### **SECTION 1: DIRECTORS**

#### The Board

The Board consists of 5 members. Two out of the five members are Independent / Non-Executive Directors. A brief profile of each Director is presented on page 10 of this annual report.

During the 12 months ended 31 December 2007, the Board convened eight Board of Directors' Meetings. The details of the meetings are presented on page 5 of this Annual Report.

#### **Board Balance**

The Board is led by Tuan Syed Omar Bin Syed Abdullah as the Chairman and the executive management of the Company is led by Dato' Choo Keng Weng, the Managing Director. There is a clear division of responsibility between these two roles to ensure a balance of authority and power.

The presence of the two independent directors, with their different backgrounds and expertise, complements the Board with a mix of industry-specific knowledge and broad business and commercial experience. They provide unbiased and independent views, advice and judgement to take account of the interests not only of the Group, but also the public shareholders. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two directors or one-third of the Board of the Company, whichever is higher, are independent directors.

#### **Supply of Information**

All Directors have access to monthly Management Accounts of the Group and are briefed on a regular basis, in sufficient time, before Audit Committee and Board Meetings.

In addition, there is a schedule of matters reserved specifically for the Board's decision. The Board has approved a procedure for Directors, whether as a full Board or in their individually capacity to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

All Directors have access to the services of the Company Secretary.

### Statement on Corporate Governance

#### **Appointments of the Board**

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education program for new Board Members.

#### Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining Directors be subjected to re-election by rotation at each Annual General Meeting.

#### **SECTION 2: DIRECTORS' REMUNERATION**

#### **Nomination and Remuneration Committee**

The Board has decided not to set up a Nomination and Remuneration Committee as recommended by the Code. As an alternative, the Board will deliberate on the nomination and remuneration of Directors during the normal proceedings of the meeting of Directors.

The remuneration of each Director, are determined by the Board, as a whole. The individual Directors do not participate in discussion and decision of their own remuneration.

#### **Directors' Remuneration**

The details of the remuneration of Directors during the year are as follows:-

Aggregate remuneration of Directors categorized into appropriate components:

	Benefits			
	Salaries RM'000	in-kind RM'000	Fees RM'000	Total RM'000
Executive Directors	518	111	-	629
Non-Executive Directors	-	-	21	21
Total for the Company	518	111	21	650

The number of Directors of the Company whose total remuneration fall within the following bands for the financial year ended 31st December 2007 is as follows:

	No. of Directors	No. of Directors
Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM400,001 to RM450,000	1	-

### Statement on Corporate Governance



All the Directors with the exception of En. Mohd Shariff Bin Salleh and Mr. Khaw Teik Thye, appointed on 14 March 2006 and 3 April 2006 respectively, have attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia Securities Berhad and have completed the CEP programmes. The Directors will continue to undergo other training programmes to enhance their skills and knowledge, where relevant. In respect of En. Mohd Shariff Bin Salleh and Mr. Khaw Teik Thye, they will attend and complete the MAP within the time frame stipulated by Bursa Malaysia Listing Requirements.

#### **SECTION 3: SHAREHOLDERS**

#### **Dialogue Between the Company and Investors**

The shareholders and investors are well informed of major developments of the Company made to the Bursa Malaysia Berhad which includes the quarterly financial results as well as through Annual Reports and where appropriate, circulars and press release.

#### **Annual General Meeting**

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

Besides the usual agenda for the Annual General Meeting, the Board presents the progress and performance of the business as contained in the annual report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All directors are available to provide responses to questions from the shareholders during these meetings.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

#### **SECTION 4: ACCOUNTABILITY AND AUDIT**

#### **Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising for disclosure to ensure accuracy, adequacy and completeness. The statement of Directors pursuant to Section 169 of the Companies Act 1965 is set out on the accompanying financial statements

#### **Relationship with Auditors**

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee.

The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the provisions of the Companies Act 1965 and accounting standards in Malaysia.

#### Statement of Compliance with the Best Practices of the Code

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board has to its best ability complied throughout the financial year with the Best Practices as set out in the Code.

## Statement of Internal Control



The Board acknowledges the importance of maintaining a good internal control system covering risk management and the financial, operational and compliance controls, as set out under Part 1D II of the Code, to safeguard shareholders' investments and the Group's assets.

#### Responsibility

The Board affirms its overall responsibility for the Group's system of internal control, which includes the review of its effectiveness, to ensure compliance to policies and procedures and operating standards so as to enable the Group to achieve its business objectives. The process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives is an ongoing process. The Board, however, reiterates that such a system is designed to manage risk rather than eliminate risk of failure to achieve business objectives and provide only reasonable assurance, but not absolute assurance against material misstatement or loss.

#### **Risk Management**

The Board recognises that an important element for a sound system of internal control is to have in place a risk management framework in order to identify principal risks and implement appropriate controls to manage such risk. The present process of identifying and addressing risk is conducted informally.

#### **System of Internal Control**

The salient features of the Group's system of internal control are as follows:-

- The Company and its subsidiary companies have clear management structure, with lines of responsibility and delegation of authority.
- Senior management, i.e. the Executive Directors and Heads of Departments, have many years of accumulated hands-on experience in the operational and financial affairs of the Group.

#### **Monitoring Activities**

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The key activities that the directors have established in reviewing the adequacy and intergrity of the system of internal controls, are as follows:

- Monthly review of the management accounts of the Group by the Senior Management team.
- Quarterly review of the unaudited financial results of the Group by the Board of Directors.
- Audit Committee will reviews, the quarterly unaudited financial results so as to monitor the Group's progress in achieving its business objectives.

#### **Internal Audit Function**

During the financial year, the Group had outsourced its internal audit function to an independent party to assist the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by:

- ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures; and
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach in evaluating and improving the effectiveness of risk management, control and governance processes within the Group's operations.

This statement was made in accordance with the resolution of the Board dated 22 April 2008.

# Directors' Responsibility Statement

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

The Directors consider that in preparing the financial statements,

- The Group and the Company have used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

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

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

## **Audit Committee Report**



#### COMPOSITION

#### Chairman

Khaw Teik Thye Independent Non-Executive Director

#### **Members**

Y.M. Tunku Mahmood Bin Tunku Mohammed Independent Non-Executive Director Tuan Syed Omar Bin Syed Abdullah Non-Independent Executive Director

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

The Committee shall be appointed by the Board from amongst its Directors excluding alternate Directors which fulfill the following requirements:

- a) The audit committee must compose of no fewer than three (3) members;
- b) A majority of the audit committee must be Independent Directors (as defined in the Listing Requirements); and
- c) At least one (1) member of the audit committee
  - 1. Must be a member of the Malaysian Institute of Accountants; or
  - 2. If he is not a member of the Malaysian Institute of Accountants, he must have at least (3) years' working experience, and;
    - I. He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967.

The member of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. In this respect, the Board adopts the definitions of "Independent Director" as defined under the Bursa Malaysia Securities Berhad Listing Requirements.

If a member of the Committee resigns, dies, or for any reason ceases to be a member with the result the number of members is reduced to below three (3), or if the majority of the members become non-Independent Directors, the Board of Directors shall within three (3) months of such vacancy, appoint such number of new members as may be required to make up the minimum number of three (3) members or the majority being Independent Directors.

#### **RIGHTS**

The Committee shall:

- a) Have explicit authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or
- e) Be able to obtain independent professional or other advice; and
- f) Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

### **Audit Committee Report**



The functions of the Committee shall include the following:

- 1. Review the following and report the same to the Board:
  - a) With the external auditors, the audit plans;
  - b) With the external auditors, his evaluation of the system of internal control;
  - c) With the external auditors, his audit report;
  - d) The assistance given by the employees of the Company to the external auditors;
  - e) The adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - g) The quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    - i. Changes in or implementation of major accounting policy changes;
    - ii. Significant and unusual events;
    - iii. Going concern assumptions; and
    - iv. Compliance with accounting standards and other legal requirements.
  - h) Any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - Any letter of resignation from the external auditor of the Company; and
  - i) Whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment;
  - k) Report any breaches of the Bursa Malaysia Listing Requirements to the Bursa Malaysia; and
  - Prepare an audit committee report at the end of the financial year.
- 2. Recommend the nomination of a person or persons as external auditors and auditors' remuneration.

#### **MEETINGS**

- a) Meetings of the Committee shall be held not less than four (4) times a year;
- b) The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting;
- The external auditor may request a meeting if they consider that one is necessary and shall have the right too appear and be heard at any meeting of the Committee;
- d) Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable;
- e) Other Directors and employees shall attend any particular Audit Committee meeting only at the Committee's invitation, specific to the relevant;
- At least once a year, the Committee shall meet with the external auditor without the Executive Board members present; f)
- g) The quorum for the meeting of the Committee shall be two(2) provided always that the majority of members present must be Independent Directors;





- h) Any decision of the Committee shall be by simple majority;
- The Committee shall record its conclusion in discharging its duties and responsibilities;
- The Company Secretary shall be the Secretary of the Committee; and
- k) The Secretary is responsible for sending out notifications of the meeting and preparing and keeping minutes of the meetings.

#### **REPORTING PROCEDURES**

The Minutes of the Committee meeting shall be extended to all the members of the Board of Directors.

#### **SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE**

The Audit Committee, held a total of four meeting during the year to perform the following duties:

- Reviewed the audited financial statements for the financial statements for the financial year ended 31 December 2007 with the external auditors. Any significant audit issues were accordingly noted and addresed prior to recommendation to the Board.
- Reviewed the Company's compliance with regards to the revamped Listing Requirements of the Bursa Malaysia and compliance with updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
- Reviewed the suitability of the Company's external auditor for reappointment.

During the financial year, the Audit Committee has reviewed the interim/quarterly results of the Company and the Group prepared by the management.

#### **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported by an independent and adequately resourced audit function. The Committee is aware of the fact that an independent and adequately resourced audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

The activities of the internal audit have been minimal during the year. The Board of Directors will ensure that there is full control and direction over financial, operational and compliance issues through regular meetings and consultations with the external auditors.

### **Audit Committee Report**



The Company's ESOS was established on 29 March 2004. The salient features of the ESOS are stated in the Financial Statement on page 29 of this Annual Report. The criteria for allocation of options is set out in the By-Laws of the ESOS and a copy of the By-Laws was distributed to the respective subsidiary and posted on the Notice Board for the information of all employees. The Company's existing ESOS By-Laws does not provide allocation of options to non-executive directors.

During the financial year ended 31 December 2007, the share options granted and exercised are as follows:-

Exercise Date	Exercise Price RM	Consideration Received RM	Number of Share Options	Fair Value of Shares Issued RM
07.00.0007	1.00	1.040.000	1.040.000	4.47
07.03.2007	1.00	1,243,000	1,243,000	1.17
09.03.2007	1.00	90,000	90,000	1.25
19.03.2007	1.00	75,000	75,000	1.23
27.03.2007	1.00	123,000	123,000	1.42
02.04.2007	1.00	205,000	205,000	1.13
06.04.2007	1.00	93,000	93,000	1.16
		1,829,000	1,829,000	

# Related Party Transactions



The breakdown of the aggregate value of the recurrent related party transactions of a revenue or trading nature conducted pursuant to Shareholders' Mandate are as follows:-

Transactions with companies in which Dato' Choo Keng Weng is the common director of the companies:-

Nature of Transaction	Party Transacting	Transacted Value* RM ('000)	Relationship of Interested Party
Rental of Office Premises	Desa Samudra Sdn Bhd ("DSSB")	110	Dato' Choo Keng Weng is a Director of DSSB and he holds 50% equity in DSSB.
Rental of Accommodation	Seng Hoe & Choong Corporation Sdn Bhd ("SHCCSB")	102	Dato' Choo Keng Weng is a Director of SHCCSB and he holds 60% equity in SHCCSB.

Transactions between companies in the Group in which certain directors of the Company are also the common directors of the companies:-

Nature of Transaction	Party Transacting	Transacted Value* RM ('000)	Relationship of Interested Party
Supply of poultry feed	LKPP-Goldkist Sdn Bhd ("LKPP-G")	7,208	LKPP-G is a 60% subsidiary of Sin Heng Chan Industries Sdn Bhd (SHCI) 40% is owned by Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang (LKPP).
Supply of parent stock for breeding purposes	LKPP-G	711	LKPP-G is a 60% subsidiary of SHCI. 40% is owned by LKPP.
Rental paid for the use of the land belonging to LKPP	LKPP-G	30	LKPP-G is a 60% subsidiary of SHCI. 40% is owned by LKPP.

<sup>\*</sup> Related party transactions conducted during the financial year ended 31 December 2007.

# **Shareholding Statistics**



#### **ANALYSIS OF SHAREHOLDERS AS AT 05 MAY 2008**

Authorised Share Capital : RM500,000,000 Paid-up share Capital : RM111,666,787

: Ordinary Share of RM1.00 each Class of Share

Voting Right : 1 vote per ordinary

#### **DISTRIBUTION OF SHAREHOLDING AS AT 05 MAY 2008 - ORDINARY SHARES**

Range	No. of Holders	%	Total Holdings	%
1-99	115	2.6983	4,683	0.0042
100-1,000	1,396	32.7546	1,275,543	1.1423
1,001-10,000	2,105	49.3900	8,946,153	8.0115
10,001-100,000	578	13.5617	17,052,224	15.2706
100,001- <5%	64	1.5016	35,625,370	31.9033
>5%	4	0.0938	48,762,814	43.6681
	4,262	100.00	111,666,787	100.00

#### SUBSTANTIAL SHAREHOLDERS (5% & above) AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held	%
1.	WAN JIN RESOURCES SDN BHD	19,182,125	17.18
2.	DATO' HAJI ESA BIN MOHAMED	15,830,689	14.18
3.	DATO' CHOO KENG WENG	11,653,793	10.44
4.	SAMUDERA SENTOSA SDN BHD	8,000,000	7.16

#### THIRTY LARGEST ORDINARY SHAREHOLDERS AS AT 05 MAY 2008

	Shareholders	No. of Shares Held	%
1.	Sabah Development Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wan Jin Resources Sdn Bhd	19,182,125	17.18
2.	Dato' Haji Esa Bin Mohamed	15,580,689	13.95
3.	Samudera Sentosa Sdn Bhd	8,000,000	7.16
4.	HDM Nominees (Tempatan) Sdn Bhd	6,000,000	5.37
	Pledged Securities Account for Dato' Choo Keng Weng		
5.	Dato' Choo Keng Weng	5,053,793	4.53
6.	Niaga Serimas Sdn Bhd	5,001,000	4.48
7.	J.V. Avenue Sdn Bhd	4,769,162	4.27
8.	Macronet Sdn Bhd	2,925,000	2.62
9.	ECML Nominees (Tempatan) Sdn Bhd Khatijah Binti Ab Samad	2,282,000	2.04

### **Shareholding Statistics**



### THIRTY LARGEST ORDINARY SHAREHOLDERS AS AT 05 MAY 2008 (cont'd)

	Shareholders	No. of Shares Held	%
	Silaterioliders	Silales Held	70
10.	Asraman Sdn Bhd	1,283,900	1.15
11.	TA Nominees (Tempatan) Sdn Bhd	1,052,400	0.94
	Pledged Securities Account for Cheng Teck Loong		
12.	HSBC Nominees (Asing) Sdn Bhd	1,000,000	0.90
	Exempt an for HSBC Private Bank (Suisse) S.A. (Spore TST ACCL)		
13.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd	838,553	0.75
	Kim Eng Securities Pte Ltd for Eng Holdings Sdn Bhd		
14.	TA Nominees (Tempatan) Sdn Bhd	600,000	0.54
	Pledged Securities Account for Dato' Choo Keng Weng		
15.	Lee Lai Leng	497,600	0.45
16.	HDM Nominees (Tempatan) Sdn Bhd	486,200	0.44
	Pledged Securities Account for Tee Tiam Lee		
17.	Thoon Soon Ling	420,000	0.38
18.	TCL Nominees (Asing) Sdn Bhd	408,257	0.37
	OCBC Securities Private Limited for Eng Bak Hern		
19.	OSK Nominees (Tempatan) Sdn Bhd	402,000	0.36
	Pledged Securities Account for Chong Lee Fong		
20.	Yap Soon Leong	356,000	0.32
21.	Tan Wan Chee	351,400	0.31
22.	Choo Keng Kit	320,000	0.29
23.	HDM Nominees (Tempatan) Sdn Bhd	298,100	0.27
	Pledged Securities Account for Ong Kah Huat		
24.	TCL Nominees (Asing) Sdn Bhd	288,414	0.26
	OCBC Securities Private Limited for Tan Sock Hian		
25.	Sy Ban Lee	271,000	0.24
26.	Lim Chee Khang	266,000	0.24
27.	Affin Nominees (Tempatan) Sdn Bhd	250,000	0.22
	Pledged Securities Account for Dato' Haji Esa Bin Mohamed		
28.	Lim Siong Eng	250,000	0.22
29.	Tay Kuan Tea @ Tay Swee Seng	244,000	0.22
30.	Tan Hui Ming	238,000	0.21
	Total	78,915,593	70.67

### **DISTRIBUTION OF SHAREHOLDING AS AT 05 MAY 2008 - WARRANTS**

Range	No. of Holders % Total Holdings		Total Holdings	%
1-99	0	0.00	0	0.00
100-1,000	8	4.97	6,300	0.06
1,001-10,000	108	67.08	498,400	4.98
10,001-100,000	36	22.36	857,400	8.57
100,001- <5%	4	2.48	639,900	6.40
>5%	5	3.11	7,998,000	79.99
	161	100.00	10,000,000	100.00

### **Shareholding Statistics**



	Shareholders	No. of Shares Held	%
1.	Dato' Haji Esa Bin Mohamed	3,594,000	35.94
2.	Dato' Choo Keng Weng	2,396,000	23.96
3.	Goh Hock Guan	942,100	9.42
4.	Datin Ong Sok Hean	565,900	5.66
5.	Asraman Sdn Bhd	500,000	5.00
6.	Dato' Choo Keng Weng	250,000	2.50
7.	Muhammad Ali Bin Jamaluddin	150,100	1.50
8.	Yii Leh Kieu	139,700	1.40
9.	Norliza Binti Hashim	100,100	1.00
10.	Usanee Reinu	69,000	0.69
11.	Chang Yoke Mui	50,100	0.50
12.	Rajasingam A/L S Singarajah	50,100	0.50
13.	Ngu Shang Shang	40,100	0.40
14.	Mohd Hadi Bin Mohamed Anuar	35,600	0.36
15.	Tan Sai Hoon	33,000	0.33
16.	Chung Li Yen	30,900	0.31
17.	Chan Poh Lin	30,100	0.30
18.	Tan Gek Peng	30,000	0.30
19.	Southern Investment Bank Berhad	29,900	0.30
	Employee's Provident Fund		
20.	Tan Say Cheng	28,000	0.28
21.	Chow Yin Meng	25,600	0.26
22.	Siva-Muniandy A/L Muniandy	25,000	0.25
23.	Goh Yoke Choo	24,100	0.24
24.	Ibrahim Bin Sarmani	20,100	0.20
25.	A.A. Anthony Nominees (Tempatan) Sdn Bhd	20,000	0.20
	Pledged Securities Account for Chong Hwa Jau		
26.	Aziz Bin Mat Salleh	20,000	0.20
27.	Cheok Pei Koon	20,000	0.20
28.	JF Apex Nominees (Tempatan) Sdn Bhd	20,000	0.20
	Pledged Securities Account for Wong Sieh Ming		
29.	Lim Chew Mei	20,000	0.20
30.	Loh Hai Boey	20,000	0.20
	Total	9,279,500	92.80

# Financial Statements

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### **Directors' Report**

#### **DIRECTORS' REPORT**

The directors of SIN HENG CHAN (MALAYA) BERHAD hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended December 31, 2007.

#### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

During the financial year, the Group disposed of its entire equity interest of 94.2% in subsidiary company, Goldkist Breeding Farms Sdn. Bhd., a company incorporated in Malaysia. Also, during the financial year, the Group acquired two subsidiary companies, Urun Plantations Sdn Bhd and SHC Technopalm Plantation Services Sdn. Bhd., both companies incorporated in Malaysia. The principal activities of the subsidiary companies are as disclosed in Note 16 to the Financial Statements.

Other than as stated, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

#### **RESULTS OF OPERATIONS**

The results of operations of the Group and the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit/(Loss) before tax	1,074,208	(743,395)
Tax credit	16,715	21,500
	1,090,923	(721,895)

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

#### **DIVIDENDS**

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

#### **RESERVES AND PROVISIONS**

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

#### **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM60,876,500 to RM111,666,787 by way of:

(a) a private placement of 9,769,162 new ordinary shares of RM1 each at an issue price of RM1 each for cash;

#### ISSUE OF SHARES AND DEBENTURES (cont'd)

- (b) an issue of 19,192,125 ordinary shares of RM1 each for cash at par for the conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 19,192,125 new ordinary shares of RM1 each;
- (c) an issue of 20,000,000 ordinary shares of RM1 each for cash at par for the conversion of Warrants into 20,000,000 new ordinary shares of RM1 each; and
- (d) an issue of 1,829,000 new ordinary shares of RM1 each for cash pursuant to the Employees Share Option Scheme of the Company at an exercise price of RM1 each.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The movements in the number of units of Warrants during the financial year are as follows:

	Balance at 1.1.2007	Exercised	Expired	Balance at 31.12.2007
Number of unexercised Warrants	30,000,000	(20,000,000)	-	10,000,000

The Company has not issued any debentures during the financial year.

#### **SHARE OPTIONS**

Under the Company's Employees Share Option Scheme ("ESOS"), options to subscribe for unissued new ordinary shares in the Company were granted to eligible directors and employees of the Company and its subsidiary companies.

The salient features of the ESOS are as follows:

- (a) the total number of shares which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (b) any employee (including the executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee:
  - (i) is employed by and on the payroll of a company within the Group;
  - (ii) must have attained the age of eighteen (18) years;
  - (iii) is not an executive director who represents the government or a government institution/agency; and
  - (iv) is not a government employee serving in the public service scheme as defined under Article 132 of the Federal Constitution.
- (c) no option shall be granted for less than 100 shares.
- (d) option shall be granted in the discretion of the ESOS committee based on job ranking, length of services, contribution and performance of the selected employee provided that:
  - (i) not more than ten percent (10%) of the shares available under the ESOS shall be allocated to any individual executive director or selected employee who, either singly or collectively through his/her associates, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company; and
  - (ii) not more than fifty percent (50%) of the shares available under the ESOS shall be allocated, in aggregate, to the executive directors and senior management.

#### **SHARE OPTIONS (cont'd)**

- (e) the option price shall be determined based on a discount of not more than 10% from the average of the mean market quotation of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- (f) the options granted may be exercised at anytime within a period of five (5) years from the date of offer of the option or extended to not more than another five (5) years commencing from the day after the expiry of the original five (5) year period.
- (g) the persons to whom the options are granted have no right to participate by virtue of the options in any other share options of any other company within the Group.

The share options exercised during the financial year are as follows:

	No. of Options Over Ordinary Shares of RM1 each				
	Balance at			Balance at	
Exercisable from	1.1.2007	Granted	Exercised	31.12.2007	
13.7.2004	5,115,000	-	(1,829,000)	3,286,000	

Exercise Date	Exercise Price RM	Consideration Received RM	Number of Share Options	Fair value of Shares Issued RM
7.3.2007	1.00	1,243,000	1,243,000	1.17
9.3.2007	1.00	90,000	90,000	1.25
19.3.2007	1.00	75,000	75,000	1.23
27.3.2007	1.00	123,000	123,000	1.42
2.4.2007	1.00	205,000	205,000	1.13
6.4.2007	1.00	93,000	93,000	1.16
		1,829,000	1,829,000	

There have been no further share options granted during the financial year.

#### **OTHER FINANCIAL INFORMATION**

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

#### OTHER FINANCIAL INFORMATION (cont'd)

At the date of this report, the directors are not aware of any circumstances:

- (a) which would necessitate the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

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 the Company to meet their obligations as and when they fall due.

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

#### **DIRECTORS**

The following directors served on the Board of the Company since the date of the last report:

Dato' Choo Keng Weng Tuan Syed Omar Bin Syed Abdullah Y.M. Tunku Mahmood Bin Tunku Mohammed Mohd Shariff Bin Salleh Khaw Teik Thye

In accordance with Article 94 of the Company's Articles of Association, Tuan Syed Omar bin Syed Abdullah and Mr. Khaw Teik Thye retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

### **Directors' Report**

#### **DIRECTORS' INTERESTS**

The interest in shares in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, of the Companies Act, 1965, are as follows:

	Balance at	No. of Shares	of RM1 Each	Balance at
	1.1.2007	Bought	Sold	31.12.2007
Shares in the Company Registered in the name of directors				
Dato' Choo Keng Weng Mohd Shariff Bin Salleh	9,615,793 -	1,985,000 65,000	-	11,600,793 65,000
<b>Deemed Interest</b> (by virtue of his interest in Alor Setar Industry Holdings Sdn. Bhd. and Macronet Sdn. Bhd.)				
Dato' Choo Keng Weng	9,425,000	-	(6,500,000)	2,925,000
	No. of Balance at	Options Ordina	ry Shares of RN	//1 Each Balance at
	1.1.2007	Granted	Exercised	31.12.2007
Share Options in the Company Registered in the name of directors				
Dato' Choo Keng Weng Tuan Syed Omar Bin Syed Abdullah	600,000 600,000	-	(600,000)	600,000

Wa	Warrants Issued Pursuant To A Deed Poll				
	Exercisable At Any Time From				
	July 25, 2004 to July 24, 2009				
Balance at	Balance at Balance at				
1.1.2007	Bought	Exercised	31.12.2007		

#### **Warrants in the Company**

#### **Deemed Interest**

(by virtue of his interest in Alor Setar Industry Holdings Sdn. Bhd.)

29,990,000 9,990,000 Dato' Choo Keng Weng (20,000,000)

By virtue of their interests in the shares, share options and warrants of the Company, the abovementioned directors are deemed to have beneficial interest in the shares of the subsidiary companies during the financial year to the extent that the Company has interest.

None of the other directors has interest in the shares of the Company and the related company during and as of the end of the financial year.

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of rental of premises paid and payable to companies in which Dato' Choo Keng Weng has substantial financial interest as disclosed in Note 21, to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### **AUDITORS**

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

**DATO' CHOO KENG WENG** 

MOHD SHARIFF BIN SALLEH

Kuala Lumpur April 22, 2008

## **Report of the Auditors**

to the members of Sin Heng Chan (Malaya) Berhad

We have audited the accompanying balance sheets as of December 31, 2007 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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

#### In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
  - the state of affairs of the Group and the Company as of December 31, 2007 and of the results and the cash flows of the Group and the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

**DELOITTE KASSIMCHAN** AF 0080 **Chartered Accountants** 

WU CHIH SHAN 1887/03/10 (J) Partner

April 22, 2008

## **Income Statements**

for the year ended December 31, 2007

	Note	T 2007 RM	he Group 2006 RM	The 2007 RM	Company 2006 RM
Revenue	5	51,607,009	35,586,612	-	-
Other operating income Changes in inventories of finished goods and	7	3,883,746	2,574,020	3,403,948	1,457,367
hatching eggs		(1,247,934)	167,759	-	-
Raw materials and consumables used		(31,931,650)	(28,888,358)	-	-
Directors' remuneration	8	(538,500)	(836,800)	(538,500)	(787,800)
Staff costs	9	(3,491,342)	(4,548,023)	(724,283)	(477,688)
Depreciation of property, plant and equipment	13	(3,197,559)	(2,209,027)	(187,583)	(198,218)
Finance costs	10	(1,116,924)	(520,847)	(23,393)	(29,136)
Amortisation of prepaid lease payments	14	(555,760)	(25,159)	-	-
Other operating expenses	7	(12,336,878)	(11,083,473)	(2,673,584)	(1,478,980)
Profit/(Loss) before tax		1,074,208	(9,783,296)	(743,395)	(1,514,455)
Tax credit	11	16,715	361,044	21,500	44,551
Profit/(Loss) for the year		1,090,923	(9,422,252)	(721,895)	(1,469,904)
Attributable to:					
Equity holders of the Company		1,696,721	(8,184,726)		
Minority interest		(605,798)	(1,237,526)		
		1,090,923	(9,422,252)		
Earnings/(Loss) per ordinary share					
Basic	12	1.83 sen	(13.4 sen)	_	
Diluted	12	1.60 sen	N/A		

# Balance Sheets as at December 31, 2007

		Т	he Group	The Company		
		2007 2006		2007	2006	
	Note	RM	RM	RM	RM	
ASSETS						
Non-current assets						
Property, plant and equipment	13	86,710,444	14,601,989	289,639	1,576,673	
Prepaid lease payments	14	23,439,892	577,566	-	-	
Investment properties	15	6,442,500	-	6,442,500	-	
Investment in subsidiary companies	16	-	-	44,600,001	10,075,756	
Other investments	17	5,373	5,307	5,373	5,307	
Goodwill on consolidation	18	11,517,239	-	-	-	
		128,115,448	15,184,862	51,337,513	11,657,736	
Current Assets						
Inventories	19	6,505,792	8,686,885	_	-	
Trade receivables	20	9,655,125	6,001,517	_	_	
Other receivables, deposits and prepaid						
expenses	20	1,218,479	6,027,879	344,462	5,703,693	
Tax recoverable		1,832,904	1,450,598	2,034,201	1,764,201	
Amount owing by subsidiary companies	21	-	-	5,946,214	6,219,478	
Fixed deposits, cash and bank balances	22	13,370,202	9,843,791	7,666,460	7,696,805	
		32,582,502	32,010,670	15,991,337	21,384,177	
Total assets		160,697,950	47,195,532	67,328,850	33,041,913	
EQUITY AND LIABILITIES						
EQUITY AND LIABILITIES						
Capital and reserves						
Issued capital	23	111,666,787	60,876,500	111,666,787	60,876,500	
Irredeemable Convertible Unsecured						
Loan Stocks ("ICULS")		-	19,192,125	-	19,192,125	
Revaluation surplus	24	5,377,640	-	5,377,640	-	
Accumulated loss		(51,897,120)	(53,381,961)	(51,178,145)	(50,456,250)	
Shareholders equity		65,147,307	26,686,664	65,866,282	29,612,375	
Minority interest		19,816,187	1,996,965		-	
Total equity		84,963,494	28,683,629	65,866,282	29,612,375	

## **Balance Sheets** as at December 31, 2007

		Т	The Group		The Company		
	Note	2007 RM	2006 RM	2007 RM	2006 RM		
Non-current liabilities							
Finance lease payables	25	-	1,792	-	-		
Hire-purchase payables	26	517,798	617,322	237,292	432,794		
Long-term loans	27	33,976,075	305,531	-	-		
Deferred tax liabilities	28	12,093,375	1,004,298	279,500	301,000		
		46,587,248	1,928,943	516,792	733,794		
Current liabilities							
Trade payables	29	8,331,104	3,979,123	-	-		
Other payables and accrued expenses	29	12,852,380	3,764,386	834,143	669,930		
Amount owing to subsidiary companies	21	-	-	49,500	1,930,988		
Bank borrowings	30	7,752,451	8,511,394	-	-		
Finance lease payables	25	-	178,081	-	-		
Hire-purchase payables	26	211,273	149,976	62,133	94,826		
		29,147,208	16,582,960	945,776	2,695,744		
Total liabilities		75,734,456	18,511,903	1,462,568	3,429,538		
Total equity and liabilities		160,697,950	47,195,532	67,328,850	33,041,913		

# Statements of Changes in Equity for the year ended December 31, 2007

The Group	Note	Issued Capital RM	ICULS RM	Accumulated Loss RM	Non- Distributable Reserves Revaluation Reserve RM	Total RM	Minority Interest RM	Total Equity RM
Balance as of January 1, 2006		60,876,500	19,192,125	(45,208,195)	_	34,860,430	3,319,131	38,179,561
Loss for the year		-	-	(8,184,726)	_	(8,184,726)	(1,237,526)	(9,422,252)
Dividends paid		_	_	(0,104,120)	_	(0,104,720)	(73,680)	(73,680)
Accretion in share of net							(10,000)	(10,000)
assets of a subsidiary								
company		-	-	10,960	-	10,960	(10,960)	-
Balance as of December								
31, 2006		60,876,500	19,192,125	(53,381,961)	-	26,686,664	1,996,965	28,683,629
Balance as of January 1, 2007		60,876,500	19,192,125	(53,381,961)	-	26,686,664	1,996,965	28,683,629
Issue of shares	23	31,598,162	-	-	-	31,598,162	-	31,598,162
Conversion of ICULS to								
ordinary shares	23	19,192,125	(19,192,125)	-	-	-	-	-
Revaluation of property,								
plant and equipment		-	-	-	5,377,640	5,377,640	-	5,377,640
Profit for the year		-	-	1,696,721	-	1,696,721	(605,798)	1,090,923
Acquisition of new								
subsidiary companies		-	-	-	-	-	18,358,140	18,358,140
Disposal of subsidiary		-	-	(211,880)	-	(211,880)	66,880	(145,000)
Balance as of December								
31, 2007		111,666,787	-	(51,897,120)	5,377,640	65,147,307	19,816,187	84,963,494

## **Statements of Changes In Equity** for the year ended December 31, 2007

The Company	Note	Issued Capital RM	ICULS RM	Accumulated Loss RM	Revaluation Reserve RM	Total RM
Balance as of January 1, 2006 Profit for the year		60,876,500	19,192,125	(48,986,346) (1,469,904)	-	31,082,279 (1,469,904)
Balance as of December 31, 2006		60,876,500	19,192,125	(50,456,250)	-	29,612,375
Balance as of January 1, 2007 Issue of shares	23	60,876,500 31,598,162	19,192,125	(50,456,250)	-	29,612,375 31,598,162
Conversion of ICULS to ordinary shares Revaluation of property, plant and equipment Profit for the year	23	19,192,125	(19,192,125)	- - (721,895)	5,377,640 -	5,377,640 (721,895)
Balance as of December 31, 2007		111,666,787	-	(51,178,145)	5,377,640	65,866,282

## **Cash Flow Statements**

for the year ended December 31, 2007

	Т	he Group	The Company		
	2007	2006	2007	2006	
Note	RM	RM	RM	RM	
CASH FLOWS FROM/ (USED IN)					
OPERATING ACTIVITIES					
Profit/(Loss) before tax	1,074,208	(9,783,296)	(743,395)	(1,514,455)	
Adjustments for:					
Depreciation of property, plant and equipment	3,197,559	2,209,027	187,583	198,218	
Finance costs	1,116,924	520,847	23,393	29,136	
Amortisation of prepaid lease payments	555,760	25,159	-	-	
Write-down of inventories	7,487	1,476,311	-	-	
Property, plant and equipment written off	3,299	4,706	-	-	
Impairment loss on property, plant and					
equipment	-	1,213,858	-	-	
Reversal of impairment loss on revaluation					
of property, plant and equipment	(99,601)	-	(99,601)	-	
Allowance for doubtful debts/					
(Allowance for doubtful debts no					
longer required)	(172,156)	(1,539,837)	58,735	(118,500)	
Allowance for doubtful debts on amount					
owing by subsidiary company	-	-	1,000,000	-	
Interest income	(276,830)	(322,083)	(234,267)	(295,718)	
Gain on disposal of subsidiary company 33	(445,694)	-	_	_	
Gain on disposal of property,	, , ,				
plant and equipment	(815,606)	(33,750)	(795,689)	(8,000)	
Allowance no longer required for diminution	, , ,	,	, , ,	, ,	
in value of other investments	(66)	(30)	(66)	(30)	
Operating Profit/(Loss) Before					
Working Capital Changes	4,145,284	(6,229,088)	(603,307)	(1,709,349)	
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(Increase)/Decrease in:					
Inventories	1,003,148	(1,948,280)	-	-	
Trade receivables	(5,076,260)	2,317,705	-	-	
Other receivables, deposits and					
prepaid expenses	5,706,676	(3,819,375)	5,300,496	(3,561,600)	
Fixed deposit pledged to banks	125,345	(4,905)	-	-	
Amount owing by/to subsidiary companies	-	-	(2,608,224)	(2,719,324)	
Increase/(Decrease) in:					
Trade payables	(876,023)	(272,689)	-	-	
Other payables and accrued expenses	(100,970)	(40,987)	164,213	49,590	
Cash From/(Used In) Operations	4,927,200	(9,997,619)	2,253,178	(7,940,683)	
Interest paid	(3,516,832)	(518,562)	(23,393)	(29,136)	
Income tax refunded/(paid) - net	(473,296)	147,104	(270,000)	331,196	
Net Cash From/(Used In) Operating Activities	937,072	(10,369,077)	1,959,785	(7,638,623)	
net Cash i folin (Osed in) Operating Activities	301,012	(10,008,077)	1,303,700	(1,000,020)	

## **Cash Flow Statements**

for the year ended December 31, 2007

			he Group	The Company		
	Note	2007 RM	2006 RM	2007 RM	2006 RM	
CASH FLOWS FROM/ (USED IN)						
INVESTING ACTIVITIES						
Proceeds from disposal of subsidiary						
company	33	2,826,007	-	-	-	
Proceeds from disposal of						
property, plant and equipment		1,003,595	36,900	942,468	8,000	
Additional investment in subsidiary company		-	-	(3,924,244)	-	
Interest received		276,830	322,083	234,267	295,718	
Acquisition of subsidiary companies	32	(30,297,255)	-	(30,600,001)	-	
Purchase of property, plant and equipment		(1,940,736)	(746,878)	(12,587)	(76,854)	
Net Cash From/(Used In) Investing Activities	;	(28,131,559)	(387,895)	(33,360,097)	226,864	
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES Proceeds from issue of shares Proceeds from short-term bank borrowings Short-term bank borrowings paid Repayment of long-term loans Repayment of hire-purchase and finance lease creditors Dividend paid		31,598,162 20,493,001 (20,188,001) (743,891) (529,286)	19,288,111 (15,272,913) (859,377) (452,758) (73,680)	31,598,162	(89,541)	
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	S	30,629,985	(8,127,589)	31,369,967	(7,501,300)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,735,796	16,863,385	7,676,805	15,178,105	
CASH AND CASH EQUIVALENTS AT END OF YEAR	34	12,171,294	8,735,796	7,646,460	7,676,805	

During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM4,516,544 (2006: RM1,028,878) and RM12,587 (2006: RM76,854) respectively of which RM2,399,908 (2006: Nil) represents borrowing costs capitalised and RM175,900 (2006: RM282,000) was financed through hire-purchase arrangements. The remaining additions of RM1,940,736 (2006: RM746,878) and RM12,587 (2006: RM76,854) were paid in cash by the Group and by the Company respectively.

The accompanying Notes form an integral part of the Financial Statements.

for the year ended December 31, 2007

#### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The Company is principally an investment holding company.

During the financial year, the Group disposed of its entire 94.2% equity interest in a subsidiary company, Goldkist Breeding Farms Sdn. Bhd., a company incorporated in Malaysia. Also, during the financial year, the Group acquired two subsidiary companies, Urun Plantation Sdn Bhd and SHC Technopalm Plantation Services Sdn. Bhd., both incorporated in Malaysia. The principal activities of the subsidiary companies are as disclosed in Note 16.

Other than as stated, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office and principal place of business is located at Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on April 22, 2008.

#### **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and the Company have been prepared in accordance with the provision of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

The Group and the Company adopted Financial Reporting Standard ("FRS"), No. 117 "Leases" and No. 124 "Related Party Disclosures" issued by MASB which became effective during the financial period.

With the adoption of FRS 117 on January 1, 2007, the leasehold interests in leasehold land are accounted for as being held under operating leases and are reclassified as prepaid lease payments. Where the leasehold land had been previously revalued, the Group and the Company retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed under the transitional provision of FRS 117. Prepaid lease payments are amortised on a straight-line basis over the remaining lease term of the land.

The adoption of FRS 124 did not result on any financial impact on the financial statements for the current and prior financial periods. The impact of FRS124 has been to expand the identification of related parties and related party disclosures, including the disclosure of the compensation of key management personnel.

#### Accounting Standards and IC Interpretations Issued but Not Effective

As of the date of issuance of financial statements, the following new and revised FRSs, amendments to FRS and IC Interpretations have been issued but not yet effective until future periods:

FRS 107	Cash Flow Statements	Effective for accounting periods beginning on or after July 1, 2007
FRS 111	Construction Contracts	Effective for accounting periods beginning on or after July 1, 2007
FRS 112	Income Taxes	Effective for accounting periods beginning on or after July 1, 2007

#### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### Accounting Standards and IC Interpretations Issued but Not Effective (cont'd)

FRS 118	Revenue	Effective for accounting periods beginning on or after July 1, 2007
FRS120	Accounting for Government Grants and Disclosure of Government Assistance	Effective for accounting periods beginning on or after July 1, 2007
FRS121	Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	Effective for accounting periods beginning on or after July 1, 2007
FRS 134	Interim Financial Reporting	Effective for accounting periods beginning on or after July 1, 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	Effective for accounting periods beginning on or after July 1, 2007
FRS 139	Financial Instruments: Recognition and Measurement	Effective date deferred and to be announced by MASB
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Effective for accounting periods beginning on or after July 1, 2007
IC Interpretation 2	Members' Shares in Co-Operative Entities and Similar Instruments	Effective for accounting periods beginning on or after July 1, 2007
IC Interpretation 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Effective for accounting periods beginning on or after July 1, 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	Effective for accounting periods beginning on or after July 1, 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 29 2004 Financial Reporting in Hyperinflationary Economies	Effective for accounting periods beginning on or after July 1, 2007
IC Interpretation 8	Scope of FRS 2 Share-based Payment	Effective for accounting periods beginning on or after July 1, 2007

The directors anticipate that the adoption of these FRS, amendments to FRS and IC Interpretations in future periods will not have significant financial effect on the financial statements of the Group and of the Company.

for the year ended December 31, 2007

#### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below.

