





THREE-A RESOURCES BERHAD

481559-M

Incorporated in Malaysia

A photograph of a worker in a white hard hat and light blue shirt standing in an industrial facility with large tanks and pipes.

customer satisfaction

A 3D rendering of a globe showing the continents of Asia and Australia, with a bright light source from the top right creating a lens flare effect.

quality products

A photograph of a worker in a white hard hat and light blue shirt standing in an industrial facility with large tanks and pipes.

continuous improvement

Annual Report 2003

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VISION To excel as one of the GLOBAL MARKET LEADERS
in the manufacture of FOOD AND BEVERAGE ingredients

MISSION

To excel as one of the GLOBAL QUALITY BRANDS in the industries

Board of Directors

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

Fang Chew Ham
Deputy Executive Chairman
& Managing Director

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

Fong Chiew Fatt
Non-Independent
Executive Director

Fong Chiew Hean
Non-Independent
Non-Executive Director

Chew Eng Chai
Independent
Non-Executive Director

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

Dato' Samsudin Bin Abu Hassan
Independent
Non-Executive Director

Fang Siew Yee
Non-Independent
Executive Director

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Secretaries

Ng Bee Lian (MAICSA 7041392)
Tan Enk Purn (MAICSA 7045521)

Audit Committee

Chew Eng Chai - Chairman
Tan Chon Sing @ Tan Kim Tieng
Dato' Mohd Nor Bin Abdul Wahid

Nomination Committee

Dato' Samsudin Bin Abu Hassan - Chairman
Chew Eng Chai
Fong Chu King @ Tong Chu King

Remuneration Committee

Tan Chon Sing @ Tan Kim Tieng - Chairman
Chew Eng Chai
Dato' Mohd Nor Bin Abdul Wahid

GENERAL INFORMATION

THREE-A RESOURCES BERHAD (TARB) is principally an investment holding company with one wholly-owned subsidiary, San Soon Seng Food Industries Sdn Bhd (SSSFI). SSSFI is involved in the manufacturing of the following products:-

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

Today, SSSFI is well known to be one of the leaders in the manufacture of Food & Beverage Ingredients.

Registered Office

AL 308, Lot 590 & Lot 4196
Jalan Industri, U 19
Kampung Baru
Seri Sungai Buloh
47000 Selangor Darul Ehsan
Malaysia
Tel : 603-6156 2655
Fax : 603-6156 2657
Website : www.three-a.com.my

Company No.

481559-M

Principal Bankers

OCBC Bank (Malaysia) Berhad
Bumiputra-Commerce
Bank Berhad

Sponsor

AmMerchant Bank Berhad
21st Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 603-2078 2633
Fax : 603-2070 8596
Website : www.ambg.com.my

Auditors

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603-2087 7000
Fax : 603-2095 9076

Share Registrar

Signet Share Registration
Services Sdn Bhd
Level 26
Menara Multi Purpose
Capital Square
No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 603-2721 2222
Fax : 603-2721 2530

Stock Exchange Listing

MESDAQ Market
Bursa Malaysia Securities
Berhad

Stock Code Name

3A

TARB Group has ventured into countries around the world and the Group believes that the export markets shall provide the much needed earnings growth over the next one to two years.

All products produced by TARB Group are HALAL certified by the Islamic Development Department of Malaysia. SSSFI was also awarded the International Acclaimed ISO 9001:2000 with UKAS (United Kingdom Accreditation System) by SIRIM for Quality Management System. TARB Group is well recognised for its quality products and services to its customers. The Group enhances to further its product range and always strive for continual improvements to meet customers' satisfaction; as illustrated in the Group's ISO Quality Policy as below:

Safe & Quality Product
Satisfaction of Customer
Strive for Continual Improvement

BOARD OF DIRECTORS' PROFILE



DATO' MOHD NOR BIN ABDUL WAHID
(51 YEARS OF AGE)
MALAYSIAN

Non-Independent Executive Chairman. Appointed to the Board on 10 May 2002. Dato' Mohd Nor holds a MBA in

Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra Group for 23 years, rising from the position of Executive Trainee in the Bank's wholly owned subsidiary, Kewangan Bumiputra Berhad to a position as one

of the Senior General Manager of the Bank, in-charge of Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experience includes both conventional and interest-free (Islamic) banking.

Presently, Dato' Mohd Nor is the Managing Partner of Mohd Nor, Zaki & Partners, a financial management consultants firm. He also holds directorship in Setron (Malaysia) Berhad., Saship Holdings Bhd. and Aikbee Resources Bhd.

Dato' