THREE-A RESOURCES BERHAD (481559-M)

AL 308, Lot 590 & Lot 4196, Jalan Industri,
U19, Kampung Baru Seri Sungai Buloh,
47000 Selangor Darul Ehsan, Malaysia.

Tel: +(60)3-6156 2655
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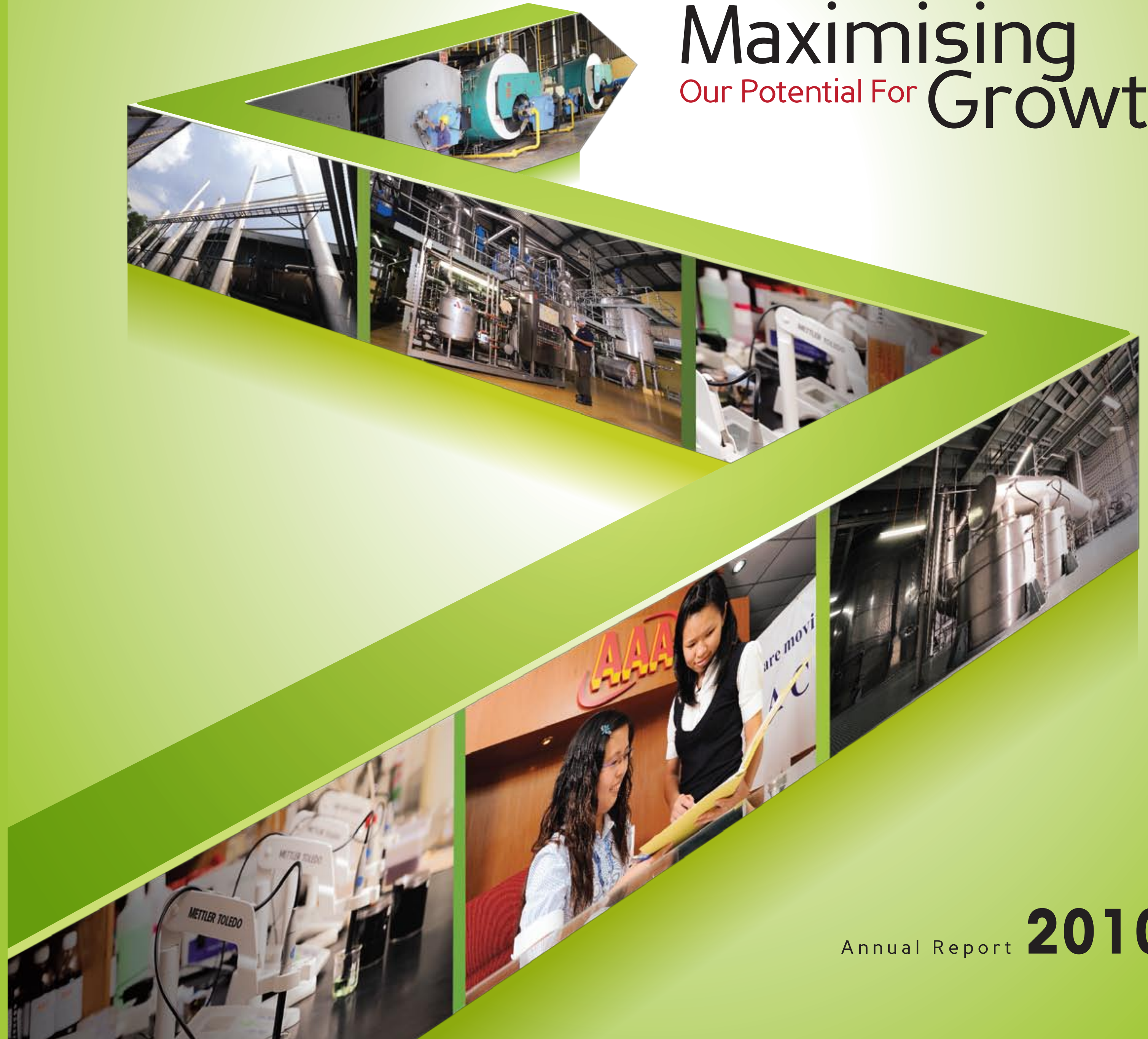
Website: www.three-a.com.my

Three-A Resources Berhad (481559-M)

Annual Report 2010

THREE-A RESOURCES BERHAD
481559-M
Incorporated in Malaysia

Maximising Our Potential For Growth



Annual Report **2010**

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

CONTENTS

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 namely **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 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 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. had entered into a Joint Venture with Yihai Kerry Investment Co. Ltd., a 98.39% owned subsidiary of Wilmar International Limited. The Joint Venture entity namely Three-A (Qinhuangdao) Food Industries Co. Ltd. was duly registered on 9 August 2010 bearing registration no. 130300400004752 in the People's Republic of China with a registered capital of USD 5,100,000. The intended nature of business is the manufacturing, processing and trading of Hydrolyzed Vegetable Protein (HVP) (in liquid and powder foam) 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 ingredients manufacturers in the country with products ranging as follows:

Caramel Colour (Full Range)
Glucose Syrup; Maltose Syrup
Soya Protein Sauce (Hydrolyzed Vegetable Protein; HVP)
Natural Fermented Vinegar; Distilled Vinegar; Rice Vinegar
Caramel Powder; HVP Powder; 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. Besides, the Group has successfully ventured into countries around the world and confident that the export market will contribute much needed earning growth in the future.

PRODUCTS APPLICATION

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, flavours, seasonings, sauces, beverages, dry mixes, confectionery, frozen foods, snack foods, etc.

EXTENSIVE AWARDS & RECOGNITION

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 has received the Governance Awards 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 which listed on the 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 performing and steady growth in the business of the Group for the year 2009

Achievement of the following standards and certifications are testimonies 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 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 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 enhances to further its product range and strive for continuous improvements to meet its customers' satisfaction as 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 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 America's produced foods that are certified kosher. This certification has become an increasingly important marketing device which generates more revenues by expanding our business market shares.

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 Maltodextrin Production. HACCP is an internationally accepted technique for preventing microbiological, chemical and physical contamination along the food supply chain. With the HACCP certification will further promote consumer confidence and conform to regulatory and market requirements.

CORPORATE INFORMATION

COMPANY SECRETARIES

Ng Bee Lian
MAICSA 7041392

Tan Enk Purn
MAICSA 7045521

REGISTERED OFFICE

AL 308, Lot 590 & Lot 4196
Jalan Industri, U19
Kampung Baru Seri Sungai Buloh
47000 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
Fong Chu King @ Tong Chu King

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
CIMB Bank Berhad
EON Bank Berhad

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel No. : (03) 2087 7000
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 *(Finance Manager)*
Fang Siew Yee *(Executive Director)*
Tel. No. : (03) 6156 2655
E-mail : info@three-a.com.my

BOARD OF DIRECTORS

Dato' Mohd Nor Bin Abdul Wahid
Non-Independent Executive Chairman

Fang Chew Ham
Deputy Executive Chairman &
Managing Director

Fong Chu King @ Tong Chu King
Non-Independent Executive Director

Foong Chiew Fatt
Non-Independent Non-Executive Director

Chew Eng Chai
Independent Non-Executive Director

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

Fang Siew Yee
Non-Independent Executive Director

Liew Kuo Shin
Non-Independent Executive Director

Fang Siew Ping
Non-Independent Executive Director

Khoo Wee Boon
Independent Non-Executive Director

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

Sun Yi-Ling
Non-Independent Non-Executive Director

Fong Chiew Hean
(appointed as Alternate Director to Mr.
Foong Chiew Fatt on 24 February 2011)
Non-Independent Non-Executive Director

CHAIRMAN'S STATEMENT

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 2010.

Overview and performance of the year under review

The 3A Group's registered turnover increased by 39.4% or RM70.358 million from RM178.582 million to RM248.940 million as compared to the last financial year 2009. However, the profit before tax had decreased by 11.8% or from RM23.707 million in the preceding financial year to RM20.905 million for the financial year ended 31 December 2010 as a result of the continuous increase in raw material costs.

Profit after taxation was registered at RM16.887 million which is slightly lower as compared to RM18.039 million in the previous financial year. Net earnings per share for the financial year ended was 4.4 sen compared to 5.7 sen for the previous year.

As at 31 December 2010, The Group's shareholders' fund stood at RM189.824 million whilst net assets per share is 48.23 sen.

The Group continues to enjoy tremendous growth in turnover as a result of a reputable and well-established brand name back by a proven track record of superior product quality and customer satisfaction. All products have registered growth in turnover for both domestic and overseas market.

The turnover and profit before taxation of the Group continue to grow from year 2002 to year 2010 rising from a mere RM23.78 million to RM249.062 million and RM2.59 million to RM20.905 million respectively. Of course, the Board together with the management played an important role to ensure the successful execution of well-thought corporate and business strategies. 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.

Going Forward

The Board is mindful of the current events taking place, in particular the escalating price of raw material. In 2010, the average raw material costs increased about 50% as compared to 2009. The volatility of raw material prices induced by weather, pest related shocks, together with uncertainty about the expected harvest during the growing season all contributed to the raw material cost increased.

Despite the higher uncertainty and volatility your board is expected to face in meeting the challenge going forward, we shall always be guided by our firm believe in investment in quality. Such policy has brought significant success to our business in the past. From 2002 to 2010, the turnover increased by compound growth rate of approximately 33%. More recently, we have successfully penetrated into the infant food product manufacturing industries. In 2009 and

2010, we have earmarked a total capital expenditure of RM34.60 million to commission additional production facility for maltodextrin and glucose syrup. And in 2011, the board approved another RM10 million capital expenditures to construct a second caramel plant. The increase in combined production capacity would enable your company to enjoy better economies of scale which would put us in good state in meeting the competition from both within and outside Malaysia.

Independent recognition of achievement is a key measure of success for an organisation in the fulfilment of its goals.

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. With a superior quality and trusted range of products, we expect our export market to perform even better going forward. Currently, our exports are growing in tandem with our domestic market. We would continue to improve our competitiveness in the global market through greater emphasis in human resource, research and product development.

At the same time, the management would continue to implement various cost savings measures and improvement in efficiency in the production.

Corporate Developments and Prospects of the Group

As announced on 2 July 2010, the Company proposed to implement a Proposed Placement of up to 10% of the total issued and paid-up share capital of the Company. The proposed Private Placement entailed the issuance of 36,960,000 new ordinary shares of RM0.20 each to be issued at an issued price of RM1.73 per ordinary share. The above Proposed Placement was approved by the shareholders of the Company in accordance with the general mandate pursuant to Section 132D of the Companies Act 1965 at the Annual General Meeting held on 29 June 2010. On 13 July 2010, 24,000,000 new ordinary shares of RM0.20 each was allotted and issued at an issued price of RM1.73 per share.

The above private placement had raised a gross proceeds of RM41.52 million and shall be utilised by the Company and its group of subsidiaries for working capital and/or investment for business expansion in related industries as well as to defray the expenses in respect of the said private placement.

The Group has a 50% equity interest in a jointly-controlled entity namely Three-A (Qinhuangdao) Food Industries Co. Ltd. via its wholly owned subsidiary, Three-A Food Industries (M) Sdn. Bhd. This joint venture is incorporated in the People's Republic of China on 9 August 2010 and is in the business of manufacturing, processing and trading of Hydrolyzed Vegetable Protein (HVP) (in liquid and powder foam) and all related by-products.

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 2010 of which payment was made on 11 January 2011.

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

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 continuing trust and loyalty.

Lastly, I would like to congratulate my fellow directors, management and staff of the Group for the good performance in 2010 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
Executive Chairman

FINANCIAL CALENDAR

FINANCIAL YEAR 2010

23 February 2010
Announcement on Quarterly results on consolidated results for the financial period ended 31.12.2009.

11 March 2010
Announcement on change of address of Share Registrars.

15 March 2010
Announcement on proposed renewal of shareholders' mandate – recurrent related party transactions of a revenue of trading nature.

26 March 2010
Announcement on Purchase of leasehold land by San Soon Seng Food Industries Sdn. Bhd., a wholly owned subsidiary of Three-A Resources Berhad from Excellent Chemicals Industrial Sdn. Bhd.

5 May 2010
Announcement of Three-A Resources Berhad (3A):

1. Proposed Co-operation between 3A and Wilmar International Limited in the People's Republic of China ("Proposed Co-operation").
2. Proposed Provision of Financial Assistance by 3A in favour of the Joint Venture Companies to be incorporated pursuant to the Proposed Co-operation ("Proposed Financial Assistance").

25 May 2010
Announcement of Quarterly results on consolidated results for the financial year ended 31 March 2010.

7 June 2010
Extraordinary General Meeting.

7 June 2010
Eighth Annual General Meeting.

29 June 2010
Announcement of the results of Extraordinary General Meeting.

29 June 2010
Announcement on Eighth Annual General Meeting.

29 June 2010
Announcement on Eighth Annual General Meeting.

2 July 2010
Announcement on Proposed Private Placement of new ordinary shares of RM0.20 each of up to ten percent (10%) in 3A.

7 July 2010
Announcement on Proposed Private Placement of new ordinary shares of RM0.20 each of up to ten percent (10%) in 3A.

14 July 2010
Announcement on additional listing announcements.

22 July 2010
Announcement on dealings by director during outside closed period pursuant to Para 14.09 (a) of the Listing Requirements of the Main Market of Bursa Malaysia Securities Berhad.

17 August 2010
Announcement on Quarterly results on consolidated results for the financial period ended 30 June 2010.

27 August 2010
Announcement on Registration of Joint Venture Company namely Three-A (Qinhuangdao) Food Industries Co. Ltd.

29 November 2010
Announcement on Tax Exempt Interim Dividend of 6% per ordinary share of RM0.20.

29 November 2010
Announcement on Quarterly results on consolidated results for the financial period ended 30 September 2010.

30 November 2010
Announcement on Notice of Book Closure.

28 December 2010
Announcement on increase of Issued and Paid Up share capital of San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. ifka Three-A Plantation (Pahang) Sdn. Bhd., all wholly-owned subsidiaries of 3A.

DIRECTORS' PROFILE

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

58 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 since then. He is also the Executive Chairman and Executive Director of both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn Bhd and Three-A Plantation (Pahang) Sdn Bhd. Presently, Dato' Mohd Nor Bin Abdul Wahid serves as a member of the Remuneration Committee of the Company.

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 position of Executive Trainee in the Bank's wholly-owned subsidiary, Kewangan Bumiputra Berhad to a position as one of the Senior General Manager of the Bank, in-charge of 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 also holds directorship in Aikbee Resources Berhad and sits in the Board of Trustee of Yayasan Wilayah Persekutuan and Institute Professional Baitumal.

Dato' Mohd Nor Bin Abdul Wahid attended all six (6) Board Meetings held during the financial year ended 31 December 2010. 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

63 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 Plantation (Pahang) Sdn Bhd.

Mr. Fang Chew Ham started the family business producing Caramel Colour for more than 30 years ago. 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 is equipped with vast experience in the food & beverage business heads the management of SSSFI. His leadership together with the expanded management personnel will result in broad and flexible goal setting; and to meet the quality of the ever-changing demands and development of 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 six (6) Board Meetings held during the financial year ended 31 December 2010. 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, Mr. Foong Chiew Fatt and is father of Ms. Fang Siew Yee and Ms. Fang Siew Ping, all of whom are the Directors of the Company.

Mr. Fang Chew Ham is also a sibling of Mr. Fong Chiew Hean, Alternate Director to Mr. Foong Chiew Fatt, a Director of the Company.

DIRECTORS' PROFILE (CONTINUED)

MR. FONG CHU KING @ TONG CHU KING
Non-Independent Executive Director

66 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. Presently, he serves as a member of the Nomination Committee of the Company. 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 has graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University. He is a qualified Professional Engineer of Lembaga Jurutera Malaysia and also a member of Institution Engineer 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 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 six (6) Board Meetings held during the financial year ended 31 December 2010. 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 and Mr. Foong Chiew Fatt who are Directors of the Company.

Mr. Fong Chu King is also a sibling of Mr. Fong Chiew Hean, an Alternate Director to Mr. Foong Chiew Fatt, a Director of the Company.

MR. FOONG CHIEW FATT
Non-Independent Non-Executive Director

78 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 Non-Executive Director since then. He brings with 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 has attended all six (6) Board Meetings held during the financial year ended 31 December 2010. 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. CHEW ENG CHAI
Independent Non-Executive Director

61 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 member 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 six (6) Board Meetings held during the financial year ended 31 December 2010. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

DIRECTORS' PROFILE (CONTINUED)

MR. TAN CHON SING @ TAN KIM TIENG
Independent Non-Executive Director

72 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 was graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a former 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 six (6) Board Meetings held during the financial year ended 31 December 2010. He 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
Non-Independent Executive Director

31 years of age
Malaysian

Ms. Fang Siew Yee was appointed to the Board of the Company on 03 March 2004 and has served as a Non-Independent Executive Director since then.

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

Ms. Fang Siew Yee has attended all six (6) Board Meetings held during the financial year ended 31 December 2010. 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; daughter of Mr. Fang Chew Ham; and sibling of Ms. Fang Siew Ping, all of whom are the Directors of the Company.

MR. LIEW KUO SHIN
Non-Independent Executive Director

33 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 was graduated as a Mechanical Engineer and has 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 maintenance of plant and machinery in 3A Group.

Mr. Liew Kuo Shin has attended all six (6) Board Meetings held during the financial year ended 31 December 2010. 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 Ms. Fang Siew Yee, who is the Director of the Company.

DIRECTORS' PROFILE (CONTINUED)

MS. FANG SIEW PING
Non-Independent Executive Director

29 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 was graduated with Bachelor 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 3A Group.

Ms. Fang Siew Ping has attended all six (6) Board Meetings held during the financial year ended 31 December 2010. 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.

MR. KHOO WEE BOON
Independent Non-Executive Director

62 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.

Mr. Khoo Wee Boon had completed GCE in 1966 from University of Cambridge and completed Advance Bank Management Program from Asia Institute of Management; Eugenio Lopez Foundation of which 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 five (5) Board Meetings held during the financial year ended 31 December 2010. 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

53 years of age
Malaysian

Encik Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 09 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.

Encik Mohd Zaki Bin Hamzah graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Master in Business Administration 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. Presently, he also serves as Director of Aikbee Resources Berhad since 2000.

Encik Mohd Zaki Bin Hamzah has attended all six (6) Board Meetings held during the financial year ended 31 December 2010. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

DIRECTORS' PROFILE (CONTINUED)

MS SUN YI-LING
Non-Independent Non-Executive Director

34 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 in 2008 in the Business Development division and is now their Senior Business Development Manager.

Ms Sun Yi-Ling has attended three (3) Board of Directors Meeting held during the financial year ended 31 December 2010 and she 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
Non-Independent Non-Executive Director
(Alternate Director to MR. FOONG CHIEW FATT)

74 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 Non-Executive Director of the Company. He has with him, intensive experience in the sauce making industry.

Mr. Fong Chiew Hean had not attended any Board Meeting during the financial year ended 31 December 2010 as he was appointed to the Board on 24 February 2011. 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, Mr. Fong Chu King and Mr. Foong Chiew Fatt, all of whom are the Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY

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 both influence corporate strategy and draw 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 2010, the Group has made contributions to the following charitable organisations as well as participations in charitable events:-

(a) "To Promote A Caring Society" by Happy Seniors Cultural & Arts Studies
(b) Kesatuan Perkhidmatan Kawalan Vektor Semenanjung Malaysia
(c) Kesatuan Pekerja Bomba dan Penyelamat Semenanjung Malaysia
(d) "Tabung Kebajikan, Pelajaran dan Penbangunan Perbekas" by Kastam Diraja Malaysia
(e) "Suara Teknologi Perubatan dan Kesihatan" by
Kesatuan Pembantu Teknologi Makmal Perubatan dan Kesihatan Semenajung Malaysia
(f) "MIDA Sports & Social Club" by Kelab MIDA
(g) Bahagian Perkhidmatan Farmasi, Jabatan Kesihatan Negeri Selangor
(h) "Suara Penghuni Rumah Kediaman Polis Diraja Malaysia" by Persatuan Penghunu Rumah Kediaman Polis Diraja Malaysia
(i) "Charity for Senior-Citizens and Handicapped" by Happy Seniors Cultural Art Studies
(j) Kesatuan Kebangsaan Pembantu Tadbir Kesihatan Semenanjung Malaysia
(k) "Skuad 69 PDRM" by Polis Diraja Malaysia
(l) "Carnival of the Green" Environmental Event by Oldtown Group
(m) "Sumbangan Makanan untuk Program Kem Kesihatan" by
Unit Kawalan Penyakit Berjangkit, Pejabat Kesihatan Daerah Petaling
(n) "School Hall Fund-Raising Project" for the School Hall of SJK (C) Sungai Buloh

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 talk sessions to provide an avenue for employees to engage with the management and network among each other. These sessions allow the Company's management to share the business direction and policies with employees at the operational level. Such sessions also provide opportunities for employees to provide their feedback and provide inputs for business and operational improvements. The Company also places utmost importance on ensuring employee safety in the workplace. The Company had organised in-house safety programs to ensure the workers know how to effectively handle the Company's machineries and 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 or 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 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 Balance

The Board consists of thirteen (13) members; comprising six (6) Non-Independent Executive Directors (including Non-Independent Executive Chairman and Managing Director), two (2) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and one (1) Alternate Director.

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 Board is well balanced with an effective mix of eight (8) Non-Independent Directors and four (4) Independent 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 taken 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 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.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders within the Group.

The profiles of the Board Members are presented on pages 9 to 13.

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 Executive Chairman, Dato' Mohd Nor Bin Abdul Wahid, who has the responsibility of ensuring that each of the agenda items 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 require Board's approval.

At the Board meetings, the Board reviews the Group's business operations by analysing the profit and loss account and balance sheet of the Group as compared to the same corresponding period. The Board also notes the decisions and salient issues deliberated by the Audit Committee which are tabled to the Board.

The Directors are regularly updated by the Company Secretary on the 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 staffs 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 with the Board their comments and advice on the relevant proposal tabled.

The Board met six (6) times during the financial year ended 31 December 2010. Additional meetings are held as and when required. The dates of the Board Meetings and Emergency Board Meetings are as follows:

- 22 February 2010
- 3 May 2010 (Emergency Board Meeting)
- 24 May 2010
- 22 June 2010 (Emergency Board Meeting)
- 17 August 2010
- 24 November 2010

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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	6	6
Fang Chew Ham	6	6
Fong Chu King @ Tong Chu King	6	6
Foong Chiew Fatt	6	6
Chew Eng Chai	6	6
Tan Chon Sing @ Tan Kim Tieng	6	6
Fang Siew Yee	6	6
Liew Kuo Shin	6	6
Fang Siew Ping	6	6
Khoo Wee Boon	6	5
Mohd Zaki Bin Hamzah	6	6
Sun Yi-Ling	6	3
Fong Chiew Hean *(appointed as alternate Director to Foong Chiew Fatt on 24.02.2011)*	–	–

Appointment to the Board

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. The proposed appointment of a new Member to the Board will be deliberated on by the Board based upon the recommendation by the Nomination Committee on the necessity for and qualification and experience of the proposed director.

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.

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

Ms Fang Siew Ping, a Non Independent Executive Director, Mr. Liew Kuo Shin, a Non Independent Director and Mr. Khoo Wee Boon, a Independent Non Executive Director are due to retire pursuant to Article 86 of Articles of Association of the Company at the Annual General Meeting scheduled to be held on 18 May 2011 and will be recommended for re-election by the Board pursuant to the Articles.

Non Independent Executive Director Mr. Foong Chiew Fatt and Independent Non Executive Mr. Tan Chon Sing @ Tan Kim Tieng, who have attained the age of 70 years, shall retire pursuant to Section 129 (6) of the Companies Act 1965 and had offered themselves 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 abovementioned Directors have met the requirements set out above and have recommended to the Board of Directors their re-election and re-appointment at the Annual General Meeting scheduled to be held on 18 May 2011. 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 authorities 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

Audit Committee

The Audit Committee currently comprises of three (3) Independent Non-Executive Directors. The Committee meets not less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2010, the Committee met four (4) times. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2010 are as follows:-

Members of Audit Committee and Meeting Attendance

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

Meetings are to be held as and when necessary. The quorum for each meeting is two. 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 24 to 28 on this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Nomination Committee

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

- To review Board structure, size and composition
- To propose nominees for appointment to the Board
- To assist the Board annually in reviewing the required mix of skills and experience and other quality which Non-Executive Directors should bring to the Board
- To annually carry out the assessment of the overall effectiveness of the Board
- To review management's proposals for the appointment, dismissal, transfer, promotion of senior executives

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

In the financial year ended 31 December 2010, 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 *Independent Non-Executive Director*	Mohd Zaki Bin Hamzah	1/1
Member *Independent Non-Executive Director*	Chew Eng Chai	1/1
Member *Non-Independent Executive Director*	Fong Chu King @ Tong Chu King	1/1

Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which take into consideration on 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 as well as the remuneration packages of Executive Directors to the board. 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 (CONTINUED)

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 *Independent Non-Executive Director*	Tan Chon Sing @ Tan Kim Tieng	1/1
Member *Independent Non-Executive Director*	Chew Eng Chai	1/1
Member *Non-Independent Executive Director*	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 2010 are as follows:-

Aggregate remuneration of Directors categorised into appropriate components:-

	Executive Directors	Non-Executive Directors
Salaries and other emoluments	RM1,812,240	RM90,000
Bonus	RM760,000	–
Defined contribution plan	RM305,184	–
Total Directors' Remuneration	**RM2,877,424**	**RM90,000**

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The number of Directors whose total remuneration all within the following bands for the financial year ended 31 December 2010 are as follows:-

	Number of Directors
Executive Directors:	
RM250,001 – RM300,000	1
RM300,001 – RM350,000	3
RM550,001 – RM600,000	–
RM650,001 – RM700,000	1
RM900,001 – RM950,000	–
RM1,000,001 – RM1050,000	1
Non-Executive Directors:	
RM0 – RM50,000	6

NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

Directors of the Company do not hold more than ten (10) directorships in public listed companies and not more than fifteen (15) in non-public listed companies as required by the Listing Requirements. The listing of directorships held by directors is disclosed by the respective directors to the Board to ensure compliance to the above Listing Requirement.

DIRECTORS' TRAINING AND EDUCATION

All Directors have successfully completed the Mandatory Accreditation Programme and attended the relevant seminars and training recognised under the Directors' Continuing Education Programme as prescribed by Bursa Malaysia Securities Berhad.

The Directors have continued to participate in relevant training programmes to keep abreast with the latest developments in the security industry, in particular 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 2010 and up to the date of report, the conferences, seminars and training programmes attended by the Directors were in respect of the following areas:-

(a) Internal Control Best Practices
(b) Motivation Skills Training
(c) 7 QC Tools for Quality Improvement
(d) ISO/HACCP Internal Audit Requirement Program
(e) Tricor Goods and Services Tax Seminar
(f) Talent Management & Succession Planning
(g) Economic & Capital Market II: Macroeconomic Analytics – Clues To The Future
(h) Essential of Fundamental Analytics II: Creating a Framework for Sector Analysis

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 judgments 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.

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 22 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 end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applying them consistently;
- made judgments 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 Internal Control furnished in the annual report provides an overview of the state of internal controls within the Group.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 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
Finance Manager
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 24 February 2011.

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

The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2010 are as follows:

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

The Audit Committee convened four (4) meetings during the year, which 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 2010. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

AUDIT COMMITTEE REPORT (CONTINUED)

COMPOSITION AND TERMS OF REFERENCE

Members

The Board of Directors ("Board") shall elect an Audit committee from amongst themselves which fulfils the following requirements:

i. the Audit Committee shall consist of at least three (3) directors; and

ii. all audit committee members must be non-executive directors with a majority of them being independent directors; and

iii. at least one (1) member of the Audit Committee

  a. must be a member of the Malaysian Institute of Accountants ("MIA");

  b. if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and:

   - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   - he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   - has a degree/masters/doctorate in accounting and finance and at least three (3) years' post qualification experience in account or finance; or
   - is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance; or
   - at least seven (7) years' experience being a chief financial officier of a corporation or having the function of primarily response for the management of the financial affairs of a corporation;

  c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

iv. No alternate Director shall be appointed as member of the Audit Committee.

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

vi. 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.

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.

AUDIT COMMITTEE REPORT (CONTINUED)

Authority

The Audit Committee shall, at the Company's expenses:

- have authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any records, information, property and personnel of the Company;
- have direct communication channels with the internal and external auditors;
- be able to obtain independent professional or other advice; and
- be able 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

- 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;
- To review the status reports from Internal Auditors and ensure that appropriate actions have been taken to implement the internal audit recommendations;
- 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;
- 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;
- 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;
- 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.

AUDIT COMMITTEE REPORT (CONTINUED)

Risk Management

- To review the adequacy and effectiveness of risk management and internal control system instituted within the Group.

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 2010 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;
  - 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;

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.

AUDIT COMMITTEE REPORT (CONTINUED)

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. 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 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 2010 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 2010, a total of four (4) audit reviews and investigations were carried out at spanning the Group's operations.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Bursa Securities's Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors ("the Board") of Three-A Resources Berhad is pleased to include a statement on the state of the Company's internal controls in the annual report.

BOARD RESPONSIBILITY

The Board is responsible for the Group's system of internal control and for reviewing the adequacy and integrity. The Board recognises the importance of a sound system of internal controls for good corporate governance and acknowledges its primary responsibly to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control system are reviewed on an ongoing basis. The Board also acknowledges that a sound system of internal controls reduces, but cannot eliminate the possibility of poor judgment in decision making: human error; breakdown in internal control due to collusion, control processes being deliberately circumvented by employees and others; management overriding controls and occurrence of unforeseeable circumstances. A sound system of internal control therefore provided reasonable but not absolute, assurance that the Group will not be hindered in achieving its business objectives. The Board engages an independent consultant to assist the Board in reviewing and appraising the internal control system within the Group.

CONTROL STRUCTURE

The Board has established a structure with clearly defined areas of responsibility and delegated authority.

The Audit Committee assists the Board in its responsibilities over the system of internal control. Its independence is assured by the composition of a majority of Independent Directors. As highlighted in the Audit Committee Report, the Audit Committee has full access and direct communication with the External and Internal Auditors in discharging its responsibilities.

The Internal Auditor assists the Audit Committee with the examination and evaluation of the adequacy and effectiveness of internal control system, including risk assessment process and operational control activities.

RISK MANAGEMENT

The Board constantly reviewed the risk management guidelines, procedures and standards to ensure they provide effective governance of our risk-taking activities. The maximum risk exposure or risk tolerance is also reviewed as and when required.

MONITORING AND REVIEW ACTIVITIES

The processes for monitoring the internal control system are embedded in the periodic examination by the Internal Auditor of the adequacy and effectiveness of internal control.

The findings of Internal Auditor are reported directly to the Audit Committee. The Audit Committee also reviews the reports from the External Auditors on issues relating to internal controls and financial reporting. The Audit Committee in turn reports to the Board, its findings and consequently its conclusion on the effectiveness of internal control system quarterly.

STATEMENT ON INTERNAL CONTROL (CONTINUED)

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

- Regular and comprehensive information provided to Directors, covering key business, operations, assets and liabilities, and financial performance issues.
- Policies, Procedures and Work Instructions to guide operational processes.
- Compliance, progress audits and operations reviews undertaken and reported to the Audit Committee on a quarterly basis.

EFFECTIVENESS OF INTERNAL CONTROL

The Board will continuously take appropriate steps to strengthen the transparency and efficiency of its operations. It is the intention of the Board and its management to undertake a comprehensive review on the governance and internal control framework at those entities where management control exists. Emphasis will be given by the Board to enhance and refine the risk management framework within the Group for the purposes of ensuring that a culture of ownership, management and accountability for risk exists throughout the Group. This will be supported by an assessment of the operations in relation to the adequacy and integrity of the controls by the internal audit function. Other initiatives deemed necessary will be considered from time to time to ensure that the control environment remains reasonably secure.

The effectiveness of the system of internal control is also reviewed through ISO 9001:2008 and HACCP certification held by the Group. Surveillance visits are carried out annually by auditors from Moody International Certification (Malaysia) Sdn Bhd and a complete re-audit and re-assessment is carried out once every three (3) years. Demanding documentation requirements of the certification further ensure that a trail of accountability exists in this division.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in internal control. Nevertheless the Board and Management continue to take appropriate measures from time to time to strengthen the existing control environment within the Group.

This Statement is made in accordance with a resolution by the Board dated 24 February 2011.

FINANCIAL STATEMENTS

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 2010.

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 these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation	16,886,706	4,777,108

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

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 2009 were as follows:

	RM
In respect of the financial year ended 31 December 2009:	
1.6 sen interim dividend less 25% taxation, on 369,600,019 ordinary shares, declared on 17 December 2009 and paid on 19 January 2010.	4,435,200
In respect of the financial year ended 31 December 2010:	
1.2 sen tax exempt interim dividend on 393,600,019 ordinary shares, declared on 29 November 2010 and paid on 11 January 2011.	4,723,200

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

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
Foong Chiew Fatt
Fong Chu King @ Tong Chu King
Chew Eng Chai
Tan Chon Sing @ Tan Kim Tieng
Fang Siew Yee
Fang Siew Ping
Liew Kuo Shin
Khoo Wee Boon
Mohd Zaki Bin Hamzah
Sun Yi-Ling
Fong Chiew Hean (Alternate Director to Foong Chiew Fatt) (Appointed on 24 February 2011)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial 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 as shown in Note 24 to the financial statements or the fixed salary of a full-time employee of the Company) 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 29 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 2010	**Bought**	**Sold**	**31 December 2010**
Direct interest				
Dato' Mohd Nor Bin Abdul Wahid	8,852,200	–	(500,000)	8,352,200
Foong Chiew Fatt	16,030,960	150,000	–	16,180,960
Fong Chu King @ Tong Chu King	11,496,680	–	(546,680)	10,950,000
Chew Eng Chai	180,000	–	(20,000)	160,000
Tan Chon Sing @ Tan Kim Tieng	1,488,000	–	–	1,488,000
Fang Siew Ping	280,000	–	(280,000)	–
Liew Kuo Shin	205,000	–	(205,000)	–
Mohd Zaki Bin Hamzah	500,000	–	–	500,000
Indirect interest:				
Fang Chew Ham	81,920,000	–	(1,500,000)	80,420,000

DIRECTORS' INTERESTS (CONTINUED)

Fang Chew Ham by virtue of his interest in shares in Fang Chew Ham Holdings Sdn. Bhd. ("FCHH"), is 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.

Foong Chiew Fatt and Tan Chon Sing @ Tan Kim Tieng, having attained the age of seventy respectively, 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 Directors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM73,920,003 to RM78,720,003 by way of the issuance of 24,000,000 ordinary shares of RM0.20 each through a private placement at an issue price of RM1.73 per ordinary share for cash, for additional working capital purposes.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statement of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) 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 there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values 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:

  (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

  (ii) 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 (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

(e) As 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 as and 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 EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Notes 36 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2011.

