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**NOTICE IS HEREBY GIVEN THAT** the Thirty-Fourth Annual General Meeting of Yee Lee Corporation Bhd. will be held at Garlet 3, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Tuesday, June 26, 2007 at 11.00 a.m. for the transaction of the following business:

# ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended December 31, 2006 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To declare a first and final dividend of 2 sen tax-exempt and 1 sen less 27% income tax in respect of the financial year ended December 31, 2006. Resolution 2
3. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2006. Resolution 3
4. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and, being eligible, offer themselves for re-election:
  - (i) Chok Hooa @ Chok Yin Fatt Resolution 4
  - (ii) Major (R) Mohd Ramli bin Othman Resolution 5
5. To re-appoint the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 ("the Act") and, to hold office until the conclusion of the next Annual General Meeting ("AGM") of the Company:
  - (i) Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff Resolution 6
  - (ii) Thang Lai Sung Resolution 7
6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 8

# SPECIAL BUSINESS

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

7. Ordinary Resolution 1 – Authority to issue shares pursuant to Section 132D of the Act Resolution 9
 

"THAT pursuant to Section 132D of the Act, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next AGM of the Company 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 ten per cent (10%) of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."
8. Ordinary Resolution 2 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Resolution 10
 

"THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") which are necessary for the Group's day-to-day operations as set out in Section 2.4 of the Circular to Shareholders dated June 4, 2007 subject to the following:



- (i) the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:
  - (a) the type of the recurrent transactions made; and
  - (b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

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

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;
- (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 of the Company in a general meeting;

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may deemed necessary or expedient to give full effect to the Proposed Shareholders' Mandate."

9. Special Resolution 1 – Proposed Alteration to the Articles of Association

Resolution 11

"Resolved that the whole of the Articles of Association of the Company be deleted in its entirety and that new Articles of Association as per Appendix I of the Circular to Shareholders dated June 4, 2007 be adopted."

10. To transact any other business of which due notice shall have been given in accordance with the Act.



**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS ALSO HEREBY GIVEN THAT** a first and final dividend of 2 sen tax-exempt and 1 sen less 27% income tax in respect of the financial year ended December 31, 2006, subject to the approval of the shareholders at the Thirty-Fourth Annual General Meeting will be paid on August 15, 2007 to Depositors whose names appear in the Record of Depositors at the close of business on August 1, 2007.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on August 1, 2007 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**OOI GUAT EE**  
**CHIANG SUE MAI**  
Company Secretaries

Ipoh, Perak Darul Ridzuan  
June 4, 2007

**Notes:**

**1. Appointment of Proxy**

- (i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (iv) 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.
- (v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.

**2. Explanatory Notes on Special Business**

- (i) The Ordinary Resolution 9, if passed, will empower the Directors to issue and allot shares in the Company for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.
- (ii) The Ordinary Resolution 10, if passed, will authorise the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business.
- (iii) The Special Resolution 11, if approved, will give effect for the alteration of the Articles of Association.

Please refer to the Circular to Shareholders dated June 4, 2007 for further information on Resolutions 10 and 11.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

### 1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 34<sup>TH</sup> ANNUAL GENERAL MEETING

The Directors retiring by rotation in accordance with Article 80 of the Company's Articles of Association and seeking re-election are as follows:

- (i) Chok Hooa @ Chok Yin Fatt
- (ii) Major (R) Mohd Ramli bin Othman

The Directors retiring in accordance with Section 129 of the Companies Act, 1965 and seeking re-appointment are as follows:

- (i) Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff
- (ii) Thang Lai Sung

The details of the above Directors standing for re-election and re-appointment are set out in their respective Directors' Profile on pages 8 to 10 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings on page 94 of this Annual Report.

### 2. BOARD MEETINGS HELD IN THE FINANCIAL YEAR ENDED DECEMBER 31, 2006

There were four Board Meetings held during the financial year ended December 31, 2006. The details of attendance of the Directors at the Board Meetings are as follows:

Directors	Attendance	Percentage
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4	100%
Dato' Lim A Heng @ Lim Kok Cheong	4/4	100%
Thang Lai Sung	4/4	100%
Chok Hooa @ Chok Yin Fatt	4/4	100%
Lim Ee Young	4/4	100%
Mohd Adhan bin Kechik	4/4	100%
Lee Kee Hong	4/4	100%
Major (R) Mohd Ramli bin Othman	4/4	100%

### 3. THIRTY-FOURTH ANNUAL GENERAL MEETING OF THE COMPANY

Date	Time	Venue
June 26, 2007	11.00 a.m.	Garlet 3, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan.



## BOARD OF DIRECTORS

*Independent Non-Executive Chairman*

**Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff**  
DSPN, JSM, DJN, SMS, KMN, PPT, PJK

*Deputy Chairman and Group Managing Director*

**Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP**

*Executive Directors*

**Thang Lai Sung**  
**Chok Hooa @ Chok Yin Fatt, PMP**  
**Lim Ee Young**

*Independent Non-Executive Directors*

**Mohd Adhan bin Kechik, SMK**  
**Lee Kee Hong**  
**Major (R) Mohd Ramli bin Othman**

## AUDIT COMMITTEE

*Chairman*

**Mohd Adhan bin Kechik**

*Members*

**Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff**  
**Major (R) Mohd Ramli bin Othman**  
**Chok Hooa @ Chok Yin Fatt**

## NOMINATION COMMITTEE

*Chairman*

**Lee Kee Hong**

*Members*

**Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff**  
**Mohd Adhan bin Kechik**

## REMUNERATION COMMITTEE

*Chairman*

**Chok Hooa @ Chok Yin Fatt**

*Members*

**Mohd Adhan bin Kechik**  
**Lee Kee Hong**

## EXECUTIVE SHARE OPTION SCHEME COMMITTEE

*Chairman*

**Lim Ee Young**

*Members*

**Chok Hooa @ Chok Yin Fatt**  
**Lee Kee Hong**

## COMPANY SECRETARIES

**Ooi Guat Ee (MIA 8042)**  
**Chiang Sue Mai (MAICSA 7031742)**

## REGISTERED OFFICE

Lot 85, Jalan Portland, Tasek Industrial Estate,  
31400 Ipoh, Perak Darul Ridzuan.

Telephone number : 05-2911055, 05-2912055

Facsimile number : 05-2919962, 05-2910862

E-mail : [info@yeelee.com.my](mailto:info@yeelee.com.my)

Website : [www.yeelee.com.my](http://www.yeelee.com.my)

## SHARE REGISTRARS

**Sectrars Services Sdn. Bhd.**

28-1, Jalan Tun Sambanthan 3, Brickfields,  
50470 Kuala Lumpur.

Telephone number : 03-22746133

Facsimile number : 03-22741016

## AUDITORS

**Deloitte KassimChan**

**Chartered Accountants**

87, Jalan Sultan Abdul Jalil,  
30450 Ipoh, Perak Darul Ridzuan.

Telephone number : 05-2531358

Facsimile number : 05-2530090

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

Stock Code : 5584

Stock Name : YEELEE

## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

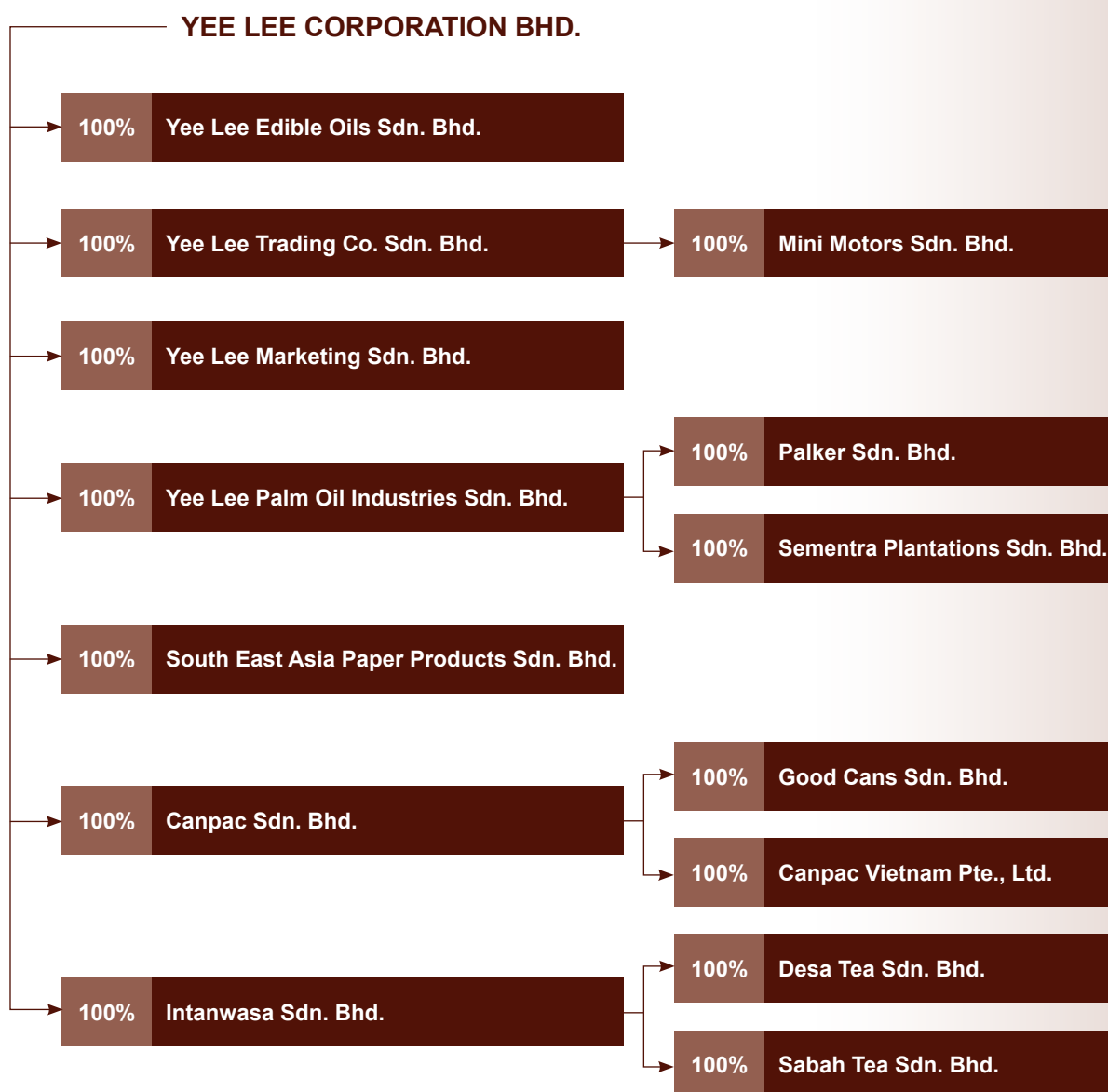
RHB Bank Berhad

CIMB Bank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad







**Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, DSPN, JSM, DJN, SMS, KMN, PPT, PJK**  
*Independent Non-Executive Chairman*

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, aged 71, a Malaysian, was appointed to the Board on March 2, 1993. He qualified as a professional Chartered Town Planner in 1964 and as a professional Landscape Architect in 1973 from University of Newcastle-upon-Tyne, England. He was honoured by the University of Newcastle-upon-Tyne, England with the Honorary Degree of Doctor in Civil Law in May 1993.

He served in various State Governments and was the Director-General of the Department of Town and Country Planning from 1986 to 1993. He is a Fellow of the Royal Town Planning Institute London, Fellow of Malaysian Institute of Planners and Fellow of Institute of Landscape Architects Malaysia.

He currently sits on the boards of other public companies within Public Bank Berhad Group, namely Public Bank Berhad, Public Merchant Bank Berhad, Public Mutual Berhad and Public Investment Bank Berhad. He is also a director of Faber Group Berhad, a member of the Audit Committee and the Nomination Committee of Yee Lee Corporation Bhd.

**Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP**  
*Deputy Chairman and Group Managing Director*

Dato' Lim Kok Cheong, aged 62, a Malaysian, was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 38 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the Presidents of Perak Chinese Chamber of Commerce and Industry, Malaysian-China Chamber of Commerce, Perak Branch, Perak Hock Kean Association and Perak Basketball Association. He is also the Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Vice-President of Malaysian Basketball Association and Chairman of Poi Lam High School (Suwa), a director of Hoklian Holdings Bhd. and the Chairman of Spritzer Bhd. and Yee Lee Organization Bhd.

He is the father of Lim Ee Young, a director of the Company and the spouse of Datin Chua Shok Tim @ Chua Siok Hoon. He is also a director and major shareholder of Yee Lee Organization Bhd. Both Datin Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

**Thang Lai Sung**  
*Executive Director*

Thang Lai Sung, aged 69, a Malaysian, was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 35 years of experience in the edible oils industry, having managed his own business in edible oils retailing for ten years from 1965 to 1974. He is actively involved in social and community services. Presently, he is in charge of the general affairs of Yee Lee Group.

He is the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years, Vice President of Perak Basketball Association, Secretary-General of Perak Chinese Chamber of Commerce and Industry, Treasurer of Perak Chinese Badminton Association, Welfare Officer of Perak Han Kang Kong Hoey and a director of Yee Lee Organization Bhd.

**Chok Hooa @ Chok Yin Fatt, PMP***Executive Director*

Chok Yin Fatt, aged 60, a Malaysian, was appointed to the Board on April 30, 1990, graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

He has extensive experience in the field of financial management, accounting and corporate secretarial functions. He was attached to UAC Berhad from 1974 to 1982. In 1982, he joined Yee Lee Corporation Bhd. as Chief Accountant and was promoted to the Board as Executive Director in 1990.

He is a director of OKA Corporation Bhd., Spritzer Bhd. and Yee Lee Organization Bhd., the Chairman of the Remuneration Committee and a member of the Audit Committee and the Executive Share Option Scheme Committee of Yee Lee Corporation Bhd.

**Lim Ee Young***Executive Director*

Lim Ee Young, aged 35, a Malaysian, was appointed to the Board on December 3, 2002. He graduated with a Bachelor of Business (Accounting) from University of Ballarat, Australia and Master of Business Administration from University of Bath, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants and a member of CPA Australia.

He joined Yee Lee Corporation Bhd. as a Management Trainee in 1993. Since 1993 until to date, he has been involved in the accounts, marketing and administration functions of Yee Lee Group. He is presently involved in the management of several related companies and business expansion projects.

He is the Chairman of the Executive Share Option Scheme Committee of Yee Lee Corporation Bhd.

He is the son of Dato' Lim Kok Cheong, a member of the Board and Datin Chua Shok Tim @ Chua Siok Hoon. He is also a director and shareholder of Yee Lee Organization Bhd. Both Datin Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

**Mohd Adhan bin Kechik, SMK***Independent Non-Executive Director*

Mohd Adhan bin Kechik, aged 51, a Malaysian, was appointed to the Board on March 2, 1993, graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya. He is a lawyer by profession. Currently, he is practising as a partner at Messrs. Adhan & Yap in Kuala Lumpur. Prior to setting up his own private practice in Kota Bharu, Kelantan in 1984, he was attached to the Legal and Judicial Department for five years serving in the Magistrate Court, High Court, Public Trustee's office and Attorney General's office before being appointed the Legal Adviser to the Ministry of Transport in 1983. He also served the State Government of Kelantan for four years as Menteri Besar's political secretary from 1986 to 1990 and was elected the State Assemblyman of Kelantan for Kemahang from 1995 to 1999. Presently, he is the State Assemblyman of Kelantan for Bukit Bunga.

He is a director of Spritzer Bhd., the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of Yee Lee Corporation Bhd.

**Lee Kee Hong***Independent Non-Executive Director*

Lee Kee Hong, aged 59, a Malaysian, was appointed to the Board on March 2, 1993. He was involved in the senior management of several public listed companies between 1970 and 1990. Currently, he runs his own private business.

He is the Chairman of the Nomination Committee and a member of the Remuneration Committee and the Executive Share Option Scheme Committee of Yee Lee Corporation Bhd.

**Major (R) Mohd Ramli bin Othman***Independent Non-Executive Director*

Major (R) Mohd Ramli bin Othman, aged 51, a Malaysian, was appointed to the Board on November 20, 2003, graduated with a Bachelor of Arts Degree in Political Science from Pakistan Military Academy and obtained his LLB Hons from MARA University of Technology in 1990 and Master in Business Administration from University of Wales, Cardiff in 1998.

