SIN HENG CHAN (MALAYA) BERHAD
(Company No. 4690-V)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(In Ringgit Malaysia)

These Audited Financial Statements of the Company with *Qualified/Unqualified Auditors' Report for the year ended December 31, 2006 were tabled at the Annual General Meeting/Adjourned Annual General Meeting held on ....

MOHD SHARIFF BIN SALLEH

Company No. 4690 - V

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

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SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **SIN HENG CHAN (MALAYA) BERHAD** hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended December 31, 2006.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed in Note 14 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**
Loss before tax	(9,783,296)	(1,514,455)
Tax income	361,044	44,551
	(9,422,252)	(1,469,904)

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 as the Company does not have any distributable reserves.

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.

WARRANTS

As of December 31, 2006, the Company has 30,000,000 warrants 2004/2009 which are in registered form and constituted by a deed poll and which entitle the registered holders to subscribe for 1 ordinary share of RM1 each in the Company at a price of RM1 per ordinary share for every warrant held subject to adjustments in accordance with the deed poll. The warrants are exercisable at any time from the date of issue to its expiry date on July 24, 2009.

At the end of the year, the entire warrants remain unexercised.

SHARE OPTIONS

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

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.

(b) any employee (including the executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee:

   (i) is employed by and on the payroll of a company within the Group;

   (ii) must have attained the age of eighteen (18) years;

   (iii) is not an executive director who represents the government or a government institution/agency; and

   (iv) is not a government employee serving in the public service scheme as defined under Article 132 of the Federal Constitution.

(c) no option shall be granted for less than 100 shares.

(d) option shall be granted in the discretion of the ESOS committee based on job ranking, length of services, contribution and performance of the selected employee provided that:

   (i) not more than ten percent (10%) of the shares available under the ESOS shall be allocated to any individual executive director or selected employee who, either singly or collectively through his/her associates, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company; and

   (ii) not more than fifty percent (50%) of the shares available under the ESOS shall be allocated, in aggregate, to the executive directors and senior management.

(e) the option price shall be determined based on a discount of not more than 10% from the average of the mean market quotation of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(f) the options granted may be exercised at anytime within a period of five (5) years from the date of offer of the option or extended to not more than another five (5) years commencing from the day after the expiry of the original five (5) year period.

(g) the persons to whom the options are granted have no right to participate by virtue of the options in any other share options of any other company within the Group.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, the Company has 5,115,000 unissued shares under option, expiring on July 13, 2009.

OTHER FINANCIAL INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had 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 have 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 necessitate the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and the Company for the succeeding financial year other than the acquisition and disposal of subsidiary companies subsequent to the financial year as mentioned in Note 35 to the Financial Statements.

DIRECTORS

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

Dato' Choo Keng Weng
Tuan Syed Omar bin Syed Abdullah
Y.M. Tunku Mahmood bin Tunku Mohammed
Mohd Shariff bin Salleh
Khaw Teik Thye
Venkata Chellam s/o Subramaniam (resigned on June 12, 2006)

In accordance with Article 94 of the Company's Articles of Association, Dato’ Choo Keng Weng and En. Mohd Shariff bin Salleh retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

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 Shares of RM1 Each			
	Balance at 1.1.2006	**Bought**	**Sold**	**Balance at 31.12.2006**
Shares in the Company Registered in the name of directors				
Dato’ Choo Keng Weng	162,000	9,453,793	-	9,615,793
Mohd Shariff bin Salleh	10,000	-	(10,000)	-
Deemed Interest (by virtue of his interest in Alor Setar Industry Holdings Sdn. Bhd. and Macronet Sdn. Bhd.)				
Dato’ Choo Keng Weng	33,059,482	-	(23,634,482)	9,425,000

	No. of Options Over Ordinary Shares of RM1 Each			
	Balance at 1.1.2006	**Granted**	**Exercised**	**Balance at 31.12.2006**
Share Options in the Company Registered in the name of directors				
Dato’ Choo Keng Weng	600,000	-	-	600,000
Tuan Syed Omar bin Syed Abdullah	600,000	-	-	600,000

	Warrants Issued Pursuant to a Deed Poll exercisable at any time from July 25, 2004 to July 24, 2009			
	Balance at 1.1.2006	**Bought**	**Sold**	**Balance at 31.12.2006**
Warrants in the Company				
Deemed Interest (by virtue of their interest in Alor Setar Industry Holdings Sdn. Bhd.)				
Dato' Choo Keng Weng	29,990,000	-	-	29,990,000

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

None of the directors has interest in the shares of the Company and the related company during the financial year. Under the Articles of Association of the Company, the directors are not required to hold any share in the Company.

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 amounting to RM325,328 to companies in which Dato' Choo Keng Weng has substantial financial interest as disclosed in Notes 17 and 18 to the Financial Statements.

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

AUDITORS

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

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

DATO' CHOO KENG WENG

MOHD SHARIFF BIN SALLEH

Kuala Lumpur
April 25, 2007

REPORT OF THE AUDITORS TO THE MEMBERS OF

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2006 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standard Board approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the state of affairs of the Group and the Company as of December 31, 2006 and of the results and the cash flows of the Group and the Company for the year ended on that date; and

  (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(Forward)

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
1717/08/07 (J)
Partner

April 25, 2007

Company No. 4690 - V

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

		The Group		The Company	
		2006	**2005**	**2006**	**2005**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	5	35,586,612	47,470,278	-	-
Other operating income	7	2,574,020	5,822,795	1,457,367	5,086,495
Changes in inventories of finished goods and hatching eggs		167,759	(180,376)	-	-
Raw materials and consumables used		(28,888,358)	(28,686,284)	-	-
Directors' remuneration	8	(836,800)	(940,560)	(787,800)	(885,460)
Staff costs	9	(4,548,023)	(5,201,689)	(477,688)	(657,654)
Depreciation of property, plant and equipment	13	(2,234,186)	(2,625,822)	(198,218)	(339,291)
Other operating expenses	7	(11,083,473)	(9,166,557)	(1,478,980)	(1,433,091)
Profit/(Loss) from operations		(9,262,449)	6,491,785	(1,485,319)	1,770,999
Finance costs	10	(520,847)	(579,725)	(29,136)	(14,116)
Profit/(Loss) before tax		(9,783,296)	5,912,060	(1,514,455)	1,756,883
Tax income/(expense)	11	361,044	(735,282)	44,551	(80,000)
Profit/(Loss) for the year		(9,422,252)	5,176,778	(1,469,904)	1,676,883
Attributable to:					
Equity holders of the Company		(8,184,726)	4,650,082		
Minority interest		(1,237,526)	526,696		
		(9,422,252)	5,176,778		
Earnings/(Loss) per ordinary share					
Basic	12	(13.4 sen)	7.6 sen		
Diluted	12	N/A	N/A		

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

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS
AS OF DECEMBER 31, 2006

		The Group		The Company	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	15,179,555	17,606,577	1,576,673	1,698,037
Investment in subsidiary companies	14	-	-	10,075,756	10,075,756
Other investments	15	5,250	5,250	5,250	5,250
		15,184,805	17,611,827	11,657,679	11,779,043
Current Assets					
Inventories	16	8,686,885	8,214,916	-	-
Trade receivables	17	6,001,517	6,779,385	-	-
Other receivables, deposits and prepaid expenses	17	6,027,879	2,335,600	5,703,693	2,023,594
Tax recoverable		1,450,598	1,627,665	1,764,201	2,050,846
Amount owing by subsidiary companies	18	-	-	6,219,478	4,500,153
Marketable securities	19	57	27	57	27
Fixed deposits, cash and bank balances	20	9,843,791	17,699,137	7,696,805	15,198,105
		32,010,727	36,656,730	21,384,234	23,772,725
Total assets		47,195,532	54,268,557	33,041,913	35,551,768

(Forward)

	Note	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	21	60,876,500	60,876,500	60,876,500	60,876,500
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	22	19,192,125	19,192,125	19,192,125	19,192,125
Reserves	23	-	13,806	-	-
Accumulated loss		(53,381,961)	(45,222,001)	(50,456,250)	(48,986,346)
Shareholders equity		26,686,664	34,860,430	29,612,375	31,082,279
Minority interest		1,996,965	3,319,131	-	-
Total equity		28,683,629	38,179,561	29,612,375	31,082,279
Non-current liabilities					
Finance lease payables	24	1,792	147,129	-	-
Hire-purchase payables	25	617,322	527,619	432,794	527,619
Long-term loans	26	305,531	1,297,995	-	-
Deferred tax liability	27	1,004,298	1,377,500	301,000	301,000
		1,928,943	3,350,243	733,794	828,619
Current liabilities					
Trade payables	28	3,979,123	4,251,812	-	-
Other payables and accrued expenses	28	3,764,386	3,803,088	669,930	620,340
Amount owing to subsidiary companies	18	-	-	1,930,988	2,930,988
Bank borrowings	29	8,511,394	4,095,771	-	-
Finance lease payables	24	178,081	347,389	-	-
Hire-purchase payables	25	149,976	95,792	94,826	89,542
Tax liabilities		-	144,901	-	-
		16,582,960	12,738,753	2,695,744	3,640,870
Total liabilities		18,511,903	16,088,996	3,429,538	4,469,489
Total equity and liabilities		47,195,532	54,268,557	33,041,913	35,551,768

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

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2006

		← Attributable to Equity Holders of The Company →						
			Non-Distributable Reserves					
The Group	**Note**	**Issued Capital RM**	**ICULS RM**	**Reserve On Consolidation RM**	**Accumulated Loss RM**	**Total RM**	**Minority Interest RM**	**Total Equity RM**
Balance as of January 1, 2005		60,542,500	19,192,125	13,806	(49,872,083)	29,876,348	2,792,435	32,668,783
Issue of shares	21	334,000	-	-	-	334,000	-	334,000
Profit for the year		-	-	-	4,650,082	4,650,082	526,696	5,176,778
Balance as of December 31, 2005		60,876,500	19,192,125	13,806	(45,222,001)	34,860,430	3,319,131	38,179,561
Balance as of January 1, 2006		60,876,500	19,192,125	13,806	(45,222,001)	34,860,430	3,319,131	38,179,561
Effect of changes in accounting policy	33	-	-	(13,806)	13,806	-	-	-
Loss for the year		-	-	-	(8,184,726)	(8,184,726)	(1,237,526)	(9,422,252)
Dividends paid		-	-	-	-	-	(73,680)	(73,680)
Accretion in share of net assets of a subsidiary company		-	-	-	10,960	10,960	(10,960)	-
Balance as of December 31, 2006		60,876,500	19,192,125	-	(53,381,961)	26,686,664	1,996,965	28,683,629

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

The Company	Note	Issued Capital RM	ICULS RM	Accumulated Loss RM	Total RM
Balance as of January 1, 2005		60,542,500	19,192,125	(50,663,229)	29,071,396
Issue of shares	21	334,000	-	-	334,000
Profit for the year		-	-	1,676,883	1,676,883
Balance as of December 31, 2005		60,876,500	19,192,125	(48,986,346)	31,082,279
Balance as of January 1, 2006		60,876,500	19,192,125	(48,986,346)	31,082,279
Loss for the year		-	-	(1,469,904)	(1,469,904)
Balance as of December 31, 2006		60,876,500	19,192,125	(50,456,250)	29,612,375

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

SIN HENG CHAN (MALAYA) BERHAD
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

		The Group		The Company	
		2006	2005	2006	2005
	Note	RM	RM	RM	RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES					
Profit/(Loss) before tax		(9,783,296)	5,912,060	(1,514,455)	1,756,883
Adjustments for:					
Depreciation of property, plant and equipment		2,234,186	2,625,822	198,218	339,291
Finance costs		520,847	579,725	29,136	14,116
Write-down of inventories		1,476,311	-	-	-
Impairment loss of property, plant and equipment		1,213,858	-	-	-
Property, plant and equipment written off		4,706	10	-	-
Allowance for doubtful debts/(Allowance no longer required) - net		(1,539,837)	211,289	(118,500)	(38,827)
Interest income		(322,083)	(511,691)	(295,718)	(495,489)
Gain on disposal of property, plant and equipment		(33,750)	(126,453)	(8,000)	(59,200)
Allowance for diminution in value of marketable securities/ (Allowance no longer required)		(30)	40	(30)	40
Liabilities waived		-	(4,671,342)	-	(3,541,846)
Operating Profit/(Loss) Before Working Capital Changes		(6,229,088)	4,019,460	(1,709,349)	(2,025,032)
(Increase)/Decrease in:					
Inventories		(1,948,280)	(314,896)	-	-
Trade receivables		2,317,705	391,515	-	-
Other receivables, deposits and prepaid expenses		(3,819,375)	745,231	(3,561,600)	758,125
Fixed deposit pledged to banks		(4,905)	(24,727)	-	(20,000)

(Forward)

	Note	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
Amount owing by/to subsidiary companies		-	-	(2,719,324)	(866,645)
Increase/(Decrease) in:					
Trade payables		(272,689)	(1,114,381)	-	-
Other payables and accrued expenses		(40,987)	993,704	49,590	(224,753)
Cash From/(Used In) Operations		(9,997,619)	4,695,906	(7,940,683)	(2,378,305)
Interest paid		(518,562)	(578,728)	(29,136)	(14,116)
Income tax refunded - net		147,104	822,064	331,196	883,346
Net Cash From/(Used In) Operating Activities		(10,369,077)	4,939,242	(7,638,623)	(1,509,075)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Interest received		322,083	368,364	295,718	352,162
Proceeds from disposal of property, plant and equipment		36,900	129,300	8,000	59,200
Purchase of property, plant and equipment		(746,878)	(780,516)	(76,854)	(175,327)
Net Cash From/(Used In) Investing Activities		(387,895)	(282,852)	226,864	236,035
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from short-term bank borrowings		19,288,111	14,681,000	-	-
Short-term bank borrowings paid		(15,272,913)	(18,320,000)	-	-
Repayment of long-term loans		(859,377)	(1,387,553)	-	-
Repayment of hire-purchase and finance lease creditors		(452,758)	(551,433)	(89,541)	(37,588)
Dividend paid		(73,680)	-	-	-
Issuance of shares		-	334,000	-	334,000
Net Cash From/(Used In) Financing Activities		2,629,383	(5,243,986)	(89,541)	296,412

(Forward)

	Note	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,127,589)	(587,596)	(7,501,300)	(976,628)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,863,385	17,450,981	15,178,105	16,154,733
CASH AND CASH EQUIVALENTS AT END OF YEAR	31	8,735,796	16,863,385	7,676,805	15,178,105

During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM1,028,878 (2005: RM1,391,016) and RM76,854 (2005: RM785,827) respectively of which RM282,000 (2005: RM610,500) was financed through hire-purchase arrangements and RM746,878 (2005: RM780,516) and RM76,854 (2005: RM175,327) were paid in cash for the Group and the Company.

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

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed under Note 14. There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

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

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on April 25, 2007.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Changes in Accounting Policies

In the current year, the Group and the Company adopted all the new and revised Financial Reporting Standards ("FRS") and IC Interpretations issued by MASB that are relevant to its operations and mandatory for financial periods beginning on or after January 1, 2006 as follows:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 133	Earnings Per Share
FRS 132	Financial Instruments: Disclosure and Presentation

FRS 136	Impairment of Assets
IC Interpretation 115	Operating Leases - Incentives

The application of the revised FRS 3 and 101 has resulted in certain changes in the presentation of the consolidated financial statements and the principal changes in accounting policies and their financial effects in the current and prior years are set out in Note 34.

The adoption of the other revised FRSs does not result in significant changes in accounting policies of the Group and the Company and has no significant effect on the financial statements of the Group and the Company in the current and prior years.

(a) **FRS 3: Business Combinations**

FRS 3 requires goodwill acquired in a business combination to be measured at cost and subject to impairment. In accordance with the transitional provisions of FRS 3, the reserve on consolidation as of January 1, 2006 has been adjusted to opening accumulated loss as at that date.

(b) **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interest is now presented within total equity. In the consolidated income statement, the profit or loss is allocated between equity holders of the Company and minority interest. FRS 101 also requires disclosure on the face of the statement of changes in equity, the total recognised income and expense for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

Accounting Standards and IC Interpretations Issued but Not Effective

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

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 119	Amendment to Financial Reporting Standard FRS 119_{2004} Employee Benefits -Actuarial Gains and Losses, Group Plans and Disclosures
FRS 121	Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-Operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 119_{2004} Financial Reporting in Hyperinflationary Economies February
IC Interpretation 8	Scope of International Financial Reporting Standard No. 2 Share-based Payment

FRS 6 is effective for accounting periods beginning on or after January 1, 2007. This standard is not relevant to the Group's operations as the Group does not carry out exploration for and evaluation of mineral resources.

FRS 117 is effective for accounting periods beginning on or after October 1, 2006. It will affect the reclassification of leasehold land to prepaid lease payments. Such leasehold land will no longer be revalued. The Group will apply this standard from financial period beginning January 1, 2007.

FRS 119 is effective for accounting periods beginning on or after January 1, 2007. The amendment to this standard is not relevant to the Group as the Group does not have post-employment defined benefit plan for its employees.

FRS 121 is effective for accounting periods beginning on or after February 15, 2007. The amendment to this standard is not relevant to the Group as the Group does not have any foreign operations.

FRS 124 is effective for accounting periods beginning on or after October 1, 2006. It will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial period beginning January 1, 2007.

The effective date of FRS 139 is yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Company will apply this standard when it becomes effective.

IC Interpretations 1, 2, 5, 6, 7 and 8 are effective for accounting periods beginning on or after July 1, 2007. These IC Interpretations are not relevant to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Revenue Recognition

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

Foreign Currency Conversion

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

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

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

Income Tax

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

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

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

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

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

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 and Depreciation

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

Depreciation of property, plant and equipment, except for freehold land which are 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:

Land under long leases	Over period of lease of 60 - 99 years
Land under short leases	Over period of lease of 25 years
Buildings	4 - 5%
Plant and machinery	7 1/2 - 33 1/3%
Renovations, furniture, fixtures and equipment	5 - 20%
Motor vehicles	20%

Plantation development expenditure which is not amortised, consists of expenditure on land preparation and upkeep of trees prior to their maturity and is accounted for under the “capital maintenance method” which involves the capitalisation of only new planting costs.

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

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Property, Plant and Equipment Under Hire-Purchase Arrangements

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

Lease Assets

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

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary companies controlled by the Company made up to December 31, 2006. Control is achieved where the Company has the power to govern.

The subsidiary companies are consolidated using the acquisition method of accounting whereby, on acquisition, the assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition.

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

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

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

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

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

Investments

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

Other investments are stated at cost less impairment losses.

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

Receivables

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

Marketable Securities

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

Employee Benefits

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

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

(b) **Defined Contribution Plan**

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

(c) **Equity Compensation Benefits**

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

Financial Instruments

(a) **Description**

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

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

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

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

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

(b) **Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(c) **Fair value estimation for disclosure purpose**

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

The face value, less any estimated credit adjustments, for financial assets and liabilities with tenure to maturity of less than one financial year are assumed to approximate their fair values.

Cash Flow Statements

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Company's accounting policies

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

Key sources of estimation uncertainty

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

5. REVENUE

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Poultry breeding	14,193,799	25,375,370	-	-
Sales of formulated animal feeds	21,392,813	22,094,908	-	-
	35,586,612	47,470,278	-	-

6. SEGMENT REPORTING

Business Segments

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

- Feedmilling
- Poultry breeding
- 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.

SEGMENT ANALYSIS

The Group

2006	**Feedmilling RM**	**Poultry Breeding RM**	**Investment Holding RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue						
External sales	21,392,813	14,193,799	-	-	-	35,586,612
Inter-segment sales	17,777,748	1,401,542	-	-	(19,179,290)	-
Total revenue	39,170,561	15,595,341	-	-	(19,179,290)	35,586,612
Results						
Segment results	(4,311,815)	(10,523,331)	(1,485,319)	(10,081)	7,068,097	(9,262,449)
Loss from operations						(9,262,449)
Finance costs						(520,847)
Loss before tax						(9,783,296)
Tax income						361,044
Loss for the year						(9,422,252)

(Forward)

	Feedmilling RM	Poultry Breeding RM	Investment Holding RM	Others RM	Reclassification RM	Consolidated RM
Other information						
Capital additions	552,923	399,101	76,854	-	-	1,028,878
Depreciation of property, plant and equipment	(603,968)	(1,432,001)	(198,217)	-	-	(2,234,186)
Consolidated Balance Sheet						
Assets						
Segment assets	12,780,656	20,643,880	13,692,751	78,245	-	47,195,532
Consolidated total assets						47,195,532
Liabilities						
Segment liabilities	11,855,611	4,322,407	1,344,253	989,632	-	18,511,903
Consolidated total liabilities						18,511,903

The Group

2005	**Feedmilling RM**	**Poultry Breeding RM**	**Investment Holding RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue						
External sales	22,094,908	25,375,370	-	-	-	47,470,278
Inter-segment sales	20,035,994	1,250,246	-	-	(21,286,240)	-
Total revenue	42,130,902	26,625,616	-	-	(21,286,240)	47,470,278
Results						
Segment results	511,827	3,183,532	1,770,999	1,025,427	-	6,491,785
Profit from operations						6,491,785
Finance costs						(579,725)
Profit before tax						5,912,060
Tax income						(735,282)
Profit for the year						5,176,778

(Forward)

	Feedmilling RM	Poultry Breeding RM	Investment Holding RM	Others RM	Eliminations RM	Consolidated RM
Other information						
Capital additions	170,799	434,390	785,827	-	-	1,391,016
Depreciation of property, plant and equipment	(671,144)	(1,615,387)	(339,291)	-	-	(2,625,822)
Consolidated Balance Sheet						
Assets						
Segment assets	11,369,830	22,153,421	20,658,346	86,960	-	54,268,557
Consolidated total assets						54,268,557
Liabilities						
Segment liabilities	8,421,864	5,291,120	1,385,720	990,292	-	16,088,996
Consolidated total liabilities						16,088,996

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.

7. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Allowance for doubtful debts no longer required/ (Allowance for doubtful debts) - net	1,539,837	(211,289)	118,500	38,827
Interest income from fixed deposits with licensed banks	322,083	511,691	295,718	495,489
Rental income from letting of premises	154,000	232,000	154,000	232,000
Gain on disposal of property, plant and equipment	33,750	126,453	8,000	59,200
Realised gain/(loss) on foreign exchange	1,079	(426)	-	-
(Allowance)/Allowance no longer required for diminution in value of marketable securities	30	(40)	30	(40)
Write-down of inventories	(1,476,311)	-	-	-
Impairment loss of property, plant and equipment	(1,213,858)	-	-	-
Rental of premises:				
- Subsidiary company (Note 18)	-	-	(120,000)	(180,000)
- Related parties (Note 18)	(325,328)	(432,393)	(325,328)	(432,393)
- Others	(37,010)	38,400	-	-
Audit fee:				
- current	(69,300)	(62,800)	(25,000)	(20,000)
- (under)/overprovision in prior year	(1,500)	500	-	-
Property, plant and equipment written-off	(4,706)	(10)	-	-
Liabilities waived	-	4,671,342	-	3,541,846
Management fees from subsidiary companies	-	-	720,000	720,000

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Executive directors:				
Other emoluments	681,000	680,100	680,000	680,100
Non-executive directors:				
Fees	48,000	54,600	-	-
Other emoluments	107,800	205,860	107,800	205,360
	836,800	940,560	787,800	885,460

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM152,800 (2005: RM152,800) during the financial year.

Included in directors' remuneration are contributions to EPF made by the Group and the Company for the current year amounting to RM81,800 (2005: RM92,460) respectively.

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

	2006	2005
Number of Executive Directors:		
RM500,001 to RM800,000	1	1
Number of Non-Executive Directors:		
RM50,001 to RM100,000	1	2

9. STAFF COSTS

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. Included in staff costs are contributions to EPF made by the Group and the Company for the current year amounting to RM439,078 and RM52,800 (2005: RM516,476 and RM76,514) respectively.

10. FINANCE COSTS

	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
Interest expense on:				
Bankers' acceptances	190,416	163,384	-	-
Term loans	146,371	222,309	-	-
Finance lease	68,496	80,103	-	-
Bank overdrafts	42,769	50,219	-	-
Hire-purchase	38,008	26,366	29,065	13,872
Revolving credit	34,716	37,100		
Others	71	244	71	244
	520,847	579,725	29,136	14,116

11. TAX (INCOME)/EXPENSE

	The Group 2006 RM	The Group 2005 RM	The Company 2006 RM	The Company 2005 RM
Estimated tax payable:				
Current	45,045	353,624	-	139,000
Overprovision in prior years	(76,887)	(67,842)	(44,551)	(59,000)
	(31,842)	285,782	(44,551)	80,000
Deferred tax (Note 27)				
Current	(311,741)	449,500	-	-
Overprovision in prior years	(17,461)	-	-	-
	(329,202)	449,500	-	-
Total	(361,044)	735,282	(44,551)	80,000

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

	The Group		**The Company**	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	(9,783,296)	5,912,060	(1,514,455)	1,756,883
Tax/(Tax loss) at income tax rate of 28%	(2,739,323)	1,655,377	(424,047)	491,927
Tax effect of expenses not deductible in determining tax	600,516	176,709	53,047	61,073
Tax effect of income not taxable in determining tax	(900,889)	(223,962)	-	-
Utilisation of deferred tax asset not previously recognised	(47,000)	(896,000)	-	(414,000)
Deferred tax asset not recognised	2,820,000	91,000	371,000	-
Overprovision in prior years	(94,348)	(67,842)	(44,551)	(59,000)
Tax (income)/expense	(361,044)	735,282	(44,551)	80,000

As of December 31, 2006, 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 RM2,872,000 (2005: RM2,872,000) which, subject to the agreement of the tax authorities, is available for payment of tax-exempt dividends to the shareholders of the said subsidiary companies.

As of December 31, 2006, one of the subsidiary companies has unutilised reinvestment allowances carried forward amounting to approximately RM1,445,000 (2005: RM 1,436,000) which, if agreed by the tax authorities, are available for distribution of tax-exempt dividends to the shareholders of the said subsidiary company.

12. EARNINGS/(LOSS) PER ORDINARY SHARE

	The Group	
	2006	**2005**
	RM	**RM**
Basic		
Profit/(Loss) attributable to equity holders of the Company	(8,184,726)	4,650,082

	The Group	
	2006	**2005**
	Units	**Units**
Number of shares in issue as of January 1	60,876,500	60,542,500
Exercise of ESOS	-	311,195
Weighted average number of shares in issue	60,876,500	60,853,695

	The Group	
	2006	**2005**
Basic earnings/(loss) per share (sen)	(13.4)	7.6

	The Group	
	2006	**2005**
	Units	**Units**
Diluted		
Weighted average number of shares in issue	60,876,500	60,853,695
Conversion of Irredeemable Convertible Unsecured Loan Stocks (ICULS)	19,192,125	19,192,125
Exercise of warrants	30,000,000	30,000,000
Exercise of ESOS	5,115,500	5,115,500
Adjusted weighted average number of shares for calculating diluted earnings per share	115,184,125	115,161,320
Diluted earnings/(loss) per share (sen)	N/A	N/A

The diluted earnings per share of the Company in 2006 and 2005 has not been presented as the average fair value of the shares of the Company is lower than the exercise price for the conversion of the ICULS, warrants and ESOS to ordinary shares. The effect of this would be anti-dilutive to the earnings per ordinary share.

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost/Valuation					
Year ended December 31, 2006	Beginning of Year RM	Additions RM	Disposals RM	Write-offs RM	Reclassification RM	End of Year RM
Freehold land						
At 1978 valuation	293,000	-	-	-	-	293,000
At cost	94,170	-	-	-	-	94,170
Land under long leases						
At 1978 valuation	782,000	-	-	-	-	782,000
At cost	502,357	-	-	-	-	502,357
Land under short leases						
At cost	530,997	-	-	-	-	530,997
Buildings						
At 1978 valuation	3,320,000	-	-	-	-	3,320,000
At cost	21,887,132	-	-	-	211,786	22,098,918
Building under finance lease	284,586	-	-	-	(211,786)	72,800
Plant and machinery	20,082,937	406,419	-	-	(44,509)	20,444,847
Plant and machinery under finance lease	1,050,460	-	-	-	-	1,050,460
Renovations, furniture, fixtures and equipment	5,679,787	183,600	(9,545)	(5,138)	-	5,848,704
Renovations, furniture, fixtures and equipment under finance lease	532,692	-	-	-	-	532,692
Motor vehicles	4,142,395	-	(391,358)	(21,200)	134,901	3,864,738
Motor vehicles under hire-purchase	890,688	425,326	-	-	(90,392)	1,225,622
Motor vehicles under finance lease	778,775	-	-	-	-	778,775
Plantation development expenditure	322,005	13,533	-	-	-	335,538
	61,173,981	1,028,878	(400,903)	(26,338)	-	61,775,618

(Forward)

Year ended December 31, 2006	← Beginning of Year RM	Charge for the year RM	Accumulated Depreciation Disposals RM	Write-offs RM	Reclassification RM	End of Year RM →
Land under long leases						
At 1978 valuation	291,435	10,794	-	-	-	302,229
At cost	179,332	5,799	-	-	-	185,131
Land under short leases						
At cost	161,070	21,240	-	-	-	182,310
Buildings						
At 1978 valuation	3,152,734	-	-	-	-	3,152,734
At cost	10,301,879	785,927	-	-	120,012	11,207,818
Building under finance lease	108,056	24,091	-	-	(120,012)	12,135
Plant and machinery	18,128,604	583,657	-	-	(44,508)	18,667,753
Plant and machinery under finance lease	725,435	105,046	-	-	-	830,481
Renovations, furniture, fixtures and equipment	5,030,456	191,505	(6,398)	(433)	-	5,215,130
Renovations, furniture, fixtures and equipment under finance lease	243,284	76,838	-	-	-	320,122
Motor vehicles	4,061,724	45,752	(391,355)	(21,199)	108,889	3,803,811
Motor vehicles under hire-purchase	238,261	227,782	-	-	(64,381)	401,662
Motor vehicles under finance lease	536,217	155,755	-	-	-	691,972
	43,158,487	2,234,186	(397,753)	(21,632)	-	44,973,288

(Forward)

Year ended December 31, 2006	← Accumulated Impairment Loss → Beginning of Year RM	Charge for the year RM	End of Year RM	Net Book Value RM
Freehold land				
At 1978 valuation	-	-	-	293,000
At cost	-	-	-	94,170
Land under long leases				
At 1978 valuation	-	-	-	479,771
At cost	-	-	-	317,226
Land under short leases				
At cost	-	-	-	348,687
Buildings				
At 1978 valuation	167,266	-	167,266	-
At cost	241,630	969,309	1,210,939	9,680,161
Building under finance lease	-	-	-	60,665
Plant and machinery	21	158,624	158,645	1,618,449
Plant and machinery under finance lease	-	-	-	219,979
Renovations, furniture, fixtures and equipment	-	34,932	34,932	598,642
Renovations, furniture, fixtures and equipment under finance lease	-	-	-	212,570
Motor vehicles	-	3,149	3,149	57,778
Motor vehicles under hire-purchase	-	47,844	47,844	776,116
Motor vehicles under finance lease	-	-	-	86,803
Plantation development expenditure	-	-	-	335,538
Total	408,917	1,213,858	1,622,775	15,179,555

The Group	←		**Cost/Valuation**			→
Year ended December 31, 2005	**Beginning of Year RM**	**Additions RM**	**Disposals RM**	**Write-offs RM**	**Reclassification RM**	**End of Year RM**
Freehold land						
At 1978 valuation	293,000	-	-	-	-	293,000
At cost	94,170	-	-	-	-	94,170
Land under long leases						
At 1978 valuation	782,000	-	-	-	-	782,000
At cost	502,357	-	-	-	-	502,357
Land under short leases						
At cost	530,997	-	-	-	-	530,997
Buildings						
At 1978 valuation	3,320,000	-	-	-	-	3,320,000
At cost	21,827,275	59,857	-	-	-	21,887,132
Building under finance lease	284,586	-	-	-	-	284,586
Plant and machinery	22,401,617	348,807	-	(2,667,487)	-	20,082,937
Plant and machinery under finance lease	1,050,460	-	-	-	-	1,050,460
Renovations, furniture, fixtures and equipment	6,218,610	185,037	-	(723,860)	-	5,679,787
Renovations, furniture, fixtures and equipment under finance lease	532,692	-	-	-	-	532,692
Motor vehicles	4,683,498	20,733	(820,293)	-	258,457	4,142,395
Motor vehicles under hire-purchase	411,815	737,330	-	-	(258,457)	890,688
Motor vehicles under finance lease	778,775	-	-	-	-	778,775
Plantation development expenditure	282,753	39,252	-	-	-	322,005
	63,994,605	1,391,016	(820,293)	(3,391,347)	-	61,173,981

(Forward)

Year ended December 31, 2005	Accumulated Depreciation Beginning of Year RM	Charge for the year RM	Disposals RM	Write-offs RM	Reclassification RM	End of Year RM
Land under long leases						
At 1978 valuation	280,641	10,794	-	-	-	291,435
At cost	171,039	8,293	-	-	-	179,332
Land under short leases						
At cost	139,830	21,240	-	-	-	161,070
Buildings						
At 1978 valuation	3,152,734	-	-	-	-	3,152,734
At cost	9,364,823	937,056	-	-	-	10,301,879
Building under finance lease	83,965	24,091	-	-	-	108,056
Plant and machinery	19,755,863	678,891	-	(2,306,150)	-	18,128,604
Plant and machinery under finance lease	620,389	105,046	-	-	-	725,435
Renovations, furniture, fixtures and equipment	5,223,131	331,620	-	(524,295)	-	5,030,456
Renovations, furniture, fixtures and equipment under finance lease	166,446	76,838	-	-	-	243,284
Motor vehicles	4,568,286	58,123	(817,446)	-	252,761	4,061,724
Motor vehicles under hire-purchase	272,947	218,075	-	-	(252,761)	238,261
Motor vehicles under finance lease	380,462	155,755	-	-	-	536,217
	44,180,556	2,625,822	(817,446)	(2,830,445)	-	43,158,487

(Forward)

Year ended December 31, 2005	Accumulated Impairment Loss Beginning of Year RM	Write-offs RM	End of Year RM	Net Book Value RM
Freehold land				
At 1978 valuation	-	-	-	293,000
At cost	-	-	-	94,170
Land under long leases				
At 1978 valuation	-	-	-	490,565
At cost	-	-	-	323,025
Land under short leases				
At cost	-	-	-	369,927
Buildings				
At 1978 valuation	167,266	-	167,266	-
At cost	241,630	-	241,630	11,343,623
Building under finance lease	-	-	-	176,530
Plant and machinery	361,351	(361,330)	21	1,954,312
Plant and machinery under finance lease	-	-	-	325,025
Renovations, furniture, fixtures and equipment	199,562	(199,562)	-	649,331
Renovations, furniture, fixtures and equipment under finance lease	-	-	-	289,408
Motor vehicles	-	-	-	80,671
Motor vehicles under hire-purchase	-	-	-	652,427
Motor vehicles under finance lease	-	-	-	242,558
Plantation development expenditure	-	-	-	322,005
Total	969,809	(560,892)	408,917	17,606,577

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

(Forward)

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

(Forward)

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

The Company **Year ended December 31, 2005**	← **Cost/Valuation** →			
	Beginning of Year RM	**Additions RM**	**Disposals RM**	**End of Year RM**
Freehold land				
At 1978 valuation	293,000	-	-	293,000
At cost	94,170	-	-	94,170
Land under long leases				
At 1978 valuation	782,000	-	-	782,000
At cost	144,501	-	-	144,501
Buildings				
At 1978 valuation	3,320,000	-	-	3,320,000
At cost	2,274,846	-	-	2,274,846
Plant and machinery	80	-	-	80
Renovations, furniture, fixtures and equipment	526,025	42,364	-	568,389
Motor vehicles	1,476,012	6,133	(195,604)	1,286,541
Motor vehicles under hire-purchase	62,966	737,330	-	800,296
	8,973,600	785,827	(195,604)	9,563,823

(Forward)

Year ended December 31, 2005	Accumulated Depreciation Beginning of Year RM	Charge For The Year RM	Disposals RM	End of Year RM
Freehold land				
At 1978 valuation	-	-	-	-
At cost	-	-	-	-
Land under long leases				
At 1978 valuation	280,641	10,794	-	291,435
At cost	52,395	1,879	-	54,274
Buildings				
At 1978 valuation	3,152,734	-	-	3,152,734
At cost	1,828,793	154,023	-	1,982,816
Plant and machinery	59	-	-	59
Renovations, furniture, fixtures and equipment	509,955	11,309	-	521,264
Motor vehicles	1,476,012	-	(195,604)	1,280,408
Motor vehicles under hire-purchase	12,593	161,286	-	173,879
	7,313,182	339,291	(195,604)	7,456,869

(Forward)

Year ended December 31, 2005	← Accumulated Impairment Loss → Beginning of Year RM	Charge for the Year RM	End of Year RM	Net Book Value RM
Freehold land				
At 1978 valuation	-	-	-	293,000
At cost	-	-	-	94,170
Land under long leases				
At 1978 valuation	-	-	-	490,565
At cost	-	-	-	90,227
Buildings				
At 1978 valuation	167,266	-	167,266	-
At cost	241,630	-	241,630	50,400
Plant and machinery	21	-	21	-
Renovations, furniture, fixtures and equipment	-	-	-	47,125
Motor vehicles	-	-	-	6,133
Motor vehicles under hire-purchase	-	-	-	626,417
Total	408,917	-	408,917	1,698,037

Land and buildings of the Company were last revalued by directors in 1978 based on valuation made by independent firms of professional valuers using as bases, the fair market value and highest present utility of the Company's land and buildings. These land and buildings are stated at 1978 valuation as allowed under the transitional provisions for the application of International Accounting Standards No 16: Property, Plant and Equipment (Revised) adopted by the MASB. The directors are of the opinion that the fair values of the land and buildings at the end of the financial year are not less than their book carrying value.

The carrying values of the revalued property, plant and equipment of the Group and the Company based on historical costs are as follows:

The Group and The Company

	Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Net Book Value RM
Freehold land	114,644	-	-	114,644
Land under long leases	548,635	209,054	-	339,581
Buildings	2,482,489	2,379,740	102,749	-

Land and buildings of the Group with carrying amounts of RM9,790,458 (2005: RM8,842,224) are pledged to certain licensed banks in respect of credit facilities granted to the Group as disclosed in Note 26.

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM15,758,000 (2005: RM11,859,000) and RM6,960,000 (2005: RM5,567,000) respectively.

14. INVESTMENT IN SUBSIDIARY COMPANIES

Investment in subsidiary companies consists of:

	The Company 2006 RM	The Company 2005 RM
Unquoted shares in subsidiary companies - at cost	10,161,952	10,161,952
Impairment loss	(86,196)	(86,196)
Net	10,075,756	10,075,756

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

Direct subsidiary companies	Effective Equity Interest 2006	Effective Equity Interest 2005	Principal Activities
Sin Heng Chan (East Coast) Sdn. Bhd.	100%	100%	Manufacturing and trading of formulated animal feeds.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Trading of formulated mineral poultry products.
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Sub-subsidiary companies			
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Trading of formulated animal feeds.
Goldkist Breeding Farms Sdn. Bhd.	94.2%	93.7%	Broiler breeding.
LKPP - Goldkist Sdn. Bhd.	60%	60%	Broiler breeding and the planting of fragrant coconut trees.
Central Feedmill Sdn. Bhd.	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.

15. OTHER INVESTMENTS

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Gold bullion	5,250	5,250	5,250	5,250

16. INVENTORIES

	The Group	
	2006	2005
	RM	RM
At cost:		
Parent stocks	3,926,126	3,993,540
Raw materials	3,728,472	1,769,667
Hatching eggs	1,353,655	1,185,896
Consumables	714,782	879,592
Finished goods	440,161	386,221
	10,163,196	8,214,916
Less: Write-down of inventories	(1,476,311)	-
	8,686,885	8,214,916

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

	The Group	
	2006	2005
	RM	RM
Trade receivables	16,629,574	19,350,491
Less: Allowance for doubtful debts	(10,628,057)	(12,571,106)
Net	6,001,517	6,779,385

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Other receivables	10,209,359	11,622,986	7,444,027	8,826,415
Less: Allowance for doubtful debts	(9,687,694)	(9,806,195)	(7,015,645)	(7,134,146)
	521,665	1,816,791	428,382	1,692,269
Deposits	5,391,390	378,075	5,258,399	258,129
Prepaid expenses	114,824	140,734	16,912	73,196
	6,027,879	2,335,600	5,703,693	2,023,594

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 (2005: 7 to 60 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM10,628,057 (2005: RM12,571,106) based on past default experience of the Group.

Included in other receivables, deposits and prepaid expenses of the Group and the Company are:

(a) proceeds receivable from the disposal of a subsidiary company amounting to Nil (2005: RM 1,400,000).

(b) deposits paid of RM5,000,000 (2005: Nil) for the acquisition of Urun Plantation Sdn. Bhd. as mentioned in Note 35 (b).

(c) rental deposits and advanced rental of RM196,368 (2005: RM196,368) paid to Desa Samudra Sdn. Bhd., a company of which Dato’ Choo Keng Weng is also a director. The transactions with the related party are disclosed in Note 18.

18. RELATED PARTY TRANSACTIONS

	The Company	
	2006	2005
	RM	RM
Amount owing by subsidiary companies - net of allowance for doubtful debts of RM12,676,550 (2005: RM12,676,550)	6,219,478	4,500,153
Amount owing to subsidiary companies	1,930,988	2,930,988

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

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

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

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Subsidiary company				
Management fees receivable from	-	-	720,000	720,000
Rental of premises receivable from	-	-	120,000	180,000
Other related parties				
Rental of premises paid and payable to				
Desa Samudra Sdn. Bhd.	181,328	288,393	181,328	288,393
Seng Hoe & Choong Corporation Sdn. Bhd.	144,000	144,000	144,000	144,000
	325,328	432,393	325,328	432,393

19. MARKETABLE SECURITIES

	The Group and The Company 2006 RM	The Group and The Company 2005 RM
Quoted shares in Malaysia - at cost	3,387	3,387
Allowance for diminution in value	(3,330)	(3,360)
Net	57	27
Market value	57	27

20. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Fixed deposits with licensed banks	7,157,470	15,602,565	7,020,000	15,020,000
Short-term deposits with licensed banks	100,000	600,000	100,000	100,000
Cash and bank balances	2,586,321	1,496,572	576,805	78,105
	9,843,791	17,699,137	7,696,805	15,198,105

Fixed deposits with licensed banks of the Group and the Company of RM157,470 (2005: RM152,565) and RM20,000 (2005: RM20,000) respectively are charged to banks for overdraft facilities granted and guarantees issued by the said banks.

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

	The Group		The Company	
	2006	2005	2006	2005
Fixed deposits with licensed banks	30 to 365 days	30 to 365 days	30 to 90 days	30 to 90 days
Short-term deposits with licensed banks	2 to 14 days	2 to 14 days	2 to 14 days	2 to 14 days

The interest rates per annum are as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
Fixed deposits with licensed banks	3% to 3.7%	2.7% to 3.7%	3% to 3.5%	2.7% to 3%
Short-term deposits with licensed banks	2% to 2.4%	2.25% to 2.4%	2% to 2.4%	2.25% to 2.4%

21. SHARE CAPITAL

	2006 RM	2005 RM
Authorised:		
Ordinary shares of RM1 each		
Beginning and end of year	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares of RM1 each		
Beginning of year	60,876,500	60,542,500
Exercise of ESOS during the year	-	334,000
End of year	60,876,500	60,876,500

22. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

As of December 31, 2006, the Company has RM19,192,125 nominal value of Irredeemable Convertible Unsecured Loan Stocks (ICULS) at 100% of its nominal value with 30,000,000 free detachable warrants. The salient features of the ICULS are as follows:

(a) the ICULS bear a zero coupon rate and matures on July 25, 2007;

(b) the ICULS are convertible at any time between the date of issue and the maturity date on the basis of one new ordinary share of RM1 each in exchange for RM1 nominal amount of the ICULS and are not redeemable for cash. On maturity date, any outstanding ICULS will be mandatorily converted by the Company;

(c) all new ordinary shares issued upon conversion of the ICULS will rank pari passu with the then existing ordinary shares of the Company except that the new ordinary shares will not rank for any dividend declared in respect of any particular financial year ending before the conversion date irrespective of the date when such dividends are declared, made paid nor will the new shares rank for any rights, allotment or other distributions if the conversion date is after the entitlement date for such rights, allotment or other distribution; and

(d) the ICULS are unsecured obligations of the Company and are subordinated to all other present and future unsecured obligations of the Company.

23. RESERVES

	The Group	
	2006	**2005**
	RM	**RM**
Non-distributable reserve:		
Reserve on consolidation		
Beginning of year	13,806	13,806
Transfer to accumulated loss	(13,806)	-
End of year	-	13,806

24. FINANCE LEASE PAYABLES

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2006 RM	2005 RM	2006 RM	2005 RM
Amount payable under finance lease:				
Within one year	213,235	383,142	178,081	347,389
In the second to fifth years inclusive	-	213,233	1,792	147,129
	213,235	596,375	179,873	494,518
Less: Future finance charges	(33,362)	(101,857)	-	-
Present value of lease payables	179,873	494,518	179,873	494,518
Less: Portion due within one year			(178,081)	(347,389)
Non-current portion			1,792	147,129

The non-current portion is repayable as follows:

	The Group	
	2006 RM	2005 RM
Due within:		
2 years	1,792	145,338
3 years	-	1,791
4 years	-	-
	1,792	147,129

The average effective borrowing rate is 10.96% (2005: 10.96%) per annum. Interest rates are fixed at the inception of the lease. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

25. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Total instalments outstanding	876,398	724,469	597,578	716,184
Less: Interest-in-suspense	(109,100)	(101,058)	(69,958)	(99,023)
Principal outstanding	767,298	623,411	527,620	617,161
Less: Portion due within one year	(149,976)	(95,792)	(94,826)	(89,542)
Non-current portion	617,322	527,619	432,794	527,619

The non-current portion is repayable as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Due within:				
2 years	156,222	94,826	100,109	94,826
3 years	161,622	100,109	104,480	100,109
4 years	286,445	104,480	228,205	104,480
Greater than 4 years	13,033	228,204	-	228,204
	617,322	527,619	432,794	527,619

The interest rates implicit in the hire-purchase payables of the Group and the Company range from 4.44% to 12.10% (2005: 4.44% to 12.10%) per annum. The Group's and the Company's hire-purchase payables are secured by the financial institutions charge over the assets under hire-purchase.

26. LONG-TERM LOANS

	The Group	
	2006	2005
	RM	RM
Outstanding loan principal	1,911,202	2,770,579
Less: Portion due within one year (included under bank borrowings) (Note 29)	(1,605,671)	(1,472,584)
Non-current portion	305,531	1,297,995

The non-current portion is repayable as follows:

	2006 RM	2005 RM
Due within:		
2 years	305,531	1,079,524
3 years	-	218,471
	305,531	1,297,995

A subsidiary company has term loans obtained from certain local banks amounting to RM9.2 million (2005: RM9.2 million) which bear interest at rates ranging from 3.8% to 8.0% (2005: 3.8% to 8.0%) per annum.

These term loans consist of:

(a) a five-year term loan of RM1,200,000, repayable in sixty (60) monthly instalments commencing on October 1, 2003;

(b) a six-year term loan of RM5,000,000, repayable in eighty four (84) monthly instalments commencing on January, 2000; and

(c) a six-year term loan of RM3,000,000, repayable in eighty four (84) monthly instalments commencing on January, 2000.

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 RM9,790,458 (2005: RM8,842,224) as of December 31, 2006; and

(b) a first fixed and floating charge on all the assets of the said subsidiary company.

27. DEFERRED TAX LIABILITY

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Beginning of year	1,333,500	928,000	301,000	301,000
Transfer (to)/from income statements (Note 11)	(329,202)	449,500	-	-
End of year	1,004,298	1,377,500	301,000	301,000

The deferred tax liability is in respect of temporary differences arising from:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment	1,441,518	1,178,500	-	-
Unutilised tax losses	(738,220)	(102,000)	-	-
Tax effect on revaluation of land and buildings	301,000	301,000	301,000	301,000
	1,004,298	1,377,500	301,000	301,000

As mentioned in Note 3, deferred tax asset is generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As of December 31, 2006, the estimated amount of deferred tax asset calculated at the current tax rate which have not been recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Tax effects of temporary differences arising from:				
Property, plant and equipment	691,000	118,000	360,000	529,000
Unutilised tax losses	15,053,000	12,853,000	11,303,000	10,763,000
	15,744,000	12,971,000	11,663,000	11,292,000

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

28. 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 30 to 90 days (2005: 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	2,397,911	2,358,517	248,200	244,200
Accrued expenses	1,366,475	1,444,571	421,730	376,140
	3,764,386	3,803,088	669,930	620,340

Included in other payables of the Group and of the Company are:

(a) an amount of RM73,620 (2005: RM43,620) owing to Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang, a statutory body which is a substantial shareholder of a subsidiary company. The amount arose mainly from annual tribute paid and payable by a subsidiary company of RM30,000 (2005: RM40,071) during the financial year.

(b) a deposit of RM Nil (2005: RM1,000,000) received from a debtor of a subsidiary company which represents partial settlement of long overdue balance to the said subsidiary company.

29. BANK BORROWINGS

	The Group	
	2006 RM	2005 RM
Bankers' acceptances	5,461,000	1,640,000
Long-term loans - current portion	1,605,671	1,472,584
Bank overdrafts	950,525	683,187
Revolving credit	494,198	300,000
	8,511,394	4,095,771

As of December 31, 2006, the Group has bank overdrafts and other credit facilities amounting to RM19.9 million (2005: RM24.4 million) respectively. The credit facilities of the Group bear interest at rates ranging from 4.10% to 8.5% (2005: 4% to 9%) per annum and are obtained by a negative charge over all its assets. The credit facilities of the subsidiary companies from certain banks are guaranteed by the Company.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Foreign Currency Risk

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

The Group monitors its foreign exchange exposure closely.

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of the rate changes on bank borrowings, long-term loans and interest bearing fixed and short-term deposits. The interest rates of bank borrowings, long-term loans and interest bearing fixed and short-term deposits are disclosed in Notes 20, 26 and 29.

Market Risk

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

Cash Flow Risk

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

Fair Values

The carrying amounts and estimated fair values of the Group's and the Company's financial instruments as of December 31, 2006 are as follows:

		The Group		The Company	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Note	RM	RM	RM	RM
Financial Liabilities					
Long-term loans	26	1,911,202	1,940,240	-	-
Hire-purchase payables	25	767,298	763,174	527,620	517,851
Finance lease payables	24	179,873	202,975	-	-

Long-Term Loans

The carrying amount of long-term loans at balance sheet date approximates the fair value based on the current borrowing rates to the Group for similar type of borrowing arrangements.

Hire-Purchase and Finance Lease Payables

The fair values of hire-purchase and finance lease payables are estimated using discounted cash flow analysis based on the effective borrowing rates for similar borrowing arrangements.

Fixed Deposits, Cash and Bank Balances, Bank Borrowings, Trade and Other Receivables, Inter-Company Indebtedness and Trade and Other Payables

The carrying amounts approximate their fair value because of the short-term maturity of these instruments.

31. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Fixed and short-term deposits with licensed banks	7,257,470	16,202,565	7,120,000	15,120,000
Cash and bank balances	2,586,321	1,496,572	576,805	78,105
Bank overdrafts (Note 29)	(950,525)	(683,187)	-	-
Total	8,893,266	17,015,950	7,696,805	15,198,105
Less: Fixed deposits pledged to banks	(157,470)	(152,565)	(20,000)	(20,000)
	8,735,796	16,863,385	7,676,805	15,178,105

32. CAPITAL COMMITMENTS

As of December 31, 2006, the Group has the following capital expenditure in respect of purchase of property, plant and equipment:

	The Group	
	2006	2005
	RM	RM
Approved but not contracted for	-	483,500

33. CONTINGENT LIABILITIES

As of December 31, 2006, the Company has issued corporate guarantees totalling RM8,600,000 (2005: RM 13,700,000) in respect of credit facilities granted by a local licensed bank to its subsidiary company. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary company as of December 31, 2006.

34. EFFECTS ARISING FROM ADOPTION OF FRS 3: BUSINESS COMBINATIONS

As mentioned in Note 2, the effects of the change in accounting policy arising from the adoption of FRS 3: Business Combinations on the financial statements of the Group are as follows:

Effects on Consolidated Balance Sheet as of December 31, 2006

	Before Adoption RM	**FRS 3 Note 2(a) RM**	**After Adoption RM**
Accumulated loss	53,395,767	13,806	53,381,961
Reserve on consolidation	13,806	(13,806)	-

35. SUBSEQUENT EVENTS

Subsequent to the year end:

(a) On February 9, 2007, a subsidiary company, Sin Heng Chan (East Coast) Sdn. Bhd., entered into a sale and purchase agreement to dispose of its entire equity interest of 94.2% in Goldkist Breeding Farms Sdn. Bhd. to a third party for a consideration of RM2,826,007.

(b) On March 1, 2007, the Company completed the acquisition of 4,659,370 ordinary shares of RM1 each representing approximately 51% of the issued and paid up share capital in Urun Plantation Sdn. Bhd. from a third party. As a result, Urun Plantation Sdn. Bhd. became a subsidiary company of the Company. The said acquisition was approved by the shareholders at the Extraordinary General Meeting the Company held on January 18, 2007.

The effect of this acquisition on the financial position of the Group as of March 1, 2007 is as follows:

	RM
Purchase consideration paid in cash	30,600,000
Less: Fair value of net assets acquired	(18,499,154)
Goodwill	12,100,846

Based on the unaudited financial statements of Urun Plantation Sdn. Bhd. as of March 1, 2007, the assets and liabilities acquired are as follows:

	Acquiree's carrying amount RM	**Fair value recognised on acquisition RM**
Plantation land and development expenditure	49,843,147	95,000,000
Property, plant and equipment	1,559,767	1,559,767
Inventories	216,513	216,513
Trade receivables	314,304	314,304
Other receivables	102,748	102,748
Fixed deposits, cash and bank balances	416,949	416,949
Trade payables	(5,283,139)	(5,283,139)
Other payables	(2,931,862)	(2,931,862)
Borrowings	(33,810,622)	(33,810,622)
Amount owing to shareholders	(7,571,025)	(7,571,025)
Deferred tax on revaluation of plantation land	-	(11,740,782)
Net assets	2,856,780	36,272,851
Less: Minority interest		(17,773,697)
Group's share of net assets		18,499,154

(c) On March 27, 2007, the Board of Directors announced the Company is in preliminary stage of discussion with an interested party in respect of the proposed disposal of the Company's interest in the feedmill and poultry breeding business ("Assets"). As part of the process, the interested party has commenced initial due diligence studies on the Assets. However, the terms of the Disposal have not been finalised. As and when the terms of Disposal are firmed up, the Company will make the relevant announcements. As of the date of this report, no further announcement had been made.

Company No. 4690 – V

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **SIN HENG CHAN (MALAYA) BERHAD,** state that in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standard Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as of December 31, 2006 and of their businesses and cash flows for the year ended on that date.

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

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DATO' CHOO KENG WENG

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MOHD SHARIFF BIN SALLEH

Kuala Lumpur
April 25, 2007

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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

____
FREDDIE YONG

Subscribed and solemnly declared by the abovenamed **FREDDIE YONG** at **KUALA LUMPUR** this 25 day of April, 2007.

Before me

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COMMISSIONER FOR OATHS