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 39 to 86 are drawn up in accordance with Financial Reporting Standards and 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 2010 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Breakdown of Retained Earnings into Realised and Unrealised

Further to the Statement by Directors, pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 38 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 19 April 2011.

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 39 to 87 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 19 April 2011.	)	**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 the statement of financial position as at 31 December 2010 of the Group and of the Company, and the statement of comprehensive income, statements of changes in equity and statement of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 86.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 the 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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2010 and of their financial performance and cash flows for the financial year then ended.

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 accounts 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 accounts 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

OTHER MATTERS

The supplementary information set out in Note 38 on page 87 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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

Kua Choo Kai
No. 2030/03/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
19 April 2011

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2010

		Group			Company	
	Note	2010 RM	2009 RM (Restated)	2008 RM (Restated)	2010 RM	2009 RM
NON-CURRENT ASSETS						
Property, plant and equipment	3	**107,958,947**	79,774,077	76,888,601	**931**	1,399
Land use rights	4	**4,695,105**	1,902,200	1,629,295	**–**	–
Investments in subsidiaries	5	**–**	–	–	**103,422,944**	20,100,002
Investment in a joint venture	6	**4,065,755**	–	–	**–**	–
Due from a subsidiary	7	**–**	–	–	**–**	72,735,871
		116,719,807	81,676,277	78,517,896	**103,423,875**	92,837,272
CURRENT ASSETS						
Inventories	8	**53,179,793**	27,864,451	20,029,338	**–**	–
Trade receivables	9	**62,184,922**	50,603,305	35,097,211	**–**	–
Other receivables	10	**6,729,869**	4,905,294	921,935	**1,160**	1,160
Prepayments		**188,553**	165,379	138,492		
Due from a subsidiary	7	**–**	–	–	**4,789,139**	–
Short term investments	11	**30,122,072**	–	–	**30,122,072**	–
Tax recoverable		**740,714**	–	1,090,793	**–**	–
Cash and bank balances	12	**20,425,055**	30,189,279	2,674,318	**16,728,836**	20,424,622
		173,570,978	113,727,708	59,952,087	**51,641,207**	20,425,782
Total assets		**290,290,785**	195,403,985	138,469,983	**155,065,082**	113,263,054
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	13	**78,720,003**	73,920,003	61,600,003	**78,720,003**	73,920,003
Share premium	14	**70,366,858**	33,759,152	–	**70,366,858**	33,759,152
Retained earnings	15	**40,729,326**	28,565,820	18,041,742	**1,185,957**	1,132,049
Foreign currency translation reserve	16	**7,088**	–	–	**–**	–
Total equity		**189,823,275**	136,244,975	79,641,745	**150,272,818**	108,811,204

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

as at 31 December 2010

		Group			Company	
	Note	2010 RM	2009 RM (Restated)	2008 RM (Restated)	2010 RM	2009 RM
NON-CURRENT LIABILITIES						
Borrowings	17	**16,716,569**	14,565,844	17,660,591	**–**	–
Deferred tax liabilities	18	**8,463,697**	7,941,600	6,131,219	**–**	–
		25,180,266	22,507,444	23,791,810	**–**	–
CURRENT LIABILITIES						
Borrowings	17	**51,461,598**	18,459,808	27,857,992	**–**	–
Trade payables	19	**14,030,931**	7,723,652	2,141,256	**–**	–
Other payables	20	**5,031,430**	5,110,412	5,037,180	**28,979**	16,650
Dividend payable		**4,723,200**	4,435,200	–	**4,723,200**	4,435,200
Income tax payable		**40,085**	922,494	–	**40,085**	–
		75,287,244	36,651,566	35,036,428	**4,792,264**	4,451,850
Total liabilities		**100,467,510**	59,159,010	58,828,238	**4,792,264**	4,451,850
Total equity and liabilities		**290,290,785**	195,403,985	138,469,983	**155,065,082**	113,263,054

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2010

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	21	**248,939,689**	178,581,740	**4,800,000**	4,435,200
Cost of sales	22	**(206,453,227)**	(135,058,342)	**–**	–
Gross profit		**42,486,462**	43,523,398	**4,800,000**	4,435,200
Other income	23	**1,056,781**	262,649	**744,177**	20,022
Administrative expenses		**(13,651,096)**	(12,617,436)	**(659,484)**	(256,051)
Other expenses		**(6,424,297)**	(5,347,463)	**–**	–
Share of results of joint venture		**(84,012)**	–	**–**	–
Profit from operations	24	**23,383,838**	25,821,148	**4,884,693**	4,199,171
Finance costs	25	**(2,478,699)**	(2,114,395)	**–**	–
Profit before taxation		**20,905,139**	23,706,753	**4,884,693**	4,199,171
Income tax expense	26	**(4,018,433)**	(5,667,475)	**(107,585)**	–
Profit after taxation		**16,886,706**	18,039,278	**4,777,108**	4,199,171
Other comprehensive income					
– Foreign currency translation		**7,088**	–	**–**	–
Total comprehensive income for the year		**16,893,794**	18,039,278	**4,777,108**	4,199,171
Earnings per share attributable to equity holders of the Company (sen):					
Basic	27	**4.4**	5.7		

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 2010

	Note	Share Capital RM	Non-Distributable Share Premium RM	Foreign Currency Translation Reserve RM	Distributable Retained Earnings RM	Total RM
Group						
At 1 January 2009		61,600,003	–	–	18,041,742	79,641,745
Total comprehensive income		–	–	–	18,039,278	18,039,278
Transactions with owners						
Issuance of ordinary shares pursuant to bonus issue	13	12,320,000	33,880,000	–	–	46,200,000
Transactions costs arising from issuance of ordinary shares		–	(120,848)	–	–	(120,848)
Dividend paid	28	–	–	–	(7,515,200)	(7,515,200)
Total transactions with owners		12,320,000	33,759,152	–	(7,515,200)	38,563,952
At 31 December 2009		73,920,003	33,759,152	–	28,565,820	136,244,975
Total comprehensive income		–	–	7,088	16,886,706	16,893,794
Transactions with owners						
Issuance of ordinary shares pursuant to private placement	13	4,800,000	36,720,000	–	–	41,520,000
Transactions costs arising from issuance of ordinary shares		–	(112,294)	–	–	(112,294)
Dividend paid	28	–	–	–	(4,723,200)	(4,723,200)
		4,800,000	36,607,706	–	(4,723,200)	36,684,506
At 31 December 2010		78,720,003	70,366,858	7,088	40,729,326	189,823,275

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
For the financial year ended 31 December 2010

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earnings RM	Total RM
Company					
At 1 January 2009		61,600,003	–	4,448,078	66,048,081
Total comprehensive income		–	–	4,199,171	4,199,171
Transactions with owners					
Issuance of ordinary shares pursuant to bonus issue	13	12,320,000	33,880,000	–	46,200,000
Transactions costs arising from issuance of ordinary shares		–	(120,848)	–	(120,848)
Dividend paid	28	–	–	(7,515,200)	(7,515,200)
		12,320,000	33,759,152	(7,515,200)	38,563,952
At 31 December 2009		73,920,003	33,759,152	1,132,049	108,811,204
Total comprehensive income		–	–	4,777,108	4,777,108
Transactions with owners					
Issuance of ordinary shares pursuant to private placement	13	4,800,000	36,720,000	–	41,520,000
Transactions costs arising from issuance of ordinary shares		-	(112,294)	–	(112,294)
Dividend paid	28	–	–	(4,723,200)	(4,723,200)
		4,800,000	36,607,706	(4,723,200)	36,684,506
At 31 December 2010		78,720,003	70,366,858	1,185,957	150,272,818

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

STATEMENT OF CASH FLOW
For the financial year ended 31 December 2010

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**20,905,139**	23,706,753	**4,884,693**	4,199,171
Adjustments for:					
Amortisation of land use rights		**207,095**	57,095	**–**	–
Depreciation of property, plant and equipment		**4,624,597**	4,226,319	**468**	468
Allowance for impairment of doubtful debts		**–**	61,580	**–**	–
Allowance of impairment of doubtful debt written back		**(290,491)**	(38,490)	**–**	–
Unrealised foreign exchange loss		**1,025,754**	480,234	**–**	–
Dividend income from short term investments		**(122,072)**	–	**(122,072)**	–
Share of results of joint venture		**84,012**	–	**–**	–
		26,434,034	28,493,491	**4,763,089**	4,199,639
Interest expense		**2,478,699**	2,114,395	**–**	–
Interest income		**(644,128)**	(34,371)	**(622,105)**	(20,022)
Operating profit before working capital changes		**28,268,605**	30,573,515	**4,140,984**	4,179,617
Working capital changes:					
Inventories		**(25,315,342)**	(7,835,113)	**–**	–
Receivables		**(13,615,585)**	(19,349,935)	**–**	–
Payables		**5,686,328**	4,577,715	**12,329**	(10,288)
Subsidiary		**–**	–	**(15,376,210)**	(26,768,596)
Cash (used in)/generated from operations		**(4,975,994)**	7,966,182	**(11,222,897)**	(22,599,267)
Interest paid		**(2,478,699)**	(2,114,395)	**–**	–
Income tax paid		**(5,119,459)**	(1,843,807)	**(67,500)**	–
Net cash generated from/(used in) operating activities		**(12,574,152)**	4,007,980	**(11,290,397)**	(22,599,267)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in a joint venture		**(4,142,679)**	–	**–**	–
Purchase of property, plant and equipment	3(c)	**(31,826,448)**	(4,851,170)	**–**	–
Acquisition of land use rights	4	**(3,000,000)**	(330,000)	**–**	–
Purchase of short term investment		**(30,000,000)**	–	**(30,000,000)**	–
Interest received		**644,128**	34,371	**622,105**	20,022
Net cash (used in)/generated from investing activities		**(68,324,999)**	(5,146,799)	**(29,377,895)**	20,022

STATEMENT OF CASH FLOW (CONTINUED)

For the financial year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		**41,520,000**	46,200,000	**41,520,000**	46,200,000
Expenses incurred on issuance of ordinary shares		**(112,294)**	(120,848)	**(112,294)**	(120,848)
Dividends paid	28	**(4,435,200)**	(3,080,000)	**(4,435,200)**	(3,080,000)
Net Drawdown/(Repayment) of bankers acceptances		**33,025,167**	(8,903,889)	**–**	–
Net Drawdown/(Repayment) of term loans		**2,335,036**	(2,211,198)	**–**	–
Payments of hire purchase obligations		**(195,857)**	(1,648,315)	**–**	–
Net cash generated from financing activities		**72,136,852**	30,235,750	**36,972,506**	42,999,152
Net (decrease)/increase in cash and cash equivalents		**(8,762,299)**	29,096,931	**(3,695,786)**	20,419,907
Effect of exchange rate changes on cash and cash equivalents		**(549,044)**	(669,729)	**–**	–
Cash and cash equivalents at beginning of year		**29,736,398**	1,309,196	**20,424,622**	4,715
Cash and cash equivalents at end of year (Note 12)		**20,425,055**	29,736,398	**16,728,836**	20,424,622

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 December 2010

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.

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 Seri Sungai Buloh, 47000 Selangor Darul Ehsan.

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

There have been no significant changes in the nature of the principal activities during the financial year except for the investment in joint venture disclosed in Note 6.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.4.

The financial statements have also been prepared on a 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 entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM) which is also the Company's functional currency.

2.2 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.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(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.

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:

	2010 RM	2009 RM
1 Singapore Dollar	**2.3859**	2.4401
1 United States Dollar	**3.0835**	3.4245

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment and Depreciation

All items of 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.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of 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 period range from 55 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 equipment	20 years
– Tools and implements	10 years
– Furniture and fittings and equipment	10 years
– Renovations and electrical installations	10 years
– Motor vehicles	10 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.

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")).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(e) Impairment of Non-financial Assets (continued)

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

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.

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 into line with those of the Group.

In the Company's separate financial statements, its investment in joint venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(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.

The financial asset of the Group and of the Company are as follows:

(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.

(ii) Available-for-sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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 is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(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.

(ii) Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(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) 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.

(m) 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 FRS 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 liability of the Group and of the Company are as follows:

(i) Other Financial Liabilities

The Group's and the Company's other financial liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(m) Financial Liabilities (continued)

(i) Other Financial Liabilities (continued)

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.

(n) 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.

(o) 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.

(p) 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 of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(q) 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.

(r) Revenue

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. 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.

(s) 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 or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

(s) Income taxes (continued)

(ii) Deferred tax (continued)

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 or loss.

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 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.

(t) Segment Reporting

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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(u) Share Capital and Share Issuance Expenses

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 8: Operating Segments
FRS 101: Presentation of Financial Statements (Revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Improvements to FRSs (2009)
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below:

<u>FRS 7 Financial Instruments: Disclosures</u>

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

<u>FRS 8 Operating Segments</u>

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The adoption of this Standard has no implication on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in Accounting Policies (continued)

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. (Note 35)

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial positions as at 31 December 2010 arising from the above change in accounting policy:

The following comparatives have been restated:

	As previously stated RM	Adjustments RM	As restated RM
Consolidated statement of financial position 31 December 2009			
Property, plant and equipment	70,133,033	9,641,044	79,774,077
Land use rights	11,543,244	(9,641,044)	1,902,200
1 January 2009			
Property, plant and equipment	67,046,906	9,841,695	76,888,601
Land use rights	11,470,990	(9,841,695)	1,629,295

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in Accounting Policies (continued)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The adoption of this Standard has no implication on the financial statements of the Group and the Company.

2.5 Standards Issued but Not Yet Effective

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1: Limited Exemption from Comparative FRS7 Disclosures for First Time Adopters
Amendments to FRS 1: Additional Exemptions for First Time Adopters
Amendments to FRS 2: Group Cash-Settled Share Based Payment Transactions
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Improvements to FRSs (2010)
IC Interpretation 4: Determining whether an Arrangment contains a Lease
TR 3: Guidance on Disclosures of Transitions to IFRS

Effective from the date on or after 1 January 2011

IC Interpretation 18: Transfers of Assets from Customers

Effective from the date on or after 1 July 2011

Amendments to IC Interpretation 14 : Prepayment of a Minimum Funding Requirement
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective from the date on or after 1 January 2012

FRS 124: Related Party Disclosures
IC Interpretation 15: Agreements for the Construction of Real Estate

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 critical 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. We estimate 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 Trade Receivables

The Group assess 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.

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 2010	10,449,608	25,035,761	58,041,283	2,848,833	1,341,164	5,682,852	2,665,067	106,064,568
Additions	5,307,894	2,184,626	6,750,314	214,482	646,702	779,290	16,926,159	32,809,467
At 31 December 2010	15,757,502	27,220,387	64,791,597	3,063,315	1,987,866	6,462,142	19,591,226	138,874,035
Accumulated depreciation								
At 1 January 2010	808,564	3,310,492	17,783,869	1,515,849	996,038	1,875,679	–	26,290,491
Charge for the year	266,340	482,659	2,971,037	253,098	106,474	544,989	–	4,624,597
At 31 December 2010	1,074,904	3,793,151	20,754,906	1,768,947	1,102,512	2,420,668	–	30,915,088
Net carrying amount								
At 31 December 2010	14,682,598	23,427,236	44,036,691	1,294,368	885,354	4,041,474	19,591,226	107,958,947
Cost								
At 1 January 2009 as previously stated	–	24,466,516	55,636,113	2,209,822	1,317,706	4,500,140	372,868	88,503,165
Effect of adoption of Amendments to FRS 117	10,449,608	–	–	–	–	–	–	10,449,608
At 1 January 2009 (Restated)	10,449,608	24,466,516	55,636,113	2,209,822	1,317,706	4,500,140	372,868	98,952,773
Additions	–	569,245	2,405,170	639,011	23,458	1,182,712	2,292,199	7,111,795
At 31 December 2009	10,449,608	25,035,761	58,041,283	2,848,833	1,341,164	5,682,852	2,665,067	106,064,568
Accumulated depreciation								
At 1 January 2009 as previously stated	–	2,809,772	14,986,772	1,289,337	909,100	1,461,278	–	21,456,259
Effect of adoption of Amendments to FRS 117	607,913	–	–	–	–	–	–	607,913
At 1 January 2009 (Restated)	607,913	2,809,772	14,986,772	1,289,337	909,100	1,461,278	–	22,064,172
Charge for the year	200,651	500,720	2,797,097	226,512	86,938	414,401	–	4,226,319
At 31 December 2009	808,564	3,310,492	17,783,869	1,515,849	996,038	1,875,679	–	26,290,491
Net carrying amount								
At 31 December 2009	9,641,044	21,725,269	40,257,414	1,332,984	345,126	3,807,173	2,665,067	79,774,077

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture and fittings 2010 RM	2009 RM
Cost		
At 1 January/31 December	**4,675**	4,675
Accumulated depreciation		
At 1 January	**3,276**	2,808
Charge for the year	**468**	468
At 31 December	**3,744**	3,276
Net carrying amount		
At 31 December	**931**	1,399

(a) Property, plant and equipment of a subsidiary with net book value amounting to RM41,988,213 (2009: RM36,317,250) are charged as securities for borrowing facilities (Note 17) obtained by a subsidiary.

(b) Acquisitions of property, plant and equipment during the current financial year were financed by:

	Group 2010 RM	2009 RM
Cash	**31,826,448**	4,851,170
Hire purchase	**441,050**	1,182,712
Credit purchase (Note 20)	**541,969**	1,077,913
	32,809,467	7,111,795

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

	Group 2010 RM	2009 RM
Motor vehicles	**3,462,307**	3,477,387

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

4. LAND USE RIGHTS

	Group 2010 RM	Group 2009 RM
At 1 January as previously stated	**1,902,200**	11,470,990
Effects of adoption of the Amendments of FRS 117	**–**	(9,841,695)
At 1 January (restated)	**1,902,200**	1,629,295
Additions (Note 36)	**3,000,000**	330,000
Amortisation for the year (Note 24)	**(207,095)**	(57,095)
At 31 December (restated)	**4,695,105**	1,902,200
Remaining lease years:		
– Short term leasehold land	**20 – 44**	32 - 45

Land use rights with an aggregate carrying value of RM4,379,772 (2009: RM1,579,533) are pledged as securities for borrowing facilities of a subsidiary (Note 17).

5. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Unquoted investments	**103,422,944**	20,100,002

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2010	Equity interest held 2009	Principal activities
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.

During the financial year ended 31 December 2010, the Company subscribed for 79,032,942 and 4,290,000 new ordinary shares of RM1.00 each in San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. respectively for a total consideration of RM79,032,942 and RM4,290,000 respectively which were settled by way of capitalisation of the amount owing by San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. to the Company amounting to RM79,032,942 and RM4,290,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

6. INVESTMENTS IN JOINT VENTURE

	Group 2010 RM	Group 2009 RM
Unquoted shares, at cost	**4,142,679**	–
Share of post-acquisition reserves	**(84,012)**	–
	4,058,667	–
Exchange differences	**7,088**	–
	4,065,755	–

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	Proportion (%) of ownership interest 2009
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**	–

Audited by firm other than Ernst & Young

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

	Group 2010 RM	Group 2009 RM
Assets and liabilities:		
Total assets	**8,536,236**	–
Total liabilities	**(404,727)**	–
Results:		
Loss for the year	**(168,024)**	–

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 an equity joint venture company in the People's Republic of China. Both parties agreed to contribute 50% and jointly invest up to USD40 million (RM128,180,000) or such other amount as may be agreed to by both parties from time to time.

6. INVESTMENTS IN JOINT VENTURE (CONTINUED)

On 5 May 2010, a subsidiary of the Company, has entered into a joint venture arrangement for a duration of 50 years with Yihai Kerry Investment Co. Ltd., a company incorporated in the People's Republic of China, a 98.39% owned subsidiary of Wilmar International Limited, a company incorporated in Singapore to incorporate a 50:50 joint venture company, Three-A (Qinghuangdao) Food Industries Co. Ltd., a company incorporated in the People's Republic of China. The total investment of the joint venture company shall be RM37,002,000 (USD12 million) and the registered capital shall be RM15,725,850 (USD5.1 million). Both joint venture parties shall share the profits and bear the losses and risk arising from the investments in proportion to their respective contribution.

During the financial year, the Group has invested RM4,142,679 (USD1,326,000) in the joint venture company.

7. DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, non interest bearing and repayable on demand.

The amount due from a subsidiary in prior year was unsecured, non interest bearing, and was not repayable in the next twelve months.

During the financial year, the Company capitalised the amount due from the subsidiary amounting to RM79,032,942 into 79,032,942 new ordinary shares of RM1.00 each as part of the cost of investment in a subsidiary. (Note 5)

8. INVENTORIES

	Group	
	2010 RM	**2009 RM**
At cost:		
Raw materials	**38,024,252**	20,315,545
Goods-in-transit	**7,712,110**	2,581,655
Work-in-progress	**2,870,395**	2,193,559
Packing materials	**487,651**	450,377
Finished goods	**4,085,385**	2,323,315
	53,179,793	27,864,451

The cost of inventories recognised as an expense during the financial year amounted to RM193,590,707 (2009: RM127,715,886) which is recognised in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

9. TRADE RECEIVABLES

	Group 2010 RM	Group 2009 RM
Trade receivables		
– third parties	**62,458,507**	51,162,405
– related party	**109,189**	114,165
	62,567,696	51,276,570
Less: Allowance for impairment	**(382,774)**	(673,265)
Trade receivables, net	**62,184,922**	50,603,305

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2009: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

(b) Ageing Analysis of Trade Receivables

	Group 2010 RM	Group 2009 RM
Neither past due nor impaired	**60,649,183**	48,809,444
1 month past due not impaired	**1,087,380**	1,252,593
2 months past due not impaired	**248,653**	190,293
3 months past due not impaired	**36,144**	67,680
4 months past due not impaired	**120,709**	–
More than 5 months past due not impaired	**42,853**	283,295
	1,535,739	1,793,861
Impaired	**382,774**	673,265
	62,567,696	51,276,570

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. More than 81% (2009: 83%) of the Group's trade receivables arise from customers with more than 4 years of experience with the Group and losses have occurred infrequently.

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

9. TRADE RECEIVABLES (CONTINUED)

(b) Ageing Analysis of Trade Receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,535,739 (2009: RM1,793,861) 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:

Group	Collectively Impaired RM	Individually Impaired RM	Total RM
2010			
Trade receivables			
– nominal amounts	**–**	**382,774**	**382,774**
Less: Allowance for impairment	**–**	**(382,774)**	**(382,774)**
	–	**–**	**–**
2009			
Trade receivables			
– nominal amounts	300,000	373,265	673,265
Less: Allowance for impairment	(300,000)	(373,265)	(673,265)
	–	–	–

Movements in the allowance accounts debts are as follows:

	RM	RM
At 1 January	673,265	650,175
Impairment allowance during the year	–	61,580
Writeback of impairment allowance	(290,491)	(38,490)
At 31 December	382,774	673,265

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.

(c) Amount Due From a Related Party

Related party's debt is due from Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain Directors have financial interests. Further details on related party transactions are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

10. OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sundry receivables	**29,579**	91,552	**1,160**	1,160
Deposits	**136,380**	518,525	**–**	–
Advance payment to suppliers	**6,563,910**	4,295,217	**–**	–
	6,729,869	4,905,294	**1,160**	1,160

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.

Included in the deposits in the prior financial year are amounts of RM370,790 which are deposits for land purchases as detailed in Notes 36(a), 36(b) and 36(c).

11. SHORT TERM INVESTMENTS

	Group/Company 2010		Group/Company 2009	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Available-for-sale financial assets				
– Unit trust investment (quoted in Malaysia)	**30,122,072**	**30,122,072**	–	–

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash at banks and on hand	**20,425,055**	30,189,279	**16,728,836**	20,424,622
Bank overdrafts (Note 17)	**–**	(452,881)	**–**	–
Cash and cash equivalents	**20,425,055**	29,736,398	**16,728,836**	20,424,622

As at 31 December 2010, cash at a bank amounting to RM15,208 (2009: RM4,724,447) earns interest at floating rates based on daily deposit rates ranging from 2.0% to 2.3% (2009: 1% to 1.8%) per annum.

13. SHARE CAPITAL

	Group/Company			
	2010		**2009**	
	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	**369,600,019**	**73,920,003**	308,000,019	61,600,003
Issued on 11 November 2009 for cash	**–**	**–**	61,600,000	12,320,000
Issued on 14 July 2010 for cash	**24,000,000**	**4,800,000**	–	–
At 31 December	**393,600,019**	**78,720,003**	369,600,019	73,920,003

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM73,920,003 to RM78,720,003 by way of the issuance of 24,000,000 ordinary shares of RM0.20 each through a private placement at an issue price of RM1.73 per ordinary share for cash.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. SHARE PREMIUM

	Group/Company	
	2010 RM	**2009 RM**
At 1 January	**33,759,152**	–
Add: Premium arising from issuing of 61,600,000 new ordinary shares at RM0.75	**–**	33,880,000
Add: Premium arising from issuing of 24,000,000 new ordinary shares at RM1.73	**36,720,000**	–
Less: Transaction costs arising from issuance of shares	**(112,294)**	(120,848)
At 31 December	**70,366,858**	33,759,152

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

15. 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 dividend 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 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010 and 2009, the Company has the following Section 108 balance and tax exempt income account balance for the purpose of dividend payment:

	2010 RM	2009 RM
Section 108 tax credit balance	**3,581,401**	5,059,801
Tax exempt income account balance	**14,492,000**	19,215,200

16. 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.

17. BORROWINGS

	Group	
	2010 RM	2009 RM
Long term borrowings		
Secured:		
Term loans	**15,961,284**	13,838,846
Hire purchase payables	**755,285**	726,998
	16,716,569	14,565,844
Short term borrowings		
Secured:		
Bank overdrafts (Note 12)	**–**	452,881
Bankers acceptances	**47,802,036**	14,776,869
Term loans	**2,928,034**	2,715,436
Hire purchase payables	**731,528**	514,622
	51,461,598	18,459,808

17. BORROWINGS (CONTINUED)

	Effective interest rate 2010/2009 %	Maturity	Group 2010 RM	Group 2009 RM
Total borrowings:				
Bank overdrafts	7.75	On demand	–	452,881
Bankers acceptances	2.98 - 3.80	90 - 180 days	**47,802,036**	14,776,869
Term loans	7.07 - 8.14	2011 - 2020	**18,889,318**	16,554,282
Hire purchase payables	4.28 - 7.51	2011 - 2013	**1,486,813**	1,241,620
			68,178,167	33,025,652
Maturity of borrowings:				
Within one year			**51,461,598**	18,459,808
More than 1 year and less than 2 years			**3,735,924**	3,304,497
More than 2 years and less than 5 years			**9,084,222**	8,784,052
More than 5 years			**3,896,423**	2,477,295
			68,178,167	33,025,652

The bank borrowings are secured by the following:

(a) 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);

(b) debentures over certain plant and machinery of a subsidiary;

(c) negative pledge on two adjoining pieces of leasehold land of a subsidiary; and

(d) a corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

17. BORROWINGS (CONTINUED)

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	
	2010 RM	**2009 RM**
Future minimum lease payments:		
Not later than 1 year	**799,163**	574,579
Later than 1 year and not later than 2 years	**633,650**	435,515
Later than 2 years and not later than 5 years	**149,211**	334,405
Total future minimum lease payments	**1,582,024**	1,344,499
Less: Future finance charges	**(95,211)**	(102,879)
Present value of finance lease liabilities	**1,486,813**	1,241,620
Analysis of present value of finance lease liabilities:		
Not later than 1 year	**731,528**	514,622
Later than 1 year and not later than 2 years	**608,275**	404,425
Later than 2 years and not later than 5 years	**147,010**	322,573
	1,486,813	1,241,620
Less: Amount due within 12 months	**(731,528)**	(514,622)
Amount due after 12 months	**755,285**	726,998

18. DEFERRED TAX

	Group	
	2010 RM	**2009 RM**
At 1 January	**7,941,600**	6,131,219
Recognised in the income statement (Note 26)	**522,097**	1,810,381
At 31 December	**8,463,697**	7,941,600
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	**8,557,013**	8,034,916
Deferred tax assets	**(93,316)**	(93,316)
	8,463,697	7,941,600

18. DEFERRED TAX (CONTINUED)

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 2009	6,934,757	134,373	7,069,130
Recognised in the income statement	918,332	47,454	965,786
At 31 December 2009	7,853,089	181,827	8,034,916
Recognised in the income statement	641,275	(119,178)	522,097
At 31 December 2010	8,494,364	62,649	8,557,013

Deferred tax assets

	Unutilised reinvestment allowances RM	Provisions RM	Total RM
At 1 January 2009	(775,367)	(162,544)	(937,911)
Recognised in the income statement	775,367	69,228	844,595
At 31 December 2009	–	(93,316)	(93,316)
Recognised in the income statement	–	–	–
At 31 December 2010	–	(93,316)	(93,316)

19. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 60 days (2009: 30 to 60 days).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

20. OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sundry payables	**2,066,556**	1,980,384	**–**	–
Accruals	**2,964,874**	3,130,028	**28,979**	16,650
	5,031,430	5,110,412	**28,979**	16,650

Sundry payables are non-interest bearing and the normal credit terms granted to the Group and the Company is 60 days (2009: 60 days).

Included in sundry payables and accruals of the Group are amounts of RM541,969 (2009: RM1,077,913) due to contractors for the construction of plant and machinery.

21. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods	**248,939,689**	178,581,740	**–**	–
Dividend income from a subsidiary	**–**	–	**4,800,000**	4,435,200
	248,939,689	178,581,740	**4,800,000**	4,435,200

22. COST OF SALES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

23. OTHER INCOME

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unrealised foreign exchange gain	**–**	189,495	**–**	–
Allowance for impairment of doubtful debts written back	**290,491**	38,490	**–**	–
Dividend income from short term investments	**122,072**	–	**122,072**	–
Interest income	**644,128**	34,371	**622,105**	20,022
Other income	**90**	293	**–**	–
	1,056,781	262,649	**744,177**	20,022

24. PROFIT FROM OPERATIONS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit from operations is stated after charging:				
Depreciation of property, plant and equipment (Note 3)	**4,624,597**	4,226,319	**468**	468
Amortisation of land use rights (Note 4)	**207,095**	57,095	**–**	–
Auditors' remuneration				
– Current year	**55,000**	42,000	**12,000**	12,000
– Others	**5,000**	5,000	**5,000**	5,000
Rent of premises	**50,363**	175,200	**–**	–
Rental of motor vehicles	**57,064**	25,331	**–**	–
Allowance for impairment of doubtful debts	**–**	61,580	**–**	–
Realised exchange loss	**458,651**	13,781	**–**	–
Unrealised foreign exchange loss	**476,710**	–	**–**	–
Employee Benefits Expenses				
Wages and salaries	**10,001,225**	8,522,345	**30,000**	40,000
Bonus	**1,449,085**	1,282,431	**–**	–
Social security costs	**65,816**	52,805	**–**	–
Pension costs – defined contribution plan	**792,143**	742,981	**–**	–
Other staff related expenses	**186,105**	300,727	**–**	–
	12,494,374	10,901,289	**30,000**	40,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

24. PROFIT FROM OPERATIONS (CONTINUED)

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM2,877,424 (2009: RM2,542,912) and RM30,000 (2009: RM30,000) respectively as further disclosed below.

Directors' remuneration

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Analysis of directors' remuneration:				
Executive directors' remuneration:				
Other emoluments	**2,877,424**	2,542,912	**30,000**	30,000
Non-executive directors'remuneration:				
Other emoluments	**90,000**	100,000	**90,000**	100,000
Total directors' remuneration (Note 29(b))	**2,967,424**	2,642,912	**120,000**	130,000
Executive:				
Salaries and other emoluments	**1,812,240**	1,588,640	**30,000**	30,000
Bonus	**760,000**	686,000	**–**	–
Defined contribution plan	**305,184**	268,272	**–**	–
	2,877,424	2,542,912	**30,000**	30,000
Non-Executive:				
Other emoluments	**90,000**	100,000	**90,000**	100,000
	2,967,424	2,642,912	**120,000**	130,000

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	
	2010	**2009**
Executive Directors:		
RM200,001 – RM250,000	**–**	2
RM250,001 – RM300,000	**1**	1
RM300,001 – RM350,000	**3**	1
RM550,001 – RM600,000	**–**	1
RM650,001 – RM700,000	**1**	–
RM900,001 – RM950,000	**–**	1
RM1,000,001 – RM1,050,000	**1**	–
Non-executive Directors:		
RM0 – RM50,000	**6**	7

25. FINANCE COSTS

	Group	
	2010 RM	**2009 RM**
Interest expense on:		
Term loans	**1,346,793**	1,267,244
Bankers acceptance	**978,810**	684,308
Bank overdrafts	**50,484**	69,282
Hire purchase financing	**102,612**	93,561
	2,478,699	2,114,395

26. INCOME TAX EXPENSES

The major components of income tax expense for the financial years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Malaysian income tax:				
Tax expense for the year	**3,387,703**	3,885,136	**107,585**	–
Under/(over)provision in prior years	**108,633**	(28,042)	**–**	–
	3,496,336	3,857,094	**107,585**	–
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**1,066,305**	2,089,292	**–**	–
Relating to changes in tax rates	**–**	(234,092)	**–**	–
Overprovision in prior years	**(544,208)**	(44,819)	**–**	–
	522,097	1,810,381	**–**	–
Income tax expense recognised in profit or loss	**4,018,433**	5,667,475	**107,585**	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

26. INCOME TAX EXPENSES (CONTINUED)

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 2010 and 2009 are as follow:

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Profit before taxation	**20,905,139**	23,706,753	**4,884,693**	4,199,171
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	**5,226,285**	5,926,688	**1,221,173**	1,049,793
Effects of changes in tax rates on opening balances of deferred tax	**–**	(234,092)	**–**	–
Income not subject to tax	**–**	–	**(1,200,000)**	(1,108,800)
Expenses not deductible for tax purposes	**546,961**	491,278	**86,412**	59,007
Utilisation of current year's reinvestment allowance	**(1,340,241)**	(443,538)	**–**	–
Overprovision of deferred tax in prior year	**(544,208)**	(44,819)	**–**	–
Overprovision of income tax expense in prior year	**108,633**	(28,042)	**–**	–
Net share of results of joint venture (foreign)	**21,003**	–	**–**	–
Income tax expense recognised in profit or loss	**4,018,433**	5,667,475	**107,585**	–

27. 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 tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2010	**2009**
Net profit for the year (RM)	**16,893,794**	18,039,278
Weighted average number of ordinary shares in issue	**380,712,348**	316,269,608
Basic earnings per share (sen)	**4.4**	5.7

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.

28. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Recognised during the year				
– 1 sen tax exempt on 308,000,019 ordinary shares	**–**	–	**–**	3,080,000
Declared and paid subsequent to year end				
Interim dividend:				
– 1.6 sen at 25% tax on 369,600,019 ordinary shares	**–**	4,435,200	**–**	4,435,200
– 1.2 sen tax exempt on 393,600,019 ordinary shares	**4,723,200**	–	**4,723,200**	–
	4,723,200	4,435,200	**4,723,200**	7,515,200

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company entered into the following transactions with related parties during the financial year:

			Outstanding balances	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Group				
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	**(731,423)**	(620,515)	**(109,189)**	(114,165)
Rent payable to Excellent Chemical Industrial Sdn. Bhd.	**22,500**	168,000	**730**	730
Company				
Advances to a subsidiary	**(11,086,210)**	(26,768,596)	**(4,789,139)**	(72,735,871)

Seong Chan Sauce & Foodstuff Sdn. Bhd. and Excellent Chemical Industrial Sdn. Bhd. are companies in which Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King @ Tong Chu King, who are directors of the Company, have financial interests. Dato' Mohd Nor Bin Abdul Wahid is a director and has financial interests in Excellent Chemical Industrial Sdn. Bhd.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between the parties.

(b) Compensation of key management personnel

The Group defines key management personnel as its Directors whose remunerations are detailed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

30. COMMITMENTS

	Group	
	2010 RM	2009 RM
Capital expenditure		
Approved and contracted for:		
Leasehold land	**–**	3,379,104
Property, plant and equipment	**360,000**	3,691,060
Approved but not contracted for:		
Property, plant and equipment	**10,000,000**	–
Co-operation commitments	**43,169,000**	–
Capital expenditure approved and contracted for investment in joint venture	**14,412,279**	–
Share of capital commitments of joint venture on buildings, machinery and equipment	**15,409,206**	–
	83,350,485	7,070,164

31. OPERATING LEASE COMMITMENT

The Group has entered into a non-cancellable operating lease on its warehouse. This lease has remaining non-cancellable lease term of 1 to 6 years. The future minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as liability are as follows:

	Group	
	2010 RM	2009 RM
Future minimum rental payments:		
Not later than 1 year	**–**	24,000
Later than 1 year and not later than 5 years	**–**	120,000
Later than 5 years	**–**	–
	–	144,000

32. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2010 RM	2009 RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	**66,691,354**	31,784,032

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) 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 and other 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. In addition, receivable balances are monitored on an ongoing basis 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 amount of each class of financial assets recognised in the statements of financial position

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 and the Company's trade receivables at the reporting date are as follows:

	Group			
	2010		2009	
	RM	% of total	RM	% of total
By country:				
Malaysia	**50,991,215**	**82%**	40,435,835	79%
Singapore	**3,789,449**	**6%**	1,708,055	3%
Other countries	**7,787,032**	**12%**	9,132,680	18%
	62,567,696	**100%**	51,276,570	100%

At the reporting date, approximately:

- 63% (2009: 57%) of the Group's trade receivables were due from 10 major customers

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 75% (2009: 56%) of the Group's loans and borrowings (Note 17) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. The Group and the Company actively manages its cash and cash equivalents, operating cash flows and the availability of funding so as to ensure that there is adequate working capital and that repayment and funding needs are met.

	2010			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Trade payables	14,030,931	–	–	14,030,931
Other payables	5,031,430	–	–	5,031,430
Bank borrowings	51,461,598	12,820,146	3,896,423	68,178,167
Total undiscounted financial liabilities	70,523,959	12,820,146	3,896,423	87,240,528
Company				
Financial liabilities:				
Other payables	28,979	–	–	28,979
Total undiscounted financial liabilities	28,979	–	–	28,979

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

– 31 December 2010

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) 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.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM127,834 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) 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 exchange rates.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollars (USD) and Singapore Dollars (SGD).

Approximately 28% (2009: 32%) of the Group's sales are denominated in foreign currencies whilst almost 73% (2009: 63%) of costs are denominated in the respective functional currencies of the Group entities.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM1,506,785 (2009: RM2,553,414) for the Group.

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign Currency Risk (continued)

	Group	
	2010 RM Profit net of tax	**2009 RM Profit net of tax**
USD/RM		
– strengthened 4% (2009: 4%)	**150,944**	617,557
– weakened 4% (2009: 4%)	**(150,944)**	(617,557)
SGD/RM		
– strengthened 4% (2009: 4%)	**153,492**	68,342
– weakened 4% (2009: 4%)	**(153,492)**	(68,342)

The net unhedged financial assets and liabilities of the Group as at 31 December 2010 that are not denominated in their functional currency is as follows:

Functional currency of the Group is Ringgit Malaysia	**United States Dollar RM**	**Singapore Dollar RM**	**Total RM**
At 31 December 2010			
Receivables	**7,736,399**	**3,840,910**	**11,577,309**
Cash and bank balances	**1,506,785**	**–**	**1,506,785**
Payables	**(5,469,587)**	**(3,622)**	**(5,473,209)**
	3,773,597	**3,837,288**	**7,610,885**
At 31 December 2009			
Receivables	13,012,018	1,708,544	14,720,562
Cash and bank balances	2,553,414	–	2,553,414
Payables	(126,503)	–	(126,503)
	15,438,929	1,708,544	17,147,473

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market Price Risk

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

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the reporting date, if the unit price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM1,506,104 higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

(f) 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 by hedging its sales either through purchase of the commodity in advance or through continuing increase in sales price.

34. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial Instruments Whose Carrying Amounts Approximate Fair Value

Management has determined that the carrying amounts of cash and bank balances, short term deposits, receivables, payables and amounts receivable from and payable to subsidiaries based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

35. 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.

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Borrowings	17	**68,178,167**	33,025,652	**–**	–
Debt		**68,178,167**	33,025,652	**–**	–
Equity attributable to the owners of the parent		**189,823,275**	136,244,975	**150,272,818**	108,811,204
Gearing ratio		**36%**	24%	**0%**	0%

36. SIGNIFICANT EVENTS

(a) On 9 October 2009, a subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") to acquire a parcel of leasehold land held under HS(M) 9107, PT No. 27686, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 5,606 sq metres together with a building for a total cash consideration of RM2,400,000. The SPA was completed on 12 March 2010.

(b) On 10 December 2009, a subsidiary of the Company entered into a SPA to acquire a parcel of leasehold land held under HS(M) 9111, PT No. 27687, Tempat BT 14, Jalan Kuala Selangor, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 3,928 sq metres for a total cash consideration of RM887,894. The SPA was completed on 1 June 2010.

(c) On 11 January 2010, a subsidiary of the Company entered into a SPA to acquire a parcel of leasehold land held under PN 67417 for Lot No. 2306, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 700 sq metres for a total cash consideration of RM420,000. The SPA was completed on 1 June 2010.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

36. SIGNIFICANT EVENTS (CONTINUED)

(d) On 26 March 2010, a subsidiary of the Company entered into a SPA to acquire a parcel of leasehold land held under HS(M) for PT No. 27688, Bt 14, Jalan Kuala Selangor, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 4,016 sq metres for a total cash consideration of RM1,600,000. The SPA was completed on 23 July 2010.

(e) On 30 April 2010, a subsidiary of the Company entered into a SPA to acquire a parcel of leasehold land held under HS(M) for PT No. 847, Mukim Sungai Buloh, Tempat Sg Buloh New Village, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 0.7511 hectares for a total cash consideration of RM3,000,000. The SPA was completed on 1 October 2010.

(f) 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. Both parties agreed to contribute 50% and jointly invest up to USD40 million (RM128,180,000) or such other amount as may be agreed to by both parties from time to time.

(g) On 5 May 2010, a subsidiary of the Company, has entered into a joint venture arrangement with Yihai Kerry Investment Co. Ltd., a company incorporated in People's Republic of China, a 98.39% owned subsidiary of Wilmar International Limited, a company incorporated in Singapore to incorporated a 50:50 joint venture company, Three-A (Qinghuangdao) Food Industries Co. Ltd., a company incorporated in People's Republic of China for a total cash consideration of RM4,142,679.

37. 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 Hong Kong, China, South Korea, Singapore, Indonesia, Philippines, Australia and United States of America.

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

	Group	
	2010 **RM**	**2009** RM
Malaysia	**179,571,907**	122,070,530
Singapore	**29,536,554**	24,494,948
Foreign countries	**39,831,228**	32,016,262
	248,939,689	178,581,740

The Group's assets and liabilities are solely located in Malaysia other than investment in joint venture amounting to RM4,142,679 which is located in People's Republic of China.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
– 31 December 2010

38. 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 2010 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 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 Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
– Realised	**61,676,808**	1,185,957
– Unrealised	**(8,940,407)**	–
	52,736,401	1,185,957
Total share of retained earnings from joint venture		
– Realised	**(84,012)**	–
– Unrealised	**–**	–
	52,652,389	1,185,957
Less: Consolidation adjustments	**(11,923,063)**	–
Retained profits as per financial statements	**40,729,326**	1,185,957

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2010 (RM'000)	Date of Acquisition	Year of Last Revaluation
No. H.S.(M) 472 Lot 4196 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	59 years (30 May 2070)	15 years	110,976	14,470	12,487	03 October 1995	2003
No. Hakmilik 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	91 years (03 July 2102)	34 years	34,950	4,116	2,923	03 January 1997	2003
No. Hakmilik 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory Warehouse	Industrial Land	Leasehold 99 years	91 years (03 July 2102)	6 years	93,032	8,640	7,677	19 May 1997	2003
No. H.S.(M) 4098 No. P.T. 2317 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	31 years (22 June 2042)	12 years	8,168	570	443	27 May 1997	2003
No. H.S.(M) 4651 No. P.T. 5938 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	35 years (26 June 2046)	12 years	6,806	874	680	31 March 1998	2003
No. H.S.(M) 3999 No. P.T. 584 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory	Industrial Land	Leasehold 60 years	30 years (24 May 2041)	3 years	46,005	5,176	4,673	23 August 2004	2010
No. H.S.(M) 11086 Lot 66 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Warehouse	Industrial Land	Leasehold 99 years	59 years (30 May 2070)	1 year	87,123	7,229	6,993	05 December 2005	2009

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2010 (RM'000)	Date of Acquisition	Year of Last Revaluation
No. H.S. (D) 264602 PT No. 12294 (589) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory (under construction)	Industrial Land	Leasehold 60 years	59 years (25 July 2070)	–	43,560	3,067	2,930	13 February 2008	2008
No. H.S. (M) 9078 PT No. 669 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	43 years (19 July 2054)	1 year	7,631	680	667	07 April 2009	2009
No. H.S.(M) 9107 No. PT 27686 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Production Factory	Industrial Land	Leasehold 99 years	82 years (22 September 2093)	–	60,342	7,907	7,879	09 October 2009	2009
No. H.S.(M) 9111 No. PT 27687 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Vacant	Industrial Land	Leasehold 99 years	82 years (22 September 2093)	–	42,281	967	957	10 December 2009	–
PN 67417 No. Lot 2306 Jalan Welfare, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Hostel	Residential Land	Leasehold 60 years	54 years (17 July 2065)	1 year	7,535	1,000	992	11 January 2010	–
No. H.S.(M) 9108 No. PT 27688 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Warehouse	Industrial Land	Leasehold 99 years	82 years (22 September 2093)	7 years	43,230	2,114	2,094	26 March 2010	2010
No. H.S.(M) 1395 No. PT 847 Jalan Kampong, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	Vacant	Agriculture Land	Leasehold 60 years	19 years (15 March 2030)	-	80,847	3,000	2,850	30 April 2010	2010

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

On 12 November 2009, the Company completed its private placement of 61,600,000 3A shares ("Private Placement") which had been listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on even date.

Status of Utilisation of Proceeds up to 31 December 2010 is as follows:-

Descriptions	**Proposed Utilisation (RM'000)**	**Actual Utilisation (RM'000)**	**Balance Unutilised (RM'000)**	**Intended timeframe for utilisation**
Working capital	25,800	25,800	–	
Overseas investment	20,000	4,143	15,857	Note 1
Related Expenses for the Private Placement	400	400	–	
	46,200	30,343	15,857	

Note:

1. The proceeds from the Private Placement are expected to be utilised within 24 months from the date of the completion of the Private Placement on 12 November 2009.

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 proceeds arising from the above Private Placement amounting to RM41,520,000 are to be utilised in the following manner:-

Working capital and/or investments (within thirty six months)	:	RM41,120,000
Payment of expenses in relation to the Private Placement Exercise	:	RM400,000

2. Share Buy-Back

The Company did not carry out any share buy-back exercise during the financial year ended 31 December 2010.

3. Options, Warrant or Convertible Securities Exercised

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2010.

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 2010.

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 2010.

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 2010 amounted to RM5,000.00.

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 2010.

8. Profit Guarantee

There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2010.

9. Revaluation Policy on Landed Properties

The Group's landed properties are not revalued but are reviewed at each balance sheet date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation, amortisation and impairment. For landed properties classified as investment properties, the Group assesses the fair value at the end of each financial year and the change in fair value is taken as gains or losses in the income statement.

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 2010 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.

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION (CONTINUED)

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 Transactions	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.	RM731,423.00

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 in respect of such RRPT. There is no preferred treatment accorded to the related parties.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2011

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

	Shareholders		No. of Shares Held			
			Malaysian		Foreign	
Size of Shareholdings	Malaysian No.	Foreign No.	No.	%	No.	%
1 – 99	229	0	15,635	0.00	0	0.00
100 – 1,000	323	2	251,694	0.06	1,200	0.00
1,001 – 10,000	2,465	31	12,978,980	3.30	234,000	0.06
10,001 – 100,000	1,055	26	33,535,850	8.52	942,400	0.24
100,001 – 19,679,999*	205	5	202,224,160	51.38	1,816,100	0.46
19,680,000 and above**	1	1	80,000,000	20.33	61,600,000	15.65
Total	**4,278**	**65**	**329,006,319**	**83.59**	**64,593,700**	**16.41**

	No. of Shareholders	No. of Shareholdings	%
Grand Total	**4,343**	**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	16,570,960	4.21
4.	Foong Chiew Fatt	16,180,960	4.11
5.	Fong Chu King @ Tong Chu King	10,950,000	2.78
6.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	10,403,880	2.64
7.	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	9,419,700	2.39

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

As at 31 March 2011

Top Thirty (30) Shareholders (continued)

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

	Name of Shareholders	No. of Shares Held	% of Issued Capital
8.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	8,949,180	2.27
9.	Amanahraya Trustees Berhad Public Islamic Equity Fund	8,944,500	2.27
10.	Mohd Nor Bin Abdul Wahid	7,770,000	1.97
11.	Amanahraya Trustees Berhad PB Growth Fund	6,428,600	1.63
12.	Amanahraya Trustees Berhad Public Index Fund	6,339,400	1.61
13.	Amanahraya Trustees Berhad Public Islamic Balanced Fund	4,997,000	1.27
14.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	4,097,700	1.04
15.	Amanahraya Trustees Berhad PB Balanced Fund	3,661,000	0.93
16.	Amanahraya Trustees Berhad PB Islamic Equity Fund	3,396,000	0.86
17.	Cheong Siew Chyuan	3,300,000	0.84
18.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien	3,283,200	0.83
19.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Public Industry Fund	2,968,000	0.75
20.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,951,400	0.75
21.	Tan Kim Tee	2,545,000	0.65
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Faai @ Ng Yoke Pei	2,134,900	0.54
23.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Siew Chyuan	2,000,000	0.51
24.	Foong Kin	1,600,000	0.41
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phoa Boon Ting	1,520,080	0.39
26.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Keng Hong	1,500,000	0.38
27.	T.B.R Shopping Centre (M) Sdn Bhd	1,500,000	0.38
28.	Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38
29.	Chan Chu Wei	1,468,000	0.37
30.	A.A. Anthony Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Limstead Holdings Sdn Bhd	1,386,700	0.35
	Total	**289,354,160**	**73.51**

Substantial Shareholders

	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	Fang Chew Ham Holdings Sdn Bhd	80,420,000	20.43
2.	Wilmar International Limited	61,600,000	15.65
3.	Amanahraya Trustees Berhad	51,085,500	12.98

Directors' Shareholdings

		Direct Interest		Indirect Interest	
	Name of Directors	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1.	Dato' Mohd Nor Bin Abdul Wahid	7,770,000	1.97	–	–
2.	Fang Chew Ham	–	–	124,121,920 [1]	31.54
3.	Fong Chu King @ Tong Chu King	10,950,000	2.78	32,869,420 [2]	8.89
4.	Foong Chiew Fatt	16,180,960	4.11	29,600,960 [3]	7.52
5.	Chew Eng Chai	160,000	0.04	7,000 [4]	0.00
6.	Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38	2,220,000 [5]	0.56
7.	Fang Siew Yee	–	–	–	–
8.	Liew Kuo Shin	–	–	–	–
9.	Fang Siew Ping	–	–	–	–
10.	Khoo Wee Boon	–	–	–	–
11.	Mohd Zaki Bin Hamzah	500,000	0.13	–	–
12.	Sun Yi-Ling	–	–	–	–
13.	Fong Chiew Hean *(Alternate Director to Foong Chiew Fatt)*	16,570,960	4.21	29,729,460 [6]	7.55

Note:

[1] Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King; 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 siblings Fong Chiew Hean, Fong Chu King @ Tong Chu King and his daughters Foong Kin, Foong Sau Chun.

[4] Indirect interest via shareholdings of his spouse Lim Tong Lean.

[5] Indirect interest via shareholdings of his spouse Ng Faai @ Ng Yoke Pei.

[6] Indirect interest via shareholdings of his spouse Yeoh Ha Wah, his son Fong Peng Man and his daughter Fong Sau Mui.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held at Ballroom Level 1, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday 18 May 2011 at 11.00 a.m. for the following purposes:-

Agenda

1. To receive the audited Financial Statements for the financial year ended 31st December 2010 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:-

   2.1 Ms Fang Siew Ping **(Resolution 2)**
   2.2 Mr. Liew Kuo Shin **(Resolution 3)**
   2.3 Mr. Khoo Wee Boon **(Resolution 4)**

3. To consider and if thought fit, pass the following Resolutions in accordance with Section 129(6) of the Companies Act 1965:-

   3.1 "That Mr. Foong Chiew Fatt, 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 5)**

   3.2 "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 6)**

4. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

   5.1 **As Special Resolution**
   Proposed Amendments to the Memorandum of Association of the Company

   Sub Clause (57) Clause 3

   That to enable the Company to buy back its own shares and to render the Memorandum of Association of the Company consistent with Section 67A of the Companies Act, 1965 ("the Act"), the Company's Memorandum of Association be and is hereby amended through the insertion of a new Sub Clause (57) under Clause 3, which reads as follows:-

   "(57) To purchase its own shares, subject to and in accordance with the Companies Act 1965, the rules, regulations and orders made pursuant thereto and the requirements of the Bursa Malaysia Securities Berhad and any other relevant authorities." **(Resolution 8)**

5.2 **As Ordinary Resolutions**
Authority to Directors to Allot and Issue Shares
Pursuant to Section 132 D of the Companies Act 1965

"That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132 D 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 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." **(Resolution 9)**

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

"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 25 April 2011 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 this Ordinary Resolution. **(Resolution 10)**

5.4 Proposed Authority for the Company to purchase its own shares

"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 authorised 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 the shares purchased by the Company pursuant to the Proposed Share Buy-Back be dealt with in all or any of the following manner:-

(i) the shares so purchased may be cancelled; and/or

(ii) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Malaysia Securities Berhad and/or subsequently cancelled; and/or

(iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

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. **(Resolution 11)**

6. 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: 25 April 2011

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. The proposed resolution No. 8 is to enable the Company to purchase its own shares in line with the enactment of Section 67A of the Companies Act 1965 which allows the Company to deal with its own shares.

2. The proposed resolution No. 9, 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. Save for the allotment of 24,000,000 ordinary shares of RM0.20 each on 13 July 2010 which approval has been obtained from the Shareholders at the last Annual General Meeting held on 29 June 2010. No shares had been issued by the Company since 13 July 2010. 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. For further information on proposed resolution No.10, please refer to the Circular To Shareholders dated 25 April 2011 accompanying the Company's Annual Report for the financial year ended 31 December 2010.

4. The proposed resolution No.11 is primarily to empower the Board of Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and share premium account of the Company. Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 25 April 2011 which is dispatched together with the Company's 2010 Annual Report.

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, 47000 Selangor D.E. 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.

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 9th Annual General Meeting of the Company

Three (3) Directors retiring by rotation pursuant to Article 86 of the Company's Articles of Association and seeking re-election are:

- Ms Fang Siew Ping
- Mr Liew Kuo Shin
- Mr. Khoo Wee Boon

Two (2) Directors who are over the age of seventy (70) years seeking re-appointment are:

- Mr. Foong Chiew Fatt
- 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 12 of this Annual Report. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appears on page 95 of this Annual Report.

Board Meetings held in the financial year ended 31 December 2010

A total of six (6) Board Meetings were held in the financial year ended 31 December 2010

The attendance of the Directors at the Board Meetings held in the financial year ended 31 December 2010 is set out below:

Date of Board Meetings and Emergency Board Meetings	Attendance by Independent Director	Attendance by Non-Independent Director	Total No. of Directors
i. 22 February 2010	4	8	12
ii. 3 May 2010 (Emergency)	4	7	11
iii. 24 May 2010	4	7	11
iv. 22 June 2010 (Emergency)	4	8	12
v. 17 August 2010	4	8	12
vi. 24 November 2010	3	7	10

Details of attendance by each Director at the Board Meetings held in the financial year ended 31 December 2010 are as follows:

Directors	Total Board Meetings Attended	Percentage of Attendance
Dato' Mohd Nor Bin Abdul Wahid	6/6	100%
Fang Chew Ham	6/6	100%
Fong Chu King @ Tong Chu King	6/6	100%
Foong Chiew Fatt	6/6	100%
Cew Eng Chai	6/6	100%
Tan Chon Sing @ Tan Kim Tieng	6/6	100%
Fang Siew Yee	6/6	100%
Liew Kuo Shin	6/6	100%
Fang Siew Ping	6/6	100%
Khoo Wee Boon	5/6	84.0%
Mohd Zaki Bin Hamzah	6/6	100%
Sun Yi-Ling	3/6	50.0%
Fong Chiew Hean (appointed as alternate director To Mr. Foong Chiew Fatt on 24.02.2011)	–	–

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

VENUE

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

DATE AND TIME

Wednesday, 18 May 2011 at 11.00 a.m.

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PROXY FORM

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 Ninth Annual General Meeting of the Company to be held on the 18 day of May 2011 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 2010 and the Reports of the Directors and Auditors thereon		
2	Re-election of Ms Fang Siew Ping		
3	Re-election of Mr Liew Kuo Shin		
4	Re-election of Mr. Khoo Wee Boon		
5	Re-appointment of Mr. Foong Chiew Fatt		
6	Re-appointment of Mr. Tan Chon Sing @ Tan Kim Tieng		
7	Re-appointment of M/s Ernst & Young as Auditors and to authorise the directors to fix the Auditors' Remuneration		
8	Insertion of new Memorandum Clause 3 (57) to the Memorandum of Association of the Company		
9	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act 1965		
10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
11	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		

(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 2011

....
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 Seri Sungai Buloh, 47000 Selangor D.E. 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.

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STAMP

THREE-A RESOURCES BERHAD
AL 308, Lot 590 & Lot 4196
Jalan Industri, U19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan

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