He served the Malaysian Armed Forces in the Infantry Corps from 1974 to 1984 and joined the Military Legal Service, served as Prosecutor, Defending Officer and Judge Advocate from 1987 to 1991. He then joined the Malaysian Legal and Judicial Service in 1991 and served as Federal Counsel, Deputy Public Prosecutor and Legal Adviser from 1991 to 1999. Currently, he is employed as the Chief Executive Officer of TH Travel & Services Sdn. Bhd., a wholly-owned subsidiary of Lembaga Tabung Haji.

He is a member of the Audit Committee of Yee Lee Corporation Bhd.

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**Note:**

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and have not been convicted of any offences within the past ten years other than traffic offences. Other than the permitted recurrent related party transactions as disclosed in the Circular to Shareholders on Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, none of the Directors have any conflict of interest with the Company.



## COMPOSITION

The Audit Committee comprises four Directors, out of whom three Directors including the Chairman, are Independent Non-Executive Directors. They are as follows:

### Chairman

Mohd Adhan bin Kechik  
*Independent Non-Executive Director*

### Members

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff  
Major (R) Mohd Ramli bin Othman  
*Independent Non-Executive Directors*

Chok Hooa @ Chok Yin Fatt  
*Executive Director*

## TERMS OF REFERENCE

### Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of no less than three members, comprising a majority of independent non-executive directors. At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience; and
  - (a) he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - (b) he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
- (iii) must have a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
- (iv) must have at least seven years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

Chok Hooa @ Chok Yin Fatt is a Chartered Accountant of the Malaysian Institute of Accountants and a member of CPA Australia and the Malaysian Institute of Certified Public Accountants. The Company is therefore in compliance with Paragraph 15.10(1)(c)(i) of the Listing Requirements of Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Audit Committee.

All members of the Audit Committee including the Chairman will hold office only as long as they serve as directors of the Company. Should any member of the Audit Committee cease to be a director of the Company, his membership in the Audit Committee would cease forthwith.

The members of the Audit Committee shall elect a Chairman from amongst their number who is an independent director.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three years, to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.



If a member of the Audit Committee ceases to be a member resulting in the number being reduced to less than three, the Board shall within three months of that event, appoint such new members to make up the minimum number.

### **Authority**

The Audit Committee shall have the authority to:

- (i) obtain the necessary resources required to perform its duties.
- (ii) unrestricted access to any information and documents relevant to its activities.
- (iii) investigate into any activities within its terms of reference. It is authorised by the Board to seek any information it requires from any employee and all employees are directed to co-operate on any request made by the Audit Committee.
- (iv) have direct communication channels with the external auditors and internal auditors. They shall be empowered to convene meetings with the external auditors, without the presence of the executive members of the Audit Committee, whenever deemed necessary.
- (v) seek independent professional advice as it considers necessary.

### **Duties and Responsibilities**

The Audit Committee shall review and, where applicable, report to the Board of Directors on the following matters:

- (i) **Financial Reporting**  
Review and recommend the quarterly results and year end financial statements of the Company and of the Group prior to the approval by the Board of Directors, focusing particularly on the following issues:
  - changes in or implementation of major accounting policies and practices;
  - significant adjustments and unusual events; and
  - compliance with accounting standards and other legal requirements.
- (ii) **Internal Audit**
  - review the adequacy of the scope, functions and resources of the internal audit functions.
  - review the internal audit plan and their audit report.
- (iii) **External Audit**
  - review with the external auditors, the audit plans, scope of audit and to evaluate the audited financial statements before recommending for Board of Directors' approval.
  - review with the external auditors, their evaluation of the system of internal controls.
  - review the performance of the external auditors and make recommendation to the Board on their appointment and remuneration.
- (iv) **Related Party Transactions**
  - review any related party transactions and conflict of interest situation that may arise within the Group.
- (v) **Other Matters**
  - perform any other functions as the Audit Committee considers appropriate or as authorised by the Board.





## Meetings

The Audit Committee shall meet at least four times annually and additional meetings may be called at any time at the Chairman's discretion. An agenda shall be sent to all members of the Committee and any persons that may be invited to attend. The External and Internal Auditors and other members of senior management will be invited to attend these meetings upon invitation by the Chairman of the Audit Committee. The quorum for any meeting shall consist of two members and a majority of members present must be independent directors. The Company Secretary shall record, prepare and circulate the minutes of the meetings and ensure that the minutes are properly kept.

The Audit Committee has held four meetings during the financial year ended December 31, 2006. Their attendance are as follows:

Members	Attendance
Mohd Adhan bin Kechik	4/4
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4
Major (R) Mohd Ramli bin Othman	4/4
Chok Hooa @ Chok Yin Fatt	4/4

## SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out the following activities:

- (i) reviewed and deliberated on the Annual Audit Plan prepared by the internal and external auditors.
- (ii) reviewed the internal auditors' report and external auditors' financial statements and considered the major findings by the auditors and management responses thereto.
- (iii) reviewed the Audit Planning Memorandum of the external auditors prior to the commencement of their engagement.
- (iv) reviewed the unaudited quarterly financial results and audited financial statements of the Company and of the Group prior to the submission to the Board of Directors for approval.
- (v) reviewed the recurrent related party transactions entered into by the Company and the Group to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

In line with the developments made in the Enterprise Risk Management, the Internal Audit Department ("IAD") adopts a risk-based approach, and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The IAD would conduct activities in accordance with its annual internal audit plan and also undertakes special "ad hoc" audit assignments as requested by the Senior Management from time to time. Its audit functions include:-

- providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control systems;
- independent assessment and systematic review of the operational efficiency of the Group members;
- identifying and evaluating potential risk areas;
- assessing the reliability of systems and the reported information; and
- ensuring compliance with the Group's policies/guidelines and with legislation.

During the year, the IAD had performed its roles with impartiality, proficiency and due professional care. The scope of audit encompassed assets management, cash collections and disbursements, credit policy, inventory, purchasing and sales, operations, internal quality pertaining to ISO 9001:2000 compliance and HACCP audit. The Management is responsible for ensuring that corrective actions are taken to overcome the reported weaknesses within an appropriate time frame. Audit reports incorporating the audit findings and recommendations for corrective actions on systems and control weaknesses are presented to the management concerned, and thereafter to the Audit Committee for appraisal and review.



The Board of Directors supports high standards of corporate governance and is committed in ensuring that the Best Practices set out in the Malaysian Code on Corporate Governance (the “Code”) is being fully applied as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value.

Set out below are the corporate governance principles and practices that were applied during the financial year ended December 31, 2006.

## **BOARD OF DIRECTORS**

### **Composition**

The Board of Directors presently has eight members comprising of the following:

- Chairman
- Deputy Chairman and Group Managing Director
- Three Executive Directors
- Three Independent Non-Executive Directors

The profile of each Director is presented on pages 8 to 10 of this Annual Report.

The Directors are equally accountable under the law for the proper handling of the Group’s affairs. All Directors are from diverse professional background with a range of knowledge and experience vital towards the effective leadership and continued success of the Group.

### **Board Balance**

The Board meetings are presided by the Chairman. There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director has the overall responsibilities over organisational effectiveness and the implementation of Board policies and decisions.

The Executive Directors are generally responsible for making and implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. Together with the Non-Executive Directors, their presence ensure that issues of strategies, performance and resources proposed by the management are objectively evaluated with their judgement.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.





## Board Meetings

The Board has committed to meet at least four times a year, usually before the announcement of quarterly results to Bursa Malaysia Securities Berhad, with additional meetings convened when necessary. During the financial year ended December 31, 2006, four Board Meetings were held and the record of attendance is shown below:

Directors	Attendance
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Thang Lai Sung	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Lim Ee Young	4/4
Mohd Adhan bin Kechik	4/4
Lee Kee Hong	4/4
Major (R) Mohd Ramli bin Othman	4/4

## Supply of Information

The Board is provided with an agenda, reports and other relevant information prior to Board Meetings, covering various aspects of the Group's operations. This is issued on a timely manner to enable the Board to participate actively in the overall management of the Company and to effectively discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries to assist them in carrying out their duties.

## Directors' Training

All the Directors have completed the Mandatory Accreditation Programme ("MAP") and attended various training programmes under the Continuing Education Programme ("CEP") for Directors pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board acknowledges that continuous education is vital in keeping them abreast with developments in the market place and with new statutory and regulatory requirements, besides enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

The training programmes and seminars attended by the Directors in year 2006 are on areas relating to auditing and accounting, risk management, rules and regulations and science and technology.

## Re-election and Appointments of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by shareholders at the first Annual General Meeting after their appointments. The Articles also provide that one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided always that all Directors including Managing Director shall retire from office once at least in each three years but shall be eligible for re-election.

Directors who are of or over the age of seventy years shall retire annually at the conclusion of the next Annual General Meeting unless they are re-appointed as Directors in accordance with Section 129(6) of the Companies Act, 1965. Presently, there are two Directors of the Company, Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff and Thang Lai Sung who are subject to such retirement and re-appointment.

The Board has empowered the Nomination Committee to consider and make recommendations to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board.

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that Directors undergo an orientation programme to familiarise themselves with the Group's business, which include visits to the Group's various offices and factory premises and meetings with senior management. This is to facilitate their understanding of the Group's activities and to assist them in effectively discharging their duties.

**DIRECTORS' REMUNERATION**

The remuneration received by the Directors from the Group and the Company for the financial year under review are as follows:

	<b>Salaries RM'000</b>	<b>Fees RM'000</b>	<b>Bonus RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Executive Directors	972	49	150	52	1,223
Non-Executive Directors	-	34	-	31	65

Directors' remuneration are broadly categorised into the following bands:

<b>Range of remuneration</b>	<b>Number of Directors</b>	
	<b>Executive Directors</b>	<b>Non-Executive Directors</b>
RM1 to RM50,000	-	4
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM300,001 to RM350,000	1	-
RM450,001 to RM500,000	1	-

The fees payable to Directors are subject to the approval of shareholders.

**BOARD COMMITTEES**

The following Committees have been established to assist the Board in discharging its responsibilities:

**(i) Audit Committee**

The Audit Committee consists of four members with a majority of Independent Non-Executive Directors. Its composition and terms of reference are set out on pages 11 to 13 of this Annual Report.

**(ii) Nomination Committee**

The Nomination Committee has three members comprising exclusively Non-Executive Directors, all of whom are independent directors.

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board in reviewing the required mix of skills and experience of the Directors.

**(iii) Remuneration Committee**

The Remuneration Committee has three members comprising two Independent Non-Executive Directors and one Executive Director.

The Remuneration Committee is responsible for setting the policy framework and makes recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration.



**(iv) Executive Share Option Scheme (“ESOS”) Committee**

The ESOS Committee has three members comprising one Independent Non-Executive Director and two Executive Directors. The ESOS Committee administers the scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

The ESOS has lapsed on March 17, 2007 and there was no recommendation from the ESOS Committee to renew the scheme for a further 5 years.

**SHAREHOLDERS**

**Dialogue between the Company and Investors**

Shareholders are kept well informed of the development and performance of the Group through annual reports, press release, quarterly results and other announcements to Bursa Malaysia Securities Berhad. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Group.

The Company values dialogues with its shareholders, potential investors, institutional investors and analyst and is willing to meet up with anyone to explain or clarify any information disclosed in its Annual Report or announcements released to Bursa Malaysia Securities Berhad. The Board has identified Y.B. Mohd Adhan bin Kechik, an Independent Non-Executive Director, to whom any concern may be conveyed. Shareholders may also contact the Company Secretaries for information at all times.

**General Meetings**

Notices of Annual and Extraordinary General Meetings of the Company are distributed to shareholders within a reasonable and sufficient time frame. Adequate time is given during the general meetings to allow shareholders to seek clarifications or ask questions on pertinent and relevant matters.

**ACCOUNTABILITY AND AUDIT**

**Financial Reporting**

The Board aims to present a balanced, clear and meaningful assessment of the Company’s and the Group’s financial positions and prospects in all their reports to shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman’s Statement and Annual Audited Financial Statements.

The quarterly results announcements reflect the Board’s commitment to give regular updated assessments on the Company’s and the Group’s performance.

**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 20 of this Annual Report.

### **Relationship with Auditors**

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the auditors, both internal and external. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

### **COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE**

The Group has complied with the Best Practices of Corporate Governance as set out in the Code throughout the financial year ended December 31, 2006 and implemented the enterprise risk management system at various subsidiary companies. The Board is satisfied that any risks arising from its business operations during the financial year were adequately addressed with its system of internal control in place.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are required by the Act to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and the results of their businesses and cash flows for that year. The Directors consider that in preparing the financial statements for the financial year ended December 31, 2006, the Group has adopted applicable approved accounting standards in Malaysia, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the state of affairs, results and the cash flows of the Company and of the Group to enable them to ensure that the financial statements are drawn up in accordance with the provisions of the Act. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.



The following information is provided in accordance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

**1. Utilisation of Proceeds raised from Corporate Proposals**

The Company did not raise any funds from any corporate proposals during the financial year ended December 31, 2006.

**2. Share Buy-Back**

No share buy-back scheme was in place during the financial year ended December 31, 2006.

**3. Options, Warrants or Convertible Securities**

Yee Lee Corporation Bhd. Executive Share Option Scheme was launched on March 18, 2002. The details of options exercised/lapsed during the financial year 2006 are disclosed in the Directors' Report on page 27 of the Financial Statements.

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

**4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")**

During the financial year ended December 31, 2006, the Company did not sponsor any ADR or GDR Programme.

**5. Sanctions and/or Penalties**

There were no material sanctions or penalties imposed on the Company and its subsidiary companies, directors or management by the regulatory bodies during the financial year ended December 31, 2006.

**6. Variation in Results**

There was no variance between the financial results in the Annual Audited Financial Statements 2006 and the unaudited financial results for the year ended December 31, 2006.

**7. Profit Guarantee**

There was no profit guarantee given by the Company during the financial year ended December 31, 2006.

**8. Material Contracts**

There were no material contracts outside the ordinary course of business which have been entered into by the Group involving the interest of directors and major shareholders, either still subsisting at the end of the financial year ended December 31, 2006 or entered into since the end of the previous financial year.

**9. Contracts relating to Loans**

There were no contracts relating to loans made by the Company during the financial year ended December 31, 2006.

**10. Revaluation Policy**

There was no revaluation of landed properties during the financial year ended December 31, 2006.

### **Introduction**

The Malaysia Code on Corporate Governance required listed companies to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. Pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors of Yee Lee Corporation Bhd. is pleased to make the following statement on the scope and nature of internal control of the Group for the financial year ended December 31, 2006.

### **Board Responsibilities**

The Board of Directors acknowledges the importance in maintaining sound internal controls and effective risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, it should be noted that such systems can only provide reasonable but not absolute assurance against material errors, fraud or losses. The internal control system is thus designed to manage rather than to eliminate the risk of failure in achieving the Group's business objectives.

### **Enterprise Risk Management Framework**

The Group's Risk Management Advisory Committee, comprising members of senior management, was established in 2006. The Risk Management Department has developed a Risk Management Policy and Framework which forms an integral part of good management practice for the Group. This aims to ensure that structured and consistent approaches are practised and to gain strategic competitive advantage from its risk management capabilities. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. All employees are encouraged to identify weaknesses as to improve efficiency and effectiveness within the Group.

The Group's risk management framework provides for regular review and reporting. The Department Heads are responsible for promoting and managing both the risk management and control systems within their department. All material risks are identified, analysed, treated, monitored and reported. The reports include an assessment of the degree of risk, an evaluation of the effectiveness of the controls in place and the requirements for further controls. The key risks are reviewed by the Risk Assessor and the summary of significant risks is discussed during the management meetings.

With the implementation of risk management, the Group aims to achieve continued profitability and sustainable growth in the shareholders' value. Continuous enhancements of the structure and capabilities within the integrated risk management framework are carried out to improve the operational performance of the Group. This will also help to optimise the use of capital resources while ensuring compliance with the regulatory requirements.

### **Internal Audit Function**

The Group has an Internal Audit Department ("IAD") which conducts regular internal audit visits to business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. The Group's IAD reports to the Audit Committee on risk and control matters of significance that could adversely affect the Group's financial position or reputation. The internal audit function will provide the Board with an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business processes and in controlling the proper conduct of business within the Group.





**Review of Effectiveness**

The Board is committed towards improving the system of internal controls within the Group to meet its corporate objectives. It has taken the necessary steps to ensure that the Group's internal control system remain adequate and intact for the assets to be adequately safeguarded through the prevention and detection of fraud, other irregularities and material misstatements.

The Board is of the view that the present system of internal controls is sufficient for its business operations and is able to safeguard the Group's interest. It is also satisfied that the risks taken are at an acceptable level and within the context of the business environment of the Group.

**Review of the Statement by External Auditors**

The External Auditors have reviewed and affirmed this Internal Control Statement for its inclusion in the Annual Report of the Group for the financial year ended December 31, 2006 in line with Paragraph 15.24 of the Listing Requirements.

# Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Yee Lee Corporation Bhd. for the financial year ended December 31, 2006.

## FINANCIAL PERFORMANCE

For the financial year ended December 31, 2006, the Group's revenue increased by 13.9% from RM371.62 million in 2005 to RM423.35 million this year. The Group pre-tax profit was marginally higher by 3.2% from RM5.29 million in 2005 to RM5.46 million this year. As a result of higher tax expense, the Group's profit attributable to shareholders decreased by 24.4% from RM4.37 million to RM3.30 million. Hence earnings per share decreased from 6.97 sen in 2005 to 5.27 sen this year.



Yee Lee booth design at the Expo Cintai Malaysia 2006.

## DIVIDENDS

The directors are pleased to recommend a first and final dividend of 2 sen per share, tax-exempt and 1 sen per share, less tax (2005: 2 sen per share, tax-exempt and 1 sen per share, less tax) for the year ended December 31, 2006. The dividend, if approved, will be paid on August 15, 2007.

## REVIEW OF OPERATIONS

### *The Company*

The Company registered higher revenue of RM2.60 million in this year arising from higher dividend received from its associated company. However the pre-tax profit decreased from RM1.13 million in 2005 to RM0.43 million this year mainly due to the allowance for diminution in value of unquoted investment amounting to RM1.85 million.

### *The Subsidiary Companies*

#### *Yee Lee Edible Oils Sdn. Bhd. ("YLEO")*

In year 2006, YLEO continued to operate in a competitive and challenging environment with the crude palm oil (CPO) price above RM2,000 per MT. With higher export sales and increase in selling price, YLEO achieved a 3.0% increase in revenue from RM112.10 million in 2005 to RM115.50 million this year. YLEO was awarded the HACCP certification by the Ministry of Health in June 2006. With this certification, YLEO will be able to expand its export market to boost its sales. The steep increase in CPO price in mid November 2006 coupled with the imposition of the ceiling price by the Government since 1997 had eroded YLEO's profit margin especially in the last quarter of year 2006. On the positive side, YLEO benefited from the high stock holding in anticipation of further increases in CPO price. As a result, YLEO's pre-tax profit increased by 19.0% to RM0.66 million.

#### *Yee Lee Palm Oil Industries Sdn. Bhd. ("YLPOI")*

YLPOI recorded a sales growth of 6.7% this year as a result of higher fresh fruit bunches ("FFB") being processed coupled with the increase in CPO price. Despite the increase in revenue, YLPOI still incurred losses mainly due to the substantial decrease in palm kernel price by 11.3% from average of RM1,039 per MT in 2005 to RM922 per MT as a consequence of lower lauric oil prices. The lower oil extraction rate ("OER") for CPO has also affected their bottom line. YLPOI will continue to emphasis on stringent grading criteria and selection of FFB suppliers in order to improve on its OER.



**South East Asia Paper Products Sdn. Bhd. ("SEAPP")**

The corrugated carton industry environment has not been changed. An oversupply situation still dominates the industry and this has resulted in fierce price competition. Despite the increase in raw materials cost as well as fuel and utilities cost, competitors continued to compete in price to gain market share. This has prevented SEAPP from passing on all cost increase to its customers. As a result, SEAPP's pre-tax profit decreased by 22.3% to RM0.24 million despite an increase in revenue by 1.8%. In order to improve on its profit margin, SEAPP will continue to emphasise on cost control and production efficiency to mitigate the impact of cost increase. On the positive side, following the further price increase of Industrial Brown Grade Paper, The Malaysian Corrugated Carton Manufacturers' Association had announced on January 2007 that the price of corrugated carton will be increased by 15.0% with immediate effect. This will enable corrugated carton manufacturers to pass on a portion of the cost increase to their customers.



Yee Lee management celebrating the HACCP award achievement during a press conference in August 2006. Yee Lee Edible Oils Sdn Bhd was awarded with the International Food Safety Standard, Hazard Analysis and Critical Control Point (HACCP) certification by the Ministry of Health Malaysia in June 2006.

CP's foreign subsidiary, Canpac Vietnam Pte., Ltd. ("CPV") had been progressing well since its commencement of business operation in year 2005. Revenue grew by 229.1% while pre-tax profit increased by 595.2% from RM0.22 million in 2005 to RM1.53 million. In order to cope with the local demand, a production line was relocated from CP to CPV. The additional production capacity will enable CPV to penetrate new market segment such as gas and spray cans. Looking at CPV sales growth rate, it will continue to contribute favourably to the Group's profitability.

**Yee Lee Trading Co. Sdn. Bhd. ("YLT")**

Spritzer has again won the Reader's Digest Trusted Brand Platinum Award 2007 for 9 consecutive years, while the Helang brand of cooking oil won the Reader's Digest Trusted Brand Gold Award 2006. Both awards show the consumers' confidence towards our products. Together with other new agency products such as Campbell, 3M and Sara Lee range of products, YLT achieved a 7.3% sales growth from RM165.72 million in 2005 to RM177.87 million this year. The delivery of P&G products to petrol kiosks also paved the way towards a new market segment for YLT to boost its sales.

**Canpac Sdn. Bhd. ("CP")**

Despite stiff competition, CP achieved a 10.9% increase in revenue from RM64.73 million in 2005 to RM71.81 million this year. However profit margin was lower due to competition among aerosol can manufacturers coupled with the increase in raw materials cost. As a result, CP managed to maintain its pre-tax profit at RM5.45 million. During the year, CP has set up a new warehouse in Johore Bahru to capture more market share while providing better services to its existing customers in this area. CP will remain focused on expanding its overseas market, enhancing its products range and enforcing more stringent cost control to increase its profitability.



Red Eagle Hua Tiao Jiu is another popular product from Yee Lee. It is a rice wine made from glutinous rice, wheat yeast and water from the Jian Lake, China and serves as a tasty addition to many Asian dishes, especially seafood.



Yee Lee's new Sunlico cooking spray was launched in 2006. Sunlico cooking spray is an innovative, convenient and healthy choice for various cooking methods such as stir-frying, sauteing, baking, microwave cooking, grilling and as a salad dressing.

In year 2006, YLT's pre-tax profit improved by 565.4%. The significant increase in pre-tax profit was mainly due to gain on disposal of properties which amounted to RM1.00 million. During the year, YLT has strengthened its staff force and expanded its warehouse and distribution channel to provide wider coverage and better service to its customers.

#### **Yee Lee Marketing Sdn. Bhd. ("YLM")**

YLM achieved a remarkable sales growth of 43.2% from RM56.74 million in 2005 to RM81.28 million this year. The tremendous growth was contributed by the new laundry and Gillette business coupled with the aggressive marketing strategies undertaken by YLM. As a result, YLM's pre-tax profit increased by 54.9% from RM0.71 million to RM1.10 million. With various promotional activities in the pipeline and planned expansion of their warehouses, YLM is confident to achieve another year of double digit sales growth.

#### **Sementra Plantations Sdn. Bhd. ("SP")**

SP which is involved in oil palm plantation has benefited from the increase in CPO price. Revenue grew by 6.1% in 2006 while pre-tax profit increased by 61.9% from RM0.21 million in 2005 to RM0.34 million this year. The use of bunch ash as fertiliser which reduced the fertilising cost has also contributed to the increase in pre-tax profit. SP will continue to improve on its yield per hectare in order to increase its revenue and profitability.

#### **Desa Tea Sdn. Bhd. ("DT")**

DT continued to suffer losses due to insufficient sales arising from fierce competition among tea manufacturers. However, for the financial year ended December 31, 2006, DT recorded a lower pre-tax loss of RM0.69 million as compared to RM0.95 million in 2005. The lower pre-tax loss was mainly due to increase in revenue and better control of operating cost. During the year, DT has successfully captured new market segments by way of contract packing for customers. It also managed to list its products, Sabah Tea, Rainforest Tea and Borneo Rainforest Organic Tea into ThreeSixty Supermarket, an organic and health food supermarket in Hong Kong. This listing has enabled DT to expand its export sales. In December 2006, DT was awarded Good Agricultural Practice for compliance with stringent agricultural standards by the Ministry of Agriculture. Beside this, DT has signed a Memorandum of Understanding with Institute for Development Studies (Sabah) for Persicaria Odoratum (Kesum) Development Project in DT plantation. Kesum is an herb whose leaves are commonly used in Southeast Asian cooking. It is also used to treat indigestion, swellings and acne. Kesum oil is a potential source of natural aroma chemical known as aliphatic aldehydes and it has potential applications in



Cooking demonstration during a Red Eagle cooking oil Road Show held at Leisure Mall, Kuala Lumpur.

flavours and fragrance compounds. If successful, the project will enable DT to venture into new products.

#### **Sabah Tea Sdn. Bhd. ("ST")**

ST finally turned around in year 2006 with marginal pre-tax profit of RM0.02 million as compared to a pre-tax loss of RM0.11 million in



Cooking contest jointly organised by Yee Lee and Kwong Wah Jit Poh. Judges from Yee Lee and Kwong Wah Jit Poh tasting the dishes cooked by the finalists.

year 2005. The better performance was due to increase in revenue by 105.6%. During the year, ST has aggressively introduced new tour packages and souvenir gift pack to increase its revenue. So far the result is very encouraging as various Tourism Institutes have started to send their students to ST for their nature tourism course. The number of visitors to ST has increased by 23.8% to 5,136. ST will continue to organise more events in 2007 to attract more visitors and create awareness of their Sabah Tea Garden. As part of the development of tourism attraction, ST has set up a Borneo Herbs Garden as a 1-stop centre for herbs to attract visitors who are keen to learn more about various herbs that are available in Sabah.

#### **Mini Motors Sdn. Bhd. ("MM")**

MM continued to earn rental income on its premises in Kedah. It maintained its profitability in year 2006.

#### **Palker Sdn. Bhd. ("PK")**

PK recorded a pre-tax loss of RM0.13 million as compared to RM0.06 million in the preceding year mainly due to inventories written off during the year. PK will continue to implement cost control measures to reduce its operating cost in order to turnaround in year 2007.

#### **Future Prospects**

With strong export demands and the positive effects of biodiesel, the CPO sentiments are expected to remain bullish. Due to the high CPO prices and the

imposition of the ceiling retail prices since 1997, the profit margin for palm based cooking oil will be severely affected. As at the date of this report, the CPO price had already breached the RM2,300 per MT level. At this level, palm based cooking oil manufacturers will not be able to cover their cost if based on the preset Government's ceiling price. However, the Government has recently agreed to subsidise palm based cooking oil manufacturers commencing January 2007. The details of the subsidy scheme have yet to be finalised.

The Group will continue to focus on cost control, productivity and efficiency to improve on its profitability. The performance of the aerosol can plant in Vietnam is very encouraging and is expected to contribute positively to the Group's profitability. The Group has progressively expanded and upgraded its distribution divisions' warehousing facilities in order to capture more products distributorships to increase its revenue and profitability.

In view of the foregoing, the Directors anticipate that barring any unforeseen and adverse circumstances, the Group will perform satisfactorily in year 2007.

#### **Corporate Social Responsibility ("CSR")**

Throughout the year, the Group has continued to carry out its CSR programmes which included donations, organised charity and social welfare activities and contribution to various education foundations. Apart from this, the Group has committed towards high products quality while minimising environmental, health and safety risks.

#### **Acknowledgement**

On behalf of the Board, I would like to extend my appreciation and gratitude to the management and employees for their commitment and dedication. I would also like to thank our shareholders, financiers, suppliers, business associates, customers, consumers and other parties involved for their continued support.

**Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff**  
Chairman

May 7, 2007



The directors of **YEE LEE CORPORATION BHD.** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2006.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 13 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 of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
<b>Profit before tax</b>	5,464	434
<b>Tax expense</b>	(2,161)	(28)
<b>Profit for the year</b>	3,303	406

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by Malaysian Accounting Standards Board ("MASB") as disclosed in Note 2 to the Financial Statements.

## DIVIDENDS

A first and final dividend of 2 sen per share, tax-exempt and 1 sen per share, less tax, proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

The directors have proposed a first and final dividend of 2 sen per share, tax-exempt and 1 sen per share, less tax, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

## 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.

**EXECUTIVE SHARE OPTION SCHEME ("ESOS")**

Under the Company's ESOS which was launched on March 18, 2002, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible executive employees and executive directors of the Company and its subsidiary companies.

The salient features of the ESOS are as follows:

- (a) The maximum number of new shares which may be allotted pursuant to the exercise of options under the ESOS shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- (b) Eligible executive employee is a natural person who is employed by and on the payroll of any company in the Group who fulfils the conditions of eligibility, including full time executive directors of the Group;
- (c) No eligible executive employee shall at any time participate in more than one (1) ESOS implemented by any company within the Group;
- (d) No option shall be granted for less than 1,000 ordinary shares nor more than 420,000 ordinary shares, and shall be exercised in multiples of 1,000 ordinary shares;
- (e) The subscription price shall be determined by the higher of the five (5) day weighted average market price of the Company's shares preceding the date of offer, with a discount of not more than ten per cent (10%), if deemed appropriate and the par value of the shares; and
- (f) The options granted may be exercised at anytime within a period of five (5) years from March 18, 2002 to March 17, 2007 subject to a maximum of twenty per cent (20%) per annum of the options granted.

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

Exercisable from	Subscription price per ordinary share RM	Number of options over ordinary shares of RM1 each			
		Balance as of 1.1.2006	Exercised	Lapsed due to resignation/ retirement	Balance as of 31.12.2006
18.3.2002	1.58	4,400,000	-	(109,000)	4,291,000

**OTHER FINANCIAL INFORMATION**

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

- (a) to ascertain that proper action have 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 have been written off and that adequate allowance has 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 render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of 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 of 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 of the Company misleading.

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

- (a) any charge on the assets of the Group and of 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 of 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 and of 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 of the Company for the financial year in which this report is made other than the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by MASB as disclosed in Note 2 to the Financial Statements.

## DIRECTORS

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

Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, DSPN, JSM, DJN, SMS, KMN, PPT, PJK

Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP

Mr. Thang Lai Sung

Mr. Chok Hooa @ Chok Yin Fatt, PMP

Mr. Lim Ee Young

Y.B. Mohd Adhan bin Kechik, SMK

Mr. Lee Kee Hong

Major (R) Mohd Ramli bin Othman

In accordance with Article 80 of the Company's Articles of Association, Mr. Chok Hooa @ Chok Yin Fatt, PMP and Major (R) Mohd Ramli bin Othman retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965, Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, DSPN, JSM, DJN, SMS, KMN, PPT, PJK and Mr. Thang Lai Sung retire and, being eligible, offer themselves for re-appointment.

**DIRECTORS' INTERESTS**

The shareholdings in the Company and in the holding company 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:

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2006	Bought	Sold	Balance as of 31.12.2006
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	-	-	1,206,666
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	330,300	100,000	-	430,300
Mr. Thang Lai Sung	8,333	-	-	8,333
Mr. Chok Hooa @ Chok Yin Fatt	12,333	-	-	12,333
Mr. Lim Ee Young	38,333	-	-	38,333
Y.B. Mohd Adhan bin Kechik	16,666	-	-	16,666
Mr. Lee Kee Hong	8,333	-	-	8,333
Indirect interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	34,216,931	233,300	-	34,450,231
Mr. Lim Ee Young	3,333	-	-	3,333
Shares in the holding company, Yee Lee Organization Bhd.				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	2,751	-	-	2,751
Mr. Thang Lai Sung	1,716	-	-	1,716
Mr. Lim Ee Young	25,879	-	-	25,879
Mr. Lee Kee Hong	11,550	-	-	11,550
Indirect interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	7,843,344	130,000	(130,000)	7,843,344

In addition to the above, the following directors are deemed to have interests in the shares of the Company to the extent of options granted to them pursuant to the ESOS of the Company which was launched on March 18, 2002:

	Number of options over ordinary shares of RM1 each			
	Balance as of			Balance as of
	1.1.2006	Granted	Exercised	31.12.2006
Y. Bhg. Dato' Lim A Heng @				
Lim Kok Cheong	340,000	-	-	340,000
Mr. Thang Lai Sung	260,000	-	-	260,000
Mr. Chok Hooa @ Chok Yin Fatt	360,000	-	-	360,000
Mr. Lim Ee Young	150,000	-	-	150,000



By virtue of Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong's interest in the shares of the holding company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the holding company has interest.

