annual report

2007

"A year of pivotal milestones heralds the beginning of a brand new journey towards greater achievements."

SLP RESOURCES BERHAD

VISION

To be an internationally-renown plastic packaging solutions specialist through the application of innovative research & development and latest technology.

MISSION

To continuously provide innovative, high-quality plastic packaging solutions to meet our customers' ever-changing needs and to exceed users' expectations.

COVER RATIONALE

It has been a remarkable year for SLP. A single statement, together with a poignant visual of a plant gravitating towards the sun, conveys the essence of the Group – what we have accomplished as well as the immense potentials that lie ahead as we embark on a new phase of growth. Just as the plant reaches determinedly for the sunlight, so too will we continue to strive unwaveringly towards attaining greater heights of success in the future.

CONTENT

GROUP PROFILE

THE EARLY YEARS

SLP Resources Berhad ("SLP" or "the Company"), through its two (2) wholly-owned subsidiaries namely Sinliplas Holding Sdn Bhd ("SHSB") and Sinliplas Sdn Bhd ("SSB"), commenced operations in 1989, manufacturing plastic packaging products for the domestic market. In 1991, the Group established its foothold in the overseas market with its first shipment of Mizukiri bags to the Japanese market. These packaging bags that filter fluid from food disposals continue to be popularly used in Japanese households even until today.

OUR CORPORATE JOURNEY

The Group's business, initially represented by SHSB and SSB, has experienced a consistent double-digit annual growth rate, particularly in the past five (5) years, steering it towards the helm of innovative plastic packaging solutions manufacturing that caters to a wide range of applications in diverse sectors including industrial, household, retail, food & beverages, health care and chemicals in both domestic and international markets. It has since established a strong global presence that spans across major countries such as Japan, Norway, United Kingdom ("UK"), Australia, Denmark, Germany and Indonesia.

In 1998, the Group signed a Technology Transfer Agreement with Maruzen Kako Co Ltd of Japan ("Maruzen") and Okahata Sangyo Co Ltd of Japan ("Okahata") for the production of "Baran" or "artificial" leaves that are used for decorative purposes on Japanese food trays (bento) under a joint cooperation. Both Maruzen and Okahata provided full technology transfer to SHSB. In addition, Maruzen also provided advanced machineries and intensive trainings to establish this new product line. In the same year, both SSB and SHSB achieved an ISO 9002 accreditation for the manufacturing of plain and printed polybags and polyfilms, which was later upgraded to ISO 9001:2000 in 2004.

In 2001 and 2002, to cater to the increasing demand from the export market, the Group expanded its production capacity by investing in additional advanced machineries and other factory equipment. The Group also signed another Technology Transfer Agreement with Okura Industrial Co Ltd of Japan ("Okura") for collaborative activities in a project called "Plastic Bag Manufacturing Cooperation" in which Okura provided technology transfer in the manufacturing of plastic bags with advanced machineries and intensive trainings.

In 2003, the Group successfully expanded its export market with the export of patch handle shopping bags to UK.

The next year, the Group commenced production of Vertical-Form-Fill-Seal ("VFFS") films for packaging of edible palm oil for the domestic market. The VFFS packaging film has the ability to reduce the cost of the normal nylon packaging by approximately 30.0%. That same year, the Group penetrated the Australian market with its patch handle shopping bags.

In 2005, the Group commenced the export of VFFS packaging films for edible palm oil to Mauritius. In the same year, the Group also kicked off the development of new prototype VFFS packaging films for yoghurt and ice-cream for the West African market.

In 2006, to cater to the increasing demand for the VFFS packaging films, the Group further invested in a unit of 3-layer co-extrusion line for blown film and a few units of bag-making machines. That year, the Group also successfully penetrated the Indonesian market with its VFFS packaging films for edible palm oil.

In 2007, the Group was awarded the Top 8 SMEs Golden Bull Award Malaysia and commenced production of a new product, namely newspaper wrapping film, which is catered for the Japanese market as well as health-care liners and oil-packaging (pre-sealed) bags. During the year, the Group acquired one (1) new high technology extrusion line from Germany and one (1) new 8-colour printing line, as well as extended its factory building by additional 50,000 sq ft under a positive preassure controlled environment for the production of higher-end plastic packaging products for medical & health care as well as food & beverage industries.

A HISTORIC MILESTONE

12 March 2008 marked a momentous milestone for the Group as the Company took a quantum leap by listing its entire enlarged issued and paid-up share capital of 106.0 million ordinary shares of RM0.50 each on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

HOLDING COMPANY:

SLP RESOURCES BERHAD ("SLP") (663862-H)

Investment holding and provision of management services

WHOLLY-OWNED SUBSIDIARIES:

SINLIPLAS HOLDING SDN BHD ("SHSB") (204220-H)

Manufacture and sale of plastic packaging and its related products.

SINLIPLAS SDN BHD ("SSB") (186753-M)

Trading of polymer products such as resin, manufacturing and sale of plastic packaging products and plastic related goods.

BOARD OF DIRECTORS

Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa
Independent Non-Executive Chairman

Khaw Khoon Tee
Managing Director

Ong Peik Joo
Executive Director

Khaw Seang Chuan
Executive Director

Khaw Choon Hoong
Executive Director

Leow Chan Khiang
Non-Independent Non-Executive Director

Mary Geraldine Phipps
Independent Non-Executive Director

AUDIT COMMITTEE

Mary Geraldine Phipps
Chairman

Y.T.M. Tunku Dato' Dr Ismail Ibni
Almarhum Tunku Mohammad Jewa
Member

Leow Chan Khiang
Member

NOMINATION COMMITTEE

Y.T.M. Tunku Dato' Dr Ismail Ibni
Almarhum Tunku Mohammad Jewa
Chairman

Mary Geraldine Phipps
Member

Leow Chan Khiang
Member

REMUNERATION COMMITTEE

Y.T.M. Tunku Dato' Dr Ismail Ibni
Almarhum Tunku Mohammad Jewa
Chairman

Mary Geraldine Phipps
Member

Khaw Khoon Tee
Member

COMPANY SECRETARY

Ch'ng Lay Hoon (MAICSA 0818580)

AUDITORS

KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

SOLICITORS

Ong & Maneckshа
Advocates & Solicitors
Suite 503, 5th Floor, Penang Plaza
Jalan Burma
10050 Penang, Malaysia

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

REGISTRARS

Agriteum Share Registration
Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No.: 04-228 2321
Facsimile No.: 04-227 2391

REGISTERED OFFICE

Suite 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No.: 04-228 0511
Facsimile No.: 04-228 0518

STOCK EXCHANGE LISTING

Second Board of Bursa Securities
Stock Name: SLP
Stock Code: 7248

FINANCIAL HIGHLIGHTS

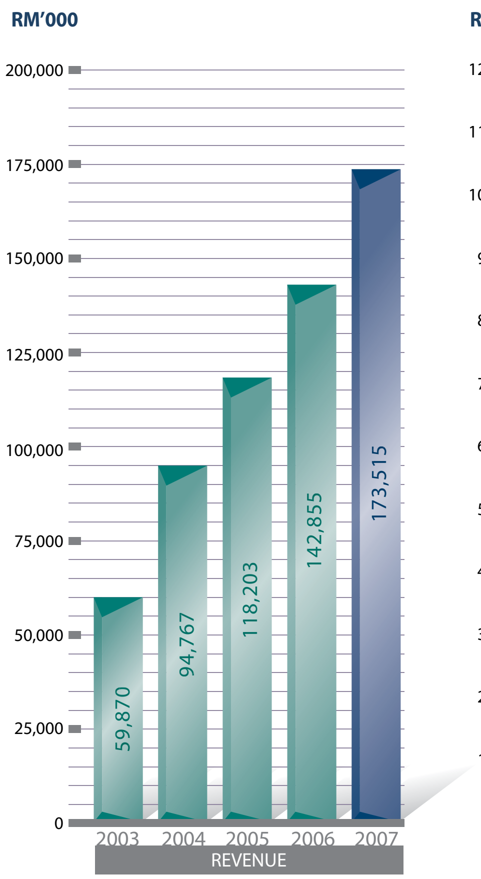
	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	**2007 RM'000**
Revenue	59,870	94,767	118,203	142,855	**173,515**
Profit Before Tax ("PBT")	4,233	6,598	7,830	9,764	**11,488**
Net Profit	3,534	5,230	6,405	8,596	**10,618**
Net Tangible Assets	20,328	24,056	28,527	39,985	**46,618**
Number of Ordinary Shares In Issue ("000")	106,000	106,000	106,000	106,000	**106,000**
Net Earnings Per Share ("EPS") ("Sen")	3.33	4.93	6.04	8.11	**10.02**
PBT Margin	7.1%	7.0%	6.6%	6.8%	**6.6%**

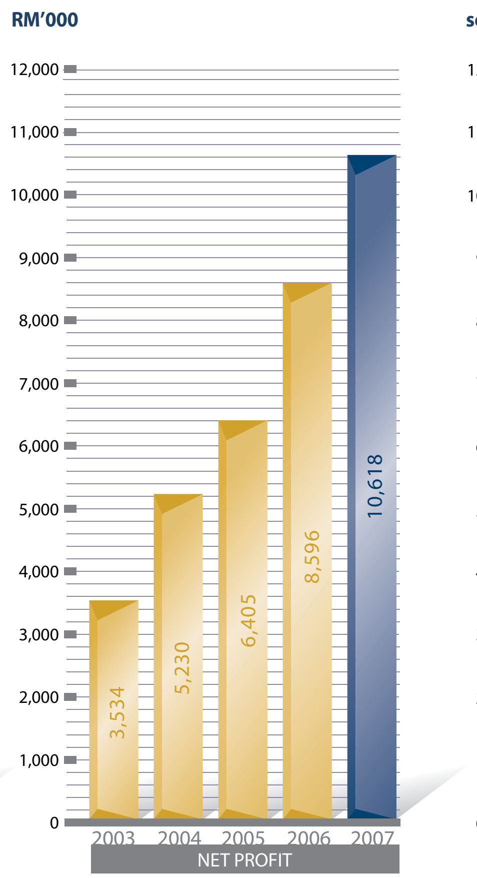
Notes:

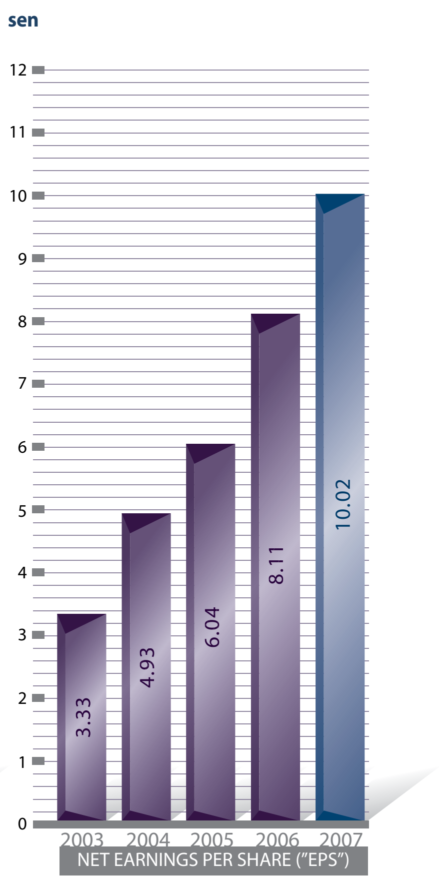
1. The above summarised proforma consolidated results of SLP for the financial years ended 31 December 2003 to 2007 have been prepared for illustrative purposes only based on the audited financial statements of the companies in the Group and on the assumption that the current structure of the Group has been in existence throughout the financial years under review.

2. Net EPS was computed based on Net Profit divided by number of ordinary shares in issue.

3. No dividend yield was computed as the Company was only listed on the Second Board of Bursa Securities on 12 March 2008.







