10. BORROWINGS (CONTD.)

The weighted average effective interest rates per annum at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group 2003	2002
	%	%
Bank overdrafts	7.7	7.9
Bankers acceptances	3.9	3.9
Term loans	7.5	Not applicable

The bank borrowings are secured by:

- the leasehold land and factory and office buildings of the subsidiary (Note 3);
- debentures incorporating fixed and floating charges over all assets and undertakings of the subsidiary, both present and future;
- corporate guarantee by the Company.

11. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group 2003	2002
	RM	RM
Minimum lease payments:		
Not later than 1 year	75,000	75,000
Later than 1 year and not later than 2 years	68,750	75,000
Later than 2 year and not later than 5 years	-	68,750
	143,750	218,750
Less: Future finance charges	(28,750)	(43,750)
Present value of finance lease liabilities	115,000	175,000
Present value of finance lease liabilities:		
Not later than 1 year	60,000	60,000
Later than 1 year and not later than 2 years	55,000	60,000
Later than 2 year and not later than 5 years	-	55,000
	115,000	175,000
Analysed as:		
Due within 12 months (Note 10)	60,000	60,000
Due after 12 months (Note 10)	55,000	115,000
	115,000	175,000

The hire purchase payables bore interest at 9.15% (2002: 9.15% to 10.11%) per annum.

12. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 60 days.

13. OTHER PAYABLES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Provision for employee benefits	86,301	-	-	-
Accruals	776,825	676,972	13,348	21,340
Sundry payables	1,230,486	324,253	13,400	7,848
	2,093,612	1,001,225	26,748	29,188

14. SHARE CAPITAL

	2003		2002	
	No. of shares	RM	No. of shares	RM
Authorised:				
At 1 January Ordinary shares of RM0.20 (2002: RM1) each	250,000,000	50,000,000	100,000	100,000
Created during the year Ordinary shares of RM0.20 (2002: RM1) each	-	-	49,900,000	49,900,000
Additional number of ordinary shares arising from subdivision of each of the ordinary shares of RM1 each into 5 ordinary shares of RM0.20 each	-	-	200,000,000	-
At 31 December Ordinary shares of RM0.20 each	250,000,000	50,000,000	250,000,000	50,000,000

14. SHARE CAPITAL (CONTD.)

	2003 No. of shares	2003 RM	2002 No. of shares	2002 RM
Issued and fully paid:				
At 1 January Ordinary shares of RM0.20 (2002: RM1) each	140,000,010	28,000,002	2	2
Issue of ordinary shares of RM0.20 (2002: RM1) each as consideration for acquisition of a subsidiary	-	-	20,100,000	20,100,000
Additional number of ordinary shares arising from subdivision of each of the ordinary shares of RM1 each into 5 ordinary shares of RM0.20 each	-	-	80,400,008	-
Issued during the year - Public issue Ordinary shares of RM0.20 each	-	-	39,500,000	7,900,000
At 31 December Ordinary shares of RM0.20 each	140,000,010	28,000,002	140,000,010	28,000,002

15. DEFERRED TAX

	Group 2003 RM	Group 2002 RM
At 1 January	1,059,229	-
Arising on acquisition of subsidiary	-	273,504
Recognised in the income statement (Note 19)	494,423	785,725
At 31 December	1,553,652	1,059,229

15. DEFERRED TAX (CONTD.)

	Group 2003 RM	Group 2002 RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	3,462,351	2,900,928
Deferred tax assets	(1,908,699)	(1,841,699)
	1,553,652	1,059,229

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	Others RM	Total RM
At 1 January 2003	2,906,062	(5,134)	2,900,928
Recognised in the income statement	644,701	(83,278)	561,423
At 31 December 2003	3,550,763	(88,412)	3,462,351

Deferred Tax Assets

	Unutilised Reinvestment Allowances RM
At 1 January 2003	(1,841,699)
Recognised in the income statement	(67,000)
At 31 December 2003	(1,908,699)

16. REVENUE

Revenue represents the invoiced value of goods sold less sales tax, goods returned and trade discounts.

17. PROFIT/(LOSS) FROM OPERATIONS

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Profit/(loss) from operations is stated after charging/(crediting):				
Staff costs (excluding directors' remuneration)	3,027,617	2,920,171	-	-
Short term accumulating compensated absences	86,301	-	-	-
Directors' remuneration				
- salaries and other emoluments				
- current year	839,390	840,404	28,500	18,600
- overprovision in previous year	(1,200)	-	(1,200)	-
Auditors' remuneration				
- current year	35,000	35,000	10,000	10,000
- underprovision in previous year	-	10,000	-	-
Depreciation	1,997,810	1,161,174	351	117
Unrealised foreign exchange losses	-	1,294	-	-
Provision for doubtful debts	162,500	105,000	-	-
Rental of premises	6,000	3,200	-	-
Bad debts written off	5,935	-	-	-
Realised exchange gain	(62,595)	(136,087)	-	-
Interest income	-	(21,402)	-	(21,402)

17. PROFIT/(LOSS) FROM OPERATIONS (CONTD.)

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	750,890	753,304	-	-
Fees	-	-	-	-
Bonus	60,000	68,500	-	-
Benefits-in-kind	-	-	-	-
	810,890	821,804	-	-
Non-executive:				
Salaries and other emoluments	28,500	18,600	28,500	18,600
Fees	-	-	-	-
Bonus	-	-	-	-
Benefits-in-kind	-	-	-	-
	28,500	18,600	28,500	18,600
Total	839,390	840,404	28,500	18,600
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	810,890	821,804	-	-
Total non-executive directors' remuneration	28,500	18,600	28,500	18,600
Total directors' remuneration	839,390	840,404	28,500	18,600

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

	Number of directors	
	2003	2002
Executive directors:		
RM50,001 - RM100,000	-	1
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	1
RM350,000 - RM400,000	1	1
Non-Executive directors:		
Below RM50,000	6	3

18. FINANCE COSTS

	Group 2003 RM	Group 2002 RM
Interest expense on:		
Term loans	61,298	64,253
Other bank borrowings	591,226	509,076
Hire purchase	15,000	55,731
Bank charges	130,524	73,743
	798,048	702,803

19. TAXATION

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Malaysian income tax:				
Tax expense for the year	135,325	39,532	-	-
(Over)/underprovision in prior years	(9,049)	-	5,004	-
	126,276	39,532	5,004	-
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 15)	494,423	785,725	-	-
	620,699	825,257	5,004	-

19. TAXATION (CONTD.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. A reconciliation of income tax expense applicable to profit 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	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit/(loss) before taxation	3,237,637	2,589,735	(157,616)	(45,646)
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	906,538	725,126	(44,132)	(12,781)
Expenses not deductible for tax purposes	145,345	86,576	44,132	12,781
Utilisation of reinvestment allowances brought forward	(317,006)	(112,361)	-	-
Relating to origination and reversal of temporary differences	(105,129)	125,916	-	-
(Over)/Underprovided in prior years	(9,049)	-	5,004	-
Tax expense for the year	620,699	825,257	5,004	-

Unutilised reinvestment allowances are analysed as follows:

	Group	
	2003 RM	2002 RM
Tax savings recognised during the year arising from utilisation of reinvestment allowances brought forward	317,000	112,000
Unutilised reinvestment allowances carried forward	6,818,000	6,577,000

20. EARNINGS PER SHARE

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

	Group 2003	Group 2002
Net profit for the year (RM)	2,616,938	1,764,478
Weighted average number of ordinary shares in issue	140,000,010	80,166,677
Basic earnings per share (sen)	1.9	2.2

Diluted earnings per share is not presented as the Company does not have any potential ordinary shares outstanding as at year end.

21. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policies

During the financial year, the Group and the Company applied MASB 25 Income Taxes, which became effective from 1 January 2003, and accordingly modified its accounting policies.

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(b) Prior Year Adjustments

The changes in accounting policy have been applied retrospectively and comparatives have been restated. The effects of change in accounting policies are as follows:

Effects on revenue reserve:	**Group RM**
At 1 January 2003, as previously stated	1,863,139
Effects of adopting MASB 25	(112,361)
At 1 January 2003, as restated	1,750,778

21. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

	Group 2003	2002
Effects on net profit for the year:		
Net profit before changes in accounting policies	2,549,938	1,876,839
Effects of adopting MASB 25	67,000	(112,361)
Net profit for the year	2,616,938	1,764,478

Comparative amounts as at 31 December 2002 has been restated as follows:

Group	Previously Stated RM	Adjustments RM	Restated RM
Reserve on consolidation	(2,599,596)	(1,954,060)	(4,553,656)
Deferred tax liabilities	(2,900,928)	1,841,699	(1,059,229)
Taxation	712,896	112,361	825,257

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group 2003 RM	Group 2002 RM	Company 2003 RM	Company 2002 RM
Acquisition of a subsidiary in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King and Dato' Mohd Nor Bin Abdul Wahid have substantial financial interests	-	-	-	20,100,000
Loan to a subsidiary	-	-	-	(9,200,000)
Payment made on behalf by a subsidiary	-	-	140,260	359,127
Repayment to a director, Fang Chew Ham by a subsidiary	-	(4,126)	-	-
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Foong Chiew Hean and Fong Chu King @ Tong Chu King have substantial financial interests	(441,447)	(407,147)	-	-

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Rental payable to Excellent Chemical Industrial Sdn. Bhd., company in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Foong Chiew Hean and Fong Chu King @ Tong Chu King have substantial financial interests	6,000	-	-	-

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

23. COMMITMENTS

	Group	
	2003	2002
	RM	RM
Capital expenditure:		
Approved and contracted for	1,200,000	1,250,000

24. CONTINGENT LIABILITIES - UNSECURED

	COMPANY	
	2003	2002
	RM	RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	19,600,000	-

25. 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.

(b) Interest Rate Risk

The Group's exposure to market risk for changes in the interest rate environment principally relates to its debts obligations. The Group ensures that it obtains borrowings at interest rates that are not materially different from the market rates.

Information relating to the Group's interest rates is disclosed in the Notes 10 and 11 to the financial statements.

(c) Foreign Exchange Risk

The Group is exposed to the effects of foreign currency exchange rate fluctuations, primarily in relation to the Singaporean dollar.

The Group's policy is to manage all its foreign financial assets and liabilities using the best available foreign currency exchange rates. Transactional exposures in currencies other than the entity's functional currency are kept at a minimal level.

(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.

The Group does not anticipate any problems in obtaining external funding in the foreseeable future if the need arises.

(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 the customers with appropriate credit history and has internal mechanism 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.

25. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair value

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying value of the Group's borrowings, all of which are variable rate borrowings, is considered to be a reasonable estimate of the fair value as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

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

The fair values of the other non-current liabilities are not materially different from their carrying value as at 31 December 2003.

26. SEGMENT INFORMATION

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

27. SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Company has provided Corporate Guarantees of up to RM3,104,000 to a licensed financial institution in respect of credit facilities granted to a subsidiary company.

28. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 2(a) and Note 21.