Major (R) Mohd Ramli bin Othman did not hold shares or have beneficial interest in the shares of the Company during the financial year. Under the Company's Articles of Association, the directors are not required to hold shares 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 the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed 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 the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 19 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 and in Note 23 to the Financial Statements. The ESOS lapsed on March 17, 2007 and any unexercised options have been automatically terminated at the expiry date.

## **HOLDING COMPANY**

The immediate and ultimate holding company of the Company is Yee Lee Organization Bhd., a company incorporated in Malaysia.

## **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,

**Y. BHG. DATO' LIM A HENG @  
LIM KOK CHEONG, JSM, DPMP, JP**  
Group Managing Director

**MR. CHOK HOOA @ CHOK YIN FATT, PMP**  
Executive Director

Ipoh,  
April 18, 2007





## REPORT OF THE AUDITORS TO THE MEMBERS OF YEE LEE CORPORATION BHD.

We have audited the accompanying balance sheets as of December 31, 2006 and the related statements of income, changes in equity and cash flows 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 content of this report.

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

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company as of December 31, 2006 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Companies Act, 1965.

We have considered the financial statements and the auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned under Note 13 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

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 Companies Act, 1965.

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

**YEOH SIEW MING**  
**2421/05/07(J/PH)**  
**Partner**

April 18, 2007

INCOME STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006



		The Group		The Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	4	423,346	371,617	2,598	2,531
Investment revenue	6	991	1,215	-	-
Other gains and losses	7	8,286	3,930	-	-
Share of profit of an associated company		932	892	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		1,961	1,739	-	-
Raw materials and consumables used		(172,870)	(168,321)	-	-
Purchase of finished goods and trading merchandise		(164,100)	(123,405)	-	-
Employee benefits expenses	7	(29,007)	(24,767)	-	-
Finance costs	8	(8,111)	(7,498)	(75)	(84)
Depreciation of property, plant and equipment	11	(7,850)	(7,580)	-	-
Amortisation of investment properties	12	(70)	(130)	-	-
Amortisation of goodwill	16	-	(282)	-	-
Impairment of goodwill	16	(598)	-	-	-
Allowance for diminution in value of unquoted investment		(1,854)	(1,100)	(1,854)	(1,100)
Other expenses	7	(45,592)	(41,017)	(235)	(217)
Profit before tax		5,464	5,293	434	1,130
Tax expense	9	(2,161)	(920)	(28)	(52)
<b>Profit for the year</b>		<b>3,303</b>	<b>4,373</b>	<b>406</b>	<b>1,078</b>
Attributable to:					
Equity holders of the Company		3,303	4,372	406	1,078
Minority interest		-	1	-	-
		<b>3,303</b>	<b>4,373</b>	<b>406</b>	<b>1,078</b>
<b>Earnings per share</b>					
Basic (sen)	10	<b>5.27</b>	<b>6.97</b>		
Diluted (sen)	10	<b>5.27</b>	<b>6.97</b>		

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



# BALANCE SHEETS AS OF DECEMBER 31, 2006

		The Group		The Company	
	Note(s)	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	164,376	164,240	-	-
Investment properties	12	3,632	7,746	-	-
Investments in subsidiary companies	13	-	-	57,982	57,982
Investment in an associated company	14	29,291	28,757	23,136	23,136
Other investments	15	267	2,121	-	1,854
Goodwill on consolidation	16	5,011	5,609	-	-
<b>Total non-current assets</b>		<b>202,577</b>	<b>208,473</b>	<b>81,118</b>	<b>82,972</b>
<b>Current assets</b>					
Inventories	17	61,935	60,856	-	-
Trade and other receivables	18&19	105,978	99,785	13,482	13,479
Current tax assets	9	2,257	2,859	67	47
Other assets	20	2,710	2,237	3	3
Fixed deposits, cash and bank balances	21	9,885	6,012	12	10
		182,765	171,749	13,564	13,539
Non-current assets classified as held for sale	22	693	-	-	-
<b>Total current assets</b>		<b>183,458</b>	<b>171,749</b>	<b>13,564</b>	<b>13,539</b>
<b>Total assets</b>		<b>386,035</b>	<b>380,222</b>	<b>94,682</b>	<b>96,511</b>



	Note(s)	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	62,704	62,704	62,704	62,704
Reserves	24	20,487	21,048	2,314	2,314
Retained earnings	24	73,561	71,468	18,722	20,021
Total equity		156,752	155,220	83,740	85,039
Non-current liabilities					
Borrowings	25	9,777	10,378	-	-
Deferred tax liabilities	27	15,202	15,947	-	-
Total non-current liabilities		24,979	26,325	-	-
Current Liabilities					
Trade and other payables	19&28	53,346	44,285	9,348	10,330
Borrowings	19&25	141,325	143,557	1,500	1,056
Current tax liabilities	9	149	-	-	-
Other liabilities	29	9,484	10,835	94	86
Total current liabilities		204,304	198,677	10,942	11,472
Total liabilities		229,283	225,002	10,942	11,472
Total equity and liabilities		386,035	380,222	94,682	96,511

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



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Share Premium RM'000	Non-distributable Reserves			Distributable		Minority Interest RM'000	Total Equity RM'000
			Revaluation Reserve RM'000	Reserve on Consolidation RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Subtotal RM'000		
<b>The Group</b>	<b>Note</b>								
As of January 1, 2005:									
As previously stated									
Effect of changes in accounting policy for investment properties									
	62,704	52	22,630	509	(1)	64,693	150,587	214	150,801
	-	-	(3,496)	-	-	3,496	-	-	-
Restated balance	34	62,704	19,134	509	(1)	68,189	150,587	214	150,801
Profit for the year		-	-	-	-	4,372	4,372	1	4,373
<b>Total recognised income and expense</b>		-	-	-	-	4,372	4,372	1	4,373
Share of revaluation reserve of an associated company Reserve arising from acquisition of shares in a subsidiary company Currency translation differences		-	1,877	-	-	-	1,877	-	1,877
	-	-	-	103	-	-	103	-	103
	-	-	-	-	(14)	-	(14)	-	(14)
Net gain and loss not recognised in the income statements		-	1,877	103	(14)	-	1,966	-	1,966

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2006



The Group	Note	Attributable to Equity Holders of the Company									
		Non-distributable Reserves			Distributable			Minority Interest	Total Equity		
		Share Capital	Share Premium	Revaluation Reserve	Reserve on Consolidation	Translation Reserve	Reserve Retained Earnings			Subtotal	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Acquisition of remaining interest in subsidiary	30	-	-	-	-	-	-	-	(215)	(215)	
Dividends		-	-	-	-	-	(1,705)	(1,705)	-	-	(1,705)
As of January 1, 2006:		62,704	52	24,507	612	(15)	67,360	155,220	-	-	155,220
As previously stated		-	-	(3,496)	-	-	3,496	-	-	-	-
Effect of changes in accounting policy for investment properties		62,704	52	21,011	612	(15)	70,856	155,220	-	-	155,220
Effect of changes in accounting policy for business combination		-	-	-	(612)	-	612	-	-	-	-
Restated balance	34	62,704	52	21,011	-	(15)	71,468	155,220	-	-	155,220
Profit for the year		-	-	-	-	-	3,303	3,303	-	-	3,303
Total recognised income and expense		-	-	-	-	-	3,303	3,303	-	-	3,303
Transfer to retained earnings		-	-	(495)	-	-	495	-	-	-	-
Currency translation differences		-	-	-	-	(66)	-	(66)	-	-	(66)
Net gain and loss not recognised in the income statements		-	-	(495)	-	(66)	495	(66)	-	-	(66)
Dividends	30	-	-	-	-	-	(1,705)	(1,705)	-	-	(1,705)
Balance as of December 31, 2006		62,704	52	20,516	-	(81)	73,561	156,752	-	-	156,752

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



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006

The Company	Note	Non-distributable			Distributable	Total
		Share Capital RM'000	Share Premium RM'000	Reserves Revaluation Reserve RM'000	Reserve Retained Earnings RM'000	Shareholders' Equity RM'000
Balance as of January 1, 2005		62,704	52	2,262	20,648	85,666
Profit for the year		-	-	-	1,078	1,078
<b>Total recognised income and expense</b>		-	-	-	1,078	1,078
Dividends	30	-	-	-	(1,705)	(1,705)
Balance as of December 31, 2005		62,704	52	2,262	20,021	85,039
Profit for the year		-	-	-	406	406
<b>Total recognised income and expense</b>		-	-	-	406	406
Dividends	30	-	-	-	(1,705)	(1,705)
<b>Balance as of December 31, 2006</b>		<b>62,704</b>	<b>52</b>	<b>2,262</b>	<b>18,722</b>	<b>83,740</b>

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

CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006



		The Group	
	Note	2006 RM'000	2005 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit for the year		3,303	4,373
Adjustments for:			
Finance costs		8,111	7,498
Depreciation and amortisation of non-current assets		7,920	7,710
Tax expense recognised in profit or loss		2,161	920
Allowance for diminution in value of unquoted investment		1,854	1,100
Impairment of goodwill		598	-
Bad debts written off		356	491
Allowance for doubtful debts		264	434
Property, plant and equipment written off		67	112
Inventories written off		64	16
Write down of inventories		24	-
Share of profit of an associated company		(932)	(892)
Gain on disposal of investment properties - net		(930)	-
Interest and dividend income recognised in profit or loss		(811)	(946)
Allowance for doubtful debts no longer required		(758)	(567)
Gain on disposal of property, plant and equipment - net		(79)	(158)
Amortisation of goodwill		-	282
		<hr/>	<hr/>
		21,212	20,373
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(1,167)	(3,705)
Trade and other receivables		(5,914)	(3,120)
Other assets		(418)	188
Increase/(Decrease) in:			
Trade and other payables		9,061	(828)
Other liabilities		(1,353)	2,322
		<hr/>	<hr/>
Cash Generated From Operations		21,421	15,230
Interest received		810	945
Tax refunded		1,016	235
Tax paid		(3,171)	(2,808)
		<hr/>	<hr/>
Net Cash Generated From Operating Activities		20,076	13,602





# CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

		The Group	
	Note	2006 RM'000	2005 RM'000
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from disposal of investment properties		4,822	-
Dividends received from an associated company		398	331
Proceeds from disposal of property, plant and equipment		378	423
Withdrawal of fixed deposits		2	-
Dividends received from quoted shares		1	1
Purchase of property, plant and equipment	32(a)	(6,513)	(4,398)
Acquisition of additional shares in subsidiary company		-	(112)
Net Cash Used In Investing Activities		(912)	(3,755)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from bankers' acceptances		10,616	14,086
Proceeds from term loans		2,713	-
Proceeds from revolving credits		1,500	4,500
Finance costs paid		(8,164)	(7,409)
Repayment of bankers' acceptances		(6,755)	(11,667)
Repayment of revolving credits		(6,000)	(500)
Repayment of hire-purchase payables		(3,655)	(3,647)
Repayment of term loans		(2,297)	(2,289)
Dividends paid		(1,705)	(1,705)
Net Cash Used In Financing Activities		(13,747)	(8,631)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		5,417	1,216
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		(10,972)	(12,174)
Effect of changes in exchange rate on foreign currencies translation		(65)	(14)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	32(b)	(5,620)	(10,972)

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

CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006



	<b>The Company</b>	
	<b>2006</b>	<b>2005</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit for year	406	1,078
Adjustments for:		
Allowance for diminution in value of unquoted investment	1,854	1,100
Finance costs	75	84
Tax expense recognised in profit or loss	28	52
Dividend income	(2,598)	(2,531)
	(235)	(217)
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	-	1,171
Increase/(Decrease) in:		
Trade and other payables	(4)	-
Other liabilities	8	-
Cash (Used In)/Generated From Operations	(231)	954
Tax refunded	22	46
Dividends received	2,528	2,461
Net Cash Generated From Operating Activities	2,319	3,461
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Advances granted to subsidiary company - net	(3)	(7)
Acquisition of additional shares in subsidiary company	-	(112)
Net Cash Used In Investing Activities	(3)	(119)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Dividends paid	(1,705)	(1,705)
Repayment of advances to subsidiary company - net	(978)	(1,598)
Finance costs paid	(75)	(84)
Net Cash Used In Financing Activities	(2,758)	(3,387)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(442)	(45)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(46)	(1)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	32(b) <u>(488)</u>	<u>(46)</u>

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



**1. GENERAL INFORMATION**

The Company is a company with limited liability, domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 13.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

The registered office and principal place of business of the Company are located at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on April 18, 2007.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS")**

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

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's and the Company's accounting policies, except as follows:

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

The new FRS 3 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses and prohibits the amortisation of goodwill. Under the revised FRS 136, Impairment of Assets, 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. Previously, the Group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 25 years.

In accordance with the transitional rules of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period on January 1, 2006. The Group has therefore discontinued amortising such goodwill and has tested goodwill for impairment in accordance with FRS 136. This has the effect of reducing amortisation of goodwill charges of the Group by RM282,383 and improving the basic and fully diluted earning per share of the Group by 0.45 sen during the financial year. The Group has also applied the transitional provision of FRS 3 to eliminate the previously recognised accumulated amortisation of goodwill amounting to RM1,450,945 against the carrying amount of goodwill.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (“FRS”) (cont’d)**

Under FRS 3, any excess of the Group’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously known as negative goodwill), be reassessed and be recognised immediately to the profit or loss. In the previous years, negative goodwill was recognised as a reserve and was not amortised. In accordance with the transitional rules of FRS 3, negative goodwill of the Group amounting to RM612,488 as of January 1, 2006 was derecognised with a corresponding increase in retained earnings.

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

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

The current year’s presentation of the Group’s financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year’s presentation.

**(c) FRS 140: Investment property**

The adoption of FRS 140 has resulted in certain properties of the Group which are held for rental and/or for capital appreciation, previously recognised as Property, Plant and Equipment, being reclassified to Investment Properties. The Group has adopted the cost method to account for its investment properties and their values will be carried at cost less accumulated depreciation and accumulated impairment loss. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied retrospectively. Accordingly, revaluation reserve arising from the revaluation of the investment properties in the previous financial years is reclassified to retained earnings as disclosed in the Statement of Changes in Equity.

At the date of authorisation of these financial statements for issue, the following Standards and Interpretations were issued but were not adopted:

<b>Standards</b>	<b>Title</b>	<b>Effective for annual periods beginning on or after</b>
FRS 6	Exploration for and Evaluation of Mineral Resources	January 1, 2007
FRS 117	Leases	October 1, 2006
FRS 124	Related Party Disclosures	October 1, 2006
Amendments to FRS 119 <sub>2004</sub>	Actuarial Gains and Losses, Group Plans and Disclosures	January 1, 2007



**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (“FRS”) (cont’d)**

The following Standards and Interpretations were issued but would only be effective for the financial year ending December 31, 2008:

<i>Standards and IC Interpretation (Int.)</i>	<i>Title</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 121	Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	July 1, 2007
Int. 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities	July 1, 2007
Int. 2	Members’ Shares in Co-operative Entities & Similar Instruments	July 1, 2007
Int. 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitations Funds	July 1, 2007
Int. 6	Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment	July 1, 2007
Int. 7	Applying the Restatement Approach under <i>FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies</i>	July 1, 2007
Int. 8	Scope of IFRS 2	July 1, 2007

The directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the Group and of the Company, except as follows:

**FRS 117: Leases**

The adoption of the revised FRS 117 will result in retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for entering into the leasehold represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Leasehold land is currently classified as property, plant and equipment and is stated at costs less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117, the unamortised revalued amount of leasehold land will be retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as prepaid lease payments will be accounted for retrospectively.

MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement but has yet to announce the effective date of this standard. The Group and the Company have not early adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The measurement basis applied in the preparation of the Financial Statements include historical cost, recoverable value, realisable value and fair value.

#### **Basis of Consolidation**

##### **(i) Subsidiary Companies**

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to December 31, 2006.

A subsidiary company is a company where the Group has control over the financial and operating policies of that company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

Financial statements of subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

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.

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.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Minority interests consist of amount of those interests at the date of the original business combination stated at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at that date and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary'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.



**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****ii) Associated Companies**

An associated company is a non-subsiary company in which the Group or the Company holds not less than 20% of the equity voting rights as long-term investment and in which the Group or the Company is in a position to exercise significant influence in its management.

The Group's investment in an associated company is accounted for under the equity method of accounting based on the latest management financial statements of the associated company made up to December 31, 2006. Under this method of accounting, the Group's interest in the post-acquisition profits and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

**Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

***Sale of goods***

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Rendering of services***

Revenue from provision of tourism related services are recognised when the services are provided.

***Dividend and interest revenue***

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the shareholder's rights to receive payment is established.

Interest income is accrued on a time apportion basis, by reference to the principal outstanding and at the interest rate applicable.



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

#### **Rental income**

Rental income is accrued on a time apportion basis, by reference to the agreements entered. Rental income from investment properties is recognised on a straight-line basis over the term of relevant lease.

#### **Foreign Currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign incorporated subsidiary are expressed in Ringgit Malaysia using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign incorporated subsidiary is disposed of.

The closing rate per unit of Ringgit Malaysia used in the translation of foreign incorporated subsidiary's financial statements is as follows:

<b>Currencies</b>	<b>2006</b>	<b>2005</b>
United States Dollar	0.2832	-
Vietnamese Dong	-	4,204.750

#### **Borrowing Costs**

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **Taxation**

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



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

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

#### ***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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 Group intends to settle its current tax assets and liabilities on a net basis.

#### ***Current and deferred tax for the period***

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

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

Land and buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

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

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same class of asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same class of asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retain earnings.

Freehold land and plantation development expenditure are not depreciated. Leasehold land is amortised evenly over the lease period ranging from 24 to 93 years.

Capital work-in-progress is stated at cost and is also not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than land, plantation development expenditure and capital work-in-progress over their estimated useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Annual depreciation rates used to depreciate other property, plant and equipment over their estimated remaining useful lives are as follows:

Land improvements	20%
Buildings	2% to 5%
Electricity and water supply system	10%
Plant and machinery	2% to 20%
Motor vehicles	10% to 20%
Furniture, fixtures and equipment	10% to 20%
Renovations	5% to 10%

All direct expenses incurred for plantation development and attributable overheads, including depreciation of property, plant and equipment which are principally used for newly planted areas and finance costs on funds borrowed to finance newly planted areas are capitalised up to the maturity period as plantation development expenditure. Subsequent replanting costs are charged to the income statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.



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

#### Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss. The investment properties other than freehold land are amortised evenly over the unexpired lease period ranging from 33 to 93 years. Buildings are depreciated on the reducing balance method at rate of 2%.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gain or loss on the retirement or disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss in the year in which the retirement or disposal arise.

#### Investments

Investments in subsidiary companies, which are eliminated on consolidation and investment in associated company, are stated in the Company's financial statements at cost or valuation less accumulated impairment losses, if any. The unquoted shares of certain subsidiary companies were revalued by the directors based on the value of underlying net assets as of December 31, 1991 modified to include the revaluation of certain property, plant and equipment.

Investments in quoted shares are stated at the lower of cost and market value.

Investments in unquoted shares are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

#### Goodwill

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

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

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. Any impairment loss is recognised immediately in the consolidated income statement and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Any access of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over costs of acquisition (previously known as negative goodwill) is reassessed and is recognised immediately to profit or loss.

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

#### Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of its tangible and intangible assets (other than inventories, financial assets, investment properties, goodwill and non-current assets classified as held for sale which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss had been recognised for the asset in prior years. A reversal is recognised immediately in the income statement, 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.

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally on the "First-in, First-out" and "Weighted Average" methods. Cost of trading merchandise, raw materials, consumables, factory supplies, promotional stocks and goods-in-transit comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and a proportion of production overheads. 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.

#### Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to profit or loss in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation.





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

**Receivables**

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

**Employee Benefits**

***Short-term employee benefits***

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

***Defined contribution plan***

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

***Equity-settled employee benefits***

The Company has an Executive Share Option Scheme ("ESOS") whereby options to subscribe for ordinary shares in the Company were granted to eligible executive employees and executive directors of the Company and certain subsidiary companies. When the options are exercised, equity is increased by the amount of the proceeds received.

In accordance with the Transitional Provisions of FRS 2 : Share-based Payment, no compensation cost or obligation is recognised in the profit or loss as the existing ESOS was granted on March 18, 2002.

**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.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's and the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements made by the management in the application of FRSs that have a significant effect on the financial statements and estimates with a significant risk or material adjustment in the next financial year include the estimation on useful life of property, plant and equipment and recoverability of receivables. Note 16 contain information about the assumptions relating to goodwill impairment testing.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4. REVENUE

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Sale of goods	422,728	371,316	-	-
Tourism related services	618	301	-	-
Dividend income:				
Subsidiary companies	-	-	2,200	2,200
Associated company	-	-	398	331
	-	-	2,598	2,531
	<u>423,346</u>	<u>371,617</u>	<u>2,598</u>	<u>2,531</u>

### 5. SEGMENT REPORTING

#### Business segments

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

- manufacturing (includes cooking oils, margarine, shortening, corrugated paper cartons, crude palm oil, kernel and general line tin cans)
- trading (includes edible oils, kernel and other consumer products)
- plantation (includes tea and palm oil)
- others (includes tourism related services and investment holding)

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





5. SEGMENT REPORTING (cont'd)

The Group 2006	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	159,222	263,187	318	619	-	423,346
Inter-segment sales	152,849	34,832	2,565	2,616	(192,862)	-
Total revenue	312,071	298,019	2,883	3,235	(192,862)	423,346
<b>Results</b>						
Segment results	9,727	3,364	(338)	3,797	(3,044)	13,506
Finance costs						(8,111)
Share of profit of an associated company						932
Investment revenue						991
Allowance for diminution in value of unquoted investment						(1,854)
Profit before tax						5,464
Tax expense						(2,161)
Profit for the year						3,303
<b>Other information</b>						
Capital additions	5,432	3,171	587	7	-	9,197
Depreciation and amortisation charges	5,916	1,425	403	176	-	7,920
Amortisation of goodwill	-	-	-	-	-	-
Impairment of goodwill	-	598	-	-	-	598
Gain on disposal of investment properties - net	-	-	-	930	-	930
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	261,626	137,445	36,279	97,638	(184,998)	347,990
Investment in an associated company						29,291
Unallocated corporate assets						8,754
Consolidated total assets						386,035
<b>Liabilities</b>						
Segment liabilities	49,271	82,199	16,631	26,053	(111,175)	62,979
Unallocated corporate liabilities						166,304
Consolidated total liabilities						229,283

## 5. SEGMENT REPORTING (cont'd)

### The Group 2005

	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	141,624	229,144	548	301	-	371,617
Inter-segment sales	148,048	31,568	2,211	2,549	(184,376)	-
Total revenue	<u>289,672</u>	<u>260,712</u>	<u>2,759</u>	<u>2,850</u>	<u>(184,376)</u>	<u>371,617</u>
<b>Results</b>						
Segment results	<u>10,213</u>	<u>2,474</u>	<u>(724)</u>	<u>2,611</u>	<u>(2,790)</u>	11,784
Finance costs						(7,498)
Share of profit of an associated company						892
Investment revenue						1,215
Allowance for diminution in value of unquoted investment						<u>(1,100)</u>
Profit before tax						5,293
Tax expense						<u>(920)</u>
Profit for the year						<u>4,373</u>
<b>Other information</b>						
Capital additions	9,448	2,135	596	4	(1,720)	10,463
Depreciation and amortisation charges	5,489	1,524	561	280	-	7,854
Amortisation of goodwill	76	90	-	116	-	282
Impairment of goodwill	-	-	-	-	-	-
Gain on disposal of investment properties - net	-	-	-	-	-	-
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	265,066	125,475	36,415	102,477	(190,166)	339,267
Investment in an associated company						28,757
Unallocated corporate assets						<u>12,198</u>
Consolidated total assets						<u>380,222</u>
<b>Liabilities</b>						
Segment liabilities	43,972	86,184	16,229	25,314	(116,579)	55,120
Unallocated corporate liabilities						<u>169,882</u>
Consolidated total liabilities						<u>225,002</u>



**5. SEGMENT REPORTING (cont'd)**

**Geographical segments**

Information on the Group's operations and analysis of the carrying amounts of segment assets and capital additions by geographical segment has not been provided as the Group operates principally in Malaysia.

The Group's analysis of the segment revenue from external customers by geographical area based on the geographical location of its customers has not been provided as the export sales of the Group is less than 10% of its total revenue.

**6. INVESTMENT REVENUE**

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest received on:		
Advances granted to ultimate holding company	399	486
Advances granted to other related companies	386	458
Rental income from investment properties	180	269
Interest income from fixed and short-term deposits	25	1
Dividend income from quoted shares	1	1
	<u>991</u>	<u>1,215</u>

**7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSES**

Included in other gains and losses and other expenses are the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain on disposal of investment properties	930	-	-	-
Allowance for doubtful debts no longer required	758	567	-	-
Gain on disposal of property, plant and equipment - net	79	158	-	-
Rental income:				
Premises	68	66	-	-
Hot and cold water dispensers	3	22	-	-
Bad debts recovered	-	49	-	-
Rental expense:				
Premises	(1,005)	(1,005)	-	-
Motor vehicles	-	(23)	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(83)	(86)	(66)	(66)
Other emoluments	(816)	(774)	(42)	(23)
Directors of the subsidiary companies:				
Fees	(30)	(34)	-	-
Other emoluments	(858)	(907)	-	-

## 7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSES (cont'd)

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	(356)	(491)	-	-
Allowance for doubtful debts	(264)	(434)	-	-
Auditors remuneration:				
Statutory audit				
Current year	(204)	(181)	(25)	(18)
Prior year	-	3	-	-
Non-audit services	(3)	(2)	(3)	(2)
Hire of machinery	(136)	(131)	-	-
Realised loss on foreign exchange	(132)	(30)	-	-
Property, plant and equipment written off	(67)	(112)	-	-
Inventories written off	(64)	(16)	-	-
Write down of inventories	(24)	-	-	-
Research and development expenses	(3)	(1)	-	-
Investment in subsidiary company written off	-	-	-	- *

\* Investment in subsidiary company amounted to RM1 was written off in 2005 following the deregistration of a subsidiary company.

Included in staff costs and directors' remuneration are the following:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Contributions to EPF:				
Staff costs	2,342	2,161	-	-
Directors' remuneration	155	153	-	-

## 8. FINANCE COSTS

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bankers' acceptances	3,523	2,722	-	-
Revolving credits	1,537	1,323	48	40
Bank overdrafts	1,244	1,494	19	37
Hire-purchase	690	803	-	-
Term loans	512	665	-	-
Bank charges and commitment fees	605	491	8	7
	8,111	7,498	75	84



9. TAX EXPENSE

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense:				
Current year	2,148	1,638	22	51
Prior year	642	(830)	6	1
	2,790	808	28	52
Deferred tax (Note 27):				
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	(414)	(205)	-	-
Relating to origination and reversal of temporary differences	(110)	317	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of investment properties	(47)	-	-	-
Prior year	(174)	-	-	-
	(745)	112	-	-
Real Property Gains Tax	116	-	-	-
	2,161	920	28	52

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

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,464	5,293	434	1,130
Tax at the applicable statutory income tax rate of 28%	1,530	1,482	121	317
Tax effects of:				
Expenses that are not deductible in determining taxable profit	738	1,350	558	373
Unutilised tax losses and unabsorbed agricultural and tax capital allowances carried forward	474	314	-	-

**9. TAX EXPENSE (cont'd)**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Different tax rate in foreign country	199	29	-	-
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment not recognised	20	150	-	-
Utilisation of reinvestment allowances	(496)	(597)	-	-
Income that are not taxable in determining taxable profit	(189)	(96)	(657)	(639)
Utilisation of unabsorbed tax capital allowances and unutilised tax losses	(69)	(620)	-	-
Effect of difference in tax rate applicable to small and medium scale companies	(200)	(200)	-	-
Tax waived in foreign country	(430)	(62)	-	-
Real Property Gains Tax	116	-	-	-
Prior year:				
Income tax	642	(830)	6	1
Deferred tax	(174)	-	-	-
Tax expense recognised in income statements	<u>2,161</u>	<u>920</u>	<u>28</u>	<u>52</u>

As of December 31, 2006, the Company has tax credit and tax-exempt accounts balances of approximately RM7,504,000 and RM19,296,000 (2005: RM7,736,000 and RM20,882,000) respectively. The tax-exempt accounts arose from claims for abatement of statutory income for exports under Section 37(1) of the Promotion of Investment Act, 1986, reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the Company.

As of December 31, 2006, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM18,165,000 and RM18,763,000 (2005: RM14,435,000 and RM19,156,000) respectively. The tax-exempt accounts arose from abatement of statutory income for exports under Section 37(1) of the Promotion of Investment Act, 1986, reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the subsidiary companies.



9. TAX EXPENSE (cont'd)

Current tax assets and liabilities

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<u>Current tax assets</u>				
Tax refund receivable	<u>2,257</u>	<u>2,859</u>	<u>67</u>	<u>47</u>
<u>Current tax liabilities</u>				
Income tax payable	<u>149</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. EARNINGS PER ORDINARY SHARE

The basic and diluted earnings per share are calculated as follows:

	The Group	
	2006	2005
	RM'000	RM'000
<b>Basic/Fully Diluted</b>		
Profit for the year attributable to equity holders of the Company	<u>3,303</u>	<u>4,372</u>
	<b>2006</b>	<b>2005</b>
	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares in issue	<u>62,704</u>	<u>62,704</u>
	<b>2006</b>	<b>2005</b>
Basic/Fully diluted earnings per ordinary share (sen)	<u>5.27</u>	<u>6.97</u>

The Group has no dilution in its earnings per share arising from the ESOS as the fair value of the ordinary shares is currently lower than the subscription price. Therefore, there is no shares deemed issued under the ESOS with no consideration for adjustment in the form of an increase in the number of shares which will result in a dilution of its earnings per share.



# 11. PROPERTY, PLANT AND EQUIPMENT

The Group 2006	At beginning of year		Cost except as otherwise stated					At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Additions RM'000	Disposals/ Written off RM'000	Transfers to investment properties RM'000	Reclassification RM'000	
Freehold land:								
At valuation	23,140	(870)	22,270	-	-	-	-	22,270
Long-term leasehold land and improvements:								
At valuation	32,285	(2,991)	29,294	-	-	(390)	-	28,904
Short-term leasehold land and improvements:								
At valuation	13,960	(1,105)	12,855	-	-	-	-	12,855
Buildings:								
At valuation	46,417	(2,910)	43,507	-	-	(325)	-	43,182
At cost	144	-	144	1,113	-	-	1,349	2,606
Electricity and water supply system	152	-	152	59	(27)	-	79	263
Electricity and water supply system under hire-purchase	79	-	79	-	-	-	(79)	-
Plant and machinery	79,616	-	79,616	1,618	(570)	-	4,831	85,495
Plant and machinery under hire-purchase	15,585	-	15,585	1,997	-	-	(3,467)	14,115
Motor vehicles	11,010	-	11,010	116	(833)	-	497	10,790
Motor vehicles under hire-purchase	2,827	-	2,827	959	(35)	-	(481)	3,270
Furniture, fixtures and equipment	10,305	-	10,305	1,417	(147)	-	(875)	10,700
Furniture, fixtures and equipment under hire-purchase	-	-	-	89	-	-	-	89
Plantation development expenditure	3,734	-	3,734	444	(3)	-	-	4,175
Renovations	42	-	42	976	-	-	(491)	527
Capital work-in-progress	2,167	-	2,167	409	-	-	(1,363)	1,213
	241,463	(7,876)	233,587	9,197	(1,615)	(715)	-	240,454

