Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal Activities

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

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

Results

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

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2009 were as follows:

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Directors

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

Dato' Mohd Nor Bin Abdul Wahid
Fang Chew Ham
Foong Chiew Fatt
Fong Chu King @ Tong Chu King
Chew Eng Chai
Tan Chon Sing @ Tan Kim Tieng
Fang Siew Yee
Fang Siew Ping
Liew Kuo Shin
Khoo Wee Boon
Mohd Zaki Bin Hamzah
Sun Yi-Ling
Fong Chiew Hean
(Alternate Director to Foong Chiew Fatt) (Appointed on 24 February 2011)

Directors' Benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 24 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Directors' Interests

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

	Number of ordinary shares of RM0.20 each			
	1 January 2010	Bought	Sold	31 December 2010
Direct interest				
Dato' Mohd Nor Bin Abdul Wahid	8,852,200	-	(500,000)	8,352,200
Foong Chiew Fatt	16,030,960	150,000	-	16,180,960
Fong Chu King @ Tong Chu King	11,496,680	-	(546,680)	10,950,000
Chew Eng Chai	180,000	-	(20,000)	160,000
Tan Chon Sing @ Tan Kim Tieng	1,488,000	-	-	1,488,000
Fang Siew Ping	280,000	-	(280,000)	-
Liew Kuo Shin	205,000	-	(205,000)	-
Mohd Zaki Bin Hamzah	500,000	-	-	500,000
Indirect interest:				
Fang Chew Ham	81,920,000	-	(1,500,000)	80,420,000

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

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

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Issue of shares

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

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

Other Statutory Information

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

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

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(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.

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Other Statutory Information (Contd.)

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant Events

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

Auditors

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

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

Dato' Mohd Nor Bin Abdul Wahid Director	Fang Chew Ham Director

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

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 10 to 70 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Breakdown of Retained Earnings into Realised and Unrealised

Further to the Statement by Directors, pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

Dato' Mohd Nor Bin Abdul Wahid	Fang Chew Ham
Director	Director

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

I, Fang Chew Ham, being the Director primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Fang Chew Ham
at Kuala Lumpur in the Federal
Territory on 19 April 2011

Fang Chew Ham

Before me,

Independent auditors' report to the members of
Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Three-A Resources Berhad, which comprise the statement of financial position as at 31 December 2010 of the Group and of the Company, and the statement of comprehensive income, statements of changes in equity and statement of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 70.

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.

Independent auditors' report to the members of
Three-A Resources Berhad (481559-M) (contd.)
(Incorporated in Malaysia)

Report on the financial statements (Contd.)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 38 on page 71 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent auditors' report to the members of Three-A Resources Berhad (481559-M) (contd.)
(Incorporated in Malaysia)

Report on the financial statements (Contd.)

Other matters (Contd.)

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
19 April 2011

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2010

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2010 (Contd.)

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

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2010

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

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

Basic	27	4.4	5.7

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2010

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

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2010 (Contd.)

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

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statement of cash flow
For the financial year ended 31 December 2010

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Statement of cash flow
For the financial year ended 31 December 2010 (Contd.)

		Group		Company	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
Cash flows from investing activities					
Investment in a joint venture		(4,142,679)	-	-	-
Purchase of property, plant and equipment	3 (c)	(31,826,448)	(4,851,170)	-	-
Acquisition of land use rights	4	(3,000,000)	(330,000)	-	-
Purchase of short term investment		(30,000,000)	-	(30,000,000)	-
Interest received		644,128	34,371	622,105	20,022
Net cash (used in)/generated from investing activities		(68,324,999)	(5,146,799)	(29,377,895)	20,022
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		41,520,000	46,200,000	41,520,000	46,200,000
Expenses incurred on issuance of ordinary shares		(112,294)	(120,848)	(112,294)	(120,848)
Dividends paid	28	(4,435,200)	(3,080,000)	(4,435,200)	(3,080,000)
Net Drawdown/(Repayment) of bankers acceptances		33,025,167	(8,903,889)	-	-
Net Drawdown/(Repayment) of term loans		2,335,036	(2,211,198)	-	-
Payments of hire purchase obligations		(195,857)	(1,648,315)	-	-
Net cash generated from financing activities		72,136,852	30,235,750	36,972,506	42,999,152
Net (decrease)/increase in cash and cash equivalents		(8,762,299)	29,096,931	(3,695,786)	20,419,907
Effect of exchange rate changes on cash and cash equivalents		(549,044)	(669,729)	-	-
Cash and cash equivalents at beginning of year		29,736,398	1,309,196	20,424,622	4,715
Cash and cash equivalents at end of year (Note 12)		20,425,055	29,736,398	16,728,836	20,424,622

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

Notes to the financial statements - 31 December 2010

1. Corporate information

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

The registered office and the principal place of business of the Group and of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan.

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

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

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

2. Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

2. Significant Accounting Policies (Contd.)

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

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

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

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

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

(b) Foreign Currency

(i) Foreign Currency Transactions

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

2. Significant Accounting Policies (Contd.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Foreign Currency (Contd.)

(i) Foreign Currency Transactions (Contd.)

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

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

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

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

(ii) Foreign Operations

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(c) Property, Plant and Equipment and Depreciation

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

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

Leasehold land are depreciated over the period of the respective leases period range from 55 years to 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(d) Land Use Rights

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

(e) Impairment of Non-financial Assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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

(f) Subsidiaries

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(g) Joint Venture

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

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

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

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

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

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

(h) Financial Assets

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(h) Financial Assets (Contd.)

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

(i) Loans and Receivables

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

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

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

(ii) Available-for-sale Financial Assets

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

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(h) Financial Assets (Contd.)

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

(i) Impairment of Financial Assets

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

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

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

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(i) Impairment of Financial Assets (Contd.)

(ii) Available-for-sale Financial Assets

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

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

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

(j) Cash and Cash Equivalents

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

(k) Inventories

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(l) Provisions

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

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

(m) Financial Liabilities

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

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

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

(i) Other Financial Liabilities

The Group’s and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(m) Financial Liabilities (Contd.)

(i) Other Financial Liabilities (Contd.)

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

(n) Financial Guarantee Contracts

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

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

(o) Borrowing Costs

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(p) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

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

(q) Leases

(i) Finance Lease

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(q) Leases (Contd.)

(ii) Operating Lease

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

(r) Revenue

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

(i) Sale of Goods

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

(ii) Interest Income

Interest income is recognised using the effective interest method.

(iii) Dividend Income

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

(s) Income Taxes

(i) Current Tax

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(s) Income Taxes (Contd.)

(ii) Deferred Tax

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

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

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

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

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

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

2. Significant Accounting Policies (Contd.)

2.3 Summary of Significant Accounting Policies (Contd.)

(s) Income Taxes (Contd.)

iii) Sales Tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

(t) Segment Reporting

For management purposes, the Group is organised into operating segments based on geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(u) Share Capital and Share Issuance Expenses

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

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

2. Significant Accounting Policies (Contd.)

2.4 Changes in Accounting Policies

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

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

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

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

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

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

2. Significant Accounting Policies (Contd.)

2.4 Changes in Accounting Policies (Contd.)

<u>FRS 8 Operating Segments</u>

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

<u>FRS 101 Presentation of Financial Statements (Revised)</u>

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

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

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

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

<u>Amendments to FRS 117 Leases</u>

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

2. Significant Accounting Policies (Contd.)

2.4 Changes in Accounting Policies (Contd.)

Amendments to FRS 117 Leases (Contd.)

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

The following comparatives have been restated:

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

FRS 139 Financial Instruments: Recognition and Measurement

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

2. Significant Accounting Policies (Contd.)

2.5 Standards Issued but Not Yet Effective

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

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

Effective for financial periods beginning on or after 1 January 2011

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

Effective from the date on or after 1 January 2011

IC Interpretation 18: Transfers of Assets from Customers

Effective from the date on or after 1 July 2011

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

Effective from the date on or after 1 January 2012

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

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

2. Significant Accounting Policies (Contd.)

2.6 Significant Accounting Judgements and Estimates

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

(a) Judgements Made in Applying Accounting Policies

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

(b) Key Sources of Estimation Uncertainty

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

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

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

(ii) Impairment of Trade Receivables

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

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

2. Significant Accounting Policies (Contd.)

2.6 Significant Accounting Judgements and Estimates (Contd.)

(b) Key Sources of Estimation Uncertainty (Contd.)

(iii) Taxes

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

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

3. Property, Plant and Equipment

Group	Long-term leasehold land RM	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2010	10,449,608	25,035,761	58,041,283	2,848,833	1,341,164	5,682,852	2,665,067	106,064,568
Additions	5,307,894	2,184,626	6,750,314	214,482	646,702	779,290	16,926,159	32,809,467
At 31 December 2010	15,757,502	27,220,387	64,791,597	3,063,315	1,987,866	6,462,142	19,591,226	138,874,035
Accumulated depreciation								
At 1 January 2010	808,564	3,310,492	17,783,869	1,515,849	996,038	1,875,679	-	26,290,491
Charge for the year	266,340	482,659	2,971,037	253,098	106,474	544,989	-	4,624,597
At 31 December 2010	1,074,904	3,793,151	20,754,906	1,768,947	1,102,512	2,420,668	-	30,915,088
Net carrying amount								
At 31 December 2010	14,682,598	23,427,236	44,036,691	1,294,368	885,354	4,041,474	19,591,226	107,958,947

Three-A Resources Berhad (481559-M)
(Incorporated in Malaysia)

3. Property, Plant and Equipment

Group	Long-term leasehold land RM	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2009 as previously stated	-	24,466,516	55,636,113	2,209,822	1,317,706	4,500,140	372,868	88,503,165
Effect of adoption of Amendments to FRS 117	10,449,608	-	-	-	-	-	-	10,449,608
At 1 January 2009 (Restated)	10,449,608	24,466,516	55,636,113	2,209,822	1,317,706	4,500,140	372,868	98,952,773
Additions	-	569,245	2,405,170	639,011	23,458	1,182,712	2,292,199	7,111,795
At 31 December 2009	10,449,608	25,035,761	58,041,283	2,848,833	1,341,164	5,682,852	2,665,067	106,064,568
Accumulated depreciation								
At 1 January 2009 as previously stated	-	2,809,772	14,986,772	1,289,337	909,100	1,461,278	-	21,456,259
Effect of adoption of Amendments to FRS 117	607,913	-	-	-	-	-	-	607,913
At 1 January 2009 (Restated)	607,913	2,809,772	14,986,772	1,289,337	909,100	1,461,278	-	22,064,172
Charge for the year	200,651	500,720	2,797,097	226,512	86,938	414,401	-	4,226,319
At 31 December 2009	808,564	3,310,492	17,783,869	1,515,849	996,038	1,875,679	-	26,290,491
Net carrying amount								
At 31 December 2009	9,641,044	21,725,269	40,257,414	1,332,984	345,126	3,807,173	2,665,067	79,774,077

3. Property, Plant and Equipment (contd.)

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

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

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

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

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

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

4. Land Use Rights

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

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

5. Investments in Subsidiaries

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

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2010	Equity interest held 2009	Principal activities
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of food and beverage ingredients
Three-A Food Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Investment holding

All subsidiaries are audited by Ernst & Young, Malaysia.

5. Investments in Subsidiaries (Contd.)

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

6. Investments in Joint Venture

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

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	Proportion (%) of ownership interest 2009
Held through a subsidiary:				
Three-A (Qinhuangdao) Food Industries Co. Ltd. #	People's Republic of China	Manufacturing and sale of food and beverage ingredients	50	-

Audited by firm other than Ernst & Young

6. Investments in Joint Venture (Contd.)

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

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

On 5 May 2010, the Group had entered into a framework co-operation agreement with Wilmar International Limited, a company incorporated in Singapore to set up an equity joint venture company in the People's Republic of China. Both parties agreed to contribute 50% and jointly invest up to USD40 million (RM128,180,000) or such other amount as may be agreed to by both parties from time to time.

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

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

7. Due from a Subsidiary

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

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

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

8. Inventories

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

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

9. Trade Receivables

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

(a) Trade Receivables

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

9. Trade Receivables (Contd.)

(b) Ageing Analysis of Trade Receivables

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

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 81% (2009: 83%) of the Group's trade receivables arise from customers with more than 4 years of experience with the Group and losses have occurred infrequently.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,535,739 (2009: RM1,793,861) that are past due at the reporting date but not impaired.

9. Trade Receivables (Contd.)

(a) Ageing Analysis of Trade Receivables (Contd.)

Receivables that are impaired

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

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

Movements in the allowance accounts are as follows:

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

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

(c) Amount Due From a Related Party

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

10. Other Receivables

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

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

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

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

11. Short Term Investments

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

12. Cash and Cash Equivalents

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

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

13. Share Capital

	Group/Company			
	2010		2009	
	Number of Shares	Amount RM	Number of Shares	Amount RM
Authorised				
At 1 January/31 December	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid up				
Ordinary share of RM0.20 each				
At 1 January	369,600,019	73,920,003	308,000,019	61,600,003
Issued on 11 November 2009 for cash	-	-	61,600,000	12,320,000
Issued on 14 July 2010 for cash	24,000,000	4,800,000	-	-
At 31 December	393,600,019	78,720,003	369,600,019	73,920,003

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

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

13. Share Capital (Contd.)

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

14. Share Premium

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

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

15. Retained Earnings

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

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010 and 2009, the Company has the following Section 108 balance and tax exempt income account balance for the purpose of dividend payment:

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

16. Foreign Currency Translation Reserve

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

17. Borrowings

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

	Effective interest rate 2010 / 2009 %	Maturity	Group 2010 RM	Group 2009 RM
Total borrowings				
Bank overdrafts	7.75	On demand	-	452,881
Bankers acceptances	2.98 - 3.80	90 - 180 days	47,802,036	14,776,869
Term loans	7.07 - 8.14	2011 - 2020	18,889,318	16,554,282
Hire purchase payables	4.28 - 7.51	2011 - 2013	1,486,813	1,241,620
			68,178,167	33,025,652

	Group 2010 RM	Group 2009 RM
Maturity of borrowings:		
Within one year	51,461,598	18,459,808
More than 1 year and less than 2 years	3,735,924	3,304,497
More than 2 years and less than 5 years	9,084,222	8,784,052
More than 5 years	3,896,423	2,477,295
	68,178,167	33,025,652

17. Borrowings (Contd.)

The bank borrowings are secured by the following:

(a) fixed charges over the land use rights (Note 4), long-term leasehold land, factory, plant and machinery and office buildings of a subsidiary (Note 3);

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

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

(d) a corporate guarantee by the Company.

Hire purchase payables

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

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

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

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18. Deferred Tax

	Group 2010 RM	Group 2009 RM
At 1 January	7,941,600	6,131,219
Recognised in the income statement (Note 26)	522,097	1,810,381
At 31 December	8,463,697	7,941,600

Presented after appropriate offsetting as follows:

	Group 2010 RM	Group 2009 RM
Deferred tax liabilities	8,557,013	8,034,916
Deferred tax assets	(93,316)	(93,316)
	8,463,697	7,941,600

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

Deferred tax liabilities

	Accelerated capital allowances RM	Unrealised foreign exchange RM	Total RM
At 1 January 2009	6,934,757	134,373	7,069,130
Recognised in the income statement	918,332	47,454	965,786
At 31 December 2009	7,853,089	181,827	8,034,916
Recognised in the income statement	641,275	(119,178)	522,097
At 31 December 2010	8,494,364	62,649	8,557,013

Deferred tax assets

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

19. Trade Payables

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

20. Other payables

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

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

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

21. Revenue

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

22. Cost of Sales

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

23. Other income

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

24. Profit from operations

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Profit from operations is stated after charging:				
Depreciation of property, plant and equipment (Note 3)	4,624,597	4,226,319	468	468
Amortisation of land use rights (Note 4)	207,095	57,095	-	-
Auditors' remuneration				
- Current year	55,000	42,000	12,000	12,000
- Others	5,000	5,000	5,000	5,000
Rent of premises	50,363	175,200	-	-
Rental of motor vehicles	57,064	25,331	-	-
Allowance for impairment of doubtful debts	-	61,580	-	-
Realised exchange loss	458,651	13,781	-	-
Unrealised foreign exchange loss	476,710	-	-	-

Employee Benefits Expenses

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Wages and salaries	10,001,225	8,522,345	30,000	40,000
Bonus	1,449,085	1,282,431	-	-
Social security costs	65,816	52,805	-	-
Pension costs - defined contribution plan	792,143	742,981	-	-
Other staff related expenses	186,105	300,727	-	-
	12,494,374	10,901,289	30,000	40,000

24. Profit from operations (contd.)

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

Directors' remuneration

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

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

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

25. Finance costs

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

26. Income tax expense

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

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

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

26. Income tax expense (Contd.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2010 and 2009 are as follow:

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

27. Earnings per share

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

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

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

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

28. Dividends

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

29. Significant related party transactions

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

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

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

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

(b) Compensation of key management personnel

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

30. Commitments

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

31. Operating lease commitment

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

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

32. Contingent liabilities - unsecured

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

33. Financial risk management objectives and policies

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

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

(a) Credit Risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position

33. Financial risk management objectives and policies (Contd.)

(a) Credit Risk (Contd.)

Credit risk concentration profile

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

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

At the reporting date, approximately:

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

33. Financial risk management objectives and policies (Contd.)

(b) Liquidity Risk

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

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

Analysis of financial instruments by remaining contractual maturities

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

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

33. Financial risk management objectives and policies (Contd.)

(c) Interest Rate Risk

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

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

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

Sensitivity analysis for interest rate risk

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

(d) Foreign Currency Risk

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

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

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

33. Financial risk management objectives and policies (Contd.)

(d) Foreign Currency Risk (Contd.)

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

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

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

Sensitivity analysis for foreign currency risk

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

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

33. Financial risk management objectives and policies (Contd.)

(d) Foreign Currency Risk (Contd.)

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

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

(e) Market Price Risk

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

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

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

Sensitivity analysis for equity price risk

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

33. Financial risk management objectives and policies (Contd.)

(f) Commodity price risk

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

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

34. Financial Instruments

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

Financial Instruments Whose Carrying Amounts Approximate Fair Value

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

35. Capital Management

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

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

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

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

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

36. Significant Events

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

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

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

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

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

(f) On 5 May 2010, the Group had entered into a framework co-operation agreement with Wilmar International Limited, a company incorporated in Singapore to set up equity joint venture company in the People's Republic of China. Both parties agreed to contribute 50% and jointly invest up to USD40 million (RM128,180,000) or such other amount as may be agreed to by both parties from time to time.

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

37. Segment information

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

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

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

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

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

38. Supplementary Information – Breakdown of Retained Earnings into Realised and Unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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