



THREE-A RESOURCES BERHAD
481559-M

Building on Our Strengths



Annual Report 2009

MISSION

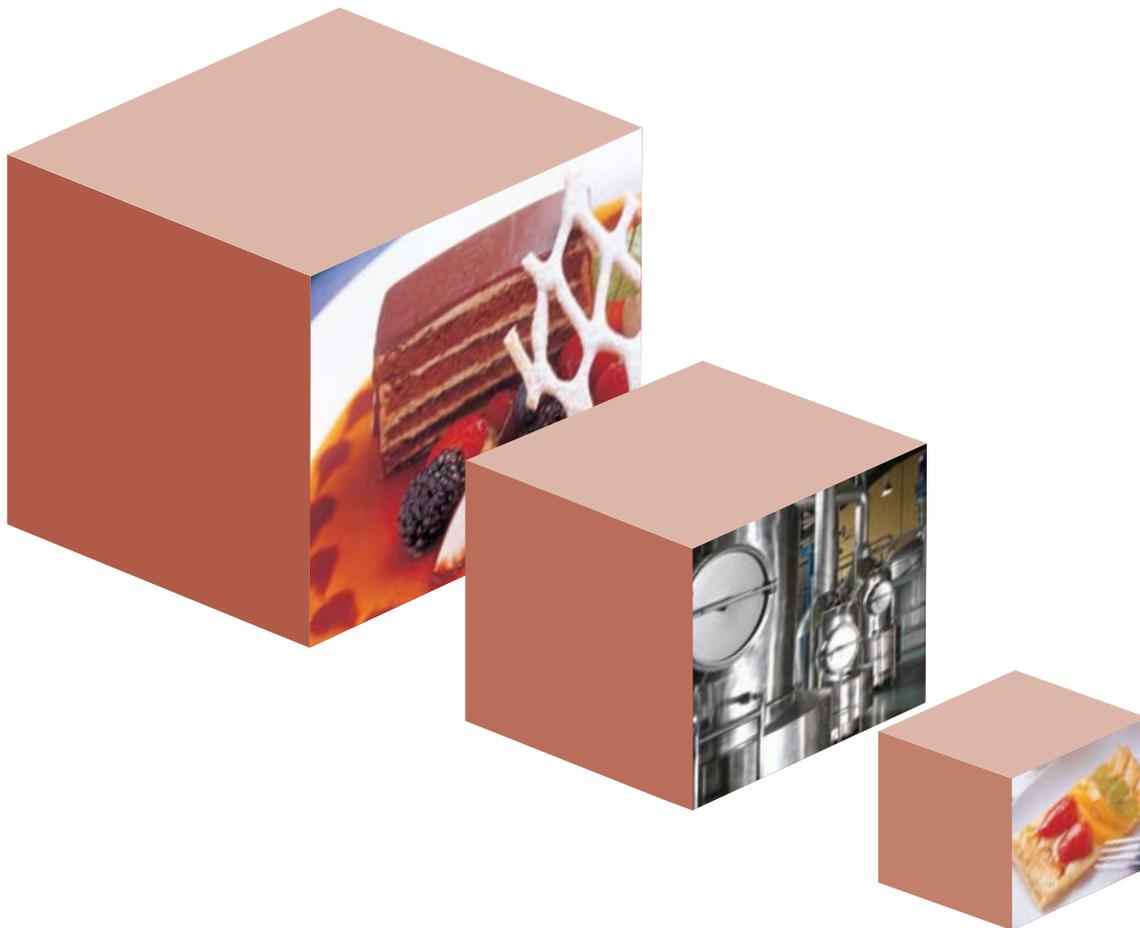
To excel as one of the
Global Quality Brands
in the industry

VISION

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

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CORPORATE Profile

About Us

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

- San Soon Seng Food Industries Sdn Bhd
- Three-A Food Industries (M) Sdn Bhd
(Formerly known as Three-A Plantation (Pahang) Sdn. Bhd.)

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

Focus on Core Business

3A remains focused on its core strength in the Food & Beverage industry through its wholly-owned subsidiary, SSSFI. SSSFI is one of the leading Food & Beverage ingredients manufacturers in the country with the following product range:

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

Presence in Domestic & Export Markets

3A Group continues to strengthen its presence and market share in the domestic market. Besides this, the Group has successfully ventured into countries around the world and is confident that the export market will contribute much needed earnings in the future.



PRODUCTS

Applications

LIQUID PRODUCT

- **Liquid Caramel, Caramel Colour and Caramel Powder**
are very common food colorants used in the food and beverage industry. Suitable to be used in sauces, seasonings, beverages, confectionery and many other food products.
- **Vinegar**
commonly functions as a flavour component, natural preservative, and acidulant in sauces, condiments, pickles, dressings etc.
- **Soya Protein Sauce**
technically known as Hydrolysed Vegetable Protein (HVP). It is an excellent flavour enhancer applicable to sauces and seasonings, meat products, processed food, canned food, soups etc.
- **Glucose Syrup and High Maltose Syrup**
used to optimise the sweetness, enhance product texture and mouthfeel, improve viscosity control, increase cohesiveness, give clear appearance and for coating purposes. Applicable to confectionery, non-dairy creamer, sauces, dressings, ice-creams, jams, processed foods, pharmaceuticals etc.

POWDER PRODUCTS

- **Caramel Powder**
commonly used as a colourant in dry mixes, seasonings, sauces, confectionery, beverages etc.
- **Hydrolysed Vegetable Protein (HVP) Powder**
is a high protein concentrate powder with superior flavour enhancing characteristic. Suitable to be used as a flavour enhancing compound, in dry seasoning mixes, sauces, canned food, processed food, meat products, snack foods etc.
- **Soya Sauce Powder**
carries natural soya sauce taste and aroma with an excellent flavour enhancing characteristic. Suitable to be used as a flavour enhancing compound in dry seasoning mixes, sauces, canned food, processed food, meat products, snack food etc.
- **Maltodextrin**
often used as a bulking agent, dispersant, carrier, binding agent, processing aid and texture improver in a variety of food and beverage products.



EXTENSIVE AWARDS & Recognition

ASIAMONEY

BEST SMALL CAP CORPORATE OF THE YEAR, MALAYSIA
2009

3A is proud to have been awarded the “Malaysia’s Best Small Cap Corporate of The Year” award by Asiamoney. This award conferred by Asiamoney was based on the consistent performance and steady growth of the Group’s business for the year 2009 and will propel the Group and its management to deliver further on its commitment of excellence to all its stakeholders.

HALAL CERTIFICATION

by the ISLAMIC DEVELOPMENT DEPARTMENT OF
MALAYSIA

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

ISO 9001:2008 CERTIFICATION

with UNITED KINGDOM ACCREDITATION SYSTEM by
MOODY INTERNATIONAL CERTIFICATION (MALAYSIA) SDN
BHD

SSSFI was awarded the internationally acclaimed ISO 9001:2008 with UKAS (United Kingdom Accreditation System) by Moody International Certification (Malaysia) Sdn Bhd for Quality Management System. SSSFI aims to further its product range and strive for continuous improvements to meet its customers’ satisfaction so as to achieve the objectives of the ISO Quality Policy.

- S**afe and Quality Products
- S**atisfaction of Customers
- S**trive for Continual Improvement

KOSHER CERTIFICATION

by ORTHODOX UNION

SSSFI is Kosher certified by Union of Orthodox Jewish Congregations of America. Take a walk down the aisle of any

supermarket and this kosher logo appears on the majority of America’s produced foods that are certified kosher. This certification has become an increasingly important marketing device which generates more revenue by expanding our business market shares.

HACCP - FOOD SAFETY MANAGEMENT SYSTEM

with UNITED KINGDOM ACCREDITATION SYSTEM
by MOODY INTERNATIONAL CERTIFICATION (MALAYSIA)
SDN BHD

SSSFI was certified with HACCP - Food Safety Management System Certification by Moody International Certification (Malaysia) Sdn Bhd. HACCP is an internationally accepted technique for preventing microbiological, chemical and physical contamination along the food supply chain. The HACCP certification will further promote consumer confidence and the Group’s conformation to regulatory and market requirements.



CORPORATE Information

BOARD OF DIRECTORS

Dato' Mohd Nor Bin Abdul Wahid

Non-Independent Executive Chairman

Fang Chew Ham

Deputy Executive Chairman & Managing Director

Fong Chu King @ Tong Chu King

Non-Independent Executive Director

Foong Chiew Fatt

Non-Independent Non-Executive Director

Chew Eng Chai

Independent Non-Executive Director

Tan Chon Sing @ Tan Kim Tieng

Independent Non-Executive Director

Fang Siew Yee

Non-Independent Executive Director

Liew Kuo Shin

Non-Independent Executive Director

Fang Siew Ping

Non-Independent Executive Director

Khoo Wee Boon

Independent Non-Executive Director

Mohd Zaki Bin Hamzah

Independent Non-Executive Director

Fong Chiew Hean (resigned on 16 November 2009)

Non-Independent Non-Executive Director

Sun Yi-Ling (appointed on 16 November 2009)

Non-Independent Non-Executive Director

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 No. : (03) 6156 2655

Fax No. : (03) 6156 2657

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

COMPANY NO.

481559-M

WEBSITE ADDRESS

www.three-a.com.my

AUDIT COMMITTEE

Chew Eng Chai - Chairman

Tan Chon Sing @ Tan Kim Tieng

Mohd Zaki Bin Hamzah

NOMINATION COMMITTEE

Mohd Zaki Bin Hamzah - Chairman

Chew Eng Chai

Fong Chu King @ Tong Chu King

REMUNERATION COMMITTEE

Tan Chon Sing @ Tan Kim Tieng - Chairman

Chew Eng Chai

Dato' Mohd Nor Bin Abdul Wahid

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad

United Overseas Bank (Malaysia) Bhd

CIMB Bank Berhad

EON Bank Berhad

AUDITORS

Ernst & Young

Chartered Accountants

Level 23A, Menara Milenium, Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Tel No. : (03) 7495 8000

Fax No. : (03) 2095 9076

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 8, Blok D13, Symphony House Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Kuala Lumpur

Tel No. : (03) 7841 8000

Fax No. : (03) 7841 8188

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Listed on the MESDAQ Market of Bursa Malaysia Securities

Berhad since 13 August 2002

Transferred its listing status to Main Board of Bursa Malaysia

Securities Berhad on 18 June 2008

STOCK NAME/CODE

3A / 0012

INVESTOR RELATIONS

Persons to Contact : Fong Peng Fai (Finance Manager)/

Fang Siew Yee (Executive Director)

Tel. No: (03) 6156 2655

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

CHAIRMAN'S Statement



DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Three-A Resources Berhad and of the Group for the financial year ended 31 December 2009.

Review of Performance

I am proud to report that this financial year has been an excellent one for Three-A Resources Berhad and its group of subsidiaries, with the Group turnover of RM178.58 million as compared to RM152.25 million and profit before taxation of RM18.04 million from RM12.13 million respectively in the last financial year 2008. The improvement in performance is attributed to higher turnover, improvement in product margin and cost efficiency despite rising cost in raw materials. Net earnings per share for the financial year end was 5.7 sen compared to 3.9 sen.

As at 31 December 2009, The Group's shareholders' fund stood at RM136.24 million whilst net assets per share is 37 sen compared to RM79.64 million and net assets per share was 26 sen respectively.