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

The Group 2006	At beginning of year			Accumulated Depreciation				
	As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Charge for the year RM'000	Disposals/ Written off RM'000	Transfers to investment properties RM'000	Reclassification RM'000	At end of year RM'000
Freehold land:								
At valuation	-	-	-	-	-	-	-	-
Long-term leasehold land and improvements:								
At valuation	419	(51)	368	381	-	(11)	-	738
Short-term leasehold land and improvements:								
At valuation	342	(21)	321	321	-	-	-	642
Buildings:								
At valuation	1,127	(58)	1,069	1,033	-	(11)	(4)	2,087
At cost	1	-	1	24	-	-	17	42
Electricity and water supply system	86	-	86	14	(17)	-	34	117
Electricity and water supply system under hire-purchase	34	-	34	-	-	-	(34)	-
Plant and machinery	50,211	-	50,211	3,382	(370)	-	1,180	54,403
Plant and machinery under hire-purchase	2,547	-	2,547	1,277	-	-	(1,180)	2,644
Motor vehicles	8,715	-	8,715	379	(717)	-	299	8,676
Motor vehicles under hire-purchase	936	-	936	549	(13)	-	(283)	1,189
Furniture, fixtures and equipment	5,053	-	5,053	568	(112)	-	(132)	5,377
Furniture, fixtures and equipment under hire-purchase	-	-	-	1	-	-	-	1
Plantation development expenditure	-	-	-	-	-	-	-	-
Renovations	6	-	6	53	-	-	103	162
Capital work-in-progress	-	-	-	-	-	-	-	-
	69,477	(130)	69,347	7,982	(1,229)	(22)	-	76,078

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

	At beginning of year		Cost except as otherwise stated				At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Additions RM'000	Disposals/ Written off RM'000	Reclassification RM'000	
<b>The Group 2005</b>							
Freehold land:							
At valuation	23,140	(870)	22,270	-	-	-	22,270
Long-term leasehold land and improvements:							
At valuation	32,285	(2,991)	29,294	-	-	-	29,294
Short-term leasehold land and improvements:							
At valuation	13,517	(1,105)	12,412	-	-	443	12,855
Buildings:							
At valuation	46,873	(2,910)	43,963	-	(13)	(443)	43,507
At cost	-	-	-	144	-	-	144
Electricity and water supply system	146	-	146	6	-	-	152
Electricity and water supply system under hire-purchase	79	-	79	-	-	-	79
Plant and machinery	75,735	-	75,735	1,244	(32)	2,669	79,616
Plant and machinery under hire-purchase	13,002	-	13,002	5,597	-	(3,014)	15,585
Motor vehicles	10,962	-	10,962	550	(1,117)	615	11,010
Motor vehicles under hire-purchase	2,511	-	2,511	956	(25)	(615)	2,827
Furniture, fixtures and equipment	9,428	-	9,428	1,080	(548)	345	10,305
Plantation development expenditure	3,274	-	3,274	476	(16)	-	3,734
Renovations	34	-	34	8	-	-	42
Capital work-in-progress	1,765	-	1,765	402	-	-	2,167
	232,751	(7,876)	224,875	10,463	(1,751)	-	233,587

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

The Group 2005	Accumulated Depreciation					
	At beginning of year RM'000	Charge for the year				At end of year RM'000
		As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Disposals/ Written off RM'000	
Freehold land:						
At valuation	-	-	-	-	-	-
Long-term leasehold land and improvements:						
At valuation	-	419	(51)	368	-	368
Short-term leasehold land and improvements:						
At valuation	-	342	(21)	321	-	321
Buildings:						
At valuation	-	1,130	(58)	1,072	(3)	1,069
At cost	-	1	-	1	-	1
Electricity and water supply system	78	8	-	8	-	86
Electricity and water supply system under hire-purchase	29	5	-	5	-	34
Plant and machinery	46,339	3,060	-	3,060	(30)	50,211
Plant and machinery under hire-purchase	2,199	1,431	-	1,431	-	2,547
Motor vehicles	8,990	427	-	427	(945)	8,715
Motor vehicles under hire-purchase	656	531	-	531	(8)	936
Furniture, fixtures and equipment	4,704	496	-	496	(388)	5,053
Furniture, fixtures and equipment under hire-purchase	-	-	-	-	-	-
Plantation development expenditure	-	-	-	-	-	-
Renovations	2	4	-	4	-	6
Capital work-in-progress	-	-	-	-	-	-
	62,997	7,854	(130)	7,724	(1,374)	69,347

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

The Group	Net Book Value	
	2006 RM'000	2005 RM'000
Freehold land:		
At valuation	22,270	22,270
Long-term leasehold land and improvements:		
At valuation	28,166	28,926
Short-term leasehold land and improvements:		
At valuation	12,213	12,534
Buildings:		
At valuation	41,095	42,438
At cost	2,564	143
Electricity and water supply system	146	66
Electricity and water supply system under hire-purchase	-	45
Plant and machinery	31,092	29,405
Plant and machinery under hire-purchase	11,471	13,038
Motor vehicles	2,114	2,295
Motor vehicles under hire-purchase	2,081	1,891
Furniture, fixtures and equipment	5,323	5,252
Furniture, fixtures and equipment under hire-purchase	88	-
Plantation development expenditure	4,175	3,734
Renovations	365	36
Capital work-in-progress	1,213	2,167
<b>Total</b>	<b>164,376</b>	<b>164,240</b>

Included in plantation development expenditure are the following current year's expenditure:

	The Group	
	2006 RM'000	2005 RM'000
Depreciation of property, plant and equipment	132	144
Audit fee	3	3
Interest on hire-purchase	1	4

During the financial year, depreciation expenses were charged to the following:

	The Group	
	2006 RM'000	2005 RM'000
Income statements	7,850	7,580
Plantation development expenditure	132	144
	<b>7,982</b>	<b>7,724</b>

The freehold land, leasehold land and improvements and buildings of the subsidiary companies were revalued by the directors in 2004 based on valuations carried out by the independent firms of professional valuers, using the "open market value on existing use" basis. The resulting revaluation surplus amounting to RM9,543,131 (net of related deferred tax of RM3,456,227) has been credited to revaluation reserve account.

The carrying amounts of the revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation have not been disclosed due to the absence of historical records.

Land and buildings of a subsidiary company with total carrying amount of RM2,727,651 (2005: RM2,799,000) are pledged to a licensed bank for banking facilities granted to the Group as mentioned in Note 25.

[illegible]

	At beginning of year				Accumulated Depreciation			
	As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Charge for the year RM'000	Disposals RM'000	Transfer from property, plant and equipment RM'000	Reclassification as held for sale RM'000	At end of year RM'000
At valuation:								
Freehold land	-	-	-	-	-	-	-	-
Long-term leasehold land	-	51	51	31	(32)	11	(11)	50
Short-term leasehold land	-	21	21	20	(10)	-	-	31
Buildings	-	58	58	19	(42)	11	(11)	35
	-	130	130	70	(84)	22	(22)	116

12. INVESTMENT PROPERTIES (cont'd)

	Cost except as otherwise stated				
	At beginning of year				
	As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Additions RM'000	Disposals RM'000
					At end of year RM'000
<b>The Group 2005</b>					
At valuation:					
Freehold land	-	870	870	-	- 870
Long-term leasehold land	-	2,991	2,991	-	- 2,991
Short-term leasehold land	-	1,105	1,105	-	- 1,105
Buildings	-	2,910	2,910	-	- 2,910
	-	7,876	7,876	-	- 7,876

	Accumulated Depreciation				
	Charge for the year				
	At beginning of year RM'000	As previously stated RM'000	Effects of adoption of FRS 140 RM'000	As restated RM'000	Disposals RM'000
					At end of year RM'000
<b>The Group 2005</b>					
At valuation:					
Freehold land	-	-	-	-	-
Long-term leasehold land	-	-	51	51	- 51
Short-term leasehold land	-	-	21	21	- 21
Buildings	-	-	58	58	- 58
	-	-	130	130	- 130





## 12. INVESTMENT PROPERTIES (cont'd)

### The Group

	Net Book Value	
	2006 RM'000	2005 RM'000
At valuation:		
Freehold land	690	870
Long-term leasehold land	1,273	2,940
Short-term leasehold land	824	1,084
Buildings	845	2,852
	<u>3,632</u>	<u>7,746</u>

Total investment properties held by the Group as of December 31, 2006 amounted to RM4,324,472 (2005: RM7,745,558), comprising the amounts analysed above RM3,631,906 (2005: RM7,745,558) and the assets classified as held for sale RM692,566 (2005: RMNil) as disclosed in Note 22.

These investment properties were only revalued in 2004 and the directors estimated their fair values to be close to their book values as of December 31, 2006.

## 13. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2006 RM'000	2005 RM'000
Unquoted shares:		
At directors' valuation	19,850	19,850
At cost	<u>38,132</u>	<u>38,132</u>
	<u>57,982</u>	<u>57,982</u>

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2006 %	2005 %	
Direct Subsidiary Companies				
Yee Lee Trading Co. Sdn. Bhd.	Malaysia	100.00	100.00	Marketing and distribution of edible oils and other consumer products.
Yee Lee Palm Oil Industries Sdn. Bhd.*	Malaysia	100.00	100.00	Milling and selling of crude palm oil and kernel.
Yee Lee Edible Oils Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing of cooking oil, margarine and shortening and trading of consumer products.

**13. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)**

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2006 %	2005 %	
South East Asia Paper Products Sdn. Bhd.*	Malaysia	100.00	100.00	Manufacturing and selling of corrugated paper cartons.
Canpac Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing and selling of general line tin cans.
Intanwasa Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding.
Yee Lee Marketing Sdn. Bhd. *	Malaysia	100.00	100.00	Marketing and distribution of consumer products.
<b>Indirect Subsidiary Companies</b>				
<b><i>Held through Yee Lee Trading Co. Sdn. Bhd.</i></b>				
Mini Motors Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding.
<b><i>Held through Yee Lee Palm Oil Industries Sdn. Bhd.</i></b>				
Sementra Plantations Sdn. Bhd.	Malaysia	100.00	100.00	Planting of oil palm.
Palker Sdn. Bhd.	Malaysia	100.00	100.00	Trading of crude palm oil and palm kernel.
<b><i>Held through Canpac Sdn. Bhd.</i></b>				
Good Cans Sdn. Bhd.	Malaysia	100.00	100.00	Dormant.
Canpac Vietnam Pte., Ltd. *	Vietnam	100.00	100.00	Manufacturing and selling of general line tin cans.
<b><i>Held through Intanwasa Sdn. Bhd.</i></b>				
Desa Tea Sdn. Bhd.	Malaysia	100.00	100.00	Planting, processing and distribution of tea.
Sabah Tea Sdn. Bhd.	Malaysia	100.00	100.00	Tourism related services.

\* The financial statements of these companies are examined by auditors other than the auditors of the Company.



14. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Quoted shares, at cost	23,136	23,136	23,136	23,136
Share of post-acquisition results, net of dividends received	4,278	3,744	-	-
Share of post-acquisition revaluation reserve	1,877	1,877	-	-
	6,155	5,621	-	-
	29,291	28,757	23,136	23,136
Market value of quoted shares	14,456	13,660	14,456	13,660

The Group's interest in the associated company is analysed as follows:

	The Group	
	2006 RM'000	2005 RM'000
Share of net assets	30,501	29,967
Reserve on acquisition	(1,210)	(1,210)
	29,291	28,757

The associated company of the Group is as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activity	Financial Year End
		2006 %	2005 %		
Spritzer Bhd.	Malaysia	27.07	27.07	Investment holding.	May 31

# 15. OTHER INVESTMENTS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At cost:				
Quoted shares in Malaysia	20	20	-	-
Unquoted shares in Malaysia	247	247	-	-
Unquoted shares outside Malaysia	3,454	3,454	3,454	3,454
Less: Allowance for diminution in value	(3,454)	(1,600)	(3,454)	(1,600)
	-	1,854	-	1,854
	267	2,121	-	1,854
Market value of quoted shares	19	19	-	-

# 16. GOODWILL ON CONSOLIDATION

	The Group	
	2006 RM'000	2005 RM'000
<b>Cost</b>		
Goodwill:		
At beginning of year	7,059	7,059
Elimination of amortisation accumulated prior to the adoption of FRS 3 (Note 2)	(1,450)	-
Impairment loss recognised in the year	(598)	-
At end of year	5,011	7,059
<b>Amortisation</b>		
At beginning of year	1,450	1,168
Amortisation for the year	-	282
Elimination of amortisation accumulated prior to the adoption of FRS 3 (Note 2)	(1,450)	-
At end of year	-	1,450
<b>Carrying amount</b>		
At end of year	5,011	5,609

## Impairment tests for cash-generating units ("CGU") containing goodwill

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary company.



# 16. GOODWILL ON CONSOLIDATION (cont'd)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by management, covering a period of five years from financial year 2007 to 2011. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	5.0% per annum
Discount rate	4.1%

The above key assumptions were determined based on business past performance and management's expectations of market development.

# 17. INVENTORIES

	The Group	
	2006 RM'000	2005 RM'000
Finished goods and trading merchandise	35,935	32,526
Raw materials	14,487	15,512
Work-in-progress	5,630	6,969
Goods-in-transit	2,348	1,901
Consumables	1,057	1,320
Factory supplies	1,735	1,457
Promotional stocks	743	1,171
	<u>61,935</u>	<u>60,856</u>

Total write downs of inventories recognised as an expense for the Group amounted to RM24,406 (2005: RMNil).

The cost of inventories recognised as an expense during the year for the Group was RM356,600,615 (2005: RM310,947,327).

# 18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	82,528	76,831	-	-
Less: Allowance for doubtful debts	<u>(2,795)</u>	<u>(3,381)</u>	<u>-</u>	<u>-</u>
	79,733	73,450	-	-
Amount owing by holding company	5,581	5,389	-	-
Amount owing by subsidiary companies	-	-	13,482	13,479
Amount owing by related companies	7,600	10,518	-	-
Other receivables	<u>13,064</u>	<u>10,428</u>	<u>-</u>	<u>-</u>
Net	<u>105,978</u>	<u>99,785</u>	<u>13,482</u>	<u>13,479</u>

# 18. TRADE AND OTHER RECEIVABLES (cont'd)

The currency profile of trade and other receivables are as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	102,516	97,273	13,482	13,479
Australian Dollar	2,822	3,318	-	-
United States Dollar	2,370	781	-	-
Singapore Dollar	614	572	-	-
Vietnamese Dong	450	1,222	-	-
Japanese Yen	1	-	-	-
	<u>108,773</u>	<u>103,166</u>	<u>13,482</u>	<u>13,479</u>

Trade receivables of the Group comprise amounts receivable for the sale of goods and for tourism related services rendered. Other receivables of the Group comprise mainly advances and payments on behalf which are unsecured and interest-free. Transactions with related parties are disclosed in Note 19.

The credit period granted on sale of goods ranged from 14 to 120 days (2005: 14 to 120 days) whilst tourism related services rendered ranged from 30 to 60 days (2005: 30 to 60 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM2,795,198 (2005: RM3,381,260) and has been determined by reference to past default experience.

# 19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Yee Lee Organization Bhd., a company incorporated in Malaysia, which is also the ultimate holding company.

The amount owing by holding company arose mainly from trade transactions and advances which are unsecured. Certain advances granted to holding company bear interest rate of 8% (2005: 8%) per annum.

The amount owing by/(to) subsidiary companies arose mainly from advances and expenses paid on behalf which are unsecured and interest-free.

The amount owing by/(to) other related companies arose mainly from trade transactions, advances and expenses paid on behalf which are unsecured. Certain advances granted to other related companies bear interest rate of 8% (2005: 8%) per annum.

The amounts owing by holding and related companies are repayable upon demand and have therefore have been classified as current assets.

