9. OTHER INFORMATION CONCERNING OUR GROUP *(Cont'd)*

Name of Plant/ Machinery (Location)	**Description**	**Capacity (if applicable)**	**Location**	**NBV as at 31 March 2008 (RM'000)**
1 unit Sta'alkat Automatic Egg Grading and Packing Machine (18R Selecta)	Grading and packing of eggs	150,000 eggs/ hour	CPS 1	702
1 unit MOBA Automatic Egg Grading and Packing Machine (Omnia FX330)	Grading and packing of eggs	120,000 eggs/ hour (operation has not begun)	CPS 2	2,645
1 unit Sta'alkat 6R egg grading machine with 1 complete set of lifter	Grading and packing of eggs	14,000 eggs/ hour	Layer 2	17
MOBA Auto Loader (6 x 5 eggs)	Grading and packing of eggs	12,000 eggs/ hour	Layer 5	37
1 unit MOBA Egg Grading Machine (Type 9) with 2 sets of Nabel 15 eggs manual lifter	Grading and packing of eggs	12,000 eggs/ hour	Layer 5	22
1 unit Diamond Farmpacker 60CPH	Collecting eggs from chicken houses and placing eggs into paper egg trays	20,000 eggs/hour	Layer 3	-
1 unit Sta'alkat Farmpacker	Collecting eggs from chicken houses and placing eggs into paper egg trays	36,000 eggs/ hour	Layer 3	56
2 units Hitachi (PX Series) Ink Jet Printer	Printing words on eggs	Not applicable	Layer 2 & Layer 5	34
1 unit Hitachi (PX Series) Ink Jet Printer	Printing words on eggs	Not applicable	CPS1	18
4 units Hitachi (PXR Series) Ink Jet Printer	Printing words on eggs	Not applicable	CPS1 & CPS2	82
Domino Printer	Printing words on eggs	Not applicable	CPS 1	-
TSPP:				
1 unit Leotech Forming Machine	Forming universal paper egg trays	60 paper egg trays/ minute	Egg tray plant	1,074
2 units Taiwan Forming Machine	Forming AA paper egg trays	15 paper egg trays / minute each	Egg tray plant	1,020
1 unit Taiwan Forming Machine	Forming universal and AA paper egg trays	30 paper egg trays / minute	Egg tray plant	2,446

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9. OTHER INFORMATION CONCERNING OUR GROUP *(Cont'd)*

Name of Plant/ Machinery (Location)	**Description**	**Capacity (if applicable)**	**Location**	**NBV as at 31 March 2008 (RM'000)**
TSFM:				
Complete feedmill machine system, comprising 2 sets of hammer mills, 1 mixer unit, 16 units of raw material bins, 12 units of finished feed bins, 6 micro bins, computerised control system and distribution system	The machine system is for the milling and mixing of feed	144,000 metric tones of feed per annum	Feedmill plant	1,824
4 units of silos, with supporting structure, distributor and handling equipment	Storage and distribution of raw material and feed	Not applicable	Feedmill plant	983
5 units of raw material bins c/w rotacomp screw compressor, indicator & interface card, oil scales, PLC hardware and screw conveyor and 1 unit of mixer	Storage of raw materials	Not applicable	Feedmill plant	909
Total				**17,626**

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ACCOUNTANTS' REPORT
(prepared for inclusion in the Prospectus)

August 25, 2008

The Board of Directors
Teo Seng Capital Berhad
201-203, Jalan Abdullah
84000 Muar
Johor

Dear Sirs,

1. INTRODUCTION

This report has been prepared by Messrs. Deloitte KassimChan, an approved company auditor, for inclusion in the Prospectus of Teo Seng Capital Berhad (hereinafter referred to as "Teo Seng") to be dated September 26, 2008 in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Teo Seng of RM40,000,000, comprising 200,000,000 ordinary shares of RM0.20 each ("Teo Seng Shares" or "Shares") on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") which include the public issue of 38,610,000 new ordinary shares of Teo Seng Shares at an issue price of RM0.45 per Teo Seng Share payable in full on application ("Public Issue Shares") comprising:

(i) 15,000,000 Public Issue Shares representing 7.5% of enlarged issue and paid-up share capital made available for application by the Malaysian Public;

(ii) 10,000,000 Public Issue Shares representing 5.0% of enlarged issue and paid-up share capital made available for application by eligible Directors, employees and business associates of Teo Seng and its subsidiary companies ("Teo Seng Group");

(iii) 6,110,000 Public Issue Shares representing 3.0% of enlarged issue and paid-up share capital made available for application by way of private placement to selected investors; and

(iv) 7,500,000 Public Issue Shares representing 3.8% of enlarged issue and paid-up share capital will be placed to Bumiputera investors approved by Ministry of International Trade and Industry ("MITI").

Offer for sale by Advantage Valuations Sdn. Bhd. ("AVSB") of 42,000,000 Teo Seng Shares at an offer price of RM0.45 per Teo Seng Share to Bumiputera investors approved by MITI.

2. GENERAL INFORMATION

2.1 Incorporation and Principal Activity

Teo Seng was incorporated in Malaysia under the Companies Act, 1965 on May 8, 2006 as a private limited company under the name Teo Seng Capital Sdn. Bhd. Teo Seng was subsequently converted into a public company on May 31, 2006 and assumed its present name.

The principal activity of Teo Seng is that of an investment holding company.

2.2 Subsidiary Companies

The subsidiary companies of Teo Seng, all incorporated in Malaysia, and their respective principal activities are as follows:

Name of Company	Date of incorporation	Issued and Fully Paid-Up Share Capital RM	Effective Equity Interest (%)	Principal Activities
Teo Seng Farming Sdn. Bhd. ("TSF")	December 22, 1983	5,366,000	100	Investment holding and poultry farming
Teo Seng Feedmill Sdn. Bhd. ("TSFM")	December 19, 1998	1,000,000	100	Manufacturing and marketing of animal feeds
Teo Seng Paper Products Sdn. Bhd. ("TSPP")	May 13, 1994	1,500,000	100	Manufacturing and marketing of egg tray
Ritma Prestasi Sdn. Bhd. ("Ritma")	September 24, 2003	100,000	100	Distribution of pet food, medicine and other related products

As of the date of this report, Teo Seng does not have any associated company.

2.3 Listing Scheme

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of RM40,000,000 comprising 200,000,000 Teo Seng Shares on the Second Board of Bursa Securities, Teo Seng has carried out the following corporate exercise which was approved by the relevant authorities:

(i) **TSF Acquisition**

On March 19, 2007, Teo Seng entered into a share purchase agreement with the shareholders of TSF to acquire 5,366,000 ordinary shares of RM1.00 each in TSF representing the entire equity interest in TSF for a purchase consideration of RM32,277,900, which was fully satisfied by the issuance of 161,389,500 new Teo Seng Shares at an issue price of RM0.20 per Share. The TSF Acquisition was completed on June 18, 2008 ("TSF Acquisition").

The Teo Seng Shares issued rank equally in all respects with the then existing Teo Seng Shares, including voting rights and rights to all dividends and/or distributions that may be declared, paid or made subsequent to the TSF Acquisition.

The purchase consideration of RM32,277,900 for TSF Acquisition was arrived at based on a price to earnings ratio of 3.80 times over the audited consolidated profit after taxation and minority interest of TSF as at March 31, 2006 of RM8,503,392. The purchase consideration is at a price to net tangible assets ratio of 1.52 times, based on TSF's audited consolidated net tangible assets as at March 31, 2006 of RM21,208,264.

(ii) **Re-organisation**

In addition, upon the exercise of an option granted to Teo Seng by TSF pursuant to an option agreement dated March 19, 2007, Teo Seng had on June 18, 2008 entered into a share acquisition agreement with TSF to acquire:

(i) 1,500,000 ordinary shares of RM1.00 each in TSPP representing the entire equity interest therein for a consideration of RM4,162,951;

(ii) 1,000,000 ordinary shares of RM1.00 each in TSFM representing the entire equity interest therein for a consideration of RM7,432,985; and

(iii) 100,000 ordinary shares of RM1.00 each in Ritma representing the entire equity interest therein for a consideration of RM1,150,564.

The Re-organisation was completed on June 19, 2008, and the aggregate purchase consideration equivalent to RM12,746,500 was accounted for as an amount owing by Teo Seng to TSF.

(iii) **Public Issue**

Teo Seng will undertake a public issue of 38,610,000 new Teo Seng Shares at an issue price of RM0.45 per share.

(iv) **Offer for Sale**

AVSB will offer for sale 42,000,000 Teo Seng Shares at an offer price of RM0.45 per Share to Bumiputera investors approved by MITI.

(v) **Listing**

Listing of and quotation for its entire enlarged issued and paid-up share capital of RM40,000,000 comprising 200,000,000 Teo Seng Shares on the Second Board of Bursa Securities.