#### **Revenue Recognition**

Revenue from sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers. Revenue represents gross invoiced value of goods sold, net of sales tax and trade discounts.

#### **Foreign Currency Conversion**

The financial statements of the Group and the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Group and the Company operate (its functional currency).

In preparing the financial statements of the Group and the Company, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

#### Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## **Notes to the financial Statements** for the year ended December 31, 2007

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

#### Income Tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company and subsidiary companies intend to settle their current tax assets and liabilities on a net basis.

#### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment, except for freehold land which is not depreciated, is computed on the straight-line method at the following rates based on the estimated useful lives of the various assets or their lease periods. The annual depreciation rates are as follows:

**Buildings** 4 - 5% 7 1/2 - 33 1/3% Plant and machinery Renovations, furniture, fixtures and equipment 5 - 20% Motor vehicles 20%

New planting expenditure incurred on land clearing, upkeep of immature palms, administrative expenses and interest incurred during the pre-maturing period (pre-cropping costs) is capitalised under plantation development expenditure. Upon maturity, all subsequent maintenance expenditure is recognised in income statements and the capitalised plantation development expenditure is amortised on a straight-line basis over 30 years.

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed of are transferred to accumulated loss account.

Transfers from property, plant and equipment to investment property are made when there is a change in use of the properties. Where the property becomes an investment property that will be carried at fair value, any difference at that date of change in use between the carrying amount of the property and its fair value are treated as follows:

- (a) any resulting decrease in the carrying amount of the property is recognised in income statements; and
- (b) any resulting increase in the carrying amount is credited directly to equity in revaluation surplus.

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

#### **Impairment of Assets**

At each balance sheet date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cashgenerating unit to which the asset belongs.

for the year ended December 31, 2007

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Borrowings**

#### (a) Classification

Borrowings are initially recognised based on the proceeds received, net of repayments during the period. Portions repayable after 12 months are disclosed as non-current liabilities.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### (b) Capitalisation of Borrowing Costs

Borrowing costs directly attributable to plantation development expenditure during pre-maturing period (pre-cropping costs) are capitalised as part of the cost of those assets, until maturity. The amount of borrowing costs eligible for capitalisation is capitalised based on the total immature area over the total plantable area.

#### Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as property, plant and equipment and the corresponding obligations treated as liabilities in the financial statements. These assets are depreciated according to the basis set out above. Finance costs are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

#### **Leased Assets**

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the lease assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

## **Notes to the financial Statements** for the year ended December 31, 2007

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

#### Prepaid Lease Payments on Leasehold Land

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The upfront payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease are accounted for as prepaid lease payments and are amortised over the lease term on a straight-line basis and charged to the income statements for the period.

#### **Investment Properties**

Investment properties which consist of freehold and leasehold land and buildings are properties held to earn rentals and/or for capital appreciation and are measured at fair value. Gains and losses arising from changes in the fair value of investment property are based on active market prices, adjusted, if necessary, for any difference in the nature, location or conditions of the specific asset. Changes in fair value are included in income statements for the period in which they arise.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus is taken directly to the accumulated loss account.

#### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary companies controlled by the Company made up to December 31, 2007. Control is achieved where the Company has the power to govern the financial and operating policies of the subsidiary companies so as to obtain benefits therefrom.

The subsidiary companies are consolidated using the acquisition method of accounting whereby, on acquisition, the assets acquired and liabilities and contingent liabilities assumed of the subsidiary companies are measured at their fair values at the date of acquisition. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

Minority interest represents that portion of profit or loss and net assets of a subsidiary company attributable to equity interests that are not owned, directly or indirectly through subsidiary company, by the parent. It is measured at the minority's share of the fair value of the subsidiary company's identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiary company's equity since that date.

Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

for the year ended December 31, 2007

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

#### Basis of Consolidation (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cashgenerating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Goodwill

Goodwill arising on consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

#### Investments

Investments in unquoted shares of subsidiary companies, which are eliminated on consolidation, are stated at cost. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Other investments held for short-term are stated at the lower of cost (determined using the first-in first-out method) and market value based on an aggregate portfolio basis. All increases or decreases in the carrying amount of other investments are taken up in the income statements.

#### **Inventories**

Inventories are valued at the lower of cost (determined generally on the first-in, first-out method) and net realisable value. The costs of raw materials and consumables comprise the original cost of purchase plus the cost of bringing the stocks to their present location and condition. The costs of finished goods and hatching eggs include the cost of raw materials, direct labour and certain allocation of manufacturing overheads. The cost of parent stocks consists of the original purchase price of breeder birds plus assigned growing costs and adjusted for amortisation (calculated based on their economic egg-laying lives). Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

#### Receivables

Trade and other receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses that may arise from non-collection of certain receivable accounts.

## **Notes to the financial Statements** for the year ended December 31, 2007

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

#### **Employee Benefits**

#### (a) Short-Term Employee Benefits

Salaries, wages, annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

#### (b) Defined Contribution Plan

The Group and the Company are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees. Both the Group and the Company and their employees are required to make monthly contributions to EPF calculated at certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to EPF are disclosed separately while the employees' contributions to EPF are included in salaries and wages and shown under staff costs.

#### (c) Equity Compensation Benefits

The Group's Employees Share Options Scheme ("ESOS") allows the employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

#### **Financial Instruments**

Financial instruments are any contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise. The Group's and the Company's principal financial assets are trade and other receivables, tax recoverable, intercompany indebtedness, fixed and short-term deposits, cash and bank balances.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. The Group's and the Company's significant financial liabilities include trade and other payables, bank borrowings, hirepurchase payables and intercompany indebtedness, which are stated at their nominal values.

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### **Cash Flow Statements**

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

for the year ended December 31, 2007

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

#### Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 5. REVENUE

	Т	he Group	The Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of formulated animal feeds	31,228,511	21,392,813	-	-
Poultry breeding	13,511,082	14,193,799	-	-
Sales of fresh fruit bunches	6,867,416	-	-	-
	51,607,009	35,586,612	-	-

#### 6. SEGMENT REPORTING

For management purposes, the Group is organised into the following operating divisions:

- Feedmilling
- Poultry breeding
- Plantation
- Investment holding
- Others (consist of subsidiary companies which are dormant and pre-operating)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

Other segment activities comprise mainly expenses incurred by certain subsidiary companies which are not directly attributable to any significant segment.

Segmental information by geographical location has not been disclosed as the Group operates predominantly in Malaysia.

#### 6. SEGMENT REPORTING (cont'd)

#### **Segment Analysis**

The Group 2007	Feedmilling RM	Poultry Breeding RM	Plantation RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
External sales	31,228,511	13,511,082	6,867,416	-	-	-	51,607,009
Inter-segment sales	10,571,692	-	-	449,779	-	(11,021,471)	-
Total revenue	41,800,203	13,511,082	6,867,416	449,779	-	(11,021,471)	51,607,009
Results							
Segment results	4,242,217	(408,143)	115,596	(1,799,434)	40,896	-	2,191,132
Profit from operations							2,191,132
Finance costs							(1,116,924)
Profit before tax							1,074,208
Tax credit							16,715
Profit for the year							1,090,923
Other information							
Capital additions	294,699	232,639	3,976,619	12,587	-	-	4,516,544
Depreciation of property,							
plant and equipment	(466,035)	(981,827)	(1,555,862)	(193,835)	-	-	(3,197,559)
Consolidated Balance Sheets							
Assets							
Segment Assets	16,446,600	15,302,596	112,035,401	16,843,744	69,609	-	160,697,950
Consolidated total assets							160,697,950
Liabilities							
Segment liabilities	10,342,225	2,169,697	60,744,960	2,853,947	988,877	-	77,099,706
Consolidated total liabilities							77,099,706

for the year ended December 31, 2007

#### 6. SEGMENT REPORTING (cont'd)

#### Segment Analysis (cont'd)

2006	Feedmilling RM	Poultry Breeding RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Revenue						
External sales	21,392,813	14,193,799	-	-	-	35,586,612
Inter-segment sales	17,777,748	1,401,542	-	-	(19,179,290)	
Total revenue	39,170,561	15,595,341	-	-	(19,179,290)	35,586,612
Results						
Segment results	1,680,949	(9,830,527)	(1,102,730)	(10,141)	-	(9,262,449
Loss from operations						(9,262,449
Finance costs						(520,847
Loss before tax						(9,783,296
Tax credit						361,044
Loss for the year						(9,422,252
Other information						
Capital additions	552,923	399,101	76,854	-	-	1,028,878
Depreciation of property,						
plant and equipment	(603,968)	(1,432,001)	(173,058)	-	-	(2,209,027
Consolidated Balance Sheets						
Assets						
Segment Assets	12,780,656	20,643,880	13,692,751	78,245	-	47,195,532
Consolidated total assets						47,195,532
Liabilities						
Segment liabilities	11,855,611	4,322,407	1,344,253	989,632	-	18,511,903
Consolidated total liabilities						18,511,903

#### 7. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The (	Company
	2007	2006	2007	2006
	RM	RM	RM	RM
(All				
(Allowance for doubtful debts)/Allowance for doubtful debts no longer required	170 156	1 520 927	(50 705)	110 500
e i	172,156	1,539,837	(58,735)	118,500
Gain on disposal of property, plant and equipment	815,606	33,750	795,689	8,000
Gain on disposal of subsidiary company	445,694	-	-	-
Interest income from fixed deposits with licensed banks	276,830	322,083	234,267	295,718
Rental income from letting of premises	39,100	34,000	34,000	34,000
Realised gain on foreign exchange	7,770	1,079	-	-
Write-down of inventories	(7,487)	(1,476,311)	-	-
Allowance no longer required for diminution in value of other	00	00	00	00
investments	66	30	66	30
Impairment loss of property, plant and equipment	-	(1,213,858)	-	-
Rental of premises:			0.4.000	100.000
- Subsidiary company (Note 21)	-	-	84,000	120,000
- Related parties (Note 21)	(211,522)	(325,328)	(211,522)	(325,328)
- Others	-	(37,010)	-	-
Reversal of impairment loss on revaluation of property,				
plant and equipment	(99,601)	-	(99,601)	-
Audit fee:				
- Current	(72,000)	(69,300)	(25,000)	(25,000)
- Underprovision in prior year	-	(1,500)	-	-
Property, plant and equipment written-off	(3,299)	(4,706)	-	-
Management fees from subsidiary companies (Note 21)	-	-	720,000	720,000
Allowance for doubtful debts on amount owing by subsidiary				
company	-	-	1,000,000	-

#### 8. DIRECTORS' REMUNERATION

	The	Group	The C	Company
	2007	2006	2007	2006
	RM	RM	RM	RM
Executive directors: Other emoluments	517,500	681,000	517,500	680,000
Non-executive directors:				
Fees	-	48,000	-	-
Other emoluments	21,000	107,800	21,000	107,800
	538,500	836,800	538,500	787,800

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM110,800 (2006: RM152,800) during the financial year.

for the year ended December 31, 2007

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

Included in directors' remuneration are contributions to EPF made by the Group and the Company for the current year amounting to RM71,925 (2006: RM81,800).

The number of directors of the Company whose total remuneration falls within the following bands is as follows:

	2007	2006
Number of Executive Directors:		
RM500,001 to RM800,000	1	1
Number of Non-Executive Directors:		
RM50,001 to RM100,000	1	1

#### 9. STAFF COSTS

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. Included in staff costs are contributions to EPF made by the Group and by the Company for the current year amounting to RM245,436 and RM118,751 (2006: RM439,078 and RM52,800) respectively.

#### 10. FINANCE COSTS

	The	Group	The C	ompany
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:	0.445.070	4.40.074		
Term loans	3,115,976	146,371	-	-
Less: Interest expense				
capitalised in plantation				
development expenditure	(2,399,908)	-	-	-
	716,068	146,371		
Bankers' acceptances	278,410	190,416	-	_
Hire-purchase	51,136	38,008	23,235	29,065
Bank overdrafts	37,498	42,769	-	-
Finance lease	33,362	68,496	-	-
Revolving credit	-	34,716		
Others	450	71	158	71
	1,116,924	520,847	23,393	29,136

#### 11. TAX (CREDIT)/EXPENSE

	The	e Group	The C	ompany
	2007	2006	2007	2006
	RM	RM	RM	RM
Estimated tax payable:				
Current	35,100	45,045	-	-
Overprovision in prior years	55,890	(76,887)	-	(44,551)
	90,990	(31,842)	-	(44,551)
Deferred tax (Note 28)				
Current	(71,532)	(311,741)	(21,500)	-
Overprovision in prior years	(36,173)	(17,461)	-	-
	(107,705)	(329,202)	(21,500)	-
Total	(16,715)	(361,044)	(21,500)	(44,551)

A numerical reconciliation of income tax expense at the applicable statutory income tax rate to tax expense/(credit) at the effective income tax rate is as follows:

	Th 2007 RM	e Group 2006 RM	The 2007 RM	Company 2006 RM
Profit/(Loss) before tax	1,074,208	(9,783,296)	(743,395)	(1,514,455)
Tax/(Tax loss) at income tax rate of 27% (2006: 28%)	290,036	(2,739,323)	(200,716)	(424,047)
Tax effect of expenses not deductible in determining tax	1,499,294	600,516	498,716	53,047
Utilisation of deferred tax asset not previously recognised	(444,000)	(47,000)	(298,000)	-
Tax effect of income not assessable in determining				
taxable profit	(2,032,567)	(900,889)	-	-
Deferred tax asset not recognised	517,700	2,820,000	-	371,000
Effect on deferred tax balances due to change in tax rate	133,105	-	(21,500)	-
Under/(Over)provision in prior years	19,717	(94,348)	-	(44,551)
Tax expense/(credit)	(16,715)	(361,044)	(21,500)	(44,551)

As of December 31, 2007, two subsidiary companies have tax-exempt income arising from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act 1967 and chargeable income on which income tax has been waived under Income Tax (Amended) Act 1999 totalling to approximately RM1,556,000 (2006: RM2,872,000) which, subject to the agreement of the tax authorities, is available for payment of tax-exempt dividends to the shareholders of the said subsidiary companies.

As of December 31, 2007, one of the subsidiary companies has unabsorbed reinvestment allowances carried forward amounting to approximately RM1,549,000 (2006: RM1,436,000) which, if agreed by the tax authorities, are available for set-off against future taxable income of the said subsidiary company. The tax effect will be recognised only upon actual realisation.

for the year ended December 31, 2007

#### 12. EARNINGS/(LOSS) PER ORDINARY SHARE

#### **Basic**

Basic earnings/(loss) per ordinary share is calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Th	e Group
	2007 RM	2006 RM
Profit/(Loss) attributable to equity holders of the Company	1,696,721	(8,184,726)

	Th	ne Group
	2007 Units	2006 Units
Number of shares in issue as of January 1	60,876,500	60,876,500
Private Placement of New Issue of Shares	4,978,258	_
Conversion of ICULS	9,202,263	-
Exercise of Warrants	16,273,973	-
Exercise of ESOS	1,467,690	-
Weighted average number of shares outstanding	92,798,684	60,876,500

	The (	Group
	2007	2006
Basic earnings/(loss) per share (sen)	1.83	(13.4)

#### **Diluted**

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the year and the weighted average number of ordinary shares in issue during the year have been diluted for dilutive effects of all potential ordinary shares in respect of the ICULS, Warrants and ESOS.

	T 2007 Units	he Group 2006 Units
Weighted average number of shares in issue Conversion of ICULS Exercise of warrants Exercise of ESOS	92,798,684 - 10,000,000 3,286,000	60,876,500 19,192,125 30,000,000 5,115,500
Adjusted weighted average number of shares for calculating diluted earnings per share	106,084,684	115,184,125
Diluted earnings per share (sen)	1.60	N/A

The diluted loss per share of the Company in 2006 has not been presented as the average fair value of the shares of the Company is lower than the exercise price for the conversion of the ICULS, Warrants and ESOS to ordinary shares. The effect of this would be anti-dilutive to the loss per ordinary share.

for the year ended December 31, 2007

13. PROPERTY, PLANT AND EQUIPMENT

Particle   Page   Particle   Page   Particle   Page   Particle   Page   Page		\				Cost/Valuation				/
94,170 (94,170) (293,000) (293,000) (293,000) (293,000) (293,000) (293,000) (293,000) (293,000) (293,000) (23,988) (23,988) (23,988) (23,988) (23,988) (23,988) (23,988) (23,988)	The Group December 31, 2007	Beginning of Year RM	Additions RM	Write off/ Disposals RM	Acquisition of Subsidiary Companies	Disposal of Subsidiary Company RM	Revaluation	Transfer To Investment Properties RM	Reclassification	End of Year RM
94,170 - 94,170 - 9 - 9 - 9 - 9 - 9 - 9 - 9 - 9 - 9 -	Freehold land									
283,000 543,996 (543,996) 543,996 (543,996) 144,501 (144,501) (144,501) (144,501) (144,501) (144,501) (144,501) (144,501) (144,501) (144,501) (144,501) (144,501)	At cost	94,170	1	•	1	1	(94,170)	1	1	1
144,501   144,501   1.050,460   1.0   1.050,460   1.	At 1978 valuation	293,000	1	•	,	1	(293,000)	1	•	1
144,501 - 680,000 - 680,888 (5,573,746) - 7(74,000) - 6,079,314 (6,079,314) - 72,800 15  22,098,918 113,282 - 863,888 (5,573,746) (2,274,846) - 72,800 15  3,320,000 - 7	At 2007 valuation	ı	1	•	1	•	543,998	(543,998)	•	1
144,501         -         -         (144,501)         -	Land under long leases									
782,000         -         (68,000)         -         -         (714,000)         -	At cost	144,501	1	1	1	1	(144,501)	1	1	1
22,088,918       113,282       -       -       -       6,079,314       -       72,800       15         3,320,000       -       -       -       -       (5,573,746)       (2,274,846)       -       -       -         72,800       -       -       -       -       -       -       -       -       -         20,444,847       163,048       (80)       209,179       (4,983,530)       -       -       -       1,050,460       16         1,050,460       -       -       -       -       -       -       -       1,050,460       16         5,848,704       262,064       (7,451)       2229,557       (959,854)       -       -       -       1,050,460       16         5,848,704       262,064       (7,451)       1,029,215       (434,509)       -       -       -       6,532,692       5         3,864,738       419,328       (525,191)       1,029,215       (434,509)       -       -       -       -       -       778,775       5         3355,538       3,479,065       -       72,519,298       -       -       -       -       -       -       -       -       - <td>At 1978 valuation</td> <td>782,000</td> <td>1</td> <td>(68,000)</td> <td>1</td> <td>ı</td> <td>(714,000)</td> <td>1</td> <td>1</td> <td>1</td>	At 1978 valuation	782,000	1	(68,000)	1	ı	(714,000)	1	1	1
22,098,918         113,282         863,858         (5,573,746)         (2,274,846)         72,800         15,800         15,320,000           3,320,000         -         -         -         (3,320,000)         -	At 2007 valuation	1	1	1	1	ı	6,079,314	(6,079,314)	1	1
22,098,918         113,282         -         863,858         (5,573,746)         (2,274,846)         -         72,800         15           3,320,000         -         -         -         -         5,285,550         -         -         -           72,800         -         -         -         -         -         -         -         -           20,444,847         163,048         (80)         209,179         (4,983,530)         -         -         1,050,460         16           1,050,460         -         -         -         -         -         -         1,050,460         16           1,050,460         -         -         -         -         -         -         1,050,460         16           5,848,704         262,064         (7,451)         229,557         (959,854)         -         -         -         532,692         5           5,864,738         419,328         (525,191)         1,029,215         (434,509)         -         -         -         -         778,775         5           2,004,397         79,757         (330,014)         -         72,519,298         -         -         -         -         -         <	Buildings									
3,320,000       -	At cost	22,098,918	113,282	•	863,858	(5,573,746)	(2,274,846)	1	72,800	15,300,266
72,800         -         -         -         5,285,550         -	At 1978 valuation	3,320,000	1	1	•	1	(3,320,000)	1	•	•
72,800         -         -         -         -         (72,800)           20,444,847         163,048         (80)         209,179         (4,983,530)         -         -         1,050,460         16           1,050,460         -         -         -         -         -         1,050,460         16           5,848,704         262,064         (7,451)         229,557         (959,854)         -         -         532,692         5           5,848,704         262,064         (7,451)         1,029,215         (434,509)         -         -         -         532,692         5           3,864,738         419,328         (525,191)         1,029,215         (434,509)         -         -         -         -         778,775         5           2,004,397         79,757         -         72,519,298         -         -         -         -         776           60,886,765         4,516,544         (930,736)         74,851,107         (11,951,639)         5,068,345         (11,908,862)         -         120	At 2007 valuation	ı	ı	•	1	ı	5,285,550	(5,285,550)	•	1
72,800         -         -         -         -         -         -         (72,800)           20,444,847         163,048         (80)         209,179         (4,983,530)         -         -         -         1,050,460         16           1,050,460         -         -         -         -         -         -         1,050,460         16           5,848,704         262,064         (7,451)         229,557         (959,854)         -         -         -         532,692         5           3,864,738         419,328         (525,191)         1,029,215         (434,509)         -         -         -         -         532,692         5           2,004,397         79,757         (330,014)         1,029,215         (434,509)         -         -         -         -         778,775         5           335,538         3,479,065         -         72,519,298         -         -         -         -         -         76         76           60,886,765         4,516,544         (930,736)         74,851,107         (11,951,639)         5,068,345         (11,908,862)         -         120	Building under									
20,444,847         163,048         (80)         209,179         (4,983,530)         -         -         1,050,460         165,	finance lease	72,800	1	1	1	1	1	1	(72,800)	1
1,050,460       -       -       -       -       -       -       (1,050,460)       5         5,848,704       262,064       (7,451)       229,557       (959,854)       -       -       -       532,692       5         532,692       -       -       -       -       -       -       (532,692)       5         3,864,738       419,328       (525,191)       1,029,215       (434,509)       -       -       -       778,775       5         2,004,397       79,757       -       72,519,298       -       -       -       -       -       776         60,886,765       4,516,544       (930,736)       74,851,107       (11,951,639)       5,068,345       (11,908,862)       -       120	Plant and machinery	20,444,847	163,048	(80)	209,179	(4,983,530)	1	1	1,050,460	16,883,924
1,050,460       -       -       -       -       -       -       (1,050,460)         5,848,704       262,064       (7,451)       229,557       (959,854)       -       -       -       532,692       5         532,692       -       -       -       -       -       -       532,692       5         3,864,738       419,328       (525,191)       1,029,215       (434,509)       -       -       -       -       778,775       5         2,004,397       79,757       (330,014)       -       72,519,298       -       -       -       -       -       778,775       76         3335,538       3,479,065       -       72,519,298       -       -       -       -       -       -       76         60,886,765       4,516,544       (930,736)       74,851,107       (11,951,639)       5,068,345       (11,908,862)       -       120	Plant and machinery									
5,848,704         262,064         (7,451)         229,557         (959,854)         -         -         532,692         5           532,692         -         -         -         -         -         (532,692)         778,775         5           3,864,738         419,328         (525,191)         1,029,215         (434,509)         -         -         -         778,775         5           2,004,397         79,757         (330,014)         -         72,519,298         -         -         -         -         76           335,538         3,479,065         -         72,519,298         -         -         -         -         -         76           60,886,765         4,516,544         (930,736)         74,851,107         (11,951,639)         5,068,345         (11,908,862)         -         120	under finance lease	1,050,460	1	•	1	1	1	1	(1,050,460)	1
5,848,704       262,064       (7,451)       229,557       (959,854)       -       -       -       532,692       5         532,692       -       -       -       -       -       -       -       (532,692)       7         3,864,738       419,328       (525,191)       1,029,215       (434,509)       -       -       -       778,775       5         2,004,397       79,757       (330,014)       -       -       -       -       -       -       -       76         335,538       3,479,065       -       72,519,298       -       -       -       -       -       -       -       76         60,886,765       4,516,544       (930,736)       74,851,107       (11,951,639)       5,068,345       (11,908,862)       -       120	Renovations, furniture, fixtures									
532,692 (532,692) 3,864,738 419,328 (525,191) 1,029,215 (434,509) (532,692) 2,004,397 79,757 (330,014) (778,775) 335,538 3,479,065 - 72,519,298 72,519,298 60,886,765 4,516,544 (930,736) 74,851,107 (11,951,639) 5,068,345 (11,908,862) - 120	and equipment	5,848,704	262,064	(7,451)	229,557	(959,854)	1	ı	532,692	5,905,712
e 532,692 778,775 5 3,864,738 419,328 (525,191) 1,029,215 (434,509) (532,692) 5 2,004,397 79,757 (330,014) (778,775) 5 335,538 3,479,065 - 72,519,298 72,519,298 72,519,298 72,519,298 76,068,345 (11,908,862) - 120	Renovations, furniture, fixtures									
e 532,692 (532,692)	and equipment									
3,864,738 419,328 (525,191) 1,029,215 (434,509) 7778,775 5  2,004,397 79,757 (330,014) - 72,519,298 7778,775)  335,538 3,479,065 - 72,519,298 76,831,107 (11,951,639) 5,068,345 (11,908,862) - 120	under finance lease	532,692	1	1	1	1	1	1	(532,692)	1
2,004,397 79,757 (330,014) (778,775) 72,519,298 76,	Motor vehicles	3,864,738	419,328	(525,191)	1,029,215	(434,509)	1	1	778,775	5,132,356
2,004,397       79,757       -       -       -       -       -       778,775         335,538       3,479,065       -       72,519,298       -       -       -       -       76         60,886,765       4,516,544       (930,736)       74,851,107       (11,951,639)       5,068,345       (11,908,862)       -       120	Motor vehicles under									
2,004,397       79,757       -       -       -       -       -       -       778,775)         335,538       3,479,065       -       72,519,298       -       -       -       -       76         60,886,765       4,516,544       (930,736)       74,851,107       (11,951,639)       5,068,345       (11,908,862)       -       120	hire-purchase and									
335,538 3,479,065 - 72,519,298	finance lease	2,004,397	79,757	(330,014)	•	1	1	1	(778,775)	975,365
335,538 3,479,065 - 72,519,298	Plantation development									
4,516,544 (930,736) 74,851,107 (11,951,639) 5,068,345 (11,908,862)	expenditure	335,538	3,479,065	1	72,519,298	1	•	•	ı	76,333,901
		60,886,765	4,516,544	(930,736)	74,851,107	(11,951,639)	5,068,345	(11,908,862)	ı	120,531,524

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13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	\			Accumulated	Accumulated Depreciation			/
December 31, 2007	Beginning of Year RM	Additions RM	Write off/ Disposals RM	Acquisition of Subsidiary RM	Disposal of Subsidiary RM	Revaluation RM	Reclassification RM	End of Year RM
Land under long leases At cost At 1978 valuation	56,154	1,880	- (40,129)	1 1		(58,034)	1 1	
Buildings At cost	11,207,818	613,733	1	48,844	(3,604,762)	(1,982,816)	15,047	6,297,864
At 1978 valuation	3,152,734	1	1	1		(3,152,734)	1	1
Building under finance lease	12,135	2,912	1	1	1	1	(15,047)	1
Plant and machinery	18,667,753	378,504	(29)	119,328	(4,671,411)	1	935,527	15,429,642
Plant and machinery under								
finance lease	830,481	105,046	1	1	1	1	(935,527)	1
Renovations, furniture, fixtures and equipment	5,215,130	173,476	(4,150)	194,883	(889,211)	1	389,100	5,079,228
Renovations, turniture, fixtures	220 122	68 078	,	1	1	,	(380 100)	1
Motor vehicles	3,803,811	210,969	(525, 184)	460,510	(428,256)	1	778,773	4,300,623
Motor vehicles under hire- purchase and								
finance lease	1,093,634	322,192	(169,905)	1	1	1	(778,773)	467,148
Plantation development expenditure	•	1,309,191	1	937,384	•	ı	•	2,246,575
	44,662,001	3,197,559	(739,427)	1,760,949	(9,593,640)	(5,466,362)	1	33,821,080

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	١		Accumulated Impairment Loss	npairment Loss		/	
December 31, 2007	Beginning of Year RM	Charge For The Year RM	Write off RM	Disposal of Subsidiary RM	Revaluation RM	End of Year RM	Net Book Value RM
Buildings							
At cost	1,210,939	ı	٠	(969,309)	(241,630)	•	9,002,402
At 1978 valuation	167,266	•	1	1	(167,266)	1	1
Building under finance lease	•	•	,	1	1	,	1
Plant and machinery	158,645	•	(21)	(158,624)	1	,	1,454,282
Plant and machinery under finance lease	•	•		1	1	1	1
Renovations, furniture, fixtures and equipment	34,932	•	,	(34,932)	1	1	826,484
Renovations, furniture, fixtures and							
equipment under finance lease	ı	•	1	1	ı	1	•
Motor vehicles	3,149	•	•	(3,149)	,	1	831,733
Motor vehicles under hire-purchase	47,844	•	1	(47,844)	,	1	508,217
Plantation development expenditure	•	1	•	•	•	•	74,087,326
Total	1,622,775		(21)	(1,213,858)	(408,896)	,	86,710,444

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13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	\			Cost/Valuation				
December 31, 2006	As Previously Reported RM	As Adoption of FRS 117 RM	As Restated RM	Additions RM	Disposals RM	Write-offs RM	Reclassification	End of Year RM
Freehold land At cost	94,170	1	94,170	,	1	1	1	94,170
At 1978 valuation Land under long leases	293,000	•	293,000	•	1	•	1	293,000
At cost	502,357	(357,856)	144,501	1	1	•	•	144,501
At 1978 valuation	782,000	•	782,000	1	•	•	1	782,000
Land under short leases	0000	0000						
At cost Buildings	530,997	(230,997)	1	1		1		1
At cost	21,887,132	•	21,887,132	•	•	•	211,786	22,098,918
At 1978 valuation	3,320,000	ı	3,320,000	1	1	1	1	3,320,000
Building under finance lease	284,586	1	284,586		1	1	(211,786)	72,800
Plant and machinery	20,082,937	1	20,082,937	406,419	1	1	(44,509)	20,444,847
finance lease	1,050,460		1,050,460		,	,	,	1,050,460
Renovations, furniture, fixtures and equipment	5,679,787	•	5,679,787	183,600	(9,545)	(5,138)	1	5,848,704
Renovations, furniture, fixtures and equipment								
under finance lease	532,692	1	532,692	1	1	1	1	532,692
Motor vehicles	4,142,395	•	4,142,395	1	(391, 358)	(21,200)	134,901	3,864,738
Motor vehicles under hire-								
purchase and finance lease	1,669,463	1	1,669,463	425,326	1	1	(90,392)	2,004,397
Plantation development expenditure	322,005	•	322,005	13,533	1	1	1	335,538
	61,173,981	(888,853)	60,285,128	1,028,878	(400,903)	(26,338)	•	60,886,765

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	\			Accumulated	Accumulated Depreciation			/
December 31, 2006	As Previously Reported RM	As Adoption of FRS 117 RM	As Restated RM	Additions	Disposals RM	Write-offs RM	Reclassification RM	End of Year RM
Land under long leases At cost	179 332	(125 058)	54 274	1 880	,	,	,	56 154
At 1978 valuation	291,435	(2006)	291,435	10,794	1	•	1	302,229
Land under short leases								
At cost	161,070	(161,070)	•	ı	1	•	ı	•
Buildings								
At cost	10,301,879	1	10,301,879	785,927	•	1	120,012	11,207,818
At 1978 valuation	3,152,734	1	3,152,734	•	1	1	1	3,152,734
Building under finance lease	108,056	1	108,056	24,091	1	1	(120,012)	12,135
Plant and machinery	18,128,604	1	18,128,604	583,657	1	1	(44,508)	18,667,753
Plant and machinery under finance lease	725,435	1	725,435	105,046	•	1	•	830,481
Renovations, furniture, fixtures and equipment	5,030,456	1	5,030,456	191,505	(86,398)	(433)	ı	5,215,130
Renovations, furniture, fixtures								
and equipment under finance lease	243,284	1	243,284	76,838	1	1	1	320,122
Motor vehicles	4,061,724	1	4,061,724	45,752	(391,355)	(21,199)	108,889	3,803,811
Motor vehicles under hire-purchase and								
finance lease	774,478	•	774,478	383,537	•	•	(64,381)	1,093,634
	43,158,487	(286,128)	42,872,359	2,209,027	(397,753)	(21,632)		44,662,001

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

	Accumi	ulated Impairm	nent Loss	
December 31, 2006	Beginning of Year RM	Charge For The Year RM	End of Year RM	Net Book Value RM
Freehold land				
At cost	-	-	-	94,170
At 1978 valuation	-	-	-	293,000
Land under long leases				
At cost	-	-	_	88,347
At 1978 valuation	-	-	_	479,77
Buildings				
At cost	241,630	969,309	1,210,939	9,680,16
At 1978 valuation	167,266	-	167,266	
Building under finance lease	-	-	-	60,668
Plant and machinery	21	158,624	158,645	1,618,449
Plant and machinery under finance lease	-	-	-	219,979
Renovations, furniture, fixtures and equipment	-	34,932	34,932	598,642
Renovations, furniture, fixtures and equipment under				
finance lease	-	-	-	212,570
Motor vehicles	-	3,149	3,149	57,778
Motor vehicles under hire-purchase and finance lease	-	47,844	47,844	862,919
Plantation development expenditure	-	-	-	335,538
Total	408,917	1,213,858	1,622,775	14,601,989

	€		Cost/V	aluation		>
The Company December 31, 2007	Beginning of Year RM	Additions RM	Write off/ Disposals RM	Revaluation RM	Transfer To Investment Properties RM	End of Year RM
Freehold land						
At cost	94.170	_	_	(94,170)	_	_
At 1978 valuation	293,000	_	_	(293,000)	_	_
At 2007 valuation		_	_	543,998	(543,998)	_
Land under long leases				,	(= :=,===)	
At cost	144,501	_	_	(144,501)	_	_
At 1978 valuation	782,000	_	(68,000)		_	_
At 2007 valuation	-	-	-	6,079,314	(6,079,314)	_
Buildings				, ,	,	
At cost	2,274,846	-	-	(2,274,846)	_	-
At 1978 valuation	3,320,000	_	-	(3,320,000)	_	-
At 2007 valuation	_	_	-	5,285,550	(5,285,550)	-
Plant and machinery	80	-	(80)	-	_	-
Renovations, furniture, fixtures						
and equipment	645,243	12,587	-	-	-	657,830
Motor vehicles	1,109,998	-	(264,277)	-	-	845,721
Motor vehicles under						
hire-purchase	800,296	-	(271,152)	-	-	529,144
	9,464,134	12,587	(603,509)	5,068,345	(11,908,862)	2,032,695

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

		Accur	nulated Depr	reciation	
December 31, 2007	Beginning of Year RM	Charge For The Year RM	Disposals RM	Revaluation RM	End of Year RM
Freehold land					
At cost	-	-	-	-	
At 1978 valuation	-	-	-	_	
Land under long leases					
At cost	56,154	1,880	-	(58,034)	
At 1978 valuation	302,229	10,678	(40,129)	(272,778)	
Buildings					
At cost	1,982,816	-	-	(1,982,816)	
At 1978 valuation	3,152,734	-	-	(3,152,734)	
Plant and machinery	59	-	(59)	-	
Renovations,					
furniture, fixtures and equipment	545,524	24,187	-	-	569,711
Motor vehicles	1,105,091	1,223	(264,275)	-	842,039
Motor vehicles under hire-purchase	333,937	149,615	(152,246)	-	331,306
	7,478,544	187,583	(456,709)	(5,466,362)	1,743,056

	_	Ace	cumulated Im	pairment Loss		_
December 31, 2007	Beginning of Year RM	Charge For The Year RM	Write off RM	Reversal RM	End of Year RM	Net Book Value RM
Freehold land						
At cost	-	-	-	-	_	-
At 1978 valuation	-	-	-	-	-	-
Land under long leases						
At cost	-	-	-	_	-	-
At 1978 valuation	-	-	-	-	-	-
Buildings						
At cost	241,630	-	-	(241,630)	-	-
At 1978 valuation	167,266	-	-	(167,266)	-	-
Plant and machinery	21	-	(21)	-	-	-
Renovations, furniture, fixtures						
and equipment	-	-	-	-	-	88,119
Motor vehicles	-	-	-	-	-	3,682
Motor vehicles under						
hire- purchase	-	-	-	-	-	197,838
Total	408,917	-	(21)	(408,896)	-	289,639

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

		Cost/Valuatio		
December 31, 2006	Beginning of Year RM	Additions RM	Disposals RM	End of Year RM
Freehold land				
At cost	94,170	_	-	94,170
At 1978 valuation	293,000	-	_	293,000
Land under long leases				
At cost	144,501	-	-	144,501
At 1978 valuation	782,000	-	-	782,000
Buildings				
At cost	2,274,846	-	-	2,274,846
At 1978 valuation	3,320,000	-	-	3,320,000
Plant and machinery	80	-	-	80
Renovations, furniture, fixtures and equipment	568,389	76,854	-	645,243
Motor vehicles	1,286,541	-	(176,543)	1,109,998
Motor vehicles under hire-purchase	800,296	-	-	800,296
	9,563,823	76,854	(176,543)	9,464,134

		Accumulated	d Depreciation	
December 31, 2006	Beginning of Year RM	Charge For The Year RM	Disposals RM	End of Year RM
Freehold land				
At cost	-	-	-	
At 1978 valuation	-	-	-	
Land under long leases				
At cost	54,274	1,880	-	56,154
At 1978 valuation	291,435	10,794	_	302,229
Buildings				
At cost	1,982,816	-	-	1,982,816
At 1978 valuation	3,152,734	-	-	3,152,734
Plant and machinery	59	-	-	59
Renovations, furniture, fixtures and equipment	521,264	24,260	-	545,524
Motor vehicles	1,280,408	1,226	(176,543)	1,105,091
Motor vehicles under hire-purchase	173,879	160,058	-	333,937
	7,456,869	198,218	(176,543)	7,478,544

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

		ulated Impairme	ent Loss	
December 31, 2006	Beginning of Year RM	Charge For The Year RM	End of Year RM	Net Book Value RM
Freehold land				
At cost	-	-	_	94,170
At 1978 valuation	-	-	_	293,000
Land under long leases				
At cost	-	-	_	88,347
At 1978 valuation	-	-	_	479,771
Buildings				
At cost	241,630	-	241,630	50,400
At 1978 valuation	167,266	-	167,266	-
Plant and machinery	21	-	21	-
Renovations, furniture, fixtures and equipment	-	-	_	99,719
Motor vehicles	-	-	-	4,907
Motor vehicles under hire-purchase	-	-	-	466,359
Total	408,917	-	408,917	1,576,673

The carrying values of the revalued building of the Group and the Company based on historical costs are as follows:

	The Group and The Company 2007 RM
Cost	2,482,489
Accumulated depreciation	(2,379,740)
Accumulated impairment loss	(102,749)
Net Book Value	-

Property, plant and equipment of the Group with carrying amounts of RM84,830,000 (2006: RM9,442,000) are charged to certain licensed banks in respect of credit facilities granted to the Group as disclosed in Note 27.

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM26,001,000 (2006: RM15,758,000) and RM7,428,000 (2006: RM6,960,000) respectively.

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#### 14. PREPAID LEASE PAYMENTS

Prepaid lease payments are as follows:

	Th	e Group
	2007 RM	2006 RM (Restated)
At beginning of the year	888,853	888,853
Acquisition of new subsidiary companies	24,667,212	-
At end of year	25,556,065	888,853
Cumulative amortisation		
At beginning of year	(311,287)	(286,128)
Acquisition of new subsidiary companies	(1,249,126)	-
Amortisation for the year	(555,760)	(25,159)
At end of year	(2,116,173)	(311,287)
	23,439,892	577,566

The unexpired lease period of leasehold land and buildings of the Group are as follows:

		ook value Group
	2007	2006
	RM	RM
16 years	327,447	348,687
41 years	222,465	228,879
50 years	22,889,980	-
	23,439,892	577,566

Certain leasehold land and buildings with carrying amounts of RM23,217,427 (RM348,687) are pledged to local bank for term loans granted to the Group as disclosed in Note 27.