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:





**19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)**

<b>Names of related parties</b>	<b>Relationships</b>
Yew Lee Chiong Tin Factory Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Thang Lai Sung, a director of the Company, is a director.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.</li> </ul>
Kolej Teknologi Praktikal Sdn. Bhd. Practical Advanced Technology Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.</li> <li>- Companies in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.</li> <li>- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.</li> <li>- Companies in which Mr. Goh Mung Chwee, a director of certain subsidiary companies, is a director.</li> </ul>
Cranberry (M) Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.</li> </ul>
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Lim Kim Kow, a director of a subsidiary company, is a director.</li> </ul>

**19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)**

<b>Names of related parties</b>	<b>Relationships</b>
Sri Puteh Development Sdn. Bhd. Unikampar Credit And Leasing Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests.</li> <li>- Companies in which Mr. Thang Lai Sung, a director of the Company, is a director.</li> <li>- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.</li> </ul>
Multibase Systems Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Lee Kon Cheng and Mr. Chua Ah Bah @ Chua Siew Seng, directors of certain subsidiary companies, are directors.</li> </ul>
Uniyelee Insurance Agencies Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Lim Ee Young, a director of the Company, is a director.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.</li> </ul>
Unipon Enterprise Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Lim Ee Young, a director of the Company, is a director.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.</li> </ul>
Manimore Resources Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Goh Mung Chwee, a director of certain subsidiary companies, is a director.</li> </ul>

**19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)**

<b>Names of related parties</b>	<b>Relationships</b>
Chuan Sin Cactus Sdn. Bhd. Chuan Sin Sdn. Bhd.	<ul style="list-style-type: none"><li>- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests.</li><li>- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interests.</li></ul>
Golden PET Industries Sdn. Bhd. Angenet Sdn. Bhd.	<ul style="list-style-type: none"><li>- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests.</li><li>- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.</li></ul>
Multisafe Sdn. Bhd.	<ul style="list-style-type: none"><li>- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.</li><li>- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.</li><li>- A company in which Mr. Lee Kon Cheng, a director of certain subsidiary companies, is a director.</li></ul>
Transport Master Sdn. Bhd. Intan Serantau Sdn. Bhd. Cactus Marketing Sdn. Bhd.	<ul style="list-style-type: none"><li>- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.</li><li>- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.</li></ul>
Uniyelee Service Agencies Sdn. Bhd.	<ul style="list-style-type: none"><li>- A company in which Mr. Lim Ee Young, a director of the Company, has substantial financial interest.</li><li>- A company in which Mr. Chua Ah Bah @ Chua Siew Seng, a director of certain subsidiary companies, is a director and has substantial financial interest.</li></ul>

**19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Ultimate holding company</b>				
Interest on advances received	400	486	-	-
<b>Subsidiary companies</b>				
Dividends received (gross)	-	-	2,200	2,200
<b>Associated company</b>				
Dividends received (gross)	-	-	398	331
<b>Other related companies</b>				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	588	520	-	-
Transportation fees received	218	234	-	-
Interest on advances received	60	94	-	-
Sale of goods	27	35	-	-
Professional fees received	-	6	-	-
Kolej Teknologi Praktikal Sdn. Bhd.				
Purchase of property, plant and equipment	1	-	-	-
Sale of goods	-	1	-	-
Practical Advanced Technology Sdn. Bhd.				
Purchase of property, plant and equipment and training and consultancy services rendered	604	150	-	-
Sale of goods	-	1	-	-
Cranberry (M) Sdn. Bhd.				
Sale of goods	562	548	-	-
Interest on advances received	325	364	-	-
Rental on premises received	24	48	-	-
Transportation fees received	2	11	-	-
Sale of steam	-	445	-	-



19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

	The Company		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.				
Sale of goods	47	62	-	-
Professional fees received	-	2	-	-
Sri Puteh Development Sdn. Bhd.				
Sale of goods	-	1	-	-
<b>Other related parties</b>				
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase loans obtained	2,522	5,921	-	-
Interest on hire-purchase loans paid	684	797	-	-
Professional fees received	-	3	-	-
Sale of goods	-	2	-	-
Multibase Systems Sdn. Bhd.				
Secretarial and accounting fees paid/payable	29	47	4	4
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	1,281	1,208	5	1
Professional fees received	-	1	-	-
Unipon Enterprise Sdn. Bhd.				
Transportation fees received/receivable	5	1	-	-
Manimore Resources Sdn. Bhd.				
Sale of goods	6	5	-	-
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	8,416	7,421	-	-
Sale of goods	742	-	-	-
Sale of property, plant and equipment	-	65	-	-

**19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)**

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Chuan Sin Sdn. Bhd.				
Purchase of goods	30,014	24,139	-	-
Sale of goods	3,274	2,882	-	-
Transportation fees received/receivable	34	4	-	-
Professional fees received/receivable	11	12	-	-
Transportation fees paid/payable	1	1	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	7,149	7,693	-	-
Sale of goods	150	177	-	-
Transportation fees received	142	224	-	-
Rental on premises paid/payable	54	54	-	-
Professional fees received	9	10	-	-
Angenet Sdn. Bhd.				
Purchase of goods	1,633	497	-	-
Sale of goods	587	602	-	-
Transportation fees received/receivable	-	63	-	-
Multisafe Sdn. Bhd.				
Sale of steam	2,670	494	-	-
Transportation fees received/receivable	9	6	-	-
Sale of goods	1	2	-	-
Transport Master Sdn. Bhd.				
Contract wages paid/payable	830	896	-	-
Sale of goods	-	3	-	-
Intan Serantau Sdn. Bhd.				
Contract wages paid/payable	246	261	-	-
Cactus Marketing Sdn. Bhd.				
Professional fees received/receivable	-	3	-	-
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	260	186	-	-





**19. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)**

Other than as disclosed elsewhere in the financial statements, the outstanding balances from related party transactions are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Receivables:				
Included in trade and receivables	11,047	6,840	-	-
Payables:				
Included in trade and payables	20,373	18,189	-	5
Included in hire-purchase payables	9,039	10,160	-	-

The transactions with subsidiary companies are aggregated as these transactions are similar in nature.

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

**20. OTHER ASSETS**

Other assets consist of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Refundable deposits	1,189	973	2	2
Prepaid expenses	1,521	1,264	1	1
	2,710	2,237	3	3

**21. FIXED DEPOSITS, CASH AND BANK BALANCES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits with licensed bank	1,327	13	-	-
Cash on hand and at banks	8,558	5,999	12	10
	9,885	6,012	12	10

Fixed deposits amounting to RM10,000 (2005: RM12,500) have been pledged to a licensed bank as security for bank guarantees granted to a subsidiary company.

## 21. FIXED DEPOSITS, CASH AND BANK BALANCES (cont'd)

The effective interest rate for fixed deposits ranged from 3.70% to 7.70% (2005: 3.75%) per annum. The fixed deposits have a maturity period of ranging from 180 days to 365 days (2005: 365 days).

The currency profile of fixed deposits, cash and bank balances are follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,777	5,331	12	10
Vietnamese Dong	1,924	390	-	-
United States Dollar	184	291	-	-
	<u>9,885</u>	<u>6,012</u>	<u>12</u>	<u>10</u>

## 22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2006	2005
	RM'000	RM'000
Long-term leasehold land	379	-
Building	<u>314</u>	<u>-</u>
	<u>693</u>	<u>-</u>

A wholly-owned subsidiary of the Company intends to dispose of a parcel of long-term leasehold land and building previously classified under investment properties. The signing of Sale and Purchase Agreement is in progress and the sale is expected to complete in the next financial year. No impairment loss was recognised on the long-term leasehold land and building classified as held for sale as the recoverable amount is higher than the carrying amount as of December 31, 2006.

## 23. SHARE CAPITAL

	The Group and The Company	
	2006	2005
	RM'000	RM'000
<b>Authorised:</b>		
100,000,000 ordinary shares of RM1 each	<u>100,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
62,704,000 ordinary shares of RM1 each	<u>62,704</u>	<u>62,704</u>

Under the Company's ESOS which was launched on March 18, 2002, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible executive employees and executive directors of the Company and certain subsidiary companies.



## 23. SHARE CAPITAL (cont'd)

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

Exercisable from	Subscription price per ordinary share RM	Number of options over ordinary shares of RM1 each Balance as of 1.1.2006	Exercised	Lapsed due to resignation/ retirement	Balance as of 31.12.2006
18.3.2002	1.58	4,400,000	-	(109,000)	4,291,000

The salient features of the ESOS are as follows:

- The maximum number of new shares which may be allotted pursuant to the exercise of options under the ESOS shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- Eligible executive employee is a natural person who is employed by and on the payroll of any company in the Group who fulfils the conditions of eligibility, including full time executive directors of the Group;
- No eligible executive employee shall at any time participate in more than one (1) ESOS implemented by any company within the Group;
- No option shall be granted for less than 1,000 ordinary shares nor more than 420,000 ordinary shares, and shall be exercised in multiples of 1,000 ordinary shares;
- The subscription price shall be determined by the higher of the five (5) day weighted average market price of the Company's shares preceding the date of offer, with a discount of not more than ten per cent (10%), if deemed appropriate and the par value of the shares; and
- The options granted may be exercised at anytime within a period of five (5) years from March 18, 2002 to March 17, 2007 subject to a maximum of twenty per cent (20%) per annum of the options granted.

## 24. RESERVES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-distributable reserves:				
Share premium	52	52	52	52
Revaluation reserve	20,516	21,011	2,262	2,262
Translation reserve	(81)	(15)	-	-
	20,487	21,048	2,314	2,314
Distributable reserve:				
Retained earnings	73,561	71,468	18,722	20,021
	94,048	92,516	21,036	22,335

## 24. RESERVES (cont'd)

### Share premium

Share premium arose from the following:

	The Group and The Company	
	2006 RM'000	2005 RM'000
Exercise of share options of 154,000 ordinary shares issued at a premium of RM5.95 per ordinary share in 1997	916	916
Private placement of 3,415,000 ordinary shares issued at a premium of RM1.26 per ordinary share in 1998, net of share issue expense of RM240,043	4,063	4,063
Exercise of share options of 89,000 ordinary shares issued at a premium of RM0.58 per ordinary share in 2002	52	52
	5,031	5,031
Less: Capitalisation by way of bonus issue in 2002	(4,979)	(4,979)
	52	52

### Revaluation reserve

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of certain property, plant and equipment and investment properties as disclosed in Notes 11 and 12.

### Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiary into Ringgit Malaysia are brought to account by entries made directly to the foreign currency translation reserve.

### Retained earnings

Distributable reserves are those available for distribution by way of dividends. Based on the prevailing tax rate applicable to dividends and the estimated tax credits and the tax-exempt accounts balances as mentioned in Note 9, the retained earnings of the Company as of December 31, 2006 is available for distribution by way of cash dividends without additional tax liabilities being incurred.



**25. BORROWINGS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unsecured:				
Bankers' acceptances	93,610	89,749	-	-
Bank overdrafts	14,920	16,544	500	56
Revolving credits	27,000	31,000	1,000	1,000
Term loans	5,895	5,479	-	-
Trust receipts	-	500	-	-
Secured:				
Bank overdrafts	575	428	-	-
Hire-purchase payables (Note 26)	9,102	10,235	-	-
	151,102	153,935	1,500	1,056
Less: Amount due within 12 months (shown under current liabilities)	(141,325)	(143,557)	(1,500)	(1,056)
Non-current portion	9,777	10,378	-	-

The non-current portion is repayable as follows:

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial years ending December 31:		
2007	-	4,449
2008	5,055	3,708
2009	3,421	1,891
2010	1,199	330
2011 and above	102	-
	9,777	10,378

The average effective interest rates per annum are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	7.71	7.23	7.75	7.00
Bankers' acceptances	3.98	3.29	-	-
Revolving credits	4.91	4.30	4.12	4.12
Term loans	6.90	7.30	-	-

The credit facilities of the Group of RM311,029,000 (2005: RM312,029,000) are guaranteed by the Company. Certain credit facilities of the Group amounting to RM1,500,000 (2005: RM2,500,000) are secured by legal charges over a subsidiary company's property, plant and equipment.

## 26. HIRE-PURCHASE PAYABLES

	The Group	
	2006 RM'000	2005 RM'000
Principal outstanding	9,102	10,235
Less: Amount due within 12 months (shown under current liabilities)	(3,207)	(3,285)
Non-current portion	<u>5,895</u>	<u>6,950</u>

The non-current portion is repayable as follows:

	The Group	
	2006 RM'000	2005 RM'000
Financial years ending December 31:		
2007	-	2,544
2008	2,951	2,352
2009	2,142	1,724
2010	710	330
2011	92	-
	<u>5,895</u>	<u>6,950</u>

The terms for hire-purchase ranged from 1 to 5 years. For the financial year ended December 31, 2006, the average effective borrowing rate was 9.55% (2005: 12.33%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase.

## 27. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority. The following amount determined after appropriate offsetting, is shown in the balance sheet:

	The Group	
	2006 RM'000	2005 RM'000
Deferred tax assets	575	754
Deferred tax liabilities	(15,777)	(16,701)
	<u>(15,202)</u>	<u>(15,947)</u>

The movement of net deferred tax liabilities during the financial year (after offsetting) is as follows:

	The Group	
	2006 RM'000	2005 RM'000
At beginning of year	(15,947)	(15,835)
Transfer to/(from) income statements (Note 9)	745	(112)
At end of year	<u>(15,202)</u>	<u>(15,947)</u>



**27. DEFERRED TAX LIABILITIES (cont'd)**

*Represented by:*

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	(6,884)	(7,797)
Revaluation surplus on property, plant and equipment and investment properties	(8,595)	(9,056)
Receivables	64	152
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	213	754
	<u>(15,202)</u>	<u>(15,947)</u>

As of December 31, 2006, deferred tax assets have not been recognised in respect of the following items:

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax effects of unutilised tax losses and unabsorbed agricultural and tax capital allowances	<u>10,438</u>	<u>10,916</u>

The unutilised tax losses and unabsorbed agricultural and tax capital allowances of the Group are subject to agreement by the tax authorities except for tax effects of unutilised tax losses of approximately RM3,432,000 (2005: RM3,432,000), unabsorbed agricultural and tax capital allowances of approximately RM123,000 (2005: RM440,014), which have been agreed by the Inland Revenue Board.

**28. TRADE AND OTHER PAYABLES**

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit period granted to the Group for trade purchases ranged from 30 to 120 days (2005: 30 to 120 days). The amounts owing to other payables of the Group and Company are unsecured and interest-free. Transactions with related parties are disclosed in Note 19.

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables	46,923	37,439	-	-
Amount owing to subsidiary companies	-	-	9,348	10,326
Amount owing to related companies	99	23	-	-
Other payables	<u>6,324</u>	<u>6,823</u>	<u>-</u>	<u>4</u>
	<u>53,346</u>	<u>44,285</u>	<u>9,348</u>	<u>10,330</u>



**28. TRADE AND OTHER PAYABLES (cont'd)**

The currency profile of trade and other payables is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	49,142	42,055	9,348	10,330
United States Dollar	4,114	2,197	-	-
Vietnamese Dong	74	33	-	-
Euro Dollar	12	-	-	-
Great Britain Pound	4	-	-	-
	<u>53,346</u>	<u>44,285</u>	<u>9,348</u>	<u>10,330</u>

**29. OTHER LIABILITIES**

Other liabilities consist of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits received	35	649	-	-
Accrued expenses	<u>9,449</u>	<u>10,186</u>	<u>94</u>	<u>86</u>
	<u>9,484</u>	<u>10,835</u>	<u>94</u>	<u>86</u>

**30. DIVIDENDS**

	<b>The Group and The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
First and final dividend paid:		
- 1 sen per share, less tax	451	451
- 2 sen per share, tax-exempt	<u>1,254</u>	<u>1,254</u>
	<u>1,705</u>	<u>1,705</u>

The directors have proposed a first and final dividend of 2 sen per share, tax-exempt and 1 sen per share, less tax, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Net dividend per share for the financial year is 2.72 sen (2005: 2.72 sen).



### 31. FINANCIAL INSTRUMENTS

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

#### **Financial Risk Management Objectives and Policies**

The operations of the Group is subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

#### ***Foreign currency exchange risk***

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the subsidiary companies in currencies other than their functional currency.

Management do not consider the Group's exposure to foreign currency exchange risk significant.

#### ***Interest rate risk***

The Group is exposed to interest rate risk from its borrowings. The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable desired range.

#### ***Credit risk***

The Group is exposed to credit risk mainly from trade receivables and derivative instruments used. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

#### ***Liquidity risk***

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

#### ***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.

#### **Financial Assets**

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables, amount owing by related companies and equity investments.

The Company's principal financial assets are cash and bank balances, other receivables, amount owing by subsidiary companies and equity investments.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

#### **Financial Liabilities**

The Group's principal financial liabilities are trade and other payables, bank borrowings and amount owing to related companies.

The Company's principal financial liabilities are other payables, bank borrowings and amount owing to subsidiary companies.

### 31. FINANCIAL INSTRUMENTS (cont'd)

Bank borrowings are recorded at proceeds received net of direct issue costs. Finance charges are accounted for on accrual basis.

#### Fair Values of Financial Assets and Financial Liabilities

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

		2006		2005	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial Assets</b>					
Investment in quoted shares	15	20	19	20	19
Investments in unquoted shares:					
In Malaysia	15	247	-	247	-
Outside Malaysia	15	-	-	1,854	-
<b>Financial Liabilities</b>					
Term loans	25	5,895	5,895	5,479	4,693

#### ***Cash and cash equivalents, trade and other receivables, trade and other payables, short-term bank borrowings and amount owing by/(to) related companies***

The carrying amounts of the short-term financial assets and financial liabilities approximate their fair values due to the short-term maturities of these instruments.

#### ***Investment in quoted shares***

The market values of quoted shares as of balance sheet date approximate their fair values.