2.4 Share Capital

The authorised share capital of Teo Seng since its incorporation is as follows:

Date of creation	No. of share created/ Sub-divided	Par value RM	Total authorised share capital (cumulative) RM
May 8, 2006	200,000	0.50	100,000
January 23, 2007	500,000*	0.20	100,000
June 9, 2008	249,500,000	0.20	50,000,000

* On January 23, 2007, the authorised share capital of Teo Seng was sub-divided from every two (2) ordinary shares of RM0.50 each into five (5) ordinary shares of RM0.20 each.

The details of changes in the issued and paid-up share capital of Teo Seng since its incorporation are as follows:

Date of allotment	No. of share created/ Sub-divided	Par value RM	Consideration/ Type of issue	Total issued and paid-up share capital (cumulative) RM
May 8, 2006	200	0.50	Cash (Subscribers' shares)	100
January 23, 2007	500	0.20	Share split entailing the sub-division of every two (2) ordinary shares of RM0.50 each into five (5) Teo Seng Shares	100
June 18, 2008	161,389,500	0.20	Issued as consideration for the TSF Acquisition	32,278,000

Upon completion of the Public Issue, the issued and paid-up share capital of Teo Seng will be increased by 38,610,000 new Teo Seng Shares to 200,000,000 Teo Seng Shares credited as fully paid-up.

3. AUDITORS AND AUDITED FINANCIAL STATEMENTS

We were appointed to act as auditors of Teo Seng since the date of incorporation. The audited financial statements of Teo Seng for the period/year May 8, 2006 (date of incorporation) to March 31, 2007 and March 31, 2008 were audited by us and were not subject to any qualification.

The financial statements of TSF, TSFM and TSPP for the financial years ended ("FYE") March 31, 2006 to 2008 were audited by us and were not subject to any qualification.

The financial statements of Ritma for the financial period/years January 1, 2005 to March 31, 2006 and March 31, 2007 and 2008 were audited by SC Lim, Ng & Co. and were reported on by the said firm of auditors without any qualification.

4. DIVIDEND

Save as disclosed below, no dividend was declared and paid by Teo Seng and its subsidiary companies for the FYE March 31, 2006, 2007 and 2008.

	2008 RM'000	2007 RM'000
FYE March 31		
Interim dividend:		
TSF:		
50.4%, tax exempt and paid on April 22, 2008	2,704,464	-
TSFM:		
300%, less tax and paid on April 16, 2008	2,250,000	-
50%, tax exempt and paid on March 29, 2007	-	500,000
Ritma		
50%, less tax and paid on March 2, 2007	-	36,500

5. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

This Report is prepared based on the audited financial statements of Teo Seng and its subsidiary companies ("Teo Seng Group"), comprising TSF, TSFM, TSPP and Ritma which have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia and presented on a basis consistent with the accounting policies adopted by Teo Seng Group.

Teo Seng Group has adopted all of the new and revised Financial Reporting Standards ("FRS") and Interpretations issued by the MASB that are relevant to their operations.

5.1 TEO SENG

The income statements, balance sheets, statements of changes in equity and cash flow of Teo Seng, based on the audited financial statements for the financial period/year May 8, 2006 (date of incorporation) to March 31, 2007 and March 31, 2008, are as follows:

INCOME STATEMENTS
FOR THE PERIOD/ YEAR ENDED MAY 8, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007 AND MARCH 31, 2008

	2008 (1 year) RM'000	2007 (11 Months) RM'000
Revenue	-	-
Expenses	(5)	(4)
Loss for the period/ year	(5)	(4)

TEO SENG
BALANCE SHEETS
AS OF MARCH 31, 2007 AND 2008

	2008 RM'000	2007 RM'000
ASSETS		
Current Assets		
Cash on hand	*	*
TOTAL ASSETS	*	*
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	*	*
Accumulated losses	(9)	(4)
Net Capital Deficiency	(9)	(4)
Current Liabilities		
Accrued expenses	4	4
Amount owing to a director	5	-
	9	4
TOTAL EQUITY AND LIABILITIES	*	*

* *Represent RM100.*

TEO SENG
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD/ YEAR ENDED MAY 8, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007 AND MARCH 31, 2008

	Share Capital RM'000	Accumulated Losses RM'000	Capital Deficiency RM'000
Balance as of May 8, 2006 (Date of Incorporation)	*	-	*
Loss for the period, representing total recognised income and expense	-	(4)	(4)
Balance as of March 31, 2007	*	(4)	(4)
Balance as of April 1, 2007	*	(4)	(4)
Loss for the year, representing total recognised income and expense	-	(5)	(5)
Balance as of March 31, 2008	*	(9)	(9)

* *Represent RM100.*

TEO SENG
CASH FLOW STATEMENTS
FOR THE PERIOD/ YEAR ENDED MAY 8, 2006 (DATE OF INCORPORATION) TO MARCH 31, 2007 AND MARCH 31, 2008

	2008 (1 year) RM'000	2007 (11 Months) RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss for the period/year	(5)	(4)
Increase in:		
Accrued expenses	-	4
Amount owing to a director	5	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS AT DATE OF INCORPORATION/BEGINNING OF YEAR	*	*
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	*	*

* *Represent RM100.*

5.2 TSF Group (comprise of TSF and its subsidiary companies, TSFM, TSPP and Ritma, before the Re-organisation)

The income statements, balance sheets, statements of changes in equity and cash flow of TSF Group, based on the audited consolidated financial statements, taking to account for the effect of adjustment for overprovision of deferred tax liabilities in the FYE March 31, 2006, for the three (3) FYE March 31, 2008, are as follows:

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	Note	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	4	159,343	112,641	98,102
Investment revenue	5	147	152	-
Other operating income	6	330	291	91
Purchase of trading merchandise		(11,119)	(6,274)	(1,363)
Changes in inventories of finished goods and work-in-progress		2,469	699	610
Livestocks and poultry feeds used		(33,020)	(23,337)	(22,017)
Raw materials and consumables used		(77,424)	(51,200)	(43,773)
Staff costs	6	(8,851)	(6,857)	(5,633)
Depreciation of property, plant and equipment		(4,526)	(4,124)	(3,723)
Amortisation of goodwill		-	-	(20)
Finance costs	7	(2,466)	(2,223)	(1,459)
Other operating expenses	6	(10,008)	(8,562)	(7,959)
Profit before tax ("PBT")		14,875	11,206	12,856
Income tax expense	9	(2,343)	(2,252)	(3,224)
Profit for the year ("PAT")		12,532	8,954	9,632
Attributable to:				
Equity holders of TSF		12,532	8,854	9,535
Minority interest		-	100	97
		12,532	8,954	9,632

Financial Ratio Analysis:

	2008	2007	2006
Weighted average/Number of ordinary shares of RM1.00 each in issue ('000)	5,366	5,270	5,000
Gross profit (RM'000)	25,605	19,828	21,298
Gross profit margin (%)	16.07	17.60	21.71
Earning per share ("EPS")			
Gross EPS (Sen) *	277.21	212.64	257.12
Net EPS (Sen) *	233.54	168.01	190.70
Effective tax rate (%)	15.75	20.10	25.08
PBT margin (%)	9.34	9.95	13.10
PAT margin (%)	7.86	7.95	9.82
Gearing (times)	1.03	1.27	1.74
Interest cover ratio (times)	7.03	6.04	9.81

* Gross EPS and Net EPS are calculated based on weighted average number of ordinary shares of RM1 each in issue for the FYE March 31, 2007.

Notes on adjustment to the Income Statements:

The income tax expense for the FYE March 31, 2006 has been adjusted as follows:

	2006 RM'000
Income tax expense as per audited financial statements	(4,257)
Adjustment	1,033
Adjusted income tax expense as stated in this Report	(3,224)

The adjustment relates to the overprovision of deferred tax liabilities.

TSF GROUP
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2006, 2007 AND 2008

	Note(s)	2008 RM'000	2007 RM'000	2006 RM'000
ASSETS				
Non-current Assets				
Property, plant and equipment	10	57,438	54,301	46,577
Other investments	11	3	3	3
Goodwill on consolidation	12	1,696	1,696	942
Total Non-current Assets		59,137	56,000	47,522
Current Assets				
Inventories	13	22,583	16,432	12,416
Trade receivables	14 & 15	15,321	12,545	11,184
Other receivables, deposits and prepaid expenses	14	1,334	1,403	2,209
Tax recoverable		55	-	-
Amount owing by immediate holding company	15	5	5	-
Amount owing by other related companies	15	556	202	175
Cash and bank balances	16	12,328	6,604	9,874
Total Current Assets		52,182	37,191	35,858
TOTAL ASSETS		111,319	93,191	83,380
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	17	5,366	5,366	5,000
Reserves	18	36,860	26,838	17,150
Equity attributable to equity holders of TSF		42,226	32,204	22,150
Minority interest		-	-	345
Total Equity		42,226	32,204	22,495

	Note(s)	2008 RM'000	2007 RM'000	2006 RM'000
Non-current Liabilities				
Amount owing to intermediate holding company	15	4,211	4,848	4,853
Hire-purchase payables - non-current portion	19	3,138	3,035	1,175
Borrowings - non-current portion	20	3,737	6,132	6,157
Deferred tax liabilities	21	6,305	6,772	6,865
Total Non-current Liabilities		17,391	20,787	19,050
Current Liabilities				
Trade payables	15 & 22	11,995	8,579	12,162
Other payables and accrued expenses	15 & 22	2,845	3,187	2,426
Amount owing to intermediate holding company	15	4	1	2
Amount owing to other related companies	15	1,013	848	628
Hire-purchase payables	19	1,722	1,736	1,302
Borrowings	20	30,785	25,152	24,985
Dividend payable		2,705	-	-
Tax liabilities		633	697	330
Total Current Liabilities		51,702	40,200	41,835
Total Liabilities		69,093	60,987	60,885
TOTAL EQUITY AND LIABILITIES		111,319	93,191	83,380
Net tangible assets		40,530	30,508	21,208
Net tangible assets per share (RM)		7.55	5.69	4.24

TSF GROUP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	Note	Attributable to Equity Holders of TSF						
		Non-distributable Reserves			Distributable Reserve			
		Share Capital RM	Share Premium RM	Asset Revaluation Reserve RM	Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
Balance as of April 1, 2005		5,000	-	3,981	3,634	12,615	-	12,615
Profit for the year, representing total recognised income and expense		-	-	-	9,535	9,535	97	9,632
Acquisition of a subsidiary company		-	-	-	-	-	248	248
Balance as of March 31, 2006		5,000	-	3,981	13,169	22,150	345	22,495
Balance as of April 1, 2006		5,000	-	3,981	13,169	22,150	345	22,495
Profit for the year, representing total recognised income and expense		-	-	-	8,854	8,854	100	8,954
Issue of shares	17	366	834	-	-	1,200	-	1,200
Acquisition of a subsidiary company		-	-	-	-	-	(445)	(445)
Balance as of March 31, 2007		5,366	834	3,981	22,023	32,204	-	32,204
Balance as of April 1, 2007		5,366	834	3,981	22,023	32,204	-	32,204
Income recognised directly in equity, reversal of deferred tax liabilities arising from changes in tax rate		-	-	194	-	194	-	194
Profit for the year		-	-	-	12,532	12,532	-	12,532
Total recognised income and expense		-	-	194	12,532	12,726	-	12,726
Dividend	23	-	-	-	(2,704)	(2,704)	-	(2,704)
Balance as of March 31, 2008		5,366	834	4,175	31,851	42,226	-	42,226

TSF GROUP
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year	12,532	8,954	9,632
Adjustments for:			
Depreciation of property, plant and equipment	4,526	4,124	3,723
Finance costs	2,466	2,223	1,458
Income tax expense recognised in income statement	2,343	2,252	3,224
Bad-debt written off	54	6	5
Loss/(Gain) on disposal of property, plant and equipment	42	(8)	(17)
Allowance for doubtful debts	17	-	21
Interest income	(147)	(152)	-
Unrealised gain on foreign exchange	(163)	-	(23)
Property, plant and equipment written off	-	-	20
Amortisation of goodwill	-	-	20
Operating Profit Before Working Capital Changes	21,670	17,399	18,063
(Increase)/Decrease in:			
Inventories	(6,150)	(4,016)	247
Trade receivables	(2,828)	(1,368)	(4,094)
Other receivables, deposits and prepaid expenses	69	807	(1,739)
Amount owing by other related companies	(354)	(27)	(88)
Increase/(Decrease) in:			
Trade payables	3,436	(3,583)	(5,485)
Other payables and accrued expenses	(914)	760	(669)
Amount owing to other related companies	164	220	(323)
Cash Generated From Operations	15,093	10,192	5,912
Finance costs paid	(2,466)	(2,223)	(1,488)
Income tax paid	(2,735)	(1,976)	(330)
Tax refunded	-	-	50
Net Cash From Operating Activities	9,892	5,993	4,144

	Note	2008 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest income		147	152	-
Proceeds from disposal of property, plant and equipment		68	58	21
Additions to property, plant and equipment*		(5,806)	(7,995)	(4,064)
Increase in amount owing by immediate holding company		-	(5)	-
Additions to other investments		-	-	(3)
Acquisition of a subsidiary company		-	-	(1,440)
Net Cash Used In Investing Activities		(5,591)	(7,790)	(5,486)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from short-term bank borrowings		78,543	38,470	69,973
Increase/(Decrease) in amount owing to intermediate holding company		4	(1)	-
(Increase)/Decrease in fixed deposits pledged to banks		(472)	705	(4,853)
Repayment of advance from intermediate holding company		(637)	(5)	-
Repayments of hire-purchase payables		(1,306)	(1,609)	(1,233)
Repayments of term loans		(2,241)	(669)	(423)
Repayments of short-term bank borrowings		(71,989)	(41,012)	(69,716)
Proceeds from term loans		-	1,219	7,676
Advances from intermediate holding company		-	-	4,853
Net Cash From/(Used In) Financing Activities		1,902	(2,902)	6,277
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,203	(4,699)	4,935
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(858)	3,841	(1,094)
Effect of exchange differences		125	-	-
		(733)	3,841	(1,094)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	5,470	(858)	3,841

* During the financial years, TSF Group made the following cash payments to purchase property, plant and equipment:

	2008 RM'000	2007 RM'000	2006 RM'000
Purchase of property, plant and equipment	7,773	11,897	6,225
Less:			
Financed by hire-purchase arrangements	(1,394)	(3,902)	(1,424)
Outstanding in other payables	(573)	-	(737)
	5,806	7,995	4,064

TSF GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of TSF Group have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia.

(i) Changes In Accounting Policies And Effects Arising From Adoption Of The New And Revised FRSs

The accounting policies adopted by TSF Group are consistent with those adopted in the previous financial year except for the adoption of the new and revised FRSs issued by MASB that are relevant to its operations and effective for the financial period beginning on or after April 1, 2007.

The adoption of the new FRSs does not have any impact on TSF Group's accounting policies.

(ii) Accounting Standards And Issues Committee ("IC") Interpretations Issued But Not Yet Effective

At the date of authorisation of issue of these financial statements for the FYE March 31, 2008, the following FRSs, Amendment to FRS and Interpretations were issued but not yet effective:

FRSs and Interpretations		**Effective for annual periods beginning on or after**
FRS 107	Cash Flow Statements	July 1, 2007
FRS 111	Construction Contracts	July 1, 2007
FRS 112	Income Taxes	July 1, 2007
FRS 118	Revenue	July 1, 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	July 1, 2007
FRS 134	Interim Financial Reporting	July 1, 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	July 1, 2007
FRS 139	Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	July 1, 2007

FRSs and Interpretations		Effective for annual periods beginning on or after
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	July 1, 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	July 1, 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	July 1, 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	July 1, 2007
IC Interpretation 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	July 1, 2007
IC Interpretation 8	Scope of FRS 2	July 1, 2007

The effective adoption date in respect of FRS 139 is yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

Saved for FRS 139, the Directors anticipate that the adoption of these FRSs, Amendment to FRS and IC Interpretations in future periods will have no material financial effect on the financial statements of TSF Group. By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the 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.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of TSF Group have been prepared under the historical-cost convention unless otherwise indicated in the summary of significant accounting policies.

Basis of Consolidation

Subsidiary Companies
The consolidated financial statements incorporate the financial statements of TSF and of the subsidiary companies controlled by TSF made up to March 31, 2006, 2007 and 2008.

A subsidiary company is a company where TSF has control through the power to govern the financial and operating policies of TSF Group so as to obtain benefits therefrom. Control is presumed to exist when TSF owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the subsidiary company. In TSF's separate financial statements, investment in subsidiary companies is carried at cost less impairment loss. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts is included in income statement.

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 interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

All significant intercompany 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 (excluding goodwill) of the consolidated subsidiary company are identified separately from TSF Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination 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 interest of TSF Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue represents gross invoiced value of goods sold net of trade discounts and allowances.

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

- TSF Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- TSF Group 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 cost incurred or to be incurred in respect of the transaction can be measured reliably.

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

Interest income
Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will be accrued to TSF Group.

Rental income
Rental income is accrued on a time basis, by reference to the agreements entered.

Other income
Other income is recognised on an accrual basis.

Employee Benefits

Short-term benefits
Salaries, wages, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by the employees of TSF Group.

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

Finance Costs

All interests and other costs incurred in connection with borrowings are expensed as incurred.

Income Tax

Income tax in the income statements comprises current and/ or deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

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

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition in which case the deferred tax is included in the determination of goodwill.