#### 15. INVESTMENT PROPERTIES

		The Group and The Company	
	2007 RM	2006 RM	
At beginning of year	-	-	
Transfer from property, plant and equipment  At end of year	6,442,500	-	

Freehold land and leasehold land and buildings of the Group and the Company have been transferred from property, plant and equipment to investment properties as it is the Group's intention to hold these properties for the long-term for capital appreciation and/or rental income. These freehold land and leasehold land and buildings are carried at fair value and accordingly, the difference between the carrying amount of these properties and their fair values at the date of transfer has been credited to revaluation surplus account.

The fair values have been arrived at based on valuation carried out by Messrs. Raine Horne International Zaki & Partner Sdn. Bhd., an independent firm of professional valuers on January 22, 2008. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment properties comprise the following:

		The Group and The Company	
	2007 RM	2006 RM	
Freehold land	544,000	_	
Land under long lease	5,748,500	-	
Buildings	150,000	-	
	6,442,500	-	

Investment properties of the Group and of the Company did not generate rental income during the financial year. Direct operating expenses incurred by the Group and the Company for investment properties during the financial year amounted to RM56,148.

for the year ended December 31, 2007

#### 16. INVESTMENT IN SUBSIDIARY COMPANIES

Investment in subsidiary companies consists of:

	The	The Company	
	2007	2006 RM	
Linguisted shares in subsidiary companies, at cost	AA 696 107		
Unquoted shares in subsidiary companies - at cost Impairment loss	44,686,197 (86,196)	10,161,952	
Net	44,600,001	10,075,756	

The subsidiary companies (all incorporated in Malaysia) are as follows:

Direct subsidiary companies	Effect Equity I 2007		Principal Activities
Sin Heng Chan (East Coast) Sdn. Bhd.	100%	100%	Manufacturing and trading of formulated animal feeds.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Trading of formulated mineral poultry products.
Urun Plantations Sdn. Bhd.	51%	-	Cultivation of palm oil.
SHC Technopalm Plantation Services Sdn. Bhd.	100%	-	Provision of management services.
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Sub-subsidiary companies			
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Trading of formulated animal feeds.
Goldkist Breeding Farms Sdn. Bhd.	-	94.2%	Broiler breeding
LKPP - Goldkist Sdn. Bhd.	60%	60%	Broiler breeding and the planting of fragrant coconut trees.
Central Feedmill Sdn. Bhd.	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.

During the financial year, the Group acquired two subsidiary companies, Urun Plantations Sdn. Bhd. and SHC Technopalm Plantation Services Sdn. Bhd. as disclosed in Note 32. Also, during the financial year, the Group disposed of its entire equity interest of 94.2% in Goldkist Breeding Farms Sdn. Bhd. as disclosed in Note 33.

#### 17. OTHER INVESTMENTS

		The Group and The Company	
	2007 RM	2006 RM	
Quoted shares in Malaysia - at cost Allowance for diminution in value	3,387 (3,264)	3,387 (3,330)	
Gold bullion	123 5,250	57 5,250	
	5,373	5,307	

#### 18. GOODWILL ON CONSOLIDATION

	The Group	
	2007 RM	2006 RM
At beginning of year	-	_
Acquisition of subsidiary companies during the year (Note 32)	11,517,239	-
At end of year	11,517,239	-

#### 19. INVENTORIES

	The	The Group	
	2007 RM	2006 RM	
At cost:			
Parent stocks	2,195,529	3,926,126	
Raw materials	2,049,698	3,728,472	
Hatching eggs	739,475	1,353,655	
Consumables	1,153,277	714,782	
Finished goods	375,300	440,161	
	6,513,279	10,163,196	
Less: Write-down of inventories	(7,487)	(1,476,311)	
	6,505,792	8,686,885	

for the year ended December 31, 2007

#### 20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Th	The Group	
	2007 RM	2006 RM	
Trade receivables	19,909,953	16,629,574	
Less: Allowance for doubtful debts	(10,254,828)	(10,628,057)	
Net	9,655,125	6,001,517	

Trade receivables of the Group comprise amounts receivable for the sales of goods. The credit period granted on sales of goods ranges from 7 to 60 days (2006: 7 to 60 days). An allowance of RM10,254,828 (2006: RM10,628,057) has been made for estimated irrecoverable amounts from the sales of goods, based on past default experience of the Group.

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other receivables	9,561,636	10,209,359	7,150,817	7,444,027
Less: Allowance for doubtful debts	(8,876,857)	(9,687,694)	(7,074,380)	(7,015,645)
	684,779	521,665	76,437	428,382
Deposits	409,664	5,391,390	254,638	5,258,399
Prepaid expenses	124,036	114,824	13,387	16,912
	1,218,479	6,027,879	344,462	5,703,693

Included in other receivables, deposits and prepaid expenses of the Group and the Company are rental deposits and advanced rental of RM196,368 (2006: RM196,368) paid to Desa Samudra Sdn. Bhd., a company in which Dato' Choo Keng Weng is also a director. Transactions with related parties are disclosed in Note 21.

Also, included in the other receivables of the Group is insurance claim receivable of RM553,580 (2006: RM Nil) in respect of compensation for assets damages.

#### 21. RELATED PARTY TRANSACTIONS

	The Company	
	2007 RM	2006 RM
Amount owing by subsidiary companies		
- net of allowance for doubtful debts of RM13,676,550 (2006: RM12,676,550)	5,946,214	6,219,478
Amount owing to subsidiary companies	49,500	1,930,988

#### 21. RELATED PARTY TRANSACTIONS (cont'd)

Amount owing by/to subsidiary companies arose mainly from trade transactions and unsecured interest-free advances with no fixed terms of repayment.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Name of related parties	Relationship
Seng Hoe & Choong Corporation Sdn. Bhd.	A company in which Dato' Choo Keng Weng has substantial financial interest.
Desa Samudra Sdn. Bhd.	A company in which Dato' Choo Keng Weng is also a director.

During the financial year, significant related party transactions are as follows:

	The Group 2007 2006 RM RM		The Company 2007 2006 RM RM	
Subsidiary company				
Management fees receivable from Rental of premises receivable from	-	-	720,000 84,000	720,000 120,000
Other related parties Rental of premises paid and payable to				
Desa Samudra Sdn. Bhd. Seng Hoe & Choong Corporation Sdn. Bhd.	109,522 102,000 211,522	181,328 144,000 325,328	109,522 102,000 211,522	181,328 144,000 325,328

#### **Compensation of Key Management Personnel**

The remuneration of key management personnel, excluding directors during the year are as follows:

	The Group		The Company	
	2007	2006	2007	2006
Short-term employee benefits	188,000	280,275	188,000	280,275
EPF contribution	5,040	23,136	5,040	23,136
	193,040	303,411	193,040	303,411

for the year ended December 31, 2007

#### 22. FIXED DEPOSITS, CASH AND BANK BALANCES

	The	The Group		The Company	
	2007	2006	2007	2006	
	RM	RM	RM	RM	
Fixed deposits with licensed banks	7,697,891	7,157,470	7,320,000	7,020,000	
Short-term deposits with licensed banks	3,300,000	100,000	300,000	100,000	
Cash and bank balances	2,372,311	2,586,321	46,460	576,805	
	13,370,202	9,843,791	7,666,460	7,696,805	

Fixed deposits with licensed banks of the Group and of the Company of RM397,891 (2006: RM157,470) and RM20,000 (2006: RM20,000) respectively are charged to licensed banks for overdraft facilities granted and guarantees issued by the said banks.

The maturity periods of the deposits as at the end of the financial year are as follows:

	The Group		The	Company
	2007	2006	2007	2006
Fixed deposits with licensed banks	30 to 730 days	30 to 365 days	30 to 90 days	30 to 90 days
Short-term deposits with licensed banks	2 to 21 days	2 to 14 days	2 to 14 days	2 to 14 days

The interest rates per annum are as follows:

	The Group		The	The Company		
	2007	2006	2007	2006		
Fixed deposits with licensed banks	3.0% to 3.7%	3.0% to 3.7%	3.0% to 5.0%	3.0% to 3.5%		
Short-term deposits with licensed banks	2.0% to 3.7%	2.0% to 2.4%	2.0% to 2.4%	2.0% to 2.4%		

#### 23. SHARE CAPITAL

	2007 RM	2006 RM
Authorised:		
Ordinary shares of RM1 each		
Beginning and end of year	500,000,000	500,000,000

#### 23. SHARE CAPITAL (cont'd)

	2007 RM	2006 RM
Issued and fully paid:		
Ordinary shares of RM1 each		
Beginning of year	60,876,500	60,876,500
Private Placement of New Issue of Shares	9,769,162	-
Conversion of ICULS	19,192,125	-
Exercise of Warrants	20,000,000	
Exercise of ESOS	1,829,000	-
End of year	111,666,787	60,876,500

During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM60,876,500 to RM111,666,787 by way of:

- (a) a private placement of 9,769,162 new ordinary shares of RM1 each at an issue price of RM1 each for cash;
- (b) an issue of 19,192,125 ordinary shares of RM1 each for cash at par for the conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 19,192,125 new ordinary shares of RM1 each;
- (c) an issue of 20,000,000 ordinary shares of RM1.00 each for cash at par for the conversion of Warrants into 20,000,000 new ordinary shares of RM1 each; and
- (d) an issue of 1,829,000 new ordinary shares of RM1 each for cash pursuant to the Employees Share Option Scheme of the Company at an exercise price of RM1 each.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

#### 24. REVALUATION SURPLUS

		roup and company
	2007	2006
	RM	RM
At beginning of year	-	_
Revaluation surplus	5,377,640	-
At end of year	5,377,640	-

Freehold land and factory building and short-term leasehold land located in Ipoh, Perak and Melaka were revalued on the basis of valuation carried out by Messrs. Raine Horne International Zaki & Partners Sdn. Bhd., an independent firm of professional valuers on January 22, 2008. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

for the year ended December 31, 2007

#### 25. FINANCE LEASE PAYABLES

The Group

		um Lease vments 2006 RM	Minim	nt Value of um Lease ments 2006 RM
Amount payable under finance				
lease:				
Within one year	-	213,235	-	178,081
In the second to fifth year inclusive	-	-	-	1,792
	-	213,235	-	179,873
Less: Future finance charges	-	(33,362)	-	-
Present value of lease payables	-	179,873	-	179,873
Less: Portion due within one year			-	(178,081)
Non-current portion			-	1,792

#### 26. HIRE-PURCHASE PAYABLES

	The	The Group		ompany
	2007	2006	2007	2006
	RM	RM	RM	RM
Total instalments outstanding Less: Interest-in-suspense	827,719	876,398	332,208	597,578
	(98,648)	(109,100)	(32,783)	(69,958)
Principal outstanding Less: Portion due within one year	729,071	767,298	299,425	527,620
	(211,273)	(149,976)	(62,133)	(94,826)
Non-current portion	517,798	617,322	237,292	432,794

The non-current portion is repayable as follows:

	The	The Group		The Company	
	2007	2006	2007	2006	
	RM	RM	RM	RM	
Due within:					
2 years	183,567	156,222	64,405	100,109	
3 years	187,338	161,622	57,800	104,480	
4 years	143,249	286,445	115,087	228,205	
Greater than 4 years	3,644	13,033	-	-	
	517,798	617,322	237,292	432,794	

#### 26. HIRE-PURCHASE PAYABLES (cont'd)

The interest rates implicit in the hire-purchase payables of the Group and of the Company range from 4.44% to 12.10% (2006: 4.44% to 12.10%) per annum. The Group's and the Company's hire-purchase payables are secured by the financial institutions charge over the assets under hire-purchase.

#### 27. LONG-TERM LOANS

	The	Group
	2007 RM	2006 RM
Outstanding loan principal Less: Portion due within one year	34,667,311	1,911,202
(included under bank borrowings) (Note 30)	(691,236)	(1,605,671)
Non-current portion	33,976,075	305,531

The non-current portion is repayable as follows:

	2007 RM	2006 RM
Due within:		
2 years	476,075	305,531
3 years	-	-
4 years	-	-
Greater than 4 years	33,500,000	-
	33,976,075	305,531

Certain subsidiary companies have obtained term loans from certain local banks amounting to RM39.7 million (2006: RM9.5 million). These term loans bear interest at rates ranging from 3.8% to 8.0% (2006: 3.8% to 8.0%) per annum and

- (a) a seven-year term loan of RM1,200,000, repayable in eighty four (84) monthly instalments commencing in on October
- (b) a eight-year term loan of RM5,000,000, repayable in ninety six (96) monthly instalments commencing in January, 2000;
- (c) a term loan of RM25,000,000, repayable in hundred and eight (108) monthly installments commencing in January, 2011;
- (d) a term loan of RM5,000,000, repayable in hundred and six (106) monthly installments commencing in January, 2011;
- (e) a term loan of RM3,500,000, repayable in hundred and six (106) monthly installments commencing in January, 2011.

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#### 27. LONG-TERM LOANS (cont'd)

The term loans are secured by:

- (a) a fixed charge on the leasehold land and buildings of the said subsidiary companies with carrying amounts of about RM108,047,427 (2006: RM9,790,458) as of December 31, 2007;
- (b) a first fixed and floating charge on all the assets of the said subsidiary companies; and
- (c) by way of a debenture over present and future assets of the said subsidiary companies.

The bank reserves the right to demand for full repayment of certain term loans amounting to RM33,500,000 (2006: RM33,500,000) in the event the subsidiary companies did not maintain its gearing of 1:4. As of December 31, 2007, the subsidiary company has met this condition of maintaining its gearing of 1:4.