#### ***Investments in unquoted shares***

No disclosure is made as it is impractical to estimate the fair values of unquoted investments due to lack of quoted market prices and the inability to establish their fair values without incurring excessive cost.

#### ***Term loans***

The fair values of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar type of financing arrangements.



### 32. CASH FLOW STATEMENTS

- (a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash purchase	6,513	4,398
Hire-purchase	2,522	5,921
Depreciation of property, plant and equipment included in addition to plantation development expenditure	132	144
Other receivables	30	-
	<u>9,197</u>	<u>10,463</u>

The principal amounts of instalment repayments for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

- (b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	1,327	13	-	-
Cash and bank balances	8,558	5,999	12	10
Bank overdrafts	<u>(15,495)</u>	<u>(16,972)</u>	<u>(500)</u>	<u>(56)</u>
	(5,610)	(10,960)	(488)	(46)
Less: Fixed deposits pledged to a licensed bank	<u>(10)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>
	<u>(5,620)</u>	<u>(10,972)</u>	<u>(488)</u>	<u>(46)</u>

### 33. COMMITMENTS

In the prior year, the Group has capital commitments in respect of property, plant and equipment which were approved and contracted for of RM1,688,697.

### 34. PRIOR YEAR ADJUSTMENTS

During the financial year, the Group adopted all the new and revised Standards and Interpretations issued by MASB that are relevant to its operations and effective for accounting period beginning on or after January 1, 2006. The adoption of FRS 140, Investment Property has been applied retrospectively, and the effects on prior financial years have been taken as prior year adjustments in the financial statements. The adoption of FRS 3, Business Combinations has been applied prospectively, and the opening balances of reserves and retained earnings as of January 1, 2006 have been restated accordingly. The effects to the financial statements are reflected as follows:

The Group	As previously reported RM'000	Adjustments RM'000	As restated RM'000
<b>As of/For the Financial year ended December 31, 2005</b>			
Balance sheet:			
Property, plant and equipment	171,986	(7,746)	164,240
Investment properties	-	7,746	7,746
Statement of Changes in Equity:			
Revaluation reserves	24,507	(3,496)	21,011
Reserve on consolidation	612	(612)	-
Retained earnings	67,360	4,108	71,468
<b>As of/For the year ended December 31, 2004</b>			
Property, plant and equipment	169,754	(7,876)	161,878
Investment properties	-	7,876	7,876
Revaluation reserves	22,630	(3,496)	19,134
Retained earnings	64,693	3,496	68,189

### 35. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with current year's presentation.

	The Group		The Company	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
<b>Income Statements:</b>				
Depreciation of property, plant and equipment	(7,710)	(7,580)	-	-
Amortisation of investment properties	-	(130)	-	-
Share of profit of an associated company	1,079	892	-	-
Tax expense	(1,107)	(920)	-	-



35. COMPARATIVE FIGURES (cont'd)

	The Group		The Company	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
<b>Cash Flow Statements:</b>				
Profit before tax	5,480	-	1,130	-
Profit for the year	-	4,373	-	1,078
Tax expense recognised in profit or loss	-	920	-	52
Share of profit of an associated company	(1,079)	(892)	-	-
<b>Notes to the Financial Statements:</b>				
<b>Segment results</b>				
Others	2,989	2,611	-	-
Eliminations	(2,899)	(2,790)	-	-
Share of profit of an associated company	1,079	892	-	-
Investment revenue	946	1,215	-	-
Tax expense	(1,107)	(920)	-	-
<b>Other gains and losses, other expenses and employee benefits expenses</b>				
Rental income:				
Premises	335	66	-	-
<b>Investment revenue</b>				
Rental income from investment properties	-	269	-	-

36. SUBSEQUENT EVENT

Subsequent to the financial year end, one of the subsidiary companies entered into a conditional sale and purchase agreement to acquire a piece of leasehold land for RM2,498,522.



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

Signed in accordance with a resolution of the Directors,

**Y. BHG. DATO' LIM A HENG @ LIM KOK CHEONG, JSM, DPMP, JP**  
Group Managing Director

**MR. CHOK HOOA @ CHOK YIN FATT, PMP**  
Executive Director

Ipoh,  
April 18, 2007

#### DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR. CHOK HOOA @ CHOK YIN FATT, PMP**, the director primarily responsible for the financial management of **YEE LEE CORPORATION BHD.**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows 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.

**MR. CHOK HOOA @ CHOK YIN FATT, PMP**

Subscribed and solemnly declared by the abovenamed  
**MR. CHOK HOOA @ CHOK YIN FATT, PMP** at IPOH this  
18th day of April, 2007.

Before me,

**ENCIK MOHD YUSOF BIN HARON, KPP, PNPBB, PJK**  
NO: A 112  
COMMISSIONER FOR OATHS





## SHARE CAPITAL

Authorised Share Capital	: RM100,000,000.00
Issued and Paid-Up Share Capital	: RM62,704,000.00
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders		Number of Issued Shares	
	Number	%	Number	%
Less than 100 shares	103	4.47	5,488	0.01
100 to 1,000 shares	199	8.64	159,184	0.25
1,001 to 10,000 shares	1,777	77.13	6,219,716	9.92
10,001 to 100,000 shares	200	8.68	5,387,761	8.59
100,001 to less than 5% of issued shares	23	1.00	13,625,618	21.73
5% and above of issued shares	2	0.08	37,306,233	59.50
Total	2,304	100.00	62,704,000	100.00

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd.	34,355,231	54.79	-	-
2. Lembaga Tabung Haji	4,522,000	7.21	-	-
3. Dato' Lim A Heng @ Lim Kok Cheong	430,300	0.68	34,510,231 <sup>a</sup>	55.04
4. Datin Chua Shok Tim @ Chua Siok Hoon	155,000	0.24	34,785,531 <sup>b</sup>	55.48
5. Unikampar Credit And Leasing Sdn. Bhd.	-	-	34,355,231 <sup>c</sup>	54.79
6. Uniyelee Sdn. Bhd.	-	-	34,355,231 <sup>c</sup>	54.79
7. Yeleta Holdings Sdn. Bhd.	-	-	34,355,231 <sup>d</sup>	54.79
8. Young Wei Holdings Sdn. Bhd.	-	-	34,355,231 <sup>e</sup>	54.79

### Notes:

- <sup>a</sup> Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Datin Chua Shok Tim @ Chua Siok Hoon.
- <sup>b</sup> Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Dato' Lim A Heng @ Lim Kok Cheong.
- <sup>c</sup> Deemed interest by virtue of substantial shareholding in Yee Lee Organization Bhd.
- <sup>d</sup> Deemed interest by virtue of substantial shareholdings in Unikampar Credit And Leasing Sdn. Bhd. and Uniyelee Sdn. Bhd.
- <sup>e</sup> Deemed interest by virtue of substantial shareholding in Yeleta Holdings Sdn. Bhd.

## DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND ITS RELATED CORPORATION

The details of interests of the Directors in the shares of the Company and its related corporation kept by the Company in the Register of Directors' Shareholdings are as follows:

### Shares held in the Company

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	430,300	0.69	34,510,231 <sup>a</sup>	55.04
3. Thang Lai Sung	8,333	0.01	-	-
4. Chok Hooa @ Chok Yin Fatt	12,333	0.01	-	-
5. Lim Ee Young	38,333	0.06	3,333 <sup>b</sup>	0.00
6. Mohd Adhan bin Kechik	16,666	0.02	-	-
7. Lee Kee Hong	8,333	0.01	-	-

Other than as disclosed above, no other Director of the Company has interest in the shares of the Company and its related corporation.

#### Notes:

<sup>a</sup> Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Datin Chua Shok Tim @ Chua Siok Hoon.

<sup>b</sup> Deemed interest by virtue of being the spouse of Ooi Guat Ee.

### Shares held in the holding company

#### – Yee Lee Organization Bhd.

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' Lim A Heng @ Lim Kok Cheong	2,751	0.02	7,843,344 <sup>a</sup>	71.30
2. Thang Lai Sung	1,716	0.01	-	-
3. Lim Ee Young	25,879	0.23	-	-
4. Lee Kee Hong	11,550	0.10	-	-

By virtue of Dato' Lim A Heng @ Lim Kok Cheong's interest in the shares of the holding company, Yee Lee Organization Bhd., he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the holding company has interest.



**TOP THIRTY SECURITIES ACCOUNT HOLDERS**

	<b>Name of Shareholders</b>	<b>Number of Issued Shares</b>	<b>% of Issued Shares</b>
1.	Yee Lee Organization Bhd.	32,784,233	52.28
2.	Lembaga Tabung Haji	4,522,000	7.21
3.	Wong Chee Choon	1,858,900	2.96
4.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Huey Peng	1,747,900	2.78
5.	Yee Lee Organization Bhd.	1,570,998	2.50
6.	Low Cheng Peng	1,338,000	2.13
7.	Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92
8.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Fong Teng	1,029,700	1.64
9.	Chan Wan Moi	759,000	1.21
10.	Nik Mohamad Pena bin Nik Mustapha	600,000	0.95
11.	Jailani bin Abdullah	513,666	0.81
12.	Lai Ka Chee	452,583	0.72
13.	Dato' Lim A Heng @ Lim Kok Cheong	430,300	0.68
14.	Leong Lim Kuan	332,516	0.53
15.	Sow Yeen Nam	276,826	0.44
16.	OSK Nominees (Tempatan) Sdn. Berhad Lem Kim Kaw	210,000	0.33
17.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon	208,100	0.33
18.	Kah Hin Loong Sdn. Bhd.	178,666	0.28
19.	Datin Chua Shok Tim @ Chua Siok Hoon	155,000	0.24
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Kuan Peng Ching @ Kuan Peng Soon	152,400	0.24
21.	Sin Len Moi	136,000	0.21
22.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Law Cheing Kiat @ Low Cheng Kiat	124,999	0.19
23.	Lim Bee Hoe	122,300	0.19
24.	Wong Wan Chong	120,000	0.19
25.	Kwan Chee Tong	101,098	0.16
26.	Wong Yoke Lian	100,000	0.15
27.	Low Poh Weng	95,000	0.15
28.	Kwek Soo Siong	91,666	0.14
29.	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yon Lee Nam	89,800	0.14
30.	Mohd Bakri @ Mohamed bin Ramly	85,000	0.13
	<b>Total</b>	<b>51,393,317</b>	<b>81.83</b>

LIST OF PROPERTIES  
AS AT DECEMBER 31, 2006

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lots No. 72169, 158022 and PT80026, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 01.09.2075, 30.07.2088 and 28.03.2050 respectively	3-storey office, factory, warehouse and adjoining vacant land	31	34,368/ 18,967	23.09.2004	15,528
Plot No. 26 Mukim of Bukit Katil, District of Melaka Tengah, Melaka	Leasehold expiring on 30.05.2072	Single storey semi-detached factory	36	2,013/ 720	06.08.2004	693
MLO Nos. 3647 and 3648, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim	Freehold	2 adjoining units of single storey semi-detached factories	25	1,608/ 839	18.08.2004	1,809
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18.07.2044	Single storey semi-detached factory	27	922/ 460	06.08.2004	324
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17.03.2042	Single storey factory cum double storey office	21	3,103/ 2,003	20.08.2004	2,143
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31.12.2029	1 1/2 storey semi-detached warehouse	26	585/ 809	24.08.2004	471
Lease No. 105430000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31.12.2042	Single storey detached factory	24	2,086/ 1532	23.08.2004	764
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining units of 3-storey shophouse	22	334/ 662	20.08.2004	1,083
Unit Nos. 1902, 1903, 19th Floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	28	184	24.08.2004	269
Blk 1-6, & 9, Jalan Kilang, Sedco Industrial Estate, Miles 5 1/2, Tuaran Road, Kota Kinabalu, Sabah	Leasehold expiring on 31.12.2073	7 double storey industrial buildings	10	1,138/ 3,185	20.08.2004	2,798
Blk 7 & 8, Jalan Kilang, Sedco Industrial Estate, Miles 5 1/2, Tuaran Road, Kota Kinabalu, Sabah	Leasehold expiring on 31.12.2073	2 double storey industrial buildings	10	276/ 555	20.08.2004	762
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	6	14,729/ 5,184	26.08.2004	12,780



LIST OF PROPERTIES  
AS AT DECEMBER 31, 2006

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
PT 3843, HS(M) 1602 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	One storey warehouse & office	1	3338/ 1,510	06.08.2004	1,838
PT 3842, HS(M) 1601 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	Vacant land	-	3,267	06.08.2004	492
Lot 10 & 11, CL105479552 & CL105479553 Off Jalan Sin On, Tawau	Leasehold expiring on 04.05.2904	2 adjoining unit of 2-storey shophouse	6	446/ 669	23.08.2004	683
PT No. 681, HS(D) 519/82 Mukim of Panchor, Kemu- min District of Kota Bharu Kelantan	Leasehold expiring on 25.07.2048	Vacant land	-	8,094	06.09.2004	406
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	31	16,291/ 10,643	22.09.2004	4,784
P.T. 59999 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 14.02.2046	Vacant land	-	5,054	22.09.2004	781
Lot Nos. 9399, and 10169, Mukim of Bidor, District of Batang, Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 30.06.2046 and 05.07.2046 respectively	2-storey palm oil mill, office and factory warehouse	22	150,625/ 11,637	23.09.2004	14,274
Lot No. 3262, (PT2989) Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 08.07.2056	Vacant land	-	27,449	23.09.2004	942
P.T. 786 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 16.07.2042	Vacant land	-	40,469	23.09.2004	1,647
Lot No. 10649 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 06.03.2050	Vacant land	-	24,101	23.09.2004	765
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	25	8,314,820/ 13,492	17.08.2004	17,349
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	13,027,600	2004	4,868

LIST OF PROPERTIES  
AS AT DECEMBER 31, 2006

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lot No. 3368 Mukim of Mergong District of Kota Setar Kedah Darul Aman	Leasehold expiring on 14.05.2037	a single-storey warehouse attached to a 3-storey office	23	992/ 219	20.08.2004	601
Lot No. 119 Rawang Integrated Industrial Park Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	10	10,866/ 7,762	24.08.2004	8,361
Lot P.T. 764 Mukim of Bidor District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 30.11.2041	2-storey refinery, office and warehouse	23	40,468/ 1,593	18.11.2004	2,728
Lot Nos. 3858-3864, 3867, 3879, 3882-3883, 3888, 3921-3926, 3928-3931, 3933-3947, 3950-3951, 3965-3967, 3970, 3972-3975, 3977, Mukim and District of Batang Padang, Perak Darul Ridzuan	Freehold	Oil palm estate	-	970,590	23.09.2004	5,220
Lot Nos. 15917-15918, 46292, 46300-46301, 46303-46315, 20276 & 20338, Mukim of Kampar Lot Nos, 20339 & 20340, Mukim of Teja, District of Kinta Perak Darul Ridzuan	Freehold	Oil palm estate -		1,984,093	23.09.2004	5,470



**YEE LEE CORPORATION BHD. (13585-A)**  
(Incorporated in Malaysia)

**FORM OF PROXY**

I/We \_\_\_\_\_ Identity Card number/Company number: \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

being a Member of **YEE LEE CORPORATION BHD.**, hereby appoint \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

\_\_\_\_\_ Identity Card number: \_\_\_\_\_

of \_\_\_\_\_  
(ADDRESS)

or failing him/her, \_\_\_\_\_ Identity Card number: \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

as my/our proxy to vote for me/us on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held on Tuesday, June 26, 2007 at 11.00 a.m. at Garlet 3, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan and at any adjournment thereof in the manner as indicated with an "X" in the space provided below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended December 31, 2006 and the Reports of the Directors and Auditors thereon		
2.	To declare a first and final dividend		
3.	To approve the payment of Directors' fees		
4.	To re-elect Chok Hooa @ Chok Yin Fatt, PMP as Director		
5.	To re-elect Major (R) Mohd Ramli bin Othman as Director		
6.	To re-appoint Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff as Director		
7.	To re-appoint Thang Lai Sung as Director		
8.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
9.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
11.	Proposed Alteration to the Articles of Association		

Date this \_\_\_\_\_ day of June 2007

Number of shares held

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

**Notes:**

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.



*Fold here to seal*

Stamp

**THE COMPANY SECRETARY  
YEE LEE CORPORATION BHD.**

Lot 85, Jalan Portland  
Tasek Industrial Estate  
31400 Ipoh  
Perak Darul Ridzuan  
Malaysia

*Fold here to seal*