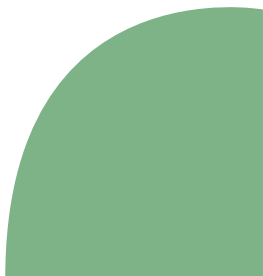




SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)



**Distinction
In Every
Dimension**

annual report 2010



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth (49th) Annual General Meeting of the Company will be held at Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 5 May 2011 at 10:00 a.m. for the following purposes:

AGENDA

Ordinary Businesses

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon. (Ordinary Resolution 1)
2. To re-elect the Directors who retire in accordance with Article 94 of the Articles of Association of the Company:
 - (a) Dato' Choo Keng Weng (Ordinary Resolution 2)
 - (b) Khaw Teik Thye (Ordinary Resolution 3)
3. To approve the payment of Directors' fees amounting to RM18,000.00 for the financial year ended 31 December 2010. (Ordinary Resolution 4)
4. To re-appoint Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

Special Businesses

5. To consider and, if thought fit, to pass the following Ordinary Resolutions:
 - Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution 6)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and to issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (cont'd)

- **Proposed Shareholders' Mandate for Recurrent Related Party Transactions (Ordinary Resolution 7)**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its Subsidiaries to enter into all transactions involving the Related Parties as specified in the Sections 2.4.1 and 2.4.2 of the Circular to Shareholders dated 12 April 2011 provided that such transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM"), at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

whichever is the earlier.

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

Special Resolution

- 6. To consider and, if thought fit, to pass the following Special Resolution:

- **Proposed Amendments to the Articles of Association of the Company (Special Resolution)**

"THAT the amendments to the existing Articles of Association of the Company as proposed and set forth under Part B of the Circular to Shareholders dated 12 April 2011 be and are hereby approved and adopted by the Company, and that the Directors of the Company be and are hereby authorised to do all acts and things and take all such steps as they may consider necessary and/or desirable to give full effect to the amendments to the Articles of Association of the Company."

- 7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LIM SIEW TING
(MAICSA 7029466)
Company Secretary

Kuala Lumpur
12 April 2011

Notice of Annual General Meeting (cont'd)

Explanatory Notes to Special Businesses

(i) **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

The proposed Resolution 6, if passed, will empower the Directors from the date of the Forty-Ninth Annual General Meeting ("AGM") to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 7 May 2010 and which will lapse at the conclusion of the Forty-Ninth AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/ or acquisitions.

(ii) **Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")**

The Proposed Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

(iii) **Proposed Amendments to the Articles of Association of the Company**

The Special Resolution, if passed, will streamline the Company's Articles of Association with the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Further information of the proposed amendments to the Articles of Association of the Company is set out under Part B of the Circular to Shareholders dated 12 April 2011 which is dispatched together with the Company's 2010 Annual Report.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised in writing.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. To be valid, the original Form of Proxy, must be completed and deposited at the Registered Office of the Company at Suite 2.02, Level 2, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so, however such attendance would be an automatic revocation of the proxy's authority unless an intimation in writing has been made to the Company at the registered office.
6. For the purposes of determining a member entitled to attend the meeting, the Company will request Bursa Malaysia Depository Sdn Bhd (in accordance with Article 66(b) of the Company's Articles of Association), to issue the Record of Depositors ("ROD") as at 28 April 2011 for determining the depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at the meeting. Only a depositor whose name appears on the ROD as at 28 April 2011 shall be entitled to attend the meeting.

Statement Accompanying Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

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

- (i) Dato' Choo Keng Weng
- (ii) Khaw Teik Thye

The profile of the above Director is set out in the Section entitled "Profile of Directors" on pages 8 and 9 of this Annual Report. The details of his securities holding in the Company and Subsidiaries are stated on page 88 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS

A total of four (4) Board Meetings were held during the financial year ended 31 December 2010.

Details of the current Directors' attendance since their respective appointments are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Tuan Syed Omar Bin Syed Abdullah	4/4
Dato' Choo Keng Weng	2/4
Y.M. Tunku Mahmood Bin Tunku Mohammed	4/4
Mohd Shariff Bin Salleh	4/4
Khaw Teik Thye	4/4

All the meetings were held at Board Room, Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur on the following dates and time except for the meeting on 7 May 2010 which was held at Ballroom 2, LG Level, Eastin Hotel Petaling Jaya, 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor:

DATE	TIME
04.02.2010	11.30 a.m.
07.05.2010	11.15 a.m.
10.08.2010	2.00 p.m.
03.11.2010	11.00 a.m.

3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

The Forty-Ninth (49th) Annual General Meeting of SIN HENG CHAN (MALAYA) BERHAD will be held as follows:

Date : Thursday, 5 May 2011
Time : 10:00 a.m.
Place : Eugenia Room, Ground Floor,
Sime Darby Convention Centre,
1A Jalan Bukit Kiara 1,
60000 Kuala Lumpur

Corporate Information

Tuan Syed Omar Bin Syed Abdullah

Chairman / Non-Independent Executive Director

Dato' Choo Keng Weng

Managing Director / Non-Independent Executive Director

YM Tunku Mahmood Bin Tunku Mohammed

Independent Non-Executive Director

Mr. Khaw Teik Thye

Independent Non-Executive Director

Encik Mohd Shariff Bin Salleh

Independent Non-Executive Director

BOARD OF DIRECTORS

AUDIT COMMITTEE

Mr. Khaw Teik Thye

Chairman / Independent Non-Executive Director

YM Tunku Mahmood Bin Tunku Mohammed

Member / Independent Non-Executive Director

Encik Mohd Shariff Bin Salleh

Member / Independent Non-Executive Director

COMPANY SECRETARY

Lim Siew Ting (MAICSA 7029466)

REGISTERED OFFICE

Suite 2.02, Level 2
Wisma E & C
No. 2 Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 03-2094 7992
Fax : 03-2093 5571

BUSINESS OFFICE

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

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Garden North
Tower Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03-2264 3883
Fax : 03-2282 1886

PRINCIPAL BANKERS

CIMB Bank Berhad
AGRO Bank

AUDITORS

Deloitte KassimChan

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad
(Listed since 26 July 1973)
Stock Name : SHCHAN
Stock Code : 4316
ISIN Code : MYL431600005
Warrant Code : 4316WA
ISIN Code : MYL4316WAJ74

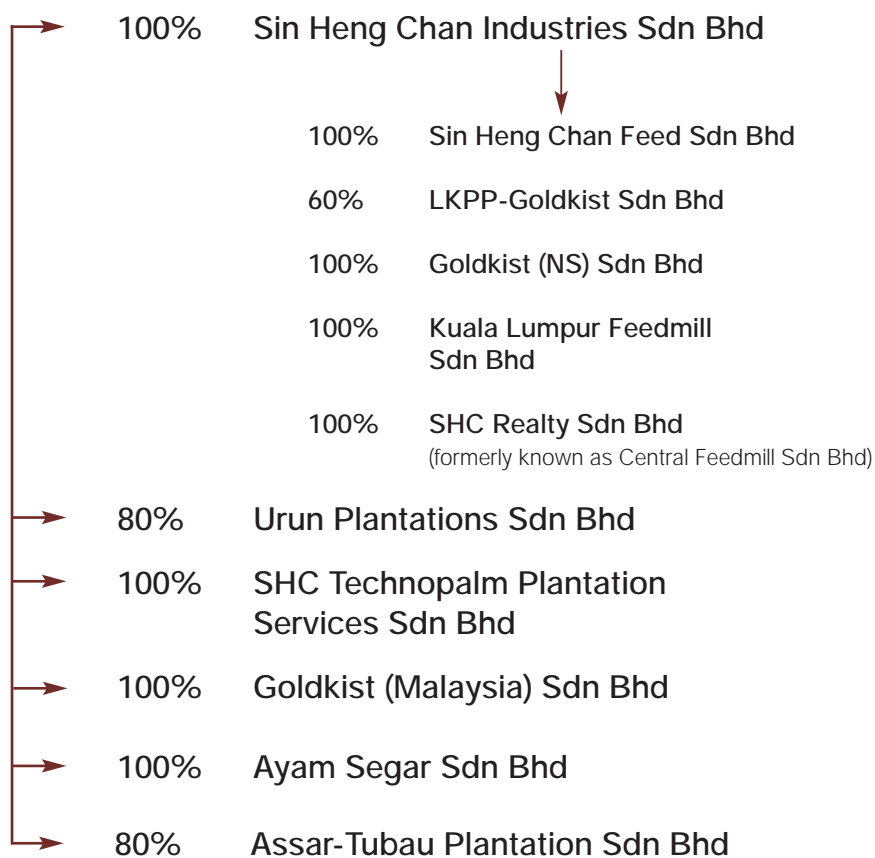
WEBSITE

www.shcm.com.my

Corporate Structure



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



Profile of Directors

TUAN SYED OMAR BIN SYED ABDULLAH

Chairman / Non-Independent Executive Director

Tuan Syed Omar bin Syed Abdullah, age 55, 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 Tazim, 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 board of several private limited companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

DATO' CHOO KENG WENG

Managing Director / Non-Independent Executive Director

Dato' Choo Keng Weng, age 61, Malaysian citizen, is a businessman with varied interest and investments in Malaysia and overseas. He was appointed as Managing Director of Sin Heng Chan (Malaya) Berhad on 17 June 1995 and is a member of the Remuneration Committee of the Company. He holds degrees in Bachelor of Science and Master in Business Administration (MBA) in Finance (USA).

After graduation in 1978, he served in various corporate positions overseas and in Malaysia. He has vast experience in consumer food products, manufacturing and trading, property investment, plantation and timber manufacturing. Presently, Dato' Choo Keng Weng also serve on the board of several non-listed companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Profile of Directors (cont'd)

**Y.M. TUNKU MAHMOOD
BIN TUNKU MOHAMMED**
Independent / Non-Executive Director

MR. KHAW TEIK THYE
Independent / Non-Executive Director

ENCIK MOHD SHARIFF BIN SALLEH
Non-Independent / Non-Executive Director

Y.M. Tunku Mahmood Bin Tunku Mohammed, aged 66, a Malaysian citizen, was appointed as Director of the Company in January 1999. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

Y.M. Tunku Mahmood Bin Tunku Mohammed served the military for many years. He is a businessman, and is involved with plantation and hospitality businesses. He also serves on the board of several other private companies. He is also a Director of Java Berhad, a public company listed on the Bursa Malaysia Securities Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Mr. Khaw Teik Thye, aged 41, Malaysian, was appointed to the Board on 3 April 2006. He is a Chartered Accountant, a member of MIA and a partner in a large accounting firm in Malaysia. He has 19 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 is also the Chairman of the Audit Committee and a member of the Nominating Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Encik Mohd Shariff Bin Salleh, aged 60, 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 vast experience in the poultry and animal farm industry exceeding 25 years. He is also the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Notes to Directors' Profile:

1. ATTENDANCE AT BOARD MEETINGS

The details of the Directors' attendance at Board Meetings are set out on pages 5 and 16 of this Annual Report

2. SHAREHOLDINGS

The details of the Directors' interest in the securities of the Company are set out on page 88 of this Annual Report.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and the Audited Financial Statements of Sin Heng Chan (Malaya) Berhad ("Company") for the financial year ended 31 December 2010.

224.9 %+

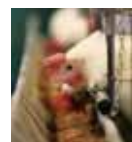
Profit After Tax

RM4.65
million

Profit After Tax



Chairman's Statement (cont'd)



2.95
sen

Earnings Per Share

FINANCIAL REVIEW

I am pleased to report that the Group achieved better performance as compared to the previous year. The Group was able to record a Profit After Tax of RM4,653,419 for year ended 31 December 2010, which was 224.9% higher than the Profit After Tax of RM1,432,443 achieved for the year ended 31 December 2009 despite the slight decrease in the Total Revenue of RM59,368,459 for the year under review by 5.34% as compared to the previous year's Total Revenue of RM62,720,344.

Net Earnings Per Share rose to 2.95 sen for the year ended 31 December 2010 as compared to RM1.53 sen in the previous financial year. The Group's Total Shareholders' Funds for the financial year under review have also improved by 5.2% to RM66,816,653 from RM63,526,830.

The improvements in the results achieved by the Group for the year ended 31 December 2010 was mainly due to continuous implementation of strategic measures and policies, which included stricter cost controls and cautious business expansion plans under difficult operating conditions of the industry.

The Group recorded higher revenue of **RM18.45 million** during the financial year under review



RM66.81
million

Shareholder' Funds



OPERATIONS REVIEW

POULTRY

The Group recorded higher revenue of RM18.45 million during the financial year under review as compared to RM16.95 million in the previous year mainly due to improvement in the management of its production quality and the average price of Day-old chicks as poultry meat remains the cheapest source of protein and the most popular among Malaysian consumers.



The improved performance of the Poultry Division was the result of reduced cost of production arising from continuous implementation of cost controls to shield the Group from the effects of rising prices in the feed price. The Group's Technical team and Farm Management have undertaken new measures to overcome the challenges that the industry is facing. Current measures such as close assessment of the parent stocks and bio-security controls were also reviewed to ensure that the production and quality of Day-old chicks could be maintained or further improved.



PLANTATION

The Plantation Division achieved higher revenue during the financial year under review, rising from RM12.5 million in the previous year to RM17.7million. The higher revenue was mainly due to higher average price of Fresh Fruit Bunches ("FFB") in 2010 and improvement in harvest yield. The tight vegetable oil suppliers and high crude oil prices during the year 2010, has pushed palm oil prices from a comfortable level of RM2,500 in the first half of the year to more than RM3,000 towards the end of the year. Based on the national OER, the average price of FFB in 2010 was equivalent to RM605 per tonne as against RM465 per tonne in the previous year, which was in tandem with the higher Crude Palm Oil prices².

The Group's 31,861mt (2009: 30,265mt) of FFB production during the year under review maintained the Group's growth trend. The marginal increase in FFB yield was due to the industry's tight labour situation and a change in the cropping pattern as a result of the unusual weather patterns due to the El Nino phenomena in the first half of the year and excessive rainfall caused by the La Nina phenomena in the second half of the year. Heavy rainfall and floods especially towards end of the year also dampened the harvesting activity.

The Group has been managing its cost to improve margins and has undertaken measures to maximize FFB yields through close monitoring of harvesting rounds, collection of loose fruits and maintenance of field conditions to facilitate harvesting and transportation of FFB crops to mills for processing.

² Article: Overview of the Malaysian Oil Palm Industry 2010, MPOB January 2011

Chairman's Statement (cont'd)



FEED MILLING

The year 2010 was a challenging year for the Feed Milling Division due to the rising prices of raw materials as a result of shortages in corn, soybean and wheat stock and also the stiff competition within the industry. The Feed Milling Division recorded lower total revenue of RM23.27 million in the financial year ended 31 December 2010 as compared to RM33.26 million in the previous year. The Group faced intense competition within the industry with selling prices of poultry and ruminant feeds dropping further resulting in lower revenue generated. As part of the Group's efforts to improve margins, implementation of improved production efficiency and productivity in the operations were undertaken.

PROSPECTS

The domestic demand is expected to remain strong with the support of the government policy measures such as the New Economic Model. Under these circumstances and with the strong foundation that the Group has built over the years, the Group will strive for continuous growth and profitability of its Poultry business. The Group is also exploring new opportunities to expand and enhance its overall competitiveness, particularly in the Feed Milling industry, in terms of size, profitability and value through the adoption of new marketing and corporate strategies.

The outlook of the palm oil industry remains optimistic. The recent improvement in crude palm oil prices would likely boost the oil palm yields and therefore could lead to softening in prices. Nevertheless, the Group remained positive on its oil palm plantation development and would expect an improvement in its contribution to the Group's financial position in the years ahead.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I wish to express our sincere and deepest gratitude and appreciation to all our valued shareholders, customers, business partners, bankers and government authorities for their invaluable support and confidence towards the Group.

The Board of Directors would also like to extend our thanks and appreciation to the management and staff for their hardwork, dedication, commitment, loyalty and efforts towards the continued growth of the Group. I am also grateful for the unwavering support and contributions made by my fellow Board members during the year.

TUAN SYED OMAR BIN SYED ABDULLAH
Chairman

Statement of Corporate Governance

Corporate Governance describes the framework and process by which institutions, through their board of directors and senior management, regulate their business activities. These principles are to create balance, safe and sound business operations while complying with relevant laws and regulations.

The Board of Directors ("the Board") of the Sin Heng Chan (Malaya) Berhad Group ("Group") recognises that practices of good Corporate Governance form the cornerstone of a responsible, progressive and effective organisation. It also serves to maintain the trust, confidence and good relationship of the Group with its shareholders, employees, customers, suppliers, business associates, regulatory authorities, as well as the members of the communities in which it operates.

The Board is committed to ensuring and maintaining a high standard of corporate governance within the Group as it forms a fundamental part of discharging its responsibilities and the affairs of the Group are always conducted with integrity, transparency and professionalism with the objective of safeguarding the shareholders' investment and ultimately enhancing the shareholders' interest.

This report describes how the Company has applied its corporate governance framework and practices of the Group to comply with the principles of the Malaysian Code of Corporate Governance ("Code"), Guidance Notes 2 on Corporate Governance and Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD OF DIRECTORS

Role of the Board of Directors

The Board assumes responsibility for stewardship of the Company and its subsidiaries and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives which governs the Group. It reviews management performance and affairs of the Group and ensures that the necessary financial and human resources are available to meet the Group's objectives. In addition, the Board is directly responsible for decision making in respect of the following matters:

- (a) appointment of directors and key managerial personnel;
- (b) announcements including approval and releases of financial results and annual reports;
- (c) business strategy including significant acquisition and disposal of subsidiaries or assets or liabilities;
- (d) operating budgets, significant investments and capital expenditures; and
- (e) corporate policies in keeping with good corporate governance and business practices.

Board Composition and Balance

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

As at 31 December 2010, the Board consists of five (5) directors of whom three (3) are independent. The composition of independent non-executive directors has met the minimum prescribed in the Code and Listing Requirements. The current list of directors is as follows:

Executive Directors

Tuan Syed Omar Bin Syed Abdullah - Chairman
Dato' Choo Keng Weng - Managing Director

Independent Non-Executive Directors

Mr. Khaw Teik Thye
YM Tunku Mahmood Bin Tunku Mohammed
Encik Mohd Shariff Bin Salleh

The composition of the Board will be reviewed, when necessary, to ensure that the current Board size is appropriate and effective, taking into account the nature and scope of the Company's operations.

The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of financial, technical and business to meet the Company's requirements. The directors' objectives judgment on corporate affairs and collective experience and knowledge are invaluable to the Group. Profiles of the members of the Board, as set out on pages 8 and 9 of this Annual Report.

Statement of Corporate Governance (cont'd)

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 responsibilities between the Chairman and Managing Director to ensure that there is a balance of power and authority. The separation of the roles of the Chairman and the Managing Director was to ensure that considerable concentration of power does not lie with any one individual.

Independence of Directors

The Independent Directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board committees and their attendance of meetings as set out below. The Independent Directors provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Non-Executive Directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group.

All the Independent Non-Executive Directors are independent of management and free from any business tie or other relationships that could materially interfere with the exercise of their independent judgment.

Board Meetings

The Board met four (4) times during the financial year. The meeting attendance of the individual Directors are as follows:

DIRECTORS	NO. OF MEETINGS ATTENDED
Tuan Syed Omar Bin Syed Abdullah	4/4
Dato' Choo Keng Weng	2/4
Mr. Khaw Teik Thye	4/4
YM Tunku Mahmood Bin Tunku Mohammed	4/4
Encik Mohd Shariff Bin Salleh	4/4

Supply of Information

To assist the Board in fulfilling its responsibilities, the directors are sent an agenda and a full set of Board papers providing complete, adequate and timely information prior to the Board meetings, to give directors time to deliberate on the issues raised at the meetings. The Board has full and unrestricted access to all information pertaining to the businesses and affairs from Senior Management as well as services of the Company Secretary to enable them to discharge duties effectively. In addition to quantitative information, the directors are also provided with updates on other areas such as market developments, customer and risk management.

The Directors, whether as a group or individually, is entitled to obtain independent professional advice and when necessary in furtherance of their duties at the Company's expenses. The appointment of such professional advisor is subject to the approval of the Board.

Appointment and Re-election

New candidates for appointment as Directors will be reviewed based on the required mix of skills, expertise, experience and other qualities of individuals concerned to constitute an effective 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.

In accordance with the Company's Articles of Association, one third of directors shall retire from office and be eligible for re-election at each Annual General Meeting. Re-appointments are not automatic and all directors shall retire from office at least one in every three (3) years but shall be eligible for re-election by shareholders in the Annual General Meeting.

Pursuant to the Listing Requirements, each member of the Board holds not more than ten (10) directorships in public listed companies and not more than fifteen (15) directorships in nonpublic listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursa Malaysia Training Sdn Bhd, the training and education arm of Bursa Malaysia Securities Berhad.

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, the newly appointed directors will be given briefings and orientation by the Executive Director and top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

Statement of Corporate Governance (cont'd)

The Directors are regularly updated on new statutory and regulatory requirements and the impact and implication to the Group and Directors in carrying out their duties and responsibilities. In addition, the Directors also receives briefings and updates on the Group's businesses and operations, risk management activities and technology initiatives on a regular basis. The Company provides internal programmes and other external programmes for its Directors since the last financial year and up to the date of this report, amongst which include:

- Amendments to the Listing Requirements of the Bursa Securities
- Poultry and Feed Milling industry markets and insights
- Sustainability Programme for Corporate Malaysia

Board Committees

To ensure the effective discharge of the Board's fiduciary duties, the Board has delegated specific responsibilities to the following Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code.

(i) Audit Committee

Composition of the Audit Committee, its terms of reference and a summary of its activities are set out on pages 20 to 23 of this Annual Report.

(ii) Nominating Committee

The Nominating Committee was established on 30 December 2010 and is comprised entirely of Independent Non-Executive Directors. The members are:

- Mohd Shariff bin Salleh - Chairman
- YM Tunku Mahmood bin Tunku Mohammed - Member
- Khaw Teik Thye - Member

Among the primary duties of the Nominating Committee includes assessing and reviewing the composition of the Board to ensure that it has an appropriate balance of skills and experience among the Board members, as well as recommending to the Board, candidates for all directorships and on Board Committees.

The Nominating Committee shall review the criteria for evaluating the Board's performance. The performance criteria for the Board's evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board's processes and Board's performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the Directors. Each Director assesses the Board's performance as a whole by providing feedback to the Nominating Committee. The Nominating Committee, when reviewing the Board's performance, shall take note of the feedback received from the Directors and act on their comments accordingly.

(iii) Remuneration Committee

The Remuneration Committee was established on 30 December 2010 and is comprised mainly of Independent Non-Executive Directors. The members are:

- YM Tunku Mahmood Bin Tunku Mohammed - Chairman
- Dato' Choo Keng Weng - Member
- Mohd Shariff Bin Salleh - Member

The Remuneration Committee is entrusted with responsibilities to set the policy framework and to make recommendations to the Board on the components of remuneration packages, general employment terms and other benefits for the Executive Directors and Key Senior Management Officers so as to attract, retain and motivate individuals of high caliber and quality to serve the Group.

(iv) Employee Share Option Scheme ("ESOS") Committee

The Committee is primarily responsible for administering the Company's ESOS Scheme in accordance with the approved bye-laws and regulations, including selection of eligible employees and options allocations. It also reviews the guidelines and bye-laws relating to the schemes and advised the Board accordingly.

Statement of Corporate Governance (cont'd)

DIRECTORS' REMUNERATION

Level and Mix of Remuneration

In setting remuneration packages, the consideration is given on the pay and employment conditions within the industry and in comparable companies. As part of the review, the performance related elements and remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interest with those of shareholder and link rewards to corporate and individual performance. The remuneration of non-executive directors are also reviewed to ensure that the remuneration commensurate with the contributions and responsibilities of the directors. The Company submits the quantum of directors' fees of each year, if any, to the shareholders for approval at each Annual General Meeting.

Disclosure on Remuneration

Remuneration of Non-Executive Directors is determined by the Board as a whole. Individual directors do not participate in determining their own remuneration package. The Board, based on the sum to be authorised by the Company's shareholders, determines fees payable to Non- Executive Directors. Non-Executive Directors are also entitled to meeting allowances and reimbursement of expenses incurred in the course of their duties as directors.

The aggregate remuneration of Directors for the financial year ended 31 December 2010 is categorised as follows:

	Salaries RM'000	Other Emoluments RM'000	Fees RM'000	Total RM'000
Executive Directors	590	265	-	855
Non-Executive Directors	-	6	18	24

The analysis of remuneration of Directors for the financial year ended 31 December 2010 is as follows:

Range of Remuneration

	No. of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM500,000	1	-
RM500,001 to RM600,000	-	-

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and annual financial statements to its shareholders. The Board is responsible for ensuring that financial statements prepared give a true and fair view of the state of affairs of the Company and of the group. The Board considers the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The statement of Directors' responsibilities for the preparation of the Financial Statements are set out in Page 27 of this Annual Report.

Internal Control

The Statement on Internal Control provides an overview of the state of internal controls within the Group and is set out on Page 24 of this Annual Report.

Statement of Corporate Governance (cont'd)

Relationship with External Auditors

The Board ensures that there are formal and transparent arrangements for the achievement of objectives and maintenance of professional relationship with the external auditors. The external auditors have full access to the books and records of the Group at all time. They participate in the annual stock counts of the Group.

The Audit Committee meets the External Auditors to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the External Auditors without the presence of the Executive Directors and any member of the Management whenever deemed necessary.

The Audit Committee's role with respect to internal and external auditors is described in the Audit Committee Report set out on Pages 20 to 23 of this Annual Report.

SHAREHOLDERS AND INVESTORS

The Group recognises the importance of effective communication with the shareholders and investors through various appropriate channels. The Group regularly communicates with the investor community in conformity with disclosure requirements.

The Annual General Meeting is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at every general meeting. The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified YM Tunku Mahmood Bin Tunku Mohammed and Mr. Khaw Teik Thye as the Senior Independent Directors to whom questions or concerns regarding the Group may be conveyed. They can be contacted via the following channels:

Post : YM Tunku Mahmood bin Tunku Mohammed or Mr. Khaw Teik Thye
c/o Corporate Secretarial Department
Suite 2.02, Level 2, Wisma E & C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Fax : (603) 2093 5571
Email : auditcom.shcm@gmail.com

Investors may also direct their queries to Investor Relations Manager at the above address and fax number or via email : ir@shcm.com.my.

The Company also maintains a web-site at www.shcm.com.my dedicated to provide information of the Group to the shareholders, investors and the general public who have an interest in the business and affairs of the Group.

Compliance with the Code

The Board has approved this statement and is of the opinion that the Company has, to its best ability complied with the principles and best practices outlined in the Code for the financial year ended 31 December 2010.

Audit Committee Report

The Audit Committee reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specially delegated by the Board.

1. Membership and Attendance

The Audit Committee members and details of attendance of each member of the Audit Committee meetings during the financial year are as follows:

Audit Committee	Number of meetings attended
Mr. Khaw Teik Thye (Chairman) <i>Independent Non-Executive Director</i>	4/4
YM Tunku Mahmood bin Tunku Mohammed <i>Independent Non-Executive Director</i>	4/4
Encik Shariff bin Salleh <i>Independent Non-Executive Director</i>	4/4

The Audit Committee met four (4) times during the financial year ended 31 December 2010.

As at the reporting date, the criteria for composition of members have been met.

2. Summary of Activities of the Audit Committee

During the financial year ended 31 December 2010, the Audit Committee carried out its duties as set out in the terms of reference which included the following:

- Review of the quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia Securities Berhad;
- Review of the Audit Planning Memorandum with the External Auditors;
- Review of the Audit Review Memorandum with the External Auditors;
- Review the Audit Fees of the External Auditors
- Review of the internal audit findings and recommendations with the Internal Auditors;
- Review the Audit Committee Report and Statement on Internal Control; and
- Review the procedure established to monitor Recurrent Related Party Transactions and also any related party transactions.

3. Internal Audit Function

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 31 December 2010. The Internal Audit function is to support the Audit Committee in discharging its duties with respect to the adequacy, integrity and effectiveness of the systems of internal control within the Group. The Internal Auditors independently carry out its reviews and reports to the Audit Committee.

During the financial year the Internal Auditors reviewed the system of internal control and the processes implemented by the management in the key subsidiary Companies and reported its results and findings to the Audit Committee.

The total cost incurred for the Group Internal Audit Function in respect of the financial year ended 31 December 2010 amounted to RM14,656.00.

Audit Committee Report (cont'd)

4. Terms of Reference

Composition

The Committee shall be appointed by the Board from amongst its Directors excluding alternate Directors and shall comprise no fewer than three (3) members, all of whom must be non-executive directors with a majority of whom shall be independent directors. Alternate Director shall not be appointed as members of the Committee.

All members should be financially literate and at least one (1) member must be:

- a) a member of the Malaysian Institute of Accountants ("MIA"); or
- b) if he is not a member of MIA, he must have at least 3 years' working experience and must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- c) he must be a member of one of the associations or accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- d) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

In the event 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. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The Board of Directors of the Company must review the term of office and performance of an audit committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Chairman

The Chairman, shall be elected from amongst their number, who shall be an independent director. In event of the chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman of the Board, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

Audit Committee Report (cont'd)

Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be two (2) members, provided that the majority of the members present at the meeting shall be independent. In addition to its four meetings each financial year, the Committee may take action by unanimous written consent of its members.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

The other directors and employees of the Company may attend any particular Audit Committee meeting only at the Committee's invitation, specific to the relevant meeting.

Rights

The Audit 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 Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain legal or independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
- (g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice; and
- (j) the Chairman shall convene a meeting to consider any matter external auditor believes should be brought to the attention of the directors or shareholders, upon the request of the External Auditors.

Audit Committee Report (cont'd)

Duties

- (a) To review with the external auditors on:
- the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- (c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control, management information and risk management practices of the Group.
- (d) To review 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.
- (e) To review any appraisal or assessment of the performance of members of the internal audit function.
- (f) To review any appointment or termination of the internal auditors and take cognizance of resignations of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning.
- (g) To review with management:
- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (h) To review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (i) To review the quarterly reports on consolidated results and year-end financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (j) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (k) To meet with the external auditors without executive board members present at least twice a year.
- (l) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors to the board.
- (m) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

Statement on Internal Control

Introduction

The Malaysian Code on Corporate Governance and the Companies (Amendment) Act 2007 requires the directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Directors of the Company are pleased to present this Statement on Internal Control with respect to the state, nature and scope of the internal control of the Group during the year.

Board's Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Therefore, it should be noted that it can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability and efficiency of the operations. The Board recognises the importance of ensuring that a sound system of internal controls and effective risk management practices are in place in the organisation. It has therefore given due attention towards improving the effectiveness of internal control, risk management and governance process of the organisation.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control, also in the design, operations and monitoring of suitable internal controls to mitigate and control these risks.

Risk Management Framework

The Board recognises that the management of principal risks plays an important and integral part of the Group's daily operations and that the identification and the management of such risk will affect the achievement of the Group's corporate objectives.

The functional management has been given a clear line of accountability and delegated authorities have been established as part of the internal control efforts through the standard operating practices. In addition, the functional management is responsible for the identification and assessment of the risks, and instituting adequate procedures and internal controls in order to mitigate and monitor such risks on an on-going basis.

Internal Audit Function

The Company has engaged an independent professional firm to provide Internal Audit services that supports the Audit Committee in discharging its duties with respect to the adequacy, integrity and effectiveness of the systems of internal control within the Group.

The Internal Audit function monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlight significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the said Audit Committee for review.

Statement on Internal Control (cont'd)

Key Internal Control Processes

The following are the key processes that have been established as part of the Group's internal control effort:

- (a) Internal control effort were done through standard operating practices and guidelines involving operational planning, capital expenditure, safeguarding of assets against unauthorised use or disposition, financial and accounting records, reporting system and monitoring of Group's businesses and performances.
- (b) The Executive Directors through their daily involvement in the business operations and attendance at operational and management level meetings, monitors the Company's policies and procedures.
- (c) The Audit Committee review internal control issues identified by the Internal Auditors and external auditors, and evaluate the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.
- (d) The Corporate Office at the holding company coordinates and monitors the monthly performance results of the independent operational units, based on actual against budgeted financial performances, key business indicators and highlights of the related happenings. The liquidity position of the Group is monitored daily through the online banking system and also through the weekly reporting of bank transactions of the business units.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Company for the financial year ended 31 December 2010 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement is made in accordance with the resolution of the Board of Directors dated 23 March 2011.

Corporate Social Responsibility Statement

The Bursa Malaysia Securities Berhad's Corporate Social Responsibility ("CSR") Framework is basically a set of guidelines for Malaysian public listed companies to help them in the practice of CSR. CSR relates to open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. It is designed to deliver sustainable value to society at large.

The Company is committed to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of the diverse stakeholders.

At Sin Heng Chan (Malaya) Berhad, we view CSR as a journey towards integrating the values of CSR initiatives which are translated into practical aspects of how we run our business, from marketing and operations to human resources.

Our employees

The Group firmly believes that caring for its employees will contribute positively to the Group's long term profitability of the business and success through improved efficiency of the work processes. The Group provides Hospitalisation and Surgical insurance coverage and Group Personnel Accident Insurance on top of the statutory SOCSO contribution for employees to mitigate medical and accidental contingencies.

We have occasionally have social and recreational events such as sports competitions and other social programmes to encourage networking and socializing between colleagues and peers. We also conduct formal performance reviews on the competencies of our staff to identify their strengths and weaknesses. As part of our efforts to provide growth and progression opportunities for our staff, on-the-job training, in-house programmes and external training courses are provided to improve their practical knowledge and field exposure.

The Group firmly believes that caring for its employees will contribute positively to the Group's long term profitability of the business and success through improved efficiency of the work processes.

Our community

Our nature of business affects the community living in the area of our operations. With the growing concerns relating to the spreading of H1N1 and avian flu involving poultry livestock, the Group's breeding farms are therefore operated in closedhouse and have step up to improve its bio-security facility which meets veterinary requirements to address bio-security risks associated with various poultry viruses and restricted access to avoid pollution to residents and other commercial facilities around the poultry farming areas.

The Group has undertaken the development of oil palm plantations on some parts of the Native Customary Rights land in Sarawak, with the aim at bringing social and economic benefits to the landowners as well as neighbouring community. We provided construction and maintenance of rural access roads and also bridges across the Urun estate.

Our Environment

The Group is working responsibly to reduce the environmental impact of our operations and firmly believes in continuing to adopt waste management and recycling programmes in our manufacturing process. The Group has implemented the several key initiatives such as making available separate bins to collect "production waste" and arranging for proper disposition on a periodic basis.

Our Board would continue to seek new and improved ways to enhance its CSR responsibilities and activities as well as its relationship with all stakeholders including shareholders, government and government agencies, the media, non-governmental organizations and interest groups.

Additional Compliance Disclosures

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Company and of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act 1965 so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the results and cashflows of the Company and of the Group for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- used the going concern basis for the preparation of the financial statements

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and are kept in accordance with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Utilisation of Proceeds

There were no corporate proposals conducted in the financial year under review.

Share Buy-Backs

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

Options, Warrants or Convertible Securities

The Company established an Employees' Share Option Scheme (ESOS) to grant options to eligible Directors and employees of the Group to subscribe in accordance with the ESOS By-Laws a total aggregate number of new ESOS Shares not exceeding ten per centum (10%) of the total issued and paid up ordinary share capital of the Company. A total of 6,502,000 ESOS Options were granted to the eligible employees. There were no ESOS exercised during the financial year.

The ESOS was extended for an additional five (5) years from 12 July 2009 and will expire on 12 July 2014.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR during the financial year ended 31 December 2010.

Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities during the financial year.

Non-Audit Fees

During the financial year, the total non-audit fees payable to companies affiliated to the external auditors' firm for services rendered to the Company and its subsidiaries were RM47,687.00.

Variation in Results

There were no variances of 10% or more between the results for the financial year and the unaudited results. The Company did not make any release on the profit estimate, forecast or projection for the financial year.

Profit Guarantee

The Company did not grant any profit guarantee during the financial year.

Revaluation of Landed Properties

The Company and its subsidiaries did not adopt any revaluation policy with landed properties during the financial year. Details of the properties are disclosed in page 89 of this Annual Report.

Material Contracts or Loans Involving Directors and Major Shareholders

There were no material contracts or loan entered into between the Company and a director or a major shareholder during the financial year except for the related party transactions specified in the Circular to Shareholders dated 12 April 2011 seeking the shareholder's mandate.

Related Party Transactions

FOR THE YEAR ENDED 31 DECEMBER 2010

At the Annual General Meeting held on 7 May 2010, the Company obtained its shareholders' mandate to allow the Group to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 31 December 2010 pursuant to the shareholders' mandate are as follows:

No	Company in the Sin Heng Chan (Malaya) Berhad ("SHCMB") Group involved in the transaction	Transacting Party	Nature of transaction	Interest Related Party	Nature of Relationship	Incurred from 7 May 2010 to 31 December 2010 (RM)	2010 Mandate (RM)
1.	SHCMB	Desa Samudra Sdn Bhd ("DSSB")	Rental of Office Premises and carpark facilities	Dato' Choo Keng Weng ("DCKW")	Director of DSSB and he holds 50% equity in DSSB.	59,785	90,000
2.	Sin Heng Chan Industries Sdn Bhd ("SHCI")	LKPP-Goldkist Sdn Bhd ("LKPPG")	Supply of poultry feed by SHCI	LKPPG	60% subsidiary of SHCI 40% is owned by Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang ("LKPP")	6,174,650	10,000,000
3.	SHCI	LKPPG	Supply of parent stock for breeding purposes by SHCI	LKPPG	60% subsidiary of SHCI 40% is owned by LKPP	524,400	1,000,000
4.	LKPPG	LKPP	Rental paid for the use of the land belonging to LKPP	LKPPG	60% subsidiary of SHCI 40% is owned by LKPP	121,867*	30,000
5.	SHC Technopalm Plantation Services Sdn Bhd ("STPS")	DSSB	Rental of Office Premises and carpark facilities	DCKW	Director of DSSB and he holds 50% equity in DSSB	34,159	50,000

* The Actual Value varied from the Estimated Value by approximately 306%. The variation was attributed to higher rental incurred as a result of the increase in rental rates that was subject to the average selling price. In compliance with the requirements of paragraph 10.09(2)(e) of the Main Market Listing Requirements and Paragraph 2.5 of the Practice Note 12, an announcement on the variation was made to Bursa Securities on 28 February 2011.

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Directors' Report

DIRECTORS' REPORT

The directors of **SIN HENG CHAN (MALAYA) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed in Note 15 to the Financial Statements.

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	4,288,724	(1,160,719)
Tax income	364,695	482,786
Profit/(Loss) for the year	4,653,419	(677,933)
Profit/(Loss) attributable to:		
Equity holders of the Company	3,289,823	(677,933)
Minority interest	1,363,596	-
	4,653,419	(677,933)

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

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

Directors' Report (cont'd)

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 at 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.
- (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) years 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 granted and exercised during the financial year are as follows:

Exercisable from	No. of Options Over Ordinary Shares of RM1 each				Balance at 31.12.2010
	Balance at 1.1.2010	Granted	Exercised	Forfeited	
13.7.2004	1,035,000	-	-	(16,000)	1,019,000

The directors have on 22 May 2009 extended the ESOS which expired on 12 July 2009 for another five (5) years until 12 July 2014.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position 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 all known bad debts have been 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.

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

- (a) which would render the amount written off for bad debts or 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 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 names of the Directors in office since the date of the last report are as follows:

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, Dato' Choo Keng Weng 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 (cont'd)

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:

	No. of Ordinary Shares of RM1 each			
	Balance at 1.1.2010	Bought	Sold	Balance at 31.12.2010
Shares in the Company				
Registered in the name of directors				
Dato' Choo Keng Weng	11,815,793*	-	-	11,815,793*
Mohd Shariff bin Salleh	35,000	-	-	35,000

Deemed Interest

(by virtue of his interest in Macronet Sdn. Bhd.)

Dato' Choo Keng Weng	2,925,000	-	-	2,925,000
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Note : * Includes shares held by nominees

	No. of Options Over Ordinary Shares of RM1 each			
	Balance at 1.1.2010	Granted	Exercised	Balance at 31.12.2010
Share Options in the Company				
Registered in the name of director				
Tuan Syed Omar bin Syed Abdullah	600,000	-	-	600,000

By virtue of his interest in the shares of the Company, Dato' Choo Keng Weng is deemed to have beneficial interest in the shares of the subsidiary companies during the financial year to the extent that the Company has interest.

Save as disclosed above, none of the other directors has interest in the shares of the Company and the related companies 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 20 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 except for options granted to certain directors pursuant to the Company's ESOS as disclosed above.

Directors' Report (cont'd)

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
23 March 2011

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIN HENG CHAN (MALAYA) BERHAD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **SIN HENG CHAN (MALAYA) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 December 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 85.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and Companies Act, 1965 in Malaysia and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act;
- (b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for these purposes; and
- (c) The auditors' reports on the accounts 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.

Independent Auditors' (cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 33 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information has been prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/11 (J)
Chartered Accountant

23 March 2011

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER, 2010

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	5 & 6	59,368,459	62,720,344	-	5,333,333
Cost of sales		(44,661,323)	(52,858,819)	-	-
Gross profit		14,707,136	9,861,525	-	5,333,333
Other operating income		1,185,451	1,109,544	1,626,702	2,363,056
Selling and distribution expenses		(2,705,553)	(2,704,794)	-	-
Administrative expenses		(5,188,610)	(4,582,791)	(1,996,925)	(1,681,748)
Finance costs	7	(1,525,158)	(1,235,543)	(13,364)	(12,761)
Other operating expenses		(2,184,542)	(1,275,852)	(777,132)	(1,173,694)
Profit/(Loss) before tax		4,288,724	1,172,089	(1,160,719)	4,828,186
Tax income/(expense)	8	364,695	260,354	482,786	(1,053,833)
PROFIT/(LOSS) FOR THE YEAR	9	4,653,419	1,432,443	(677,933)	3,774,353
Other comprehensive income net of tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		4,653,419	1,432,443	(677,933)	3,774,353
Profit/(Loss) and total comprehensive income/(loss) for the year:					
Equity holders of the Company		3,289,823	1,704,916	(677,933)	3,774,353
Minority interest		1,363,596	(272,473)	-	-
		4,653,419	1,432,443	(677,933)	3,774,353
Earnings per ordinary share					
Basic	10	2.95 sen	1.53 sen		
Diluted	10	-	-		

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

Statements of Financial Position

AS OF 31 DECEMBER 2010

	Note	The Group		The Company	
		2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	14,365,293	11,349,394	268,593	262,961
Plantation development expenditure	12	80,857,587	78,769,460	-	-
Prepaid lease payments	13	23,998,103	22,001,158	-	-
Investment properties	14	6,178,124	6,178,124	6,178,124	6,178,124
Investment in subsidiary companies	15	-	-	62,968,631	60,789,009
Other investments	16	5,294	5,301	5,294	5,301
Goodwill on consolidation	17	16,825,337	16,354,080	-	-
		142,229,738	134,657,517	69,420,642	67,235,395
Current Assets					
Inventories	18	7,686,666	7,233,730	-	-
Trade receivables	19	4,122,403	5,224,265	-	-
Other receivables, deposits and prepaid expenses	19	1,549,165	2,345,087	304,229	1,438,766
Tax recoverable		3,372	1,095,397	-	850,547
Amount owing by related party	20	5,444	5,444	-	-
Amount owing by subsidiary companies	20	-	-	6,581,008	5,267,093
Fixed deposits, cash and bank balances	21	11,086,192	10,109,996	4,219,149	6,599,578
		24,453,242	26,013,919	11,104,386	14,155,984
Total assets		166,682,980	160,671,436	80,525,028	81,391,379

Statements of Financial Position (cont'd)

AS OF 31 DECEMBER 2010

		The Group		The Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	111,666,787	111,666,787	111,666,787	111,666,787
Revaluation surplus	23	5,377,640	5,377,640	5,377,640	5,377,640
Accumulated loss		(50,227,774)	(53,517,597)	(50,210,520)	(49,532,587)
Shareholders' Equity		66,816,653	63,526,830	66,833,907	67,511,840
Minority interest		12,210,146	9,419,458	-	-
Total equity		79,026,799	72,946,288	66,833,907	67,511,840
Non-current liabilities					
Hire-purchase payables - non current portion	24	1,623,850	530,094	128,887	215,013
Long-term loans - non current portion	25	33,400,000	40,000,000	-	-
Deferred tax liabilities	26	11,331,055	10,943,295	-	-
		46,354,905	51,473,389	128,887	215,013
Current liabilities					
Trade payables	27	7,304,145	8,613,191	-	-
Other payables and accrued expenses	27	25,447,777	25,815,050	13,429,452	13,534,512
Amount owing to subsidiary companies	20	-	-	46,656	48,230
Bank borrowings	28	7,751,000	1,229,000	-	-
Hire-purchase payables - current portion	24	563,201	243,450	86,126	81,784
Tax liabilities		235,153	351,068	-	-
		41,301,276	36,251,759	13,562,234	13,664,526
Total liabilities		87,656,181	87,725,148	13,691,121	13,879,539
Total equity and liabilities		166,682,980	160,671,436	80,525,028	81,391,379

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

Statements of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

← Attributable to Equity Holders of the Company →

The Group	Issued capital RM	Accumulated loss RM	Non- distributable reserves Revaluation reserve RM	Total RM	Minority interest RM	Total equity RM
Balance as of 1 January 2009	111,666,787	(55,222,513)	5,377,640	61,821,914	9,691,931	71,513,845
Total comprehensive income/(loss) for the year	-	1,704,916	-	1,704,916	(272,473)	1,432,443
Balance as of 31 December 2009	111,666,787	(53,517,597)	5,377,640	63,526,830	9,419,458	72,946,288
Balance as of 1 January 2010	111,666,787	(53,517,597)	5,377,640	63,526,830	9,419,458	72,946,288
Total comprehensive income for the year	-	3,289,823	-	3,289,823	1,363,596	4,653,419
Issuance of ordinary shares in subsidiary company	-	-	-	-	1,000,000	1,000,000
Acquisition of new subsidiary company (Note 15)	-	-	-	-	427,092	427,092
Balance as of 31 December 2010	111,666,787	(50,227,774)	5,377,640	66,816,653	12,210,146	79,026,799

The Company	Issued capital RM	Accumulated loss RM	Non- distributable reserves Revaluation reserve RM	Total equity RM
Balance as of 1 January 2009	111,666,787	(53,306,940)	5,377,640	63,737,487
Total comprehensive income for the year	-	3,774,353	-	3,774,353
Balance as of 31 December 2009	111,666,787	(49,532,587)	5,377,640	67,511,840
Balance as of 1 January 2010	111,666,787	(49,532,587)	5,377,640	67,511,840
Total comprehensive loss for the year	-	(677,933)	-	(677,933)
Balance as of 31 December 2010	111,666,787	(50,210,520)	5,377,640	66,833,907

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

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2010

Note	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax	4,288,724	1,172,089	(1,160,719)	4,828,186
Adjustments for:				
Amortisation of plantation development expenditure	1,742,787	2,064,985	-	-
Depreciation of property, plant and equipment	1,733,989	1,612,843	75,825	151,639
Finance costs	1,525,158	1,235,543	13,364	12,761
Amortisation of prepaid lease payments	719,370	719,367	-	-
(Gain)/Loss on disposal of property, plant and equipment	(69,688)	64,949	-	(5,999)
Property, plant and equipment written off	7,925	-	1	-
Bad debts written off	-	153,079	-	-
Allowance for doubtful debts/ (Allowance for doubtful debts no longer required)	668,000	(484,164)	(92,000)	(150,000)
Interest income	(159,234)	(135,253)	(257,609)	(154,509)
Allowance for/(Allowance no longer required for) diminution in value of other investments	7	(11)	7	(11)
Dividend income	-	-	-	(5,333,333)
Allowance for doubtful debts no longer required on amount owing by subsidiary companies	-	-	-	(1,000,000)
Allowance for doubtful debts on amount owing by subsidiary companies	-	-	-	577,548
Loss on foreign exchange	31,616	-	-	-
Operating Profit/(Loss) Before Working Capital Changes	10,488,654	6,403,427	(1,421,131)	(1,073,718)
(Increase)/Decrease in:				
Inventories	(452,936)	649,515	-	-
Trade receivables	432,926	897,910	92,000	-
Other receivables, deposits and prepaid expenses	(228,284)	(679,555)	10,662	(736,425)
Fixed deposits pledged to banks	20,000	(20,000)	-	140,000
Amount owing by subsidiary companies	-	-	(1,313,916)	(1,372,103)
(Decrease)/Increase in:				
Trade payables	(1,340,660)	794,517	-	-
Other payables and accrued expenses	(2,133,988)	169,186	(105,060)	27,896
Amount owing to subsidiary companies	-	-	(1,574)	(277,877)
Cash From/(Used In) Operations	6,785,712	8,215,000	(2,739,019)	(3,292,227)
Interest paid	(2,769,947)	(2,652,624)	(13,364)	(12,761)
Income tax refunded - net	1,026,487	168,987	1,333,333	270,000
Net Cash From/(Used In) Operating Activities	5,042,252	5,731,363	(1,419,050)	(3,034,988)

Statements of Cash Flows (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2010

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Addition of plantation development expenditure (Note (a))		(2,586,125)	(2,567,721)	-	-
Purchase of property, plant and equipment (Note (b))		(3,018,925)	(1,295,491)	(81,458)	(43,142)
Proceeds from disposal of property, plant and equipment		120,000	130,569	-	6,000
Interest received		159,234	135,253	257,609	85,562
Dividend received		-	-	-	4,000,000
Additional acquisition of a subsidiary company		(1,055,746)	-	(1,055,746)	-
Net Cash (Used In)/From Investing Activities		(6,381,562)	(3,597,390)	(879,595)	4,048,420
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Repayment of bank borrowings		(78,000)	(2,861,097)	-	-
Proceeds/(Repayment) of hire-purchase		1,413,506	(307,838)	(81,784)	(73,896)
Proceeds from issue of shares to minority shareholders		1,000,000	-	-	-
Net Cash From/(Used In) Financing Activities		2,335,506	(3,168,935)	(81,784)	(73,896)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		996,196	(1,034,962)	(2,380,429)	939,536
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,949,996	10,984,958	6,599,578	5,660,042
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	10,946,192	9,949,996	4,219,149	6,599,578

Note (a): During the financial year, the Group's additions to plantation development expenditure amounted to RM3,830,914 (2009: RM3,984,802) of which RM1,244,789 (2009: RM1,417,081) represents borrowing costs capitalised. The remaining additions of RM2,586,125 (2009: RM2,567,721) was paid in cash.

Note (b): During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM4,808,125 (2009: RM1,780,573) and RM81,458 (2009: RM176,542) of which RM1,789,200 (2009: RM485,082) and RMNil (2009: RM133,400) respectively was financed through hire-purchase arrangements. The remaining additions of RM3,018,925 (2009: RM1,295,491) and RM81,458 (2009: RM43,142) were paid in cash by the Group and the Company respectively.

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

Notes to The Financial Statements

1. GENERAL INFORMATION

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

The Company is principally an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 15.

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 is located at Suite 2.02, Level 2, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The 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 23 March 2011.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised Financial Reporting Standards and Issues Committee Interpretations ("IC Ints.") which are mandatory for financial periods beginning on or after 1 January 2010 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)
Improvements to FRSs issued in 2009	
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 - Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programme
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Notes To The Financial Statements (cont'd)

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

The adoption of these new and revised FRSs and IC Ints. did not result in significant changes in the accounting policies of the Group and of the Company and have no significant effect on the financial performance or position of the Group and of the Company except for those stated below:

FRS 7: Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and process for managing capital.

Comparative disclosures have not been presented upon initial adoption of this Standard as the Group and the Company have availed themselves of the transitional provision in this Standard.

FRS 8: Operating Segments

FRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (FRS 114₂₀₀₄ Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments has changed (Note 6).

FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and the Company's financial statements.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 127: Consolidated and Separate Financial Statements (revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiary companies that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiary companies were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiary companies regardless of whether the disposals would result in the Group losing control over the subsidiary companies, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or statements of comprehensive income. When control of a subsidiary company is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognise all assets, liabilities and minority interests at their carrying amounts. Any retained interest in the former subsidiary company is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

This standard was adopted prospectively by the Group and the Company.

Notes To The Financial Statements (cont'd)

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

FRS 139: Financial Instruments: Recognition and Measurement

Financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were classified as either financial liabilities at fair value through profit or loss or other financial liabilities (i.e. those financial liabilities which are not held for trading or designated as at fair value through profit or loss upon initial recognition). The accounting policies for financial assets and financial liabilities are as disclosed in Note 3 to the financial statements.

This standard was adopted prospectively by the Group and the Company, in accordance with the transitional provisions in FRS 139.

FRS and IC Interpretations ("IC Ints.") Issued but Not Effective

At the date of authorisation for issue of these financial statements, the FRSs, IC Ints. and amendments to FRSs and IC Ints. which were issued but not yet effective are as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (revised in 2010) ¹
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First time Adopters) ²
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters) ²
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) ¹
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions) ²
FRS 3	Business Combinations (revised in 2010) ¹
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) ¹
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) ²
FRS 124	Related Party Disclosures (revised) ³
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) ¹
FRS 128	Investment in Associates (revised) ¹
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of right issue) ⁴
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) ¹
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS ³ and revised FRS 127) ¹
Improvements to FRSs (issued in 2010) ²	
IC Int. 4	Determining whether an Arrangement contains a Lease ²
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3) ¹
IC Int. 12	Service Concession Arrangements ¹
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) ⁷
IC Int. 15	Agreements for the Construction of Real Estate ⁵
IC Int. 16	Hedges of a Net Investment in a Foreign Operation ¹
IC Int. 17	Distributions of Non-cash Assets to Owners ¹
IC Int. 18	Transfers of Assets from Customers ⁶
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments ⁷

¹ Effective for annual periods beginning on or after 1 July 2010

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 January 2012

⁴ Effective for annual periods beginning on or after 1 March 2010

⁵ Original effective date of 1 July 2009 deferred to 1 January 2012 via amendment issued by Malaysian Accounting Standards Board on 30 August 2010

⁶ Applied prospectively to transfers of assets from customers received on or after 1 January 2011

⁷ Effective for annual periods beginning on or after 1 July 2011

Notes To The Financial Statements (cont'd)

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

The directors anticipate that abovementioned standards and IC interpretations will be adopted in the financial statements of the Group and the Company when they become effective and that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group and the Company in the period of initial application except for the following:

FRS 3: Business Combinations (Revised)

The revised FRS 3:

- (i) allows a choice on a transaction-by-transaction basis for the measurement of minority interest either at fair value or at the minority interests' share of the fair value of the identifiable net assets of the acquiree;
- (ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;
- (iii) requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- (iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 127: Consolidated and Separate Financial Statements (Revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSS, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit and loss.

Under FRS 127 (Revised), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (Revised) requires that the Group derecognise all assets, liabilities and minority interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit and loss.

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.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and 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 31 December 2010. 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 statements of comprehensive income.

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 of 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 interest'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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statements of comprehensive income, 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.

Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value consideration received and receivable in the normal course of business. The revenue recognition policies of the Group and of the Company are as follows:

(i) Sale of goods

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 trade discounts.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive the dividend have been established.

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 at that 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 statements of comprehensive income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statements of comprehensive income 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.

Taxation

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

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred Tax

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 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 statements of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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 statements of comprehensive income. 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 statements of comprehensive income; 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.

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 statements of comprehensive income to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets

At the end of the reporting period, the Group reviews 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Plantation Development Expenditure

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 statements of comprehensive income and the capitalised plantation development expenditure is amortised on a straight-line basis over 30 years or remaining lease period.

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.

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 statements of comprehensive income 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 statements of comprehensive income as incurred.

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 statements of comprehensive income for the period.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statements of comprehensive income 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 statements of comprehensive income and the unutilised portion of the revaluation surplus is taken directly to the accumulated loss account.

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.

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.

Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

The Group does not make a charge to the statements of comprehensive income in connection with ESOS granted. When the ESOS are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

Financial Instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in Note 29.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Held-To-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Fair value is determined in the manner described in Note 29. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

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

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in Note 37.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Statements of Cash Flow

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

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 purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to banks.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group'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 except as follows:

a) Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

5. REVENUE

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sales of formulated animal feeds	23,270,395	33,262,207	-	-
Poultry breeding	18,446,273	16,946,720	-	-
Sales of fresh fruit bunches	17,651,791	12,511,417	-	-
Dividend income	-	-	-	5,333,333
	59,368,459	62,720,344	-	5,333,333

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.

Notes To The Financial Statements (cont'd)

6. SEGMENT REPORTING (cont'd)

SEGMENT ANALYSIS

The Group

2010	Feedmilling RM	Poultry Breeding RM	Plantation RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
External sales	23,270,395	18,446,273	17,651,791	-	-	-	59,368,459
Inter-segment sales	10,278,724	-	1,284,222	-	-	(11,562,946)	-
Total revenue	33,549,119	18,446,273	18,936,013	-	-	(11,562,946)	59,368,459
Results							
Segment results	1,628,443	2,410,202	4,403,577	(2,582,418)	(45,922)	-	5,813,882
Profit from operations							5,813,882
Finance costs							(1,525,158)
Profit before tax							4,288,724
Tax income							364,695
Profit for the year							4,653,419

The Group

2010	Feedmilling RM	Poultry Breeding RM	Plantation RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	870,522	613,065	7,073,994	81,458	-	-	8,639,039
Depreciation of property, plant and equipment and amortisation of plantation development expenditure	(282,718)	(898,120)	(2,212,639)	(75,825)	(7,474)	-	(3,476,776)
Consolidated Balance Sheets							
Assets							
Segment Assets	12,269,472	14,077,091	129,261,588	10,975,570	99,259	-	166,682,980
Consolidated total assets							166,682,980
Liabilities							
Segment liabilities	4,385,777	1,567,415	66,992,694	13,644,464	1,065,831	-	87,656,181
Consolidated total liabilities							87,656,181

Notes To The Financial Statements (cont'd)

6. SEGMENT REPORTING (cont'd)

The Group

2009	Feedmilling RM	Poultry Breeding RM	Plantation RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
External sales	33,262,207	16,946,720	12,511,417	-	-	-	62,720,344
Inter-segment sales	9,841,499	-	674,561	5,333,333	-	(15,849,393)	-
Total revenue	43,103,706	16,946,720	13,185,978	5,333,333	-	(15,849,393)	62,720,344
Results							
Segment results	3,739,193	(291,727)	634,567	(2,010,649)	336,248	-	2,407,632
Profit from operations							2,407,632
Finance costs							(1,235,543)
Profit before tax							1,172,089
Tax income							260,354
Profit for the year							1,432,443

The Group

2009	Feedmilling RM	Poultry Breeding RM	Plantation RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	458,973	910,974	4,218,886	176,542	-	-	5,765,375
Depreciation of property, plant and equipment and amortisation of plantation development expenditure	(239,542)	(951,098)	(2,315,484)	(151,639)	(20,065)	-	(3,677,828)
Consolidated Balance Sheets							
Assets							
Segment Assets	10,724,991	14,558,843	119,954,576	15,335,460	97,566	-	160,671,436
Consolidated total assets							160,671,436
Liabilities							
Segment liabilities	5,893,459	1,290,036	65,650,835	13,831,309	1,059,509	-	87,725,148
Consolidated total liabilities							87,725,148

Notes To The Financial Statements (cont'd)

6. SEGMENT REPORTING (cont'd)

The following is an analysis of the Group's revenue from operations from its major products:

	2010 RM	2009 RM
Formulated animal feeds	23,270,395	33,262,207
Broiler chicks	18,446,273	16,946,720
Plantation - fresh fruit bunches	17,651,791	12,511,417
	59,368,459	62,720,344

Revenue of RM14,009,976 and RM3,641,815 (2009: RM9,226,344 and RM3,285,073) are derived from two external customers respectively from plantation - fresh fruit bunches.

7. FINANCE COSTS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on:				
Term loans	2,628,261	2,520,358	-	-
Less: Interest expense capitalised in plantation development expenditure	(1,244,789)	(1,417,081)	-	-
	1,383,472	1,103,277	-	-
Bankers' acceptances	59,662	90,763	-	-
Hire-purchase	82,024	39,068	13,364	12,650
Bank overdrafts	-	2,324	-	-
Others	-	111	-	111
	1,525,158	1,235,543	13,364	12,761

Notes To The Financial Statements (cont'd)

8. TAX INCOME/(EXPENSE)

Tax income/(expense) is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Estimated tax payable:				
Current	(373,876)	(311,000)	-	(1,333,333)
Underprovision in prior years	(4,410)	-	-	-
Tax recoverable written off previously, now recovered - net	482,786	-	482,786	-
	104,500	(311,000)	482,786	(1,333,333)
Deferred tax (Note 26):	260,195	571,354	-	279,500
Total	364,695	260,354	482,786	(1,053,833)

A reconciliation of income tax credit/(expense) applicable to profit before tax at the statutory income tax rate to income tax credit/(expense) at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit/(Loss) before tax	4,288,724	1,172,089	1,160,719	4,828,186
(Tax)/Tax loss at income tax rate of 25%	(1,072,181)	(293,022)	290,180	(1,207,047)
Tax effect of expenses not deductible in determining tax	(243,952)	(1,188,773)	(47,180)	(963,786)
Utilisation of deferred tax asset previously not recognised	1,202,452	999,250	-	1,117,000
Tax effect of income not assessable in determining taxable profit	-	719,635	-	-
Effect on deferred tax balances due to change in tax rate	-	23,264	-	-
Tax recoverable refunded/(written off) - net	482,786	-	482,786	-
Deferred tax asset not recognised	-	-	(243,000)	-
Underprovision in prior years	(4,410)	-	-	-
Tax credit/(expense)	364,695	260,354	482,786	(1,053,833)

As of 31 December 2010, 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 RM1,397,000 (2009: RM1,397,000) 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 31 December 2010, one of the subsidiary companies has unabsorbed reinvestment allowances carried forward amounting to approximately RM1,436,000 (2009: 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.

As of 31 December 2010, one of the subsidiary companies has unabsorbed business losses carried forward amounting to approximately RM27,300,000 (2009: RM27,300,000) which, if agreed by the tax authorities, are available for set-off against future taxable income of the said subsidiary company.

Notes To The Financial Statements (cont'd)

9. PROFIT/(LOSS) FOR THE YEAR

a) Profit/(Loss) for the year has been arrived at after (charging)/crediting the following:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Amortisation of plantation development expenditure	(1,742,787)	(2,064,985)	-	-
Depreciation of property, plant and equipment (Note 11)	(1,733,989)	(1,612,843)	(75,825)	(151,639)
Amortisation of prepaid lease payment (Note 13)	(719,370)	(719,367)	-	-
Bad debts written off	-	(153,079)	-	-
Rental of premises:				
- Related parties (Note 20)	(111,184)	(82,374)	(87,231)	(82,374)
- Subsidiary company (Note 20)	-	-	71,257	69,762
Audit fee:				
- Current year	(105,000)	(83,300)	(35,000)	(30,000)
- Underprovision in prior year	(15,700)	(5,000)	(5,000)	(5,000)
Gain/(Loss) on disposal of property, plant and equipment	69,688	(64,949)	-	5,999
(Allowance for doubtful debts)/Allowance for doubtful debts no longer required	(668,000)	484,164	92,000	150,000
Interest income:				
- Licensed banks	141,234	135,253	67,129	85,562
- Third parties	18,000	-	18,000	-
- Subsidiary companies	-	-	172,480	68,947
Realised (loss)/gain on foreign exchange	(31,616)	15,936	-	-
Insurance claim received*	600,000	12,143	-	-
Property, plant and equipment written off	7,925	-	1	-
Management fees receivable from subsidiary companies (Note 20)	-	-	1,191,326	957,100
Allowance for doubtful debts no longer required on amount owing by subsidiary company	-	-	-	1,000,000
Allowance for doubtful debts on amount owing by subsidiary companies	-	-	-	(577,548)

* The insurance claim received is related to losses written off in prior year due to damage to buildings by a flood.

b) Operating costs applicable to revenue:

	Group	
	2010	2009
	RM	RM
Raw materials and other consumables used	27,153,534	36,187,055
Changes in inventories of finished goods, parent stocks and hatching eggs	(17,485)	(1,272,151)

Notes To The Financial Statements (cont'd)

9. PROFIT/(LOSS) FOR THE YEAR (cont'd)

c) Directors' remuneration

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Executive directors:				
Other emoluments	854,750	675,800	854,750	675,800
Fees	-	13,000	-	-
Non-executive directors:				
Fees	62,000	75,000	18,000	18,000
Other emoluments	10,500	16,500	6,000	14,000
	927,250	780,300	878,750	707,800

Included in directors' remuneration are contributions to EPF made by the Group and the Company for the current year amounting to RM108,750 (2009 : RM85,800).

d) Staff costs

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Salaries and allowances	5,212,744	4,743,587	1,042,350	908,109

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 RM457,730 and RM88,492 (2009: RM430,814 and RM69,765) respectively.

10. EARNINGS PER ORDINARY SHARE

Basic earnings per share

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

	The Group	
	2010	2009
	RM	RM
Profit attributable to equity holders of the Company	3,289,823	1,704,916

	The Group	
	2010	2009
	Units	Units
Number of shares in issue as of January 1/ December 31	111,666,787	111,666,787

Notes To The Financial Statements (cont'd)

10. EARNINGS PER ORDINARY SHARE (cont'd)

Basic earnings per share (cont'd)

	The Group	
	2010	2009
Basic earnings per share (sen)	2.95	1.53

Diluted earnings per share

The diluted earnings per share of the Company in 2010 and 2009 have not been presented as the average fair value of the shares of the Company is lower than the exercise price for the ESOS. The effect of this would be anti-dilutive to the earnings per ordinary share.

11. PROPERTY, PLANT AND EQUIPMENT

The Group

	Cost						
	Beginning of Year RM	Additions RM	Write Off/ Disposals RM	Acquisition of Subsidiary Company RM	Reclassification RM	End of Year RM	
December 31, 2010							
Buildings	15,820,877	232,798	(127,077)	9,924	-	15,936,522	
Plant and machinery	17,037,168	267,486	-	-	-	17,304,654	
Renovations, furniture, fixtures and equipment	6,647,078	741,790	(2,210)	990	-	7,387,648	
Motor vehicles	4,527,381	327,230	(655,000)	-	62,966	4,262,577	
Motor vehicles under hire-purchase	1,819,191	2,184,641	-	-	(62,966)	3,940,866	
Construction in progress	-	1,038,166	-	5,100	-	1,043,266	
	45,851,695	4,792,111	(784,287)	16,014	-	49,875,533	

	Accumulated Depreciation						
	Beginning of Year RM	Additions RM	Disposals RM	Acquisition of Subsidiary Company RM	Reclassification RM	End of Year RM	Net Book Value RM
31 December, 2010							
Buildings	7,372,514	483,593	(69,479)	161	-	7,786,789	8,149,733
Plant and machinery	16,253,922	291,185	-	-	-	16,545,107	759,547
Renovations, furniture, fixtures and equipment	5,599,041	354,819	(1,572)	132	-	5,952,420	1,435,228
Motor vehicles	4,219,801	216,110	(654,999)	-	62,965	3,843,877	418,700
Motor vehicles under hire-purchase	1,057,023	387,989	-	-	(62,965)	1,382,047	2,558,819
Construction in progress	-	-	-	-	-	-	1,043,266
	34,502,301	1,733,696	(726,050)	293	-	35,510,240	14,365,293

Notes To The Financial Statements (cont'd)

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

The Group

	Cost				End of Year RM
	Beginning of Year RM	Additions RM	Disposals RM	Reclassification RM	
December 31, 2009					
Buildings	15,386,087	684,790	(250,000)	-	15,820,877
Plant and machinery	16,965,888	71,280	-	-	17,037,168
Renovations, furniture, fixtures and equipment	6,215,363	431,715	-	-	6,647,078
Motor vehicles	5,161,475	-	(226,211)	407,883	5,343,147
Motor vehicles under hire-purchase	1,008,493	592,788	(189,973)	(407,883)	1,003,425
	44,737,306	1,780,573	(666,184)	-	45,851,695

	Accumulated Depreciation				End of Year RM	Net Book Value RM
	Beginning of Year RM	Additions RM	Disposals RM	Reclassification RM		
December 31, 2009						
Buildings	6,890,792	481,722	-	-	7,372,514	8,448,363
Plant and machinery	15,827,801	426,121	-	-	16,253,922	783,246
Renovations, furniture, fixtures and equipment	5,329,158	269,883	-	-	5,599,041	1,048,037
Motor vehicles	4,582,630	147,082	(226,211)	283,700	4,787,201	555,946
Motor vehicles under hire-purchase	563,243	288,035	(77,955)	(283,700)	489,623	513,802
	33,193,624	1,612,843	(304,166)	-	34,502,301	11,349,394

The Company

	Cost				End of Year RM
	Beginning of Year RM	Additions RM	Disposals RM	Reclassification RM	
December 31, 2009					
Renovations, furniture, fixtures and equipment	780,047	81,458	-	-	861,505
Motor vehicles	660,143	-	(655,000)	62,966	68,109
Motor vehicles under hire-purchase	672,775	-	-	(62,966)	609,809
	2,112,965	81,458	(655,000)	-	1,539,423

	Accumulated Depreciation				End of Year RM	Net Book Value RM
	Beginning of Year RM	Additions RM	Disposals RM	Reclassification RM		
December 31, 2009						
Renovations, furniture, fixtures and equipment	650,302	46,070	-	-	696,372	165,133
Motor vehicles	654,973	1,029	(654,999)	62,965	63,968	4,141
Motor vehicles under hire-purchase	544,729	28,726	-	(62,965)	510,490	99,319
	1,850,004	75,825	(654,999)	-	1,270,830	268,593

Notes To The Financial Statements (cont'd)

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

The Company

	Cost			End of Year RM
	Beginning of Year RM	Additions RM	Disposals RM	
December 31, 2009				
Renovations, furniture, fixtures and equipment	747,136	32,911	-	780,047
Motor vehicles	844,731	-	(184,588)	660,143
Motor vehicles under hire-purchase	529,144	143,631	-	672,775
	2,121,011	176,542	(184,588)	2,112,965

	Accumulated Depreciation			End of Year RM	Net Book Value RM
	Beginning of Year RM	Charge For The Year RM	Disposals RM		
December 31, 2009					
Renovations, furniture, fixtures and equipment	607,288	43,014	-	650,302	129,745
Motor vehicles	838,531	1,029	(184,587)	654,973	5,170
Motor vehicles under hire-purchase	437,133	107,596	-	544,729	128,046
	1,882,952	151,639	(184,587)	1,850,004	262,961

Property, plant and equipment of the Group with net book values of RM984,000 (2009: RM952,000) are charged to a licensed bank in respect of credit facilities granted to the Group as disclosed in Note 25.

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 an aggregate cost of approximately RM24,861,108 (2009: RM23,542,509) and RM1,103,040 (2009: RM1,717,717) respectively.

Notes To The Financial Statements (cont'd)

12. PLANTATION DEVELOPMENT EXPENDITURE

	The Group	
	2010	2009
	RM	RM
At beginning of year	84,551,986	80,567,184
Acquisition of subsidiary company	1,460,651	-
Additions	2,370,263	3,984,802
At end of year	88,382,900	84,551,986
Cumulative amortisation		
At beginning of year	(5,782,526)	(3,717,541)
Amortisation for the year	(1,742,787)	(2,064,985)
At end of year	(7,525,313)	(5,782,526)
	80,857,587	78,769,460

Plantation development expenditure of the Group with carrying amount of RM79,106,000 (2009: RM78,455,000) is charged to a licensed bank in respect of credit facilities granted to the Group as disclosed in Note 25.

Included in additions during the year is interest capitalised amounted to RM1,244,789 (2009: RM1,417,081), which represents 45% (2009:53%) of the total interest incurred for the year.

13. PREPAID LEASE PAYMENTS

Prepaid lease payments are as follows:

	The Group	
	2010	2009
	RM	RM
At beginning of year	25,556,065	25,556,065
Acquisition of subsidiary company	2,716,315	-
At end of year	28,272,380	25,556,065
Cumulative amortisation		
At beginning of year	(3,554,907)	(2,835,540)
Amortisation for the year	(719,370)	(719,367)
At end of year	(4,274,277)	(3,554,907)
	23,998,103	22,001,158

Notes To The Financial Statements (cont'd)

13. PREPAID LEASE PAYMENTS (cont'd)

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

	Net book value The Group	
	2010 RM	2009 RM
13 years (14 years in 2009)	263,727	284,968
39 years (40 years in 2009)	203,223	209,638
48 years (49 years in 2009)	20,814,838	21,506,552
58 years	2,716,315	-
	23,998,103	22,001,158

Certain leasehold land and buildings with carrying amounts of RM20,814,838 (2009 : RM21,791,519) are pledged to a licensed bank for term loans granted to the Group as disclosed in Note 28.

14. INVESTMENT PROPERTIES

	The Group and The Company	
	2010 RM	2009 RM
At beginning of year	6,178,124	6,178,124
Changes in fair values	-	-
At end of year	6,178,124	6,178,124

The fair values have been arrived at based on valuations carried out by Messrs. Raine Horne International Zaki & Partner Sdn. Bhd., an independent firm of professional valuers on 18 March 2009. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. As of 31 December 2010, the directors assessed the recoverable amounts of its investment properties based on the current prices in the market of properties of similar conditions and locations and the directors are of the view that the carrying amount of the investment properties of the Group and of the Company approximate their current fair values.

The investment properties comprise the following:

	The Group and The Company	
	2010 RM	2009 RM
Freehold land	544,000	544,000
Land under long lease	5,634,124	5,634,124
	6,178,124	6,178,124

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 RM87,880 (2009: RM51,103).

Notes To The Financial Statements (cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES

Investment in subsidiary companies consists of:

	The Company	
	2010	2009
	RM	RM
Unquoted shares in subsidiary companies - at cost	63,054,827	60,875,205
Impairment loss	(86,196)	(86,196)
Net	62,968,631	60,789,009

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

Direct subsidiary companies	Effective		Principal Activities
	Equity 2010	Interest 2009	
Sin Heng Chan Industries Sdn. Bhd.	100%	100%	Manufacturing and trading of formulated animal feeds.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Dormant.
Urun Plantations Sdn. Bhd.	80%	80%	Cultivation of palm oil.
SHC Technopalm Plantation Services Sdn. Bhd.	100%	100%	Provision of management services.
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Assar - Tubau Plantation Sdn. Bhd.	80%	-	Cultivation of palm oil.
Subsidiary companies of Sin Heng Chan Industries Sdn. Bhd.			
LKPP - Goldkist Sdn. Bhd.	60%	60%	Broiler breeding and the planting of fragrant coconut trees.
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Dormant.
SHC Realty Sdn. Bhd. (Formerly known as Central Feedmill Sdn. Bhd.)	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.

Notes To The Financial Statements (cont'd)

15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

In 2010, the Company acquired 80,000 ordinary shares of RM1 each in Assar-Tubau Plantation Sdn. Bhd. ("ASSAR-TUBAU") representing 80% of the issued and paid-up capital of ASSAR-TUBAU for a total cash consideration of RM2,173,052. The acquisition has given rise to a goodwill on acquisition of RM471,257 (Note 17).

Acquisition of subsidiary company is as follow:

	Principal Activity	Date of Acquisition	Proportion of Shares Acquired %	Cost of Acquisition RM
Assar-Tubau Plantaion Sdn. Bhd.	Cultivation of oil palms	9.12.2010	80	2,173,052

The net assets arising from acquisitions are as follows:

	Fair value Recognised on Acquisition RM	Acquirees' Carrying Amount RM
<u>Non-current assets</u>		
Prepaid lease payments	2,716,315	2,716,315
Plantation development expenditure	200,120	200,120
Property, plant and equipment	8,850	8,850
<u>Current assets</u>		
Other receivables, deposits and prepaid expenses	98,736	98,736
<u>Non current liabilities</u>		
Deferred tax liabilities	(679,079)	(679,079)
<u>Current liabilities</u>		
Other payables and accrued expenses	(216,055)	(216,055)
Fair values of net assets	2,218,887	2,218,887
Goodwill on acquisition	471,257	
Minority interest	(427,092)	
Total Purchase Consideration	2,173,052	

The post acquisition profit is not material.

16. OTHER INVESTMENTS

	The Group and The Company	
	2010 RM	2009 RM
Quoted shares in Malaysia - at cost	3,387	3,387
Allowance for diminution in value	(3,343)	(3,336)
	44	51
Gold Bullion	5,250	5,250
	5,294	5,301

Notes To The Financial Statements (cont'd)

17. GOODWILL ON CONSOLIDATION

	The Group	
	2010	2009
	RM	RM
At beginning of year	16,354,080	16,354,080
Arising from acquisition of subsidiary company (Note 15)	471,257	-
At end of year	16,825,337	16,354,080

Goodwill on consolidation arose from acquisition of subsidiary companies which are principally involved in the cultivation of oil palm. Goodwill on consolidation has been allocated to the Group's cash generating unit ("CGU") namely, cultivation of oil palm.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, projected yields and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The projected yields are based on industry average forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

18. INVENTORIES

	The Group	
	2010	2009
	RM	RM
At cost:		
Parent stocks	2,331,982	2,326,973
Raw materials	2,404,592	2,577,987
Hatching eggs	719,789	704,532
Consumables	1,938,188	1,294,372
Finished goods	292,115	329,866
	7,686,666	7,233,730

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group	
	2010	2009
	RM	RM
Trade receivables	16,448,226	16,790,088
Less: Allowance for doubtful debts	(12,325,823)	(11,565,823)
Net	4,122,403	5,224,265

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 (2009: 7 to 60 days). An allowance of RM12,325,823 (2009: RM11,565,823) has been made for estimated irrecoverable amounts from the sales of goods, based on past default experience of the Group. During the financial year, the allowance for doubtful debts written off against trade receivables amounted to RMNil (2009: RM70,000).

Notes To The Financial Statements (cont'd)

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

Ageing of past due but not impaired

	The Group	
	2010	2009
	RM	RM
60-90 days	116,276	85,929
90-120 days	623,215	518,892
> 120 days	708,647	855,748
Total	1,448,138	1,460,569
Average age (days)	90	90

Movement in the allowance for doubtful debts

	The Group	
	2010	2009
	RM	RM
Balance at beginning of the year	11,565,823	11,969,987
Allowance for doubtful debts	765,000	24,460
Amount recovered during the year	-	(56,080)
Provision no longer required	(5,000)	(372,544)
Balance at end of year	12,325,823	11,565,823

The impaired trade receivables amounting to RM12,325,823 (2009: RM11,565,823) is more than 1 year.

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other receivables	9,191,102	10,389,066	6,857,255	8,077,555
Less: Allowance for doubtful debts	(8,601,315)	(8,693,315)	(6,828,380)	(6,920,380)
	589,787	1,695,751	28,875	1,157,175
Deposits	745,140	482,557	254,315	254,315
Prepaid expenses	214,238	166,779	21,039	27,276
	1,549,165	2,345,087	304,229	1,438,766

Included in other receivables, deposits and prepaid expenses of the Group and the Company are rental deposits and advanced rental of RM183,999 (2009: 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 20.

Also, included in the other receivables of the Group is insurance claim receivable of RM117,210 (2009: RMNil) in respect of compensation for assets damages.

Notes To The Financial Statements (cont'd)

20. RELATED PARTY TRANSACTIONS

Amount owing by/(to) related party is as follows:

	The Group	
	2010	2009
	RM	RM
Amount owing by related party	5,444	5,444
Amount owing to related party (included in other payables and accrued expenses)	-	286,372

The amount owing by/(to) related party arose mainly from trade transactions and is unsecured, interest-free advances and repayable on demand.

The related party and their relationship with the Company and the Group is as follows:

Name of related party	Relationship
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		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Related party				
Rental of premises, paid and expenses payable				
Desa Samudra Sdn. Bhd.	111,184	82,374	87,231	82,374
Corporate shareholder				
Annual tribute payable	131,867	30,000	-	-

The amount owing to corporate shareholder arose from annual tribute paid and payable by a subsidiary company to Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang, a statutory body which is a shareholder of the subsidiary company.

Amount owing to corporate shareholder:

	The Group	
	2010	2009
	RM	RM
Amount owing to corporate shareholder (included in other payables and accrued expenses)	295,487	163,620

Notes To The Financial Statements (cont'd)

20. RELATED PARTY TRANSACTIONS (cont'd)

Amount owing by/(to) subsidiary company is as follows:

	The Company	
	2010	2009
	RM	RM
Amount owing by subsidiary companies - net of allowance for doubtful debts of RM13,209,098 (2009: RM13,209,098)	6,581,008	5,267,093
Amount owing to subsidiary companies	46,655	48,230

Amount owing by/to subsidiary companies arose mainly from trade transactions and unsecured interest-free advances and are repayable on demand.

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Subsidiary company				
Management fees receivable	-	-	1,191,326	957,100
Rental of premises receivable	-	-	71,257	69,762

Compensation of Key Management Personnel

The remuneration of key management personnel during the year is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Short-term employee benefits	1,082,000	881,500	770,000	622,000
EPF contributions	123,840	96,300	108,750	85,800
	1,205,840	977,800	878,750	707,800

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

Notes To The Financial Statements (cont'd)

21. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Fixed deposits with licensed banks	2,433,362	2,573,362	2,360,000	2,500,000
Fixed deposit pledged with licensed bank	140,000	160,000	-	-
Short-term deposits with licensed banks	4,500,000	200,000	-	-
Cash and bank balances	4,012,830	7,176,634	1,859,149	4,099,578
	11,086,192	10,109,996	4,219,149	6,599,578

Fixed deposit of the Group amounting to RM140,000 (2009: RM160,000) has been pledged as security for bank guarantee granted.

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

	The Group		The Company	
	2010	2009	2010	2009
Fixed deposits with licensed banks	30 to 365 days	30 to 720 days	30 to 35 days	30 to 90 days
Short-term deposits with licensed banks	1 to 28 days	1 to 28 days	1 to 28 days	-

The interest rates per annum are as follows:

Fixed deposits with licensed banks	2.05% to 3.7%	2.05% to 3.7%	2.10% to 3.02%	2.05% to 3.35%
Short-term deposits with licensed banks	1.0% to 2.75%	1.0% to 2.75%	1.6% to 2.20%	-

22. SHARE CAPITAL

	2010	2009
	RM	RM
Authorised:		
Ordinary shares of RM1 each:	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares of RM1 each:	111,666,787	111,666,787

Notes To The Financial Statements (cont'd)

23. REVALUATION SURPLUS

	The Group and The Company	
	2010	2009
	RM	RM
Revaluation surplus	5,377,640	5,377,640

Freehold land and factory building and short-term leasehold land located in Melaka were revalued on the basis of valuations carried out by Messrs. Raine Horne International Zaki & Partner Sdn. Bhd., independent firm of professional valuers on 18 March 2009. The valuations were arrived at by reference to market evidence of transaction prices for similar properties.

24. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Total instalments outstanding	2,536,013	875,735	231,060	326,208
Less: Interest-in-suspense	(348,962)	(102,191)	(16,047)	(29,411)
Principal outstanding	2,187,051	773,544	215,013	296,797
Less: Portion due within one year	(563,201)	(243,450)	(86,126)	(81,784)
Non-current portion	1,623,850	530,094	128,887	215,013

The non-current portion is repayable as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Due in:				
More than one year but less than two years	522,762	232,712	82,045	86,126
More than two years but less than three years	416,801	171,665	29,101	82,045
More than three years	684,287	125,717	17,741	46,842
	1,623,850	530,094	128,887	215,013

The interest rates implicit in the hire-purchase payables of the Group and of the Company range from 2.36% to 4.25% (2009: 2.36% to 7.21%) 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.

Notes To The Financial Statements (cont'd)

25. LONG-TERM LOANS

	The Group	
	2010	2009
	RM	RM
Outstanding loan principal	39,860,000	40,000,000
Less: Portion due within one year (included under bank borrowings (Note 28))	(6,460,000)	-
Non-current portion	33,400,000	40,000,000

The non-current portion is repayable as follows:

	2010	2009
	RM	RM
Due in:		
More than one year but less than two years	7,680,000	8,000,000
More than two years but less than three years	7,920,000	8,000,000
More than three years	17,800,000	24,000,000
	33,400,000	40,000,000

A subsidiary company has obtained term loans from a licensed bank amounting to RM40 million (2009: RM46.2 million). These term loans bear interest at rates ranging from 5.65% to 6.35% (2009: 3.75% to 8.75%) per annum and consist of:

- (a) a term loan of RM25,000,000, repayable in sixty (60) monthly installments commencing in January 2011;
- (b) a term loan of RM10,000,000, repayable in sixty (60) monthly installments commencing in January 2011; and
- (c) a term loan of RM5,000,000, repayable in sixty (60) monthly installments commencing in January 2011.

The term loans are secured by:

- (a) a fixed charge on the leasehold land and buildings of the said subsidiary company with carrying amounts of about RM100,905,141 (2009: RM108,415,819) as of 31 December 2010 ;
- (b) a first fixed and floating charge on all the assets of the said subsidiary company; and
- (c) by way of a debenture over present and future assets of the said subsidiary company.

The bank reserves the right to demand for full repayment of certain term loans amounting to RM40,000,000 (2009: RM40,000,000) in the event the subsidiary company did not maintain its gearing of 1:4. As of 31 December 2010 , the subsidiary company has met this condition of maintaining its gearing of 1:4.

Notes To The Financial Statements (cont'd)

26. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Beginning of year	10,943,295	11,514,649	-	279,500
Transfer to statements of comprehensive incomes (Note 8)	(260,195)	(571,354)	-	(279,500)
Acquisition of subsidiary company	647,955	-	-	-
End of year	11,331,055	10,943,295	-	-

The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	11,331,055	10,943,295	-	-
Deferred tax asset	-	-	-	-
	11,331,055	10,943,295	-	-

Deferred tax asset/(liabilities) provided in the financial statements are in respect of the tax effects on the following:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax liabilities				
(before offsetting)				
Temporary differences arising from:				
Revaluation of property, plant and equipment	11,331,055	10,943,295	-	-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax asset				
(before/after offsetting)	-	-	-	-

Notes To The Financial Statements (cont'd)

26. DEFERRED TAX LIABILITIES (cont'd)

As mentioned in Note 3, deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As of 31 December 2010, the amount of unabsorbed capital allowances and unutilised tax losses for which no deferred tax asset have been recognised in the financial statements due to uncertainty of realisation, are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Unabsorbed capital allowances	31,051,000	36,714,000	1,722,000	1,603,000
Unused tax losses	80,162,000	79,309,000	36,341,000	35,488,000
	111,213,000	116,023,000	38,063,000	37,091,000

The unabsorbed capital allowances and unused tax losses are subject to agreement by the tax authorities.

27. 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 7 to 90 days (2009: 7 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables	23,300,413	24,168,074	12,948,200	13,148,200
Accrued expenses	2,147,364	1,646,976	481,252	386,312
	25,447,777	25,815,050	13,429,452	13,534,512

Included in other payables are:

- (i) an amount of RM12,700,000 (2009: RM12,700,000) owing by the Company to a vendor for additional acquisition of shares in a subsidiary; and
- (ii) an amount of RM8,555,008 (2009: RM8,555,008) owing by the Group to a former minority shareholder of a subsidiary company. The outstanding balance is unsecured, interest free and is for working capital purposes of the subsidiary company.

Notes To The Financial Statements (cont'd)

28. BANK BORROWINGS

	The Group	
	2010 RM	2009 RM
Bankers' acceptances	1,291,000	1,229,000
Long-term loans - current portion (Note 25)	6,460,000	-
	<hr/> 7,751,000	<hr/> 1,229,000

As of 31 December 2010, the Group has bank overdrafts and other credit facilities amounting to RM45.7 million (2009: RM49 million). The credit facilities of the Group bear interest at rates ranging from 3.39% to 6.35% (2009: 3.39% to 5.17%) 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 RM5.7 million (2009: RM9.2 million) is required to comply with conditions which include maintaining a gearing ratio of not more than 1 and net tangible assets of not less than RM15.5 million based on its latest audited financial statements. As of 31 December 2010, the said subsidiary company's gearing is less than 1 and net tangible assets stand at RM15.0 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 withdrawn.

As of 31 December 2010, the Group did not utilise the bank overdraft facility.

29. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balances.

The capital structure of the Group consists of debt (borrowings as detailed in Note 25 offset by cash and bank balances) and equity of the Group (comprising issued capital and reserves as detailed in Notes 22 to 23).

The Group reviews its capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Debts	41,151,000	41,229,000	-	-
Equity	79,026,799	72,946,288	66,833,907	67,511,840
Debt to equity ratio	0.52	0.56	-	-

Debt is defined as long-term and short-term borrowings as shown in Notes 25 and 28.

Equity includes all capital and reserves of the Group and the Company that are managed as capital.

Notes To The Financial Statements (cont'd)

29. FINANCIAL RISK MANAGEMENT (cont'd)

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instrument are disclosed in Note 3.

Categories of financial instruments

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Financial assets				
Cash and cash equivalents	10,946,192	9,949,996	4,219,149	6,599,578
Amortised cost				
Trade and other receivables	4,712,190	6,920,016	28,875	1,157,175
Amount owing by related party	5,444	5,444	-	-
Amount owing by subsidiary companies	-	-	6,581,008	5,267,093
Available-for-sale financial asset	5,294	5,301	5,294	5,301
Financial liabilities				
Amortised cost				
Trade and other payables	30,604,558	32,781,265	12,948,200	13,148,200
Long-term borrowings	33,400,000	40,000,000	-	-
Short-term borrowings	7,751,000	1,229,000	-	-
Hire purchase - short term	563,201	243,450	86,126	81,784
Hire purchase - long term	1,623,850	530,094	128,887	215,013
Amount owing to subsidiary companies	-	-	46,655	48,230

At the end of reporting period, there are no significant concentrations of credit risk for loans and receivable. The carrying amount reflected above represents the Group maximum expose to credit risk for loan and receivable.

Financial Risk Management Objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and assigns credit limits to these counterparties by using its own trading records and the counterparties' financial information. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by local credit-rating agencies.

The carrying amount of financial assets recognised in the financial statements represents the Group's maximum exposure to credit risk without taking into account collateral or other credit enhancements held.

Notes To The Financial Statements (cont'd)

29. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's interest bearing financial asset is mainly its short-term deposits with licensed banks. The deposits placements as at the end of the reporting period, which bear interest as disclosed in Note 21, are short-term and therefore their exposure to the effects of future changes in prevailing level of interest rates are limited.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial assets and liabilities, based on the contractual maturity of these financial instruments. The tables have been drawn up based on:

- the undiscounted cash flows of financial assets based on the earliest contractual date on which the Group can be expected to receive; and
- the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay

The inclusion of analysis of financial assets is necessary in order to understand the Group's liquidity risk management as liquidity is managed on a net asset and liability basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the fair value as of the statements of financial position date.

	The Group					Total RM'000
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 Year RM'000	More than 1 year RM'000	
2010						
Financial assets						
Non-interest bearing						
Cash and cash equivalents		4,013	-	-	-	4,013
Trade and other receivables		2,596	957	856	303	4,712
Amount owing by related party		-	-	-	5	5
		6,609	957	856	308	8,730
Interest bearing						
Fixed and short term deposits with licensed banks	2.5%	4,000	2,933	-	-	6,933
Total Financial Assets		10,609	3,890	856	308	15,663

Notes To The Financial Statements (cont'd)

29. FINANCIAL RISK MANAGEMENT (cont'd)

	The Group					
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 Year RM'000	More than 1 year RM'000	Total RM'000
Financial liabilities						
Non-interest bearing						
Trade and other payables		2,213	3,735	864	23,793	30,605
		2,213	3,735	864	23,793	30,605
Interest bearing						
Long-term borrowings	6.5%	-	-	-	33,400	33,400
Short-term borrowings	5.6%	-	-	7,751	-	7,751
Hire purchase	3.7%	47	141	375	1,624	2,187
		47	141	8,126	35,024	43,338
Total Financial Liabilities		2,260	3,876	8,990	58,817	73,943

	← The Group →					
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 Year RM'000	More than 1 year RM'000	Total RM'000
2009						
Financial assets						
Non-interest bearing						
Cash and cash equivalents		7,177	-	-	-	7,177
Trade and other receivables		4,678	525	481	1,236	6,920
Amount owing by related party		-	-	-	5	5
		11,855	525	481	1,241	14,102
Interest bearing						
Fixed and short term deposits with licensed banks	2.2%	200	2,573	-	-	2,773
Total Financial Assets		12,055	3,098	481	1,241	16,875
Financial liabilities						
Non-interest bearing						
Trade and other payables		3,991	1,765	2,495	24,530	32,781
		3,991	1,765	2,495	24,530	32,781
Interest bearing						
Long-term borrowings	7.1%	-	-	-	40,000	40,000
Short-term borrowings	5.4%	-	-	1,229	-	1,229
Hire purchase	3.5%	20	60	163	530	773
Total Financial Liabilities		4,011	1,825	3,887	65,060	74,783

Notes To The Financial Statements (cont'd)

29. FINANCIAL RISK MANAGEMENT (cont'd)

	← The Company →					
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 Year RM'000	More than 1 year RM'000	Total RM'000
2010						
Financial assets						
Non-interest bearing						
Cash and cash equivalents		1,859	-	-	-	1,859
Trade and other receivables		-	-	-	29	29
Amount owing by subsidiary companies		1,286	28	-	5,267	6,581
		3,145	28	-	5,296	8,469
Interest bearing						
Fixed and short term deposit with licensed banks	2.7%	-	2,360	-	-	2,360
Total Financial Assets		3,145	2,388	-	5,296	10,829
Financial liabilities						
Non-interest bearing						
Other payables		-	-	-	12,948	12,948
Amount owing to subsidiary companies		-	-	-	47	47
		-	-	-	12,995	12,995
Interest bearing						
Hire purchase	2.8%	7	21	58	129	215
Total Financial Liabilities		7	21	58	13,124	13,210

Notes To The Financial Statements (cont'd)

29. FINANCIAL RISK MANAGEMENT (cont'd)

	The Company					
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 Year RM'000	More than 1 year RM'000	Total RM'000
2009						
Financial assets						
Non-interest bearing						
Cash and cash equivalents		4,099	-	-	-	4,099
Trade and other receivables		-	-	-	1,157	1,157
Amount owing by subsidiary companies		3,037	28	-	2,202	5,267
		7,136	28	-	3,359	10,523
Interest bearing						
Fixed and short term deposit with licensed banks	2.2%	-	2,500	-	-	2,500
Total Financial Assets		7,136	2,528	-	3,359	13,023
Financial liabilities						
Non-interest bearing						
Other payables		-	-	-	13,148	13,148
Amount owing to subsidiary companies		-	-	-	47	47
		-	-	-	13,195	13,195
Interest bearing						
Hire purchase	2.8%	7	20	55	215	297
Total Financial Liabilities		7	20	55	13,410	13,492

Fair Value of Financial Instruments

The directors consider that the carrying amounts of financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values.

The fair values of long term loans are estimated using discounted cash flow analysis based on the prevailing borrowing rates of similar borrowings obtainable by the Group, the carrying values of the long term loan approximate its fair value.

Notes To The Financial Statements (cont'd)

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Fixed and short-term deposits with licensed banks	7,073,362	2,933,362	2,360,000	2,500,000
Cash and bank balances	4,012,830	7,176,634	1,859,149	4,099,578
Total	11,086,192	10,109,996	4,219,149	6,599,578
Less: Fixed deposits pledged to banks	(140,000)	(160,000)	-	-
	10,946,192	9,949,996	4,219,149	6,599,578

31. CONTINGENT LIABILITIES

- (i) As of 31 December 2010, the Company has issued corporate guarantees totalling RM5,700,000 (2009: RM9,200,000) 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 31 December 2010.
- (ii) In 2007, a subsidiary company was served with winding-up petition by a creditor who seeks to recover a sum of approximately RM2.7 million owing by the said subsidiary, of which an amount of RM1.2 million 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. Pending the outcome of the arbitration process, 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.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's presentation:

	As previously stated RM	Reclassification RM	As restated RM
(i) Other receivables, deposits and prepaid expenses	2,350,531	(5,444)	2,345,087
Amount owing by related party	-	5,444	5,444

Notes To The Financial Statements (cont'd)

33. SUPPLEMENTARY INFORMATION

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the accumulated loss of the Group and of the Company as of 31 December 2010 into realised and unrealised losses, pursuant to the directive, is as follows:

	2010	
	The Group RM	The Company RM
Total accumulated loss of the Company and its subsidiaries		
Realised	(79,004,974)	(50,210,520)
Unrealised	-	-
	(79,004,974)	(50,210,520)
Less: Consolidation adjustments	28,777,200	-
Total accumulated loss as per statements of financial position	(50,227,774)	(50,210,520)

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on 25 March 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it resulted from the consumption of resources of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and is not made for any other purposes.

STATEMENT BY DIRECTORS

The Directors of SIN HENG CHAN (MALAYA) BERHAD state that, in their opinion, the accompanying financial statements are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of the financial performance and the cash flows of the Group and the Company for the year ended on that date.

The supplementary information set out in Note 33, which is not part of the financial statements, is prepared in all material respects, in accordance with "Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

DATO' CHOO KENG WENG

Director

MOHD SHARIFF BIN SALLEH

Director

Kuala Lumpur,
23 March 2011

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHIN KAH KIT**, the Officer primarily responsible for the financial management of **SIN HENG CHAN (MALAYA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

CHIN KAH KIT

Subscribed and solemnly declared by
the abovenamed **CHIN KAH KIT** at
KUALA LUMPUR this 23rd day of
March 2011.

Before me,

COMMISSIONER FOR OATHS

Shareholding Statistics

AS AT 11 MARCH 2011

ANALYSIS OF SHAREHOLDERS

Authorised Share Capital	:	RM500,000,000
Paid-up Share Capital	:	RM111,666,787
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDING

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 – 99	115	3.13	3,483	0.00
100 – 1,000	1,244	33.91	1,125,727	1.01
1,001 – 10,000	1,772	48.30	7,407,069	6.64
10,001 – 100,000	476	12.97	14,463,324	12.95
100,001 – 5,583,338	58	1.58	42,904,370	38.42
5,583,339 and above	4	0.11	45,762,814	40.98
	3,669	100	111,666,787	100

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct No. of Shares	%	Indirect No. of Shares	%
Wan Jin Resources Sdn Bhd	19,182,125	17.18	-	-
Esa bin Mohamed	12,580,689	11.27	-	-
Choo Keng Weng	11,815,793*	10.58	2,925,000 [#]	2.62
Samudera Sentosa Sdn Bhd	8,000,000	7.16	-	-

Note: *Includes shares held by nominees.

[#]Deemed interested by virtue of section 6A of the Companies Act, 1965.

THIRTY LARGEST ORDINARY SHAREHOLDERS

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 Esa bin Mohamed	12,580,689	11.27
3 Samudera Sentosa Sdn Bhd	8,000,000	7.16
4 HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Keng Weng (M09)	6,000,000	5.37
5 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 HSBC Nominees (Asing) Sdn Bhd Exempt an for HSBC Private Bank (Suisse) S.A. (Spore TST AC CL)	4,000,000	3.58
9 HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tiam Lee (M09)	3,970,600	3.56
10 Macronet Sdn Bhd	2,925,000	2.62
11 ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Salleh bin Yeop Abd Rahman	2,282,000	2.04
12 Asraman Sdn Bhd	1,283,900	1.15
13 TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Teck Loong	982,400	0.88

Shareholding Statistics (cont'd)

AS AT 11 MARCH 2011

Shareholders	No. of Shares Held	%
14 Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited (Client A/C-NR)	926,726	0.83
15 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte Ltd for Eng Holdings Sdn Bhd	838,553	0.75
16 Chu Siew Fei	749,700	0.67
17 Lee Lai Leng	695,600	0.62
18 TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choo Keng Weng	600,000	0.54
19 Lim Chin Lee	440,000	0.39
20 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chong Lee Fong (MQ0269)	402,000	0.36
21 Tan Wan Chee	351,400	0.31
22 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Soon Leong (E-TCS)	348,800	0.31
23 Sy Ban Lee	325,000	0.29
24 Choo Keng Kit	310,000	0.28
25 HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kah Huat (M03)	298,100	0.27
26 Haslina Binti Hashim	288,700	0.26
27 Lim Chee Khang	266,000	0.24
28 Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Esa bin Mohamed	250,000	0.22
29 Ho Ching Yeu	250,000	0.22
30 David John Mars	247,500	0.22

DIRECTORS' INTEREST IN SHARES *(Based on the Register of Directors' Shareholdings)*

	Direct No. of Shares	%	Indirect No. of Shares	%
Tuan Syed Omar bin Syed Abdullah	-	-	-	-
Dato' Choo Keng Weng	11,815,793 ¹	10.58	2,925,000 ²	2.62
YM Tunku Mahmood bin Tunku Mohammed	-	-	-	-
Mohd Shariff bin Salleh	35,000	0.03	-	-
Khaw Teik Thye	-	-	-	-

Notes: ¹Includes shares held by nominees.

²Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 6A of Companies Act 1965.

DIRECTORS' INTEREST IN OPTIONS

	No. of Shares
Tuan Syed Omar bin Syed Abdullah	600,000 ¹
Dato' Choo Keng Weng	-
YM Tunku Mahmood bin Tunku Mohammed	-
Mohd Shariff bin Salleh	-
Khaw Teik Thye	-

Note: ¹Granted on 13.07.2004

List of Properties Held

AS AT 31 DECEMBER 2010

Landed properties in the Group consist of:

	Location	Description	Area	Tenure (Year Expiring)	Age of Building	Net Book Value (RM)
A. Freehold						
1	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	28 years	441,221
2	82 Jalan Tun Ali 75300 Melaka	Factory with office	113,133 sq. ft.	2050 to 2056	39 years	5,136,040
3	129A Jalan Mutahir 75300 Melaka	Vacant Land	10,693 sq. ft.	2061	48 years	498,085
4	Lot 1983 Mukim Lepar Pekan Pahang	Farm Building	12,927,436 sq. ft.	2081	11 years	7,139,628
5	Provisional Lease Lot 4, Punan Land District, Sarawak	Oil Palm Plantation with Office/Store/ Worker Quarters	10,730 hectares	2057	9 years	6,130,018
6	Provisional Lease Lot 7, Dulit Land District, Sarawak	Oil Palm Plantation	267 hectares	2057	N/A	
7	Lot 10 Rasan Land Jalan Bintulu-Bakun Tubau Bintulu	Oil Palm Plantation	257.9 hectares	2068	N/A	2,591,817
8	Lot 8 Rasan Land Jalan Bintulu-Bakun Tubau Bintulu	Oil Palm Plantation	13.951 hectares	2068	N/A	
GRAND TOTAL						22,480,809

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PROXY FORM

SIN HENG CHAN (MALAYA) BERHAD

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

CDS Account No.	
No. of Shares Held	

I/We, _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS IN FULL)

being a member/ members of **SIN HENG CHAN (MALAYA) BERHAD**, hereby appoint _____

_____ (FULL NAME IN BLOCK LETTERS)

of _____ (ADDRESS IN FULL)

or failing him/her, the CHAIRMAN OF MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Forty-Ninth Annual General Meeting of the Company to be held at Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 5 May 2011 at 10:00 a.m. and at any adjournment thereof, on the following resolutions as indicated below:

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon. (Ordinary Resolution 1)		
2. To re-elect Dato' Choo Keng Weng, a Director who retires by rotation in accordance with Article 94 of the Articles of Association of the Company. (Ordinary Resolution 2)		
3. To re-elect Khaw Teik Thye, a Director who retires by rotation in accordance with Article 94 of the Articles of Association of the Company (Ordinary Resolution 3)		
4. To approve the payment of Directors' fees amounting to RM18,000.00 for the financial year ended 31 December 2010. (Ordinary Resolution 4)		
5. To re-appoint Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)		
Special Businesses:		
6. To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. (Ordinary Resolution 6)		
7. To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions. (Ordinary Resolution 7)		
Special Resolution:		
8. To approve the Proposed Amendments to the Articles of Association of the Company. (Special Resolution)		

(Please indicate with an "x" on how you wish your vote to be cast. In the absence of specific directions, your proxy may vote or abstain at his/her discretion.)

*Delete the words "the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.

Dated this _____ day of _____ 2011

Signature or Common Seal of Shareholder (s)

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised in writing.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. To be valid, the original Form of Proxy, must be completed and deposited at the Registered Office of the Company at Suite 2.02, Level 2, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

5. The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so, however such attendance would be an automatic revocation of the proxy's authority unless an intimation in writing has been made to the Company at the registered office.
6. For the purposes of determining a member entitled to attend the meeting, the Company will request Bursa Malaysia Depository Sdn Bhd (in accordance with Article 66(b) of the Company's Articles of Association), to issue the Record of Depositors ("ROD") as at 28 April 2011 for determining the depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at the meeting. Only a depositor whose name appears on the ROD as at 28 April 2011 shall be entitled to attend the meeting.

Explanatory Notes to Special Business

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

The proposed Resolution 6, if passed, will empower the Directors from the date of the Forty-Ninth Annual General Meeting ("AGM") to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 7 May 2010 and which will lapse at the conclusion of the Forty-Ninth AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")

The Proposed Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

9. Proposed Amendments to the Articles of Association of the Company

The Special Resolution, if passed, will streamline the Company's Articles of Association with the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further Information of the proposed amendments to the Articles of Association of the Company is set out under Part B of the Circular to Shareholders dated 12 April 2011 which is dispatched together with the Company's 2010 Annual Report.

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here

THE COMPANY SECRETARY
SIN HENG CHAN (MALAYA) BERHAD
SUITE 2.02, LEVEL 2
WISMA E & C
NO.2, LORONG DUNGUN KIRI
DAMANSARA HEIGHTS
50490 KUALA LUMPUR
MALAYSIA

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