#### 28. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Beginning of year	1,004,298	1,333,500	301,000	301,000
Acquisition of subsidiary companies	11,740,782	-	-	-
Disposal of subsidiary company	(544,000)	-	-	-
Transfer to income statements (Note 11)	(107,705)	(329,202)	(21,500)	-
End of year	12,093,375	1,004,298	279,500	301,000

The deferred tax liabilities are in respect of the tax effects of temporary differences arising from:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Property, plant and equipment	764,278	1,441,518	-	-
Unused tax losses	(691,185)	(738,220)	-	-
Tax effects on revaluation of property, plant and equipment	12,020,282	301,000	279,500	301,000
	12,093,375	1,004,298	279,500	301,000

As mentioned in Note 3, deferred tax asset is generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As of December 31, 2007, the estimated amount of deferred tax asset calculated at the current tax rate which has not been recognised in the financial statements due to uncertainty of realisation, is as follows:

#### 28. DEFERRED TAX LIABILITIES (cont'd)

	Th	The Group		The Company	
	2007 RM	2006 RM	2007 RM	2006 RM	
Tax effects of temporary differences arising from:					
Property, plant and Equipment	1,302,400	1,254,800	504,000	502,000	
Unused tax losses	18,105,100	15,339,000	10,312,000	10,612,000	
	19,407,500	16,593,800	10,816,000	11,114,000	

The unused tax losses are subject to agreement by the tax authorities.

#### 29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. The credit period granted to the Group for trade purchases ranges from 15 to 30 days (2006: 30 to 90 days).

Other payables and accrued expenses consist of:

	The	The Group		ompany
	2007	2006	2007	2006
	RM	RM	RM	RM
Other payables	11,068,307	2,397,911	448,200	248,200
Accrued expenses	1,784,073	1,366,475	385,943	421,730
	12,852,380	3,764,386	834,143	669,930

Included in other payables of the Group in 2007 is an amount of RM8,979,587 owing to a minority shareholder of a subsidiary company. The outstanding balance is interest free and is for working capital purposes of the subsidiary company.

Included in other payables of the Group and of the Company is an amount of RM103,620 (2006: RM73,620) owing to Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang, a statutory body which is a substantial shareholder of a subsidiary company. The amount arose mainly from annual tribute paid and payable by the subsidiary company of RM30,000 (2006: RM30,000) during the financial year.

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#### **30. BANK BORROWINGS**

	The	Group	
	2007	2006	
	RM	RM	
Bankers' acceptances	5,816,000	5,461,000	
Long-term loans - current portion	691,236	1,605,671	
Bank overdrafts	801,017	950,525	
Revolving credit	444,198	494,198	
	7,752,451	8,511,394	

As of December 31, 2007, the Group has bank overdrafts and other credit facilities amounting to RM53.7 million (2006: RM19.9 million) respectively. The credit facilities of the Group bear interest at rates ranging from 4.10% to 8.50% (2006: 4.10% to 8.5%) per annum and are obtained by a negative charge over all the assets of the Group. The credit facilities of the subsidiary companies from certain banks are guaranteed by the Company.

A subsidiary company having credit facilities amounting to RM2.2 million (2006: RM3.2 million) is required to comply with conditions which include maintaining a gearing of not more than 1 and net tangible assets of not less than RM17 million based on its latest audited financial statements. As of December 31, 2007, the said subsidiary company's net tangible assets stand at RM15.5 million. The directors will negotiate with the bankers to regularise the non-compliance with the said condition and they do not anticipate the credit facilities of the said subsidiary company will be terminated.

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk and cash flow risk. The Group has taken measures to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

#### Foreign Currency Risk

Foreign exchange risk arises from currency exposure primarily in respect of trade purchase transactions denominated in foreign currencies.

The Group monitors its foreign exchange exposure closely.

#### Interest Rate Risk

The Group is exposed to interest rate risk through the impact of the rate changes on bank borrowings, long-term loans and interest bearing fixed and short-term deposits. The interest rates of interest bearing fixed and short-term deposits, long-term loans and bank borrowings are disclosed in Notes 22, 27 and 30.

#### Market Risk

The Group is exposed to fluctuations in the prices of the key raw materials used in its operations. The Group does not enter into any fixed-priced contracts to establish determinable prices for raw materials used but monitors the prices of key raw materials closely.

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### Cash Flow Risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

#### Fair Values

The carrying amounts of financial assets and financial liabilities approximate their fair values because of the short-term maturity of these instruments except for the following:

		The Group		The Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Liabilities					
Long-term loans	27	34,667,311	23,250,879	_	_
Hire-purchase payables	26	729,071	545,597	299,425	271,250

Fair values of long-term loans and hire-purchase payables are estimated using discounted cash flow analysis based on the current borrowing rates for similar type of and borrowing arrangements.

#### 32. ACQUISITION OF SUBSIDIARY COMPANIES

	Principal Activity	Date of Acquisition	Proportion of Shares Acquired %	Cost of Acquisition RM
Urun Plantations Sdn Bhd ("UP")	Cultivation of oil palms	01.03.2007	51	30,600,000
SHC Technopalm Plantation Services Sdn Bhd ("SHCTP")	Provision of management services	01.03.2007 & 04.09.2007	100	30,600,001

for the year ended December 31, 2007

#### 32. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

The net assets arising from acquisitions are as follows:

	Fair value Recognised On Acquisitions RM	Acquirees' Carrying Amount RM
Current assets		
Cash and cash equivalents	302,746	302,746
Trade and other receivables	405,339	405,339
Inventories	218,201	218,201
Non-current assets		
Property, plant and equipment	73,090,158	45,776,933
Prepaid lease payments	23,852,974	5,574,458
Current liabilities		
Trade and other payables	(14,876,548)	(14,876,548)
Borrowings	(311,186)	(311,186)
Non-current liabilities		
Deferred tax liabilities	(11,740,782)	-
Long term loans	(33,500,000)	(33,500,000)
Fair values of net assets	37,440,902	3,589,943
Goodwill on acquisitions	11,517,239	
Minority interest	(18,358,140)	
Total purchase consideration	30,600,001	

The cost of acquisition of Urun Plantations Sdn. Bhd. and SHC Tehnopalm Plantation Services Sdn. Bhd. was paid in cash.

	RM
Total purchase consideration  Less: Cash and cash equivalents of subsidiary companies acquired	30,600,001 (302,746)
Net cash outflow on acquisitions	30,297,255

#### 32. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

The effects of the acquisitions on the financial results of the Group are as follows:

Post acquisition results of the subsidiaries acquired:

	RM
Revenue	7,317,195
Other operating expenses	(6,928,481)
Finance cost	(635,498)
Loss before taxation	(246,784)
Income tax expense	-
Net loss for the year	(246,784)
Attributable to:	
Equity holders of the Company	(146,582)
Minority interest	(100,202)
	(246,784)

If the acquisition had occurred on January 1, 2007, the Group's revenue and profit for the year would have been RM52,228,122 and RM914,039 respectively.

#### 33. DISPOSAL OF SUBSIDIARY COMPANY

On February 9, 2007, a subsidiary company, Sin Heng Chan Industries Sdn. Bhd. (formerly known as Sin Heng Chan (East Coast) Sdn. Bhd.) disposed of its entire equity interest of 94.2% in Goldkist Breeding Farms Sdn. Bhd., a company incorporated in Malaysia, to a third party for a cash consideration of RM2,826,007.

Carrying value of net assets sold are as follows:

	As of February 9, 2007 RM
Current asset Inventories	1,381,172
Non-current asset Property, plant and equipment	1,144,141
Net assets disposed of Minority interest	2,525,313 (145,000)
Gain on disposal	2,380,313 445,694
Net cash inflow on disposal	2,826,007

for the year ended December 31, 2007

#### 34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Fixed and short-term deposits with licensed banks	10,997,891	7,257,470	7,620,000	7,120,000
Cash and bank balances	2,372,311	2,586,321	46,460	576,805
Bank overdrafts (Note 30)	(801,017)	(950,525)	-	-
Total	12,569,185	8,893,266	7,666,460	7,696,805
Less: Fixed deposits pledged to banks	(397,891)	(157,470)	(20,000)	(20,000)
	12,171,294	8,735,796	7,646,460	7,676,805

#### 35. EFFECTS ON THE ADOPTION OF NEW AND REVISED FRS

As mentioned in Note 2, the effects on the financial statements arising from the adoption of revised FRS 117 are as follows:

(a) Effects on Consolidated Income Statement for the year ended December 31, 2006

	As Previously Reported RM	Increase/ (Decrease) FRS 117 RM	As Reclassified RM
Depreciation of property, plant and equipment Amortisation of prepaid lease payments	2,234,186	(25,159) 25,159	2,209,027 25,159

#### (b) Effects on Consolidated Balance Sheet as of December 31, 2006

	As Previously Reported RM	Increase/ (Decrease) FRS 117 RM	As Reclassified RM
Property, plant and equipment	15,179,555	(577,566)	14,601,989
Prepaid lease payments	-	577,566	577,566

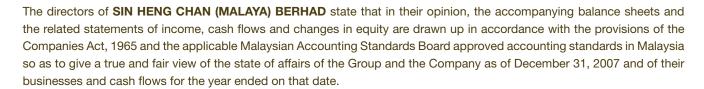
## **Notes to the financial Statements** for the year ended December 31, 2007

#### **36. CONTINGENT LIABILITIES**

- (i) As of December 31, 2007, the Company has issued corporate guarantees totalling RM8,600,000 (2006: RM8,600,000) in respect of credit facilities granted by a local licensed bank to its subsidiary company. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary company as of December 31, 2007.
- (ii) During the financial year, the tax authorities have sought clarifications from a subsidiary company with regards to its tax matters for the years of assessment 2001 to 2005. The directors have provided the information requested and the outcome of the inquiries is still pending as of the date of this report. The directors are of the opinion that there would be no change to the current or past tax positions of the Group, accounted for in past or current financial statements, arising from the enquiries.
- (iii) Also, during the financial year, a subsidiary company was served with winding-up petition by a creditor which seeks to recover a sum of approximately RM2.7 million owing by the said subsidiary, of which an amount of RM1.2million is recorded by the said subsidiary. The claim is highly disputed by the directors and the directors had initiated a separate suit against the said creditor. The High Court stayed the petition and directed the parties to refer the dispute to the process of arbitration.

The directors are of the opinion that the amount recorded in the books of the subsidiary company is adequate and that no further provision for the claim is required.

## **Statement by Directors**



Signed on behalf of the Board in accordance with a resolution of the Directors.

DATO' CHOO KENG WENG

**MOHD SHARIFF BIN SALLEH** 

Kuala Lumpur April 22, 2008

## **Declaration by the Officer**

Primarily Responsible for the Financial Management of the Company

I, FREDDIE YONG, the Officer primarily responsible for the financial management of SIN HENG CHAN (MALAYA) BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

#### **FREDDIE YONG**

Subscribed and solemnly declared by the abovenamed FREDDIE YONG at KUALA LUMPUR this 22nd day of April, 2008.

Before me,

**COMMISSIONER FOR OATHS** 

# **List of Properties Held**

Landed properties in the Group consist of:

	Location	Description	Area	Expiry Year	Age of Building	Net Book Value (RM)
<b>A.</b> 1	Freehold Holding 2058, 2060 & 2062 Mukim Tanjong Kling 76400 Melaka	Vacant Land	127,576 sq. ft.	-	-	544,000
B. Leasehold						
1	Lot 100 Gebeng Industrial Estate 26080 Kuantan	Factory with office	206,910 sq. ft.	2048	25 years	533,189
2	82 Jalan Tun Ali 75300 Melaka	Factory with office	113,133 sq. ft.	2050 to 2056	36 years	5,240,250
3	647 Jalan Tun Tasek	Double Storey	1,540 sq. ft.	2079	36 years	150,000
4	129A Jalan Mutahir 75300 Melaka	Vacant Land	10,693 sq. ft.	2061	46 years	508,250
5	Lot 1983 Mukim Lepar Pekan Pahang	Farm Building	12,927,436 sq. ft.	2081	8 years	8,081,588
6	Provisional Lease Lot 4, Punan Land District, Sarawak	Oil Palm Plantation	10,730 hectares	2057		
	Provisional Lease Lot 7, Dulit Land District, Sarawak	Oil Palm Plantation	267 hectares	2057	N/A	5,481,240
7	Office/Store/Worker Quarters Lot 4, Punan Land District, Sarawak	Office/Store/ Worker Quarters	-	2057	6 years	881,477



CDS Account No.	
No. of Shares Held	

#### SIN HENG CHAN (MALAYA) BERHAD

(Company No. 4690-V) (Incorporated in Malaysia)

bein	g a member/members of SIN HENG CHAN (MALAYA) BE			
	of			
Gene Seks	iling him/her, the CHAIRMAN OF MEETING, as my/our peral Meeting of the Company is to be at held Conference eyen 16, 46350 Petaling Jaya, Selangor on Thursday, 12th wing resolutions referred to in the notice of the 46th Annuw:-	Room Level 3, Eastin H June 2008 at 10.00a.m	otel, No. 13 Jala and at any adjo	an 16/11, Pusat Dagan ournment thereof, on the
	AGENDA	RESOLUTION	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and the Auditors	1		
2.	To re-elect the Directors who retire in accordance with Article 94 of the Articles of Association of the Company:-			
	<ul><li>(a) Tuan Syed Omar Bin Syed Abdullah</li><li>(b) Mr Khaw Teik Thye</li></ul>	3		
3.	To re-appoint Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration.	4		
4.	SPECIAL BUSINESS     Authorisation for Directors to allot and issue shares.	5		
	<ul> <li>To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.</li> </ul>	6		
Date	d this			

Signature or Common Seal of Shareholder(s)

#### Notes:-

- 1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
  - Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Berhad which came into force on 1 June 2001, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 2. The instrument appointing a proxy shall be in writing under the hand of the appointor of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
- 3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 4. The instrument appointing a proxy must be deposited at the registered office of the Company situated at Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

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AFFIX STAMP HERE

# The Company Secretary Sin Heng Chan (Malaya) Berhad

Level 3, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia

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## SIN HENG CHAN (MALAYA) BERHAD (4690-V) (Incorporated In Malaysia)

Level 3, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia.