



THREE-A RESOURCES BERHAD
481559-M



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Mission
To excel as one of the
Global Quality Brands in the industries

Vision
To excel as one of the **Global Market Leaders**
in the manufacture of Food & Beverage ingredients

About Us

Three-A Resources Berhad (TARB) is principally an investment holding company with one wholly-owned subsidiary, San Soon Seng Food Industries Sdn Bhd (SSSFI). SSSFI was founded in 1977 as Liquid Caramel producer named under Soon Seng Sauce Mixture & Food Factory. By 1989, it was converted into 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 TARB and was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 August 2002.

Focus on Core Business

TARB remains focused on its core strength in the Food & Beverage industry through its 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

CORPORATE PROFILE

Presence In Domestic & Export Market

TARB 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.

Extensive Awards & Recognitions

All products manufactured by SSSFI are HALAL certified by Islamic Development Department of Malaysia. 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 PRODUCT

SATISFACTION OF CUSTOMER

STRIVE FOR CONTINUAL IMPROVEMENT

SSSFI is in the process of obtaining Hazard Analysis Critical Control Point (HACCP) certification, a widely recognized certification for hygiene and superior quality products which will further strengthen its ability to penetrate into more export markets.

New Product Launch - Maltodextrin

TARB Group has just launched a new product - Maltodextrin in the second quarter of year 2007. It is a glucose-based powder products mainly used as an ingredient for a wide range of products such as nutritional beverages, ice cream, sauces, confectionery and other related products in the food and beverage industries. TARB aims that this newly launched Maltodextrin stand to substitute similar products that are currently mainly imported. Meanwhile this new product is targeted for both local and export market and the Group expects the commercialization of Maltodextrin will contribute positively to the earnings of the Group.



Products Application

Liquid Product

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 Product

Maltodextrin

Caramel Powder

HVP Powder

Soya Sauce Powder

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





FINANCIAL CALENDAR

FINANCIAL YEAR 2006

24 May 2006, Wednesday

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2006

29 May 2006, Monday

Issuance of notice of 4th Annual General Meeting and annual report for the financial year ended 31 December 2005

21 June 2006, Wednesday

Date of 4th Annual General Meeting for the financial year ended 31 December 2005

09 August 2006, Wednesday

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2006

09 August 2006, Wednesday

Announcement of the Research Report for the 6 months ended 30 June 2006

21 November 2006, Tuesday

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2006

10 January 2007, Wednesday

Issuance of notice of entitlement and payment of Interim Dividend of 6% per ordinary share of RM0.20 (Tax Exempt)

29 January 2007, Monday

Date of entitlement to the Interim Dividend of 6% per ordinary share of RM0.20 (Tax Exempt)

13 February 2007, Tuesday

Date of payment of the Interim Dividend of 6% per ordinary share of RM0.20 (Tax Exempt)

27 February 2007, Tuesday

Announcement of the unaudited consolidated results for the 4th quarter and year ended 31 December 2006

27 February 2007, Tuesday

Announcement of the Research Report for the year ended 31 December 2006

15 May 2007, Tuesday

Issuance of notice of 5th Annual General Meeting and annual report for the financial year ended 31 December 2006

06 June 2007, Wednesday

Date of 5th Annual General Meeting for the financial year ended 31 December 2006

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 Executive Director

Fong Chiew Hean
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

CORPORATE INFORMATION

Company Secretaries

Ng Bee Lian
(MAICSA 7041392)

Tan Enk Purn
(MAICSA 7045521)

Registered Office

AL 308, Lot 590 & Lot 4196
Jalan Industri, U 19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan
Malaysia
Tel : (03) 6156 2655
Fax : (03) 6156 2657
E-mail: three-a@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
Dato' Mohd Nor Bin Abdul Wahid

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 : (03) 2087 7000
Fax : (03) 2095 9076

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 26
Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : (03) 2721 2222
Fax : (03) 2721 2530

Stock Exchange Listing

MESDAQ Market of
Bursa Malaysia Securities Berhad

Stock Name / Code

3A / 0012



CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Financial Statements of Three-A Resources Berhad and of the Group for the financial year ended 31 December 2006.

Overview and performance of the year under review

Again I am extremely delighted to report a set of impressive results for the financial year 2006 with an increase of 18% in turnover which from RM70.80 million to RM84.02 million and a 68% increase in profit before taxation from RM5.57 million to RM9.40 million as compared to financial year 2005.

The higher turnover is a reflection of successful execution of corporate and business strategies and recognition of our products quality. This enhances our commitment in supplying quality products at the very high-level customer service. At the same time, the improved profitability is a result of proactive efforts of the management in the implementation of various cost savings measures and improvement in efficiency in the production.

For the last 5 years from 2002 to 2006, we have seen tremendous growth in both Group turnover and profit before taxation rising from RM23.78 million to RM84.02 million and RM2.59 million to RM9.40 million respectively. This means both the Group's turnover and profit before taxation have increased by about two and a half fold or at an annual compounded growth rate of 38% since listing in 2002. The Group have been successful in sustaining its organic growth while growing its base in these years. This is a significant achievement given the fact that the industry remains competitive.

Going Forward

For the Group, there are vast opportunities available particularly in countries such as China and South East Asia region in line with the growing affluent of its population of approximately 1.8 billion. We are witnessing intense urbanisation in these countries that brought about higher income per capita which in turn, raise the standard of living. The result is a boost in the demand of consumption of convenience foods and thus, our products should follow suit.

The Government is striving towards making the country a regional food production and distribution center, with particular emphasis on halal products. The Group stand to benefit from this development, as all our products are HALAL certified by the Islamic Development Department of Malaysia.

The trade liberalisations between Malaysia and these countries also augur well for the Group. Banking on a good quality and trusted range of products, we expect our export products to perform even better going forward. Currently, our exports are growing alongside with our domestic products. We would continue to improve our competitiveness in the global market through greater emphasis in human resource and research and development.

As part of our plan to broaden our product base, we are now commissioning our new state-of -the art plant to produce maltodextrin. It is a glucose-based powder products mainly used as an ingredient for a wide range of products such as nutritional beverages, ice cream, sauces, confectionery and other related products in the food and beverage industries. All in all, the year 2007 should be another exciting year for the Group as we are poised to achieve better than ever results.

Dividends

Your Board will continue to exercise its best judgment to weigh the need for funds in plant expansion in view of increasing demand from customers and also rewarding its shareholders. With this in mind, the Board had declared a 1.2 sen tax exempt interim dividend per share for the financial year ended 31 December 2006 of which payment was made on 13 February 2007.





CHAIRMAN'S STATEMENT

Corporate Social Responsibility

The Group holds firm that being committed to Corporate Social Responsibility (CSR) means to be able to constantly deliver enhanced value to our shareholders, in terms of long term improvement in capital, as well as high dividend yields.

As such the Group aims to continue to explore new avenues that are in line with our CSR direction across all divisions that will benefit Malaysians.

Directorate

Dato' Samsudin Bin Abu Hassan resigned from the Board on 31 December 2006. We wish to put a note of appreciation for his past invaluable contribution to the Board.

Meanwhile, we warmly welcome Mohd Zaki Bin Hamzah to the Board and we express our confidence in him that his appointment will enhance the Board representation.

Acknowledgement

On behalf of the Board, I would like to thank the management team and all staffs, our shareholders, customers, bankers and other business associates for their invaluable support and dedication to the Group.

Dato' Mohd Nor Bin Abdul Wahid

Executive Chairman

DATO' MOHD NOR BIN ABDUL WAHID

Non-Independent Executive Chairman

54 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 Executive Chairman of the Company since then. He is also the Executive Chairman of the Company's wholly-owned subsidiary, San Soon Seng Food Industries Sdn Bhd. Presently, Dato' Mohd Nor Bin Abdul Wahid serves as member of the Remuneration Committee and Audit 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-charged 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 four (4) Board Meetings held during the financial year ended 31 December 2006. 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

59 years of age
Malaysian

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

Mr. Fang Chew Ham started the family business producing Caramel Colour for more than 30 years. In 1978, he set up the Soon Seng Sauce Mixture & Food Factory to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn Bhd (SSSFI) in 1989; and 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 personnels 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 four (4) Board Meetings held during the financial year ended 31 December 2006. 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 @ Tong Chu King, Mr. Foong Chiew Fatt and Mr. Fong Chiew Hean; and is father of Ms. Fang Siew Yee and Ms. Fang Siew Ping, all of whom are the Directors of the Company.

MR. FONG CHU KING @ TONG CHU KING

Non-Independent Executive Director

62 years of age
Malaysian

Mr. Fong Chu King was appointed to the Board of the Company on 10 May 2002 and has served as Non-Independent Executive Director since then. Presently, he serves as 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 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 the manufacturing industry. As the Executive Director and General Manager, he is fully in-charge of the operation and plant expansion of the Group.

Mr. Fong Chu King has attended all four (4) Board Meetings held during the financial year ended 31 December 2006. 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, Mr. Foong Chiew Fatt and Mr. Fong Chiew Hean, all of whom are the Directors of the Company.

MR. FOONG CHIEW FATT

Non-Independent Executive Director

74 years of age

Malaysian

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

Mr. Foong Chiew Fatt has attended all four (4) Board Meetings held during the financial year ended 31 December 2006. 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, Mr. Fong Chu King and Mr. Fong Chiew Hean, all of whom are the Directors of the Company.

MR. FONG CHIEW HEAN

Non-Independent Non-Executive Director

70 years of age

Malaysian

Mr. Fong Chiew Hean was appointed to the Board of the Company on 10 May 2002 and has served as Non-Independent Non-Executive Director since then. With his intensive experience in the sauce making industry, he actively contributes to the success of the Group.

Mr. Fong Chiew Hean has attended all four (4) Board Meetings held during the financial year ended 31 December 2006. 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.

MR. CHEW ENG CHAI

Independent Non-Executive Director

57 years of age

Malaysian

Mr. Chew Eng Chai was appointed to the Board of the Company on 17 June 2002 and serves as Independent Non-Executive Director of the Company. He also serves as Chairman of the Audit Committee and serves as 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 four (4) Board Meetings held during the financial year ended 31 December 2006. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. TAN CHON SING @ TAN KIM TIENG

Independent Non-Executive Director

68 years of age

Malaysian

Mr. Tan Chon Sing was appointed to the Board of the Company on 17 June 2002 and serves as 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 four (4) Board Meetings held during the financial year ended 31 December 2006. 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

27 years of age

Malaysian

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

Ms. Fang Siew Yee was 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 four (4) Board Meetings held during the financial year ended 31 December 2006. 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

29 years of age

Malaysian

Mr. Liew Kuo Shin was appointed to the Board of the Company on 27 September 2004 and has served as 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 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-charged of maintenance of plant and machinery in TARB Group.

Mr. Liew Kuo Shin has attended all four (4) Board Meetings held during the financial year ended 31 December 2006. 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, whom is the Director of the Company.

MS. FANG SIEW PING

Non-Independent Executive Director

25 years of age

Malaysian

Ms. Fang Siew Ping was appointed to the Board of the Company on 27 September 2004 and has served as 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 TARB Group.

Ms. Fang Siew Ping has attended all four (4) Board Meetings held during the financial year ended 31 December 2006. 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 Director of the Company.

MR. KHOO WEE BOON

Independent Non-Executive Director

58 years of age

Malaysian

Mr. Khoo Wee Boon was appointed to the Board of the Company on 27 September 2004 and serves as 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 is currently works as a Dealer Representative with Hwang-DBS Investment Bank Berhad.

Mr. Khoo Wee Boon has attended three (3) Board Meetings out of four (4) held during the financial year ended 31 December 2006. 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

49 years of age

Malaysian

Encik Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 09 January 2007 and serves as Independent Non-Executive Director of the Company.

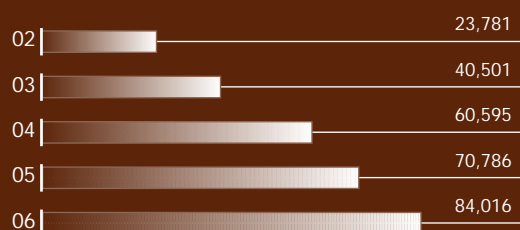
Encik Mohd Zaki Bin Hamzah was graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Master in Business Administration in Management Information System and Finance.

Encik Mohd Zaki Bin Hamzah was a consultant with Arthur Anderson & 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.

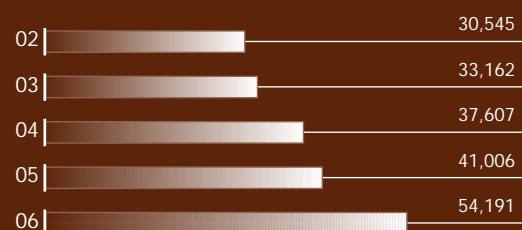
Encik Mohd Zaki Bin Hamzah has not attended any Board Meetings held during the financial year ended 31 December 2006 in view of his appointment date to the Board on 09 January 2007. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

	Year Ended 31 December				
	2006	2005	2004	2003	2002
OPERATING RESULTS (RM)					
Revenue	84,015,856	70,785,504	60,594,712	40,501,207	23,780,757
Profit Before Taxation	9,400,364	5,573,066	6,266,953	3,237,637	2,589,735
Profit After Taxation	8,631,891	4,839,445	4,444,953	2,616,938	1,764,478
KEY BALANCE SHEET DATA (RM)					
Total Assets	94,348,532	81,146,897	63,971,778	51,603,036	45,750,278
Total Liabilities	40,157,382	40,141,294	26,364,486	18,440,697	15,204,877
Share Capital	35,000,002	35,000,002	28,000,002	28,000,002	28,000,002
Shareholders' Equity	54,191,150	41,005,603	37,607,292	33,162,339	30,545,401
SHARE INFORMATION					
Basic Earnings Per Share (sen)	4.9	3.1	3.2	1.9	2.2
Net Assets Per Share (RM)	0.31	0.23	0.27	0.24	0.22
FINANCIAL RATIOS (%)					
Return on Equity	15.9	11.8	11.8	7.9	5.8
Return on Assets	9.1	6.0	6.9	5.1	3.9

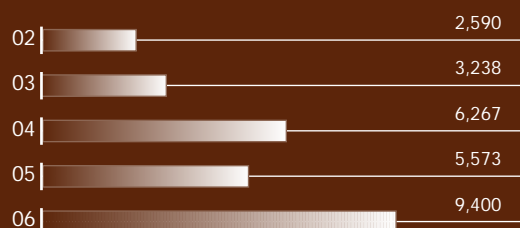
"The above financial summary information are extracted from the audited financial statements for the respective year except for 2005 which is based on the comparative figures in the financial statements for the year ended in 31 December 2006. The financial statements for 2002, 2003 and 2004 were prepared based on applicable MASB Approved Accounting Standards in Malaysia whereas for 2005 and 2006 were based on the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities."



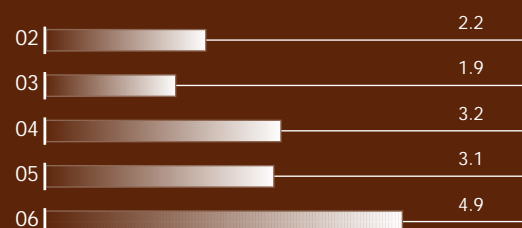
Revenue
(RM'000)



Shareholders' Equity
(RM'000)



Profit Before Taxation
(RM'000)



Basic Earnings Per Share
(Sen)

The Board of Directors ("Board") is fully committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing their value.

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 duties and responsibilities of the Board include monitoring the performance and control of the Group, monitoring on issues relating to strategy and financial matters, formalizing documentation on matters specifically reserved for its decision and ensuring that the Group's overall control and direction rests firmly with the Board.

The Board has established Board Committees to assist the Board in the discharge of its duties. Each committee operates under approved terms of reference as set out on pages 17 to 20.

The Board Committees are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

MEMBERS OF BOARD COMMITTEES AND MEETINGS ATTENDANCE

AUDIT COMMITTEE

Membership Status	Name	Attendance
Chairman <i>Independent Non-Executive Director</i>	Chew Eng Chai	4/4
Member <i>Independent Non-Executive Director</i>	Tan Chon Sing @ Tan Kim Tieng	4/4
Member <i>Non-Independent Executive Chairman</i>	Dato' Mohd Nor Bin Abdul Wahid	4/4

NOMINATION COMMITTEE

Membership Status	Name	Attendance
Chairman <i>Independent Non-Executive Director</i>	Mohd Zaki Bin Hamzah	-*
Member <i>Independent Non-Executive Director</i>	Chew Eng Chai	1/1
Member <i>Non-Independent Executive Director</i>	Fong Chu King @ Tong Chu King	1/1

* No meeting has been attended in view of his appointment date on 09 January 2007

REMUNERATION COMMITTEE

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

BOARD BALANCE

The Board consists of twelve (12) members; comprising seven (7) Non-Independent Executive Directors (including Non-Independent Executive Chairman and Managing Director), one (1) Non-Independent Non-Executive Director, four (4) Independent Non-Executive Directors.

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/Mesdaq Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

There is a clearly accepted division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined and take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of Independent Non-Executive Directors, each Director nevertheless brings an independent judgment in the proceedings and decision making of the Board. All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorized by the entire Board.

The profiles of the Board Members are presented on pages 9 to 12.

BOARD MEETINGS AND SUPPLY OF INFORMATION TO THE BOARD

Board meetings for the following financial year are scheduled before the end of the current financial year so as to enable Directors to plan accordingly in order to facilitate their attendance at the Board meetings.

The Board met four (4) times during the financial year ended 31 December 2006. Details of attendance of each Director at the Board meetings held under the financial year are set out as below:

Directors	No. of Board Meetings Held	Number of Board Meetings
Dato' Mohd Nor Bin Abdul Wahid	4	4
Fang Chew Ham	4	4
Fong Chu King @ Tong Chu King	4	4
Foong Chiew Fatt	4	4
Fong Chiew Hean	4	4
Chew Eng Chai	4	4
Tan Chon Sing @ Tan Kim Tieng	4	4
Fang Siew Yee	4	4
Liew Kuo Shin	4	4
Fang Siew Ping	4	4
Khoo Wee Boon	4	3
Mohd Zaki Bin Hamzah	4	- *

* No Board meetings has been attended in view of his appointment date on 09 January 2007

Dato' Mohd Nor Bin Abdul Wahid, the Non-Independent Executive Chairman, chairs all the Board meetings.

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

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

At the Board meetings, the Board reviews the Group's business operations by analyzing 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. The Directors may seek independent professional advice at the Group's expenses, if necessary. 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.

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 Memorandum and Articles of Association, at the first Annual General Meeting of the Company, all Directors shall retire from office and at the Annual General Meeting in every subsequent year, 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.

DIRECTORS' REMUNERATION

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 making recommendations to the Board on the remuneration packages of Executive Directors, Non-Executive Directors and members of Board Committees.

Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the level of remuneration of Executive Directors and Non-Executive Directors. Directors' fees, if any, are approved at the Annual General Meeting by the shareholders.

The remuneration of Directors for financial year ended 31 December 2006 is disclosed in Note 21 to the financial statements on page 53.

DIRECTORS' TRAINING AND EDUCATION

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

The Directors are mindful that they should receive appropriate continuous training by attending seminars in order to broaden their perspectives and to keep abreast with the development in the business environment as well as with the new regulatory and statutory requirements.

TERMS OF REFERENCE

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was set up in November 2002 and meets as and when required.

- 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

Remuneration Committee

The Remuneration Committee was set up in November 2002 and meets as and when required.

- To review and deliberate on the quantum of Directors' remuneration packages
- To furnish recommendations to the Board on specific adjustments in remuneration or reward payments

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's financial position and prospects. 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 recognize the responsibility for ensuring that accounting records are properly kept.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and to ensure accuracy and adequacy of the disclosed information by the Group.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is presented on page 27.

INTERNAL CONTROLS

The Group has outsourced an Internal Auditor in February 2007 to establish a system of internal controls which cover the overall business processes to ensure the Group's operation are effective and efficient as well as safeguarding of the Group's assets and shareholders' interest. The Internal Auditor shall undertake the audit of the Group's operating units; reviewing the unit's compliance to internal control procedures, highlighting weaknesses and making appropriate recommendations for improvement. The Internal Auditor shall report directly to the Audit Committee.

The Statement on Internal Control is presented on page 22 and it provides an overview of the state of internal controls within the Group.

AUDIT COMMITTEE

The Groups' financial reporting is overseen by the Audit Committee, which comprises two (2) Independent Non-Executive Directors and an Executive Director, of whom two-third (2/3) are independent.

The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report on pages 19 to 21. The activities of the Audit Committee are governed by a charter that is approved by the Board.

The Audit Committee meets quarterly. Additional meeting is held as and when required. During the financial year ended 31 December 2006, a total of four (4) Audit Committee meetings were held.

The Audit Committee meeting is always held before the Board's meeting. This is to ensure that all critical issues highlighted can be brought to the attention of the Board on a timely basis. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board where appropriate.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Audit Committee meets the Group's external auditors at least once a year to review the scope and adequacy of the audit process and their findings. The Audit Committee also meets with the external auditors whenever it deems necessary.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognizes 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 information, financial statements, news and events related to the Group can channel their queries to the following personnel:

Fong Peng Fai

Finance Manager

Jessica Fang Siew Yee

Executive Director

Tel No. : (03) 6156 2655

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

Website : www.three-a.com.my

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

Dato' Mod Nor Bin Abdul Wahid

Non-Independent Executive Chairman

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 2006 are as follows:

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	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
Dato' Mohd Nor Bin Abdul Wahid Member / Non-Independent Executive Chairman	4	4

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. the majority of the Audit Committee must be 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
 - c) fulfils such other requirements as prescribed 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.

CHAIRMAN

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

MEETINGS

- The Audit Committee will hold a minimum of three (3) meetings a year, although 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 Head of Internal Audit will attend the meetings. Representatives of the external auditors, are to be in attendance at meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.
- The Audit Committee members shall meet with external auditors at least once a year.
- The executive Board members and/or other appropriate officers may be invited to attend, except for those portions of the meetings where their presence may be considered inappropriate, as determined by the Chairman.
- The quorum for each meeting shall be at least two thirds (2/3) of the members with independent directors forming the majority.
- The Company Secretary shall be the Secretary to the Audit Committee.
- Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

AUTHORITY

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

- have authority to investigate any matter within its terms of reference;
- 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, excluding the attendance of the executive Board members, where 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 results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the report;
- To be consulted in the appointment, review of performance, remuneration and removal of the Head of Internal Audit and senior audit staff.

External Audit

- To review with the external auditors, the audit plan, scope of the audit and the areas of audits of the Group;
- 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 audit, and any other matters the auditors may wish to discuss;
- To review the external auditors' management letter and management response;
- To review the audit report with the external auditors;
- To review and report the assistance given by the Group's Officers to the external auditors and the overall conduct of the audit;
- 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 changes in 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.

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.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2006, the Audit Committee carried out the following activities:

FINANCIAL RESULTS

- Reviewed the annual audited financial statements of the Group, quarterly results of the Group, and thereafter submit them 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 external auditors' audit plan, scope and areas of audits of the Group.
- Reviewed the suitability of the external auditors and recommended to the Board for re-appointment and the audit fee thereof.

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 not favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

INTERNAL AUDIT FUNCTION

The Group has outsourced an Internal Auditor in February 2007 to establish a system of internal controls which cover the overall business processes to ensure the Group's operation are effective and efficient as well as safeguarding of the Group's assets and shareholders' interest. The Internal Auditor shall undertake the audit of the Group's operating units; reviewing the unit's compliance to internal control procedures, highlighting weaknesses and making appropriate recommendations for improvement. The Internal Auditor shall report directly to the Audit Committee.

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Revamped Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their internal controls. The Bursa Securities' Statement on Internal Control : Guidance for Directors of Public Listed Companies (Guidance) provides guidance for compliance with these requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Guidance.

BOARD RESPONSIBILITY

The Board is responsible for the Group's system of internal control and for reviewing the adequacy and integrity. The Board recognizes the importance of a sound system of internal controls for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of 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 confirms that there is an ongoing process of identifying, evaluating and managing significant business risks faced by the Group, which has been in place during the financial year.

An independent internal auditor was engaged by the Board in February 2007 to carry out a risk update of the Group. For this purpose, the following key activities on risk management were carried out in the financial year ending 31 December 2007:-

- Conduct of a risk awareness session with the Group's personnel to sensitise the personnel concerned on the importance of risk management;
- Rationalization of strategic risk issues faced by the Group with top management including the Managing Director;
- Carrying out of workshops with Group personnel to elicit risk information leading to the development of a Group risk profile;
- Development of pertinent control measures to reduce business risks faced by the Group to a manageable level.

The internal audit function is outsourced to an independent internal auditor to assist the Board in the review and appraisal of the internal control system within the Group. The internal audit function adopts a risk based approach and prepares its audit plan based on the existing risk profiles of major business units of the Group. For the financial year ending 31 December 2007 an internal audit plan which focuses on risk management, control and governing processes has been presented to the Audit Committee for approval.

The Audit Committee considers reports from the internal audit function and comments from Management before making recommendations to the Board to strengthen the internal control and governance systems.

Apart from risk management and internal audit, the Group's organizational structure provides formal delineations of responsibility and delegation of authority. A process of hierarchical reporting provides for a documented trail of accountability. Limitations on authority and counter checks by other departments are other modes of controls.

The effectiveness of the system of internal control is also reviewed through ISO 9001:2000 certification held by the Group. Surveillance visits are carried out annually by auditors from SIRIM 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 26 February 2007.

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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 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary 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

	<u>Group</u> RM	<u>Company</u> RM
Net profit for the year	8,631,891	9,900,833

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.

DIVIDEND

The amount of dividends paid by the Company since 31 December 2005 were as follows:

In respect of the financial year ended 31 December 2006:	RM
1.2 sen tax exempt interim dividend on 175,000,012 ordinary shares, declared on 9 January 2007 and paid on 13 February 2007	<u>2,100,000</u>

This financial statements do not reflect the above interim dividend as it was only declared and paid subsequent to the financial year end. It will be accounted for in equity as an appropriation of retained earnings in financial year ending 31 December 2007. The directors do not recommend the payment of any final dividend in respect of the current financial year ended 31 December 2006.

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 Chiew Hean
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
Dato' Samsudin Bin Abu Hassan

(appointed on 9 January 2007)
(resigned on 31 December 2006)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 21 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporation) 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 27 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			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Direct interest				
Fang Chew Ham	57,237,875	-	(61,800)	57,176,075
Dato' Mohd Nor Bin Abdul Wahid	5,681,250	-	-	5,681,250
Foong Chiew Fatt	9,919,350	-	-	9,919,350
Fong Chiew Hean	9,919,350	-	-	9,919,350
Fong Chu King @ Tong Chu King	5,584,675	2,026,250	-	7,610,925
Chew Eng Chai	112,500	-	-	112,500
Tan Chon Sing @ Tan Kim Tieng	825,000	-	-	825,000
Fang Siew Ping	62,500	1,250,000	-	1,312,500
Liew Kuo Shin	128,125	-	-	128,125
Fang Siew Yee	-	200,000	-	200,000

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 corporation during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements 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 inadequate to any substantial extent in respect of these financial statements; and

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances which would render: (Cont'd)
- (ii) the values attributed to 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.
- (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.

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 6 April 2007.

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

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 29 to 57 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 April 2007.

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

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 29 to 57 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 6 April 2007

Fang Chew Ham

Before me,

REPORT OF THE AUDITORS

to the members of Three-A Resources Berhad

We have audited the accompanying financial statements set out on pages 29 to 57. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary 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.

The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/09(J)
Partner

Kuala Lumpur, Malaysia
6 April 2007

BALANCE SHEETS

as at 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	45,846,300	40,709,596	2,803	3,271
Prepaid land lease payments	4	9,118,589	6,564,061	-	-
Investment in a subsidiary	5	-	-	20,100,000	20,100,000
Due from a subsidiary	6	-	-	17,918,543	8,070,307
Negative goodwill	7	-	(4,553,656)	-	-
		54,964,889	42,720,001	38,021,346	28,173,578
CURRENT ASSETS					
Inventories	8	13,829,071	14,734,562	-	-
Trade receivables	9	22,968,729	21,433,490	-	-
Other receivables	10	1,273,302	627,211	1,160	1,160
Tax recoverable		-	333,890	-	-
Cash and cash equivalents	11	1,312,541	1,297,743	362	472
		39,383,643	38,426,896	1,522	1,632
CURRENT LIABILITIES					
Borrowings	12	21,458,771	25,421,629	-	-
Trade payables	13	2,298,993	2,922,275	-	-
Other payables	14	2,274,476	2,105,310	23,998	77,173
Provision for taxation		47,662	-	-	-
		26,079,902	30,449,214	23,998	77,173
NET CURRENT ASSETS/(LIABILITIES)		13,303,741	7,977,682	(22,476)	(75,541)
		68,268,630	50,697,683	37,998,870	28,098,037
FINANCED BY:					
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	15	35,000,003	35,000,003	35,000,003	35,000,003
Share premium	16	733,629	733,629	733,629	733,629
Revaluation reserve	17	-	-	-	-
Retained earnings/(Accumulated losses)	18	18,457,518	5,271,971	2,265,238	(7,635,595)
Total equity		54,191,150	41,005,603	37,998,870	28,098,037
NON-CURRENT LIABILITIES					
Borrowings	12	9,323,839	4,938,298	-	-
Deferred tax liabilities	19	4,753,641	4,753,782	-	-
		14,077,480	9,692,080	-	-
		68,268,630	50,697,683	37,998,870	28,098,037

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS

for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	20	84,015,856	70,785,504	10,000,000	-
Cost of sales		(62,624,285)	(54,737,400)	-	-
Gross profit		21,391,571	16,048,104	10,000,000	-
Other income		67,044	32,892	-	-
Administrative expenses		(6,772,120)	(5,720,233)	(99,167)	(204,593)
Other expenses		(3,697,097)	(3,513,006)	-	-
Profit/(loss) from operations	21	10,989,398	6,847,757	9,900,833	(204,593)
Finance costs	23	(1,589,034)	(1,274,691)	-	-
Profit/(loss) before taxation		9,400,364	5,573,066	9,900,833	(204,593)
Taxation	24	(768,473)	(733,621)	-	-
Net profit/(loss) for the year		8,631,891	4,839,445	9,900,833	(204,593)
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	26	4.9	3.1		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006

Group	Share capital RM	Share premium ⁽¹⁾ RM	Retained earnings ⁽²⁾ RM	Total RM
At 1 January 2005				
As previously stated	28,000,002	794,621	8,812,669	37,607,292
Prior year adjustment on derecognition of deferred tax on reinvestment allowance (Note 19)	-	-	(1,380,142)	(1,380,142)
At 1 January 2005 (restated)	28,000,002	794,621	7,432,527	36,227,150
Net profit for the year	-	-	4,839,445	4,839,445
Expenses related to bonus issue	-	(60,992)	-	(60,992)
Capitalisation of retained profits for bonus issue	7,000,001	-	(7,000,001)	-
At 31 December 2005 (restated)	35,000,003	733,629	5,271,971	41,005,603
At 1 January 2006				
As previously stated	35,000,003	733,629	6,652,113	42,385,745
Prior year adjustment on derecognition of deferred tax on reinvestment allowance (Note 19)	-	-	(1,380,142)	(1,380,142)
At 1 January 2006 (restated)	35,000,003	733,629	5,271,971	41,005,603
Effects of adopting FRS 3	-	-	4,553,656	4,553,656
Net profit for the year	35,000,003	733,629	9,825,627	45,559,259
	-	-	8,631,891	8,631,891
At 31 December 2006	35,000,003	733,629	18,457,518	54,191,150

STATEMENTS OF CHANGES IN EQUITY

Company	Share capital RM	Share premium ⁽¹⁾ RM	Revaluation reserve ⁽¹⁾ RM	Accumulated losses/ retained earnings ⁽²⁾ RM	Total RM
At 1 January 2005					
As previously stated	28,000,002	794,621	13,797,326	(431,001)	42,160,948
Effect of adopting FRS 127	-	-	(13,797,326)	-	(13,797,326)
At 1 January 2005 (restated)	28,000,002	794,621	-	(431,001)	28,363,622
Net loss for the year	-	-	-	(204,593)	(204,593)
Expenses related to bonus issue	-	(60,992)	-	-	(60,992)
Capitalisation of revaluation reserve for bonus issue	7,000,001	-	(7,000,001)	-	-
Effect of adopting FRS 127	-	-	7,000,001	(7,000,001)	-
At 31 December 2005 (restated)	35,000,003	733,629	-	(7,635,595)	28,098,037
At 1 January 2006					
As previously stated	35,000,003	733,629	6,797,325	(635,594)	41,895,363
Effect of adopting FRS 127	-	-	(6,797,325)	(7,000,001)	(13,797,326)
At 1 January 2006 (restated)	35,000,003	733,629	-	(7,635,595)	28,098,037
Net profit for the year	-	-	-	9,900,833	9,900,833
At 31 December 2006	35,000,003	733,629	-	2,265,238	37,998,870

Note:

(1) Non-distributable

(2) Distributable

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

for the year ended 31 December 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	9,400,364	5,573,066	9,900,833	(204,593)
Adjustments for:				
Amortisation of leasehold land	143,671	10,667	-	-
Depreciation of property, plant and equipment	2,569,053	2,287,297	468	468
Provision for doubtful debts	-	18,750	-	-
Doubtful debts recovered	-	(30,696)	-	-
Bad debts written off	-	2,084	-	-
Unrealised foreign exchange gain/(loss)	104,731	(49,859)	-	-
Interest expense	1,377,942	1,014,218	-	-
Operating profit/(loss) before working capital changes	13,595,761	8,825,527	9,901,301	(204,125)
Working capital changes:				
Inventories	905,491	(7,206,191)	-	-
Receivables	(2,286,061)	(5,095,304)	-	-
Payables	(454,116)	1,402,188	(53,175)	50,875
Subsidiary	-	-	(9,848,236)	214,132
Cash generated from/(used in) operations	11,761,075	(2,073,780)	(110)	60,882
Interest paid	(1,377,942)	(1,014,218)	-	-
Income tax paid	(387,062)	(474,738)	-	-
Net cash generated from/(used in) operating activities	9,996,071	(3,562,736)	(110)	60,882
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(6,782,195)	(4,930,858)	-	-
Prepayment of land lease	(1,836,881)	(1,180,000)	-	-
Net cash used in investing activities	(8,619,076)	(6,110,858)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment)/Drawdown of bankers acceptances	(5,039,319)	19,235,491	-	-
Drawdown of term loans	4,127,071	4,308,108	-	-
Repayment of currency trade financing	-	(11,500,398)	-	-
Repayment of revolving credit	-	(1,000,000)	-	-
Repayment of hire purchase financing	(449,949)	(55,000)	-	-
Payment of expenses arising from bonus issue	-	(60,992)	-	(60,992)
Net (used in)/cash generated from financing activities	(1,362,197)	10,927,209	-	(60,992)

CASH FLOW STATEMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,798	1,253,615	(110)	(110)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	1,297,743	44,128	472	582
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 11)	1,312,541	1,297,743	362	472

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

	Group	
	2006 RM	2005 RM
Cash	6,782,195	4,930,858
Hire Purchase	1,784,880	-
	8,567,075	4,930,858

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Malaysian Exchange of Securities Dealing & Automated Quotation (MESDAQ) Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company and of the Group 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 subsidiary are disclosed in Note 5. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

These financial statements have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiary and Basis of Consolidation

(i) Subsidiary

Subsidiary is an entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary are prepared for the same reporting date as the Company.

The subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition 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 acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiary and Basis of Consolidation (Cont'd)

(ii) Basis of consolidation (Cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory and office buildings	2%
Plant and machinery	5%
Tools and implements	10%
Furniture and fittings and equipment	10%
Renovations and electrical installations	10%
Motor vehicles	10%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(c) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Leases (Cont'd)

(ii) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

(iii) Operating Leases

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, 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 represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

(e) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(f) 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

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(g) Goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill is stated at cost and is not amortised.

(h) Income Tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(i) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Revenue Recognition (Cont'd)

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. 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 on an accrual basis using the effective interest method.

(iii) Dividend income

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

(j) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period.

(l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, and gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial Instruments (Cont'd)

(iv) Interest Bearing Loans and Borrowings

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

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

In addition, the Group has early adopted the following new and revised FRSs for the financial period beginning 1 January 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement and the following FRSs and amendment that are mandatory for financial periods beginning on or after 1 January 2007:

- (i) FRS 6: Exploration for and Evaluation of Mineral Resources
FRS 6 is not relevant to the Group's operations.

The adoptions of revised FRS 102, 108, 110, 116, 121, 124, 132 and 133 did not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill was derived from the acquisition of the subsidiary in 2002. Negative goodwill was not amortised. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provision of FRS 3, the negative goodwill as at 1 January 2006 of RM4,553,656 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(d). This change has no impact on the Company's financial statements.

(b) FRS 117: Leases

Leasehold land held for own use

Prior to 1 January 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are 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 represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(d) and Note 4. There were no effects on the consolidated income statement for the year ended 31 December 2006 and the Company's financial statements.

(c) FRS 127: Consolidation and Separate Financial Statements

Prior to 1 January 2006, investment in subsidiary was stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation reserve. The investment in subsidiary was last revalued in 2004.

During the current financial year, the Company decided to value its investment in subsidiary using the cost method, as FRS 127 provides that for a subsidiary that is included in the consolidated financial statements, the investment can be accounted for in the parent's separate financial statements using either the cost or in accordance with FRS 139. The adoption of FRS 127 has resulted in the Company stating its investment in subsidiary at cost less impairment losses. The change in valuation method has given rise to a prior year adjustment, the effect of which is shown in Note 2.3(d) and Note 2.3(e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(d) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following table provides estimated of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year.

Effects on balance sheets as at 31 December 2006:

	Increase/(Decrease)			Total RM
	FRS 3 Note 2.3(a) RM	FRS 117 Note 2.3(b) RM	FRS 127 Note 2.3(c) RM	
Group				
Property, plant and equipment	-	(9,118,589)	-	(9,118,589)
Prepaid land lease payments	-	9,118,589	-	9,118,589
Negative goodwill	(4,553,656)	-	-	(4,553,656)
Retained earnings	4,553,656	-	-	4,553,656
Company				
Investment in a subsidiary	-	-	(13,797,326)	(13,797,326)
Revaluation reserves	-	-	6,797,325	6,797,325
Accumulated losses	-	-	7,000,001	7,000,001

The newly adopted FRSs above have no impact on the income statements for the year ended 31 December 2006 had the previous policies been applied in current year.

(e) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

	Previously Stated RM	- Increase/(Decrease) -		Restated RM
		FRS 117 Note 2.3(b) RM	FRS 127 Note 2.3(c) RM	
At 1 January 2005				
Company				
Revaluation reserves	(13,797,326)	-	13,797,326	-
At 31 December 2005				
Group				
Property, plant and equipment	47,273,657	(6,564,061)	-	40,709,596
Prepaid land lease	-	6,564,061	-	6,564,061
Company				
Investment in a subsidiary	33,897,326	-	(13,797,326)	20,100,000
Revaluation reserves	(6,797,325)	-	6,797,325	-
Accumulated losses	635,594	-	7,000,001	7,635,595

3. PROPERTY, PLANT AND EQUIPMENT

Group	Factory and office buildings	Plant and machinery, tools and implements	Furniture and fittings and equipment	Renovations and electrical installations	Motor vehicles	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1 January 2005	12,767,673	26,375,287	1,771,998	946,515	1,628,264	5,005,327	48,495,064
Additions	1,288,523	1,990,673	33,959	96,345	-	1,521,358	4,930,858
Reclassification	3,014,456	991,395	-	-	-	(4,005,851)	-
At 31 December 2005	17,070,652	29,357,355	1,805,957	1,042,860	1,628,264	2,520,834	53,425,922
Additions	729,829	2,112,128	55,011	35,693	1,791,669	3,842,745	8,567,075
Reclassification	-	1,659,516	-	-	-	(1,659,516)	-
Transfer *	-	-	-	-	-	(861,318)	(861,318)
At 31 December 2006	17,800,481	33,128,999	1,860,968	1,078,553	3,419,933	3,842,745	61,131,679
Accumulated Depreciation							
At 1 January 2005	1,283,264	7,332,746	540,380	474,984	797,655	-	10,429,029
Charge for the year	338,023	1,510,459	182,167	106,996	149,652	-	2,287,297
At 31 December 2005	1,621,287	8,843,205	722,547	581,980	947,307	-	12,716,326
Charge for the year	356,003	1,698,336	182,800	111,780	220,134	-	2,569,053
At 31 December 2006	1,977,290	10,541,541	905,347	693,760	1,167,441	-	15,285,379
Net Carrying Amount							
At 31 December 2006	15,823,191	22,587,458	955,621	384,793	2,252,492	3,842,745	45,846,300
At 31 December 2005	15,449,365	20,514,150	1,083,410	460,880	680,957	2,520,834	40,709,596

* Being accumulated costs incurred for land improvements on leasehold land transferred to Prepaid Land Lease Payments (Note 4).

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

Company	Furniture and fittings	
	2006	2005
	RM	RM
Cost		
At 1 January/31 December	4,675	4,675
Accumulated Depreciation		
At 1 January	1,404	936
Charge for the year	468	468
At 31 December	1,872	1,404
Net Carrying Amount		
At 31 December	2,803	3,271

- (a) All property, plant and equipment are charged as securities for borrowings facilities (Note 12) obtained by the subsidiary.
- (b) Included in property, plant and equipment of the Group as at balance sheet date are motor vehicles held under hire purchase with an aggregate net book value of RM1,690,223.

4. PREPAID LAND LEASE PAYMENTS

	Group	
	2006	2005
	RM	RM
At 1 January	6,564,061	5,394,728
Transfer from property, plant and equipment (Note 3)	861,318	-
Additions	1,836,881	1,180,000
Amortisation for the year (Note 21)	(143,671)	(10,667)
At 31 December	9,118,589	6,564,061
Analysed as:		
Long term leasehold land	8,721,840	6,156,729
Short term leasehold land	396,749	407,332
	9,118,589	6,564,061

The prepaid land lease payments are charged as securities for borrowing facilities of the subsidiary (Note 12).

5. INVESTMENT IN A SUBSIDIARY

	Company	
	2006	2005
	RM	RM
Unquoted investment		
At 1 January, as previously stated	20,100,000	33,897,326
Effect of adopting FRS 127	-	(13,797,326)
At 31 December, restated	20,100,000	20,100,000

5. INVESTMENT IN A SUBSIDIARY (CONT'D)

Details of the subsidiary are as follows:

Name of Subsidiary	Country of incorporation	Equity interest held		Principal activities
		2006	2005	
San Soon Seng Food Industries Sdn. Bhd. *	Malaysia	100%	100%	Manufacturing and selling of food and beverage ingredients

* Audited by Ernst & Young, Malaysia

In prior years, the Company's investment in its subsidiary was stated at valuation. Upon the adoption of the revised FRS 127, the directors decided it is in the best interest of the Company to account for its interests in the subsidiary at cost. The change in accounting policy has been applied retrospectively and its effects on the opening reserves are disclosed in Note 2.3(e).

6. DUE FROM A SUBSIDIARY

The amount due from a subsidiary is interest-free, unsecured and is not repayable within the foreseeable future.

7. NEGATIVE GOODWILL

	2006 RM	2005 RM
At 1 January	(4,553,656)	(4,553,656)
Effect of adopting FRS 3	4,553,656	-
At 31 December	-	(4,553,656)

Prior to 1 January 2006, negative goodwill was stated at cost and not amortised. In accordance with the transitional provision of FRS 3, the Group derecognised the entire negative goodwill with a corresponding increase in retained earnings.

8. INVENTORIES

	Group	
	2006 RM	2005 RM
At cost:		
Finished goods	2,813,683	2,453,594
Raw materials	10,582,705	11,865,073
Packing materials	432,683	415,895
	13,829,071	14,734,562

The cost of inventories recognised as an expense during the financial year amounted to RM56,902,943 (2005: RM49,437,132).

9. TRADE RECEIVABLES

	Group	
	2006 RM	2005 RM
Trade receivables		
- third parties	23,576,026	22,091,986
- related party	187,721	136,522
	23,763,747	22,228,508
Less: Provision for doubtful debts	(795,018)	(795,018)
Trade receivables, net	22,968,729	21,433,490

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The Group's normal trade credit term ranges from 30 to 150 days (2005: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis. The Group has internal mechanisms to monitor the granting of credit and management of credit exposures. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk noted at balance sheet date.

(b) Amount due from a related party

Related party's debts are 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 27.

10. OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sundry receivables, deposits and prepayments	1,453,302	807,211	1,160	1,160
Less: Provision for doubtful debts	(180,000)	(180,000)	-	-
	1,273,302	627,211	1,160	1,160

Included in deposits are advances paid for purchases of plant and machinery of RM1,051,882.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	1,312,541	1,338,433	362	472
Bank overdrafts (Note 12)	-	(40,690)	-	-
	1,312,541	1,297,743	362	472

12. BORROWINGS

	Group	
	2006 RM	2005 RM
Short Term Borrowings		
Secured:		
Bank overdrafts	-	40,690
Bankers acceptances	19,409,962	24,449,281
Term loans	1,627,922	972,348
Hire purchase payables	420,887	-
	21,458,771	25,462,319
Less: Bank overdrafts (Note 11)	-	(40,690)
	21,458,771	25,421,629
Long Term Borrowings		
Secured:		
Term loans	8,409,795	4,938,298
Hire purchase payables	914,044	-
	9,323,839	4,938,298

	Effective Interest %	Maturity	Group	
			2006 RM	2005 RM
Total Borrowings				
Bank overdrafts	7.50 - 7.75	On demand	-	40,690
Bankers acceptances	3.50 - 4.70	2007	19,409,962	24,449,281
Term loans	6.50 - 8.25	2007 - 2016	10,037,717	5,910,646
Hire purchase payables	2.46 - 3.70	2007 - 2012	1,334,931	-
			30,782,610	30,400,617
Maturity of borrowings				
Within one year			21,458,771	25,462,319
More than 1 year and less than 2 years			2,031,230	1,042,663
More than 2 years but less than 5 years			4,276,548	3,895,635
More than 5 years			3,016,061	-
			30,782,610	30,400,617

Except for bank overdraft and bankers acceptances, which are bearing interest at floating rates, all other borrowings are at fixed rate terms.

The bank borrowings are secured by the following:

- fixed charges over the prepaid land lease payments (Note 4), factory and office buildings of the subsidiary (Note 3);
- debentures incorporating fixed and floating charges over all assets and undertakings of the subsidiary, both present and future;
- negative pledge on two adjoining pieces of leasehold land;
- a corporate guarantee by the Company.

12. BORROWINGS (CONT'D)
Hire Purchase and Finance Leases:

Details on the hire purchase are as follows:

	Group	
	2006 RM	2005 RM
Future minimum lease payments:		
Not later than 1 year	490,296	-
Later than 1 year and not later than 2 years	423,776	-
Later than 2 years and not later than 5 years	562,583	-
Total future minimum lease payments	1,476,655	-
Less: Future finance charges	(141,724)	-
Present value of finance lease liabilities	1,334,931	-
Analysis of present value of finance lease liabilities:		
Not later than 1 year	420,887	-
Later than 1 year and not later than 2 years	380,997	-
Later than 2 years and not later than 5 years	533,047	-
Less: Amount due within 12 months	1,334,931 (420,887)	-
Amount due after 12 months	914,044	-

13. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 60 days (2005: 30 to 60 days).

14. OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Accruals	1,480,253	1,017,694	23,998	69,325
Sundry payables	794,223	1,087,616	-	7,848
	2,274,476	2,105,310	23,998	77,173

15. SHARE CAPITAL

	2006 Number of Shares	2005 Number of Shares	2006 RM	2005 RM
Authorised:				
Ordinary shares of RM0.20 each	250,000,000	250,000,000	50,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM0.20 each				
At 1 January	175,000,012	140,000,010	35,000,003	28,000,002
Issued during the financial year	-	35,000,002	-	7,000,001
At 31 December	175,000,012	175,000,012	35,000,003	35,000,003

16. SHARE PREMIUM

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.

17. REVALUATION RESERVE

	Company	
	2006 RM	2005 RM
At 1 January, as previously stated	-	6,797,325
Effects of adopting FRS 127	-	(6,797,325)
At 31 December	-	-

As discussed in Note 5, the revaluation reserve has been derecognised upon the adoption of FRS 127. The effect of the change in accounting policy has been applied retrospectively and its effects are disclosed in Note 2.3(e).

18. RETAINED EARNINGS

As at 31 December 2006, the Company has tax exempt profits available for distribution of approximately RM10,000,000 (2005: RM Nil), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank payments of dividends out of its entire retained earnings as at 31 December 2006.

19. DEFERRED TAX LIABILITIES

	Group	
	2006 RM	2005 RM
At 1 January		
As previously stated	4,753,782	2,933,645
Prior year adjustment to derecognise deferred tax on reinvestment allowance	-	1,380,142
As restated	4,753,782	4,313,787
Recognised in the income statement (Note 24)	(141)	439,995
At 31 December	4,753,641	4,753,782

Presented after appropriate offsetting as follows:

	Group	
	2006 RM	2005 RM
Deferred tax liabilities	4,925,719	4,925,860
Deferred tax assets	(172,078)	(172,078)
	4,753,641	4,753,782

19. DEFERRED TAX LIABILITIES (CONT'D)

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
At 1 January 2005	4,158,843
Recognised in the income statement	767,017
At 1 January 2006	4,925,860
Recognised in the income statement	(141)
At 31 December 2006	4,925,719

Deferred Tax Assets

In prior years, the Group and the Company recognised deferred tax assets on unused reinvestment allowances. During the current year, the Group and the Company changed its accounting policy and accordingly, deferred tax assets on unused reinvestment allowances are derecognised. The effects arising from this change on the comparative figures are as follows:

	Unutilised Reinvestment Allowances RM	Others RM	Total RM
At 1 January 2005, as previously stated	(1,053,120)	(172,078)	(1,225,198)
Prior year adjustment	1,380,142	-	1,380,142
At 1 January 2005, as restated	327,022	(172,078)	154,944
Recognised in the income statement	(327,022)	-	(327,022)
At 31 December 2005 / 2006	-	(172,078)	(172,078)

Comparative amounts as at 1 January 2006 have been restated as follows:

	As Restated RM	Adjustments RM	As Previously Stated RM
Balance Sheet:			
Deferred tax liabilities	4,753,782	1,380,142	3,373,640
Retained earnings	5,271,971	(1,380,142)	6,652,113

20. REVENUE

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Sales of goods	84,015,856	70,785,504	-	-
Dividend income	-	-	10,000,000	-
	84,015,856	70,785,504	10,000,000	-

21. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Profit/(loss) from operations is stated after charging/(crediting):				
Staff costs (Note 22)	6,589,842	5,750,169	-	-
Depreciation of property, plant and equipment	2,569,053	2,287,297	468	468
Amortisation of prepaid land lease payments (Note 4)	143,671	10,667	-	-
Non-executive directors' remuneration	18,000	33,000	18,000	28,000
Provision for doubtful debts	-	18,750	-	-
Auditors' remuneration	38,000	38,000	10,000	10,000
Rent of premises	27,136	24,000	-	-
Bad debts written off	-	2,084	-	-
Doubtful debts recovered	-	(30,696)	-	-
Realised exchange (gain)/loss	(166,714)	47,664	-	-
Unrealised foreign exchange loss/(gain)	104,731	(49,859)	-	-

Analysis of directors' remuneration:

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Executive directors' remuneration:				
Other emoluments	1,480,601	1,357,302	-	45,000
Non-executive directors' remuneration:				
Other emoluments	18,000	33,000	18,000	28,000
Total directors' remuneration (Note 27)	1,498,601	1,390,302	18,000	73,000

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	1,149,093	1,099,974	-	45,000
Bonus	176,000	121,500	-	-
Defined contribution plan	155,508	135,828	-	-
	1,480,601	1,357,302	-	45,000
Non-Executive:				
Other emoluments	18,000	33,000	18,000	28,000
	1,498,601	1,390,302	18,000	73,000

21. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
	RM	RM
Executive directors:		
Below RM50,000	1	2
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	2
RM250,001 - RM300,000	2	-
RM450,001 - RM500,000	1	1
Non-executive directors:		
Below RM50,000	5	3

22. STAFF COSTS

	Group	
	2006	2005
	RM	RM
Wages and salaries	5,970,750	5,239,386
Social security costs	41,197	33,454
Pension costs - defined contribution plans	474,140	410,339
Other staff related expenses	103,755	66,990
	6,589,842	5,750,169

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,480,601 (2005: RM1,357,302) and RM Nil (2005: RM45,000) respectively as further disclosed in Note 21.

23. FINANCE COSTS

	Group	
	2006	2005
	RM	RM
Interest expense on:		
Term loans	557,655	369,114
Bankers acceptances	733,955	440,590
Bank overdrafts	52,611	190,764
Hire purchase financing	33,721	13,750
	1,377,942	1,014,218
Bank charges	211,092	260,473
	1,589,034	1,274,691

24. TAXATION

	Group	
	2006 RM	2005 RM
Malaysian income tax:		
Tax expense for the year	768,614	293,626
Deferred tax:		
Relating to origination and reversal of temporary differences	361,406	439,995
Relating to changes in tax rates	(365,411)	-
Underprovision in prior years	3,864	-
	(141)	439,995
	768,473	733,621

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit/(loss) before taxation	9,400,364	5,573,066	9,900,833	(204,593)
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	2,632,102	1,560,458	2,772,233	(57,286)
Effects of changes in tax rates on opening balances of deferred tax	(339,831)	-	-	-
Deferred tax recognised at different tax rates	(25,580)	-	-	-
Income not subject to tax	-	-	(2,800,000)	-
Expenses not deductible for tax purposes	263,192	185,313	27,767	57,286
Utilisation of current year's reinvestment allowance	(1,766,910)	(1,012,150)	-	-
Underprovision of deferred tax in prior year	3,864	-	-	-
Withholding tax	1,636	-	-	-
Tax expense for the year	768,473	733,621	-	-

Unutilised reinvestment allowance is analysed as follows:

	Group	
	2006 RM	2005 RM
Unutilised reinvestment allowance carried forward	2,724,000	5,708,000

25. DIVIDENDS

Subsequent to balance sheet date, the Company declared an interim dividend of 1.2 sen, tax exempt on 175,000,012 ordinary shares amounting to RM2,100,000 in respect of the financial year ended 31 December 2006. The interim dividend were declared on 9 January 2007 and paid on 13 February 2007.

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006 RM	2005 RM
Net profit for the year (RM)	8,631,891	4,839,445
Weighted average number of ordinary shares in issue	175,000,012	156,301,381
Basic earnings per share (sen)	4.9	3.1

27. 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:

	Group		Outstanding balances	
	2006 RM	2005 RM	2006 RM	2005 RM
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	(652,861)	(580,035)	(187,721)	(136,522)
Rent payable to Excellent Chemical Industrial Sdn. Bhd.	24,000	24,000	600	-

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. Subsequent to balance sheet date, 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 the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from unrelated parties.

(b) Compensation of key management personnel

The key management personnels comprised mainly executive directors of the Company whose remuneration are disclosed in Note 21.

28. COMMITMENTS

	Group	
	2006 RM	2005 RM
Capital expenditure: Approved and contracted for	1,009,009	2,017,000

29. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2006	2005
	RM	RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	78,596,000	58,456,000

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's exposure to market risk for changes in the interest rate environment principally relates to its debt obligations. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group ensures that it obtains borrowings at favourable interest rates.

Information relating to the Group's interest rates is disclosed in the Note 12.

(c) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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

Functional currency of the Group is Ringgit Malaysia	Singapore Dollar RM
At 31 December 2006	
Receivables	905,186
At 31 December 2005	
Receivables	818,590

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign Currency Risk (Cont'd)

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Maturities Within 1 Year RM	Total Notional Amount RM
At 31 December 2006			
Forwards used to hedge trade receivables	USD	-	-
At 31 December 2005			
Forwards used to hedge trade receivables	USD	3,479,065	3,479,065

(d) Liquidity Risk

The Group 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.

(e) Credit Risk

Credit risk is the risk that counter parties will be unable to meet their obligations resulting in financial loss to the Group.

It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that the goods sold are to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The trade receivables represent the Group's maximum exposure to credit risk in the event the counter parties fail to perform their obligations. There was no significant concentration of credit risk to the Group as at year end.

(f) Fair Values

It is not practical to estimate the fair value of amount due from a subsidiary due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2006 are not materially different from their carrying values.

31. SEGMENT INFORMATION

No segmental reporting is presented as the Group's activities are predominantly in the manufacturing industry segment and occur predominantly in Malaysia.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	No. H.S.(M) 472 Lot 4196 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. H.S.(D) 190145 No. P.T. 6418 Lot 590 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. H.S.(D) 238563 No. P.T. 9796 Lot 585 & 586 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.
Existing Use	Office Buidling Production Factory Warehouse	Office Buidling Production Factory Warehouse	Production Factory Warehouse
Types of Land	Industrial Land	Industrial Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	63 years (30 May 2070)	95 years (03 July 2102)	95 years (03 July 2102)
Age of Property	11 years	30 years	2 years
Land Area (Sq. Feet)	110,976	35,112	93,032
Built-Up Area (Sq. Feet)	46,877	33,907	48,100
Cost (RM'000)	11,733	3,795	7,825
Net Book Value as at 31 Dec 2006 (RM'000)	10,840	2,879	7,383
Date of Acquisition	03 October 1995	03 January 1997	19 May 1997
Year of Last Revaluation	2003	2003	2003

**PARTICULARS OF PROPERTIES
HELD BY THE GROUP**

Location	No. H.S.(M) 4098 No. P.T. 2317 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. H.S.(M) 4651 No. P.T. 5938 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. H.S.(M) 3999 No. P.T. 584 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.
Existing Use	Hostel	Hostel	Vacant
Types of Land	Residential Land	Residential Land	Industrial Land
Tenure	Leasehold 60 years	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	35 years (22 June 2042)	39 years (26 June 2046)	34 years (24 May 2041)
Age of Property	8 years	8 years	-
Land Area (Sq. Feet)	8,168	6,806	46,005
Built-Up Area (Sq. Feet)	6,942	5,785	-
Cost (RM'000)	570	874	1,371
Net Book Value as at 31 Dec 2006 (RM'000)	494	756	1,332
Date of Acquisition	27 May 1997	31 March 1998	23 August 2004
Year of Last Revaluation	2003	2003	2005

**PARTICULARS OF PROPERTIES
HELD BY THE GROUP**

Location No. H.S.(M) 11086
Lot 66
Jalan Industri, U19
Kg. Baru Seri Sungai Buloh
47000 Selangor D.E.

Existing Use Vacant

Types of Land Agriculture Land
(In progress of conversion
to Industrial Land)

Tenure Leasehold
99 years

**Remaining Lease Period
(Expiry Date)** 63 years
(30 May 2070)

Age of Property -

**Land Area
(Sq. Feet)** 87,123

**Built-Up Area
(Sq. Feet)** -

**Cost
(RM'000)** 1,954

**Net Book Value
as at 31 Dec 2006
(RM'000)** 1,925

Date of Acquisition 05 December 2005

Year of Last Revaluation 2005

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

- 1. Utilisation of Proceeds**
There were no proceeds raised during the current financial year.
- 2. Share Buy-Back**
The Company did not carry out any share buy-back exercise during the financial year ended 31 December 2006.
- 3. Options, Warrant or Convertible Securities Exercised**
The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2006.
- 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 2006.
- 5. Sanctions and/or Penalties**
There were no sanctions/penalties imposed on the Company and its subsidiary, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2006.
- 6. Non-Audit Fees**
There were no non-audit fees paid to external auditors for the financial year ended 31 December 2006.
- 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 2006.
- 8. Profit Guarantee**
There was no profit guarantee given by the Company and its subsidiary during the financial year ended 31 December 2006.
- 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 subsidiary which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2006 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving Directors and substantial shareholders in the past two years preceding the date of this annual report.
- 11. Related Party Transactions of a Revenue / Trading Nature (RRPT)**
The breakdown of the value of the transactions conducted during the financial year were as follows:-

Sales of goods to Seong Chan Sauce & Foodstuff Sdn Bhd to the amount of RM652,861.00

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

ANALYSIS OF SHAREHOLDINGS

as at 18 April 2007

Authorised Share Capital : RM50,000,000 divided into 250,000,000 Ordinary Shares of RM0.20 per share
 Issued and Fully Paid-Up Capital : RM35,000,002 divided into 175,000,012 Ordinary Shares of RM0.20 per share
 Class of Shares : Ordinary Share
 Voting Rights : One (1) voting right for one Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders				No. of Shares Held			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
1 - 99	188	10.67	1	0.06	9,034	0.01	50	0.00
100 - 1,000	112	6.35	2	0.11	43,103	0.02	650	0.00
1,001 - 10,000	731	41.47	8	0.45	3,706,075	2.12	43,800	0.03
10,001 - 100,000	576	32.67	12	0.68	19,184,700	10.96	470,000	0.27
100,001 - 8,749,999 *	127	7.20	3	0.17	75,153,025	42.94	813,000	0.46
8,750,000 and above **	3	0.17	0	0.00	75,576,575	43.19	0	0.00
Total	1,737	98.53	26	1.47	173,672,512	99.24	1,327,500	0.76

	No. of Shareholders	No. of Shareholdings	%
Grand Total	1,763	175,000,012	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)

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	Fang Chew Ham	55,737,875	31.85
2.	Fong Chiew Hean	9,919,350	5.67
3.	Foong Chiew Fatt	9,919,350	5.67
4.	Teo Kwee Hock	8,160,000	4.66
5.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	8,100,000	4.63
6.	Fong Chu King @ Tong Chu King	7,610,925	4.35
7.	Mohd Nor Bin Abdul Wahid	3,150,000	1.80
8.	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Nor Bin Abdul Wahid	2,531,250	1.45
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Susy Ding	2,304,400	1.32
10.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien	1,739,500	0.99

TOP THIRTY (30) SHAREHOLDERS (CONT'D)

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

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
11.	Kong Chee Choong	1,525,000	0.87
12.	Fang Chew Ham	1,438,200	0.82
13.	Koh Koo Kee @ Koh Ah Fook	1,400,000	0.80
14.	Fang Siew Ping	1,312,500	0.75
15.	Siti Hapzah Binti Ali	1,250,000	0.71
16.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phoa Boon Ting	1,215,500	0.69
17.	Lau Suet Ming	1,164,500	0.67
18.	Lee Chin Bee	1,062,500	0.61
19.	Quek Jin Ang	1,031,000	0.59
20.	Chan Chai Bee	975,600	0.56
21.	Gan Ah Ai	895,000	0.51
22.	Lee Chin Yoke	875,000	0.50
23.	Tan Chon Sing @ Tan Kim Tieng	825,000	0.47
24.	PM Nominees (Tempatan) Sdn Bhd PCB Asset Management Sdn Bhd for Mary Tan @ Tan Hui Ngoh	825,000	0.47
25.	Fong Peng Man	770,000	0.44
26.	Tan Cheng Chai	676,775	0.39
27.	Leang Chee Heng	667,850	0.38
28.	Wong Ah Kum	600,000	0.34
29.	Quek Jin Ang	597,500	0.34
30.	Tan Seng Fatt	556,700	0.32
Total		128,836,275	73.62

SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	Fang Chew Ham	57,176,075	32.67
2.	Fong Chiew Hean	9,919,350	5.67
3.	Foong Chiew Fatt	9,919,350	5.67

DIRECTORS' SHAREHOLDINGS

No.	Name	DIRECT		INDIRECT	
		No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1.	Fang Chew Ham	57,176,075	32.67	28,962,125 ¹	16.55
2.	Foong Chiew Fatt	9,919,350	5.67	74,706,350 ²	42.69
3.	Fong Chiew Hean	9,919,350	5.67	75,746,350 ³	43.28
4.	Fong Chu King @ Tong Chu King	7,610,925	4.35	77,014,775 ⁴	44.01
5.	Dato' Mohd Nor Bin Abdul Wahid	5,811,250	3.32	-	-
6.	Tan Chon Sing @ Tan Kim Tieng	825,000	0.47	280,000 ⁵	0.16
7.	Chew Eng Chai	112,500	0.06	20,300 ⁶	0.01
8.	Liew Kuo Shin	128,125	0.07	200,000 ⁷	0.11
9.	Fang Siew Ping	1,312,500	0.75	57,376,075 ⁸	32.79
10.	Fang Siew Yee	200,000	0.11	58,616,700 ⁹	33.50
11.	Mohd Zaki Bin Hamzah	120,000	0.07	-	-
12.	Khoo Wee Boon	-	-	-	-

Note :

- 1 Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King and his daughters Fang Siew Yee and Fang Siew Ping
- 2 Indirect interest via shareholdings of his siblings Fang Chew Ham, Fong Chiew Hean and Fong Chu King @ Tong Chu King
- 3 Indirect interest via shareholdings of his siblings Fang Chew Ham, Foong Chiew Fatt, Fong Chu King @ Tong Chu King, his spouse Yeoh Ha Wah and his son and daughter Fong Peng Man and Fong Sau Mui
- 4 Indirect interest via shareholdings of his siblings Fang Chew Ham, Foong Chiew Fatt and Fong Chiew Hean
- 5 Indirect interest via shareholdings of his spouse Ng Faai @ Ng Yoke Pei
- 6 Indirect interest via shareholdings of his spouse Lim Tong Lean
- 7 Indirect interest via shareholdings of his spouse Fang Siew Yee
- 8 Indirect interest via shareholdings of her father Fang Chew Ham and her sibling Fang Siew Yee
- 9 Indirect interest via shareholdings of her spouse Liew Kuo Shin, her father Fang Chew Ham and her sibling Fang Siew Ping

NOTICE IS HEREBY GIVEN THAT the Fifth 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, the 6 day of June 2007 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the audited Financial Statements for the financial year ended 31st December 2006 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 Dato' Mohd Nor Bin Abdul Wahid (Resolution 2)
 - 2.2 Mr. Fong Chu King @ Tong Chu King (Resolution 3)
 - 2.3 Ms. Fang Siew Yee (Resolution 4)

3. To re-elect the retiring Director Encik Mohd Zaki Bin Hamzah who retire by rotation pursuant to Article 93 of the Company's Articles of Association. (Resolution 5)

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

"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 6)

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

"That Mr. Fong Chiew Hean, 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 7)

6. To re-appoint Messrs. Ernst & Young as Auditors and to authorize the Directors to fix their remuneration. (Resolution 8)

7. As special business, to consider and if thought fit, to pass the following resolutions:-
 - 7.1 **As Ordinary Resolution -**
 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)

7.2 Proposed Amendments to Articles of Association of the Company (Special Resolution)

"That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix 1 attached with the Annual Report for financial year ended 31 December 2006 be and are hereby approved."

(Special Resolution 1)

8. 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: 15 May 2007

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed resolution No. 9, if passed, is to authorize the Directors to issue up to 10% of the paid up capital of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.
2. Special Resolution 1 - Proposed Amendments to the Articles of Association of the Company

The Special Resolution 1 on the proposed amendments is to update and streamline the Articles of Association of the Company to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad for Mesdaq market to render consistency throughout.

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 authorized.

APPENDIX 1

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
7.02 Definitions	<p>Definitions:-</p> <p>"Approved Market Place"</p> <p>"Central Depositories Act"</p> <p>"Central Depository" means Malaysian Central Depository Sdn. Bhd.";</p> <p>"Deposited Security" means a security in the Company standing to the credit of a Securities Account of a Depositor and includes a security in a Securities Account and is in suspense.";</p> <p>"the Exchange" means Kuala Lumpur Stock Exchange;</p> <p>"Member/Members" means any person/persons for the time being holding shares in the Company including Depositors whose names appear on the Record of Depositors but shall exclude the Central Depository or its nominee company in whose name the Deposited Security is registered"</p>	<p>To delete and replace with the new definitions:-</p> <p>"Approved Market Place" means A stock exchange which is specified to be an approved market place pursuant to an exemption order made under Section 62A of the Depositories Act or any statutory modification, amendment or re-enactment thereof for the time being in force as may be amended, modified or altered from time to time"</p> <p>"Central Depositories Act" means The Securities Industry (Central Depositories) Act 1991 and any statutory modification, amendment or reenactment thereof and any and every other legislation for the time being in force made thereunder.</p> <p>"Central Depository" means Bursa Malaysia Depository Sdn. Bhd.</p> <p>Deposited Security - shall have the same meaning given in Section 2 of the Securities Industry (Central Depositories) Act 1991</p> <p>"the Exchange" means Bursa Malaysia Securities Berhad</p> <p>"Member" means any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Bursa Depository Nominees Sdn Bhd), including depositors whose names appear on the Record of Depositors.</p>	Alteration of Existing Article

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Transfer	<p>Article 24</p> <p>The transfer of any securities or class of securities of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(1) of the Act, the Company shall precluded from registering and effecting any transfer of such securities.</p>	<p>To delete Article 24 in its entirety and replaces with the following new article 24:-</p> <p>Article 24 - Transfer of securities</p> <p>Subject to the provisions of the Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and notwithstanding section 103 and 104 of the Companies Act 1965 but subject to subsection 107C(2) of the Companies Act 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Act, the company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.</p>	Alteration of Existing Article
<p>Para 7.05</p> <p>(Issue of preference shares)</p>	<p>Article 5(1)</p> <p>Subject to the Act, any preference shares may with the sanction of an ordinary resolution of shareholders in general meeting, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. The Company may also on any issue of shares pay such brokerage as may be lawful.</p>	<p>Article 5 (1) - To delete the existing Article 5 (1) in its entirety and replace with the following new Article:-</p> <p>Article 5(1)</p> <p>The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.</p>	Alteration of Existing Article
<p>Para 7.08 (2) -</p> <p>(Rights of Preference shareholders)</p>	<p>Article 5(2)(b)</p> <p>Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.</p>	<p>To delete the existing Article 5(2)(b) in its entirety.</p>	Deletion of Existing Article

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Issue of Securities	<p>Article 12</p> <p>A Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository to enable the Central Depository to make the appropriate entries in the Securities Account if such allottees.</p>	<p>To delete the existing Article 12 in its entirety and to replace with a new Article 12:-</p> <p>Article 12</p> <p>All new issue of securities for which listing on the Bursa Securities is sought shall be by way of crediting the Securities Account of the allottees with such securities save and except where it is specially exempted from compliance with Section 38 of the Depositories Act, in which event it shall so similarly be exempted from compliance with this Article. For this purpose, the Company shall notify the Bursa Depository of the names of the allottees and all such particulars required by the Bursa Depository to enable the Bursa Depository to make the appropriate entries in the securities Accounts of such allottees. The Company must allot securities and dispatch notices of allotment to the allottees within fifteen (15) market days of the final application closing date for an issue of securities or such other period as may be prescribed by the Exchange. Notwithstanding these Articles, the Company shall comply with the provisions of the Depositories Act and the Rules in respect of all matters relating to the prescribed securities.</p>	Alteration of Existing Article
<p>Para 7.11</p> <p>Transfer of Securities</p>	<p>Article 24</p> <p>The transfer of any securities or class of securities of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.</p>	<p>Article 24 - To delete the existing Article 24 in its entirety and replace with the following new Article 24:-</p> <p>Article 24</p> <p>The transfer of any listed security or class of listed security of the company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and notwithstanding section 103 and 104 of the Companies Act, 1965 but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965 the company shall be precluded from registering and effecting any transfer of the listed securities.</p>	Alteration of Existing Article

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
<p>Para 7.15</p> <p>Notice of Meeting</p>	<p>Article 59</p> <p>Every notice convening meetings shall specify the place, the day and the hour of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notice of general meetings from the Company. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is to be proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in the daily press and in writing to each stock exchange upon which the Company is listed, including the Exchange.</p>	<p>Article 59 - To delete the existing Article 59 in its entirety and replace with the following new Article 59:-</p> <p>Article 59</p> <p>The notices convening meetings shall specify the place, day and hour of the meeting and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding of such a special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the company is listed.</p>	<p>Alteration of Existing Article</p>
<p>Para 7.16</p> <p>Record of Depositors</p>	<p>Article 61</p> <p>The Company shall request, in writing, the Central Depository in accordance with the Rules, to prepare a Record of Depositors as at a date not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed Depository to be the registered holders of ordinary shares of the Company eligible to be present and vote at such meetings.</p>	<p>Article 61 and Article 62 - To delete the existing Articles 61 and 62 in its entirety and replace with the following new Article 61 and 62:-</p> <p>Article 61</p> <p>The company shall request the Depository in accordance with the Rules of Depository, to issue a Record of Depository to whom notices of general meeting shall be given by the company.</p> <p>The company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depository, as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").</p>	<p>Alteration of Existing Article</p>

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
	<p>Article 62</p> <p>Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>	<p>Article 62</p> <p>Subject to the Securities Industry (Central Depositories)(Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.</p>	
<p>Para 7.19</p> <p>Voting rights of proxy</p>	<p>-</p>	<p>To insert a new Article 74A</p> <p>Article 74A</p> <p>A proxy shall be entitled to vote on a show of hands on any question at any general meeting.</p>	<p>Insertion of New Article</p>
<p>Para 7.20</p> <p>(Voting right of members and proxy)</p>	<p>Article 74</p> <p>Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each member entitled to vote may vote in person or by proxy or by attorney or by duly authorized representative and on a show of hands, every person who is a Member or proxy or attorney or representative of a Member and each holder of a preference share or proxy who has a right to vote shall have one vote, and on a poll every Member present in person or by proxy or attorney or representative and each holder of a preference share or proxy who has a right to vote shall have one vote for each share he holds.</p>	<p>To delete the existing Article 74 in its entirety and replaces with the following new article:-</p> <p>Subject to any rights or restriction for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each member entitled to vote may vote in person or by proxy or by attorney or in the case of a corporation by a representative on any question and on a show of hands, a holder of ordinary shares or preference shares who is personally present or a member's representative or proxy or attorney and entitled to vote shall be entitled to one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A person entitled to more than one vote need not use all his votes or cast all the votes he uses on a poll in the same way.</p>	<p>Alteration of Existing Article</p>
<p>Para 7.21</p> <p>Appointment of at least one proxy</p>	<p>-</p>	<p>To insert a new Article 79A</p> <p>Article 79A</p> <p>Where a member of the company is an authorized nominee as defined under the Securities Industry (Central Depositories) act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</p>	<p>Insertion of New Article</p>

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
<p>Para 7.27</p> <p>Vacation of office of director</p>	<p>Article 97</p> <p>The office of a Director shall become vacant if the Director:-</p> <p>(a) has a Receiving Order in bankruptcy made against him or makes any arrangement or composition with his creditor generally;</p> <p>(b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes Section 130 or 130A of the Act;</p> <p>(c) ceases to be a Director by virtue of the Act;</p> <p>(d) becomes of unsound mind or a person whose person or estate is liable to be dealt in any way under the law relating to mental disorder;</p> <p>(e) resigns from his office by notice in writing to the Company and deposited at the Office of the Company;</p> <p>(f) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given; or</p> <p>(g) absents himself from more than three (3) consecutive meetings of the Directors without leave of absence from the Directors and his alternate director (if any) shall not during such meetings have attended in his stead, and the Company notifies him that he has by reason of such absence vacated his office with effect from the date of notification.</p>	<p>To delete the existing Article 97 in its entirety and replace with a new Article 97:</p> <p>Article 97</p> <p>The office of Director shall become vacant if the Director:-</p> <p>(a) ceases to be a Director by virtue of the Act;</p> <p>(b) becomes a bankrupt or makes any arrangement or composition with his creditors generally during his term of office;</p> <p>(c) has been convicted by a court of law, whether within Malaysia or elsewhere, of:-</p> <p>(i) an offence in connection with the promotion, formation or management of a company;</p> <p>(ii) an offence involving fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or</p> <p>(iii) an offence under the securities laws or the Companies Act, 1965</p> <p>within a period of five years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be;</p> <p>(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;</p> <p>(e) resigns his office by notice in writing to the Company and deposited at the Office of the Company;</p> <p>(f) absents himself from more than three (3) consecutive meetings of the Directors without leave from the Directors held during that period;</p> <p>(g) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given;</p>	<p>Alteration of Article</p>

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
<p>Para 7.33</p> <p>Presenta-tion of accounts</p>	<p>Article 140</p> <p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of annual reports relating to it shall not exceed six (6) months. A copy of each of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 155 be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office</p>	<p>To delete the existing Article 140 and to replace with a new Article 140:-</p> <p>Article 140</p> <p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of annual reports relating to it shall not exceed six (6) months.</p> <p>The annual audited financial statements together with the auditors' and directors' reports shall, in any case, be given to the Exchange for public release, within a period of not exceeding four (4) months from the close of the financial year of the Company unless the annual report is issued within a period of four (4) months from the close of the financial year of the Company.</p> <p>A copy of the annual report, either in printed form or in CD-ROM form or in such other form of electronic media, shall not more than six (6) months after the close of the financial year and not less than twenty one (21) days before the date of the meeting be sent to every Member of and every holder of debenture of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these document has not been sent shall be entitled to receive a copy free of charge on application to the Office. The required number of copies of each of these documents shall at the same time be sent to the Exchange.</p> <p>In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market days from the date of receipt of the Member's request.</p>	<p>Alteration of Article</p>

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Certificate of Title	-	<p>To insert a new Article 25A</p> <p>Article 25A</p> <p>The certificate of title to share, stock, debenture, debenture stock, notes and other securities shall be issued under the seal of the Company with security features and of such size as prescribed by the Exchange and all such certificates shall be signed by at least one Director and the Secretary or in lieu of the Secretary by such other person as the Directors may appoint for the purpose. It shall be sufficient evidence that the seal has been duly affixed to any such certificate and signed as aforesaid if a facsimile of the signature of a Director and of the Secretary appears thereon.</p>	Insertion of New Article
Suspension of Registration	<p>Article 26</p> <p>The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Eighteen (18) market days notice of intention to close the register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. In relation to such closure, the Company shall give notice, in accordance with the Rules, to the Central Depository to prepare the appropriate Record of Depositors.</p>	<p>To delete the existing Article 26 in its entirety and replaces with the following new article:-</p> <p>Article 26</p> <p>The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty (30) days in any year. Any notice of intention to fix the books closing date and the reason therefore shall be given to the Bursa and such notice shall state the books closing date, which shall be at least ten (10) Market Days after the date of announcement to the Bursa or such other period as may be prescribed by the Bursa from time to time or any relevant governing laws and/or guidelines after the date of notification to the Exchange, and the address of share registry at which documents will be accepted for registration. The said notice shall also state the purpose or purposes for which the register is being closed. At least three (3) market days prior notice or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors.</p>	Alteration of Existing Article

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Retirement of directors	<p>Article 86</p> <p>At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all the 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. A retiring Director shall retain office until the close of the meeting at which he retires.</p>	<p>To delete the existing Article 86 and to replace with a new Article 86</p> <p>Article 86</p> <p>Subject to these Articles, at each annual general meeting one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1) shall retire from office and an election of Directors shall take place PROVIDED ALWAYS that each Director shall retire once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.</p>	Alteration of Existing Article
Executive Chairman, Managing Director/ Executive Director	<p>Article 122</p> <p>The Directors may from time to time appoint any one (1) or more of their body to any executive office including the offices of Executive Chairman, Chief Executive Director, Managing Director, Deputy Managing Director or Executive Director for such fixed period not exceeding five (5) years and upon such terms as they think fit and may entrust to and confer upon a Director holding such executive office, any powers exercisable by them as Directors generally as they may think fit but subject thereto such Executive Chairman, Chief Executive Director, Managing Director, Deputy Managing Director or Executive Director shall be subject to the control of the Board.</p>	<p>To delete the existing Article 122 in its entirety and to replace with a new Article 122:-</p> <p>Article 122</p> <p>The Directors may from time to time appoint any one (1) or more of their body to be the Managing Director. The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may deem fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any or such powers and subject thereto, shall always be under the control of the board of directors. The remuneration of a Managing Director may be by way of salary or commission or participation in profits or by any or all of these modes but shall not include a commission on or a percentage of turnover.</p>	Alteration of Existing Article

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Special position of Directors holding executive office	<p>Article 124</p> <p>A Director holding an executive office for a fixed period pursuant to these Articles shall not while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors or in fixing the number of Directors to retire, but he shall, subject to provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and if he ceases to hold the office of Director for any cause, his appointment as a Director holding an executive office shall be automatically determined.</p>	<p>To delete the existing Article 124 in its entirety and to replace with a new Article 124:-</p> <p>Article 124</p> <p>A Managing Director shall while he continues to hold such office be subject to retirement by rotation and be taken into account in determining the rotation of retirement of Directors pursuant to Article 122. He shall, subject to provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and if he ceases to hold the office of Director for any cause, his appointment as a Director holding an executive office shall be automatically determined.</p>	Alteration of Article
Cost of Serving Notice	-	<p>Article 95 A</p> <p>The cost of serving the notice as required to propose the election of a Director, where the nomination is made by a member, shall be borne by the member making the nomination.</p>	Insertion of New Article
Para 7.36 Effect of the Listing Requirements	-	<p>To insert a new Article 168.</p> <p>Article 168</p> <p>(1) Notwithstanding anything contained in these articles, if the Listing Requirements prohibit an act being done, the act shall not be done.</p> <p>(2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done.</p> <p>(3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).</p>	Insertion of New Article

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
		<p>(4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision.</p> <p>(5) If the Listing Requirements require these articles not to contain, a provision and they contain such a provision, these articles are deemed not to contain that provision.</p> <p>(6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency.</p> <p>(7) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market including any amendments to the Listing Requirements that may be made from time to time.</p>	
Issuance of annual report in CD-Rom	Nil	<p>Article 159A</p> <p>Subject to the compliance with the requirements of the Bursa and any other relevant authorities, if any, the Company may issue its annual report in compact disc read-only memory ("CD ROM") or digital video disc read-only memory format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever.</p>	Insertion of New Article

**PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
<p>Article 133 (dividend payable by cheques)</p>	<p>Article 133 Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holder, to the registered address of that one of the joint holders who is first named on the register of Members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one or two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders.</p>	<p>To delete the entire existing Article 133 and replace with the following:- Article 133 Any dividend, instalment of dividend, bonus or interest or other moneys payable in cash in respect of any share may be paid by cheque or warrant sent through the post to the last registered address of the Member or person entitled thereto or by direct transfer or such other mode of electronic means (subject to the provisions of the Act, the Central Depositories Act and the Rules, the Listing Requirements and/or other regulatory authorities) to the bank account of the holders whose name appear in the Register or Record of Depositors respectively. Every such cheque or warrant or payment by direct transfer shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant or by such electronic means shall be a good discharge to the Company. The payment of any dividend by such electronic means shall constitute a good and full discharge to the Company of the dividend to which it relates regardless of any discrepancy given by the Member in the details of the bank account(s). Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.</p>	<p>Alteration of Existing Article</p>

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 5th 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:

- Dato' Mohd Nor Bin Abdul Wahid
- Mr. Fong Chu King @ Tong Chu King
- Ms. Fang Siew Yee

One (1) Director retiring by rotation pursuant to Article 93 of the Company's Articles of Association and seeking re-election:

- Encik Mohd Zaki Bin Hamzah

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

- Mr. Foong Chiew Fatt
- Mr. Fong Chiew Hean

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 9 to 12 of this Annual Report. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appear on page 64 of this Annual Report.

Board Meetings held in the financial year ended 31 December 2006

A total of four (4) Board Meetings were held in the financial year ended 31 December 2006.

The attendance of the Directors at the Board Meetings held in the financial year ended 31 December 2006 is set out below:

Directors	Total Board Meetings Attended	Percentage of Attendance
Dato' Mohd Nor Bin Abdul Wahid	4/4	100%
Fang Chew Ham	4/4	100%
Fong Chu King @ Tong Chu King	4/4	100%
Foong Chiew Fatt	4/4	100%
Fong Chiew Hean	4/4	100%
Chew Eng Chai	4/4	100%
Tan Chon Sing @ Tan Kim Tieng	4/4	100%
Fang Siew Yee	4/4	100%
Liew Kuo Shin	4/4	100%
Fang Siew Ping	4/4	100%
Khoo Wee Boon	3/4	75%
Mohd Zaki Bin Hamzah	- *	-

* No Board Meeting has been attended in view of his appointment date on 09 January 2007

Details of place, date and time of the 5th Annual General Meeting

PLACE

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

DATE AND TIME

Wednesday, 06 June 2007 at 10.00 a.m.

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PROXY FORM

THREE-A RESOURCES BERHAD

481559-M

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 Fifth Annual General Meeting of the Company to be held on the 6 day of June 2007 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1 Receive the audited Financial Statements for the financial year ended 31st December 2005 and the Reports of the Directors and Auditors thereon		
2 Re-election of Dato' Mohd Nor Bin Abdul Wahid		
3 Re-election of Mr. Fong Chu King @ Tong Chu King		
4 Re-election of Ms. Fang Siew Yee		
5 Re-election of Encik Mohd Zaki Bin Hamzah		
6 Re-appointment of Mr. Foong Chiew Fatt		
7 Re-appointment of Mr. Fong Chiew Hean		
8 Re-appointment of Messrs. Ernst & Young as Auditors and to authorize the directors to fix the Auditors' Remuneration		
9 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
10 Special Resolution 1 Proposed Amendments to Articles of Association 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.)

Dated this day of2007

No. of Shares

.....
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 authorized.

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AFFIX
30 sen
STAMP

THREE-A RESOURCES BERHAD

AL 308, Lot 590 & Lot 4196
Jalan Industri, U 19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan

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