The Group continues to enjoy tremendous growth in turnover as a result of a reputable and well-established brand name back by a proven track record of superior product quality and customer satisfaction. Sales turnover have shown an increasing trend for both local and overseas market.

The Board together with the management played an important role to ensure the successful execution of well-thought corporate and business strategies. The commitment of ensuring "customers always come first" by supplying superior quality products at competitive pricing together with high-level of customer service is well engraved in the Group.

Positive Growth

The Board is mindful of the current events taking place, in particular the volatile fluctuation in the raw materials prices which may affect the profit margin. Nevertheless, the Group is continuously crafting business strategies not only to overcome the volatile fluctuation of raw materials prices, but also to ensure that our product pricing is competitive for both local and overseas market.

Independent recognition of achievement is a key measure of success for an organisation in the fulfilment of its goals. The Group is pleased to be awarded the Best Small Cap Corporate of the Year by Asiamoney. This award conferred was based on the consistent performance and steady business growth of the Group for year 2009 and also the management commitment to all its stakeholders.

The Group also stands to benefit from the Government's emphasis in making the country a regional food production and distribution centre, with particular emphasis on HALAL products. With consistent superior quality and trusted range of products, we expect our products demand to perform better by capturing bigger market for both local and overseas. We would also continue to improve our competitiveness through greater emphasis in human resource and product development. It is our objective to become a 'one-stop centre' for providing superior quality food and beverage ingredients for our customers.

Corporate Developments and Prospects of the Group

As announced on 5 October 2009, the Company proposed to implement a Private Placement of up to 20% of the total issued and paid-up share capital of the Company. The proposed Private Placement entailed the issuance of 61,600,000 new ordinary shares of RM0.20 each to be issued

to Wilmar International Limited (“Wilmar”) at an issued price of RM0.75 per ordinary share. The above Private Placement was approved by the shareholders of the Company at the Extraordinary General Meeting held on 03 November 2009. On 16 November 2009, 61,600,000 new ordinary shares of RM0.20 each was allotted and issued to Wilmar at an issued price of RM0.75 per share.

The above Private Placement had raised a gross proceeds of RM46.20 million and this would enable the Company to expand its domestic operation as well as to joint venture with Wilmar International Limited into future overseas investment including exploring the setting up of plants in China. With an excellent reputation and good networking in China, Wilmar will be the excellent business partner for the company to broaden the market shares in China. With this joint venture, the Company would be able to provide better customers service, improve delivery system and competitive pricing.

To ensure the consistent supply of products and timely deliveries, the Group had entered into a contract on 12 October 2009 with New AVM Systech Pvt Tech to purchase another new Spray Drying Plant for the setting up of a 2nd Maltodextrin plant. On 24 February 2010, another contract was signed with APV Asia Pte Ltd. to acquire three Falling Film Plate Evaporators for the setting up of a 3rd Glucose Plant, producing glucose syrup (raw material) for Maltodextrin products.

Dividends

For the year under review, the Board had declared an 8% interim dividend per share of RM0.20 less income tax 25% for the financial year ended 31 December 2009 of which payment was made on 09 January 2010.

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

Appreciation

On behalf of the Board, I would like to express our appreciation to Mr. Fong Chiew Hean who had resigned as Director. Also I would like to bid a warm welcome to our new director, Ms. Sun Yi-Ling as a member of the Board,



Acknowledgement

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

Lastly, I would like to congratulate my fellow directors, management and staff of the Group for the excellent performance in 2009 and I trust that we will all continue to work hard and strive for the continued success for the Group in the coming years.

Dato' Mohd Nor Bin Abdul Wahid

Executive Chairman

FINANCIAL Calendar



FINANCIAL YEAR 2009

6 January 2009, Tuesday

Announcement on resignation of Dato' Mohd Nor Bin Abdul Wahid as Audit Committee member.

6 January 2009, Tuesday

Announcement on the appointment of Encik Mohd Zaki Bin Hamzah as new Audit Committee member.

10 February 2009, Tuesday

Announcement on 5% Tax Exempt Interim Dividend per ordinary share of RM0.20 each.

12 February 2009, Thursday

Announcement on Notice of Book Closure of 3A on the 5% Tax Exempt Interim Dividend per ordinary share of RM0.20 each.

25 February 2009, Wednesday

Announcement of the unaudited consolidated results for the financial period ended 31 December 2008.

31 March 2009, Tuesday

Announcement of Proposed Renewal of Shareholders' Mandate Recurrent Related Party Transactions of a Revenue of Trading Nature.

5 May 2009, Tuesday

Announcement on Notice of Seventh Annual General Meeting scheduled to be held on 9 June 2009.

5 May 2009, Tuesday

Announcement on Notice of Seventh Annual General Meeting scheduled to be held on 9 June 2009

28 May 2009, Thursday

Announcement of the unaudited consolidated results for the first quarter financial period ended 31 March 2009.

9 June 2009, Tuesday

Announcement on Seventh Annual General Meeting that all resolutions and matters tabled at the AGM were duly passed by shareholders at the AGM

13 August 2009, Thursday

Announcement on Quarterly rpt on consolidated results for the financial period ended 30 June 2009

9 October 2009, Friday

Announcement on Purchase of Leasehold Land by San Soon Seng Food Industries Sdn. Bhd. (179092-H), a wholly-owned subsidiary of Three-A Resources Berhad (481559-M) from Excellent Chemicals Industrial Sdn. Bhd (154612-P)

12 October 2009, Monday

Announcement on Listing Application of 61,600,000 New Ordinary Shares of RM0.20 each in 3A ("3A Shares"), Representing Up To 20% of the total Issued and Paid-up Share Capital of 3A Pursuant to the Proposed Private Placement.

19 October 2009, Monday

Announcement on Extraordinary General Meeting scheduled to be held on 3 November 2009.

22 October 2009, Thursday

Announcement on Quarterly rpt on consolidated results for the financial period ended 30 September 2009.

3 November 2009, Tuesday

Announcement on Extraordinary General Meeting that the Proposed Private Placement resolution had been duly approved by the shareholders of the Company.

3 November 2009, Tuesday

Announcement on 3A on the Price Fixing of 61,600,000 New Ordinary Shares of RM0.20 each in 3A pursuant to the Proposed Private Placement of up to 20% of the Issued and Paid Up Share Capital of 3A.

11 November 2009, Wednesday

Announcement on Additional Listing Application on the 61,600,000 New Ordinary Shares of RM0.20 each in 3A.

12 November 2009, Thursday

Announcement on Private Placement of 61,600,000 New Ordinary Shares of RM0.20 each in 3A ("Placement Shares") at an Issue Price of RM0.75 Per Placement Share.

16 November 2009, Monday

Announcement on Change in Boardroom – Resignation of Mr. Fong Chiew Hean as Director.

16 November 2009, Monday

Announcement on Change in Boardroom – Appointment of Ms. Sun Yi-Ling as new Director.

17 November 2009, Tuesday

Announcement on Tax Exempt Interim Dividend of 8% per ordinary share of RM0.20 each less 25% income tax.

21 December 2009, Monday

Announcement on Notice of Book Closure

DIRECTORS' Profile

DATO' MOHD NOR BIN ABDUL WAHID

Non-Independent Executive Chairman

57 years of age

Malaysian

Dato' Mohd Nor Bin Abdul Wahid was appointed to the Board of the Company on 10 May 2002 and has served as an Executive Chairman of the Company since then. He is also the Executive Chairman and Executive Director of both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn Bhd and Three-A Food Industries (M) Sdn Bhd. Presently, Dato' Mohd Nor Bin Abdul Wahid serves as a member of the Remuneration Committee of the Company.

Dato' Mohd Nor Bin Abdul Wahid holds an 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 Managers of the Bank, in charge of the Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experiences include both conventional and interest-free (Islamic) banking.

Dato' Mohd Nor Bin Abdul Wahid also holds directorship in Aikbee Resources Berhad and sits on the Board of Trustees of Yayasan Wilayah Persekutuan and Institute Professional Baitumal.

Dato' Mohd Nor Bin Abdul Wahid attended all six (6) Board Meetings held during the financial year ended 31 December 2009. 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

62 years of age

Malaysian

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

Mr. Fang Chew Ham started the family business producing Caramel Colour more than 30 years ago. In 1978, he set up the Soon Seng Sauce Mixture & Food Factory to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn Bhd (SSSFI) in 1989; SSSFI became a wholly-owned subsidiary of the Company in 2002.

Mr. Fang Chew Ham is equipped with vast experience in the food & beverage business and heads the management of SSSFI. His leadership together with the expanded management personnel has resulted in broad and flexible goal setting; and focus on meeting the quality of the ever-changing demands and development of a new range of products related to the food & beverage ingredients industry.

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

Mr. Fang Chew Ham has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fang Chew Ham is a sibling of Mr. Fong Chu King, Mr. Foong Chiew Fatt and is the father of Ms. Fang Siew Yee and Ms. Fang Siew Ping, all of whom are Directors of the Company.

DIRECTORS' Profile (cont'd)

MR. FONG CHU KING @ TONG CHU KING

Non-Independent Executive Director

65 years of age

Malaysian

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

Mr. Fong Chu King 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 six (6) Board Meetings held during the financial year ended 31 December 2009. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

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

MR. FOONG CHIEW FATT

Non-Independent Non-Executive Director

77 years of age

Malaysian

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

Mr. Foong Chiew Fatt has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

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

MR. CHEW ENG CHAI

Independent Non-Executive Director

60 years of age

Malaysian

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

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

DIRECTORS' Profile (cont'd)

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

Mr. Chew Eng Chai has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. 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

71 years of age

Malaysian

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

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

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

Mr. Tan Chon Sing has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. 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 Non-Executive Director

30 years of age

Malaysian

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

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

Ms. Fang Siew Yee has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. 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 Directors of the Company.

DIRECTORS' Profile (cont'd)

MR. LIEW KUO SHIN

Non-Independent Executive Director

32 years of age
Malaysian

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

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

Mr. Liew Kuo Shin has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Liew Kuo Shin is the spouse of Ms. Fang Siew Yee, who is a Director of the Company.

MS. FANG SIEW PING

Non-Independent Executive Director

28 years of age
Malaysian

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

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

Ms. Fang Siew Ping has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. 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 Directors of the Company.

MR. KHOO WEE BOON

Independent Non-Executive Director

61 years of age
Malaysian

Mr. Khoo Wee Boon was appointed to the Board of the Company on 27 September 2004 and serves as an Independent Non-Executive Director of the Company.

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

DIRECTORS' Profile (cont'd)

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

Mr. Khoo Wee Boon has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. 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

52 years of age

Malaysian

Encik Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 09 January 2007 and serves as an Independent Non-Executive Director of the Company. He also serves as a member of the Audit Committee of the Company.

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

Encik Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra Malaysia Berhad as an EDP Audit Manager in 1986. He subsequently assumed the role of Chief Internal Auditor of the banking group until his resignation in 1998. He has been serving as a director of Aikbee Resources Berhad from 2000 to date.

Encik Mohd Zaki Bin Hamzah has attended all six (6) Board Meetings held during the financial year ended 31 December 2009. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MS. SUN YI-LING

Non-Independent Non-Executive Director

33 years of age

Malaysian

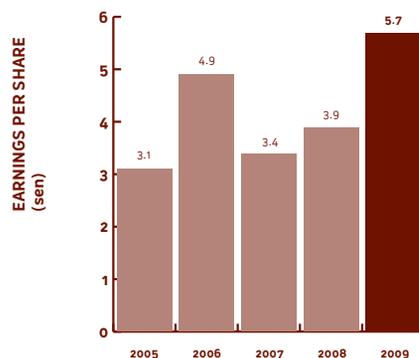
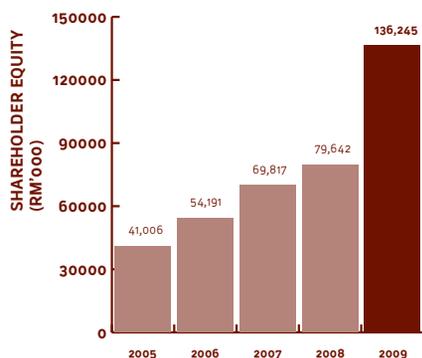
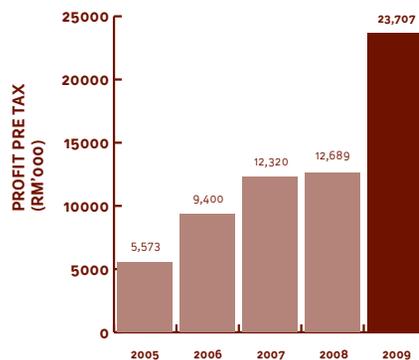
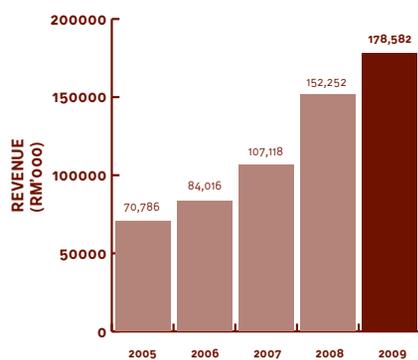
Ms. Sun Yi-Ling was appointed to the Board of the Company on 16 November 2009 and serves as a Non-Independent Non-Executive Director of the Company.

Ms. Sun Yi-Ling graduated with a Bsc. in Economics from London School of Economics (First Class Honour) and is an MBA Holder from Harvard Business School. She was with Bain & Company, a strategic consultancy firm for the period from 1998 to 2008. Her position last held in the said Company was Manager. She joined Wilmar International Limited in the year 2008 as part of their Business Development Division.

Ms. Sun Yi-Ling has attended one (1) Board Meeting held during the financial year ended 31 December 2009. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

FIVE-YEAR GROUP Financial Highlights

		Year Ended 31 December				
		2009	2008	2007	2006	2005
OPERATING RESULTS (RM'000)	Revenue	178,582	152,252	107,118	84,016	70,786
	Profit Before Taxation	23,707	12,689	12,320	9,400	5,573
	Profit After Taxation	18,039	12,135	10,112	8,632	4,839
KEY BALANCE SHEET DATA (RM'000)	Total Assets	195,404	138,470	122,012	94,349	81,147
	Total Liabilities	59,159	58,828	52,195	40,157	40,141
	Share Capital	73,920	61,600	38,500	35,000	35,000
	Shareholders' Equity	136,245	79,642	69,817	54,191	41,006
SHARE INFORMATION	Basic Earnings Per Share (sen)	5.7	3.9	3.4	4.9	3.1
	Net Assets Per Share (sen)	37	26	24	28	23
FINANCIAL RATIOS (%)	Return on Equity	13.2	15.2	14.5	15.9	11.8
	Return on Assets	9.2	8.8	8.3	9.1	6.0



CORPORATE

Social Responsibility

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

The Group’s initiatives in supporting CSR will be an on-going commitment and in year 2009, the Group has made contributions to the following charitable organisations and has participated in charitable events:-

- Kesatuan Pembantu Kesihatan Awam Semananjung Malaysia
- Persatuan Memancing Ikan Kg. Baru Sg. Buloh
- Badan Kebajikan Pelajar Luar Bandar
- Majlis Bandaraya Shah Alam
- Central Malaya Sauce Manufacturers’ Association
- Jenis Kebangsaan Pembangunan Dewan SJK © Sg. Buloh
- Tabung Kebajikan Insan Istimewa
- Persatuan Kebajikan, Kebudayaan & Sukan

The Board believes that our employees as stakeholders are an essential asset of the Group. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job-related training. We ensure open two-way communication channels are available to all employees so as to facilitate better understanding of the Company’s objectives and direction. The Company conducted talk sessions to provide an avenue for employees to engage with the management and network among one another. These sessions allow the Company’s management to share the business direction and policies with employees at the operational level. Such sessions also provide opportunities for employees to provide their feedback and provide input for business and operational improvements.

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

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

CORPORATE GOVERNANCE

Statement

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

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

DIRECTORS

The Board

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

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

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

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

Board Balance

The Board consists of twelve (12) members; comprising six (6) Non-Independent Executive Directors (including Non-Independent Executive Chairman and Managing Director), two (2) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors.

The Board comprises members with a wide range of business, financial and technical service backgrounds. The size of the Board is optimum given the scope, size and complexity of the Group’s operations. The composition of Board is well balanced with an effective mix of eight (8) Non-Independent Directors and four (4) Independent Directors which complies with the Bursa Malaysia Securities Berhad / Main Board Listing Requirements that require 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 the primary responsibility 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.

CORPORATE GOVERNANCE

Statement (cont'd)

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

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

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

Board Meetings and Supply of Information to the Board

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

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

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

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

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

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

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

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

The Board met six (6) times during the financial year ended 31 December 2009. Additional meetings are held as and when required. The dates of the Board Meetings are as follows:

- 5 February 2009
- 24 February 2009
- 27 May 2009
- 12 August 2009
- 22 October 2009
- 19 December 2009

CORPORATE GOVERNANCE

Statement (cont'd)

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

Director	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Mohd Nor Bin Abdul Wahid	6	6
Fang Chew Ham	6	6
Fong Chu King @ Tong Chu King	6	6
Foong Chiew Fatt	6	6
Chew Eng Chai	6	6
Tan Chon Sing @ Tan Kim Tieng	6	6
Fang Siew Yee	6	6
Liew Kuo Shin	6	6
Fang Siew Ping	6	6
Khoo Wee Boon	6	6
Mohd Zaki Bin Hamzah	6	6
Fong Chiew Hean (resigned on 16 Nov 2009)	5	5
Sun Yi-Ling (appointed on 16 Nov 2009)	1	1

The full attendance by the Board Members reflects the commitment of the Board in discharging their duties and responsibilities effectively.

Appointment to the Board

The appointment of any additional director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise, skills, experience and competencies required for an effective Board. The proposed appointment of a new Member to the Board will be deliberated on by the Board based upon the recommendation by the Nomination Committee on the necessity for and qualification and experience of the proposed director.

Re-Appointment and Re-Election of Directors

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

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

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

CORPORATE GOVERNANCE

Statement (cont'd)

THE BOARD COMMITTEES

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

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

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The Audit Committee currently comprises of three (3) Independent Non-Executive Directors. The Committee meets not less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2009, the Committee met four (4) times. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2009 are as follows:-

Members of Audit Committee and Meeting Attendance

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

* Appointed on 5 January 2009

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

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 25 to 28 of this Annual Report.

CORPORATE GOVERNANCE

Statement (cont'd)

Nomination Committee

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

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

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

In the financial year ended 31 December 2009, the Committee met once and the composition of the Nomination Committee and frequency of meetings of the Committee are as follows:-

Members of Nomination Committee and Meeting Attendance

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

Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which takes into consideration corporate and individual performance; experience and level of responsibilities of the Directors concerned. The Remuneration Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the board. None of the Executive Directors participate in any way in determining their individual remuneration.

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

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

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

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two (2). Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

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

CORPORATE GOVERNANCE
Statement (cont'd)

Members of Remuneration Committee and Meeting Attendance

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

DIRECTORS' REMUNERATION

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

Fees and Meeting Allowance

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

Basic Salaries and Bonuses

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

The details of the remuneration of Directors for the financial year ended 31 December 2009 are as follows:-

Aggregate remuneration of Directors categorised into appropriate components:-

	RM
Executive Directors	
Salaries and other emoluments	1,175,776
Bonus	508,000
Non-Executive Directors	
Other emoluments	85,000

CORPORATE GOVERNANCE

Statement (cont'd)

The number of Directors whose total remuneration falls within the following bands for the financial year ended 31 December 2009 is as follows:-

Executive Directors	
Below RM50,000	4
RM250,001 to RM300,000	-
RM300,001 to RM350,000	1
RM450,001 to RM500,000	-
RM550,001 to RM600,000	1
RM800,001 to RM850,000	-
Rm850,001 to RM900,000	1
Non-Executive Directors	
Below RM50,000	5

NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES

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

DIRECTORS' TRAINING AND EDUCATION

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

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

For the year ended 31 December 2009 and up to the date of report, the conferences, seminars and training programmes attended by certain of the Directors were in respect of the following areas:-

- (a) Precaution against the spread of Influenza A (H1N1) virus
- (b) ISO 9001 : 2008 Awareness & Internal Audit
- (c) HACCP Awareness & Internal Audit
- (d) Fire Safety & Prevention
- (e) Basic Food Microbiology Training
- (f) Pest Control Awareness
- (g) SAP System Training
- (h) GMP
- (i) On Job Training
- (j) Machinery Upgrade, Microbiological Lab-Air Handling Unit Handling Training
- (k) Corporate Strategic Analytics 1 : Essentials of Corporate Proposal Analysis
- (l) Corporate Governance and Ethics : Strengthening Professionalism Through Ethics

CORPORATE GOVERNANCE Statement (cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out on page 23 of the Annual Report.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

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

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

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

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

Internal Control

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

Relationship with External Auditors

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

CORPORATE GOVERNANCE

Statement (cont'd)

Internal Audit

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

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

COMPLIANCE WITH BEST PRACTICES

Save as disclosed below, the Group has substantially complied with the Principles and Best Practices in Corporate Governance set out in Part 2 of the Code.

Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with Bursa Malaysia Listing Requirements. While the Principles of Corporate Governance of the Code have prescribed for individual disclosure of directors' remuneration packages, the Board is of the view that the transparency and accountability aspects of Corporate Governance in respect of Directors' remuneration are adequately addressed by the 'band disclosure' method adopted by the Board.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

Fong Peng Fai
Finance Manager

Jessica Fang Siew Yee
Executive Director

Tel No. : (03) 6156 2655
E-mail : info@three-a.com.my
Website : www.three-a.com.my

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 22 February 2010.

AUDIT COMMITTEE Report

CHAIRMAN

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

MEMBERS

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

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

MEMBERSHIP AND ATTENDANCE

The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2009 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
Mohd Zaki Bin Hamzah* Member / Independent Non-Executive Director	4	4

* Appointed as audit committee member on 5 January 2009

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

COMPOSITION AND TERMS OF REFERENCE

MEMBERS

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

- i. the Audit Committee shall consist of at least three (3) directors; and
- ii. all audit committee members must be non-executive directors with a majority of them being independent directors; and
- iii. at least one (1) member of the Audit Committee

AUDIT COMMITTEE Report (cont'd)

- 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
 - have a degree / masters / doctorate in accounting and finance and at least three (3) years' post qualification experience in account or finance; or
 - be a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance; or
 - at least seven (7) years' experience being a chief financial officer of a corporation or experience in handling the primary responsibility for the financial affairs of a corporation;
- c) fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- iv. No alternate Director shall be appointed as member of the Audit Committee.
- v. If a member of the Audit Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- vi. The Board shall review the terms of office and performance of the members of the Audit Committee at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

CHAIRMAN

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

MEETINGS

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

AUTHORITY

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

- have authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any records, information, property and personnel of the Company;
- have direct communication channels with the internal and external auditors;
- be able to obtain independent professional or other advice; and
- be able to convene meeting with the external auditors and internal auditors or both, excluding the attendance of the other directors and employees of the listed company whenever deemed necessary.

AUDIT COMMITTEE Report (cont'd)

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 to see that it has the necessary authority to carry out its work;
- To review the status reports from Internal Auditors and ensure that appropriate actions have been taken to implement the internal audit recommendations;
- To request and review any special audit which it deems necessary.

External Audit

- To discuss and review with the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group; and to ensure co-ordination where more than one audit firm is involved;
- To review with the external auditors, their evaluation of the system of internal control and audit findings;
- To discuss problems and reservations arising from the interim and final audit, and any other matters the auditors may wish to discuss in the absence of the management where necessary;
- To review the external auditors' findings arising from audits in particular any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- To review the audit report with the external auditors;
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof;
- To make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors.

Financial Reporting

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

Risk Management

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

Related Party Transactions

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

Other Functions

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

ACTIVITIES FOR THE YEAR

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee for the financial year ended 31 December 2009 under review in accordance with its functions and duties.

INTERNAL AUDIT

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

AUDIT COMMITTEE Report (cont'd)

FINANCIAL RESULTS

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

EXTERNAL AUDIT

- To review the suitability of the external auditors and make recommendations to the Board for re-appointment and the audit fee thereof.
- To discuss and review the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group;
- To review the external auditors' evaluation of the system of internal control;
- To review the external auditors' findings arising from audits in particular any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- To review the external auditors' audit report;

RELATED PARTY TRANSACTIONS

- To review 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 party transactions were carried out on normal commercial terms which were not prejudicial to the interests of shareholders and that the terms of the related parties transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

INTERNAL AUDIT FUNCTION

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

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee. The function, which is independent of the activities and operations, conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assesses compliance with the established policies and procedures. This provides reasonable assurance that such systems would continue to operate satisfactorily and effectively in the Company and the Group. The internal Audit function reports directly to the Audit Committee and assists the board in monitoring the internal controls to mitigate risks.

The scope of internal audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the Internal Audit for the financial year ended 31 December 2009 under review include the following:

- Ascertain the extent of compliance with established policies, procedures and statutory requirements.
- Undertook special reviews requested by the Audit Committee and/or management
- Assess the means of safeguarding assets and verified their existence.
- Approve the Internal Audit Plan each year, present internal audit findings and make appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation and to enhance efficiency to the appropriate level of management capable of achieving satisfactory results and ensure corrective actions were taken. In the year 2009, a total of four (4) audit reviews and investigations were carried out spanning the Group's operations.

STATEMENT ON Internal Control

Introduction

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

Board Responsibility

The Board is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The Board recognises the importance of a sound system of internal control for good corporate governance and acknowledges its primary responsibility to ensure that principal risks within the Group are identified, measured and managed with appropriate systems of internal control, 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 control 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 provides reasonable but not absolute, assurance that the Group will not be hindered in achieving its business objectives. The Board engages an independent consultant to assist the Board in reviewing and appraising the internal control system within the Group.

Control Structure

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

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

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

Risk Management

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

Monitoring and Review Activities

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

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

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

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

STATEMENT ON Internal Control (cont'd)

Effectiveness of Internal Control

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

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

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

This Statement is made in accordance with a resolution by the Board dated 22 February 2010.

IMPLEMENTATION OF Electronic Dividend Payment

To : All Shareholders of Three-A Resources Berhad

Dear Sir / Madam

RE: Implementation of Electronic Dividend Payment (“eDividend”)

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders’ cash dividend entitlements into their respective bank accounts.

In tabling the Federal Budget 2010, the Prime Minister announced that all listed issuers are required to offer eDividend services to their shareholders. The Securities Commission’s subsequent press release stated that shareholders are given a one-year grace period to provide their bank account information to Bursa Malaysia Depository Sdn. Bhd. (“Bursa Depository”) (as the repository of such information) and that eDividend will be implemented in the third quarter 2010.

The main objectives of implementing eDividend are, amongst others, to promote greater efficiency of the dividend payment and to put the Malaysian market on par with practices in other regional markets in relation to receipt of dividend proceeds by shareholders.

1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“listed issuers”) and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorized deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
 - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
 - (b) the option to consolidate the dividends from all your Central Depository System (“CDS”) accounts into one bank account for better account management.

2. Registration for eDividend

- 2.1 Registration for eDividend will commence on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.

- 2.2 You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-

- (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification;

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

IMPLEMENTATION OF Electronic Dividend Payment (cont'd)

- (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

3. Notification of eDividend payment after registration

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

- 4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: http://meps.com.my/faq/interbank_giro.asp?id=2#answer
- 4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purpose, you will be authorizing disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.
- 4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

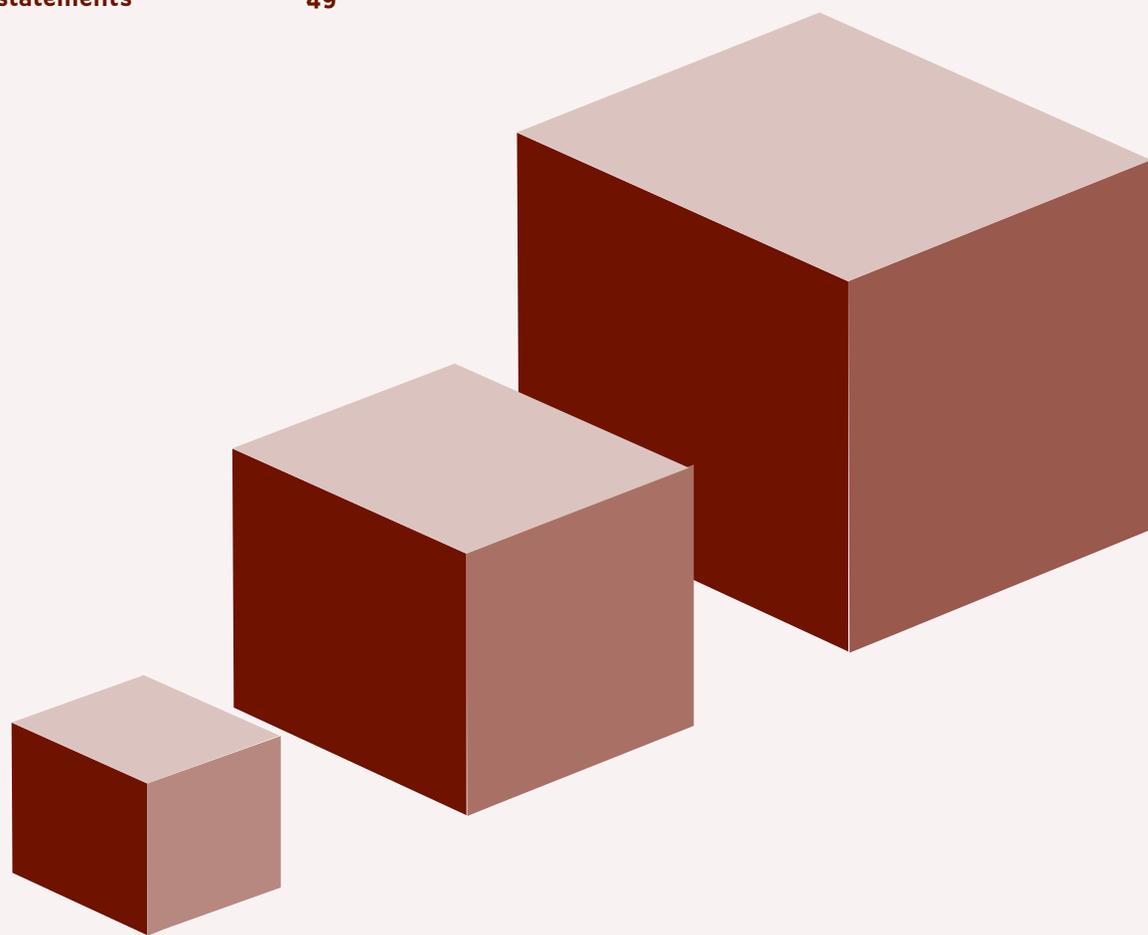
We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders.

Thank you.

THREE-A RESOURCES BERHAD

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DIRECTORS' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Net profit for the year	<u>18,039,278</u>	<u>4,199,171</u>

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2008 were as follows:

	RM
In respect of the financial year ended 31 December 2008:	
1 sen tax exempt interim dividend on 308,000,019 ordinary shares, declared on 5 February 2009 and paid on 11 March 2009.	<u>3,080,000</u>
In respect of the financial year ended 31 December 2009:	
1.6 sen interim dividend less 25% taxation, on 369,600,019 ordinary shares, declared on 17 December 2009 and paid on 19 January 2010.	<u>4,435,200</u>

DIRECTORS' Report (cont'd)

DIRECTORS

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

Dato' Mohd Nor Bin Abdul Wahid
 Fang Chew Ham
 Foong Chiew Fatt
 Fong Chu King @ Tong Chu King
 Chew Eng Chai
 Tan Chon Sing @ Tan Kim Tieng
 Fang Siew Yee
 Fang Siew Ping
 Liew Kuo Shin
 Khoo Wee Boon
 Mohd Zaki Bin Hamzah
 Sun Yi-Ling (appointed on 16 November 2009)
 Fong Chiew Hean (resigned on 16 November 2009)

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 19 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

DIRECTORS' Report (cont'd)

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 31.12.2009
	At 1.1.2009	Bought	Sold	
Direct interest				
Dato' Mohd Nor Bin Abdul Wahid	10,878,000	-	(2,025,800)	8,852,200
Foong Chiew Fatt	16,030,960	-	-	16,030,960
Fong Chiew Hean	16,570,960	-	-	16,570,960
Fong Chu King @ Tong Chu King	11,496,680	-	-	11,496,680
Chew Eng Chai	180,000	-	-	180,000
Tan Chon Sing @ Tan Kim Tieng	1,488,000	-	-	1,488,000
Fang Siew Ping	480,000	-	(200,000)	280,000
Liew Kuo Shin	205,000	-	-	205,000
Fang Siew Yee	320,000	-	(320,000)	-
Mohd Zaki Bin Hamzah	1,372,800	-	(872,800)	500,000
Indirect interest:				
Fang Chew Ham *	34,668,002	47,251,998	-	81,920,000

* By virtue of his interest in shares in Fang Chew Ham Holdings Sdn. Bhd. ("FCHH"), Fang Chew Ham is deemed to have interests in shares in the Company to the extent FCHH has an interest.

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM61,600,003 to RM73,920,003 by way of the issuance of 61,600,000 ordinary shares of RM0.20 each through a private placement at an issue price of RM0.75 per ordinary share for cash, for additional working capital purposes.

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

DIRECTORS' Report (cont'd)

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 all known bad debts had been written off 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) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (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.

DIRECTORS'
Report (cont'd)

SIGNIFICANT EVENTS AND SUBSEQUENT EVENT

Details of significant events and subsequent event are disclosed in Notes 30 and 31 respectively to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 March 2010.

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 42 to 78 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 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 16 March 2010.

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Fang Chew Ham, being the director primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 78 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 16 March 2010.

Fang Chew Ham

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE-A RESOURCES BERHAD (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Three-A Resources Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 78.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF THREE-A RESOURCES BERHAD
(Incorporated in Malaysia) (cont'd)

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
16 March 2010

Low Khung Leong
No. 2697/01/11(J)
Chartered Accountant

BALANCE SHEETS

As at 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Non-current assets					
Property, plant and equipment	3	70,133,033	67,046,906	1,399	1,867
Prepaid land lease payments	4	11,543,244	11,470,990	-	-
Investments in subsidiaries	5	-	-	20,100,002	20,100,002
Due from a subsidiary	6	-	-	72,735,871	45,967,275
		81,676,277	78,517,896	92,837,272	66,069,144
Current assets					
Inventories	7	27,864,451	20,029,338	-	-
Trade receivables	8	50,603,305	35,097,211	-	-
Other receivables	9	5,070,673	1,060,427	1,160	1,160
Tax recoverable		-	1,090,793	-	-
Cash and bank balances	10	30,189,279	2,674,318	20,424,622	4,715
		113,727,708	59,952,087	20,425,782	5,875
Total assets		195,403,985	138,469,983	113,263,054	66,075,019
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	11	73,920,003	61,600,003	73,920,003	61,600,003
Share premium	12	33,759,152	-	33,759,152	-
Retained earnings	13	28,565,820	18,041,742	1,132,049	4,448,078
Total equity		136,244,975	79,641,745	108,811,204	66,048,081
Non-current liabilities					
Borrowings	14	14,565,844	17,660,591	-	-
Deferred tax liabilities	15	7,941,600	6,131,219	-	-
		22,507,444	23,791,810	-	-
Current liabilities					
Borrowings	14	18,459,808	27,857,992	-	-
Trade payables	16	5,299,092	2,124,630	-	-
Other payables	17	11,970,172	5,053,806	4,451,850	26,938
Provision for taxation		922,494	-	-	-
		36,651,566	35,036,428	4,451,850	26,938
Total liabilities		59,159,010	58,828,238	4,451,850	26,938
Total equity and liabilities		195,403,985	138,469,983	113,263,054	66,075,019

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

INCOME STATEMENTS

For the year ended 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue		178,581,740	152,251,574	4,435,200	-
Cost of sales	18	(135,058,342)	(121,640,875)	-	-
Gross profit		43,523,398	30,610,699	4,435,200	-
Other income		248,868	48,325	20,022	-
Administrative expenses		(12,617,436)	(11,390,418)	(256,051)	(932,454)
Other expenses		(4,993,071)	(3,782,913)	-	-
Profit/(loss) from operations	19	26,161,759	15,485,693	4,199,171	(932,454)
Finance costs	21	(2,455,006)	(2,796,431)	-	-
Profit/(loss) before taxation		23,706,753	12,689,262	4,199,171	(932,454)
Taxation	22	(5,667,475)	(554,374)	-	-
Net profit/(loss) for the year		18,039,278	12,134,888	4,199,171	(932,454)

**Earnings per share attributable
to equity holders
of the Company (sen):**

Basic, for profit for the year	23	<u>5.7</u>	<u>4.8</u>
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The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Note	Share capital RM	Share premium(1) RM	Retained earnings(2) RM	Total RM
Group					
At 1 January 2008		38,500,002	4,846,960	26,469,895	69,816,857
Issuance of ordinary shares					
pursuant to bonus issue	11	23,100,001	(4,846,960)	(18,253,041)	-
Dividend paid	24	-	-	(2,310,000)	(2,310,000)
Net profit for the year		-	-	12,134,888	12,134,888
At 31 December 2008		61,600,003	-	18,041,742	79,641,745
At 1 January 2009		61,600,003	-	18,041,742	79,641,745
Issuance of ordinary shares					
pursuant to private placement	11	12,320,000	33,880,000	-	46,200,000
Transactions costs arising from issuance of ordinary shares		-	(120,848)	-	(120,848)
Dividend paid	24	-	-	(7,515,200)	(7,515,200)
Net profit for the year		-	-	18,039,278	18,039,278
At 31 December 2009		73,920,003	33,759,152	28,565,820	136,244,975

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2009 (cont'd)

	Note	Share capital RM	Share premium(1) RM	Retained earnings(2) RM	Total RM
Company					
At 1 January 2008		38,500,002	4,846,960	25,943,573	69,290,535
Issuance of ordinary shares pursuant to bonus issue	11	23,100,001	(4,846,960)	(18,253,041)	-
Dividend paid	24	-	-	(2,310,000)	(2,310,000)
Net loss for the year		-	-	(932,454)	(932,454)
At 31 December 2008		<u>61,600,003</u>	<u>-</u>	<u>4,448,078</u>	<u>66,048,081</u>
At 1 January 2009		61,600,003	-	4,448,078	66,048,081
Issuance of ordinary shares pursuant to private placement	11	12,320,000	33,880,000	-	46,200,000
Transactions costs arising from issuance of ordinary shares		-	(120,848)	-	(120,848)
Dividend paid	24	-	-	(7,515,200)	(7,515,200)
Net profit for the year		-	-	4,199,171	4,199,171
At 31 December 2009		<u>73,920,003</u>	<u>33,759,152</u>	<u>1,132,049</u>	<u>108,811,204</u>

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 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities					
Profit/(loss) before taxation		23,706,753	12,689,262	4,199,171	(932,454)
Adjustments for:					
Amortisation of leasehold land		257,746	155,412	-	-
Depreciation of property, plant and equipment		4,025,668	3,512,337	468	468
Provision for doubtful debts		61,580	-	-	-
Doubtful debts recovered		(38,490)	-	-	-
Bad debts written off		-	4,967	-	-
Unrealised foreign exchange gain		(189,495)	(569,876)	-	-
Interest expense		2,114,395	2,530,090	-	-
Interest income		(34,371)	(22,084)	(20,022)	-
Gain on disposal of property, plant and equipment		-	(50,675)	-	-
Operating profit/(loss) before working capital changes		29,903,786	18,249,433	4,179,617	(931,986)
Working capital changes:					
Inventories		(7,835,113)	837,803	-	-
Receivables		(19,349,935)	(2,669,025)	-	-
Payables		8,926,614	(784,880)	4,424,912	3,150
Subsidiary		-	-	(26,768,596)	3,238,788
Cash generated from/(used in) operations		11,645,352	15,633,331	(18,164,067)	2,309,952
Interest paid		(2,028,094)	(2,292,889)	-	-
Income tax paid		(1,843,807)	(1,548,065)	-	-
Net cash generated from/ (used in) operating activities		7,773,451	11,792,377	(18,164,067)	2,309,952

CASH FLOW STATEMENTS
For the year ended 31 December 2009 (cont'd)

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from investing activities					
Investment in a subsidiary company		-	-	-	(2)
Proceeds from disposal of property, plant and equipment		-	100,000	-	-
Purchase of property, plant and equipment	(a)	(4,851,170)	(14,172,653)	-	-
Prepayment of land lease	4	(330,000)	(1,900,000)	-	-
Interest received		34,371	22,084	20,022	-
Net cash (used in)/generated from investing activities		(5,146,799)	(15,950,569)	20,022	(2)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		46,200,000	-	46,200,000	-
Expenses incurred on issuance of ordinary shares		(120,848)	-	(120,848)	-
Dividends paid	24	(7,515,200)	(2,310,000)	(7,515,200)	(2,310,000)
Repayment of bankers acceptances		(8,903,889)	(4,936,620)	-	-
Drawdown of term loans		-	10,697,213	-	-
Repayments of term loans		(2,211,198)	(2,286,509)	-	-
Payments of hire purchase obligations		(1,648,315)	(650,675)	-	-
Net cash generated from/ (used in) financing activities		25,800,550	513,409	38,563,952	(2,310,000)
Net increase/(decrease) in cash and cash equivalents		28,427,202	(3,644,783)	20,419,907	(50)
Cash and cash equivalents at beginning of year		1,309,196	4,953,979	4,715	4,765
Cash and cash equivalents at end of year (Note 10)		29,736,398	1,309,196	20,424,622	4,715

CASH FLOW STATEMENTS

For the year ended 31 December 2009 (cont'd)

NOTE TO CASH FLOW STATEMENT

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

	2009	Group
	RM	2008
		RM
Cash	4,851,170	14,172,653
Hire purchase	1,182,712	1,424,186
Credit purchase (Note 17)	1,077,913	1,579,315
	7,111,795	17,176,154

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities. The registered office and the principal place of business of the Group and of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 March 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

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) Subsidiaries and basis of consolidation

(i) Subsidiaries

A 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 subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisition of subsidiaries are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(h) 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.

(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.

(i) 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 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 translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translated.

Exchange differences arising on the settlement of monetary items, and on the translation 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. These 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(i) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

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

(j) 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.

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

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

(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.

(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 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Company:

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

FRSs, Amendments to FRSs and Interpretations (cont'd)

Effective for financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

Effective for financial periods beginning on or after 1 January 2010

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

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation I5	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

(a) FRS 3: Business combinations (revised) and FRS 127: Consolidated and separate financial statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(b) FRS 101: Presentation of financial statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(c) FRS 123: Borrowing cost

This Standard supersedes FRS 123₂₀₀₄: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

(d) FRS 139: Financial instruments: recognition and measurement, FRS 7: Financial instruments: Disclosures and amendments to FRS 139: Financial instruments: recognition and measurement, FRS 7: Financial instruments: disclosures

The new FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2.4 Significant accounting judgements and estimates

In the process of preparing these financial statements:

- (i) there were no significant judgements made in applying the accounting policies of the Group and the Company which may have significant effects on the amounts recognised in the financial statements; and
- (ii) there were no significant estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost							
At 1 January 2008	20,651,136	43,849,056	2,028,944	1,299,053	3,477,933	422,868	71,728,990
Additions	3,745,380	11,787,057	180,878	18,653	1,424,186	20,000	17,176,154
Disposal	-	-	-	-	(401,979)	-	(401,979)
Reclassification	70,000	-	-	-	-	(70,000)	-
At 31 December 2008/							
At 1 January 2009	24,466,516	55,636,113	2,209,822	1,317,706	4,500,140	372,868	88,503,165
Additions	569,245	2,405,170	639,011	23,458	1,182,712	2,292,199	7,111,795
At 31 December 2009	25,035,761	58,041,283	2,848,833	1,341,164	5,682,852	2,665,067	95,614,960
Accumulated depreciation							
At 1 January 2008	2,372,954	12,555,530	1,098,261	801,565	1,468,266	-	18,296,576
Charge for the year	436,818	2,431,242	191,076	107,535	345,666	-	3,512,337
Disposal	-	-	-	-	(352,654)	-	(352,654)
At 31 December 2008/							
At 1 January 2009	2,809,772	14,986,772	1,289,337	909,100	1,461,278	-	21,456,259
Charge for the year	500,720	2,797,097	226,512	86,938	414,401	-	4,025,668
At 31 December 2009	3,310,492	17,783,869	1,515,849	996,038	1,875,679	-	25,481,927
Net carrying amount							
At 31 December 2009	21,725,269	40,257,414	1,332,984	345,126	3,807,173	2,665,067	70,133,033
At 31 December 2008	21,656,744	40,649,341	920,485	408,606	3,038,862	372,868	67,046,906

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

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

	Furniture and fittings	
	2009	2008
Company	RM	RM
Cost		
At 1 January/31 December	4,675	4,675
Accumulated depreciation		
At 1 January	2,808	2,340
Charge for the year (Note 19)	468	468
At 31 December	3,276	2,808
Net carrying amount		
At 31 December	1,399	1,867

- (a) All property, plant and equipment of a subsidiary are charged as securities for borrowing facilities (Note 14) obtained by a subsidiary.
- (b) The carrying value of motor vehicles held under hire purchase contracts as at balance sheet date was RM3,477,387 (2008: RM2,631,570). Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

4. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	RM	RM
At 1 January	11,470,990	9,726,402
Additions (Note 30)	330,000	1,900,000
Amortisation for the year (Note 19)	(257,746)	(155,412)
At 31 December	11,543,244	11,470,990
Analysed as:		
Long term leasehold land	8,181,210	9,195,407
Short term leasehold land	3,362,034	2,275,583
	11,543,244	11,470,990
Remaining lease years:		
- Long term leasehold land	32 - 93	33 - 94
- Short term leasehold land	20 - 37	21 - 38

Prepaid land lease payments with an aggregate carrying value of RM11,315,577 (2008: RM11,470,990) are pledged as securities for borrowing facilities of a subsidiary (Note 14).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted investments	20,100,002	20,100,002

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held		Principal activities
		2009	2008	
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and selling of food and beverage ingredients
Three-A Food Industries (M) Sdn Bhd. (formerly known as Three-A Plantation (Pahang) Sdn. Bhd.)	Malaysia	100%	100%	Dormant

All subsidiaries are audited by Ernst & Young, Malaysia.

6. DUE FROM A SUBSIDIARY

The amount due from a subsidiary is interest-free, unsecured and is not receivable within the next twelve months.

7. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost:		
Finished goods	2,323,315	3,600,107
Work-in-progress	2,193,559	2,415,124
Raw materials	22,897,200	13,489,944
Packing materials	450,377	524,163
	27,864,451	20,029,338

The cost of inventories recognised as an expense during the financial year amounted to RM127,715,886 (2008: RM113,166,941) which is recognised in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

8. TRADE RECEIVABLES

	Group	
	2009 RM	2008 RM
Trade receivables		
- third parties	51,162,405	35,640,746
- related party	114,165	106,640
	51,276,570	35,747,386
Less: Provision for doubtful debts	(673,265)	(650,175)
Trade receivables, net	50,603,305	35,097,211
Movements in the provision for doubtful debts are as follows:		
At 1 January	650,175	650,175
Provision during the year	61,580	-
Writeback of provision	(38,490)	-
At 31 December	673,265	650,175

(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 (2008: 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 debt is due from Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain directors have financial interests. Further details on related party transactions are disclosed in Note 25.

9. OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sundry receivables	91,552	193,511	1,160	1,160
Deposits	518,525	237,313	-	-
Prepayments	165,379	138,492	-	-
Advance payment to suppliers	4,295,217	491,111	-	-
	5,070,673	1,060,427	1,160	1,160

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

9. OTHER RECEIVABLES (CONT'D)

Included in the deposits are amounts of RM370,790 which are deposits for land purchases as detailed in Notes 30(c), 30(d) and 31.

10. CASH AND CASH EQUIVALENTS

Cash at a bank earn interest at floating rates based on daily deposit rates ranging from 1% to 1.8% (2008: 1% to 3.7%) per annum.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	30,189,279	2,674,318	20,424,622	4,715
Bank overdrafts (Note 14)	(452,881)	(1,365,122)	-	-
	29,736,398	1,309,196	20,424,622	4,715

11. SHARE CAPITAL

	Group/Company			
	2009		2008	
	Number of Shares	Amount RM	Number of Shares	Amount RM
Authorised				
At 1 January	500,000,000	100,000,000	250,000,000	50,000,000
Created during the year	-	-	250,000,000	50,000,000
At 31 December	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid up				
Ordinary share of RM0.20 each				
At 1 January	308,000,019	61,600,003	192,500,012	38,500,002
Issued on 17 June 2008 from share premium account	-	-	24,234,801	4,846,960
Issued on 17 June 2008 from retained earnings account	-	-	91,265,206	18,253,041
Issued on 11 November 2009 for cash	61,600,000	12,320,000	-	-
At 31 December	369,600,019	73,920,003	308,000,019	61,600,003

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM61,600,003 to RM73,920,004 by way of the issuance of 61,600,000 ordinary shares of RM0.20 each through a private placement at an issue price of RM0.75 per ordinary share.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

12. SHARE PREMIUM

	Group/Company	
	2009 RM	2008 RM
At 1 January	-	4,846,960
Add: Premium arising from issuing of 61,600,000 new ordinary shares at RM0.75	33,880,000	
Less: Capitalisation for issuance of bonus issue of shares	-	(4,846,960)
Less: Transaction costs arising from issuance of shares	(120,848)	-
At 31 December	33,759,152	-

13. RETAINED EARNINGS

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009 and 2008, the Company has the following Section 108 balance and tax exempt income account balance for the purpose of dividend payment:

	2009 RM	2008 RM
Section 108 tax credit balance	3,558,099	5,036,499
Tax exempt income account balance	17,860,000	17,860,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

14. BORROWINGS

	Group	
	2009	2008
	RM	RM
Long term borrowings		
Secured:		
Term loans	13,838,846	16,566,802
Hire purchase payables	726,998	1,093,789
	14,565,844	17,660,591
Short term borrowings		
Secured:		
Bank overdrafts (Note 10)	452,881	1,365,122
Bankers acceptances	14,776,869	23,680,758
Term loans	2,715,436	2,198,678
Hire purchase payables	514,622	613,434
	18,459,808	27,857,992

	Effective interest rate 2009/2008 %	Maturity	Group	
			2009	2008
			RM	RM
Total borrowings				
Bank overdrafts	7.75	On demand	452,881	1,365,122
Bankers acceptances	2.23 - 4.73	90 - 180 days	14,776,869	23,680,758
Term loans	6.71 - 8.44	2009 - 2019	16,554,282	18,765,480
Hire purchase payables	4.28 - 7.51	2009 - 2013	1,241,620	1,707,223
			33,025,652	45,518,583

	Group	
	2009	2008
	RM	RM
Maturity of borrowings:		
Within one year	18,459,808	27,857,992
More than 1 year and less than 2 years	3,304,497	3,127,315
More than 2 years and less than 5 years	8,784,052	9,231,169
More than 5 years	2,477,295	5,302,107
	33,025,652	45,518,583

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

14. BORROWINGS (CONT'D)

The bank borrowings are secured by the following:

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

Details on the hire purchase payables are as follows:

	Group	
	2009	2008
	RM	RM
Future minimum lease payments:		
Not later than 1 year	574,579	700,748
Later than 1 year and not later than 2 years	435,515	508,723
Later than 2 years and not later than 5 years	334,405	676,624
Total future minimum lease payments	1,344,499	1,886,095
Less: Future finance charges	(102,879)	(178,872)
Present value of finance lease liabilities	1,241,620	1,707,223
Analysis of present value of finance lease liabilities:		
Not later than 1 year	514,622	613,434
Later than 1 year and not later than 2 years	404,425	456,295
Later than 2 years and not later than 5 years	322,573	637,494
	1,241,620	1,707,223
Less: Amount due within 12 months	(514,622)	(613,434)
Amount due after 12 months	726,998	1,093,789

15. DEFERRED TAX

	Group	
	2009	2008
	RM	RM
At 1 January	6,131,219	6,164,990
Recognised in the income statement (Note 22)	1,810,381	(33,771)
At 31 December	7,941,600	6,131,219

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

15. DEFERRED TAX (CONT'D)

	2009	Group
	RM	2008
		RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	8,034,916	7,069,130
Deferred tax assets	(93,316)	(937,911)
	7,941,600	6,131,219

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

Deferred tax liabilities

	Accelerated capital allowances RM	Unrealised foreign exchange RM	Total RM
At 1 January 2008	6,334,036	-	6,334,036
Recognised in the income statement	600,721	134,373	735,094
At 31 December 2008	6,934,757	134,373	7,069,130
Recognised in the income statement	918,332	47,454	965,786
At 31 December 2009	7,853,089	181,827	8,034,916

Deferred tax assets

	Unutilised reinvestment allowances RM	Provisions RM	Total RM
At 1 January 2008	-	(169,046)	(169,046)
Recognised in the income statement	(775,367)	6,502	(768,865)
At 31 December 2008	(775,367)	(162,544)	(937,911)
Recognised in the income statement	775,367	69,228	844,595
At 31 December 2009	-	(93,316)	(93,316)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

16. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 60 days (2008: 30 to 60 days).

17. OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sundry payables	1,980,384	2,388,601	-	-
Accruals	9,989,788	2,665,205	4,451,850	26,938
	11,970,172	5,053,806	4,451,850	26,938

Included in sundry payables and accruals of the Group are amounts of RM1,077,913 (2008: RM1,579,315) due to contractors for the construction of plant and machinery.

18. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	178,581,740	152,251,574	-	-
Dividend income from a subsidiary	-	-	4,435,200	-
	178,581,740	152,251,574	4,435,200	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

19. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(loss) from operations is stated after charging/(crediting):				
Staff costs (Note 20)	11,050,976	9,515,420	40,000	35,000
Depreciation of property, plant and equipment (Note 3)	4,025,668	3,512,337	468	468
Amortisation of prepaid land lease payments (Note 4)	257,746	155,412	-	-
Non-executive directors' remuneration	85,000	85,000	85,000	85,000
Auditors' remuneration	42,000	40,000	12,000	-
Expenses incurred on transfer of listing from MESDAQ market to the main board of Bursa Malaysia	-	536,441	-	536,441
Rent of premises	175,200	176,400	-	-
Lease of motor vehicles	25,331	22,776	-	-
Provision for doubtful debts	61,580	-	-	-
Doubtful debts recovered	(38,490)	-	-	-
Bad debts written off	-	4,967	-	-
Realised exchange loss	13,781	604,397	-	-
Unrealised foreign exchange gain	(189,495)	(569,876)	-	-
Interest income	(34,371)	(22,084)	(20,022)	-
Gain on disposal of property, plant and equipment	-	(50,675)	-	-
Analysis of directors' remuneration:				
Executive directors' remuneration:				
Other emoluments	1,878,080	1,616,300	40,000	35,000
Non-executive directors' remuneration:				
Other emoluments	85,000	85,000	85,000	85,000
Total directors' remuneration (Note 25)	1,963,080	1,701,300	125,000	120,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

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

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive (Note 20):				
Salaries and other emoluments	1,175,776	925,948	40,000	35,000
Bonus	508,000	508,000	-	-
Defined contribution plan	194,304	182,352	-	-
	1,878,080	1,616,300	40,000	35,000
Non-Executive:				
Other emoluments	85,000	85,000	85,000	85,000
	1,963,080	1,701,300	125,000	120,000

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	
	2009	2008
Executive directors:		
Below RM50,000	4	3
RM50,001 - RM100,000	-	1
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	1	-
RM450,001 - RM500,000	-	1
RM550,001 - RM600,000	1	-
RM800,001 - RM850,000	-	1
RM850,001 - RM900,000	1	-
Non-executive directors:		
Below RM50,000	5	5

20. STAFF COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	9,954,463	8,639,439	40,000	35,000
Social security costs	52,805	45,712	-	-
Pension costs - defined contribution plans	742,981	632,585	-	-
Other staff related expenses	300,727	197,684	-	-
	11,050,976	9,515,420	40,000	35,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

20. STAFF COSTS (CONT'D)

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,878,080 (2008: RM1,616,300) and RM40,000 (2008: RM35,000) respectively as further disclosed in Note 19.

21. FINANCE COSTS

	Group	
	2009 RM	2008 RM
Interest expense on:		
Term loans	1,267,244	963,259
Bankers acceptance	684,308	1,400,882
Bank overdrafts	69,282	59,391
Hire purchase financing	93,561	106,558
	2,114,395	2,530,090
Bank charges	340,611	266,341
	2,455,006	2,796,431

22. TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysian income tax:				
Tax expense for the year	3,885,136	712,506	-	-
Overprovision in prior years	(28,042)	(124,361)	-	-
	3,857,094	588,145	-	-
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	2,089,292	709,745	-	(607)
Relating to changes in tax rates	(234,092)	(245,249)	-	-
(Over)/underprovision in prior years	(44,819)	(498,267)	-	607
	1,810,381	(33,771)	-	-
	5,667,475	554,374	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2009 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

22. TAXATION (CONT'D)

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	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(loss) before taxation	23,706,753	12,689,262	4,199,171	(932,454)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	5,926,688	3,299,208	1,049,793	(242,438)
Effects of changes in tax rates on opening balances of deferred tax	(234,092)	(217,928)	-	-
Deferred tax recognised at different tax rates	-	(27,321)	-	-
Income not subject to tax	-	-	(1,108,800)	-
Expenses not deductible for tax purposes	491,278	383,773	59,007	47,063
Utilisation of previously unrecognised unutilised reinvestment allowance	-	(436,687)	-	-
Utilisation of current year's reinvestment allowance	(443,538)	(1,212,428)	-	-
Deferred tax assets recognised on reinvestment allowance	-	(806,383)	-	-
Deferred tax asset not recognised in respect of current year's tax losses	-	194,768	-	194,768
(Over)/underprovision of deferred tax in prior year	(44,819)	(498,267)	-	607
Overprovision of income tax expense in prior year	(28,042)	(124,361)	-	-
Tax expense for the year	5,667,475	554,374	-	-

	Group	
	2009 RM	2008 RM
Unutilised reinvestment allowance carried forward	-	4,948,470

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

23. 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	
	2009	2008
Net profit for the year (RM)	18,039,278	12,134,888
Weighted average number of ordinary shares in issue	316,269,608	255,154,812
Basic earnings per share (sen)	5.7	4.8

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

24. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2009 RM	2008 RM	2009 RM	2008 RM
Recognised during the year				
Interim dividend:				
- 1.2 sen tax exempt on 192,500,012 ordinary shares	-	2,310,000	-	2,310,000
- 1 sen tax exempt on 308,000,019 ordinary shares	-	3,080,000	3,080,000	-
Declared and paid subsequent to year end				
Interim dividend:				
- 1.2 sen at 25% tax on 369,600,019 ordinary shares	4,435,200	-	4,435,200	-
	4,435,200	5,390,000	7,515,200	2,310,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

			Outstanding balances	
	2009 RM	2008 RM	2009 RM	2008 RM
Group				
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	(620,515)	(782,671)	(114,165)	(106,640)
Rent payable to Excellent Chemical Industrial Sdn. Bhd.	168,000	168,000	730	1,460
Company				
(Advances to)/repayment by a subsidiary	(26,768,596)	3,238,788	(72,735,871)	(45,967,275)

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

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from unrelated parties.

- (b) Compensation of key management personnel

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries and other emoluments	1,708,216	1,350,544	125,000	120,000
Bonus	684,000	684,000	-	-
Defined contribution plan	268,272	252,000	-	-
	2,660,488	2,286,544	125,000	120,000

Included in the total key management personnel are:

Directors' remuneration (Note 19)	1,963,080	1,701,300	125,000	120,000
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NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

26. OPERATING LEASE COMMITMENT

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

	Group	
	2009	2008
	RM	RM
Future minimum rental payments:		
Not later than 1 year	24,000	96,000
Later than 1 year and not later than 5 years	120,000	120,000
Later than 5 years	-	24,000
	144,000	240,000

27. COMMITMENTS

	Group	
	2009	2008
	RM	RM
Capital expenditure		
Approved and contracted for:		
Leasehold land	3,379,104	297,000
Property, plant and equipment	3,691,060	-
	7,070,164	297,000

28. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2009	2008
	RM	RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	31,784,032	43,811,360

29. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

29. FINANCIAL INSTRUMENTS

(b) Interest rate risk

The Group's exposure to market risk for changes in the interest rate environment principally relates to its financing 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 14.

(c) Foreign currency risk

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

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

Functional currency of the Group is Ringgit Malaysia	United States Dollar RM	Singapore Dollar RM	Total RM
At 31 December 2009			
Receivables	13,012,018	1,708,544	14,720,562
Payables	(126,503)	-	(126,503)
At 31 December 2008			
Receivables	8,025,889	1,491,400	9,517,289
Payables	(304,644)	(7,990)	(312,634)

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009 (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(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 2009 are not materially different from their carrying values.

30. SIGNIFICANT EVENTS

- (a) On 5 October 2009, the Company announced the proposal for a private placement from OSK Investment Bank Berhad to undertake a private placement of up to 20% of the issued and paid-up share capital of the Company. Upon approval from the shareholders on 3 November 2009, the Company increased its issued and paid-up ordinary share capital from RM61,600,003 to RM73,920,003 by way of the issuance of 61,600,000 ordinary shares of RM0.20 each at an issue price of RM0.75 per ordinary share for cash. The private placement was completed on 12 November 2009.
- (b) On 9 October 2009, a subsidiary entered into a Sale and Purchase Agreement ("SPA") to acquire a parcel of leasehold land held under HS(M) 9078, PT No. 669, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 708.9 sq metres together with a building for a total cash consideration of RM330,000. The SPA was completed on 1 December 2009.
- (c) On 9 October 2009, the Company entered into a Sale and Purchase Agreement ("SPA") to acquire a parcel of leasehold land held under HS(M) 9107, PT No. 27686, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 5,606 sq metres together with a building for a total cash consideration of RM2,400,000. The SPA has not been completed as of date of the report.
- (d) On 10 December 2009, the Company entered into a SPA to acquire a parcel of leasehold land held under HS(M) 9111, PT No. 27687, Tempat BT 14, Jalan Kuala Selangor, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 3,928 sq metres for a total cash consideration of RM887,894. The SPA has not been completed as of date of the report.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (cont'd)

31. SUBSEQUENT EVENT

On 11 January 2010, the Company entered into a SPA to acquire a parcel of leasehold land held under PN 67417 for Lot No. 2306, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 700 sq metres for a total cash consideration of RM420,000. The SPA has not been completed as of date of the report.

32. SEGMENT INFORMATION

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

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

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

	2009	Group
	RM	2008
		RM
Malaysia	122,070,530	102,996,506
Foreign countries	56,511,210	49,255,068
	178,581,740	152,251,574

The Group's assets and liabilities are solely located 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. Hakmilik 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. Hakmilik 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.
Existing Use	Office Building Production Factory Warehouse	Office Building 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)	60 years (30 May 2070)	92 years (03 July 2102)	92 years (03 July 2102)
Age of Property	14 years	33 years	5 years
Land Area (Sq. Feet)	110,976	34,950	93,032
Cost (RM'000)	13,161	4,109	7,934
Net Book Value as at 31 Dec 2009 (RM'000)	11,462	2,987	7,111
Date of Acquisition	3 October 1995	3 January 1997	19 May 1997
Year of Last Revaluation	2003	2003	2003

PARTICULARS OF PROPERTIES
Held by the Group (cont'd)

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	Production Factory
Type of Land	Residential Land	Residential Land	Industrial Land
Tenure	Leasehold 60 years	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	32 years (22 June 2042)	36 years (26 June 2046)	31 years (24 May 2041)
Age of Property	11 years	11 years	2 years
Land Area (Sq. Feet)	8,168	6,806	46,005
Cost (RM'000)	570	874	5,053
Net Book Value as at 31 Dec 2009 (RM'000)	456	699	4,661
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 (cont'd)

Location	No. H.S.(M) 11086 Lot 66 Jalan Union, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. H.S. (M) 9071 PT No. 589 Jalan Industri, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.	No. H.S. (M) 9078 PT No. 669 Jalan Middle, U19 Kg. Baru Seri Sungai Buloh 47000 Selangor D.E.
Existing Use	Warehouse (under construction)	Vacant	Hostel
Type of Land	Industrial Land	Industrial Land	Residential Land
Tenure	Leasehold 99 years	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	60 years (30 May 2070)	19 years (20 February 2029)	44 years (19 July 2054)
Age of Property	-	-	1
Land Area (Sq. Feet)	87,123	43,560	7,631
Cost (RM'000)	4,380	2,291	589
Net Book Value as at 31 Dec 2009 (RM'000)	4,184	2,249	584
Date of Acquisition	5 December 2005	13 February 2008	7 April 2009
Year of Last Revaluation	2009	2008	2009

BURSA SECURITIES LISTING REQUIREMENTS

Compliance information

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

1. UTILISATION OF PROCEEDS

The Company had on 10 November 2009 issued 61,600,000 new ordinary shares of RM0.20 each to Wilmar International Limited at an issue price of RM0.75 each pursuant to the Private Placement approved by the members of the Company at the Extraordinary General Meeting held on 03 November 2009. The proceeds arising from the above Private Placement amounting to RM46,200,000 are to be utilized in the following manner:-

Working capital (within twenty four months)	RM25,800,000
New overseas investment (within twenty four months)	RM20,000,000
Payment of expenses in relation to the Private Placement Exercise	RM 400,000

2. SHARE BUY-BACK

The Company did not carry out any share buy-back exercise during the financial year ended 31 December 2009.

3. OPTIONS, WARRANT OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2009.

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 2009.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions/penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2009.

6. NON-AUDIT FEES

The amount of non-audit fees paid/payable to external auditors and its affiliates for the financial year ended 31 December 2009 amounted to RM21,000.

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 2009.

8. PROFIT GUARANTEE

There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2009.

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.

BURSA SECURITIES LISTING REQUIREMENTS

Compliance information (cont'd)

10. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2009 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving Directors and substantial shareholders in the past two years preceding the date of this annual report.

11. RELATED PARTY TRANSACTIONS OF A REVENUE / TRADING NATURE (RRPT)

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

Related Party	Interested Directors/ Connected Persons	Nature of Transactions	Value of Transactions
Seong Chan Sauce & Foodstuff Sdn. Bhd.	Fang Chew Ham Fong Chu King Foong Chiew Fatt	Sales of goods by San Soon Seng Food Industries Sdn. Bhd.	RM620,515
Excellent Chemical Industrial Sdn. Bhd.	Dato' Mohd Nor Bin Abdul Wahid Fang Chew Ham Fong Chu King Foong Chiew Fatt	Rental paid by San Soon Seng Food Industries	RM168,000

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 27 April 2010

Authorised Share Capital	:	RM100,000,000 divided into 500,000,000 Ordinary Shares of RM0.20 each
Issued and Fully Paid-Up Capital	:	RM73,920,003 divided into 369,600,019 Ordinary Shares of RM0.20 each
Class of Shares	:	Ordinary Share of RM0.20 each
Voting Rights	:	One (1) Voting Right per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders		No. of Shares Held			
	Malaysian No.	Foreign No.	Malaysian No.	%	Foreign No.	%
1 - 99	236	1	16,180	0.00	80	0.00
100 - 1,000	324	2	259,719	0.07	600	0.00
1,001 - 10,000	1,943	21	10,116,040	2.74	156,000	0.04
10,001 - 100,000	873	17	28,855,840	7.81	670,700	0.18
100,001 - 18,479,999 *	198	6	186,311,060	50.41	1,613,800	0.44
18,480,000 and above **	1	1	80,000,000	21.65	61,600,000	16.67
Total	3,575	48	305,558,839	82.67	64,041,180	17.33
Grand Total	No. of Shareholders 3,623		No. of Shareholdings 369,600,019		% 100	

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

TOP THIRTY (30) SHAREHOLDERS

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

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn Bhd	80,000,000	21.65
2. Wilmar International Limited	61,600,000	16.67
3. Fong Chiew Hean	16,570,960	4.48
4. Foong Chiew Fatt	16,180,960	4.38
5. Fong Chu King @ Tong Chu King	10,950,000	2.96
6. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	9,093,380	2.46

ANALYSIS OF SHAREHOLDINGS

As at 27 April 2010 (cont'd)

	Name of Shareholders	No. of Shares Held	% of Issued Capital
7.	Mohd Nor Bin Abdul Wahid	8,352,200	2.26
8.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	6,277,500	1.70
9.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	6,000,000	1.62
10.	AmanahRaya Trustees Berhad Public Islamic Optimal Growth Fund	5,683,000	1.54
11.	AmanahRaya Trustees Berhad Public Islamic Opportunities Fund	4,576,000	1.24
12.	AmanahRaya Trustees Berhad Public Islamic Sector Select Fund	4,129,000	1.12
13.	AmanahRaya Trustees Berhad Public SmallCap Fund	3,729,000	1.01
14.	Cheong Siew Chyuan	3,300,000	0.89
15.	AmanahRaya Trustees Berhad Public Islamic Balanced Fund	3,181,700	0.86
16.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien	3,162,000	0.86
17.	Teo Kwee Hock	2,959,480	0.80
18.	Tan Kim Tee	2,720,000	0.74
19.	AmanahRaya Trustees Berhad PB Islamic Equity Fund	2,640,000	0.71
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phoa Boon Ting	2,557,380	0.69
21.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Siew Chyuan	2,000,000	0.54
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Faai @ Ng Yoke Pei	2,000,000	0.54
23.	AmanahRaya Trustees Berhad PB Growth Fund	1,702,800	0.46
24.	Foong Kin	1,600,000	0.43
25.	MayBan Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Keng Hong	1,500,000	0.41
26.	TBR Shopping Centre (M) Sdn Bhd	1,500,000	0.41
27.	AmanahRaya Trustees Berhad PB Balanced Fund	1,489,000	0.40
28.	Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.40
29.	Chan Chu Wei	1,468,000	0.40
30.	Fong Peng Man	1,370,500	0.37
	Total	269,780,860	72.99

ANALYSIS OF SHAREHOLDINGS

As at 27 April 2010 (cont'd)

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn Bhd	80,420,000	21.76
2. Wilmar International Limited	61,600,000	16.67
3. AmanahRaya Trustees Berhad	34,174,400	9.25

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham	-	-	124,301,920 ¹	33.63
2. Foong Chiew Fatt	16,180,960	4.38	29,600,960 ²	8.00
3. Fong Chu King @ Tong Chu King	10,950,000	2.96	33,080,120 ³	8.95
4. Dato' Mohd Nor Bin Abdul Wahid	8,352,200	2.26	-	-
5. Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.40	2,085,100 ⁴	0.54
6. Chew Eng Chai	160,000	0.04	7,000 ⁵	0.00
7. Liew Kuo Shin	-	-	-	-
8. Fang Siew Ping	180,000	0.05	-	-
9. Fang Siew Yee	-	-	180,000 ⁶	0.05
10. Mohd Zaki Bin Hamzah	500,000	0.14	-	-
11. Khoo Wee Boon	-	-	-	-
12. Sun Yi-Ling	-	-	-	-

Note:

- Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King; his daughter Fang Siew Ping and Fang Chew Ham Holdings Sdn Bhd
- Indirect interest via shareholdings of his siblings Fong Chiew Hean, Fong Chu King @ Tong Chu King and his daughters Foong Kin, Foong Sau Chun
- Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean and his son Fong Peng Fai
- Indirect interest via shareholdings of his spouse Ng Faai @ Ng Yoke Pei
- Indirect interest via shareholdings of his spouse Lim Tong Lean
- Indirect interest via shareholdings of her sibling Fang Siew Ping

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Ballroom Level 1, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, the 29 day of June 2010 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the audited Financial Statements for the financial year ended 31st December 2009 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 Mr. Fong Chu King @ Tong Chu King **(Resolution 2)**
 - 2.2 Ms. Fang Siew Yee **(Resolution 3)**
 - 2.3 Encik Mohd Zaki Bin Hamzah **(Resolution 4)**

3. To consider and if thought fit, pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - 3.1 "That Mr. Foong Chiew Fatt, retiring pursuant to Section 129(6) of the Companies Act 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **(Resolution 5)**

 - 3.2 "That Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **(Resolution 6)**

4. To re-elect the retiring Director Ms. Sun Yi-Ling who retire pursuant to Article 93 of the Articles of Association of the Company **(Resolution 7)**

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

6. As special business, to consider and if thought fit, to pass the following resolutions:-
 - 6.1 **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)**

NOTICE OF
Annual General Meeting (cont'd)

6.2 **As Ordinary Resolution -**

Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Which are in the Ordinary Course of Business

"THAT approval be and is hereby given for the renewal of the Existing Shareholders' Mandate for the Company and its subsidiaries ("Three-A Group") to enter into transactions falling within the types or recurrent related party transactions of a revenue and trading nature which are necessary for the day to day operations of the Three-A Group from time to time, the nature and the contracting parties are set out in a table under Section 2.4 of the Circular to Shareholders is on 8 June 2010 PROVIDED THAT

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

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

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

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

(Resolution 10)

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

NOTICE OF Annual General Meeting (cont'd)

BY ORDER OF THE BOARD

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

Kuala Lumpur
8 June 2010

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. The proposed resolution No. 9, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total paid up share capital of the Company for the time being without convening a general meeting for such purposes as the Directors would be in the interest of the Company. This renewed authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting. Save for the allotment of 61,600,000 ordinary shares of RM0.20 each on 16 November 2009 which approval has been obtained from the Shareholders at an Extraordinary General Meeting held on 3 November 2009, no shares had been issued by the Company since obtaining the said authority from the shareholders at the last Annual General Meeting held on 9 June 2009. The renewal of the general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.
2. For further information on proposed resolution No. 10, please refer to the Circular To Shareholders dated 8 June 2010 accompanying the Company's Annual Report for the financial year ended 31 December 2009.

NOTES :-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s)
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS WHO ARE SEEKING RE-ELECTION OR RE-APPOINTMENT AT THE 7TH ANNUAL GENERAL MEETING OF THE COMPANY

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

- Mr. Fong Chu King @ Tong Chu King
- Ms. Fang Siew Yee
- Encik Mohd Zaki Bin Hamzah

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

- Mr. Foong Chiew Fatt
- Mr. Tan Chon Sing @ Tan Kim Tieng

One Director who retire pursuant to Article 93 of the Company's Articles of Association and seeking re-election is:-

- Ms. Sun Yi-Ling

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 page 10, 11 and 13 of this Annual Report. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appears on page 86 of this Annual Report.

BOARD MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

A total of six (6) Board Meetings were held in the financial year ended 31 December 2009

The attendance of the Directors at the Board Meetings held in the financial year ended 31 December 2009 is set out below:

Date of Board Meeting	Independent Director	Attendance by Directors		Total No. of Directors
		Non-Independent Director		
i. 5 February 2009	4	8		12
ii. 24 February 2009	4	8		12
iii. 27 May 2009	4	8		12
iv. 12 August 2009	4	8		12
v. 22 October 2009	4	8		12
vi. 17 December 2009	4	8		12

Details of attendance by each Director at the Board Meetings held in the financial year ended 31 December 2009 are as follows:

Directors	Total Board Meetings Attended	Percentage of Attendance
Dato' Mohd Nor Bin Abdul Wahid	6/6	100%
Fang Chew Ham	6/6	100%
Fong Chu King @ Tong Chu King	6/6	100%
Foong Chiew Fatt	6/6	100%
Fong Chiew Hean (resigned on 16.11.2009)	6/6	100%
Chew Eng Chai	6/6	100%
Tan Chon Sing @ Tan Kim Tieng	6/6	100%
Fang Siew Yee	6/6	100%
Liew Kuo Shin	6/6	100%
Fang Siew Ping	6/6	100%
Khoo Wee Boon	6/6	100%
Mohd Zaki Bin Hamzah	6/6	100%
Sun Yi-Ling (appointed on 16.11.2009)	1/1	100%

STATEMENT ACCOMPANYING
Notice of Annual General Meeting (cont'd)

DETAILS OF VENUE, DATE AND TIME OF THE EIGHTH ANNUAL GENERAL MEETING

VENUE

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

DATE AND TIME

29 June 2010 (Tuesday) at 11.00am

PROXY FORM

I/We,
of
being a member of Three-A Resources Berhad hereby appoint
..... of

or the Chairman of the meeting as my/our proxy to attend and vote as indicated hereon on my/our behalf at the Eighth Annual General Meeting of the Company to be held on the 29 day of June 2010 at 11.00 a.m. and at any adjournment thereof.

	Resolutions	For	Against
1	Receive the audited Financial Statements for the financial year ended 31 st December 2009 and the Reports of the Directors and Auditors thereon		
2	Re-election of Mr. Fong Chu King @ Tong Chu King		
3	Re-election of Ms. Fang Siew Yee		
4	Re-election of Encik Mohd Zaki Bin Hamzah		
5	Re-appointment of Mr. Foong Chiew Fatt		
6	Re-appointment of Mr. Tan Chon Sing @ Tan Kim Tieng		
7	Re-election of Ms. Sun Yi-Ling		
8	Re-appointment of M/s Ernst & Young as Auditors and to authorise 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	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(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 of2010

No. of Shares	
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.....
Signature / Common Seal

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s)
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1) (c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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STAMP

THREE-A RESOURCES BERHAD

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

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THREE-A RESOURCES BERHAD (481559-M)

AL 308, Lot 590 & Lot 4196, Jalan Industri,
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