Functional and Presentation Currency

The individual financial statements of each entity in TSF Group are measured using the currency of the primary economic environment in which the entity operates (the '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 TSF and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing on the transaction dates or, where settlement has not yet been made at the end of the financial year, the assets and liabilities are converted at the approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

Leases

Leases of property and equipment where a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under such leases are charged to the income statements as rental charges. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as property, plant and equipment at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a hire-purchase payable.

Property, Plant and Equipment

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

Freehold land and factory 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. The valuation was based on market value using comparison and cost methods of valuation 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.

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 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 asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

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

Freehold land and capital work-in-progress are not depreciated. All other property, plant and equipment are depreciated on a straight line method to their residual values at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Farm and poultry buildings	2 % - 5 %
Factory buildings	1 % - 12.5 %
Plant and machinery	5 % - 20 %
Egg layer conveyor and cages system	5%
Motor vehicles, furniture, fittings, equipment and renovation	5 % - 50 %
Hostel	2%

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

Other Investments

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

Goodwill on Consolidation

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

Impairment of Assets (Excluding Goodwill)

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

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

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

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

Inventories

Inventories are valued at the lower of cost and net realisable value.

Layer and pullet inventories are stated at cost (determined on weighted-average method) adjusted for amortisation (calculated based on their economic egg-laying lives less net realisable value). Costs of layer and pullet inventories comprise the original purchase price plus growing costs which include costs of raw materials, direct labour and a proportion of farm overheads.

Costs of eggs comprise the costs of livestock, direct labour and a proportion of farm overheads. Costs of egg trays and work-in-progress comprise the costs of raw materials, direct labour and a proportion of farm overheads.

Costs of poultry feeds, trading inventories, raw materials (determined on 'first-in, first-out' method), consumable supplies, packing material and medication (determined on weighted-average method) comprise the original purchase price plus the costs incurred in bringing the inventories to their present location.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are stated at nominal value as 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.

Payables

Payables are stated at nominal value of the consideration to be paid in the future for goods and services received.

Borrowings

All borrowings are initially recognised at the nominal value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

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.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

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

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

Cash Flow Statements

TSF Group adopts the indirect method in the preparation of the cash flow statements.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of TSF Group's accounting policies, which are described in Note 2, 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.

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.

Critical Accounting Estimates and Assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation are based on the discounted net cash projections covering a five (5) years period and a discount rate of 6.49% reflecting the weighted average cost of capital. The directors believe that an average 9% per annum growth rate is reasonable for cash projections purposes.

4. REVENUE

	2008 RM'000	2007 RM'000	2006 RM'000
Sales of goods	159,343	112,641	98,102

5. INVESTMENT REVENUE

	2008 RM'000	2007 RM'000	2006 RM'000
Interest income from fixed deposits	147	152	-

6. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

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

	2008 RM'000	2007 RM'000	2006 RM'000
Gain/(Loss) on foreign exchange:			
Realised	48	122	(15)
Unrealised	163	-	23
Allowance for doubtful debts	(17)	-	(21)
(Loss)/Gain on disposal of property, plant and equipment	(42)	8	17
Audit fee:			
Current year	(43)	(30)	(26)
(Under)/Overprovision in prior year	(10)	2	-
Bad-debt written off	(54)	(6)	(5)
Rental on:			
Equipment	-	-	(2)
Forklift	-	(1)	-
Hostel	(5)	(1)	-
Premises	(86)	(69)	(59)
Directors' remuneration:			
Director of the Company:			
Other emoluments	(884)	(711)	(986)
EPF contributions	(131)	(110)	(95)
Director of subsidiary companies:			
Director fee	(36)	(27)	(12)
Other emoluments	(268)	(100)	(71)
EPF contributions	(25)	(10)	(5)
Property, plant and equipment written off	-	-	(20)

Included in staff costs of TSF Group is EPF contributions of RM632,687 in 2008, RM475,006 in 2007 and RM362,669 in 2006.

7. FINANCE COSTS

	2008 RM'000	2007 RM'000	2006 RM'000
Interest on:			
Long-term loans	507	388	27
Hire-purchase	315	213	143
Bank overdrafts	225	273	151
Advance from intermediate holding company	216	129	-
Other bank borrowings	1,203	1,220	1,138
	2,466	2,223	1,459

8. SEGMENTAL REPORTING

Business segments

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

- Trading of pet food, medicine and other related products
- Poultry farming (includes manufacturing, marketing and trading of animal feeds and egg trays)

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

	Trading of pet food, medicine and other related products RM'000	Poultry farming RM'000	Eliminations RM'000	Consolidated RM'000
2008				
Revenue				
External sales	10,957	148,386	-	159,343
Inter-segment sales	2,774	64,579	(67,353)	-
Total revenue	13,731	212,965	(67,353)	159,343
Results				
Segment results	2,419	14,844	(69)	17,194
Finance costs				(2,466)
Investment revenue				147
PBT				14,875
Income tax expense				(2,343)
PAT				12,532

	Trading of pet food, medicine and other related products RM'000	Poultry farming RM'000	Eliminations RM'000	Consolidated RM'000
Other information				
Capital additions	106	7,667	-	7,773
Depreciation	64	4,462	-	4,526
Non-cash expenses other than depreciation and amortisation	-	113	-	113
Consolidated Balance Sheet				
Assets				
Segment assets	6,537	100,105	-	106,642
Unallocated corporate assets				4,677
Total				111,319
Liabilities				
Segment liabilities	1,931	16,631	-	18,562
Unallocated corporate liabilities				50,531
Total				69,093
2007				
Revenue				
External sales	6,231	106,410	-	112,641
Inter-segment sales	1,695	44,685	(46,380)	-
Total revenue	7,926	151,095	(46,380)	112,641

	Trading of pet food, medicine and other related products RM'000	Poultry farming RM'000	Eliminations RM'000	Consolidated RM'000
Results				
Segment results	1,286	12,480	(489)	13,277
Finance costs				(2,223)
Investment revenue				152
PBT				11,206
Income tax expense				(2,252)
PAT				8,954
Other information				
Capital additions	93	11,804	-	11,897
Depreciation	45	4,079	-	4,124
Non-cash expenses other than depreciation and amortisation	-	6	-	6
Consolidated Balance Sheet				
Assets				
Segment assets	2,599	86,441	-	89,040
Unallocated corporate assets				4,151
Total				93,191
Liabilities				
Segment liabilities	1,403	11,212	-	12,615
Unallocated corporate liabilities				48,372
Total				60,987

	Trading of pet food, medicine and other related products RM'000	Poultry farming RM'000	Eliminations RM'000	Consolidated RM'000
2006				
Revenue				
External sales	2,412	95,690	-	98,102
Inter-segment sales	336	37,033	(37,369)	-
Total revenue	2,748	132,723	(37,369)	98,102
Results				
Segment results	385	13,949	(19)	14,315
Finance costs				(1,459)
PBT				12,856
Income tax expense				(3,224)
PAT				9,632
Other information				
Capital additions	171	6,054	-	6,225
Depreciation	14	3,709	-	3,723
Amortisation of goodwill	-	20	-	20
Non-cash expenses other than depreciation and amortisation	20	26	-	46
Consolidated Balance Sheet				
Assets				
Segment assets	3,035	73,989	-	77,024
Unallocated corporate assets				6,356
Total				83,380
Liabilities				
Segment liabilities	1,851	13,367	-	15,218
Unallocated corporate liabilities				45,667
Total				60,885

Geographical Segments

TSF Group's operations are located in Malaysia. The following is an analysis of TSF Group's sales by geographical market, irrespective of the origin of the goods:

	Revenue by geographical market		
	2008 RM'000	**2007 RM'000**	**2006 RM'000**
Malaysia	137,862	101,133	95,338
Singapore	19,751	10,254	2,526
Hong Kong	1,110	355	-
Others	620	899	238
	159,343	112,641	98,102

9. INCOME TAX EXPENSE

	2008 RM'000	**2007 RM'000**	**2006 RM'000**
Estimated tax paid/payable:			
Current year	(2,696)	(2,345)	(562)
Over/(Under)provision in prior years	80	-	(53)
	(2,616)	(2,345)	(615)
Deferred tax (Note 21)	273	93	(2,609)
	(2,343)	(2,252)	(3,224)

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

	2008 RM'000	**2007 RM'000**	**2006 RM'000**
PBT	14,875	11,206	12,856
Tax at the applicable tax rate of 26% in 2008, 27% in 2007 and 28% in 2006	(3,868)	(3,026)	(3,600)
Tax effect of :			
Expenses that are not deductible in determining taxable profit	(55)	(355)	(176)
Income that are not assessable in determining taxable profit	116	-	7
Change in tax rate	248	173	85
Utilisation of reinvestment allowances	1,216	956	460
Tax expense for the year	(2,343)	(2,252)	(3,224)

10. PROPERTY, PLANT AND EQUIPMENT

2008

	Costs RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land			
- At cost	4,672	-	4,672
- At 1993 valuation	345	-	345
- At 2004 valuation	4,344	-	4,344
Farm and poultry buildings			
- At cost	24,481	(9,603)	14,878
- At 1993 valuation	3,510	(2,641)	869
Factory buildings			
- At cost	280	(7)	273
- At 2004 valuation	6,163	(954)	5,209
Plant and machinery	26,561	(11,292)	15,269
Egg layer conveyor and cages system	12,723	(6,583)	6,140
Motor vehicles, furniture, fittings, equipment and renovation	12,265	(8,274)	3,991
Hostel	8	(1)	7
Capital work-in-progress	1,441	-	1,441
Total	96,793	(39,355)	57,438

2007

	Costs RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land			
- At cost	3,672	-	3,672
- At 1993 valuation	345	-	345
- At 2004 valuation	4,344	-	4,344
Farm and poultry buildings			
- At cost	23,882	(8,549)	15,333
- At 1993 valuation	3,510	(2,484)	1,026
Factory buildings			
- At cost	159	(1)	158
- At 2004 valuation	6,163	(832)	5,331
Plant and machinery	22,681	(9,841)	12,840
Egg layer conveyor and cages system	12,294	(5,952)	6,342
Motor vehicles, furniture, fittings, equipment and renovation	10,794	(7,332)	3,462
Hostel	8	(1)	7
Capital work-in-progress	1,441	-	1,441
Total	89,293	(34,992)	54,301

2006

	Costs RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land			
- At cost	3,324	-	3,324
- At 1993 valuation	345	-	345
- At 2004 valuation	4,344	-	4,344
Farm and poultry buildings			
- At cost	20,776	(7,562)	13,214
- At 1993 valuation	3,510	(2,327)	1,183
Factory buildings			
- At cost	30	(1)	29
- At 2004 valuation	6,163	(710)	5,453
Plant and machinery	18,178	(8,547)	9,631
Egg layer conveyor and cages system	10,967	(5,355)	5,612
Motor vehicles, furniture, fittings, equipment and renovation	9,763	(6,462)	3,301
Hostel	8	(1)	7
Capital work-in-progress	134	-	134
Total	77,542	(30,965)	46,577

As of balance sheet date, the net book value of property, plant and equipment under hire-purchase arrangements of TSF Group in respect of which instalments are outstanding amounted to RM7,256,071 in 2008, RM8,766,861 in 2007 and RM4,528,917 in 2006 respectively.

The revaluation of the freehold land and buildings of TSF Group in 1993 were based upon valuations carried out by an independent firm of professional valuers using open market value basis. The freehold land of the subsidiary companies were revalued by the directors on February 28, 2004 based on a valuation carried out by Mr. Lee Thiam Sing, a registered valuer of Colliers, Jordan Lee & Jaffar (M'CCA) Sdn. Bhd., an independent firm of professional valuers. The valuation was based on market value using comparison and cost methods of valuation. The resulting revaluation surplus has been credited to revaluation reserve account as disclosed in Note 18.

Pursuant to the fixed and floating charges over all assets of a subsidiary company, and fixed charges over certain property, plant and equipment of another subsidiary company, the property, plant and equipment of these subsidiary companies amounted to RM16,415,750 in 2008, RM15,672,708 in 2007 and RM13,798,840 in 2006 has been pledged to local banks to secure credit facilities granted to the subsidiary companies as disclosed in Note 20.

The title of a parcel of freehold land of TSF with a carrying amount of RM234,331 in 2008, RMNil in 2007 and in 2006 is yet to be registered in the name of TSF.

The historical cost of freehold land, farm and poultry buildings and factory buildings which were revalued are as follows:

	2008 RM'000	2007 RM'000	2006 RM'000
At cost:			
Freehold land	1,627	1,627	1,627
Farm and poultry buildings	1,284	1,284	1,284
Factory buildings	4,379	4,379	4,379
	7,290	7,290	7,290
Accumulated depreciation:			
Farm and poultry buildings	(857)	(793)	(729)
Factory buildings	(807)	(720)	(632)
	(1,664)	(1,513)	(1,361)
Net book value	5,626	5,777	5,929

11. OTHER INVESTMENTS

	2008 RM'000	2007 RM'000	2006 RM'000
Shares quoted in Malaysia, at cost	3	3	3
Market value of quoted shares in Malaysia	3	3	3

12. GOODWILL ON CONSOLIDATION

	2008 RM'000	2007 RM'000	2006 RM'000
At beginning of year	1,696	942	-
Goodwill arising from acquisition of subsidiary company	-	754	962
Amortisation during the year	-	-	(20)
At end of year	1,696	1,696	942

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2008 RM'000	2007 RM'000	2006 RM'000
Trading of pet food, medicine and other related products	1,696	1,696	942

13. INVENTORIES

	2008 RM'000	2007 RM'000	2006 RM'000
Raw materials	4,566	4,998	1,679
Pullets	2,764	2,538	1,634
Layers	10,688	6,763	7,527
Feedmeal	386	456	343
Medication	265	214	167
Consumable supplies	202	137	138
Eggs	325	265	112
Egg trays	454	100	77
Packing materials	-	13	43
Work-in-progress	225	135	143
Trading merchandise	2,708	813	553
Total	22,583	16,432	12,416

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

Trade receivables consist of:

	2008 RM'000	2007 RM'000	2006 RM'000
Trade receivables	15,553	12,813	11,452
Allowance for doubtful debts	(232)	(268)	(268)
	15,321	12,545	11,184

Other receivables, deposits and prepaid expenses consist of:

	2008 RM'000	2007 RM'000	2006 RM'000
Other receivables	642	633	1,003
Refundable deposits	136	249	238
Prepaid expenses	556	521	968
	1,334	1,403	2,209

The foreign currency exposure profile of trade receivables is as follows:

	2008 RM'000	2007 RM'000	2006 RM'000
Singapore Dollar	652	257	40
United States Dollar	29	33	23

Trade receivables comprise amounts receivable for the sales of goods. Other receivables comprise mainly expenses paid on behalf to a contract farmer.

The credit periods granted on sale of goods ranging from 7 to 150 days in 2008, 2007 and 2006. An allowance of RM231,956 in 2008 and RM268,659 in 2007 and 2006 has been made for estimated irrecoverable amounts from the sales of goods. This allowance has been determined by reference to past default experience of TSF Group.

Included in refundable deposits in 2006 is deposit paid to Mr. Na Yok Chee, a director of TSF, for the acquisition of a piece of freehold land amounted to RM33,834.

15. HOLDING COMPANIES AND RELATED PARTIES TRANSACTIONS

In 2007, TSF Group became a subsidiary company of Advantage Valuations Sdn. Bhd., a company incorporated in Malaysia. The directors regard Leong Hup Holdings Berhad, a public listed company incorporated in Malaysia and Leong Hup Management Sdn. Bhd., a company incorporated in Malaysia, as intermediate holding company and ultimate holding company of TSF Group respectively.

The amount owing to intermediate holding company arose mainly from expenses paid on behalf and advances which are unsecured, interest-free and have no fixed term of repayment except for an amount of RM4,211,038 in 2008, RM4,847,807 in 2007 and RM4,853,181 in 2006 which bears interest at a rate of 3.17% in 2008, 2.79% in 2007 and 2.71% in 2006 per annum which are unsecured and have no fixed term of repayment. The intermediate holding company has confirmed that it will not demand any repayment of the amount of RM4,211,038 (RM4,847,807 in 2007 and RM4,853,181 in 2006) within the next twelve months from the financial year end.

The amount owing by immediate holding company arose mainly from expenses paid on behalf which are unsecured, interest-free and have no fixed term of repayment.

The amount owing by (to) other related companies arose mainly from trade transactions with credit periods ranging from 7 to 90 days (also 7 to 90 days in 2007 and 2006), and advances granted and payments made on behalf which is unsecured, interest-free and have no fixed term of repayment.

Other than as disclosed elsewhere in the financial statements, the related parties are namely Gymtech Feedmill (Malacca) Sdn. Bhd., Ideal Multifeed (Malaysia) Sdn. Berhad, Sri Medan Duck Farm Sdn. Bhd., Ladang Ternakan Maju Sdn. Bhd., Kylen Enterprise Sdn. Bhd. and Teratai Agriculture Sdn. Bhd. in which Lau Brothers are directors and/ or shareholders and Mujur Cekap Sdn. Bhd. in which spouse of Mr. Nam Yok San is a director. The Lau Brothers are Lau Chun Yuen, Datuk Lau Chong Wang, Dato' Lau Bong Wong, Lau Chia Nguang, Datuk Lau Chir Nguan, Dato' Lau Eng Guang, Lau Hai Nguan and Tan Sri Lau Tuang Nguang.

The outstanding balances with related parties are included in the following accounts:

	2008 RM'000	2007 RM'000	2006 RM'000
Trade receivables	464	256	161
Trade payables	3,656	3,323	1,145
Other payables	114	289	174

Significant related parties transactions are as follows:

	2008 RM'000	2007 RM'000	2006 RM'000
Intermediate holding company			
Leong Hup Holdings Berhad			
Interest expense	216	129	-
IT service payable	15	12	12
Immediate holding company			
Advantage Valuations Sdn. Bhd.			
Management fee payable	5	-	-
Other related companies*			
Purchases of goods	3,641	3,609	3,294
Sales of goods	1,650	935	598
Rental expense	60	62	27
Lab service fee	29	27	-
Security service fee payable	9	1	9
Related parties			
With companies where Lau Brothers are directors/ shareholders			
Purchases of goods	18,633	24,571	3,383
Sales of goods	1,858	823	302
Management fee payable	90	120	30
Spouse of Mr. Nam Yok San is a director of Mujur Cekap Sdn. Bhd.			
Transport charges paid	1,752	1,800	1,305

* The above transactions were principally with Astaka Shopping Centre (Muar) Sdn. Bhd. and Poly-Yam Marketing Sdn. Bhd. which are subsidiary companies of Leong Hup Management Sdn. Bhd. and Leong Hup Poultry Farm Sdn. Berhad, Ayam A1 Food Corporation Sdn. Bhd., Leong Hup Contract Farming Sdn. Bhd., Leong Hup (GPS) Farm Sdn. Bhd., Laboratories Reveex (Asia) Sdn. Bhd. and F.E. Venture Sdn. Bhd., which are subsidiary companies of Leong Hup Holdings Berhad.

The members of key management personnel of TSF Group and of TSF comprise Directors of TSF and its subsidiary companies. Details on the compensation for these key management personnel are disclosed in Note 6.

16. CASH AND BANK BALANCES

	2008 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with licensed banks	4,619	4,148	4,853
Cash on hand and at banks	7,709	2,456	3,521
Short term deposit with a licensed bank	-	-	1,500
	12,328	6,604	9,874

The average effective interest rates per annum are as follows:

	2008 %	2007 %	2006 %
Fixed deposits	3.32	3.15	2.71
Short-term deposit	-	-	2.86

The average maturities of deposits as of the end of the financial year are as follows:

	2008 Days	2007 Days	2006 Days
Fixed deposits	90-365	90-180	90-180
Short-term deposit	-	-	1

The fixed deposits of TSF Group have been pledged to licensed banks as securities for bank facilities granted to TSF as disclosed in Note 20.

17. SHARE CAPITAL

	2008 RM'000	2007 RM'000	2006 RM'000
Authorised:			
Ordinary shares of RM1 each			
At beginning of year	10,000	5,000	5,000
Created during the year	-	5,000	-
At end of year	10,000	10,000	5,000
Issued and fully paid:			
Ordinary shares of RM1 each			
At beginning of year	5,366	5,000	5,000
Issued during the year	-	366	-
At end of year	5,366	5,366	5,000

As approved by the shareholders of TSF:

a. on May 15, 2006, TSF increased its authorised share capital from RM5,000,000 consisting of 5,000,000 ordinary shares of RM1 each to RM10,000,000 consisting of 10,000,000 ordinary shares of RM1 each; and

b. on July 5, 2006, TSF increased its issued and paid up share capital from RM5,000,000 consisting of 5,000,000 ordinary shares of RM1 each to RM5,366,000 consisting of 5,366,000 ordinary shares of RM1 each by way of an issue 366,000 new ordinary shares of RM1 each at an issue price of RM3.28 per ordinary share for the purpose of acquiring the remaining 30% equity interest of Ritma.

The resulting premium arising from the shares issued in (b) of RM834,000 has been credited to the share premium account.

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

18. RESERVES

	2008 RM'000	2007 RM'000	2006 RM'000
Non-distributable reserves:			
Share premium	834	834	-
Assets revaluation	4,175	3,981	3,981
Distributable reserve:			
Retained earnings	31,851	22,023	13,169
	36,860	26,838	17,150

Share premium

Share premium arose from the following:

	2008 RM'000	2007 RM'000	2006 RM'000
At beginning of year	834	-	-
Arising from issue of 366,000 new ordinary share of RM1 each at a premium of RM2.28 per share in 2007	-	834	-
At end of year	834	834	-

Asset revaluation reserve

The revaluation reserve is used to record increase or decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of freehold land and buildings as disclosed in Note 10.

19. HIRE-PURCHASE PAYABLES

	2008 RM'000	2007 RM'000	2006 RM'000
Total outstanding	5,617	5,593	2,760
Less: Interest-in-suspense outstanding	(757)	(822)	(283)
Principal outstanding	4,860	4,771	2,477
Less: Amount due within 12 months (shown under current liabilities)	(1,722)	(1,736)	(1,302)
Non-current portion	3,138	3,035	1,175

The non-current portion is repayable as follows:

	2008 RM'000	2007 RM'000	2006 RM'000
Later than one (1) year and not later than two (2) years	1,377	1,122	907
Later than two (2) years and not later than five (5) years	1,761	1,913	268
	3,138	3,035	1,175

It is TSF Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for hire-purchase is about 1 to 5 years in 2008, 1 to 4 years in 2007 and 3 years in 2006. For the financial year ended March 31, 2008, the average effective borrowing rate was 5.84% (4.74% in 2007 and 4.88% in 2006) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

TSF Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase. Certain hire-purchase payables are guaranteed by intermediate holding company, Leong Hup Holdings Berhad.

20. BORROWINGS

	2008 RM'000	2007 RM'000	2006 RM'000
Secured:			
Bank overdrafts	765	438	162
Term loans:			
Term loan I	1,323	2,040	2,200
Term loan II	1,286	1,790	2,000
Term loan III	300	636	1,000
Term loan IV	440	500	126
Term loan V	414	468	-
Other bank borrowings	19,603	11,149	13,461
Unsecured:			
Bank overdrafts	1,474	2,876	1,018
Term loan VI	2,317	2,887	2,475
Other bank borrowings	6,600	8,500	8,700
	34,522	31,284	31,142
Less: Amount due within 12 months (shown under current liabilities)	(30,785)	(25,152)	(24,985)
Non-current portion	3,737	6,132	6,157

The non-current portion of the long-term loans are repayable as follows:

	2008 RM'000	2007 RM'000	2006 RM'000
Later than one (1) year and not later than two (2) years	1,939	2,351	2,068
Later than two (2) years and not later than five (5) years	1,798	3,781	4,089
	3,737	6,132	6,157

The average effective interest rates are as follows:

	2008 %	2007 %	2006 %
Bank overdrafts	8.27	8.04	7.58
Term loans	7.61	7.72	7.56
Other bank borrowings	4.86	3.55	4.69

The other bank borrowings of TSF Group as of March 31, 2008 are repayable within April 2008 to August 2008.

The secured bank borrowings are secured by freehold land, building and plant and machinery of the subsidiary companies, fixed deposits of TSF and of the intermediate holding company, Leong Hup Holdings Berhad ("LHHB"), and a debenture on present and future fixed and floating assets of the subsidiary companies. The secured loans are also jointly and severally guaranteed by certain directors of the subsidiary companies. The unsecured bank borrowings are covered by letters of credits from foreign banks and also guaranteed by LHHB, covered by a negative pledge on TSF's assets and are also jointly and severally guaranteed by certain directors of the subsidiary companies. Certain secured borrowings are also guaranteed by TSF and LHHB. For certain borrowings, TSF is required to seek the approval of the financial institution for any payment of dividends.

The term loans are repayable on the following terms:

	Total no. of instalments	Amount (RM) per instalment (all interest inclusive)	Commencement of instalment
Term loan I	36	67,178	January 2007
Term loan II	48	42,000	October 2006
Term loan III	36	28,000	March 2006
Term loan IV	60	9,359	August 2007
Term loan V	60	9,116	August 2007
Term loan VI	60	64,502	September 2006

21. DEFERRED TAX LIABILITIES

	2008 RM'000	2007 RM'000	2006 RM'000
At beginning of year	6,772	6,865	4,252
Acquisition of a subsidiary company	-	-	4
Transfer (to)/from income statements (Note 9)	(273)	(93)	2,609
Transfer to equity	(194)	-	-
At end of year	6,305	6,772	6,865

The net deferred tax liabilities of TSF Group are in respect of the following:

	←Deferred Tax Assets (Liabilities)→		
	2008	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**
Tax effects of:			
Temporary differences arising from:			
Property, plant and equipment	(5,503)	(5,785)	(6,041)
Revaluation surplus on land and buildings	(864)	(1,058)	(1,103)
Unutilised tax losses	-	-	28
Unabsorbed tax capital allowances	-	-	181
Trade receivables	62	71	70
Net Deferred Tax Liabilities	(6,305)	(6,772)	(6,865)

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to TSF Group for trade purchases ranging from 30 to 90 days from 2006 to 2008.

Other payables and accrued expenses consist of the following:

	2008	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**
Other payables	1,627	1,978	964
Accrued expenses	1,218	1,209	1,462
	2,845	3,187	2,426

The foreign currency exposure profile of trade payables is as follows:

	2008	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**
United States Dollars	1,948	193	304
Singapore Dollars	97	-	-

23. DIVIDEND

An interim dividend of 50.4 sen per ordinary share, tax exempt, amounting to RM2,704,464 was declared by TSF on March 10, 2008 and paid on April 22, 2008 in respect of FYE March 31, 2008.

24. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

Foreign currency risk

TSF Group is exposed to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal operating activities. The directors are of the opinion that the exposure to foreign currency risk is insignificant.

Interest rate risk

TSF Group's exposure to changes in interest rate risk relates primarily to TSF Group's fixed deposits with licensed banks and financing through bank borrowings and hire-purchase payables. To manage the risk, TSF Group ensures that it obtains borrowings at most competitive rates. The fixed deposits are placed with reputable banks. TSF Group does not use derivative financial instruments to hedge its risk.

Market risk

TSF Group manages its exposure to fluctuation in the prices of key raw materials used in the operations by ensuring a large number of suppliers so as to limit high concentration of risk in a particular supplier.

Credit risk

TSF Group is exposed to credit risk mainly from trade and other receivables, cash and bank balances and inter-company indebtedness.

TSF Group extends credit to their customers based upon careful evaluation of the customer's financial condition and credit history. TSF Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

Management believes that TSF Group's exposure on credit risk of bank balances is limited as it is placed with credit worthy financial institutions.

Liquidity risk

TSF Group practises 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

TSF 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 and Liabilities

TSF Group's principal financial assets are cash and bank balances, trade and other receivables and inter-company indebtedness.

Significant financial liabilities of TSF Group are trade and other payables, intercompany indebtedness, hire-purchase payables and bank borrowings.

The accounting policies applicable to financial assets and liabilities are as disclosed in Note 2.

Fair Values

The carrying amounts and the estimated fair values of TSF Group's financial instruments as of March 31, 2006, 2007 and 2008 are as follows:

	TSF Group	
	Carrying Amount RM'000	**Fair Value RM'000**
Financial Liabilities		
Borrowings - term loans (Note 20)		
2008	6,080	6,704
2007	8,321	8,713
2006	7,801	8,084

Cash and cash equivalents, trade and other receivables, inter-companies indebtedness, trade and other payables and other borrowings

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

Hire-purchase payables and amount owing to intermediate holding company

The fair value of hire-purchase payables and amount owing to intermediate holding company are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements, which approximate their carrying amounts.

Other investment

The market value of quoted shares as of balance sheet date approximates the fair value.

Term loans

The fair values of these financial instruments approximate their carrying amounts. The fair values of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2008 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	7,709	2,456	3,521
Short term deposit	-	-	1,500
Fixed deposits	4,619	4,148	4,853
Bank overdrafts	(2,239)	(3,314)	(1,180)
	10,089	3,290	8,694
Less: Fixed deposits pledged to banks	(4,619)	(4,148)	(4,853)
	5,470	(858)	3,841

26. CAPITAL COMMITMENTS

TSF Group has the following capital expenditure in respect of:

	2008 RM'000	2007 RM'000	2006 RM'000
Capital expenditure:			
Contracted but not provided for	118	1,494	305
Approved but not contracted for	1,000	2,930	2,246

27. RESTATEMENT TO THE AUDITED FINANCIAL STATEMENTS

The audited financial statements of TSF, TSFM and TSPP for the FYE March 31, 2006 were adjusted to take into account the effects of the over provision of deferred tax liabilities.

5.3 TSF

The income statements, balance sheets, statements of changes in equity and cash flow of TSF, based on the audited financial statements, taking to account the effect of adjustment for overprovision of deferred tax liabilities in the FYE March 31, 2006, for the three (3) FYE March 31, 2008, are as follows:

INCOME STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	122,989	86,992	81,295
Investment revenue	149	148	-
Other operating income	1,256	1,008	667
Livestocks and poultry feeds used	(97,354)	(68,677)	(59,386)
Staff costs	(6,342)	(5,319)	(4,445)
Depreciation of property, plant and equipment	(3,215)	(3,036)	(2,849)
Finance costs	(1,638)	(1,528)	(925)
Other operating expenses	(7,201)	(6,136)	(5,132)
PBT	8,644	3,452	9,225
Income tax expense	(789)	(222)	(2,509)
PAT	7,855	3,230	6,716
Weighted average/ Number of ordinary shares ('000)	5,366	5,270	5,000
Gross profit	14,065	8,105	13,525
Gross profit margin (%)	11.44	9.32	16.64
EPS:			
Gross EPS (Sen)*	161.09	65.50	184.50
Net EPS (Sen)*	146.38	61.29	134.32
Effective tax rate (%)	9.13	6.43	27.20
PBT margin (%)	7.03	3.97	11.35
PAT margin (%)	6.39	3.71	8.26
Gearing (times)	1.18	1.66	1.90
Interest cover ratio (times)	6.28	3.26	10.97

* Gross EPS and Net EPS are calculated based on weighted average number of ordinary shares of RM1 each in issue for the FYE March 31, 2007.

Notes on adjustment to the Income Statements:

The income tax expense for the FYE March 31, 2006 has been adjusted as follows:

	2006
	RM'000
Income tax expense as per audited financial statements	(3,224)
Adjustment	715
Adjusted income tax expense as stated in this Report	(2,509)

The adjustment relates to the overprovision of deferred tax liabilities.

TSF
BALANCE SHEETS
AS OF MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	37,465	35,505	29,517
Investment in subsidiary companies	5,240	5,240	4,040
Other investments	3	3	3
Total Non-current Assets	42,708	40,748	33,560
Current Assets			
Inventories	14,345	10,216	9,697
Trade receivables	6,415	6,913	4,236
Other receivables, deposits and prepaid expenses	1,082	1,078	435
Amount owing by intermediate holding company	-	1	-
Amount owing by immediate holding company	5	4	-
Amount owing by subsidiary companies	1,068	1,456	2,202
Amount owing by other related companies	93	57	80
Dividend receivable	2,250	-	-
Cash and bank balances	9,502	5,719	5,463
Total Current Assets	34,760	25,444	22,113
TOTAL ASSETS	77,468	66,192	55,673
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5,366	5,366	5,000
Reserves	17,267	12,116	8,052
Total Equity	22,633	17,482	13,052

	2008 RM'000	2007 RM'000	2006 RM'000
Non-current Liabilities			
Amount owing to intermediate holding company	4,211	4,848	4,853
Hire-purchase payables - non-current portion	2,508	2,744	611
Borrowings - non-current portion	3,063	4,978	5,520
Deferred tax liabilities	4,572	5,035	5,260
Total Non-current Liabilities	14,354	17,605	16,244
Current Liabilities			
Trade payables	1,584	927	5,819
Other payables and accrued expenses	1,866	1,746	832
Amount owing to intermediate holding company	4	-	1
Amount owing to a subsidiary company	16,002	10,994	5,283
Amount owing to other related companies	1,004	839	604
Hire-purchase payables	1,092	1,383	906
Borrowings	15,937	15,116	12,872
Dividend payable	2,705	-	-
Tax liabilities	287	100	60
Total Current Liabilities	40,481	31,105	26,377
Total Liabilities	54,835	48,710	42,621
TOTAL EQUITY AND LIABILITIES	77,468	66,192	55,673
Net tangible assets (RM'000)	22,633	17,482	13,052
Net tangible assets per share (RM)	4.22	3.26	2.61

TSF
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	Share Capital RM'000	Non-distributable Reserve Share Premium RM'000	Distributable Reserve Retained Earnings RM'000	Total Equity RM'000
Balance as of April 1, 2005	5,000	-	1,336	6,336
Profit for the year, representing total recognised income and expense	-	-	6,716	6,716
Balance as of March 31, 2006	5,000	-	8,052	13,052
Balance as of April 1, 2006	5,000	-	8,052	13,052
Profit for the year, representing total recognised income and expense	-	-	3,230	3,230
Issue of shares	366	834	-	1,200
Balance as of March 31, 2007	5,366	834	11,282	17,482
Balance as of April 1, 2007	5,366	834	11,282	17,482
Profit for the year, representing total recognised income and expense	-	-	7,855	7,855
Dividend	-	-	(2,704)	(2,704)
Balance as of March 31, 2008	5,366	834	16,433	22,633

TSF
CASH FLOW STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year	7,855	3,230	6,716
Adjustments for:			
Depreciation of property, plant and equipment	3,215	3,036	2,849
Finance costs	1,638	1,528	925
Income tax expense recognised in income statement	789	222	2,509
Bad-debt written off	54	6	5
Loss/(Gain) on disposal of property, plant and equipment	36	(8)	(17)
Allowance for doubtful debts	17	-	20
Unrealised/(gain) loss on foreign exchange	(144)	5	-
Interest income	(149)	(148)	-
Dividend income	(3,000)	(550)	-
Operating Profit Before Working Capital Changes	10,311	7,321	13,007
(Increase)/Decrease in:			
Inventories	(4,129)	(519)	415
Trade receivables	446	(2,683)	(1,353)
Other receivables, deposits and prepaid expenses	(3)	(644)	(101)
Amount owing by other related companies	(36)	23	5
Increase/(Decrease) in:			
Trade payables	656	(4,897)	367
Other payables and accrued expenses	(430)	915	(205)
Amount owing to a subsidiary company	5,009	5,711	(7,838)
Amount owing to other related companies	165	235	(207)
Cash Generated From Operations	11,989	5,462	4,090
Finance costs paid	(1,638)	(1,528)	(925)
Income tax paid	(315)	(406)	(24)
Net Cash From Operating Activities	10,036	3,528	3,141

	2008 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
(Increase)/Decrease in amount owing by subsidiary companies	388	747	(1,140)
Interest income	149	148	-
Proceeds from disposal of property, plant and equipment	45	58	17
Additions to property, plant and equipment*	(3,740)	(5,251)	(1,973)
(Increase)/Decrease:			
Amount owing by intermediate holding company	1	(1)	-
Amount owing by immediate holding company	(1)	(4)	-
Dividend received	-	550	-
Acquisition of a subsidiary company	-	-	(1,540)
Additions to other investments	-	-	(3)
Net Cash Used In Investing Activities	(3,158)	(3,753)	(4,639)
CASH FLOWS FROM (USED IN)/ FINANCING ACTIVITIES			
Proceeds from short-term bank borrowings	36,700	6,181	35,750
Increase/(Decrease) in amount owing to intermediate holding company	4	(1)	-
(Increase)/Decrease in fixed deposits pledged to banks	(203)	1,105	(4,853)
Repayment of advances from intermediate holding company	(637)	(5)	-
Repayments of hire-purchase payables	(1,494)	(1,213)	(887)
Repayments of long-term loans	(1,790)	(543)	-
Repayments of short-term bank borrowings	(34,600)	(7,015)	(39,250)
Proceeds from long-term loans	-	1,219	6,676
Advances from intermediate holding company	-	-	4,853
Net Cash (Used In)/From Financing Activities	(2,020)	(272)	2,289

	2008 RM'000	2007 RM'000	2006 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,858	(497)	791
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(905)	(408)	(1,199)
Effect of exchange differences	125	-	-
	(780)	(408)	(1,199)
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,078	(905)	(408)

* During the financial years, TSF made the following cash payments to purchase property, plant and equipment:

	2008 RM'000	2007 RM'000	2006 RM'000
Purchase of property, plant and equipment	5,257	9,073	2,412
Less:			
Financed by hire-purchase arrangements	(967)	(3,822)	(439)
Outstanding in other payables	(550)	-	-
	3,740	5,251	1,973

5.4 TSFM

The income statements, balance sheets, statements of changes in equity and cash flow of TSFM, based on the audited financial statements, taking into account the effect of adjustment for overprovision of deferred tax liabilities in the FYE March 31, 2006, for the three (3) FYE March 31, 2008, are as follows:

INCOME STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	83,395	57,395	47,307
Investment revenue	1	20	-
Other operating income	2	23	37
Changes in inventories of finished goods and work-in-progress	167	(49)	49
Raw materials and consumables used	(74,083)	(48,439)	(41,964)
Staff costs	(687)	(554)	(534)
Depreciation of property, plant and equipment	(814)	(697)	(513)
Finance costs	(601)	(581)	(519)
Other operating expenses	(1,270)	(1,197)	(838)
PBT	6,110	5,921	3,025
Income tax expense	(1,528)	(1,455)	(571)
PAT	4,582	4,466	2,454
Number of ordinary shares ('000)	1,000	1,000	1,000
Gross profit	8,148	7,762	4,562
Gross profit margin (%)	9.77	13.52	9.64
EPS:			
Gross EPS (Sen)	611.00	592.10	302.50
Net EPS (Sen)	458.20	446.63	245.40
Effective tax rate (%)	25.01	24.57	18.88
PBT margin (%)	7.33	10.32	6.39
PAT margin (%)	5.49	7.78	5.19
Gearing (times)	0.90	0.85	1.67
Interest cover ratio (times)	11.17	11.19	6.83

Notes on adjustment to the Income Statements:

The income tax expense for the FYE March 31, 2006 has been adjusted as follows:

	2006 **RM'000**
Income tax expense as per audited financial statements	(862)
Adjustment	291
Adjusted income tax expense as stated in this Report	(571)

The adjustment relates to the overprovision of deferred tax liabilities.

TSFM
BALANCE SHEETS
AS OF MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
ASSETS			
Non-current Asset			
Property, plant and equipment	10,143	10,517	10,043
Current Assets			
Inventories	4,773	5,155	1,887
Trade receivables	5,538	3,477	5,144
Other receivables, deposits and prepaid expenses	155	180	498
Amount owing by immediate holding company	16,002	10,993	5,283
Cash and bank balances	1,724	127	4,314
Total Current Assets	28,192	19,932	17,126
TOTAL ASSETS	38,335	30,449	27,169
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	1,000	1,000	1,000
Reserves	12,845	10,399	6,433
Total Equity	13,845	11,399	7,433
Non-current Liabilities			
Deferred tax liabilities	696	817	853
Hire-purchase payables - non-current portion	507	249	469
Total Non-current Liabilities	1,203	1,066	1,322
Current Liabilities			
Trade payables	8,414	6,899	4,985
Other payables and accrued expenses	342	971	1,142
Amount owing to penultimate holding company	-	1	1
Amount owing to related companies	25	224	114
Hire-purchase payables	484	300	334
Borrowings	11,524	9,149	11,587
Dividend payable	2,250	-	-
Tax liabilities	248	440	251
Total Current Liabilities	23,287	17,984	18,414
Total Liabilities	24,490	19,050	19,736
TOTAL EQUITY AND LIABILITIES	38,335	30,449	27,169
Net tangible assets (RM'000)	13,845	11,399	7,433
Net tangible assets per share (RM)	13.85	11.40	7.43

TSFM
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	Share Capital RM'000	Non-Distributable Reserve Asset Revaluation Reserve RM'000	Distributable Reserve Retained Earnings RM'000	Total Equity RM'000
Balance as of April 1, 2005	1,000	2,279	1,700	4,979
Profit for the year, representing total recognised income and expense	-	-	2,454	2,454
Balance as of March 31, 2006	1,000	2,279	4,154	7,433
Balance as of April 1, 2006	1,000	2,279	4,154	7,433
Profit for the year, representing total recognised income and expense	-	-	4,466	4,466
Dividend	-	-	(500)	(500)
Balance as of March 31, 2007	1,000	2,279	8,120	11,399
Balance as of April 1, 2007	1,000	2,279	8,120	11,399
Income recognised directly in equity, reversal of deferred tax liabilities arising from changes in tax rate	-	114	-	114
Profit for the year	-	-	4,582	4,582
Total recognised income and expense	-	114	4,582	4,696
Dividend	-	-	(2,250)	(2,250)
Balance as of March 31, 2008	1,000	2,393	10,452	13,845

TSFM
CASH FLOW STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006, 2007 AND 2008

	2008 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year	4,582	4,466	2,454
Adjustments for:			
Income tax expense recognised in income statement	1,528	1,455	571
Depreciation of property, plant and equipment	814	697	513
Finance costs	601	581	519
Unrealised loss/(gain) on foreign exchange	12	(3)	(1)
Gain on disposal of property, plant and equipment	(1)	-	-
Operating Profit Before Working Capital Changes	7,536	7,196	4,056
(Increase)/Decrease in:			
Inventories	381	(3,268)	(689)
Trade receivables	(2,061)	1,667	(2,082)
Other receivables, deposits and prepaid expenses	26	318	(373)
Amount owing by immediate holding company	(5,009)	(5,711)	7,838
Increase/(Decrease) in:			
Trade payables	1,503	1,917	(6,596)
Other payables and accrued expenses	179	(171)	(16)
Amount owing to related companies	(198)	110	(26)
Cash Generated From Operations	2,357	2,058	2,112
Tax refunded	-	-	50
Income tax paid	(1,728)	(1,301)	(207)
Finance costs paid	(601)	(581)	(549)
Net Cash From Operating Activities	28	176	1,406