BOARD OF DIRECTORS

Standing

Khaw Khoon Tee

Seated Left To Right

Mary Geraldine Phipps

Leow Chan Khiang

Ong Peik Joo

Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa

Khaw Choon Hoong

Khaw Seang Chuan

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa

Managing Director

Khaw Khoon Tee

Executive Directors

Ong Peik Joo
Khaw Seang Chuan
Khaw Choon Hoong

Independent Non-Executive Director

Mary Geraldine Phipps

Non-Independent Non-Executive Director

Leow Chan Khiang

AUDIT COMMITTEE

Mary Geraldine Phipps *(Chairman)*
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa
Leow Chan Khiang

NOMINATION COMMITTEE

Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa *(Chairman)*
Mary Geraldine Phipps
Leow Chan Khiang

REMUNERATION COMMITTEE

Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa *(Chairman)*
Mary Geraldine Phipps
Khaw Khoon Tee

Y.T.M. TUNKU DATO' DR ISMAIL IBNI ALMARHUM TUNKU MOHAMMAD JEWA, aged 71, is the Independent Non-Executive Chairman and was appointed to the Board on 26 October 2007. He obtained his Bachelor Degree in Arts from University of Malaya, Kuala Lumpur in 1967, Master Degree in Education from the Pennsylvania State University, USA in 1972, PhD in Educational Administration from University of Malaya, Kuala Lumpur in 1979 and Post Doctoral Special Auditor from Harvard University, USA in 1984. He is a leading academician with an array of working experience. He began his career as a teacher with the Ministry of Education in 1961 and was the Senior Assistant of Sekolah Abdullah Munshi in Penang in 1968 before being promoted to a Principal in 1969. He was the Dean of Educational Studies in Universiti Sains Malaysia from 1979 to 1992 and also the Professor of Educational Administration in Universiti Sains Malaysia from 1988 to 1995. He has been the President of the State of Penang Family Planning Association since 1979. He is the Chairman and Senior Independent Non-Executive Director of P.I.E. Industrial Berhad and the Independent Non-Executive Director of Oriental Holdings Berhad and CAB Cakaran Corporation Berhad, all of which are listed on the Main Board of Bursa Securities. He is also a Director of Merrill Lynch (K.L) Sdn Bhd, an investment research company.

KHAW KHOON TEE, aged 58, is the Managing Director and was appointed to the Board on 26 October 2007. He has been in the plastic packaging business since 1965, having assisted his father in the family business in plastic packaging. After twenty two (22) years of working experience in the plastic packaging business, he ventured out on his own and was responsible for setting up Sin Lee Plastic Manufacturing & Trading Co, a sole-proprietorship involved in the manufacturing of plastic packaging products in 1987. As the business of Sin Lee Plastic Manufacturing & Trading Co grew, he incorporated SSB in 1989 to take over the business of Sin Lee Plastic Manufacturing & Trading Co. In 1991, after realising the potential of the export market of plastic packaging films, he incorporated SHSB to primarily involve in the manufacturing of plastic packaging films for the export markets. He is instrumental in transforming the Group from a backyard outfit involved in the manufacturing of plastics packaging films for the local market to the current size of operations, especially in the development of the Group's export markets. He also pioneered the development of new products through technology transfer and innovations especially through his close business relationships and rapport with the Group's Japanese customers and associates. His current responsibilities include developing the overall business strategies and directions, managing the day-to-day operations and strategic decision-making of the Group.

In 1994, Khaw Khoon Tee was appointed as the Treasurer of Malaysia Plastic Manufacturing Association ("MPMA") and in May 2000, he was elected as the Chairman of MPMA for northern region of Malaysia. Upon retiring from his chairmanship in MPMA in May 2004, he was then appointed as the Adviser to MPMA. During his involvement in MPMA, he had attended annual conferences at the Asia Plastics Forum and the ASEAN Federation of Plastic Industries in relation to the growth of plastic industry in ASEAN. He had also represented MPMA in various discussions and meetings with the Malaysian government authorities in respect of policies such as import duties, legislation framework and new developments within the Plastics Industry. He is also a Director of a few other private limited companies.

ONG PEIK JOO, aged 56, is the Executive Director and was appointed to the Board on 26 October 2007. She is the co-founder of SSB and SHSB. Prior to this, she was the registered sole proprietor of Sin Lee Plastic Manufacturing & Trading Co and her main responsibilities include the financial management and administration of the company. She is responsible in the day-to-day operations of SSB and SHSB especially in the financial management and administration of SSB since 1989 and SHSB since 1991. She is also instrumental in transforming the Group from a backyard plastics packaging manufacturer to the current size of operations especially in accomplishing the implementation of various expansion projects of the Group over the past eighteen (18) years. Her primary roles include monitoring the fund transactions, supervising financial related agreements with bankers and cost management. She is also a Director of a few other private limited companies.

KHAW SEANG CHUAN (KELVIN), aged 38, is the Executive Director and was appointed to the Board on 26 October 2007. He completed his lower secondary education in Singapore in 1987 and started his career in the same year when he joined Sin Lee Plastic Manufacturing & Trading Co as a production apprentice. He has more than twenty (20) years of working experience in new products development through technology innovations especially in customising some of the standard plastics packaging machinery to suit the production requirements of the Group. He has been working very closely with the Group's customers especially the Japanese customers. He is also the Group's project leader for joint-cooperation projects for new product lines, such as the production line for "Baran" or artificial leaves in 1998, grocery bag line in 2001 and the latest VFFS packaging films in 2005. Currently, besides overseeing the Group's overall production, he also leads the R&D team. He is also a Director of a private limited company.

KHAW CHOON HOONG (JASMINE), aged 37, is the Executive Director and was appointed to the Board on 26 October 2007. She graduated with a Bachelor Degree in Management from the University of Lethbridge, Canada in 1997. Upon her graduation in 1997, she started her career as Marketing Director for SSB and SHSB. During her career in the Group, she has participated in various trade exhibitions and promotions for the Group. She is also the management representative for the Group's Quality Management System which led to the successful achievement of ISO 9002 quality system certification awarded by Lloyd's Register Quality Assurance to SSB and SHSB in 1998 and successful upgrading of ISO 9002:1994 to ISO 9001:2000 in 2004. Currently, she is responsible for the Group's business development functions which include new market development especially expansion into the overseas markets. She is also a Director of a private limited company.

LEOW CHAN KHIANG, aged 42, is the Non-Independent Non-Executive Director and was appointed to the Board on 26 October 2007. He obtained his Bachelor Degree in Economics from University of Malaya, Kuala Lumpur in 1990, Master Degree in Business Administration from Universiti Utara Malaysia, Kedah in 1999 and the Association of Chartered Certified Accountants, UK in 2006. He is a Fellow of the Association of Chartered Certified Accountants, UK and a member of the Malaysian Institute of Accountants. Upon his graduation in 1990, he joined Hong Leong Finance Berhad (now known as Hong Leong Bank Berhad) as an Executive in the Corporate Loans Department and was subsequently promoted to Assistant Manager in 1995. In 1996, he joined Malaysian International Merchant Bankers Berhad ("MIMB") as a Senior Executive and was subsequently promoted to Assistant Manager in 1999. During his tenure in MIMB, he was involved in a number of corporate exercises which include, inter-alia, Initial Public Offerings ("IPOs"), capital raising exercises such equity-linked and debt capital, mergers and acquisitions. In 2002, he joined CAB Cakaran Sdn Bhd, a wholly-owned subsidiary of CAB Cakaran Corporation Berhad ("CAB"), which is listed on the Main Board of Bursa Securities as Finance Director. In August 2003, he was appointed to the board of CAB as Executive Director in Corporate Finance. He was also the Chairman of the Employees Share Option Scheme Committee and a member of the Audit Committee of CAB. In April 2007, he left CAB for his own business in corporate consultancy.

MARY GERALDINE PHIPPS, aged 59, is the Independent Non-Executive Director and was appointed to the Board on 26 October 2007. In 1976, she became a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants in 1982. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation. She joined KPMG, Penang as an articled student in 1969 and remained in public practice until her retirement in December 2004. In 1982, she was made a partner of KPMG and in 1990 she was appointed Managing Partner of KPMG Penang practice. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/ Client Partner for multinational clients of KPMG's overseas offices which have manufacturing facilities in Penang. She is also a Director of a private limited company.

NOTES:-

(i) Family Relationships and Substantial Shareholders

Directors	Relationship	Substantial Shareholder
Khaw Khoon Tee	Husband of Ong Peik Joo and father of Khaw Seang Chuan and Khaw Choon Hoong	Yes
Ong Peik Joo	Wife of Khaw Khoon Tee and mother of Khaw Seang Chuan and Khaw Choon Hoong	Yes
Khaw Seang Chuan	Son of Khaw Khoon Tee and Ong Peik Joo	Yes
Khaw Choon Hoong	Daughter of Khaw Khoon Tee and Ong Peik Joo	No

Save as the above disclosed, none of the Directors has family relationship with any other Directors or substantial shareholders of the Company.

(ii) Directors' Shareholdings
Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

(iii) No Conflict of Interest
All Directors of the Company do not have any conflict of interest with the Company.

(iv) Non-Conviction of Offences
All the Directors have not been convicted with any offences other than traffic offences in the past 10 years.

(v) Attendance at Board Meetings
Please refer to Statement Accompanying Notice of AGM

DEAR SHAREHOLDERS,

It has been a very eventful year for SLP – one that will certainly go down the annals of the Group's history with pride. Our successful listing on Bursa Securities is not only to be perceived as a culmination of our past endeavours, but also a symbol of the immense potentials of what the future holds.

It is with that in mind that I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2007 on behalf of the Board of Directors.

FINANCIAL PERFORMANCE

Based on the proforma consolidated results and the assumption that the current structure of the Group has been in existence from 1 January 2007, the Group recorded a revenue of RM173.5 million, representing 5.4% higher than the estimated revenue of RM164.6 million for the financial year ended 31 December 2007 as disclosed in the Company's Prospectus dated 20 February 2008, and 21.5% higher than the revenue of RM142.8 million recorded in the preceding year ended 31 December 2006.

The Group's actual profit after tax of RM10.6 million for the financial year ended 31 December 2007 was 6.7% higher than the estimated profit after tax of RM9.9 million as disclosed in the Company's Prospectus dated 20 February 2008, and 23.6% higher than the profit after tax of RM8.6 million recorded in the preceding year ended 31 December 2006. The higher actual profit after tax for the financial year under review compared to that of the preceding year was due to the higher revenue.

DIVIDEND

The Board does not recommend any dividend for the financial year ended 31 December 2007 as the listing on the Second Board of Bursa Securities was only completed subsequent to the financial year ended 31 December 2007. As disclosed in the Prospectus of the Company dated 20 February 2008, the Company intends to declare a gross dividend of 5 sen per ordinary share or 10% for the financial year ending 31 December 2008, subject to the performance of the Group.

CORPORATE DEVELOPMENT

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities, the Company undertook a Listing Scheme which involved, inter-alia, the following:-

(i) acquisition of the entire issued and paid-up share capital of SSB comprising 2,000,000 ordinary shares of RM1.00 each for RM8,345,684 satisfied by the issuance of 16,691,368 new ordinary shares in the Company at an issue price of RM0.50 per ordinary share;

(ii) acquisition of the entire issued and paid-up share capital of SHSB comprising 5,000,000 ordinary shares of RM1.00 each for RM31,639,689 satisfied by the issuance of 63,279,378 new ordinary shares in the Company at an issue price of RM0.50 per ordinary share; and

(ii) Rights Issue of 29,250 new ordinary shares on the basis of approximately thirty seven (37) new ordinary shares for every one (1) ordinary share in the Company on 26 October 2007 after the acquisitions of SHSB and SSB.

The above purchase considerations were based on the audited Net Tangible Assets of SSB and SHSB of RM8,345,684 and RM31,639,689 respectively as at 31 December 2006. The acquisitions of SSB and SHSB were completed on 25 October 2007 and the Rights Issue was completed on 26 October 2007. Upon completion of the acquisitions and Rights Issue, the issued and paid-up share capital of the Company was increased from RM2.00, comprising four (4) ordinary shares of RM0.50 each to RM40,000,000.00, comprising 80,000,000 ordinary shares of RM0.50 each.

Subsequent to the financial year ended 31 December 2007, the Company, on 20 February 2008, issued its Prospectus in conjunction with its listing of and quotation for the entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities involving the following:-

(I) PUBLIC ISSUE

The Public Issue of 26,000,000 new ordinary shares of RM0.50 each representing approximately 24.53% of the enlarged issued and paid-up share capital of the Company at an issue price of RM0.85 per ordinary share.

(II) OFFER FOR SALE

The Offer For Sale of 25,400,000 ordinary shares of RM 0.50 each representing approximately 23.96% of the enlarged issued and paid-up share capital of the Company at an offer price of RM0.85 per ordinary share for Bumiputera investors approved by MITI.

The entire issued and paid-up share capital of the Company, comprising 106,000,000 ordinary shares of RM0.50 each was listed on the Second Board of Bursa Securities on 12 March 2008.

CORPORATE GOVERNANCE

The application of and compliance with the principles and best practices as set out in the Malaysian Code of Corporate Governance has been disclosed in this Annual Report, which includes a "Statement on Internal Control" as required under the Listing Requirements of Bursa Securities. The Board is fully committed to ensuring that the highest standards of corporate governance are practiced throughout the Group.

OUTLOOK AND PROSPECTS

Flexible Plastic Packaging ("FPP") is experiencing growth in the international plastic industry. The worldwide FPP industry has gained popularity due to technological advancements in lamination, durability, adhesives and materials used. The industry was estimated to be worth approximately USD45 billion in 2005 and is expected to grow at an annual average rate of approximately 4.6% to reach approximately USD56 billion by 2010. The Asia Pacific region is forecasted to overtake North America and Europe as the world's largest regional FPP market, backed by the rapid economic development in many emerging Asian markets, notably China and India. Over the past few years, the industry has seen a migration from rigid packaging to flexible packaging due to the versatility in flexible packaging.

It is amidst this encouraging climate that we are confident of the Group's ongoing growth from strength to strength as we strive to continually elevate and enhance our shareholders' value.

HUMAN RESOURCES DEVELOPMENT

The Group recognises the importance of employees as its key assets and believes that continuous training is an integral part of the success and efficiency of the Group's operations, especially its R&D department. Hence, continuous training programmes are identified through a training-needs-analysis and these are conducted to equip the employees to contribute towards the Group's long-term growth. These training programmes include technical, workshops, courses, seminars and other relevant programmes to suit the needs and requirements of the Group.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

We acknowledge that we have a responsibility to our employees, our shareholders and the communities in which we do business as well as the environment. In line with this, we adhere to stringent environment best practices and are committed to implement various CSR initiatives to ensure responsible practices are carried out in all areas of our businesses synergistically. To nurture sustainable growth, the Group aims to produce plastic packaging solutions that support the environmentally-friendly initiatives to reduce, reuse and recycle. Our continuous improvements in resin design and polymer processing have allowed us to down-gauge our plastic packaging material resulting in reduction of plastic wastages.

APPRECIATION

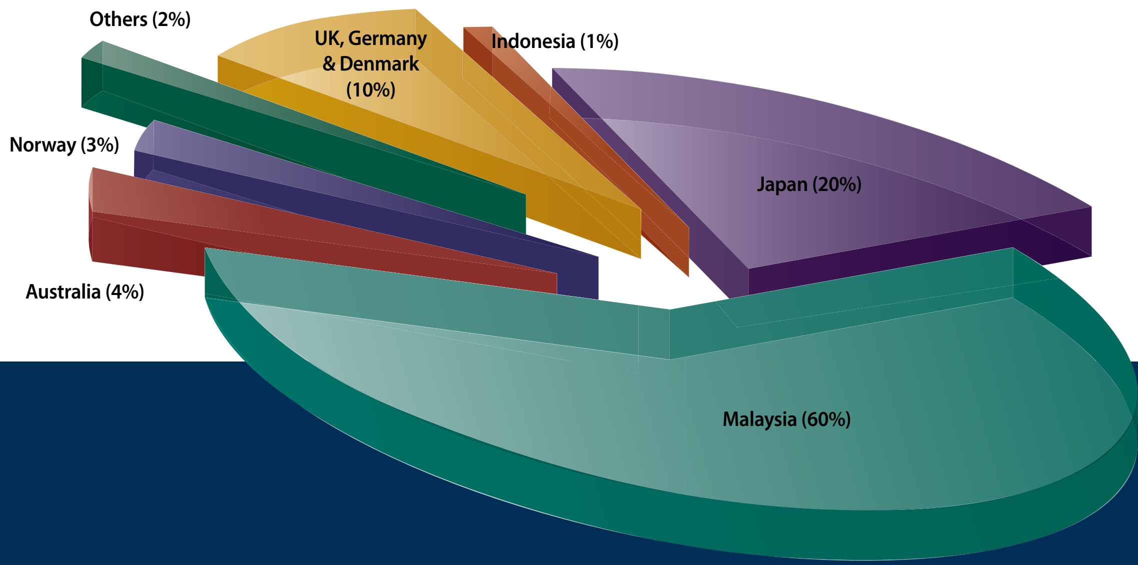
On behalf of the Board, I would like to express my sincere gratitude to all our valued customers, shareholders, business partners and associates, bankers, as well as government and other relevant authorities for their continued support to the Group.

My appreciation also goes to the Board, management and employees of the Group for their conscientious effort, commitment and dedication. With your persistence and diligence towards delivering quality and excellence at all times, the Group was successfully listed on the Second Board of Bursa Securities on 12 March 2008. With this listing status, the Company is well positioned for stronger growth, both locally and internationally, as we move forward to embrace the future.

Y.T.M. TUNKU DATO' DR. ISMAIL IBNI ALMARHUM TUNKU MOHAMMAD JEWA
CHAIRMAN

Dear Shareholders,

"Innovation" and **"Quality"** are integral to the day-to-day operations of the Group. An emphasis on innovation allows us to progress forward to achieve new breakthroughs and advances in our manufacturing processes especially in producing new and improved packaging solutions for our customers in the local and international arena. With product quality, the Group continues to gain the trust and confidence of our customers towards upholding our position as one of the major exporters of plastic packaging solutions to the Japanese market since 1991.



For the financial year ended 31 December 2007, the Group achieved a record revenue and profit after tax of RM173.5 million and RM10.6 million respectively. Japan remained as our major export destination with its contribution of approximately 20.0% to the Group's revenue during the year.

With our continued endeavours for innovation, the Group managed to switch from the manufacturing of lower premium plastic packaging products such as refuse bags to higher premium plastic packaging products such as printed polybags and VFFS films as we expanded our reach to cater to the packaging needs of the food & beverage and health care industries. Printed polybags and VFFS films provided a significant contribution of approximately 11.4% and 6.3% respectively to the Group's revenue in the financial year ended 31 December 2007. Our other core product, kitchen bag which has gained its popularity in the Japanese market, contributed approximately 6.6% to the Group's revenue that same year.

CAPACITY EXPANSION

To facilitate the production of new products for new application markets especially the health care and food & beverage industries and to cater for the expansion of existing products, the Group invested approximately RM10.0 million to acquire one (1) high technology new extrusion line from Germany and one (1) 8-color printing machine and another RM4.0 million for factory extension in the financial year 2007. Following our capacity expansion of additional 3,000 metric tonnes per annum from the high technology new extrusion line from Germany, the Group's total production capacity is now increased to 18,000 metric tonnes per annum which would enable the Group to receive additional orders from new and existing customers throughout the world. This is set to position the Group as one of the dominant players of plastic packaging solutions in the Asia-Pacific region.

NEW PRODUCTS

Through continuous R&D efforts, the Group has recently introduced a range of new products catering for a diverse range of applications. Some of the major types of new products are health care and medical devices packaging films, co-extruded films and VFFS co-extruded films. One of the new products under the health care and medical devices packaging films is packaging films used to pack gloves which include certain special features such as perforation (for easy tearing), chemical-resistance, leak-proof and strong-seal qualities. The co-extruded films produced by the Group possess a thickness level of 80 microns, which uses approximately 20% less materials compared to conventional mono-layer films. The cost savings to our customers are estimated to be approximately 58%. VFFS co-extruded films manufactured by the Group have a multi-layer structure with improved barrier properties against oil migration for at least eight (8) weeks and are specially formulated to improve sealability. These films have also achieved a permeability barrier that is up to 20% thinner compared to conventional mono-layered films. Such advantages increase the user's packing output, which ultimately increases their efficiency.

CHALLENGES AND OPPORTUNITIES

The main challenge currently faced by the Group and the flexible plastic packaging ("FPP") industry is the escalating cost of plastic resins, one of the main raw materials used in the Group's production processes. As plastic resin is a petrochemical-based material, the prices of plastic resins are generally linked to the prices of crude oil. The Group endeavours to mitigate this risk by changing the production and sales mix to higher profit margin products such as printed polybags, Baran, VFFS and plastic packaging films for medical products. This would protect the Group's margin by providing a certain buffer in terms of timing differences in the increase of the prices of raw materials and passing the cost to our customers through an increase in our selling prices. In addition, with our endeavours to capitalise on our capabilities in R&D to further down-gauge our end-products, together with our recent investment in the high technology extrusion line, we are optimistic of achieving cost savings in raw material consumption while maintaining product quality for the financial year ending 31 December 2008.

CONCLUSION

Our business strategies for sustainable growth are upheld by the Group's emphasis on innovation; we strive to attain new breakthroughs, both in our production processes as well as in the introduction of pioneer plastic packaging solutions that are able to cater for a diverse range of applications in various sectors, including industrial, household, retail, food & beverage, health care and chemical industries, for the domestic and overseas markets.

Our latest investment in state-of-the-art machineries from Germany and the construction of a new factory building of approximately 50,000 sq. ft. with positive preassure controlled environment reflect our determination for continued growth. Coupled with the invaluable support of our loyal customers, especially our Japanese counterparts and our plastic resin suppliers, we are poised for further progress. As we leverage on our technical capabilities and expertise, we are optimistic of our position to tap into the immense potentials of the industry and achieve even greater heights of success in years to come.

KHAW KHOON TEE
MANAGING DIRECTOR

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Terrace Room, Sunway Hotel, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Wednesday, 25 June 2008 at 10.00 a.m. for the following purposes: -

ORDINARY BUSINESSES: -

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

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with Reports of Directors and Auditors thereon. (Resolution 1)

2. To re-elect Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa who retires as Director pursuant to Section 129 of the Companies Act 1965 ("the Act"). (Resolution 2)

3. To re-elect the following Directors who retire pursuant to Article 95(1) of the Company's Articles of Association:
   (a) Mr. Khaw Khoon Tee (Resolution 3)
   (b) Mdm Ong Peik Joo (Resolution 4)
   (c) Mr. Khaw Seang Chuan (Resolution 5)
   (d) Ms Khaw Choon Hoong (Resolution 6)
   (e) Mr. Leow Chan Khiang (Resolution 7)
   (f) Mdm Mary Geraldine Phipps (Resolution 8)

4. To approve the Directors' Fees of RM90,000 for the financial year ending 31 December 2008. (Resolution 9)

5. To re-appoint Messrs KPGM as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors of the Company. (Resolution 10)

SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following resolution, with or without any modification, as Ordinary Resolution of the Company: -

6. AUTHORITY TO ISSUE SHARES

   "THAT, subject always to the Act, the provisions of the Memorandum and Articles of Association of the Company and approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company, at any time 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 the shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 11)

7. To transact any other ordinary business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Act.

By Order of the Board

CH'NG LAY HOON (MAICSA 0818580)
Company Secretary

Penang
3 June 2008

NOTES:

1. A member entitled to attend and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

2. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.

3. To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 11

The proposed resolution is in relation to authority to allot shares pursuant to Section 132D of the Act, and if passed, will give the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten percentum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such issue of shares. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.

Details of Directors who are standing for re-election in Agenda 2 and 3 of the Notice of Third Annual General Meeting are set out in the Directors' Profiles of this Annual Report.

As the Company was listed on Bursa Securities subsequent to the financial year ended 31 December 2007, there was no Board meeting held during the financial year ended 31 December 2007.

Details of Directors' meeting attendances subsequent to the financial year ended 31 December 2007 up to the date of this statement are as follows:-

NAME	NO. OF MEETINGS HELD	ATTENDANCE
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa	3	3
Khaw Khoon Tee	3	3
Ong Peik Joo	3	3
Khaw Seang Chuan	3	3
Khaw Choon Hoong	3	3
Leow Chan Khiang	3	3
Mary Geraldine Phipps	3	3

SLP Resources Berhad ("SLP" or "the Company") was listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities) on 12 March 2008 and as a public listed company, the Board of Directors of the Company ("the Board") is entirely committed to the maintenance of high standards of corporate governance by supporting and implementing prescriptions of the principles and best practices as set out in parts 1 and 2 respectively of the Malaysian Code of Corporate Governance ("the Code").

The Board has assessed the level of corporate governance practiced in the Group and confirms that unless otherwise stated in this statement, the Group has complied with all the principles and recommended best practices throughout the financial year ended 31 December 2007 except that the Board has not appointed a Senior Independent Non-Executive Director to whom shareholders may address their grievances and concerns brought up by the shareholders.

The provisions of the Code applicable to the Group are divided into four (4) parts as follows:-

Part A : Directors
Part B : Directors' Remuneration
Part C : Shareholders
Part D : Accountability and Audit

Set out below is a statement on how the Group has applied the principles as set out in the Code.

DIRECTORS

The Board

The Company is headed by a Board of Directors who leads and controls the management of the Company. The Board is responsible for proper management of the Company and the Group. All Board members bring sound judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board will ordinarily meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Meeting agenda will include review and approval of the quarterly financial results before public announcements, business reviews, macro strategies and other major corporate matters arising such as acquisitions, mergers and disposals (if any). All proceedings from the Board Meetings are minuted by the Company Secretary and signed by the Chairman of the meetings.

As the Company was listed on Bursa Securities subsequent to the financial year ended 31 December 2007, there was no Board Meeting held in the financial year ended 31 December 2007. However, subsequent to the financial year ended 31 December 2007 up to the date of this statement, the Board met on three (3) occasions, where it deliberated upon and considered various important matters including the approval for quarterly financial results and audited financial statements for public announcements; consideration and approval for the terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee; and the approvals for the Statement on Corporate Governance and Audit Committee Statement in this Annual Report

Please refer to Statement Accompanying Notice of AGM in this Annual Report for details of Directors' meeting attendances subsequent to the financial year ended 31 December 2007 up to the date of this statement.

Board Balance

As at the date of this statement, the Board consists of seven (7) members; comprising four (4) Executive Directors including the Managing Director, two (2) Independent Non-Executive Directors including the Chairman and one (1) Non-Independent Non-Executive Director. A brief profile of each Director is presented in the Directors' Profiles section of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent director in paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and Practice Note 13/2002 of the Listing Requirements. The key elements for fulfilling the criteria are the appointment of Independent Directors who are not the members of management (non-executive) and who are free of any relationship which could interfere with the exercise of independent judgement and/ or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two (2) directors or one third of the Board, whichever is higher, are Independent Directors.

DIRECTORS (CONT'D)

Board Balance (cont'd)

The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the Executive Directors. Together with the Executive Directors who have intimate knowledge of their respective fields and businesses, the Board is constituted of individual who are committed to business integrity and professionalism in all its activities and have a proper understanding and competence to deal with the current and emerging business related issues locally and internationally.

The roles between the Chairman and the Managing Director are separated with clear distinction of responsibilities to ensure a balance of power and authority. The Chairman plays a crucial leadership and pivotal role in ensuring the Board work effectively whilst the Managing Director has overall responsibilities to ensure the Group's business is properly and efficiently managed and the Board policies and decisions are properly implemented.

The Board is satisfied that the current Board composition fairly represents the interest of shareholders of the Company.

Supply of Information

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group.

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that all Directors have sufficient time to appreciate issues to be deliberated at the Board meetings and expedites the decision making process effectively.

Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties of ensuring the effective functioning of the Board. In the any event that the Company Secretary fails to fulfill her functions effectively, the terms of appointment permit her removal and appointment of a successor only by the Board as a whole.

The Audit Committee, Remuneration Committee and Nomination Committee play a pivotal role in channeling pertinent operational and assurance related issues to the Board. These Committees partly function as a filter to ensure that only pertinent matters are tabled and deliberated at the Board level. The Board collectively, determines whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Company's expense.

Appointment and Re-election of Directors

Since after the Company's listing on 12 March 2008, the Company has in place formal and transparent procedures for the appointment of new Directors to the Board. These procedures ensure that all nominees to the Board are first considered by the Nomination Committee taking into account the required mix of skills and experiences and other relevant factors before making a recommendation to the Board for approval.

In accordance with the Company's Articles of Association, Directors who are appointed to the Board during the year, shall hold office only until the next Annual General Meeting and shall be eligible for re-election by the shareholders. In addition, at the Annual General Meeting in every year, one third (1/3) of the Directors including the Managing Director shall retire from office at least once in every three (3) years from the date of appointment or last re-election but shall be eligible for re-election by shareholders.

Any Director of the Company over seventy (70) years of age is required to submit himself/ herself for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS (CONT'D)

Directors' Training and Education

All new Directors are required to attend the "Mandatory Accreditation Programme" organised by such body corporate as may be approved by Bursa Securities within four (4) months from the date of listing and accordingly, arrangements have been made by them to complete the requisite programme. All the Director of the Company, holding the office for the financial year ended 31 December 2007 have completed the Mandatory Accreditation Programme as prescribed by the Bursa Securities. All the Directors are also encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for, inter-alia recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors. The term of reference of the Remuneration Committee is set out in the Remuneration Committee section of this Annual Report.

The Executive Directors did not participate directly in the way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. In deciding an appropriate level of fees and benefits of each Non-Executive Director, the Board considered the responsibility and time commitments taking into account the number of Board meetings, special meetings and the time required for reading Board and other papers, as well as the membership and chairmanship of Board Committees.

The policy practised on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Details of the Directors' Remuneration

Details of the nature and amount of each major element of the remuneration of each Director of the Company for the financial year ended 31 December 2007 are as follows:-

	Salaries & Bonuses RM	Fees RM	Benefits-in-kind and other emoluments RM	Total RM
Executive Directors	429,000	–	45,365	474,365
Non-Executive Directors	–	–	–	–

The Number of Directors whose remuneration falls into the following bands comprises:-

Range of remuneration RM	Number of Directors Executive	Number of Directors Non-Executive
50,000 and below	–	–
50,001 to 100,000	3	–
100,001 to 150,000	–	–
150,001 to 200,000	–	–
200,001 to 250,000	–	–
250,001 to 300,000	1	–

Note:
No remuneration / fees were paid to the three (3) Non-Executive Directors during the financial year ended 31 December 2007.

SHAREHOLDERS

Dialogue with Shareholders and Investors

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of the Group's strategy, performance and major developments and the information is communicated to them through the following:-

(i) the Annual Reports;
(ii) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and Annual Results;
(iii) the website at *www.sinliplas.com.my* of which shareholders as well as members of the public are invited to access for the information on the Group; and
(iv) the meetings with fund managers and analysts and interviews by the press.

General Meetings

The Company's Annual General Meeting serves as a principle forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the Annual General Meeting and to vote on all resolutions. Extraordinary General Meeting will be held as and when required.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of financial results as well as the Chairman and Managing Director's statements in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the completeness of its financial reporting.

Directors' Responsibility Statement in Respect of The Preparation of The Audited Financial Statements.

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cashflows for the financial year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates where applicable.

The Directors also have a general responsibility for taking steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement of Corporate Governance is made in accordance with a resolution from the Board.

INTRODUCTION

In line with the principle set out in the Malaysian Code on Corporate Governance, the Board of a listed company should maintain a sound system of internal control to safeguard shareholders' investments and the Group' assets. Paragraph 15.27(b) of the Listing Requirements also requires the Board of a listed company to include a statement of internal controls in its annual report.

RESPONSIBILITY OF RISK AND INTERNAL CONTROL

The Board recognises the importance of maintaining a sound system of internal control covering controls to risk management, financial, operational and compliance to achieve the following objectives:-

(i) Safeguard the shareholders' interest and assets of the Group;
(ii) Identify and manage risks affecting the Group;
(iii) Ensure compliance with all regulatory bodies' requirements;
(iv) Ensure the effectiveness and efficiency of operations to achieve the Group's objectives; and
(v) Ensure the integrity and reliability of financial information.

Due to the inherent limitations in any system of internal control, the system of internal control of the Group are in place to manage, rather than eliminate the risk of failure to achieve business objectives and would only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK

Subsequently to the Company's listing in March 2008, the Board through its Audit Committee had shortlisted two (2) professional firms that provide audit and enterprise risk management services. The Audit Committee will further deliberate on the outsourcing of its internal audit function to the professional firm of internal audit in the forthcoming meetings and subsequently to recommend to the Board for approval. The outsourced internal audit function will support the Audit Committee and the Board by identifying and evaluating risk exposures and also by providing an independent and objective assurance regarding the adequacy and integrity of the internal control system.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL FUNCTION

The other key internal control elements of the Group are as follows :

(i) An organisation structure is in place that clearly defines the lines of responsibility and delegation of authority;
(ii) Key positions throughout the Group are filled by qualified and experienced personnel;
(iii) Business operations progress are monitored through scheduled periodic meetings, where significant issues are discussed and corrective measures taken, where necessary; and
(iv) Actual performances of the operating subsidiaries are compared with budgets on a quarterly basis, with detailed major variances explained.

OTHER ACTIVITIES

The ISO 9001:2000 certifications of the Group are endorsements of the quality assurance system that is in place for the manufacturing of plain and printed polybags and polyfilms. These certifications provide customers with the assurance of the Group's quality.

CONCLUSION

The process of reviewing the adequacy and integrity of internal control is a continuous process, and the Board together with other Board Committees shall continue to take the necessary measures to enhance further the control environment of the Group, and includes identifying, managing, mitigating and responding to both internal and external factors that may affect the achievement of the Group's business objectives and performance.

The Board is of the view that the system of internal controls in place during the financial year ended 31 December 2007 and up to the date of the issuance of the annual report and financial statements, is sound and sufficient to safeguard the shareholders' investment, the interest of customers, regulators and employees, and the Group's assets.

The Audit Committee was set up on 27 October 2007 and its present members are as follows:-

Name	Position
Mary Geraldine Phipps Independent Non-Executive Director	Chairman
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa Independent Non-Executive Chairman	Member
Leow Chan Khiang Non-Independent Non-Executive Director	Member

OBJECTIVES

The primary function of the Audit Committee is to assist the Board in fulfilling the following objectives:-

(i) to assess the Group's processes relating to its risks and control environment;
(ii) to oversee financial reporting; and
(iii) to evaluate the internal and external audit processes.

COMPOSITION

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all the members must be Non-Executive Directors, with majority of them being Independent Non-Executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-

(i) a member of the Malaysian Institute of Accountants ("MIA") or
(ii) if the Director is not a member of MIA, the Director be must have at least three (3) years of working experience and: -
  - the Director must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967, or
  - the Director must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
(iii) fulfils such other requirements as prescribed or approved by Bursa Securities

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

QUORUM AND COMMITTEE'S PROCEDURES

- Meetings shall be conducted at least four (4) times a year or more frequency as circumstances dictate.

- In order to form a quorum for the meeting, a majority of at least two (2) members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

- The Company Secretary shall be appointed Secretary of the Committee. The Secretary with the concurrence of the Chairman, shall draw up an agenda, which shall be circulated together with the relevant supporting documentation, at least seven (7) days prior to each meeting to the members of the Committee. The minutes of each meeting shall be kept and distributed to members of the Committee and of the Board of Directors.

- The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meeting.

- The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

- The Committee shall meet at least twice a year with the external auditors without the presence of any executive director of the Board.

- The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

AUTHORITY

- The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

- The Committee shall have full and unlimited access to any information pertaining to the Group.

- The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary

- The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

- Where the Committee is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:-

- Review with the external auditors, the audit scope and plan, including any changes to scope of the audit plan.

- Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that is has the necessary authority to carry out its work.

- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.

DUTIES AND RESPONSIBILITIES (CONT'D)

- Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.

- To establish the following with the internal auditor: -

  (a) review adequacy of scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its works;
  (b) review the internal audit programmes and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit functions;
  (c) review any appraisal or assessment of the performance of members of the internal audit function;
  (d) approve any appointment or termination of senior staff members of the internal audit function and to provide opportunity for the resigning staff member to submit his reasons for resigning.

- Review the adequacy and integrity control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors evaluation of the said systems.

- Direct and where appropriate supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts.

- Review the quarterly and year-end financial statements of the Company and the Group before submission to the Board of Directors, focusing particularly on: -

  (a) changes in or implementation of major accounting policies;
  (b) significant and unusual events;
  (c) significant adjustments arising from the audit;
  (d) the going concern assumption; and
  (e) compliance with accounting standards and other legal requirements.

- Review and monitor inter-company transactions and any related party transactions and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity and must be at arm's length and must not be unfavourable to the Company or the Group.

- Any such other functions as may be authorised by the Board.

REPORTING PROCEDURES

The Chairman of the Committee shall report on each meeting to the Board. The Committee shall prepare reports, at least once a year, to the Board summarising the Committee's activities during the year in discharge of its duties and responsibilities and the related significant results and findings.

The Committee is authorised to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members

MEETINGS

As the Company was listed on Bursa Securities subsequent to the financial year ended 31 December 2007, there was no meeting held in the financial year ended 31 December 2007. However, subsequent to the financial year ended 31 December 2007 up to the date of this statement, the Committee met on three (3) occasions and details of the attendance of each member of the Committee are as follows:-

Name	No. of Meetings Held	Attendance
Mary Geraldine Phipps	3	3
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa	3	3
Leow Chan Khiang	3	3

SUMMARY OF ACTIVITIES

The activities of the Committee subsequent to the financial year ended 31 December 2007 will be reported in the financial year ending 31 December 2008.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 27 October 2007 and its present members are as follows:-

Name	Position
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa Independent Non-Executive Chairman	Chairman
Mary Geraldine Phipps Independent Non-Executive Director	Member
Khaw Khoon Tee Managing Director	Member

MEMBERSHIP

The Remuneration Committee of the Company shall be appointed by the Company's Board of Directors among their members and shall comprise wholly or mainly of Non-Executive Directors.

The members of the Remuneration Committee shall then elect a Chairman from among themselves who is Non-Executive Director.

Members of the Remuneration Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company. The Nomination Committee will review and recommend to the Board for approval another director to fill up such vacancies.

SECRETARY

The Company Secretary shall be the Secretary of the Committee.

The Company Secretary shall be in attendance at each Remuneration Committee Meeting and record the proceedings of the statutory record of the Company upon adoption by the Committee and a copy each shall be distributed to each member of the Remuneration Committee.

OBJECTIVES

The objective of the Remuneration Committee is to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Executive Directors, and other selected top management positions with the aim to attract, retain and motivate individuals of the highest quality.

Executive Directors shall abstain from the deliberations and voting on decisions in respect of their remuneration package.

The remuneration and entitlements of the Non-Executive Directors including the Non-Executive Chairman shall be a matter to be decided by the Board of Directors as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

DUTIES AND RESPONSIBILITIES

The Committee shall recommend to the Board the remuneration of the Directors of the Company in all its forms, to evaluate different remuneration methods and philosophies as well as conducting studies of current industry practice including the below: -

(a) Reviewing existing or proposed share option scheme;
(b) Reviewing superannuating benefits;
(c) Reviewing retirement and termination systems;
(d) Considering fringe benefit issues; and
(e) Reviewing indemnity and liability insurance policies

POWER

In carrying out its duties and responsibilities, the Remuneration Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The Committee shall review the compensation of Executive Directors and recommend appropriate adjustments to the Board of Director for their approval.

FREQUENCY OF MEETINGS

The Remuneration Committee to meet at least once a year. The Committee will meet as required and report to the Board after each meeting.

The meeting shall be chaired by the Chairman of the Committee and each meeting shall have at least two members of whom majority shall be Non-Executive Directors. The Chairman also has the discretion to call for additional meetings at any time. All recommendations and findings of the Remuneration Committee are submitted to the Board of Directors for approval.

The Managing Director (if not a member of the Nomination Committee) and/or other appropriate officers may be invited to attend where their presence is considered appropriate as determined by the Remuneration Committee Chairman.

SUMMARY OF ACTIVITIES

As the Company was listed on Bursa Securities subsequent to the financial year ended 31 December 2007, there was no meeting held in the financial year ended 31 December 2007. However, subsequent to the financial year ended 31 December 2007, the Committee met once to receive and accept its terms of reference duly approved by the Board and to recommend to the Board the proposed remuneration policies and frameworks for the Executive and Non-Executive Directors of the Company.

NOMINATION COMMITTEE

The Nomination Committee was set up on 27 October 2007 and its present members are as follows:-

Name	Position
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa Independent Non-Executive Chairman	Chairman
Mary Geraldine Phipps Independent Non-Executive Director	Member
Leow Chan Khiang Non-Independent Non-Executive Director	Member

MEMBERSHIP

The Nomination Committee of the Company shall be appointed by the Company's Board of Directors and shall comprise exclusively Non-Executive Directors of whom a majority shall be Independent Non-Executive Directors.

The members of the Nomination Committee shall the elect a Chairman from among themselves who is a Non-Executive Director.

Members of the Nomination Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies.

SECRETARY

The Company Secretary shall be the secretary of the Committee.

The Company Secretary shall be in attendance at each Nomination Committee Meeting and record the proceedings of the statutory record of the Company upon adoption by the Committee and a copy each shall be distributed to each member of the Nomination Committee.

OBJECTIVES

The objective of the Nomination Committee is to ensure that the directors of the Board bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of non-executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual director and Board Committee member.

When a vacancy exists or when it is considered that the Board would benefit from the services of a new executive director with particular skills, the Nomination Committee selects one or more candidates with the appropriate expertise and experience. The Nomination Committee may use the services of a professional recruitment firm. The Nomination Committee will then make its recommendation on the candidates for submission to the Board for approval. The same procedure applies to potential candidates who wish to fill the vacancies for directorships.

In developing its procedures on appointments to the Board and making its recommendations to the Board, the Committee will take account of the need for the Board to operate on an open and transparent appointment process.

DUTIES AND RESPONSIBILITIES

The following are the main duties and responsibilities of the Committee collectively. These are not exhaustive and can be augmented if necessary by the overall Board approval:

(a) Examine the size of the Board with a view to determine the number of directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third of the directors for the time being shall retire from office. A retiring director shall then be eligible for re-election. Every director, shall be subject to retirement at least once in every 3 years.
(b) Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the board and disclose the same in the Annual Report.
(c) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
(d) Ensure that the appointment of any Executive Director of the Company shall be for a fixed term not exceeding three years at any one time with power to reappoint, remove or dismiss thereafter.
(e) Recommend to the Board, candidates for all directorships within the bounds of practicability, by any other senior executive or any director or shareholder to be filled by the shareholders or the Board and directors to fill the seats on the Audit, Nomination, Remuneration or other Committees. A description/ specification for the new directors should be drafted before identifying possible candidates. Candidates should be evaluated against this specification.
(f) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director based on the process implemented by the Board.

POWER

The Nomination Committee should not have the delegated power from the Board to implement its recommendations but should be obliged to report its recommendations back to the full Board for its consideration and implementation. This is in recognition of the importance of chemistry within the Board and the need for Board membership to be endorsed by all or the majority.

In carrying out its duties and responsibilities, the Nomination Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Nomination Committee may use the services of professional recruitment firms to source for the right candidate for directorship or sought independent professional advice whenever necessary.

FREQUENCY OF MEETINGS

The Nomination Committee to hold a minimum of at least one meeting in a year and as when it deemed necessary and report to the Board after each meeting.

The meeting shall be chaired by the Chairman of the Committee and shall have at least two members of whom majority shall be Independent Non-Executive Directors. The Chairman also has the discretion to call for additional meetings at any time. All recommendations and findings of the Nomination Committee are submitted to the Board of Directors for approval.

The Managing Director (if not a member of the Nomination Committee) and/or other appropriate officers may be invited to attend where their presence is considered appropriate as determined by the Nomination Committee Chairman.

SUMMARY OF ACTIVITIES

As the Company was listed on Bursa Securities subsequent to the financial year ended 31 December 2007, there was no meeting held in the financial year ended 31 December 2007. However, subsequent to the financial year ended 31 December 2007, the Committee met once to receive and accept its terms of reference duly approved by the Board.

1. Status of Utilisation of IPO Proceeds

On 12 March 2008, the entire issued and paid-up share capital of the Company, comprising 106,000,000 ordinary shares of RM0.50 each were listed on the Second Board of Bursa Securities. The Rights Issue and the Public Issue raised gross proceeds of approximately RM0.01 million and RM22.10 million respectively amounted to a total of approximately RM22.11 million which has been utilised in the following manner:-

	Timeframe for Utilisation from the Date of Listing	Proposed Utilisation RM'000	Utilised as at 31.03.2008 RM'000	Balance RM'000
Repayment of bank borrowings	Within 3 months	5,000	3,000	2,000
Purchase of machinery and equipment	Within 12 months	6,000	–	6,000
Working capital	Within 6 months	9,115	–	9,115
Share issue expenses	Within 3 months	2,000	1,474	526
Total		**22,115**	**4,474**	**17,641**

The IPO proceeds shall be utilised by the Group within the intended timeframe as set out above and the status of utilisation will be reported in the Company's quarterly announcements.

2. Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2007.

3. Options, Warrants or Convertible Securities

The Company has not issued options, warrants or convertible securities during the financial year ended 31 December 2007.

4. American Depository Receipt (ADR) or Global Depository (GDR) Programme

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

5. Imposition of Sanctions/Penalties

There were no public sanctions and/ or public penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies during the financial year ended 31 December 2007.

6. Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2007 was nil.

7. Variation in Results

The Group has issued profit estimate and profit forecast in the Company's Prospectus dated 20 February 2008. The variance between the actual and estimated profit after tax for the financial year ended 31 December 2007 is less than 10%.

8. Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2007.

9. Material Contracts

There were no material contracts entered into by the Company an/ or its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at the end of the financial year ended 31 December 2007 or entered into since the end of the previous financial year.

10. Revaluation Policy

The Company does not adopt a policy of regular revaluation of its landed properties.

FINANCIAL STATEMENTS

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are stated in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

CONVERSION INTO PUBLIC LIMITED COMPANY

During the year, the Company was converted into a public company and accordingly, assumed its present name.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	**10,617,574**	**(17,447)**

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid since the end of the previous financial year and the Directors do not recommend any final dividend to be paid for the year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are :

Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa	(Appointed on 26.10.2007)
Khaw Khoon Tee	(Appointed on 26.10.2007)
Ong Peik Joo	(Appointed on 26.10.2007)
Khaw Seang Chuan	(Appointed on 26.10.2007)
Khaw Choon Hoong	(Appointed on 26.10.2007)
Leow Chan Khiang	(Appointed on 26.10.2007)
Mary Geraldine Phipps	(Appointed on 26.10.2007)
Yeoh Chooi Ean	(Resigned on 27.10.2007)
Vimleswari A/P M Ganesan	(Resigned on 27.10.2007)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related companies (other than wholly–owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM0.50 each			
	Balance at 1.1.2007/*	**Bought**	**Sold**	**Balance at 31.12.2007**
Interest in the Company				
Khaw Khoon Tee				
Direct interest				
- own	12,858,498	–	–	12,858,498
- others #	5,818,110	–	–	5,818,110
Deemed interest				
- own	42,400,000	–	–	42,400,000
Ong Peik Joo				
Direct interest				
- own	11,623,226	–	–	11,623,226
- others #	5,818,110	–	–	5,818,110
Deemed interest				
- own	42,400,000	–	–	42,400,000
Khaw Seang Chuan				
Direct interest				
- own	4,385,575	–	–	4,385,575
Khaw Choon Hoong				
Direct interest				
– own	2,914,591	–	–	2,914,591

* At date of appointment

\# These are shares held in the name of the spouse and children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Messrs Khaw Khoon Tee and Ong Peik Joo are also deemed to have interests in the shares of all its subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During the year, the Company acquired the entire equity interest in Sinliplas Holdings Sdn. Bhd. ("SHSB") and Sinliplas Sdn. Bhd. ("SSB") at a total consideration of RM39,985,373 satisfied by the issuance of 79,970,746 new ordinary shares of RM0.50 each. By virtue of their interest in shares of SHSB and SSB respectively, Messrs Khaw Khoon Tee, Ong Peik Joo, Khaw Seang Chuan and Khaw Choon Hoong were deemed to acquire 79,970,746 ordinary shares of RM0.50 each in the Company pursuant to the acquisition of SHSB and SSB.

Except for the above, there were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the authorised share capital of the Company was :

i) sub–divided from 100,000 ordinary shares of RM1.00 each into 200,000 ordinary shares of RM0.50 each; and

ii) increased from RM100,000 comprising 200,000 ordinary shares of RM0.50 each to RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each by the creation of additional 199,800,000 new ordinary shares of RM0.50 each.

The issued and paid–up share capital of the Company was also increased from RM2 to RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each as follows :

i) subdivision of 2 ordinary shares of RM1.00 each into 4 ordinary shares of RM0.50 each;

ii) issuance of 79,970,746 new ordinary shares of RM0.50 each at par as consideration for the acquisition of subsidiaries as disclosed in Note 29 to the financial statements; and

iii) issuance of 29,250 new ordinary shares of RM0.50 each at par by way of a Rights Issue in the proportion of approximately 37 new ordinary shares for every 100,000 existing shares held by such shareholders.

There were no other changes in the issued and paid–up share capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

OTHER STATUTORY INFORMATION (CONT'D)

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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

iv) not otherwise dealt with in this report or the financial statements, that 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 :

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Details of such events are as disclosed in Note 27 to the financial statements.

SUBSEQUENT EVENTS

Details of such events are as disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re–appointment.

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

KHAW KHOON TEE

KHAW SEANG CHUAN

Penang,
Date : 24 April 2008

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 42 to 75 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

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

KHAW KHOON TEE

KHAW SEANG CHUAN

Penang,
Date : 24 April 2008

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **KHAW KHOON TEE**, the Director primarily responsible for the financial management of SLP Resources Berhad (formerly known as SLP Resources Sdn. Berhad), do solemnly and sincerely declare that the financial statements set out on pages 42 to 75 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 24 April 2008

KHAW KHOON TEE

Before me :

CHEAH BENG SUN
Pesuruhjaya Sumpah
(Commissioner of Oaths)
Penang.

REPORT OF THE AUDITORS TO THE MEMBERS OF SLP RESOURCES BERHAD

We have audited the financial statements set out on pages 42 to 75. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those 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 our audit provides a reasonable basis for our opinion.

In our opinion :

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :

    i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows 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 of the Group and of the Company;

    and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub–section (3) of Section 174 of the Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

OOI KOK SENG
Partner
Approval Number : 2432/05/09 (J)

Penang,

Date : 24 April 2008

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	2007 RM
Assets		
Property, plant and equipment	3	**48,706,792**
Prepaid lease payments	4	**7,312,301**
Other investments	5	**177,000**
Goodwill on consolidation	6	**11,330**
Total non–current assets		**56,207,423**
Receivables, deposits and prepayments	7	**34,410,305**
Inventories	8	**25,649,983**
Current tax assets		**244,648**
Cash and cash equivalents	9	**15,210,512**
Total current assets		**75,515,448**
Total assets		**131,722,871**
Equity		
Share capital	10	**40,000,000**
Reserves	11	**6,617,572**
Total equity		**46,617,572**
Liabilities		
Deferred tax liabilities	12	**5,425,000**
Borrowings	13	**14,586,353**
Total non–current liabilities		**20,011,353**
Payables and accruals	14	**16,943,637**
Borrowings	13	**47,718,634**
Current tax liabilities		**431,675**
Total current liabilities		**65,093,946**
Total liabilities		**85,105,299**
Total equity and liabilities		**131,722,871**

The notes on pages 51 to 75 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM
Continuing operations		
Revenue	15	**95,615,259**
Changes in work–in–progress and manufactured inventories		**4,253,929**
Raw materials and consumables used		**(76,325,210)**
Staff costs	16	**(4,414,646)**
Depreciation and amortisation	3, 4	**(4,934,091)**
Other operating expenses		**(4,356,025)**
Other operating income		**3,127,280**
Results from operating activities		**12,966,496**
Finance costs	17	**(1,478,769)**
Profit before tax	18	**11,487,727**
Tax expense	20	**(870,153)**
Profit for the year		**10,617,574**
Attributable to :		
Shareholders of the Company		**10,617,574**
Basic earnings per ordinary share (sen)	22	**16.00**

The notes on pages 51 to 75 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	← Non-distributable		→	Distributable	
		Share capital RM	Reverse acquisition reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 January 2007		**5,000,000**	**–**	**6,706,812**	**19,932,877**	**31,639,689**
Adjustment arising from reverse acquisition	10	**26,639,691**	**(26,639,691)**	**–**	**–**	**–**
Issue of shares	10	**8,345,684**	**–**	**–**	**–**	**8,345,684**
Rights issue	10	**14,625**	**–**	**–**	**–**	**14,625**
Profit for the year		**–**	**–**	**–**	**10,617,574**	**10,617,574**
Dividend paid to shareholders of SHSB prior to the acquisition by the Company	21	**–**	**–**	**–**	**(4,000,000)**	**(4,000,000)**
At 31 December 2007		**40,000,000**	**(26,639,691)**	**6,706,812**	**26,550,451**	**46,617,572**

The notes on pages 51 to 75 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations		**11,487,727**
Adjustments for :		
Depreciation of property, plant and equipment	3	**4,777,766**
Amortisation of prepaid lease payments	4	**156,325**
Interest expense		**1,478,769**
Interest income		**(218,353)**
Negative goodwill recognised		**(2,270,906)**
Dividend income		**(7,500)**
Operating profit before changes in working capital		**15,403,828**
Changes in working capital :		
Inventories		**(12,534,112)**
Receivables, deposits and prepayments		**(2,965,032)**
Payables and accruals		**988,904**
Cash generated from operations		**893,588**
Tax paid		**(529,357)**
Net cash generated from operating activities		**364,231**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		**218,353**
Placement of fixed deposits		**(42,317)**
Purchase of property, plant and equipment	3	**(14,041,804)**
Additions to prepaid lease payments		**(1,468,626)**
Dividend received		**7,500**
Net cash inflow from acquisition of subsidiaries	29	**7,586,882**
Net cash used in investing activities		**(7,740,012)**

CONSOLIDATED CASH FLOW STATEMENT CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue		**14,625**
Interest paid		**(1,478,769)**
Repayment of finance lease liabilities		**(378,852)**
Drawdown of term loans		**9,173,605**
Repayment of term loans		**(4,348,381)**
Dividend paid to existing shareholders of SHSB prior to the acquisition by the Company	21	**(8,000,000)**
Drawdown of other bank borrowings, net		**19,189,000**
Net cash generated from financing activities		**14,171,228**
Net increase in cash and cash equivalents		**6,795,447**
Cash and cash equivalents at 1 January		**5,867,346**
Cash and cash equivalents at 31 December		**12,662,793**

Cash and cash equivalents

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

	Note	2007 RM
Short term deposits with licensed banks	9	**10,723,000**
Cash and bank balances	9	**2,214,117**
Bank overdrafts	13	**(274,324)**
		12,662,793

The notes on pages 51 to 75 are an integral part of these financial statements.

BALANCE SHEET
AT 31 DECEMBER 2007

	Note	2007 RM	2006 RM
Assets			
Investment in subsidiaries	5	**39,985,373**	–
Total non–current assets		**39,985,373**	–
Receivables	7	**49,000**	–
Cash and bank balances	9	**8,474**	2
Total current assets		**57,474**	2
Total assets		**40,042,847**	2
Equity			
Share capital	10	**40,000,000**	2
Reserves	11	**(24,393)**	(6,946)
Total equity		**39,975,607**	(6,944)
Liabilities			
Payables and accruals	14	**67,240**	6,946
Total current liabilities		**67,240**	6,946
Total equity and liabilities		**40,042,847**	2

The notes on pages 51 to 75 are an integral part of these financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM	2006 RM
Continuing operations			
Revenue		**–**	–
Administrative expenses		**(17,447)**	(2,155)
Loss before tax	18	**(17,447)**	(2,155)
Tax expense		**–**	–
Loss for the year		**(17,447)**	(2,155)

The notes on pages 51 to 75 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2006	2	(4,791)	(4,789)
Loss for the year	–	(2,155)	(2,155)
At 31 December 2006	2	(6,946)	(6,944)
Issue of shares	39,999,998	–	39,999,998
Loss for the year	–	(17,447)	(17,447)
At 31 December 2007	**40,000,000**	**(24,393)**	**39,975,607**

The notes on pages 51 to 75 are an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(17,447)**	(2,155)
Changes in working capital :		
Receivables	**(49,000)**	–
Payables and accruals	**60,294**	2,155
Net cash used in operating activities	**(6,153)**	–
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from share issue	**14,625**	–
Net cash generated from financing activity	**14,625**	–
Net increase in cash and cash equivalents	**8,472**	–
Cash and cash equivalents at 1 January	**2**	2
Cash and cash equivalents at 31 December	**8,474**	2

Cash and cash equivalents included in the cash flow statement represent cash and bank balances as shown in the balance sheet.

The notes on pages 51 to 75 are an integral part of these financial statements.

SLP Resources Berhad (formerly known as SLP Resources Sdn. Berhad) is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of its registered office and principal place of business of the Company are as follows :

Registered office

ENet Corporate Service Sdn. Bhd.
Suite 12–A, Level 12 Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

Plot 1, Lot 57–A, Lorong Perusahaan 5
Kulim Industrial Estate, 09000 Kulim, Kedah

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 24 April 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007, and that have not been applied in preparing these financial statements :

FRSs/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co–operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

1. BASIS OF PREPARATION

(a) Statement of compliance (cont'd)

The Group and the Company plan to apply the above–mentioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for those which are not applicable to the Group and the Company and FRS 139, Financial Instruments: Recognition and Measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance and investment tax allowance. In the current accounting policy for income taxes, reinvestment allowance or investment tax allowance is treated as the tax base of an asset. The Group and the Company have not yet determined whether this accounting policy needs to be changed.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, except for the first time adoption of all the new and revised FRSs that are relevant to its operations and effective for accounting periods beginning on or before 1 January 2007 on this set of financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting except for the acquisition of Sinliplas Holdings Sdn. Bhd. ("SHSB").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

The acquisition of SHSB is accounted for using reverse acquisition accounting principles in accordance with the Financial Reporting Standard 3, Business Combinations ("FRS 3"). Upon completion of the acquisition of SHSB, it became the legal parent company of SLP Group. Due to the relative values of the companies, the former shareholders of SHSB became the majority shareholders, controlling about 100% of the share capital of the Company. Further, the Company's continuing operations and management are those of SHSB. Accordingly, the substance of the business combination is that SHSB acquires the Company in a reverse acquisition.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Transactions eliminated on consolidation

Intra–group balances and transactions, and any unrealised income and expenses arising from intra–group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non–monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(c) Derivative financial instruments

The Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operational activities.

Derivative financial instruments are not recognised in the financial statements on inception.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Derivative financial instruments (cont'd)

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at valuation/cost less accumulated depreciation and accumulated impairment losses, if any.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self–constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts include in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day–to–day servicing of property, plant and equipment are recognised in the income statements as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is recognised in the income statements on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of the assets for the current and comparative periods are depreciated at the following annual principal rates :

• Buildings	2%
• Renovation	2%
• Plant, machinery and factory equipment	12% – 16%
• Office furniture and equipment	10% – 40%
• Motor vehicles	16% – 20%

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2007.

Payments made under operating leases are recognised in the income statements on a straight–line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Goodwill

Goodwill arises on business combinations and is measured at cost less accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("negative goodwill") is recognised immediately in income statement.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non–current equity securities other than investments in subsidiaries and associates are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non–current equity securities and non–current debt securities other than investments in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and

b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first–in first–out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work–in–progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receivebles cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

The carrying amounts of assets except for inventories and financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash–generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash–generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash–generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash–generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash–generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only 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, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefits

Short term employee benefits

Short–term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short–term cash bonus or profit–sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non–occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Share capital

Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(q) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. PROPERTY, PLANT AND EQUIPMENT – GROUP

	At valuation	At cost					
	Factory buildings RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Capital work–in–progress RM	Total RM
Valuation/Cost							
At 1 January 2007	15,000,000	–	39,692,771	506,616	707,562	25,200	55,932,149
Acquisition of a subsidiary	–	48,000	6,491,166	125,486	1,313,970	–	7,978,622
Additions	–	–	1,712,344	167,496	–	12,161,964	14,041,804
Reclassification	–	–	2,037,640	–	–	(2,037,640)	–
At 31 December 2007	15,000,000	48,000	49,933,921	799,598	2,021,532	10,149,524	77,952,575
Accumulated depreciation							
At 1 January 2007	–	–	19,292,690	417,977	626,032	–	20,336,699
Acquisition of a subsidiary	–	3,600	3,185,952	94,601	847,165	–	4,131,318
Charge for the year	333,333	240	4,272,642	46,547	125,004	–	4,777,766
At 31 December 2007	333,333	3,840	26,751,284	559,125	1,598,201	–	29,245,783
Carrying amounts							
At 1 January 2007	15,000,000	–	20,400,081	88,639	81,530	25,200	35,595,450
At 31 December 2007	14,666,667	44,160	23,182,637	240,473	423,331	10,149,524	48,706,792

3. PROPERTY, PLANT AND EQUIPMENT – GROUP (CONT'D)

The leasehold land (see Note 4) and factory buildings are shown at Directors' valuation based on the valuation report dated 19 January 2007 carried out by independent professional qualified valuers using an open market value method.

Had the revalued properties been carried at cost less accumulated depreciation, the carrying amount of the leasehold land (see Note 4) and factory buildings that would have been included in the financial statements at the end of the year would be RM2,825,116 and RM8,681,834 respectively.

Leasehold land (see Note 4), buildings and certain machineries amounting to RM36,062,910 are charged to banks as security for borrowings (see Note 13).

Included in the net book value of property, plant and equipment of the Group are those acquired under finance lease arrangements amounting to RM752,427.

4. PREPAID LEASE PAYMENTS – GROUP

Leasehold land – Unexpired period less than 50 years

	RM
Cost	
At 1 January 2007	**6,000,000**
Additions	**1,468,626**
At 31 December 2007	**7,468,626**
Amortisation	
1 January 2007	–
Amortisation for the year	**156,325**
At 31 December 2007	**156,325**
Carrying amounts	
At 1 January 2007	**6,000,000**
At 31 December 2007	**7,312,301**

The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.

5. INVESTMENTS

	Group	Company	
	2007	2007	2006
	RM	RM	RM
Subsidiaries :			
Unquoted shares, at cost	–	**39,985,373**	–
Other investments :			
Quoted shares in Malaysia, at cost	**177,000**	–	–
Market value of quoted shares	**134,000**	–	–

5. INVESTMENTS (CONT'D)

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective Equity Held 2007 %	Effective Equity Held 2006 %	Principal Activities
Sinliplas Holding Sdn. Bhd. ("SHSB")	**100**	–	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	**100**	–	Trading of polymer products such as resin, manufacturing and sale of plastic packaging products and plastic related goods

All the subsidiaries are incorporated in Malaysia and are audited by KPMG.

6. GOODWILL ON CONSOLIDATION – GROUP

	RM
At cost	
At 1 January 2007	**–**
Acquisition through business combination	**11,330**
At 31 December 2007	**11,330**

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2007 RM	Company 2007 RM	Company 2006 RM
Trade receivables				
External parties	7.1	**33,662,392**	**–**	–
Less : Allowance for doubtful debts		**(400,000)**	**–**	–
		33,262,392	**–**	–
Non–trade				
Other receivables		**586,888**	**49,000**	–
Deposits		**44,505**	**–**	–
Prepayments		**516,520**	**–**	–
		1,147,913	**49,000**	–
		34,410,305	**49,000**	–

7.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Functional currency	Foreign currency	Group 2007 RM
RM	United States Dollar	**8,289,728**
RM	Japanese Yen	**2,379,032**

8. INVENTORIES – GROUP

	2007 RM
At cost	
Raw materials	15,766,900
Work–in–progress	2,521,250
Manufactured inventories	7,361,833
	25,649,983

9. CASH AND CASH EQUIVALENTS

	Note	Group	Company	
		2007 RM	2007 RM	2006 RM
Fixed deposits with licensed banks	9.1	2,273,395	–	–
Short term deposits with licensed banks		10,723,000	–	–
Cash and bank balances	9.2	2,214,117	8,474	2
		15,210,512	8,474	2

9.1 Fixed deposits with licensed banks

The fixed deposits are pledged with licensed banks as collateral for banking facilities granted to the Group.

9.2 Cash and bank balances

Bank balances denominated in currencies other than functional currency comprise RM927,725 denominated in United States Dollar and RM1,099,177 denominated in Japanese Yen.

10. SHARE CAPITAL

	No. of shares	Par value RM	Amount RM
Ordinary shares			
Authorised :			
Group			
Balance at 1 January 2007	100,000	1.00	100,000
Share split	100,000		–
	200,000	0.50	100,000
Increase in authorised share capital	199,800,000	0.50	99,900,000
Balance at 31 December 2007	200,000,000	0.50	100,000,000
Company			
Balance at 1 January 2006/31 December 2006	100,000	1.00	100,000
Balance at 1 January 2007	100,000	1.00	100,000
Share split	100,000		–
	200,000	0.50	100,000
Increase in authorised share capital	199,800,000	0.50	99,900,000
Balance at 31 December 2007	200,000,000	0.50	100,000,000

10. SHARE CAPITAL (CONT'D)

	No. of shares	Par value RM	Amount RM
Issued and fully paid :			
Group			
Balance at 1 January 2007	5,000,000	1.00	5,000,000
Adjustment arising from the reverse acquisition #			
Issued equity instruments of the Company prior to the acquisition	4	0.50	2
New ordinary shares of RM0.50 each issued by the Company pursuant to the acquisition of SHSB	63,279,378	0.50	31,639,689
Reversal of SHSB's shares pursuant to reverse acquisition	(5,000,000)	1.00	(5,000,000)
Adjustment taken to reverse acquisition reserve (Note 11)	58,279,382		26,639,691
New ordinary shares of RM0.50 each issued pursuant to the acquisition of SSB	16,691,368	0.50	8,345,684
Rights issue	29,250	0.50	14,625
Balance at 31 December 2007	80,000,000	0.50	40,000,000
Company			
Balance at 1 January 2006/31 December 2006	2	1.00	2
Balance at 1 January 2007	2	1.00	2
Share split	2		–
	4	0.50	2
Allotment in exchange of shares in subsidiaries	79,970,746	0.50	39,985,373
Rights issue	29,250	0.50	14,625
Balance at 31 December 2007	80,000,000	0.50	40,000,000

\# Upon completion of the acquisition of SHSB, the Company became the legal parent company of SHSB. Due to the relative values of the companies, the former SHSB's shareholders became the majority shareholders through the issue of 63,279,378 new ordinary shares of RM0.50 each, controlling about 100% of the share capital of the Company at this time. Further, the Company's continuing operations and executive management are those of SHSB. Accordingly, the substance of the business combination is that SHSB acquired the Company in a reverse acquisition.

In accordance with FRS 3, the amount recognised as issued equity instruments in the consolidated financial statements are determined by adding to the issued equity of SHSB immediately before the business combination the cost of the combination. However, the equity structure appearing in the consolidated financial statements (ie. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination.

11. RESERVES

	Group	Company	
	2007	2007	2006
	RM	RM	RM
Non–distributable			
Reverse acquisition reserve (Note 10)	(26,639,691)	–	–
Revaluation reserve	6,706,812	–	–
Accumulated losses	–	(24,393)	(6,946)
Distributable			
Retained earnings	26,550,451	–	–
	6,617,572	(24,393)	(6,946)

Revaluation reserve arose from the revaluation of the Group's leasehold land and buildings.

12. DEFERRED TAX LIABILITIES – GROUP

Recognised deferred tax liabilities

	2007
	RM
Property, plant and equipment (including prepaid lease payments)	
– Capital allowances	3,078,000
– Revaluation	2,347,000
	5,425,000

The component and movement of deferred tax liabilities during the year are as follows :

	At 1 January 2007	Acquisition of a subsidiary	Recognised in the income statement	At 31 December 2007
	RM	RM	RM	RM
Property, plant and equipment (including prepaid lease payments)				
– Capital allowances	2,561,000	358,000	159,000	3,078,000
– Revaluation	2,480,600	–	(133,600)	2,347,000
	5,041,600	358,000	25,400	5,425,000

13. BORROWINGS – GROUP

		2007 RM
Current :		
Bank overdrafts – secured		274,324
Bankers' acceptances	– secured	19,031,000
	– unsecured	8,603,000
Export credit refinancing – secured		13,530,000
Term loans – secured		5,930,861
Finance lease liabilities		349,449
		47,718,634
Non–current :		
Term loans – secured		14,292,762
Finance lease liabilities		293,591
		14,586,353

13.1 Securities

i) pledge of fixed deposit of RM1 million and interest earned is to be capitalized as additional security;
ii) fixed charge over certain fixed deposits belonging to the Group and certain Directors;
iii) legal charges over the Group's leasehold land and building;
iv) legal charge over a factory building belonging to one of the Directors;
v) debentures over certain machineries of the Group; and
vi) joint and several guarantee of certain Directors of the Group.

13.2 Interests

The bankers' acceptances and export credit refinancing bear interest at rates ranging from 0.75% to 1.50% per annum above the respective funding and discounting rates. The secured overdrafts bear interest at rates ranging from 1.15% to 1.50% per annum above the bankers' base lending rates.

The term loans bear interest at rates ranging from 2% to 8% per annum.

Finance lease liabilities are subject to a fixed interest rate ranging from 2.50% to 5.35% per annum.

13.3 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM
2007					
Secured term loan					
Floating rate					
– JPY	2011 – 2012	11,062,949	2,555,963	2,555,963	5,951,023
– USD	2010	3,184,975	1,072,594	1,072,594	1,039,787
– RM	2008 – 2012	4,663,467	1,262,306	1,363,686	2,037,475
Fixed rate					
– RM	2008 – 2009	1,312,232	1,039,998	272,234	–
		20,223,623	5,930,861	5,264,477	9,028,285

13. BORROWINGS – GROUP (CONT'D)

13.4 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2007 Payments RM	2007 Interest RM	2007 Principal RM
Within 1 year	402,076	52,627	349,449
Between 1 and 5 years	323,213	29,622	293,591
	725,289	82,249	643,040

14. PAYABLES AND ACCRUALS

	Note	Group 2007 RM	Company 2007 RM	Company 2006 RM
Trade				
Trade payables	14.1	15,389,098	–	–
Non–trade				
Amount due to subsidiaries	14.2	–	51,241	–
Other payables		551,572	3,199	6,146
Accrued expenses		1,002,967	12,800	800
		1,554,539	67,240	6,946
		16,943,637	67,240	6,946

14.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Functional currency	Foreign currency	Group 2007 RM
RM	United States Dollar	5,610,412

14.2 Amount due to subsidiaries

The non–trade payable due to subsidiaries is unsecured, interest free and repayable on demand.

15. REVENUE – GROUP

Revenue represents the invoiced value of goods sold less discounts and returns.

16. STAFF COSTS – GROUP

Staff costs include contributions to the Employees' Provident Fund of RM220,426.

17. FINANCE COSTS – GROUP

	2007 RM
Interest payable :	
Bank overdrafts	7,255
Finance lease liabilities	57,431
Term loans	769,718
Bankers' acceptances	218,322
Export credit refinancing	426,043
	1,478,769

18. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been arrived at :

	Group	Company	
	2007	2007	2006
	RM	RM	RM
After charging :			
Auditors' remuneration			
– audit services			
– statutory	30,000	12,000	800
Directors' emoluments			
– Directors of the Company			
– remuneration	474,365	–	–
– Other Director			
– remuneration	217,220	–	–
Allowance for doubtful debts	400,000	–	–
Rental of premises	1,200	–	–
Research and development expenses	25,855	–	–
and crediting :			
Gain on foreign exchange – realised	280,241	–	–
– unrealised	286,161	–	–
Dividend income	7,500	–	–
Interest income	218,353	–	–
Negative goodwill recognised	2,270,906	–	–

19. KEY MANAGEMENT PERSONNEL COMPENSATION – GROUP

The key management personnel include certain Directors of the Group and their compensation is as follows :

	2007 RM
Directors' remuneration	691,585

20. TAX EXPENSE – GROUP

Recognised in the income statement

	2007 RM
Tax expense on continuing operations	870,153

Major components of tax expense include :

	2007 RM
Current tax expense	
– Current year	841,840
– Prior years	2,913
	844,753
Deferred tax expense	
– Origination and reversal of temporary differences	(344,255)
– Prior years	369,655
	25,400
Total tax expense on continuing operations	870,153

Reconciliation of effective tax expense

	Group 2007 RM
Profit for the year	10,617,574
Total tax expense	870,153
Profit excluding tax	11,487,727
Tax at Malaysian tax rate of 27% (2006 : 28%)	3,101,686
Effect of change in tax rate *	(461,780)
Non–deductible expenses	222,022
Tax incentives	(1,709,700)
Non taxable income	(669,987)
Under provided in prior years	372,568
Other items	15,344
Tax expense	870,153

* The corporate tax rates are at 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

21. DIVIDENDS

The following dividends were paid to the shareholders of SHSB prior to its acquisition by the Company :

	Group 2007 RM
Interim dividend of 80% tax exempt for the year ended 31 December 2007	**4,000,000**
Interim dividend of 80% tax exempt for the year ended 31 December 2006	**4,000,000**
	8,000,000

22. BASIC EARNINGS PER ORDINARY SHARE – GROUP

The calculation of basic earnings per ordinary share is based on the profit for the year of RM10,617,574 and on the weighted number of ordinary shares outstanding during the year of 66,348,566.

23. SEGMENT INFORMATION – GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and prepaid lease payments.

Inter–segment pricing is determined on an arm's length basis.

Business segments

The Group's business segment is mainly comprised of the trading of polymer products, manufacturing and sale of plastic packaging and its related products.

Business segment information has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation and non cash expenses are mainly confined to one business segment.

23. SEGMENT INFORMATION – GROUP (CONT'D)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

2007	Malaysia RM'000	Japan RM'000	European countries RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
Revenue from external customers by location of customers	**28,738**	**34,132**	**17,713**	**5,960**	**9,072**	**95,615**
Segment assets by location of assets	**131,467**	–	–	–	–	**131,467**
Capital expenditure by location of assets (including prepaid lease payments)	**15,510**	–	–	–	–	**15,510**

24. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

There were no significant related party transaction of the Group and of the Company other than key management personnel compensation as disclosed in Note 19 to the financial statements.

25. CAPITAL COMMITMENT – GROUP

	2007 RM'000
Property, plant and equipment	
Contracted but not provided for	**221**

26. FINANCIAL INSTRUMENTS

The Group's and Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury are set out as follows :

26. FINANCIAL INSTRUMENTS (CONT'D)

a) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms. Credit terms offered by the Group and the Company ranged from 30 days to 90 days from the date of transactions. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit limits. Credit limits are set and credit history are reviewed to minimise potential losses.

b) Foreign currency risk

The Group and the Company are exposed to foreign currency risk as substantial amount of the Group's and of the Company's transactions are denominated in foreign currencies. The Group and the Company operate foreign currency current accounts and entered into forward exchange contract to minimise the foreign currency risk.

c) Liquidity risk

The Group and the Company practice 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.

d) Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing borrowings and deposits. The Group's and the Company's policy is to borrow principally on the floating basis but to retain a proportion of fixed rate debt. The objectives for the mixed between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Effective interest rates and repricing analysis

In respect of interest–earning financial assets and interest–bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the years in which they reprice or mature, whichever is earlier.

	Effective interest rate %	Total RM	Within 1 year RM	1 – 5 years RM
Group				
2007				
Financial assets				
Fixed deposits	3.62	2,273,395	2,273,395	–
Short term deposits	3.17	10,723,000	10,723,000	–
Financial liabilities				
Unsecured				
Bankers' acceptances	4.31	8,603,000	8,603,000	–
Secured				
Term loans				
– fixed rate				
– RM	4.00 – 7.00	1,312,232	1,039,998	272,234
– floating rate				
– RM	7.75	4,663,467	4,663,467	–
– JPY	2.16	11,062,949	11,062,949	–
– USD	6.40	3,184,975	3,184,975	–
Bank overdrafts	8.96	274,324	274,324	–
Bankers' acceptances	3.90	19,031,000	19,031,000	–
Export credit refinancing	4.25	13,530,000	13,530,000	–
Finance lease liabilities	2.50 – 5.35	643,040	349,449	293,591

26. FINANCIAL INSTRUMENTS (CONT'D)

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, receivables, payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of the other financial assets and financial liabilities carried on the balance sheet as at 31 December are shown below :

	Group 2007	
	Carrying amount RM'000	**Fair value RM'000**
Financial assets		
Quoted shares	**177**	**134**
Financial liabilities		
Secured term loans		
– fixed rate loan	**1,312**	**# 1,312**
– variable rate loan	**18,911**	**18,911**
Finance lease liabilities	**643**	**# 643**

\# The fair value of this fixed interest financial instrument is determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the balance sheet date. Since the current interest rates do not significantly differ from the intrinsic rate of this financial instrument, the fair value of this financial instrument therefore, closely approximate its carrying value as at the balance sheet date.

Unrecognised financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are :

	Group 2007 RM
Forward foreign exchange contracts	
– contractual value	**10,933,935**
– unrealised gain	**261,286**
Fair value	**11,195,221**

27. SIGNIFICANT EVENTS

During the financial year, the Company undertook a Listing Scheme which involved the following corporate exercise :

i) Sub–division of the par value of the ordinary shares of the Company of RM1.00 each into ordinary shares of RM0.50 each ("Share Split") which was completed on 24 October 2007;

ii) Acquisition of the entire issued and paid–up share capital of Sinliplas Holding Sdn. Bhd. ("SHSB") comprising 5,000,000 ordinary shares of RM1.00 each in SHSB for a purchase consideration of RM31,639,689 satisfied by the issuance of 63,279,378 new ordinary shares credited as fully paid–up. The acquisition was completed on 25 October 2007;

27. SIGNIFICANT EVENTS (CONT'D)

iii) Acquisition of the entire issued and paid–up share capital of Sinliplas Sdn. Bhd. ("SSB") comprising 2,000,000 ordinary shares of RM1.00 each in SSB for a purchase consideration of RM8,345,684 satisfied by the issuance of 16,691,368 new ordinary shares credited as fully paid–up. The acquisition was completed on 25 October 2007;

iv) A rights issue of 29,250 new ordinary shares of RM0.50 each at an issue price of RM0.50 each in the proportion of approximately 37 new ordinary shares for every 100,000 existing shares held by such shareholders which were completed on 26 October 2007;

v) Proposed public issue of 26,000,000 new shares at the issue price of RM0.85 per share to the eligible directors, employees, business associates, Malaysian public and bumiputra investors to be approved by Ministry of International Trade and Industry ("MITI"); and

vi) Proposed listing of and quotation for the entire enlarged issued and paid–up share capital of the Company of RM53,000,000 comprising 106,000,000 ordinary shares on the Second Board of Bursa Malaysia Securities Berhad.

The above proposals were approved by the Securities Commission on 10 October 2007.

28. SUBSEQUENT EVENTS

Subsequent to 31 December 2007, the issued and paid–up ordinary share capital of the Company was increased from RM40,000,000 to RM53,000,000 by way of public issue of 26,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.85 per ordinary share and the entire issued and paid–up share capital of 106,000,000 ordinary shares of RM0.50 each were listed on the Official List of the Second Board of Bursa Malaysia Securities Berhad on 12 March 2008.

29. ACQUISITION OF SUBSIDIARIES

The Company acquired 100% of the issued and fully paid–up capital of SHSB and SSB for a purchase consideration of RM31,639,689 and RM8,345,684 respectively satisfied by the issuance of 63,279,378 and 16,691,368 new ordinary shares of RM0.50 each in the Company at par respectively. The purchase considerations for the acquisitions were determined based on SHSB and SSB's net tangible assets as of 31 December 2006. The acquisitions were completed on 25 October 2007.

Upon the completion of the acquisition of SHSB, the Company became the legal parent company of SHSB. Due to the relative values of the companies, the former SHSB shareholders became the majority shareholders through the issue of 63,279,378 new ordinary shares of RM0.50 each in the Company, controlling about 100% of the share capital of the Company at this time. Further, the Company's continuing operations and executive management are those of SHSB. Accordingly, the substance of the business combination is that SHSB acquired the Company in a reverse acquisition.

The cost of this business combination was determined in accordance with FRS 3 Business Combination on the basis of the fair value of the Company as of 25 October 2007 and the number of new shares SHSB would have had to issue to the shareholders of the Company to provide the same percentage ownership interest of the combined entity.

The fair value of the Company amounted to (RM11,330) as of 25 October 2007. As the shareholders of SHSB got an interest in the combined entity of about 100%, SHSB would not have to issue any share to the shareholders of the Company. Thus, the cost of business combination is NIL.

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

The assets and liabilities arising from the reverse acquisition are as follows :

	Unaudited as at 25 October 2007 RM
Net assets acquired :	
Cash in hand	2
Sundry payables	(11,332)
Share of net assets acquired	(11,330)
Add : Goodwill on consolidation	11,330
Total purchase consideration	–
Net cash inflow	2

The fair value of assets acquired and liabilities assumed from the acquisition of SSB are as follows :

	Unaudited as at 25 October 2007 RM
Net assets acquired	
Plant and equipment	3,847,304
Receivables, deposits and prepayments	16,336,914
Inventories	1,179,304
Current tax assets	373,488
Cash and cash equivalents	8,778,251
Payables and accruals	(9,866,059)
Borrowings	(9,674,612)
Deferred tax liability	(358,000)
Net assets acquired	10,616,590
Less : Negative goodwill on consolidation	(2,270,906)
Total purchase consideration satisfied by issue of shares	8,345,684
Net cash outflow arising on acquisition	
Total cash considerations	–
Add : Cash and cash equivalents acquired, net of fixed deposits pledged	7,586,880
Net of cash inflow	7,586,880

The acquisition of SSB has been accounted for under the purchase method of accounting and accordingly, the subsidiary contributed a profit RM582,947 and net assets of RM11,199,537 to the results attributable to the shareholders of the Company and financial position of the Group respectively as at 31 December 2007.

If the acquisition had occurred on 1 January 2007, the management estimates that the consolidated revenue would have been RM173.5 million and consolidated profit for the year would have been RM10.6 million.

30. COMPARATIVE FIGURES

There are no comparative figures for the consolidated financial statements as this is the first set of consolidated financial statements prepared by the Group.

ANALYSIS OF SHAREHOLDINGS

AS AT 9 MAY 2008

Authorised Share Capital	:	RM100,000,000
Issued and fully paid-up Share Capital	:	RM53,000,000
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per RM0.50 share

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct				Indirect	%
	Own	%	Others	%		
Khoon Tee & Family Sdn Bhd	42,400,000	40.00	–	–	–	–
Khaw Khoon Tee	13,358,498	12.60	1,477,500 (i)	1.39	42,400,000 (ii)	40.00
Ong Peik Joo	12,093,226	11.41	1,477,500 (i)	1.39	42,400,000 (ii)	40.00
Khaw Seang Chuan	4,188,276	3.95	70,000 (i)	0.07	42,400,000 (ii)	40.00

Note: -

(i) Shares held in the name of the spouse and children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act 1965

(ii) Deemed interested by virtue of his shareholding of not less than 15% in Khoon Tee & Family Sdn Bhd pursuant to Section 6A of the Companies Act 1965

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct				Indirect	%
	Own	%	Others	%		
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa	20,000	0.02			–	–
Khaw Khoon Tee	13,358,498	12.60	1,477,500 (i)	1.39	42,400,000 (ii)	40.00
Ong Peik Joo	12,093,226	11.41	1,477,500 (i)	1.39	42,400,000 (ii)	40.00
Khaw Seang Chuan	4,188,276	3.95	70,000 (i)	0.07	42,400,000 (ii)	40.00
Khaw Choon Hoong	470,000	0.44	–	–	–	–
Leow Chan Khiang	50,000	0.45	–	–	–	–
Mary Geraldine Phipps	20,000	0.02	–	–	–	–

Note: -

(i) Shares held in the name of the spouse and children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act 1965

(ii) Deemed interested by virtue of his shareholding of not less than 15% in Khoon Tee & Family Sdn Bhd pursuant to Section 6A of the Companies Act 1965

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	1	0.108	4	0.000
100 to 1,000	681	73.622	247,796	0.234
1,001 to 10,000	157	16.973	669,100	0.631
10,001 to 100,000	45	4.865	1,532,700	1.446
100,001 to less than 5%	36	3.892	35,698,676	33.678
5% and above	5	0.540	67,851,724	64.011
TOTAL	**925**	**100.000**	**106,000,000**	**100.000**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES HELD	%
1.	KHOON TEE & FAMILY SDN. BHD.	42,400,000	40.000
2.	KHAW KHOON TEE	7,400,000	6.981
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD ONG PEIK JOO (CF-SLP-OPJ)	6,323,226	5.965
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD KHAW KHOON TEE (CF-SLP-KKT)	5,958,498	5.621
5.	ONG PEIK JOO	5,770,000	5.443
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD KHAW SEANG CHUAN (CF-SLP-KSC)	3,718,276	3.508
7.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR AHMAD QADHA BIN WAN TEH	2,700,000	2.547
8.	OOI TEONG SOON	2,575,300	2.430
9.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR ZAINAL BIN SHAMSUDIN	2,500,000	2.358
10.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR KAMARUDDIN BIN ALIAS	2,300,000	2.170
11.	CHUAH CHIN KOK	2,142,500	2.021
12.	WONG AI CHU	1,952,400	1.842
13.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR ROSNAH BINTI HASSAN	1,900,000	1.792
14.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR RAZMI BIN ALIAS	1,850,000	1.745
15.	GOH BEE LENG	1,500,000	1.415
16.	KHAW SIANG LENG	1,205,000	1.137
17.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR AHMAD ZACHRY BIN ANIFAH AMAN	1,000,000	0.943
18.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR AHMAD FIRDAUSS ANIFAH AMMAN	1,000,000	0.943
19.	OON CHENG SANG	747,400	0.705
20.	LOH CHEONG FOO	729,900	0.689
21.	CHEW SHEAU CHING	717,100	0.677
22.	LAU SU LIN	663,600	0.626
23.	KE-ZAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU SU LIN	500,000	0.472
24.	KE-ZAN NOMINEES (TEMPATAN) SDN BHD PLEDED SECURITIES ACCOUNT FOR CHEW SHEAU CHING	500,000	0.472
25.	KHAW SEANG GHEE	492,500	0.465
26.	KHAW CHOON CHOON	492,500	0.465
27.	KHAW SEANG SENG	492,500	0.465
28.	KHAW SEANG CHUAN	470,000	0.443
29.	KHAW CHOON HOONG	470,000	0.433
30.	CHUAH HOO JIN	453,000	0.427

LIST OF PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2007

Location	Description/ Existing Use	Tenure	Age of building	Land area/ Built up area (Sq. ft.)	Net Book Value (RM'000)	Year of Revaluation
P.T. 1, Lot 57A, Lorong Perusahaan 5, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah/ Lot Nos.1339 & 1340 held under GRN Nos. 51494 & 51495 respectively, Section 38, both of Bandar Kulim, Daerah Kulim, Kedah Darul Aman	A three-storey office block annexed with a single-storey detached factory (Plant 1), a single-storey detached factory (Plant 2)(b), a canteen, a guard house and other buildings and ancillary structures/ Office, production and warehouse for industrial use	60 years lease expiring on 30 June 2052	2 - 12 years	471,082/ 253,202	20,533	2006
H.S.(M) No. 11813, P.T. 81, Kawasan Perusahaan Kulim, Kulim, Kedah	Industrial land for future use	60 years lease commencing from 13 December 1989 expiring on 12 December 2049	Not applicable	165,528/ Not applicable	1,446	Not applicable

PROXY FORM

SLP RESOURCES BERHAD (COMPANY NO.: 663862-H)

No. of shares held	

I/We, ____
(BLOCK LETTERS)

of ____

being a member/members of the above-named company hereby appoint ______________________________

______________________ of ____ or failing him ______________________

____

of ____

as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company, to be held at Terrace Room, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Wednesday, 25 June 2008 at 10.00 a.m. and any adjournment thereof.

NO.	ORDINARY/SPECIAL RESOLUTION	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements		
2.	To re-elect Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa as Director		
3.	To re-elect Mr. Khaw Khoon Tee as Director		
4.	To re-elect Mdm Ong Peik Joo as Director		
5.	To re-elect Mr. Khaw Seang Chuan as Director		
6.	To re-elect Ms Khaw Choon Hoong as Director		
7.	To re-elect Mr. Leow Chan Khiang as Director		
8.	To re-elect Mdm Mary Geraldine Phipps as Director		
9.	To approve payment of Directors' Fees		
10.	To re-appoint Auditors		
11.	To empower Directors to issue and allot shares pursuant to Section 132D of the Companies Act 1965		

The Proportions of my holdings to be represented by my *proxy/proxies are as follows:-

First named Proxy	–	________	%
Second named Proxy	–	________	%
		100.00	%

In case of a vote taken by show of hands, the first named proxy shall vote on *my/our behalf.

Signed this _______ day of _________ 2008.

____

Signature of Member(s)

** Strike out whichever is not desired.*

NOTES:

1. A member entitled to attend and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
3. To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

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To:

THE COMPANY SECRETARY

SLP RESOURCES BERHAD [663862-H]

Suite 12-A, Level 12 Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

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