



THREE-A RESOURCES BERHAD

481559-M
Incorporated in Malaysia

Delivering Excellence Through Diverse Products



2012 ANNUAL REPORT

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PROXY FORM

VISION
TO EXCEL AS ONE
OF THE GLOBAL
QUALITY BRANDS IN
THE INDUSTRY

MISSION
TO EXCEL AS
ONE OF THE
GLOBAL MARKET
LEADERS IN THE
MANUFACTURE OF
FOOD & BEVERAGE
INGREDIENTS

CORPORATE PROFILE

ABOUT US

Three-A Resources Berhad (3A) is principally an investment holding company with two wholly-owned subsidiaries, namely:-

- > San Soon Seng Food Industries Sdn. Bhd.
- > Three-A Food Industries (M) Sdn. Bhd.

and a 50% equity interest in a jointly-controlled entity Three-A (Qinhuangdao) Food Industries Co. Ltd., which is in turn held through Three-A Food Industries (M) Sdn. Bhd.

San Soon Seng Food Industries Sdn. Bhd. (SSSFI) was founded in 1977 as a Liquid Caramel producer named under Soon Seng Sauce Mixture & Food Factory. By 1989, it was converted into a private limited company under the name of San Soon Seng Food Industries Sdn. Bhd. In 1999, Perbadanan Nasional Berhad took a 30% equity stake through a capital injection and subsequently in 2002, SSSFI became the wholly-owned subsidiary of 3A. 3A was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 August 2002 and successfully transferred its listing status to the Main Board of Bursa Malaysia Securities Berhad on 18 June 2008.

In line with the expansion plans of the Group, our wholly-owned subsidiary, Three-A Food Industries (M) Sdn. Bhd. has entered into a Joint Venture with Yihai Kerry Investments Co. Ltd., a 98.39% owned subsidiary of Wilmar International Limited. The Joint Venture entity Three-A (Qinhuangdao) Food Industries Co. Ltd. was duly registered on 9 August 2010 bearing the registration No. 130300400004752 in the People's Republic of China with a registered paid up share capital of USD5,100,000, which was subsequently increased to USD9,100,000.

The intended nature of business would be in the manufacturing, processing and trading of Hydrolyzed Vegetable Protein (HVP) (in liquid and powder form) and all related by-products.

FOCUS ON CORE BUSINESS

3A remains focused on its core strength in the Food & Beverage industry through its wholly-owned subsidiary, SSSFI. SSSFI is one of the leading Food & Beverage ingredient manufacturers in the country with products ranging as follows:-

Caramel Colour (Full Range)
Glucose Syrup; Maltose Syrup
Soya Protein Sauce (Hydrolysed Vegetable Protein or HVP Powder)
Natural Fermented Vinegar; Distilled Vinegar; Rice Vinegar
Caramel Powder; HVP Soya Sauce Powder; Maltodextrin

We pride ourselves in constantly upgrading the quality of our products to meet the changing needs of our customers and society.

PRESENCE IN DOMESTIC & EXPORT MARKET

3A Group continues to strengthen its presence and market share in the domestic market. The Group has also successfully ventured into countries around the world and is confident that the export market will contribute much needed earning growth in the future.



PRODUCT APPLICATIONS

LIQUID PRODUCTS

> Caramel Colour Positive

sauces and seasonings such as soy sauce, oyster sauce, fish sauce, seasoning mix, soup base, gravies, etc.

Negative

beverages industry such as soft drinks and cordials, pharmaceutical industry, baked products and confectionery, canned foods, dairy products, etc.

> Glucose Syrup & Maltose Syrup

confectionery, pharmaceutical industry, ice-cream, beverages, non-dairy creamer, etc.

> Soya Protein Sauce (HVP)

sauces and seasonings such as soy sauce, oyster sauce, snack foods, etc.

> Vinegar

ketchup, chili sauce, table vinegar, mayonnaise, pickles, etc.

POWDERED PRODUCTS

> Maltodextrin

> Caramel Powder

> HVP Powder

> Soya Sauce Powder

non-dairy creamer, flavouring, seasonings, sauces, beverages, dry mixes, confectionery, frozen foods, snack foods, etc



EXTENSIVE AWARDS & RECOGNITIONS

MALAYSIAN BUSINESS – CIMA ENTERPRISE GOVERNANCE AWARD 2008

› *Mesdaq Category Winner*

MALAYSIAN BUSINESS CORPORATE GOVERNANCE AWARD 2006

› *Merit Award*

› *Mesdaq Award Winner*

ASIAMONEY AWARDS 2009

› *Small-Cap Corporate Of The Year*

3A was accorded with the Mesdaq Category Winner of Malaysian Business – CIMA Enterprise Governance Award 2008. 3A received the Governance Award for the second consecutive year.

Malaysian Business and the Chartered Institute of Management Accountants (CIMA) Malaysia Division has recognised the growing importance of Enterprise Governance. Public Listed Companies that are listed on Bursa Malaysia Securities Berhad are evaluated on business and corporate governance principles, best practices including risk management and internal control, communications and adherence to regulations, strategic management and financial and operational performance. The Award confers due recognition to companies for their excellence in delivering performances while conforming to set standards and practices which contribute towards enhancing the effectiveness of the organisation.

The award of "The Best Small Cap Corporate of the Year" conferred by Asiamoney was based on the consistent performance and steady growth in the business of the Group for the year 2009.

The achievement of obtaining the following standards and certifications bear testimony to our excellence in the Food & Beverage ingredients industry:-

› **HALAL CERTIFICATION**

By Islamic Development Department Of Malaysia

All products manufactured by SSSFI are HALAL certified by the Islamic Development Department of Malaysia. Its recognition imposes stringent private sanitation requirements in addition to manufacturing premise hygiene practices. With the establishment of high standards and consumer confidence in SSSFI being certified Halal, it provides better opportunity to gain access to the vast marketing potential of Halal consumers on a global scale.

› **ISO 9001:2000 CERTIFICATION**

With United Kingdom Accreditation System By Sirim

SSSFI was awarded the International Acclaimed ISO 9001:2000 with UKAS (United Kingdom Accreditation System) by SIRIM for Quality Management System. SSSFI endeavours to further enhance its product range and strive for continuous improvements to ensure customer satisfaction and to achieve the objectives of the ISO Quality Policy.

› *Safe and Quality Products*

› *Satisfaction of Customers*

› *Strive for Continual Improvement*

› **KOSHER CERTIFICATION**

By Orthodox Union

SSSFI is Kosher certified by the Union of Orthodox Jewish Congregations of America. Take a walk down the aisle of any supermarket and this kosher logo appears on the majority of American-produced foods that are certified Kosher. This certification has become an increasingly important marketing device which generates more revenue by expanding our business market share.

› **HACCP CERTIFICATION**

With United Kingdom Accreditation System By Moody International Certification (Malaysia) Sdn. Bhd.

SSSFI was certified with Hazard Analysis Critical Control Point (HACCP) System by Moody International Certification (Malaysia) Sdn. Bhd. for the production of Maltodextrin. HACCP is an internationally accepted technique for preventing microbiological, chemical and physical contamination along the food supply chain. With the HACCP certification it will further promote consumer confidence and conform to regulatory and market requirements.



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' MOHD NOR BIN ABDUL WAHID

Non-Independent Non-Executive Chairman
(redesignated as Non-Independent Non-Executive Chairman on 12 April 2012)

FANG CHEW HAM

Deputy Executive Chairman & Managing Director

FONG CHU KING @ TONG CHU KING

Non-Independent Executive Director
(Alternate Director : Liew Kuo Shin – appointed on 29 February 2012)

CHEW ENG CHAI

Independent Non-Executive Director

TAN CHON SING @ TAN KIM TIENG

Independent Non-Executive Director

FANG SIEW YEE

Non-Independent Executive Director
(Alternate Director : Fang Siew Ping – appointed on 29 February 2012)

KHOO WEE BOON

Independent Non-Executive Director

MOHD ZAKI BIN HAMZAH

Independent Non-Executive Director

SUN YI-LING

Non-Independent Non-Executive Director
(Alternate Director : Kwek Ju-Yang, Mark – appointed on 25 April 2012)

COMPANY SECRETARIES

Ng Bee Lian MAICSA 7041392
Tan Enk Purn MAICSA 7045521

REGISTERED OFFICE

AI 308, Lot 590 & Lot 4196,
Jalan Industri, U19,
Kampung Baru Sungai Buloh,
40160 Shah Alam,
Selangor Darul Ehsan,
Malaysia
Tel No. : (03) 6156 2655
Fax No. : (03) 6156 2657
E-mail : info@three-a.com.my

COMPANY NO.

481559-M

WEBSITE ADDRESS

www.three-a.com.my

AUDIT COMMITTEE

Chew Eng Chai – Chairman
Tan Chon Sing @ Tan Kim Tieng
Mohd Zaki Bin Hamzah

NOMINATION COMMITTEE

Mohd Zaki Bin Hamzah
– Chairman
Chew Eng Chai
Khoo Wee Boon (appointed on 2
May 2013)

REMUNERATION COMMITTEE

Tan Chon Sing
@ Tan Kim Tieng – Chairman
Chew Eng Chai
Dato' Mohd Nor Bin Abdul Wahid

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia)
Bhd.
HSBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel No. : (03) 7495 8000
Fax No. : (03) 2095 9076

SHARE REGISTRAR

Symphony Share Registrars Sdn.
Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A
47301 Petaling Jaya, Selangor
Tel No. : (03) 7841 8000
Fax No. : (03) 7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Listed on the MESDAQ Market of
Bursa Malaysia Securities Berhad
since 13 August 2002

Transferred its listing status to
Main Board of Bursa Malaysia
Securities Berhad on 18 June
2008

STOCK NAME/CODE

3A/0012

INVESTOR RELATIONS

Persons to Contact:
Fong Peng Fai (Group Financial
Controller)
Fang Siew Yee (Executive Director)
Tel. No. : (03) 6156 2655
E-mail : info@three-a.com.my

CHAIRMAN'S STATEMENT

OVERVIEW

The year 2012 was quite a challenging year for the company. Despite these challenges, the company was able to secure increase in market share from both domestic and also overseas market. This is reflected in the increase of the sales turnover. The financial performance of the company has also remained strong and profitable. The commitment of ensuring 'customers always come first' by supplying superior quality products at competitive pricing together with high-level of customer service is well engraved in the Group.



**DEAR SHAREHOLDERS,
ON BEHALF OF THE BOARD OF DIRECTORS, I AM
PLEASED TO PRESENT THE ANNUAL REPORT AND
FINANCIAL STATEMENTS OF THREE-A RESOURCES
BERHAD AND OF THE GROUP FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2012**



FINANCIAL REVIEW

For the financial year ended 31 December 2012, the Group's registered turnover increased by 14%, or RM37.622 million from RM268.806 million to RM306.428 million as compared to the last financial year 2011. This was mainly due to the increase in demand for our core products, namely caramel colour, maltodextrin and Hydrolysed Vegetable Protein and glucose. The Group's profit before tax had increased by 43%, or from RM15.352 million in the preceding financial year to RM21.999 million for the financial year ended 31 December 2012 in tandem with higher turnover recorded.

Profit after taxation was registered at RM17.638 million which is higher as compared to RM15.255 million in the previous financial year. Net earnings per share for the financial year ended 31 December 2012 was 4.5 cents compared to 3.9 cents for the previous year.

As at 31 December 2012, the Group's total equity stood at RM213.753 million whilst net assets per share was 54.3 cents. Total asset of the Group was registered at RM314.648 million.

GOING FORWARD

Even though the price of raw material has seemingly stabilised during the year under review, the Board is well aware of the raw materials' price volatility impact on the Group's profitability. The Board will continue to monitor it closely and take appropriate measures in mitigating its negative impact on the bottom line.

To sustain and increase our market share for both domestic and overseas, the company remains committed to maintain its product quality, competitive pricing and an efficient delivery system.

The Group also stands to benefit from the Government's emphasis in making the country a regional food production and distribution centre, with particular emphasis on HALAL products.



Simultaneously, the company would continue to implement various cost-saving measures and improvement in production efficiency. The Management would also continue to invest in human capital, technology, systems and automation in order to meet future challenges.

UPDATES ON INVESTMENT IN A JOINT VENTURE, THREE-A (QINHUANGDAO) FOOD INDUSTRIES CO. LTD.

The construction of the factory in Qinhuangdao was fully completed. The installation of its machineries and equipments were carried out by stages with the last installation completed by end 2012. Currently, the machineries and equipments are in the process of fine-tuning to produce the intended products. As at 31 December 2012, a sum of RM14.039 million was utilised for this overseas investment.

DIVIDENDS

For the year under review, the Board had declared a tax exempt interim dividend of 6% per share of 20 sen for the financial year ended 31 December 2012 of which payment was made on 11 January 2013. The entitlement date was fixed on 26 December 2012.

No final dividend has been recommended for consideration at the forthcoming Annual General Meeting.

The Group endeavours to maintain a consistent and regular payment in its dividend by conducting on-going assessment on the results of the Group, review the availability of distributable retained earnings, as well as the Group's future cash flow requirements and market conditions so that more profits will be distributed to our shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my thanks and gratitude to our valued customers, bankers, suppliers and business associates for their continued support and confidence. I would also like to take this opportunity to record my appreciation to our valued shareholders for their continued trust and loyalty.

Lastly, I would like to congratulate my fellow directors, management and staff of the Group for the good performance in 2012 and I trust that we will all continue to work hard and strive for the continued success of the Group in the coming years.

DATO' MOHD NOR BIN ABDUL WAHID
Non-Independent Non-Executive Chairman



FIVE-YEAR GROUP FINANCIAL HIGHLIGHT

	YEAR ENDED 31 DECEMBER				
	2012	2011	2010	2009	2008
OPERATING RESULTS (RM'000)					
Revenue	306,428	268,806	248,940	178,582	152,252
Profit Before Taxation	21,999	15,352	20,905	23,707	12,689
Profit After Taxation	17,638	15,255	16,887	18,039	12,135
KEY FINANCIAL POSITION DATA (RM'000)					
Total Assets	314,648	280,971	284,328	195,404	138,470
Total Liabilities	100,895	79,983	94,504	59,159	58,828
Share Capital	78,720	78,720	78,720	73,920	61,600
Shareholders' Equity	213,754	200,988	189,823	136,245	79,642
SHARE INFORMATION					
Basic Earnings Per Share (sen)	4.5	3.9	4.4	5.7	3.9
Net Assets Per Share (sen)	54.3	51.1	48.2	36.9	25.9
Net Dividend Per Share (sen)	1.2	1.2	1.2	1.2	1.0
FINANCIAL RATIOS (%)					
Return on Equity	8.3	7.9	8.9	13.2	15.2
Return on Assets	5.6	5.6	5.8	9.2	8.8
Dividend Payout Ratio	26.8	30.0	27.3	21.1	25.6

FINANCIAL CALENDAR

Financial Year 2012

27 FEBRUARY 2012

- Announcement on Quarterly results on consolidated results for the financial period ended 31 December 2011

29 FEBRUARY 2012

- Announcement on change in Boardroom

01 MARCH 2012

- Announcement on change in Boardroom

23 MARCH 2012

- General Meetings – Notice of Meeting

26 MARCH 2012

- Annual Report 2011

- Statement To Shareholders in relation to Proposed Renewal of Authority for the Share Buy-Back

- Circular To Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

12 APRIL 2012

- Announcement on change in Boardroom

18 APRIL 2012

- General Meetings – Outcome of Meeting

26 APRIL 2012

- Announcement on change in Boardroom

17 MAY 2012

- Others-Three-A Resources (3A or the Company) Extension of Time for the Utilisation of Proceeds arising from Private Placement of up to 20% of the Issued and Paid Up Share Capital of 3A

25 MAY 2012

- Quarterly report on consolidated results for the financial period ended 31 March 2012

15 AUGUST 2012

- Quarterly report on consolidated results for the financial period ended 30 June 2012

3 SEPTEMBER 2012

- Announcement on change in Director's Interest (S135) – Dato' Mohd Nor Bin Abdul Wahid

6 SEPTEMBER 2012

- Announcement on change in Director's Interest (S135) – Dato' Mohd Nor Bin Abdul Wahid

14 SEPTEMBER 2012

- Announcement on change in Director's Interest (S135) – Dato' Mohd Nor Bin Abdul Wahid

24 SEPTEMBER 2012

- Announcement on change in Director's Interest (S135) – Liew Kuo Shin

- Announcement on change in Director's Interest (S135) – Fang Siew Yee

27 SEPTEMBER 2012

- Announcement on change in Director's Interest (S135) – Dato' Mohd Nor Bin Abdul Wahid

- Quarterly report on consolidated results for the financial period ended 30 September 2012

27 NOVEMBER 2012

- Announcement on notice of book closure

3 DECEMBER 2012

- Announcement – Transactions Chapter 10 of the Listing Requirements: Non Related Party Transactions

- Three-A Resources Berhad – Acquisition of Properties by San Soon Seng Food Industries Sdn. Bhd., a wholly owned subsidiary of 3A

28 FEBRUARY 2013

- Quarterly report on consolidated results for the financial period ended 31 December 2012

DIRECTORS' PROFILE

DATO' MOHD NOR BIN ABDUL WAHID

Non-Independent Non-Executive Chairman

60 years of age . Malaysian

Dato' Mohd Nor Bin Abdul Wahid was appointed to the Board of the Company on 10 May 2002 and has served as an Executive Chairman of the Company until 29 February 2012 when he was re-designated as Independent Non-Executive Director. Subsequently on 12 April 2012, he was re-designated as Non-Independent Non-Executive Director.

Dato' Mohd Nor Bin Abdul Wahid holds a MBA in Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra group for 23 years, rising from the rank of Executive Trainee in the Bank's wholly-owned subsidiary, Kewangan Bumiputra Berhad to the position of Senior General Manager of the Bank in charge of the Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experiences include both conventional and interest-free (Islamic) banking.

Dato' Mohd Nor Bin Abdul Wahid attended all four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years

MR. FANG CHEW HAM

Deputy Executive Chairman and Managing Director

65 years of age . Malaysian

Mr. Fang Chew Ham was appointed to the Board of the Company on 10 May 2002 and has served as a Deputy Executive Chairman and Managing Director of the Company since then. He is also the Managing Director and Executive Director of both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd.

Mr. Fang Chew Ham started the family business producing Caramel Colour for more than 30 years. In

1978, he set up the Soon Seng Sauce Mixture & Food Factory to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn. Bhd. (SSSFI) in 1989; SSSFI became the wholly-owned subsidiary of the Company in 2002.

Mr. Fang Chew Ham with his vast experience in the food & beverage industry heads the management of SSSFI. Under his leadership and coupled with a larger management team, the company expects broader and more flexible goal-setting and to meet the quality of the ever-changing demands the development of a new range of products related to the food & beverage ingredients industry.

Mr. Fang Chew Ham is the co-opted member of the Working Group of Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM); a specification for Caramel in the manufacture of soya sauce.

Mr. Fang Chew Ham has attended all four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fang Chew Ham is a sibling of Mr. Fong Chu King and is father of Ms. Fang Siew Yee, both Directors of the Company.

MR. FONG CHU KING @ TONG CHU KING

Non-Independent Executive Director

68 years of age . Malaysian

Mr. Fong Chu King @ Tong Chu King was appointed to the Board of the Company on 10 May 2002 and has served as a Non-Independent Executive Director since then. He has resigned as a member of the Nomination Committee of the Company on 2 May 2013. He is also the General Manager of the Company's wholly-owned subsidiary, San Soon Seng Food Industries Sdn. Bhd. (SSSFI).

Mr. Fong Chu King graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University. He is a qualified Professional

DIRECTORS' PROFILE (CONT'D)

Engineer of Lembaga Jurutera Malaysia and also a member of the Institute of Engineers Malaysia. In his 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn. Bhd. and General Manager of Megasteel Sdn. Bhd.

Mr. Fong Chu King joined SSSFI in 2002 after his retirement from Megasteel Mills Sdn. Bhd. He has more than 25 years of working experience in the manufacturing industry. As the Executive Director and General Manager, he is fully in-charge of the operation and plant expansion of the Group.

Mr. Fong Chu King has attended all four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fong Chu King is a sibling of Mr. Fang Chew Ham who is Managing Director of the Company.

MR. CHEW ENG CHAI

Independent Non-Executive Director
63 years of age . Malaysian

Mr. Chew Eng Chai was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr. Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chew Eng Chai was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than 27 years of experience in the food & beverage industry.

Mr. Chew Eng Chai has attended all four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. TAN CHON SING @ TAN KIM TIENG

Independent Non-Executive Director
74 years of age . Malaysian

Mr. Tan Chon Sing @ Tan Kim Tieng was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as Chairman of the Remuneration Committee and member of the Audit Committee of the Company.

Mr. Tan Chon Sing graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a banker for eleven (11) years before joining the securities industry in 1976 and was admitted as a member of Bursa Malaysia Securities Berhad in 1987.

Mr. Tan Chon Sing was appointed as Executive Director of Seremban Securities Sdn. Bhd; now known as Malpac Management Sdn. Bhd. till November 2001. He is currently a Director of Malpac Holdings Berhad and also serves as Director of several private limited companies.

Mr. Tan Chon Sing has attended all four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

DIRECTORS' PROFILE (CONT'D)

MS. FANG SIEW YEE

Non-Independent Executive Director

33 years of age . Malaysian

Ms. Fang Siew Yee was appointed to the Board of the Company on 3 March 2004 and has served as a Non-Independent Executive Director since then.

Ms. Fang Siew Yee graduated with a Bachelor of Art, Honours Degree in Business Administration in 2001 from the University of Greenwich, London. She then joined San Soon Seng Food Industries Sdn. Bhd. in 2001 as Assistant Manager and was responsible for the administrative and purchasing matters of the Group.

Ms. Fang Siew Yee has attended all the four (4) Board Meetings held during the financial year ended 31 December 2012. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Fang Siew Yee is the spouse of Mr. Liew Kuo Shin, Alternate Director to Director Mr. Fong Chu Tong @ Fong Chu King; daughter of Managing Director Mr. Fang Chew Ham and sibling of Ms. Fang Siew Ping who was appointed as her Alternate Director on 29 February 2012.

MR. KHOO WEE BOON

Independent Non-Executive Director

64 years of age . Malaysian

Mr. Khoo Wee Boon was appointed to the Board of the Company on 27 September 2004 and serves as an Independent Non-Executive Director of the Company. He was also appointed as a member of Nomination Committee of the Company on 2 May 2013.

Mr. Khoo Wee Boon completed the GCE in 1966 from University of Cambridge and completed the Advance Bank Management Program from Asia Institute of Management; Eugenio Lopez Foundation - an affiliate of Ateneo De Manila University and La Salle University, Manila in 1989.

Mr. Khoo Wee Boon began his career as an Internal Auditor in Malayan Banking Berhad from 1973 to 1979, and as a Credit Officer in Maybank from 1979 to 1982. From 1984 to 1995, he was a Manager in Affin Bank Berhad and as a Dealer Representative in Omega Securities Berhad from 1995 to 1998. He currently works as a Dealer Representative with Hwang-DBS Investment Bank Berhad.

Mr. Khoo Wee Boon has attended four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

ENCIK MOHD ZAKI BIN HAMZAH

Independent Non-Executive Director

55 years of age . Malaysian

Encik Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 9 January 2007 and serves as an Independent Non-Executive Director of the Company. He also serves as a member of the Audit Committee of the Company and Chairman of the Nomination Committee of the Company.

Encik Mohd Zaki Bin Hamzah graduated from State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Masters degree in Business Administration majoring in Management Information System and Finance.

Encik Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra Malaysia Berhad as an EDP Audit Manager in 1986. He subsequently assumed the role of Chief Internal Auditor of the banking group until his resignation in 1998.

Encik Mohd Zaki Bin Hamzah has attended three (3) Board Meetings out of four (4) Board Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

DIRECTORS' PROFILE (CONT'D)

MS. SUN YI-LING

Non-Independent Non-Executive Director

36 years of age . Malaysian

Ms. Sun Yi-Ling was appointed to the Board of the Company on 16 November 2009 and serves as a Non-Independent Non-Executive Director of the Company.

Ms. Sun Yi-Ling graduated with a Bachelor of Science in Economics (First Class Honours) from The London School of Economics and Political Science. She also holds a Masters of Business Administration from Harvard Business School. She was previously with Bain & Company, a global strategy consulting firm from 1998 to 2008. She joined Wilmar International Limited's Business Division in 2008 and is now their Senior Business Development Manager.

Ms. Sun Yi-Ling has attended only one (1) Board Meeting out of four (4) Board of Directors Meetings held during the financial year ended 31 December 2012 but her Alternate Director namely Mr. Kwek Ju-Yang, Mark has attended the remaining three (3) Board Meetings. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. LIEW KUO SHIN

Non-Independent Executive Director

(Resigned as Non-Independent Executive Director and re-appointed as Alternate Director to Director Fong Chu Tong @ Fong Chu King on 29 February 2012)

35 years of age . Malaysian

Mr. Liew Kuo Shin was appointed to the Board of the Company on 27 September 2004 and has served as a Non-Independent Executive Director since then.

Mr. Liew Kuo Shin graduated as a Mechanical Engineer and joined San Soon Seng Food Industries Sdn. Bhd. in 2001. He serves as a General Factory Manager of the Group and is responsible for the plant production functions, and overall co-ordination of all plants. He is also in-charge of plant and machinery maintenance in the 3A Group.

Mr. Liew Kuo Shin has attended only one (1) Board Meeting out of four (4) Board Meetings held during the financial year ended 31 December 2012 as he had resigned as Non-Independent Executive Director on 29 February 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Liew Kuo Shin is the spouse of Director Ms. Fang Siew Yee. He was re-appointed as an Alternate Director to Director Mr. Fong Chu Tong @ Fong Chu King on 29 February 2012.

MS. FANG SIEW PING

Non-Independent Executive Director

(Resigned as Non-Independent Executive Director and re-appointed as Alternate Director to Director Ms. Fang Siew Yee)

31 years of age . Malaysian

Ms. Fang Siew Ping was appointed to the Board of the Company on 27 September 2004 and has served as a Non-Independent Executive Director since then.

Ms. Fang Siew Ping graduated with a Bachelors Degree in Chemistry from the United States of America and joined San Soon Seng Food Industries Sdn. Bhd. in 2004 as R&D Manager and heads the R&D Department of the 3A Group.

Ms. Fang Siew Ping has attended only one (1) Board Meeting out of four (4) Board Meetings held during the financial year ended 31 December 2012 as she had resigned as Non-Independent Executive Director on 29 February 2012. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Fang Siew Ping is the daughter of Mr. Fang Chew Ham; and sibling of Ms. Fang Siew Yee, all of whom are the Directors of the Company. She was re-appointed as Alternate Director to Director Ms. Fang Siew Yee on 29 February 2012.

DIRECTORS' PROFILE (CONT'D)

MR. KWEK JU-YANG

**Alternate Director to Director Ms. Sun Yi-Ling
32 years of age . Singaporean**

Mr. Kwek Ju-Yang, Mark was appointed as Alternate Director to Director Ms. Sun Yi-Ling on 25 April 2012.

Mr. Kwek Ju-Yang graduated with a BA in Politics, Philosophy and Economics from the University of Pennsylvania (Summa Cum Laude). He was previously with Bain & Company, a global strategy consulting firm from 2006 to 2009. He is currently attached to Wilmar International Limited's Business Development Division since 2009.

Mr. Kwek Ju-Yang has attended three (3) Board Meetings out of four (4) Board of Directors' Meetings held during the financial year ended 31 December 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. FOONG CHIEW FATT

**Non-Independent Executive Director
(Resigned on 29 February 2012)
80 years of age . Malaysian**

Mr. Foong Chiew Fatt was appointed to the Board of the Company on 10 May 2002 and has served as a Non-Independent Executive Director since then. He brings his vast experience in the sauce making industry and is one of the contributors to the long term strategy of the Group.

Mr. Foong Chiew Fatt attended one (1) Board Meeting out of the four (4) Board Meetings held during the financial year ended 31 December 2012 as he had resigned on 29 February 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Foong Chiew Fatt is a sibling of Mr. Fang Chew Ham and Mr. Fong Chu King who are the Directors of the Company.

Mr. Foong Chiew Fatt is also a sibling to his alternate Director, Mr. Fong Chiew Hean. Mr. Foong Chiew Fatt had resigned as Non-Independent Non-Executive Director on 29 February 2012.

MR. FONG CHIEW HEAN

**Independent Non-Executive Director
(Alternate Director to MR. FOONG CHIEW FATT)
(resigned as Alternate Director to Director Mr. Foong Chiew Fatt on 29 February 2012)
76 years of age . Malaysian**

Mr. Fong Chiew Hean was appointed to the Board on 24 February 2011 as the Alternate Director to Mr. Foong Chiew Fatt, a Non-Independent Executive Director of the Company. He has with him, intensive experience in the sauce making industry.

Mr. Fong Chiew Hean as Alternate Director to Mr. Foong Chiew Fatt, had not attended any Board Meeting during the financial year ended 31 December 2012 as he had resigned as Alternate Director to Mr. Foong Chiew Fatt on 29 February 2012. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fong Chiew Hean is a sibling of Mr. Fang Chew Ham and Mr. Fong Chu King, both of whom are directors of the Company. Mr. Fong Chiew Hean ceased to act as an Alternate Director to Director Mr. Foong Chiew Fatt when the said Mr. Foong Chiew Fatt resigned as Non-Independent Non-Executive Director on 29 February 2012.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of 3A Group has always been mindful of its “Corporate Responsibility” towards the community, environment, its stakeholders and its employees and views CSR as an extension of the Group’s efforts in fostering a strong corporate governance culture. Ultimately, both corporate governance and CSR would ensure the sustainability of business via good business practices as it both influences corporate strategy and draws on the same elements of accountability, honesty, transparency and sustainability.

The Group’s initiatives in supporting CSR will be an on-going commitment and in year 2012, the Group has made contributions to the following charitable organizations as well as participation in charitable events:-

- Majlis Amal Cegah Jenayah
- Buletin Teknologi Makmal Perubatan KKM
- Happy Seniors Sg. Buloh Leprosarium
- B.P.T.K Kesihatan Magazine “Berita Rasmi”
- Persatuan Memancing Ikan Kg. Baru Sg. Buloh
- Badan Kebajikan Thalassaemia Malaysia
- Skuad 69 PDRM (Majlis Jasamu Di Kenang Skuad 69 PDRM)
- Buddhist Tzu-Chi Merits Society Malaysia

The Board believes that our employees as stakeholders are an essential asset of the Group. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job related training. We ensure open two-way communication channels are available to all employees so as to facilitate better understanding of the Company’s objectives and direction. The Company conducted open sessions to provide an avenue for employees to engage with the management and network amongst each other. These sessions allow the Company’s management to share the business direction and policies with employees at operational level. Such sessions also provide opportunities for employees to give their feedback and provide input for business and operational improvements. The Company also places utmost importance on ensuring the safety of employees in the workplace. The Company has organized in-house safety programs to ensure the workers know how to effectively handle the Company’s machinery, equipments, tools and vehicles.

Consideration for the environment is an important issue in all aspects of the Group’s operations. We have invested substantially in a water treatment plant to ensure that all waste water is properly treated before it is discharged.

The Board also believes that CSR is a good business proposition of which 3A Group would have better reputation, sales and customer loyalty. Thus these positive attributes would enhance long-term shareholder value.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Three-A Resources Berhad ("3A") remains committed to the best practices and principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (the "Code") as well as the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the Main Market. Excellent corporate governance is essential to good business performance and the numerous past corporate governance awards accorded to 3A testify that the Board, Management and staff of 3A remain, steadfast and focused in ensuring the highest level of corporation governance so that the interest of investors and all other stakeholders are well taken care off.

The Board is pleased to disclose below the Group's applications of the principles and corporate governance practices as set out in the Code throughout the financial year.

DIRECTORS

The Board

The Board is responsible for the overall governance of the Group and discharges this responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the Malaysian Code of Corporate Governance.

The Board's main responsibility is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group's business as a whole. The Board's role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled.

The Board conducts ongoing review and evaluation of the Group's strategic plans to ensure the Group's focus is in line with the constantly evolving market conditions as well as identifying new businesses and opportunities. The Board also ensures that an adequate system of internal controls is in place and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks.

The Board Member are attentive to applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.

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

Board Charter

The primary objective of the Company's Board Charter (Charter) is to set out the roles and responsibilities of the Board of Directors. The Board is guided by the Charter which provides reference for directors in relation to the Board's role, powers, duties and functions.

Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter to ensure it remains consistent with the Board's objectives and responsibilities and all the relevant standards of corporate governance.

Board Balance

The Board consists of nine (9) members; comprising three (3) Non-Independent Executive Directors (including Managing Director), two (2) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and three (3) Alternate Directors

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board comprises members with a wide range of business, financial and technical service background. The size of the Board is optimum given the scope, size and complexity of the Group's operations. The composition of the Board is well balanced with an effective mix of three (3) Non-Independent Executive Directors, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors which complies with the Bursa Malaysia Securities Berhad / Main Board Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

There is a clearly accepted division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined and take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest and facilitate them to carry out their roles and responsibilities as Independent Directors effectively. The Independent Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties. The cost of securing such professional services will be borne by 3A.

Recommendation of the Malaysian Code of Corporate Governance 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nominating Committee and Board have assessed, reviewed and determined the independence of Mr. Chew Eng Chai and Mr. Tan Chon Sing @ Tan Kim Tieng who have both served the Board for more than 10 years, remain objective and independent based on the following basis / aspects contributed by both of them as members of the Board and Board Committees:-

- they have fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- they have ensured effective check and balance in the proceedings of the Board and the Board Committees;
- they have actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- their vast experience in finance and manufacturing industry would enable them to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- they have devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company; and
- they have exercised their due care in the interest of the Company and shareholders during their tenure as Independent Non-Executive Directors of the Company.

The remaining two (2) Independent Non-Executive Directors namely Mr. Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah are professionals in their own right with wide-ranging experiences, skills and expertise in various fields.

The Directors of 3A are persons of high calibre and integrity and their knowledge and expertise in their respective fields bring perspectives from other businesses, thereby enhancing the effectiveness of the Board and Board Committees.

The Board is of the view that given the size of the Group and its business complexity, the current number of nine (9) Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

The profiles of the Board Members are presented on pages 10 to 14.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Gender Diversity Policies and Targets and the Measures

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on the Board to reach 30% by year 2016 and the progress towards this goal will be monitored and assessed in Year 2013.

The Board will review the suitability and credibility of women candidates for the Board to reach 30% women participation by year 2016.

The Nominating Committee (NC) would take steps to ensure suitable women candidates are sought as part of its recruitment exercise in accordance with the Board Charter. The NC will oversee the overall composition of the Board and Board Committees, including succession planning to maintain the appropriate size and skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as the mixture of skills and other core competencies required on the Board. When reviewing its performance, the Board will give consideration to its gender diversity objectives.

Code of Conduct and Ethics for Directors

The Directors will continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia which is based on the following principles:-

- Compliance with legal and regulatory requirements and Company policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Company;
- Honesty and integrity;
- No conflict of interests;
- No-profit rule; and
- Relationships with stakeholders

Duties and Responsibilities of the Board

The core responsibilities of the Board include reviewing and approving the Group's business strategies and plans, significant policies and monitoring the Management's performance in implementing them.

In carrying out their duties and responsibilities, the Board exercises great care to ensure that high ethical standards are upheld, and that the interest of stakeholders are not compromised. The Board Members are consistently mindful that the interests of the Group's stakeholders are always being protected.

The Board's principle functions include the following responsibilities:

- approves the Group's business plans and the medium-term and long-term strategies plans;
- oversees the Group's business operations and financial performance against the approved business plans;
- ensures that the operating infrastructure, systems of control, systems of risk management as well as financial and operational controls are in place and properly implemented; and
- undertake various functions and responsibilities as specified in guidelines and directives issued by the regulatory authorities from time to time

The four Independent Non-Executive Directors by virtue of their role and responsibilities, in effect represent the minority shareholders' interest of the 3A Group. The Independent Non-Executive Directors engage proactively with the Management and with both the external and internal auditors. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the board's deliberations and decision-making. They also serve to inspire and challenge the Management in an objective and constructive manner.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

In enhancing the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:-

- provide independent and objective views, assessment and suggestions in Board's deliberations;
- ensures effective check and balance in the Board's proceedings;
- mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group; and
- constructively challenge and contribute to the development of the business strategies and direction of the Group.

The Independent Directors are at liberty to obtain advice from independent professionals if deemed necessary for the proper discharge of their duties at the expenses of the Company.

Board Meetings and Supply of Information to the Board

Board meetings for the following financial year are scheduled in advance before the end of the current financial year so as to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters noted by the Audit Committee and which require the Board's notice or direction.

The Board meetings are chaired by the Non-Independent Non-Executive Chairman, Dato' Mohd Nor Bin Abdul Wahid, who has the responsibility of ensuring that each item on the agenda is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

In advance of each Board meeting, the members of the Board are provided with the agenda and board papers including status report, performance and management report so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision making by the Directors.

The board papers provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, performance of the various products manufactured by the Group and management proposals that requires the Board's approval.

At the Board meetings, the Board reviews the Group's business operations by analysing the profit and loss account and statement of financial position of the Group compared to previous financial statements of the corresponding period. The Board also notes the decisions and salient issues deliberated by the Audit Committee which are tabled to the Board.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any significant issues noted by the Audit Committee which requires the Board's attention and approval for implementation.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Director of the Group. The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly kept.

All Board members have full and timely access to information on the Group's businesses and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staff as well as advisors and professionals appointed to act for the Group on corporate proposal may be invited to attend the Board meeting to furnish the Board with their comments and advice on the relevant proposal tabled.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board met four (4) times during the financial year ended 31 December 2012. Additional meetings are held as and when required. The dates of the Board Meetings are as follows:-

- 23 February 2012
- 18 April 2012
- 14 August 2012
- 20 November 2012

Details of attendance of each Director at the Board meetings held under the financial year are set out as follows:-

Director	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Mohd Nor Bin Abdul Wahid	4	4
Fang Chew Ham	4	4
Fong Chu King @ Tong Chu King	4	4
Foong Chiew Fatt <i>(resigned on 29 February 2012)</i>	1	1
Chew Eng Chai	4	4
Tan Chon Sing @ Tan Kim Tieng	4	4
Fang Siew Yee	4	4
Khoo Wee Boon	4	4
Mohd Zaki Bin Hamzah	4	3
Sun Yi-Ling	1	1
Kwek Ju-Yang <i>(appointed as alternate Director to Sun Yi-Ling on 25 April 2012)</i>	3	3

Appointment to the Board

The proposed appointment of a new Member to the Board will be deliberated on by the full Board based upon a report, prepared by the Nomination Committee on the necessity for and qualification and experience of the proposed Director.

The appointment of any additional director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise, skills, experience and competencies required for an effective Board.

Re-Appointment and Re-Election of Directors

In accordance with the Company's Articles of Association, it provides that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all Directors except a Managing Director appointed for a fixed period pursuant to these Articles shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The re-appointment and re-election of Directors at the annual general meeting is subject to the prior assessment by the Nomination Committee.

Non-Independent Executive Directors namely Ms. Fang Siew Yee and Mr. Fong Chu King @ Tong Chu King are due to retire pursuant to Article 86 of Articles of Association of the Company at the forthcoming Annual General Meeting and will be recommended for re-election by the Board pursuant to the Articles.

Independent Non-Executive Director Mr. Tan Chon Sing @ Tan Kim Tieng, who has attained the age of 70 years of age and has served the Board for more than ten years, shall retire pursuant to Section 129(6) of the Companies Act, 1965 and had offered himself for re-appointment by the Board pursuant to the Articles.

In determining whether to recommend a Director for re-election and re-appointment, the aforesaid Director's attendance at meetings, participation and contribution to the activities of the Board will be duly considered by the Nomination Committee.

The Nomination Committee is satisfied that the above mentioned Directors have met the requirements set out above and have recommended to the Board of Directors their re-election and re-appointment at forthcoming Annual General Meeting. All the abovementioned Directors have consented to serve as Directors, if elected, by the shareholders at this forthcoming Annual General Meeting.

THE BOARD COMMITTEES

The Board delegates certain authority to Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board.

The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees, have been approved by the Board and are reviewed from time to time to ensure that they are relevant and up-to-date.

The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Audit Committee

The Audit Committee currently comprises of three (3) Independent Non-Executive Directors. The Committee meets no less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2012, the Committee met four (4) times. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2012 are as follows:-

Members of Audit Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman <i>Independent Non-Executive Director</i>	Chew Eng Chai	4/4
Member <i>Independent Non-Executive Director</i>	Tan Chon Sing @ Tan Kim Tieng	4/4
Member <i>Independent Non-Executive Director</i>	Mohd Zaki Bin Hamzah	3/4

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). The minutes of the Audit Committee meetings are tabled at the Board for noting and for action by the Board, where appropriate. Recommendations of the Committee are submitted to the Board for approval.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 28 to 31 on this Annual Report.

Nomination Committee

The Nomination Committee was set up in November 2002 and their salient terms of reference are as follows:-

- To propose nominees for appointment to the Board
- To oversee the overall composition of the Board and Board Committee in terms of the appropriate skills and size, the balance between Executive Directors, Non Executive and Independent Directors and the mixture of skills and other core competencies required through annual review;
- To assist the Board annually in carrying out annual assessment on the effectiveness of the Board and Board Committees as a whole, the contribution, competencies, commitment and performance by each director and the Board's various Committees
- To review management's proposals for the appointment, dismissal, transfer, promotion of senior executives
- To facilitate achievement of board gender diversity policies, targets and measures to achieve it
- To carry out the annual assessment of the Independence of the Independent Directors

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). Recommendations of the Committee are submitted to the Board for approval.

In the financial year ended 31 December 2012, the Committee met once and the composition of the Nomination Committee and frequency of meetings of Committee are as follows:-

Members of Nomination Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman <i>Independent Non-Executive Director</i>	Mohd Zaki Bin Hamzah	1/1
Member <i>Independent Non-Executive Director</i>	Chew Eng Chai	1/1
Member <i>Non-Independent Executive Director (resigned on 2 May 2013)</i>	Fong Chu King @ Tong Chu King	1/1
Member <i>Independent Non-Executive Director (appointed on 2 May 2013)</i>	Khoo Wee Boon	-

Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which take into consideration corporate and individual performance; experience and level of responsibilities of the Directors concerned. The Remuneration Committee is responsible for recommending the remuneration framework for Directors, the remuneration packages of Executive Directors to the board as well as to review and deliberate on the quantum of Directors' fee.

None of the Executive Directors participate in any way in determining their individual remuneration.

The Board as a whole determines the level of remuneration of non-executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. Directors' fees, if any, are approved at the Annual General Meeting by the shareholders.

The policy practiced 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 Company and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Remuneration Committee held one (1) meeting which was attended by all members during the financial year to review and recommend to the Board on the remuneration of the Directors.

Members of Remuneration Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman <i>Independent Non-Executive Director</i>	Tan Chon Sing @ Tan Kim Tieng	1/1
Member <i>Independent Non-Executive Director</i>	Chew Eng Chai	1/1
Member <i>Non-Independent Non-Executive Director</i>	Dato' Mohd Nor Bin Abdul Wahid	1/1

DIRECTORS' REMUNERATION

The remuneration package for Directors comprise of the following elements:-

Fees and Meeting Allowance

The fees payable to each of the Non-Executive Directors are determined by the Board. All Non-Executive Directors are paid meeting allowances as determined by the Board for attending the Audit Committee and Board meetings.

Basic Salaries and Bonuses

The basic salaries for the Executive Directors are recommended by the Remuneration Committee to the Board for the approval of the Board.

The details of the remuneration of Directors for the financial year ended 31 December 2012 are as follows:-

Aggregate remuneration of Directors categorised into appropriate components:-

	Executive Directors RM	Non-Executive Directors RM
Salaries and other emoluments	1,547,040	80,000
Bonus	610,000	-
Defined contribution plan	232,311	-
Total Directors' Remuneration	2,389,351	80,000

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The number of Directors whose total remuneration all within the following bands for the financial year ended 31 December 2012 are as follows:-

	Number of Directors
Executive Directors:	
RM0 – RM50,000	-
RM200,001 – RM250,000	-
RM250,001 – RM300,000	-
RM300,001 – RM350,000	2
RM550,001 – RM600,000	-
RM650,001 – RM700,000	1
RM900,001 – RM950,000	-
RM1,050,001 – RM1,100,000	1
Non-Executive Directors:	
Below RM50,000	4

DIRECTORS' TRAINING AND EDUCATION

The Directors have continued to participate in relevant training programmes to keep abreast with the latest developments in the security industry, particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as directors effectively.

For the year ended 31 December 2012 and up to the date of report, the conferences, seminars and training programmes attended by certain Directors were in respect of the following areas:-

- Understanding Behavioral Finance and the Psychology of Investing
- Global Issues Influencing the Capital Market
- Risk of liquidity driven growth in 2012
- Should ASEAN and GCC countries head for currency union?
- HACCP - CCP Control Training
- ISO - GMP Training
- Advance Development Course for PAS 220
- HACCP - Hygiene @ Safe Food Handling Training
- Preparing Your First MFRS Quarterly Report
- Advance Development Training Course for ISO 22000 : 2005
- Agilent GCMC Chemstation Operation Course
- E - Consignment Note & Monthly Discharge Monitoring Report
- Best Halal Practices In The Food Industry
- Minimum Retirement Age Act & Minimum Wages Order 2012
- Financial Modeling, Forecasting and Analysis Using Excel.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to provide a balanced, clear and comprehensive assessment of the financial performance and prospects of the Company and of the Group in all the disclosures made to the stakeholders and the regulatory authorities. Following discussions with the external auditors, the Directors consider that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates; and that financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Directors recognise the responsibility for ensuring that accounting records are properly kept.

Early announcements of the quarterly results and issuance of annual report to Bursa Securities reflect the Board's commitment to provide timely, transparent and up-to-date assessments on the Group's performance and prospects.

The Board is assisted by the Audit Committee to oversee the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Company and of the Group's annual and interim financial statements and reviews the appropriateness of the Company and of the Group's accounting policies and changes to these policies as well as ensures these financial statements comply with accounting and regulatory requirements.

The Board of Directors also have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out on page 26 of the Annual Report.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flow for the financial year just ended. In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applying them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Internal Controls

The Statement on Risk Management and Internal Control furnished in the annual report provides an overview of the state of internal controls within the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is included in the Audit Committee's terms of reference as detailed in the Audit Committee Report.

Internal Audit

The Group has outsourced an Internal Auditor which assists the Audit Committee in the discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and control to the Board.

The internal audit function reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of maintaining accountability and transparency to its shareholders through proper communication with its shareholders. The Company reaches out to its shareholders through its distribution of the annual reports.

All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during the Annual General Meeting are reviewed and considered for implementation, whenever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the performance of the Group.

The Group also provides corporate information as well as highlighting key financial information in order to facilitate shareholders' easy access to the information.

The Group has also established a website (www.three-a.com.my) to which shareholders can access information related to the Group. Investors and members of the public who wish to assess corporate and financial information that is made public such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa Malaysia Main Market Listing Requirements and other corporate information and events related to the Group can channel their queries to the following personnel:-

Fong Peng Fai

Group Financial Controller

E-mail : pf.fong@three-a.com.my

Jessica Fang Siew Yee

Executive Director

E-mail : jessica.fang@three-a.com.my

Tel No. : (03) 6156 2655

Website : www.three-a.com.my

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 23 April 2013.

AUDIT COMMITTEE REPORT

CHAIRMAN

Chew Eng Chai
Independent Non-Executive Director
Member of the Malaysian Institute of Accountants

MEMBERS

Tan Chon Sing @ Tan Kim Tieng
Independent Non-Executive Director

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

MEMBERSHIP AND ATTENDANCE

A total of four (4) meetings were held during the financial year. The record of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2012 are as follows:-

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	Held	Attended
Chew Eng Chai <i>Chairman / Independent Non-Executive Director</i>	4	4
Tan Chon Sing @ Tan Kim Tieng <i>Member / Independent Non-Executive Director</i>	4	4
Mohd Zaki Bin Hamzah <i>Member / Independent Non-Executive Director</i>	3	3

All the four (4) meetings convened during the year were attended by all the members. Upon invitation by the Audit Committee, the Directors, Finance Manager, Internal Auditors, External Auditors and other members of senior management attended all the meetings from time to time. The Audit Committee had also met up with the External Auditors without the presence of the employees during the financial year. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

COMPOSITION AND TERMS OF REFERENCE

Members

The Audit Committee shall comprise at least three (3) Non-Executive Directors (but not their alternate), the majority of whom are independent, including the Chairman. All members of the Audit Committee shall be financially literate and at least one member shall be a professional or qualified accountant. Any vacancy resulting in there being no majority of independent directors shall be filled within three (3) months.

The membership and performance shall be reviewed at least once every three (3) years.

AUDIT COMMITTEE REPORT (CONT'D)

Chairman

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent non-executive director.

Meetings

- The Audit Committee shall meet at least four (4) times annually. Additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee member, the management, the internal or external auditors.
- The Finance Director and Head of Internal Audit will attend the meetings. Other Board and representatives of the external auditors members may attend meetings upon the invitation of the Audit Committee.
- The Audit Committee members shall meet with external auditors without Executive Board members at least twice a year.
- The Chairman of the Audit Committee shall engage on a continuous basis with senior management such as the Chairman, Chief Executive Officer, Finance Director, the Head of Internal Control and the external auditors in order to be kept informed of matters affecting the Company.
- The quorum for each meeting shall be two (2).
- The Company Secretary shall be the Secretary to the Audit Committee.
- Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

Authority

- The Audit Committee shall, at the Company's expenses, have authority to investigate any matter within its terms of reference or as otherwise directed by the Board, to determine the resources and to have full access to any information including to employees and external and internal auditors, which are required to perform its duties.
- The Audit Committee shall have direct communication channels with the internal and external auditors and is authorised to seek independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and to convene meeting with the external auditors and internal auditors or both, excluding the attendance of the other directors and employees of the listed company whenever deemed necessary.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are as follows:-

Internal Audit and Risk Management

- To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its works as well as to review the status reports from Internal Auditors and ensure that appropriate actions have been taken to implement the internal audit recommendations.
- To review the adequacy and effectiveness of risk management and internal control system instituted within the Group.
- To request and review any special audit which it deems necessary.

External Audit

- To discuss and review with the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group; and to ensure co-ordination where more than one audit firm is involved.
- To review with the external auditors, their evaluation of the system of internal controls and audit findings.

AUDIT COMMITTEE REPORT (CONT'D)

- To discuss problems and reservations arising from the interim and final audit, and any other matters the auditors may wish to discuss in the absence of the management where necessary and to review the external auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- To review the audit report with the external auditors.
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof and to make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors.

Financial Reporting

- To review the annual audited financial statements of the Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:-
 - i. Any significant changes to accounting policies and practices;
 - ii. The going concern assumptions;
 - iii. Significant adjustments arising from the audit;
 - iv. Compliance with accounting standards and other legal requirements;
 - v. Significant and unusual events.
- To ensure prompt publication of annual audited financial statements.

Related Party Transactions

- To review any related party transactions that may arise within the Group.

Other Functions

- To perform any other functions as may be agreed by the Audit Committee and the Board.
- To consider the major findings of internal investigations and management's response

ACTIVITIES FOR THE YEAR

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee for the financial year ended 31 December 2012 under review in accordance with its functions and duties.

Internal Audit

- Reviewed the Internal Audit plan, resources and scope of audit.
- Reviewed the major findings of Internal Audit reports and their recommendations relating thereto.
- Reviewed the Group's systems and practices for the identification and management of risks.

Financial Results

- Reviewed the annual audited financial statements of the Group, quarterly results of the Group, and thereafter recommend to the Board for approval.
- Reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

External Audit

- Reviewed the suitability of the external auditors and recommended to the Board for re-appointment and the audit fee thereof.
- Discussed and reviewed the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group.

AUDIT COMMITTEE REPORT (CONT'D)

- Reviewed the external auditors' evaluation of the system of internal controls.
- Reviewed the external auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- Reviewed the external auditors' audit report.
- The Committee met twice with the external auditors without the presence of the Management for the financial year ended 31 December 2012.

Related Party Transactions

- Reviewed the recurrent related party transactions of a revenue nature that had arisen within the Group, and the Group's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related part transactions were carried out on normal commercial terms which were not prejudicial to the interests of shareholders and that the terms of the related parties transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

INTERNAL AUDIT FUNCTION

The Committee acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee and the costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2012 was about RM22,000. The function, which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such system would continue to operate satisfactorily and effectively in the Company and the Group. The internal Audit function reports directly to the Audit Committee and assists the board in monitoring the internal controls to mitigate the risks.

The scope of the Internal Audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the Internal Audit for the financial year ended 31 December 2012 under review include the following:-

- Ascertained the extent of compliance with established policies, procedures and statutory requirements.
- Undertook special reviews requested by the Audit Committee and/or management.
- Assessed the means of safeguarding assets and verified their existence.
- Approved the Internal Audit Plan each year. Present internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation and to enhance efficiencies to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

In year 2012, a total of four (4) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

The Audit Committee and the Board of Directors are satisfied with the performance of the Internal Auditor and have in the interest of greater independence and continuity in the Internal Audit function, taken the decision to continue with the outsource of the Internal Audit Function.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors ("The Board") of Three-A Resources Berhad is pleased to include a statement on the state of the Company's risk management and internal controls in the annual report.

BOARD'S RESPONSIBILITY

The Board is responsible for the Group's system of risk management and internal control and for reviewing the adequacy and integrity of the system. The Board recognises the importance of a sound system of risk management and internal control for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of risk management and internal control, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control system are reviewed on an ongoing basis. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains an ongoing commitment to strengthen the Group's risk management framework. The Board has embedded in the Group a monitoring and reporting process to continuously identify, assess and manage the principal risks faced by the Group in achieving the business objectives and strategies.

The Risk Management Committee is principally tasked with identifying key business risks and developing related management action plans to manage the risks identified. It is assisted by Risk Working Committee established during the year in assessing the risks and tabling the risks quarterly to the Risk Management Committee.

The Credit Control Committee was established to review the credit control policy monthly in mitigating the customers' credit risks and the effectiveness of the underlying internal control system.

Surveillance visits are carried out annually by auditors from Moody International Certification (Malaysia) Sdn. Bhd. for the ISO 9001:2008 and HACCP certification. A complete re-audit and re-assessment is carried out once every three years. The stringent documentation requirement of the certification further ensure that a trait of accountability exists in the Group.

The main features of the internal control framework of the Group are as follows:-

Organisation structure and authorisation procedures

- Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant charters/terms of reference, organisational structures and appropriate authority limits. These enhance the Group's ability to achieve its strategies and operational objectives.

Group policies and procedures

- Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Planning, monitoring and reporting

- Comprehensive information, which includes the monthly management reports covering all key financial and operational indicators, is provided to key management for monitoring and review.
- The Audit Committee reviews the Group's quarterly financial performance, together with the Management, which is subsequently reported to the Board.

Information and Communication

- Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board's attention are highlighted for review, deliberation and decision on a timely basis.

INTERNAL AUDIT

The Group's internal audit function is outsourced to a professional services firm to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The findings of Internal Auditor are reported directly to the Audit Committee quarterly. The Audit Committee in turn reports to the Board its findings, and consequently its conclusion on the effectiveness of risk management and internal control system accordingly.

The Board has received assurance from the Management that the Company's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and the internal control system of the company.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in risk management and internal control. Nevertheless, the Board will put in place appropriate action plans to further enhance the system of internal control and risk management framework, when necessary.

The Statement is made in accordance with a resolution by the Board dated 23 April 2013.



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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the year	17,638,213	4,966,810

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2011 were as follows:

	RM
In respect of the financial year ended 31 December 2011 as reported in the Directors' report of that year:	
1.2 sen tax exempt interim dividend on 393,600,019 ordinary shares, declared on 18 November 2011 and paid on 10 January 2012	4,723,200
In respect of the financial year ended 31 December 2012:	
1.2 sen tax exempt interim dividend on 393,600,019 ordinary shares, declared on 26 December 2012 and paid on 11 January 2013	4,723,200

The Directors do not recommend any final dividend for the financial year ended 31 December 2012.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

Fong Chu King @ Tong Chu King

Chew Eng Chai

Tan Chon Sing @ Tan Kim Tieng

Fang Siew Yee

Khoo Wee Boon

Mohd Zaki Bin Hamzah

Sun Yi-Ling

Fang Siew Ping

(Alternate Director to Fang Siew Yee)

Liew Kuo Shin

(Alternate Director to Fong Chu King @ Tong Chu King)

Kwek Ju-Yang, Mark

(Alternate Director to Sun Yi-Ling)

(Appointed as Alternate Director on
25 April 2012)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 25 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.20 each			
	1 January 2012	Bought	Sold	31 December 2012
Direct interest				
Dato' Mohd Nor Bin Abdul Wahid	7,770,000	438,000	(7,770,000)	438,000
Fong Chu King @ Tong Chu King	10,950,000	-	-	10,950,000
Chew Eng Chai	160,000	-	-	160,000
Tan Chon Sing @ Tan Kim Tieng	1,488,000	-	-	1,488,000
Mohd Zaki Bin Hamzah	500,000	-	-	500,000
Liew Kuo Shin	-	500,000	(70,000)	430,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.20 each			
	1 January 2012	Bought	Sold	31 December 2012
Indirect interest				
Fang Chew Ham	124,501,920	-	-	124,501,920
Fang Siew Yee	80,850,000	-	-	80,850,000

Fang Chew Ham and Fang Siew Yee by virtue of their interests in shares in Fang Chew Ham Holdings Sdn. Bhd. ("FCHH"), are also deemed to have interests in shares in the Company and all the subsidiaries to the extent FCHH has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Tan Chon Sing @ Tan Kim Tieng, having attained the age of seventy, will retire in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and, being eligible, has offered himself for re-appointment as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Significant event during the financial year is disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Ernst & Young, retire at the forthcoming Annual General Meeting and have indicated that they are not seeking reappointment.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2013.

Dato' Mohd Nor Bin Abdul Wahid
Director

Fang Chew Ham
Director

STATEMENT BY DIRECTORS

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

We, Dato' Mohd Nor Bin Abdul Wahid and Fang Chew Ham, being two of the Directors of Three-A Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Breakdown of Retained Earnings into Realised and Unrealised

The information set out in Note 33 on page 102 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2013.

Dato' Mohd Nor Bin Abdul Wahid

Director

Fang Chew Ham

Director

STATUTORY DECLARATION

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

I, Fang Chew Ham, being the Director primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 102 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Fang Chew Ham at Kuala Lumpur
in the Federal Territory on 23 April 2013.

Fang Chew Ham

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THREE-A RESOURCES BERHAD (481559-M)

(INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Three-A Resources Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on page 42 to 101.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF THREE-A RESOURCES BERHAD (481559-M)
(INCORPORATED IN MALAYSIA)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 33 on page 102 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

23 April 2013

Phang Oy Lin

No. 2985/03/14(J)

Chartered Accountant

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM	1 January 2011 RM
Non-current assets				
Property, plant and equipment	3	135,324,159	124,180,388	107,958,947
Land use rights	4	1,730,915	4,488,010	4,695,105
Investment in a joint venture	6	12,485,635	8,051,932	4,065,755
		149,540,709	136,720,330	116,719,807
Current assets				
Inventories	7	63,869,827	55,124,525	53,179,793
Receivables	8	82,163,700	64,618,123	62,350,881
Prepayments		300,144	1,239,206	789,199
Short term investments		-	-	30,122,072
Tax recoverable		991,494	2,897,195	740,714
Cash and bank balances	9	17,782,192	20,371,170	20,425,055
		165,107,357	144,250,219	167,607,714
Total assets		314,648,066	280,970,549	284,327,521
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	10	78,720,003	78,720,003	78,720,003
Share premium	11	70,366,858	70,366,858	70,366,858
Retained earnings	12	64,183,723	51,268,710	40,736,414
Foreign currency translation reserve	13	482,938	631,818	-
Total equity		213,753,522	200,987,389	189,823,275
Non-current liabilities				
Borrowings	14	20,963,760	24,502,338	16,716,569
Deferred tax liabilities	15	10,925,248	7,999,595	8,463,697
		31,889,008	32,501,933	25,180,266

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM	1 January 2011 RM
Current liabilities				
Borrowings	14	51,023,431	28,590,970	51,461,598
Payables	16	13,258,905	14,167,057	13,099,097
Dividend payable		4,723,200	4,723,200	4,723,200
Income tax payable		-	-	40,085
		69,005,536	47,481,227	69,323,980
Total liabilities		100,894,544	79,983,160	94,504,246
Total equity and liabilities		314,648,066	280,970,549	284,327,521

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 RM	2011 RM	1 January 2011 RM
Non-current assets				
Plant and equipment	3	1	463	931
Investments in subsidiary companies	5	128,422,944	128,422,944	103,422,944
		128,422,945	128,423,407	103,423,875
Current assets				
Receivables	8	20,487,178	14,240,829	4,790,299
Short term investments		-	-	30,122,072
Tax recoverable		35,250	82,500	-
Cash and bank balances	9	6,823,222	12,777,984	16,728,836
		27,345,650	27,101,313	51,641,207
Total assets		155,768,595	155,524,720	155,065,082
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	10	78,720,003	78,720,003	78,720,003
Share premium	11	70,366,858	70,366,858	70,366,858
Retained earnings	12	1,914,981	1,671,371	1,185,957
Total equity		151,001,842	150,758,232	150,272,818
Current liabilities				
Payables	16	43,553	43,288	28,979
Dividend payable		4,723,200	4,723,200	4,723,200
Income tax payable		-	-	40,085
		4,766,753	4,766,488	4,792,264
Total liabilities		4,766,753	4,766,488	4,792,264
Total equity and liabilities		155,768,595	155,524,720	155,065,082

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	17	306,428,463	268,805,935	5,003,181	4,933,977
Cost of sales	18	(256,557,558)	(233,518,767)	-	-
Gross profit		49,870,905	35,287,168	5,003,181	4,933,977
Other income	19	375,202	1,903,339	344,586	674,031
Administrative expenses		(15,913,786)	(13,248,731)	(297,421)	(402,164)
Other expenses		(7,769,288)	(5,101,032)	-	-
Share of results of joint venture		(1,572,217)	(387,205)	-	-
Profit from operations	20	24,990,816	18,453,539	5,050,346	5,205,844
Finance costs	21	(2,991,810)	(3,101,399)	-	-
Profit before taxation		21,999,006	15,352,140	5,050,346	5,205,844
Income tax (expense)/benefit	22	(4,360,793)	(96,644)	(83,536)	2,770
Profit after taxation		17,638,213	15,255,496	4,966,810	5,208,614
Other comprehensive income					
- Foreign currency translation		(148,880)	631,818	-	-
Total comprehensive income for the year attributable to equity holders of the Company		17,489,333	15,887,314	4,966,810	5,208,614
Earnings per share attributable to equity holders of the Company (sen):					
Basic	23	4.5	3.9		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Share Capital (Note 10) RM	Share Premium (Note 11) RM	Non-Distributable Foreign Currency Translation Reserve RM	Distributable Retained Earnings RM	Total RM
	Note					
Group						
At 1 January 2011		78,720,003	70,366,858	-	40,736,414	189,823,275
Total comprehensive income		-	-	631,818	15,255,496	15,887,314
Transactions with owners						
Dividend on ordinary shares	24	-	-	-	(4,723,200)	(4,723,200)
At 31 December 2011		78,720,003	70,366,858	631,818	51,268,710	200,987,389
Total comprehensive income		-	-	(148,880)	17,638,213	17,489,333
Transactions with owners						
Dividend on ordinary shares	24	-	-	-	(4,723,200)	(4,723,200)
At 31 December 2012		78,720,003	70,366,858	482,938	64,183,723	213,753,522

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Share Capital (Note 10) RM	Non- Distributable Share Premium (Note 11) RM	Distributable Retained Earnings RM	Total RM
Company					
At 1 January 2011		78,720,003	70,366,858	1,185,957	150,272,818
Total comprehensive income		-	-	5,208,614	5,208,614
Transactions with owners					
Dividend on ordinary shares	24	-	-	(4,723,200)	(4,723,200)
At 31 December 2011		78,720,003	70,366,858	1,671,371	150,758,232
Total comprehensive income		-	-	4,966,810	4,966,810
Transactions with owners					
Dividend on ordinary shares	24	-	-	(4,723,200)	(4,723,200)
At 31 December 2012		78,720,003	70,366,858	1,914,981	151,001,842

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company		
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from operating activities					
Profit before taxation		21,999,006	15,352,140	5,050,346	5,205,844
Adjustments for:					
Amortisation of land use rights		57,095	207,095	-	-
Depreciation of property, plant and equipment		6,620,294	5,791,280	462	468
Bad debts written off		1,155	-	-	-
Allowance for/(reversal of) impairment of trade receivables		15,510	(16,016)	-	-
Unrealised foreign exchange loss/(gain)		373,031	(599,141)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(28,000)	118,661	-	-
Dividend income from a subsidiary		-	-	(5,003,181)	(4,933,977)
Dividend income from short term investments		-	(473,460)	-	(473,460)
Gain on realisation of short term investments		-	(95,378)	-	(95,378)
Provision for unutilised leave		41,499	39,407	-	-
Interest expense		2,991,810	3,101,399	-	-
Interest income		(344,942)	(106,686)	(344,586)	(105,193)
Share of results of joint venture		1,572,217	387,205	-	-
Operating profit before working capital changes		33,298,675	23,706,506	(296,959)	(401,696)
Working capital changes:					
Inventories		(8,745,302)	(1,944,732)	-	-
Receivables		(17,873,890)	(2,075,683)	(11,651)	-
Prepayment		939,062	(450,007)	-	-
Payables		(2,523,775)	(254,453)	265	14,309
Subsidiary		-	-	(6,234,698)	(9,450,530)
Cash generated from/(used in) operations		5,094,770	18,981,631	(6,543,043)	(9,837,917)
Interest paid		(2,991,810)	(3,101,399)	-	-
Income tax refund/(paid)		470,561	(2,757,312)	(36,286)	(119,815)
Net cash generated from/ (used in) operating activities		2,573,521	13,122,920	(6,579,329)	(9,957,732)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from investing activities					
Investment in a joint venture		(6,154,800)	(3,741,564)	-	-
Investment in subsidiaries		-	-	-	(25,000,000)
Purchase of property, plant and equipment	3 (b)	(11,621,261)	(16,802,092)	-	-
Acquisition of land use rights	4	(1,211,125)	-	-	-
Proceeds from short term investments		-	30,690,910	-	30,690,910
Proceeds from disposal of property, plant and equipment		28,000	130,000	-	-
Dividend income from a subsidiary		-	-	5,003,181	4,933,977
Interest received		344,942	106,686	344,586	105,193
Net cash (used in)/generated from investing activities		(18,614,244)	10,383,940	5,347,767	10,730,080
Cash flows from financing activities					
Dividends paid	24	(4,723,200)	(4,723,200)	(4,723,200)	(4,723,200)
Net drawdown/(repayment) of bankers acceptances		24,161,960	(26,498,912)	-	-
Net (repayment)/drawdown of term loans		(3,238,647)	6,341,543	-	-
Payments of hire purchase obligations		(1,183,128)	(1,014,752)	-	-
Net cash generated from/(used in) financing activities		15,016,985	(25,895,321)	(4,723,200)	(4,723,200)
Net decrease in cash and cash equivalents		(1,023,738)	(2,388,461)	(5,954,762)	(3,950,852)
Effect of exchange rate changes on cash and cash equivalents		(50,938)	435,275	-	-
Cash and cash equivalents at beginning of the year		18,471,869	20,425,055	12,777,984	16,728,836
Cash and cash equivalents at end of the year (Note 9)		17,397,193	18,471,869	6,823,222	12,777,984

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

1. CORPORATE INFORMATION

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

The registered office and the principal place of business of the Group and of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.2 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS")

For the periods up to and including the year ended 31 December 2011, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS") in Malaysia. The financial statements for the year ended 31 December 2012 are the first financial statements the Group and the Company have prepared in accordance with MFRSs. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position of the Group as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statement prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out below. The transition from FRS to MFRS has not had a material impact on the Group's financial performance and cash flows. Accordingly, no disclosure notes related to the statements of financial position as at the date of transition to MFRS are presented.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd)

There are no adjustments arising from the transition to MFRSs, except for those discussed below.

(a) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign translation differences of RM7,088 were adjusted to retained earnings.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM	Note 2.2 (a) Foreign currency translation reserve RM	MFRS as at 1 January 2011 RM
Non-current assets			
Property, plant and equipment	107,958,947	-	107,958,947
Land use rights	4,695,105	-	4,695,105
Investment in a jointly controlled entity	4,065,755	-	4,065,755
	116,719,807	-	116,719,807
Current assets			
Inventories	53,179,793	-	53,179,793
Receivables	62,350,881	-	62,350,881
Prepayments	789,199	-	789,199
Short term investments	30,122,072	-	30,122,072
Tax recoverable	740,714	-	740,714
Cash and bank balances	20,425,055	-	20,425,055
	167,607,714	-	167,607,714
Total assets	284,327,521	-	284,327,521

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd)

(i) Reconciliation of equity as at 1 January 2011 (cont'd)

	FRS as at 1 January 2011 RM	Note 2.2 (a) Foreign currency translation reserve RM	MFRS as at 1 January 2011 RM
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	78,720,003	-	78,720,003
Share premium	70,366,858	-	70,366,858
Retained earnings	40,729,326	7,088	40,736,414
Foreign currency translation reserve	7,088	(7,088)	-
Total equity	189,823,275	-	189,823,275
Non-current liabilities			
Borrowings	16,716,569	-	16,716,569
Deferred tax liabilities	8,463,697	-	8,463,697
	25,180,266	-	25,180,266
Current liabilities			
Borrowings	51,461,598	-	51,461,598
Payables	13,099,097	-	13,099,097
Dividend payable	4,723,200	-	4,723,200
Income tax payable	40,085	-	40,085
	69,323,980	-	69,323,980
Total liabilities	94,504,246	-	94,504,246
Total equity and liabilities	284,327,521	-	284,327,521

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd)

(ii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM	Note 2.2 (a) Foreign currency translation reserve RM	MFRS as at 31 December 2011 RM
Non-current assets			
Property, plant and equipment	124,180,388	-	124,180,388
Land use rights	4,488,010	-	4,488,010
Investment in a jointly controlled entity	8,051,932	-	8,051,932
	136,720,330	-	136,720,330
Current assets			
Inventories	55,124,525	-	55,124,525
Receivables	64,618,123	-	64,618,123
Prepayments	1,239,206	-	1,239,206
Tax recoverable	2,897,195	-	2,897,195
Cash and bank balances	20,371,170	-	20,371,170
	144,250,219	-	144,250,219
Total assets	280,970,549	-	280,970,549
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	78,720,003	-	78,720,003
Share premium	70,366,858	-	70,366,858
Retained earnings	51,261,622	7,088	51,268,710
Foreign currency translation reserve	638,906	(7,088)	631,818
Total equity	200,987,389	-	200,987,389

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd)

(ii) Reconciliation of equity as at 31 December 2011 (cont'd)

	FRS as at 31 December 2011 RM	Note 2.2 (a) Foreign currency translation reserve RM	MFRS as at 31 December 2011 RM
Non-current liabilities			
Borrowings	24,502,338	-	24,502,338
Deferred tax liabilities	7,999,595	-	7,999,595
	32,501,933	-	32,501,933
Current liabilities			
Borrowings	28,590,970	-	28,590,970
Payables	14,167,057	-	14,167,057
Dividend payable	4,723,200	-	4,723,200
	47,481,227	-	47,481,227
Total liabilities	79,983,160	-	79,983,160
Total equity and liabilities	280,970,549	-	280,970,549

2.3 Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

Acquisitions of subsidiaries are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(b) Foreign Currency (cont'd)

(i) Foreign Currency Transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2012 RM	2011 RM
1 Singapore Dollar	2.5030	2.4427
1 United States Dollar	3.0583	3.1770
1 European Dollar	4.0412	4.1118

(ii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(c) Property, Plant and Equipment and Depreciation (cont'd)

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold land and buildings are measured at cost less accumulated depreciation on buildings and any impairment losses recognised.

Leasehold land are depreciated over the period of the respective leases which range from 53 years to 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Factory and office buildings	50 years
- Plant and machinery	20 years
- Tools and implements	10 years
- Furniture and fittings and equipment	10 years
- Renovations and electrical installations	10 years
- Motor vehicles	7 to 15 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Land Use Rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(e) Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(e) Impairment of Non-financial Assets (cont'd)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(f) Subsidiaries Company

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(g) Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using the equity method. A joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Under the equity method, the investment in joint venture is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(g) Joint Venture (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(h) Financial Assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

All of the financial assets of the Group and of the Company are classified as loans and receivables.

(i) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income will be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(i) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdraft that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and goods-in-transit: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The financial liabilities of the Group and of the Company are classified as other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(n) Financial Liabilities (cont'd)

(i) Other Financial Liabilities

Other financial liabilities of the Group and of the Company include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(p) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(q) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Employee Leave Entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(r) Leases

(i) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(ii) Operating Lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(s) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of Goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest Income

Interest income is recognised using the effective interest method.

(iii) Dividend Income

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

(t) Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

(t) Income Taxes (cont'd)

(ii) Deferred Tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(u) Segment Information

For management purposes, the Group is organised into operating segments based on geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 July 2012

MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

Effective for financial periods beginning on or after 1 January 2013

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
MFRS 128 Investment in Associate and Joint Ventures
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Effective for financial periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective (cont'd)

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

MFRS 10: Consolidated Financial Statements

MFRS 10 replaces the portion of MFRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. MFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by MFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with requirements that were in MFRS 127. The Group is currently assessing the impact of adoption of MFRS 10.

MFRS 11: Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 12: Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Judgements and Estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements Made in Applying Accounting Policies

There were no judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements during the current financial year.

(b) Key Sources of Estimation Uncertainty

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

(i) Residual Value and Useful Lives of Plant and Equipment

The cost of plant and equipment for the machinery and motor vehicle are depreciated on a straight-line basis over the assets' estimated economic useful lives. The Group estimates the useful lives of these machinery to be 20 years and motor vehicles to be between 7 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(ii) Impairment of Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(iii) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long-term leasehold land RM	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2012	16,157,652	42,484,927	80,448,256	3,873,067	2,363,358	7,171,661	8,162,725	160,661,646
Additions	-	490,351	7,537,509	208,493	148,100	2,251,264	3,217,223	13,852,940
Transfer from land use rights	4,211,125	-	-	-	-	-	-	4,211,125
Reclassification	488,651	4,733,769	4,515,854	-	-	-	(9,738,274)	-
Disposal	-	-	-	-	-	(147,221)	-	(147,221)
At 31 December 2012	20,857,428	47,709,047	92,501,619	4,081,560	2,511,458	9,275,704	1,641,674	178,578,490
Accumulated depreciation								
At 1 January 2012	1,345,287	4,615,475	24,606,555	2,045,967	1,251,280	2,616,694	-	36,481,258
Charge for the year (Note 20)	315,707	959,741	4,340,623	319,392	157,618	527,213	-	6,620,294
Transfer from land use rights	300,000	-	-	-	-	-	-	300,000
Disposal	-	-	-	-	-	(147,221)	-	(147,221)
At 31 December 2012	1,960,994	5,575,216	28,947,178	2,365,359	1,408,898	2,996,686	-	43,254,331
Net carrying amount								
At 31 December 2012	18,896,434	42,133,831	63,554,441	1,716,201	1,102,560	6,279,018	1,641,674	135,324,159

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

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

Group	Long-term leasehold land RM	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2011	15,757,502	27,220,387	64,791,597	3,063,315	1,987,866	6,462,142	19,591,226	138,874,035
Additions	400,150	4,134,825	9,086,004	809,752	375,492	1,183,290	6,271,869	22,261,382
Reclassification	-	11,129,715	6,570,655	-	-	-	(17,700,370)	-
Disposal	-	-	-	-	-	(473,771)	-	(473,771)
At 31 December 2011	16,157,652	42,484,927	80,448,256	3,873,067	2,363,358	7,171,661	8,162,725	160,661,646
Accumulated depreciation								
At 1 January 2011	1,074,904	3,793,151	20,754,906	1,768,947	1,102,512	2,420,668	-	30,915,088
Charge for the year (Note 20)	270,383	822,324	3,851,649	277,020	148,768	421,136	-	5,791,280
Disposal	-	-	-	-	-	(225,110)	-	(225,110)
At 31 December 2011	1,345,287	4,615,475	24,606,555	2,045,967	1,251,280	2,616,694	-	36,481,258
Net carrying amount								
At 31 December 2011	14,812,365	37,869,452	55,841,701	1,827,100	1,112,078	4,554,967	8,162,725	124,180,388

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

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

	Furniture and fittings	
	2012 RM	2011 RM
Company		
Cost		
At 1 January/31 December	4,675	4,675
Accumulated depreciation		
At 1 January	4,212	3,744
Charge for the year (Note 20)	462	468
At 31 December	4,674	4,212
Net carrying amount		
At 31 December	1	463

- (a) Property, plant and equipment of a subsidiary with net book value amounting to RM62,506,592 (2011: RM59,987,501) are charged as securities for borrowing facilities of the subsidiary (Note 14).
- (b) Acquisitions of property, plant and equipment were financed as follows:

	Group	
	2012 RM	2011 RM
Cash	11,621,261	16,802,092
Hire purchase	668,000	4,187,961
Credit purchase (Note 16(b))	1,563,679	1,271,329
	13,852,940	22,261,382

- (c) Net carrying values of plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2012 RM	2011 RM
Machineries	3,354,571	3,541,875
Motor vehicles	2,826,311	2,884,483

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

4. LAND USE RIGHTS

	Group	
	2012 RM	2011 RM
Net carrying amount		
At 1 January	4,488,010	4,695,105
Additions	1,211,125	-
Transfer to property, plant and equipment	(3,911,125)	-
Amortisation for the year (Note 20)	(57,095)	(207,095)
At 31 December	1,730,915	4,488,010
Remaining lease years:		
- Short term leasehold land	28 - 42	19 - 43

Land use rights with an aggregate carrying value of RM1,430,248 (2011: RM1,480,009) are pledged as securities for borrowing facilities of a subsidiary (Note 14).

5. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2012 RM	2011 RM
Unquoted investments	128,422,944	128,422,944

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held		Principal activities
		2012	2011	
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of food and beverage ingredients
Three-A Food Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Investment holding

All subsidiaries are audited by Ernst & Young, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

6. INVESTMENT IN A JOINT VENTURE

	Group	
	2012 RM	2011 RM
Unquoted shares, at cost	14,039,043	7,884,243
Share of post-acquisition reserves	(2,036,346)	(464,129)
	12,002,697	7,420,114
Exchange differences	482,938	631,818
	12,485,635	8,051,932

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	2011
Held through a subsidiary:				
Three-A (Qinhuangdao) Food Industries Co. Ltd. #	People's Republic of China	Manufacturing and sale of food and beverage ingredients	50	50

Audited by firm other than Ernst & Young

The summarised financial information of the joint venture is as follows:

	Group	
	2012 RM	2011 RM
Assets and liabilities:		
Total assets	64,164,443	40,324,932
Total liabilities	(39,527,496)	(24,221,069)
Results:		
Loss for the year	(3,144,435)	(774,411)

During the financial year, the Group has invested RM6,154,800 (USD2,000,000) (2011: RM3,741,564 (USD1,224,000)) in the joint venture company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

6. INVESTMENT IN A JOINT VENTURE (CONT'D)

The Group's commitments in respect of its investment in joint venture are as follows:

	Note	Group	
		2012 USD	2011 USD
Co-operation commitments	(a)	20,000,000	20,000,000
Balance of the investment commitment in joint venture	(b)	5,450,000	3,450,000
		RM	RM
Share of capital commitments of joint venture on buildings, machinery and equipment	(c)	2,048,275	4,745,922

- (a) On 5 May 2010, the Group had entered into a framework co-operation agreement with Wilmar International Limited, a company incorporated in Singapore to set up equity joint venture company in the People's Republic of China ("PRC"). Both parties agreed to contribute 50% and jointly invest up to USD40,000,000 or such other amount as may be agreed to by both parties from time to time.
- (b) Pursuant to the framework co-operation Agreement, the Group had on 5 May 2010 entered into a joint venture agreement with Yihai Kerry Investments Co. Ltd ("Yihai"), a wholly-owned subsidiary of Wilmar. Both parties agreed to contribute 50% of the total investment cost of up to USD12,000,000 in the joint venture company to set up a factory in the vicinity of Shanhaiguan, PRC for the business of manufacturing and selling of food and beverage ingredients. The Group and Yihai agreed to increase their total investment in the joint venture company up to USD20,000,000 during the year. As at reporting date, the Group had invested a total amount of USD4,550,000 (2011: USD2,550,000).
- (c) The joint venture company has capital commitments of RMB8,344,977 (2011: RMB18,855,472) on buildings, machinery and equipment as at 31 December 2012. The Group's share of the capital commitment is RMB4,172,489 (2011: RMB9,427,736) (equivalent to RM2,048,275 (2011: RM4,745,922)), representing the Group's 50% share in the joint venture company.

The exchange rate of RMB1.00: RM0.4909 (2011: RMB1.00: RM0.5034) as at reporting date have been utilised for illustrative purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

7. INVENTORIES

	Group	
	2012 RM	2011 RM
At cost:		
Raw materials	45,666,566	40,909,701
Goods-in-transit	3,649,887	4,507,640
Work-in-progress	4,009,245	2,454,461
Packing materials	1,249,465	445,729
Finished goods	9,294,664	6,806,994
	63,869,827	55,124,525

The cost of inventories recognised as an expense during the financial year amounted to RM235,816,941 (2011: RM217,203,636) which is recognised in cost of sales.

8. RECEIVABLES

	Group	
	2012 RM	2011 RM
Trade receivables		
- third parties	80,667,632	64,351,020
- related party	164,262	104,211
	80,831,894	64,455,231
Less: Allowance for impairment	(15,510)	-
Trade receivables, net	80,816,384	64,455,231
Other receivables		
Sundry receivables	46,186	4,566
Deposits	1,301,130	158,326
	1,347,316	162,892
Total trade and other receivables	82,163,700	64,618,123
Cash and bank balances (Note 9)	17,782,192	20,371,170
Total loans and receivables	99,945,892	84,989,293

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

8. RECEIVABLES (CONT'D)

	Company	
	2012 RM	2011 RM
Other receivables		
Sundry receivables	12,811	1,160
Amounts due from subsidiaries	20,474,367	14,239,669
	20,487,178	14,240,829
Total trade and other receivables	20,487,178	14,240,829
Cash and bank balances (Note 9)	6,823,222	12,777,984
Total loans and receivables	27,310,400	27,018,813

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2011: 30 to 150 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Ageing Analysis of Trade Receivables

	Group	
	2012 RM	2011 RM
Neither past due nor impaired	78,226,335	61,091,942
1 month past due not impaired	937,599	1,094,292
2 months past due not impaired	1,329,022	65,760
3 months past due not impaired	205,709	1,608,527
4 months past due not impaired	112,034	281,938
More than 5 months past due not impaired	5,685	312,772
	2,590,049	3,363,289
Impaired	15,510	-
	80,831,894	64,455,231

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

8. RECEIVABLES (CONT'D)

(b) Ageing Analysis of Trade Receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,590,049 (2011: RM3,363,289) that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired RM
Group	
2012	
Trade receivables - nominal amounts	15,510
Less: Allowance for impairment	(15,510)
	-
2011	
Trade receivables - nominal amounts	-
Less: Allowance for impairment	-
	-

Movements in the allowance accounts are as follows:

	2012 RM	2011 RM
At 1 January	-	382,774
Charge for the year (Note 20)	15,510	-
Written off	-	(366,758)
Reversal of impairment losses (Note 19)	-	(16,016)
At 31 December	15,510	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

8. RECEIVABLES (CONT'D)

(c) Amount Due From a Related Party (Trade)

Related party's debt is due from Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain Directors have financial interests. The amount due from a related company is unsecured, non-interest bearing and is on 90 (2011: 90) days term. Further details on related party transactions are disclosed in Note 25.

(d) Other Receivables

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

There is no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(e) Deposits

As at reporting date, included in deposit of the Group is RM1,000,000 of deposit paid by a subsidiary for the purchase of a piece of leasehold agricultural land held under No. Hakmilik HSM 1366 for PT No. 848 situated in Sungai Buloh New Village, Mukim of Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan from Mdm. Chong Foong Tai (Note 31).

(f) Amounts Due from Subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

In the prior financial year, the Company capitalised the amount due from subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. of RM22,000,000 and RM3,000,000 respectively into 22,000,000 and 3,000,000 new ordinary shares of RM1.00 each as part of the cost of investment in subsidiaries (Note 5).

Included in amounts due from subsidiaries is the subordination up to RM8,000,000 (2011: RM8,000,000) of advances to a subsidiary as required by borrowing covenant (Note 14).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

9. CASH AND BANK BALANCES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash at banks and on hand	12,782,192	8,345,651	1,823,222	752,465
Short term deposits with licensed banks	5,000,000	12,025,519	5,000,000	12,025,519
Cash and bank balances	17,782,192	20,371,170	6,823,222	12,777,984
Bank overdrafts (Note 14)	(384,999)	(1,899,301)	-	-
Cash and cash equivalents	17,397,193	18,471,869	6,823,222	12,777,984

The weighted average effective interest rate and the average maturity of deposits as at 31 December 2012 for the Group and the Company is 3.15% (2011: 3.11%) and 30 (2011: 30) days respectively.

10. SHARE CAPITAL

	Group/Company			
	2012		2011	
	Number of Shares	Amount RM	Number of Shares	Amount RM
Authorised				
At 1 January/31 December	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid up				
Ordinary share of RM0.20 each				
At 1 January/31 December	393,600,019	78,720,003	393,600,019	78,720,003

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

11. SHARE PREMIUM

	Group/Company	
	2012 RM	2011 RM
At 1 January/31 December	70,366,858	70,366,858

The share premium may be applied only for the purposes as specified in the Companies Act, 1965. The balance is not available for distribution of dividends except for in the form of bonus shares.

12. RETAINED EARNINGS

Prior to 1 January 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2012 and 31 December 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012 and 2011, the Company has the following Section 108 balance and tax exempt income account balance for the purpose of dividend payment:

	2012 RM	2011 RM
Section 108 tax credit balance	3,581,461	3,581,461
Tax exempt income account balance	24,505,958	24,225,977

13. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

14. BORROWINGS

	Group	
	2012 RM	2011 RM
Long term borrowings		
Secured:		
Term loans	17,649,448	20,907,880
Hire purchase payables	3,314,312	3,594,458
	20,963,760	24,502,338

Short term borrowings

Secured:		
Bank overdrafts (Note 9)	384,999	1,899,301
Bankers acceptances	45,465,084	21,303,124
Term loans	4,342,766	4,322,981
Hire purchase payables	830,582	1,065,564
	51,023,431	28,590,970

	Effective interest rate %	Maturity	Group 2012 RM	2011 RM
Total borrowings				
Bank overdraft	6.60	On demand	384,999	1,899,301
Bankers acceptances	3.27 - 3.90	10 - 176 days	45,465,084	21,303,124
Term loans	5.80 - 7.55	2013 - 2020	21,992,214	25,230,861
Hire purchase payables	4.28 - 7.51	2013 - 2019	4,144,894	4,660,022
			71,987,191	53,093,308

The bank borrowings of the Group are secured by the following:

- fixed charges over the land use rights (Note 4), long-term leasehold land, factory, plant and machinery and office buildings of a subsidiary (Note 3);
- debentures over certain plant and machinery of a subsidiary;
- negative pledge on two adjoining pieces of leasehold land of a subsidiary;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

14. BORROWINGS (CONT'D)

The bank borrowings of the Group are secured by the following: (cont'd)

- (d) a corporate guarantee of RM67,457,298 by the Company; and
- (e) subordination up to RM8 million of advances by the Company to the subsidiaries.

Hire purchase payables

The Group has finance leases for certain items of plant and equipment (Note 3). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2012 RM	2011 RM
Future minimum lease payments:		
Not later than 1 year	1,083,827	1,345,430
Later than 1 year and not later than 2 years	955,836	860,991
Later than 2 years and not later than 5 years	2,160,326	2,120,346
Later than 5 years	777,420	1,399,355
Total future minimum lease payments	4,977,409	5,726,122
Less: Future finance charges	(832,515)	(1,066,100)
Present value of finance lease liabilities	4,144,894	4,660,022
Analysis of present value of finance lease liabilities:		
Not later than 1 year	830,582	1,065,564
Later than 1 year and not later than 2 years	752,953	636,517
Later than 2 years and not later than 5 years	1,819,602	1,668,215
Later than 5 years	741,757	1,289,726
	4,144,894	4,660,022
Less: Amount due within 12 months	(830,582)	(1,065,564)
Amount due after 12 months	3,314,312	3,594,458

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

15. DEFERRED TAX

	Group	
	2012 RM	2011 RM
At 1 January	7,999,595	8,463,697
Recognised in statement of comprehensive income (Note 22)	2,925,653	(464,102)
At 31 December	10,925,248	7,999,595

Presented after appropriate offsetting as follows:

Deferred tax liabilities	13,476,176	11,692,402
Deferred tax assets	(2,550,928)	(3,692,807)
	10,925,248	7,999,595

The components and movements of the Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM	Unrealised foreign exchange RM	Total RM
At 1 January 2011	8,494,364	62,649	8,557,013
Recognised in statement of comprehensive income	3,048,253	87,136	3,135,389
At 31 December 2011	11,542,617	149,785	11,692,402
Recognised in statement of comprehensive income	2,026,817	(243,043)	1,783,774
At 31 December 2012	13,569,434	(93,258)	13,476,176

Deferred tax assets

	Unutilised reinvestment allowances RM	Provisions RM	Total RM
At 1 January 2011	-	(93,316)	(93,316)
Recognised in statement of comprehensive income	(2,460,062)	(1,139,429)	(3,599,491)
At 31 December 2011	(2,460,062)	(1,232,745)	(3,692,807)
Recognised in statement of comprehensive income	1,007,968	133,911	1,141,879
At 31 December 2012	(1,452,094)	(1,098,834)	(2,550,928)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

16. PAYABLES

	Group	
	2012 RM	2011 RM
Trade payables		
Third parties	4,349,169	7,092,393
Other payables		
Sundry payables	4,766,600	4,088,504
Accruals	4,143,136	2,986,160
	8,909,736	7,074,664
Total trade and other payables	13,258,905	14,167,057
Add: Loans and borrowings (Note 14)	71,987,191	53,093,308
Total financial liabilities carried at amortised cost	85,246,096	67,260,365

	Company	
	2012 RM	2011 RM
Other payables		
Accruals	43,553	43,288

(a) Trade Payables

The normal trade credit term granted to the Group ranges from 30 to 60 days (2011: 30 to 60 days).

(b) Other Payables

Sundry payables are non-interest bearing and the normal credit terms granted to the Group and the Company is 30 days (2011: 30 days).

Included in sundry payables of the Group are amounts of RM1,563,679 (2011: RM1,271,329) due to contractors for the construction of plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

17. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of goods	306,428,463	268,805,935	-	-
Dividend income from a subsidiary	-	-	5,003,181	4,933,977
	306,428,463	268,805,935	5,003,181	4,933,977

18. COST OF SALES

Cost of sales comprises of cost of goods sold and its associated expenses.

19. OTHER INCOME

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Realised foreign exchange gain	-	611,416	-	-
Unrealised foreign exchange gain	-	599,141	-	-
Reversal of allowance for impairment of trade receivables	-	16,016	-	-
Dividend income from short term investments	-	473,460	-	473,460
Gain on realisation of short term investments	-	95,378	-	95,378
Interest income	344,942	106,686	344,586	105,193
Other income	2,260	1,242	-	-
Gain on disposal of property, plant and equipment	28,000	-	-	-
	375,202	1,903,339	344,586	674,031

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

20. PROFIT FROM OPERATIONS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit from operations is stated after charging:				
Depreciation of property, plant and equipment (Note 3)	6,620,294	5,791,280	462	468
Amortisation of land use rights (Note 4)	57,095	207,095	-	-
Auditors' remuneration				
- Current year	114,500	85,000	30,000	25,000
- Others	5,500	5,000	5,500	5,000
Rent of premises	201,500	-	-	-
Rental of machineries	83,808	58,649	-	-
Loss on disposal of property, plant and equipment	-	118,661	-	-
Allowance for impairment of trade receivables	15,510	-	-	-
Bad debts written off	1,155	-	-	-
Realised foreign exchange loss	451,241	-	-	-
Unrealised foreign exchange loss	373,031	-	-	-

Employee Benefits Expenses

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	11,575,265	10,560,511	30,000	30,000
Bonus	1,866,535	1,564,567	-	-
Social security contributions	62,797	71,678	-	-
Pension costs - defined contribution plan	914,504	753,802	-	-
Provision for unutilised leave	41,499	39,407	-	-
Other staff related expenses	272,765	303,031	-	-
	14,733,365	13,292,996	30,000	30,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

20. PROFIT FROM OPERATIONS (CONT'D)

Included in employee benefits expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM2,389,351 (2011: RM3,052,592) and RM30,000 (2011: RM30,000) respectively as further disclosed below.

Directors' remuneration

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Analysis of Directors' remuneration:				
Executive Directors' remuneration:				
Other emoluments	2,389,351	3,052,592	30,000	30,000
Non-Executive Directors' remuneration:				
Other emoluments	80,000	90,000	80,000	90,000
Total Directors' remuneration (Note 25(b))	2,469,351	3,142,592	110,000	120,000
Executive:				
Salaries and other emoluments	1,547,040	1,898,640	30,000	30,000
Bonus	610,000	830,000	-	-
Defined contribution plan	232,311	323,952	-	-
	2,389,351	3,052,592	30,000	30,000
Non-Executive:				
Other emoluments	80,000	90,000	80,000	90,000
	2,469,351	3,142,592	110,000	120,000

The number of Directors of the Company whose total remuneration received from the Group and the Company during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2012	2011
Executive Directors:		
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	2	2
RM350,001 - RM400,000	-	1
RM650,001 - RM700,000	1	1
RM1,050,001 - RM1,100,000	1	1
Non-Executive Directors:		
RM0 - RM50,000	4	6

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

21. FINANCE COSTS

	Group	
	2012 RM	2011 RM
Interest expense on:		
Term loans	1,661,205	1,324,070
Bankers acceptance	959,150	1,413,833
Bank overdrafts	73,701	98,218
Hire purchase payables	297,754	265,278
	2,991,810	3,101,399

22. INCOME TAX EXPENSE/(BENEFIT)

The major components of income tax expense for the financial years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysian income tax:				
Tax expense for the year	1,427,291	536,128	83,536	-
Under/(over) provision in prior years	7,849	24,618	-	(2,770)
	1,435,140	560,746	83,536	(2,770)
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	2,356,945	(48,051)	-	-
Under/(over) provision in prior years	568,708	(416,051)	-	-
	2,925,653	(464,102)	-	-
Income tax expense/(benefit) recognised in profit or loss	4,360,793	96,644	83,536	(2,770)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2012 and 2011 are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

22. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before taxation	21,999,006	15,352,140	5,050,346	5,205,844
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	5,499,752	3,838,035	1,262,587	1,301,461
Income not subject to tax	-	(142,210)	(1,250,796)	(1,375,704)
Expenses not deductible for tax purposes	313,127	405,608	71,745	74,243
Utilisation of current year's reinvestment allowance	(2,421,697)	(1,250,095)	-	-
Deferred tax assets recognised on reinvestment allowance	-	(2,460,062)	-	-
Under/(over) provision of deferred tax in prior years	568,708	(416,051)	-	-
Under/(over) provision of income tax expense in prior years	7,849	24,618	-	(2,770)
Net share of results of joint venture (foreign)	393,054	96,801	-	-
Income tax expense/(benefit) recognised in profit or loss	4,360,793	96,644	83,536	(2,770)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

23. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2012 RM	2011 RM
Net profit for the year (RM)	17,638,213	15,255,496
Weighted average number of ordinary shares in issue	393,600,019	393,600,019
Basic earnings per share (sen)	4.5	3.9

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

24. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2012 RM	2011 RM	2012 RM	2011 RM
Declared and paid subsequent to year end				
Interim dividend:				
- 1.2 sen tax exempt on 393,600,019 ordinary shares	4,723,200	4,723,200	4,723,200	4,723,200

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the related party transactions detailed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Outstanding balances			
	2012 RM	2011 RM	2012 RM	2011 RM
Group				
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	(911,980)	(775,610)	(164,262)	(104,211)
Company				
Advances to subsidiaries	(6,234,698)	(9,450,530)	(20,474,367)	(14,239,669)

Seong Chan Sauce & Foodstuff Sdn. Bhd. is a company of which Fang Chew Ham and Fong Chu King @ Tong Chu King, who are Directors of the Company, have financial interests.

- (b) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the year was as follows:

	2012 RM	2011 RM
Salaries and other emoluments	2,220,840	2,147,040
Bonus	898,500	894,500
Defined contribution plan	338,067	350,700
	3,457,407	3,392,240

Included in the total key management personnel are:

Directors' remuneration (Note 20)	2,469,351	3,142,592
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

26. COMMITMENTS

	Group	
	2012 RM	2011 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	5,400,917	1,217,580
Approved but not contracted for:		
Property, plant and equipment	-	2,943,142
	5,400,917	4,160,722

27. FINANCIAL GUARANTEES

	Company	
	2012 RM	2011 RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	67,457,298	46,533,985

The Directors have assessed the financial guarantee contracts and concluded that the guarantees are unlikely to be called upon by the banks. This is because the guarantees are collateralised by fixed charges over certain properties, plant and equipment of the Group (Note 3 and 14). The Directors have estimated the financial impact of the guarantees as at 31 December 2012 to be insignificant.

28. FINANCIAL INSTRUMENTS

Fair Values

Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables	8
Borrowings	14
Payables	16

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

28. FINANCIAL INSTRUMENTS (CONT'D)

Fair Values (cont'd)

Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to either the insignificant impact of discounting from their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date except for the following:

	Note	Carrying Amount RM	Fair Value RM
At 31 December 2012			
Financial liability			
Hire purchase payables	14	4,144,894	4,133,065
At 31 December 2011			
Financial liability			
Hire purchase payables	14	4,660,022	4,645,282

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including interest rate risk, foreign currency risk, market price risk and commodity price risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market Risk

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

(i) Interest Rate Risk

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

Interest rate exposure of the Group arises mainly from the Group's interest bearing loans and borrowings.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio to mitigate the impact of interest risk. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculation purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<u>Fixed rate instruments</u>				
Financial liabilities	4,144,894	4,660,022	-	-
<u>Floating rate instruments</u>				
Financial assets	5,000,000	12,025,519	5,000,000	12,025,519
Financial liabilities	67,842,297	48,433,286	-	-

Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit before tax of the Group and of the Company to be (lower)/higher by (RM157,106) and RM12,500 (2011: (RM91,019) and RM30,064) respectively, assuming that all other variables remain constant.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group has transactional currency exposure arising from transactions that are denominated in a currency other than the functional currency of the Group entities. The foreign currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD"), and European Dollars ("EURO").

Approximately 31% (2011: 28%) of the Group's sales are denominated in foreign currencies whilst almost 31% (2011: 30%) of costs are denominated in the respective functional currencies of the Group entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in People's Republic of China ("PRC"). The Group's net investment in PRC is not hedged as currency positions in RMB is considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market Risk (cont'd)

(ii) Foreign Currency Risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of the Group in Ringgit Malaysia	United States Dollar RM	Singapore Dollar RM	Euro Dollar RM	Total RM
At 31 December 2012				
Receivables	20,309,387	3,092,877	-	23,402,264
Cash and bank balances	846,249	35,940	-	882,189
Payables	(423,523)	(202,177)	(113,282)	(738,982)
	20,732,113	2,926,640	(113,282)	23,545,471
At 31 December 2011				
Receivables	17,211,075	2,808,095	1,162	20,020,332
Cash and bank balances	2,152,094	8,272	-	2,160,366
Payables	(1,211,672)	(6,944)	(199,695)	(1,418,311)
	18,151,497	2,809,423	(198,533)	20,762,387

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, SGD and EURO exchange rates against the functional currency of the Group entities, with all other variables remain constant:

Group		2012 RM	2011 RM
<u>Increase/(decrease) to profit before tax</u>			
USD/RM	- strengthened 6% (2011: 8%)	1,243,927	1,452,120
	- weakened 6% (2011: 8%)	(1,243,927)	(1,452,120)
SGD/RM	- strengthened 5% (2011: 4%)	146,332	112,377
	- weakened 5% (2011: 4%)	(146,332)	(112,377)
EURO/RM	- strengthened 6% (2011: 7%)	(6,797)	(13,897)
	- weakened 6% (2011: 7%)	6,797	13,897

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market Risk (cont'd)

(iii) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not have significant exposure to market price risk

(iv) Commodity Price Risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subject to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise their risks arising from such fluctuations either through purchase of the commodity in advance or through increases in sales price, where appropriate.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, approximately 68% (2011: 51%) of the Group's loans and borrowings (Note 14) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities

	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Group				
At 31 December 2012				
Financial assets				
Receivables	82,163,700	-	-	82,163,700
Cash and bank balances	17,782,192	-	-	17,782,192
Total undiscounted financial assets	99,945,892	-	-	99,945,892
Financial liabilities				
Payables	13,258,905	-	-	13,258,905
Bank overdrafts	384,999	-	-	384,999
Bankers acceptance	45,465,084	-	-	45,465,084
Term loans	5,776,838	12,830,782	8,328,501	26,936,121
Hire purchase payables	1,083,827	3,116,162	777,420	4,977,409
Total undiscounted financial liabilities	65,969,653	15,946,944	9,105,921	91,022,518
Total net undiscounted financial assets/(liabilities)	33,976,239	(15,946,944)	(9,105,921)	8,923,374
At 31 December 2011				
Financial assets				
Receivables	64,618,123	-	-	64,618,123
Cash and bank balances	20,371,170	-	-	20,371,170
Total undiscounted financial assets	84,989,293	-	-	84,989,293

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Group				
At 31 December 2011				
Financial liabilities				
Payables	14,167,057	-	-	14,167,057
Bank overdrafts	1,899,301	-	-	1,899,301
Bankers acceptance	21,303,124	-	-	21,303,124
Term loans	5,776,838	15,462,551	9,022,066	30,261,455
Hire purchase payables	1,345,430	2,981,337	1,399,355	5,726,122
Total undiscounted financial liabilities	44,491,750	18,443,888	10,421,421	73,357,059
Total net undiscounted financial assets/(liabilities)	40,497,543	(18,443,888)	(10,421,421)	11,632,234
Company				
At 31 December 2012				
Financial assets				
Receivables	20,487,178	-	-	20,487,178
Cash and bank balances	6,823,222	-	-	6,823,222
Total undiscounted financial assets	27,310,400	-	-	27,310,400
Financial liabilities				
Payables	43,553	-	-	43,553
Total net undiscounted financial assets	27,266,847	-	-	27,266,847

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Company				
At 31 December 2011				
Financial assets				
Receivables	14,240,829	-	-	14,240,829
Cash and bank balances	12,777,984	-	-	12,777,984
Total undiscounted financial assets	27,018,813	-	-	27,018,813
Financial liabilities				
Payables	43,288	-	-	43,288
Total net undiscounted financial assets	26,975,525	-	-	26,975,525

(c) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties both domestic and foreign. It is the Group's policy that all customers who wish to trade on credit terms are subject to stringent credit verification procedures. Each customer has a maximum credit limit. The Group seeks to maintain control over its outstanding receivables and has a credit control committee to minimise credit risk. Overdue balances are reviewed regularly by senior management with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets recorded on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit Risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2012		2011	
	RM	% of total	RM	% of total
By country:				
Malaysia	63,277,866	78%	51,856,171	81%
Singapore	3,648,737	5%	4,488,276	7%
Other countries	13,889,781	17%	8,110,784	12%
	80,816,384	100%	64,455,231	100%

At the reporting date, approximately 58% (2011: 52%) of the Company's trade receivables were due from 10 major customers.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. The Group's policy is to keep the gearing ratio at a manageable level. The Group includes within debt, loans and borrowings. Capital includes equity attributable to the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

30. CAPITAL MANAGEMENT (CONT'D)

		Group	
	Note	2012 RM	2011 RM
Borrowings	14	71,987,191	53,093,308
Payables	16	13,258,905	14,167,057
		85,246,096	67,260,365
Equity attributable to the owners of the parent		213,753,522	200,987,389
Gearing ratio		40%	33%

31. SIGNIFICANT EVENT

- (a) On 3 December 2012, a subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") to purchase a piece of leasehold agricultural land held under No. Hakmilik HSM 1366 for PT No. 848 situated in Sungai Buloh New Village, Mukim of Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 0.7537 hektar subject to 60 years lease expiring on 20 January 2038 for a total consideration of RM5,000,000 from Mdm. Chong Foong Tai.

32. SEGMENT INFORMATION

The Group's activities are predominantly in the manufacturing industry segment.

The Group's geographical segments are based on geographical location of its customers. The foreign customers are predominantly based in Singapore, Hong Kong, China, South Korea, Indonesia, Philippines, Vietnam, Australia and United States of America.

The following table presents revenue regarding the Group's geographical segment:

	Group	
	2012 RM	2011 RM
Malaysia	212,576,128	194,588,226
Singapore	24,194,905	24,111,982
Foreign countries	69,657,430	50,105,727
	306,428,463	268,805,935

The Group's assets and liabilities are solely located in Malaysia other than investment in joint venture amounting to RM14,039,043 (2011: RM7,884,243) which is located in People's Republic of China.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2012

33. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 and 2011 into realised and unrealised earnings is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	88,231,220	70,972,344	1,914,981	1,671,371
- Unrealised	(10,552,217)	(7,400,454)	-	-
	77,679,003	63,571,890	1,914,981	1,671,371
Total share of retained earnings from joint venture				
- Realised	(1,919,952)	(596,563)	-	-
- Unrealised	347,735	216,446	-	-
	76,106,786	63,191,773	1,914,981	1,671,371
Less: Consolidation adjustments	(11,923,063)	(11,923,063)	-	-
Retained profits as per financial statements	64,183,723	51,268,710	1,914,981	1,671,371

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	No. H.S.(M) 472 Lot 4196 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. Hakmilik 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	No. Hakmilik 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. H.S.(M) 4098 No. P.T. 2317 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. H.S.(M) 4651 No. P.T. 5938 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. H.S.(M) 3999 No. P.T. 584 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. H.S.(M) 11086 Lot 66 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.
Existing Use	Office Building Production Factory Warehouse	Office Building Production Factory Warehouse	Production Factory Warehouse	Hostel	Hostel	Production Factory	Warehouse
Types of Land	Industrial Land	Industrial Land	Industrial Land	Residential Land	Residential Land	Industrial Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years	Leasehold 60 years	Leasehold 60 years	Leasehold 60 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	57 years (30 May 2070)	89 years (03 Jul 2102)	89 years (03 Jul 2102)	29 years (22 Jun 2042)	33 years (26 Jun 2046)	28 years (24 May 2041)	57 years (30 May 2070)
Age of Property	17 years	36 years	8 years	14 years	14 years	5 years	3 years
Land Area (Sq. Feet)	110,976	34,950	93,032	8,168	6,806	46,005	87,123
Cost (RM'000)	14,646	4,247	8,686	570	874	5,358	7,277
Net Book Value as at 31 Dec 2012 (RM'000)	12,091	2,908	7,442	417	642	4,620	6,774
Date of Acquisition	03 Oct 1995	03 Jan 1997	19 May 1997	27 May 1997	31 Mar 1998	23 Aug 2004	05 Dec 2005

PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location	No. H.S. (D) 264602 PT No. 12294 (589) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	No. H.S. (M) 9078 PT No. 669 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. H.S.(M) 9111 No. PT 27687 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	PN 67417 No. Lot 2306 Jalan Welfare, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. H.S.(M) 14513 No. PT 12493 (Lot 9107 & Lot 9108) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.	No. HSD 288090 No. PT 847 Jalan Kampong, U19 Kg. Baru Sungai Buloh 40160 Selangor D.E.	No. HSD 261056 No. PT 12202 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor.
Existing Use	Production Factory	Hostel	Vacant	Hostel	Production Factory Warehouse	Vacant	Warehouse
Types of Land	Industrial Land	Residential Land	Industrial Land	Residential Land	Industrial Land	Industrial Land	Industrial Land
Tenure	Leasehold 60 years	Leasehold 60 years	Leasehold 99 years	Leasehold 60 years	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	57 years (25 Jul 2070)	41 years (19 Jul 2054)	80 years (22 Sep 2093)	52 years (17 Jul 2065)	80 years (22 Sep 2093)	99 years (15 Jan 2112)	95 years (21 Dec 2108)
Age of Property	2 years	3 years	1 year	3 years	2 years (Lot 9107) 9 years (Lot 9108)	-	1 year
Land Area (Sq. Feet)	43,560	7,631	42,281	7,535	103,570	80,847	7,623
Cost (RM'000)	5,858	680	967	1,029	15,925	4,482	1,020
Net Book Value as at 31 Dec 2012 (RM'000)	5,452	639	936	982	15,303	4,140	1,000
Date of Acquisition	13 Feb 2008	07 Apr 2009	10 Dec 2009	11 Jan 2010	9 Oct 2009 (Lot 9107) 26 Mar 2010 (Lot 9108)	30 Apr 2010	12 Apr 2011

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. Utilisation of Proceeds

The Company had on 13 July 2010 issued 24,000,000 new ordinary shares of RM0.20 each at an issue price of RM1.73 each pursuant to the approvals obtained from its shareholders at the Annual General Meeting held on 29 June 2010 in accordance with the general mandate pursuant to Section 132D of the Companies Act, 1965 which empowered the Board to issue new shares from time to time and upon such terms and conditions and for such purposes as the Board may deem fit provided that the aggregate number of the shares so issued does not exceed ten percent (10%) of the issued and paid up share capital of the Company. The status of utilisation of the sales proceeds arising from the above Private Placement amounting to RM48,000,000 was as follows:-

Description	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)
Working Capital	25,800	25,800	NIL
Related Expenses For the Private Placemen	400	400	NIL
Investment in Overseas	20,000	14,039	5,961

The Board of Directors of 3A had on 16 November 2011 resolved and approved to extend the timeframe for the utilisation of the balance of the proceeds arising from the above Private Placement until 12 May 2013.

2. Share Buy-Back

The Company did not carry out any share buy-back exercise during the financial year ended 31 December 2012.

3. Options, Warrant or Convertible Securities Exercised

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2012.

4. American Depository Receipts (ADR) / Global Depository Receipt (GDR)

The Company has not sponsored any ADR / GDR programme during the financial year ended 31 December 2012.

5. Sanctions and/or Penalties

There were no sanctions / penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2012.

6. Non-Audit Fees

The amount of non-audit fees paid / payable to external auditors and its affiliates for the financial year ended 31 December 2012 amounted to RM5,500.

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION (CONT'D)

7. Variation in Results

There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2012.

8. Profit Guarantee

There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2012.

9. Revaluation Policy on Landed Properties

The Group's landed properties are not revalued but are reviewed at each reporting date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation, amortisation and impairment.

10. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving Directors and substantial shareholders in the past two years preceding the date of this annual report.

11. Related Party Transactions of a Revenue / Trading Nature (RRPT)

The breakdown of the value of the transactions conducted during the financial year were as follows:-

Related Party	Interested Directors/ Connected Persons	Nature of Transactions	Value of Transactions
Seong Chan Sauce & Foodstuff Sdn. Bhd.	Fang Chew Ham Fong Chu King Foong Chiew Fatt	Sales of goods by San Soon Seng Food Industries Sdn. Bhd.	RM911,980

The RRPT are subject to the following:-

- The provision of the products to the related parties are based on fixed price quoted to all customers or classes of customers.
- The price of charges in the provision of products by the Company is no lower than the prevailing market prices.

The material terms of such RRPT are applied consistently to all classes of customers of in respect of such RRPT. There is no preferred treatment accorded to the related parties.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2013

Authorised Share Capital	:	RM100,000,000 divided into 500,000,000 Ordinary Shares of RM0.20 each
Issued and Fully Paid-Up Capital	:	RM78,720,003 divided into 393,600,019 Ordinary Shares of RM0.20 each
Class of Shares	:	Ordinary Share of RM0.20 each
Voting Rights	:	One (1) Voting Right per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders		No. of Shareholdings			
	Malaysia	Foreign	Malaysian		Foreign	
	No.	No.	No.	%	No.	%
1 - 99	222	0	14,849	0.00	0	0.00
100 - 1,000	311	2	241,330	0.06	1,200	0.00
1,001 - 10,000	2,554	35	14,367,320	3.65	262,500	0.07
100,001 - 100,000	1,270	29	40,999,820	10.42	1,106,500	0.28
100,001 - 19,679,999 *	233	8	191,878,400	48.75	3,128,100	0.79
19,680,000 and above **	1	1	80,000,000	20.33	61,600,000	15.65
Total	4,591	75	327,501,719	83.21	66,098,300	16.79

	No. of Shareholders	No. of Shareholdings	%
Grand Total	4,666	393,600,019	100

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

TOP THIRTY (30) SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same depositor)

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn Bhd	80,000,000	20.33
2. Wilmar International Limited	61,600,000	15.65
3. Fong Chiew Hean	16,520,960	4.20
4. Foong Chiew Fatt	16,180,960	4.11
5. Amanahraya Trustee Berhad Public Islamic Optimal Growth Fund	13,623,200	3.46

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2013

TOP THIRTY (30) SHAREHOLDERS (CONT'D)

Name of Shareholders	No. of Shares Held	% of Issued Capital
6. Fong Chu King @ Tong Chu King	10,950,000	2.78
7. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Siew Lai</i>	10,473,380	2.66
8. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Kwee Hock</i>	10,000,080	2.54
9. Amanahraya Trustees Berhad <i>Public Islamic Equity Fund</i>	8,844,500	2.25
10. Amanahraya Trustees Berhad <i>PB Growth Fund</i>	5,814,800	1.48
11. Amanahraya Trustees Berhad <i>Public Islamic Mixed Asset Fund</i>	4,997,000	1.27
12. Public Invest Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yoong Fui Kien</i>	3,475,000	0.88
13. Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	3,410,400	0.87
14. Cheong Siew Chyuan	3,300,000	0.84
15. Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	2,951,400	0.75
16. Amanahraya Trustees Berhad <i>PB Islamic Equity Fund</i>	2,734,800	0.69
17. Tan Kim Tee	2,546,000	0.65
18. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Industry Fund</i>	2,433,600	0.62
19. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Faai @ Ng Yoke Pei</i>	2,134,900	0.54
20. Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Cheong Siew Chyuan</i>	2,000,000	0.51
21. A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rentas Megah Sdn Bhd</i>	1,586,700	0.40
22. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Phoa Boon Ting</i>	1,520,080	0.39
23. Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Keng Hong</i>	1,500,000	0.38
24. T.B.R Shopping Centre (M) Sdn Bhd	1,500,000	0.38
25. Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38
26. Chan Chu Wei	1,468,000	0.37
27. Foong Kin	1,460,000	0.37
28. A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Teong Leong</i>	1,268,960	0.32
29. Lee Keng Hong	1,260,700	0.32
30. Fong Peng Man	1,180,500	0.30
Total	278,223,920	70.69

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2013

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Capital
Fang Chew Ham Holdings Sdn Bhd	80,420,000	20.43
Wilmar International Limited	61,600,000	15.65
Amanahraya Trustees Berhad	42,376,100	10.77
JF Apex Nominees (Tempatan) Sdn Bhd	20,800,940	5.28

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Dato' Mohd Nor Bin Abdul Wahid	438,000	0.11	-	-
Fang Chew Ham	-	-	124,501,920 ¹	31.63
Fong Chu King @ Tong Chu King	10,950,000	2.78	32,811,820 ²	8.34
Chew Eng Chai	160,000	0.04	7,000 ³	0.00
Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38	2,220,000 ⁴	0.56
Fang Siew Yee	-	-	80,850,000 ⁵	20.54
Khoo Wee Boon	-	-	-	-
Mohd Zaki Bin Hamzah	500,000	0.13	-	-
Sun Yi-Ling	-	-	-	-

Note:

1. Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King; his son-in-law Liew Kuo Shin and Fang Chew Ham Holdings Sdn Bhd
2. Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean and his son Fong Peng Fai
3. Indirect interest via shareholdings of his spouse Lim Tong Lean
4. Indirect interest via shareholdings of his spouse Ng Faa i @ Ng Yoke Pei
5. Indirect interest via shareholdings of his spouse Liew Kuo Shin and Fang Chew Ham Holdings Sdn Bhd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Ballroom Level 1, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on 13 June 2013 at 11.00 a.m. for the following purposes:-

1. To receive the audited Financial Statements for the financial year ended 31st December 2012 (Resolution 1) and the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:-
 - 2.1 Mr. Fong Chu King @ Tong Chu King (Resolution 2)
 - 2.2 Ms. Fang Siew Yee (Resolution 3)
3. To consider and if thought fit, pass the following Resolution in accordance with Section 129(6) of the Companies Act, 1965:-
 - 3.1 "That Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." (Resolution 4)
4. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 has been received by the Company for the nomination of Messrs. BDO who have given their conditional consent to act as auditors of the Company and of the intention to propose the following Resolution:-

"That Messrs BDO be and is hereby appointed as auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young and to hold office until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors."

5. As special business, to consider and if thought fit, to pass the following resolutions as

Ordinary Resolutions:-

- 5.1 Authority to Directors to Allot and Issue Shares
Pursuant to Section 132D of the Companies Act, 1965 (Resolution 6)

"That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM0.20 in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5.2 Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

(Resolution 7)

"THAT approval be and is hereby given for the renewal of the Existing Shareholders' Mandate for the Company and its subsidiaries ("Three-A Group") to enter into transactions falling within the types of recurrent related party transactions of a revenue and trading nature which are necessary for the day to day operations of the Three-A Group from time to time, the nature and the contracting parties are set out in a table under Section 2.4 of the Circular to Shareholders dated 20 May 2013 PROVIDED THAT

- (i) the transactions are in ordinary course of business on an arms' length basis, on normal commercial terms and on terms not more favorable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions conducted pursuant to this shareholders' mandate during the financial year of the Company is made in the annual report by providing a breakdown of the aggregate value of the transactions amongst others, based on the following information:-
 - (a) the type of transactions made; and
 - (b) the names of the related parties involved in each type of transactions made and their relationships with the Company and its subsidiaries.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the said Annual General Meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Act but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
- (c) revoke or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and / or authorised by the Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5.3 Proposed Renewal of Authority for the Company to purchase its own shares

(Resolution 8)

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorized to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Board of Directors from time to time as they deem fit and expedient in the best interests of the Company ("the Proposed Share Buy-Back") provided that:-

- (i) The aggregate number of Shares bought back and/or held does not exceed ten per centum (10%) of the total issued and paid up share capital of the Company subject to the restrictions that the issued and paid up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
- (ii) The maximum funds to be allocated for the buy-back of the Company's own shares shall not exceed the total retained profits and the share premium account of the Company;
- (iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and

THAT upon completion of the buy-back of the Company of its own Shares, the Directors of the Company are authorised to deal with the shares so bought back in any of the following manner:-

- (i) the shares so purchased may be cancelled; and/or
- (ii) the shares so purchased may be retained as treasury shares and held by the Company or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder;

and the treasury shares may be distributed as dividends to the shareholders of the Company and/or resold on the market of Bursa Malaysia Securities Berhad and/or subsequently cancelled; and/or any combination of the three and in any other manner;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which the next annual general meeting after that date is required by law to be held, or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy Back (including without limitation, the appointment of stockbroking firm and the opening and maintenance of a Central Depository Account designated as a Share Buy-Back Account) with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental / regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad and all other relevant governmental / regulatory authorities.

- 5.4 To consider and if thought fit, to pass the following resolution in accordance with the Recommendation 3.3. of the Malaysian Code on Corporate Governance 2012 (Resolution 9)

"That Mr. Chew Eng Chai who has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2002 be and is hereby retained as the Independent Non-Executive Director of the Company."

- 5.5 To consider and if thought fit, to pass the following resolution in accordance with the Recommendation 3.3. of the Malaysian Code on Corporate Governance 2012 (Resolution 10)

"That subject to the passing of the above resolution 4, Mr. Tan Chon Sing @ Tan Kim Tieng who has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2012 be and is hereby retained as the Independent Non-Executive Director of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

As Special Business :-

6. To consider and if thought fit, to pass the following Special Resolution, with or without modifications:-

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2012 be and are hereby approved." Special Resolution 1

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

BY ORDER OF THE BOARD

NG BEE LIAN (MAICSA 7041392)
TAN ENK PURN (MAICSA 7045521)
Company Secretaries

Kuala Lumpur
Date: 20 May 2013

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. Appointment of Auditors (Resolution 5)

The Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. BDO, who have given their consent to act, for appointment as Auditors.

2. Authority to Directors to Allot and Issue Shares Pursuant to Section 132 D of the Companies Act, 1965 (Resolution 6)

The proposed resolution No. 6, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total paid up share capital of the Company for the time being without convening a general meeting for such purposes as the Directors would be in the interest of the Company. This renewed authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting. No shares had been issued by the Company since obtaining the authority from its shareholders at the last Annual General Meeting held on 18 April 2012. The renewal of the general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.

3. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 7)

For further information on proposed resolution No.7, please refer to the Circular To Shareholders dated 20 May 2013 accompanying the Company's Annual Report for the financial year ended 31 December 2012.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Proposed Renewal of Authority for the Company to purchase its own shares (Resolution 8)

The proposed resolution No. 8, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid up share capital of the Company.

5. To Retain the designation of Mr. Chew Eng Chai as the Independent Non-Executive Director of the Company in accordance with the Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 (Resolution 9)

Mr. Chew Eng Chai has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2012. The Board recommends retaining his designation as Independent Non-Executive Director due to the following reasons:-

- He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
- He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- His vast experience in finance and manufacturing industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and
- He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

6. To Retain the designation of Mr. Tan Chon Sing @ Tan Kim Tieng as the Independent Non-Executive Director of the Company in accordance with the Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 (Resolution 10)

Mr. Tan Chon Sing @ Tan Kim Tieng has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2012. The Board recommends retaining his designation as Independent Non-Executive Director due to the following reasons:-

- He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
- He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- His vast experience in finance and manufacturing industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and
- He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Amendments to the Articles of Association Special Resolution 1

The proposed amendments to the Articles of Association, if passed, will enable the Company to comply with the recent amendments of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as for better clarity and enhancement.

NOTES :-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 40160 Shah Alam, Selangor. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
5. For the purpose of determining a member who shall entitled to attend the Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 6 June 2013. Only depositors whose names appear in the Record of Depositors as at 6 June 2013 shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his stead.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect with each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Directors who are seeking re-election or re-appointment at the 11th Annual General Meeting of the Company

Two (2) Directors retiring by rotation pursuant to Article 86 of the Company's Articles of Association and seeking re-election are:

- Mr. Fong Chu King @ Tong Chu King
- Ms. Fang Siew Yee

One (1) Director who is over the age of seventy (70) years seeking re-appointment is:

- Mr. Tan Chon Sing @ Tan Kim Tieng

The details of the above Directors who are seeking re-election or re-appointment are set out in their respective profiles which appear in the Directors' Profiles on pages 10 to 14 of this Annual Report. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appears on page 109 of this Annual Report.

Board Meetings held in the financial year ended 31 December 2012

A total of four (4) Board Meetings were held in the financial year ended 31 December 2012

The attendance of the Directors at the Board Meetings held in the financial year ended 31 December 2012 is set out below:

Date of Board Meetings	Attendance by Independent Directors	Attendance by Non-Independent Directors	Total No. of Directors
i. 23 February 2012	4	5	9
ii. 18 April 2012	4	5	9
iii. 14 August 2012	3	5	8
iv. 20 November 2012	4	5	9

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D)
PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD

Details of attendance by each Director at the Board Meetings held in the financial year ended 31 December 2012 are as follows:-

Directors	Total Board Meetings Attended	Percentage of Attendance
Dato' Mohd Nor Bin Abdul Wahid	4/4	100%
Fang Chew Ham	4/4	100%
Fong Chu King @ Tong Chu King	4/4	100%
Foong Chiew Fatt* (resigned on 29.02.2012)	1/4	100%
Chew Eng Chai	4/4	100%
Tan Chon Sing @ Tan Kim Tieng	4/4	100%
Fang Siew Yee	4/4	100%
Liew Kuo Shin (resigned as director and re-appointed as Alternate Director to Fong Chu King @ Tong Chu King on 29.02.2012)	1/1	100%
Fang Siew Ping (resigned as director and reappointed as Alternate Director to Fang Siew Yee on 29.02.2012)	1/1	100%
Khoo Wee Boon	4/4	100%
Mohd Zaki Bin Hamzah	3/4	75%
Sun Yi-Ling	1/4	25%
Fong Chiew Hean, Alternate Director To Foong Chiew Fatt (resigned on 29.02.2012)	0/4	-
Kwek Ju-Yang, Mark (appointed as Alternate Director to Sun Yi-Ling on 25.04.2012)	3/4	75%

Details of venue, date and time of the Eleventh Annual General Meeting

VENUE

Ballroom, Level 1
 Jalan Kelab Tropicana
 Tropicana Golf & Country Resort
 47410 Petaling Jaya
 Selangor Darul Ehsan

DATE AND TIME

Thursday, 13 June 2013 at 11.00 a.m.

NOTICE OF NOMINATION OF NEW AUDITOR

Fang Chew Ham Holdings Sdn. Bhd. (784169-U)
Chamber E, Lian Seng Courts
275 Jalan Haruan 1
Oakland Industrial Park
70200 Seremban N.S.D.K.

Date: 29 April 2013

The Board of Directors
Three-A Resources Berhad (481559-M)
AI 308, Lot 590 & Lot 4196,
Jalan Industri, U19,
Kampung Baru Sungai Buloh,
40160 Shah Alam,
Selangor Darul Ehsan,
Malaysia

Dear Sirs,

NOTICE OF NOMINATION OF NEW AUDITOR

We, Fang Chew Ham Holdings Sdn. Bhd., being a member of Three-A Resources Berhad (481559-M) hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs BDO as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young and to propose the following motion as an Ordinary Resolution to be tabled at the forthcoming Annual General Meeting of the Company:-

“That M/s BDO be and is hereby appointed as auditors of the Company in place of the retiring Auditors, M/s Ernst & Young to hold office until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors.”

Yours faithfully,

FANG CHEW HAM
Shareholder of Three-A Resources Berhad

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
<p>Article 2</p> <p>Definitions</p> <p>Para 7.21(2)</p>	<p>Definitions:-</p> <p>Exempt Authorised Nominee:</p> <p>-</p>	<p>Article 2</p> <p>Exempt Authorised Nominee:</p> <p>An authorised nominee is defined under the Central Depositories Act which is exempted from compliance with the provisions of sub-section 25A(1) of the Central Depositories Act</p>	<p>Insertion of new definition</p>
<p>Para 7.21A (1)</p> <p>Proxy need not be a member</p>	<p>Article 79</p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>	<p>To delete Article 79 in its entirety and to be replaced with a new Article 79</p> <p>Article 79</p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer.</p> <p>A proxy need not be member. There is no restriction to as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.</p> <p>The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>	<p>Alteration of existing Article 79</p>

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (CON'D)

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
<p>Para 7.21 Appointment of multiple process</p>	<p>Article 79A</p> <p>Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</p>	<p>To delete Article 79A in its entirety and to be replaced with a new Article 79A</p> <p>Article 79A</p> <p>Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account</p>	<p>Alteration of Existing Article 79A</p>
<p>Para 7.21 (1)</p>		<p>Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.</p> <p>Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.</p>	
<p>Para 7.21A (2)</p>		<p>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak in the meeting.</p>	

PROXY FORM

THREE-A RESOURCES BERHAD
481559-M | INCORPORATED IN MALAYSIA

I/We,
of
being a member of Three-A Resources Berhad hereby appoint
of.....
.....
or the Chairman of the meeting as my / our proxy to attend and vote as indicated hereon on my /our behalf at the Eleventh Annual General Meeting of the Company to be held on the 13 day of June 2013 at 11.00 a.m. and at any adjournment thereof.

	Resolutions	For	Against
1	Receive the audited Financial Statements for the financial year ended 31st December 2012 and the Reports of the Directors and Auditors thereon		
2	Re-election of Mr. Fong Chu King @ Tong Chu King		
3	Re-election of Ms. Fang Siew Yee		
4	Re-appointment of Mr. Tan Chon Sing @ Tan Kim Tieng		
5	Appointment of Auditors		
6	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8	To provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid up share capital of the Company		
9	To retain the designation of Mr. Chew Eng Chai as Independent Non-Executive Director		
10	To retain the designation of Mr. Tan Chon Sing @ Tan Kim Tieng as Independent Non-Executive Director		
11	To approve proposed amendments to the Articles of Association		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

No. of Shares	
---------------	--

Dated this day of 2013

Signature/Common Seal

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act, shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149 (1)(c) of the Act, are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
5. for the purpose of determining a member who shall entitled to attend the Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 6 June 2013. Only depositors whose names appear in the Record of Depositors as at 6 June 2013 shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his stead.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect with each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.

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STAMP

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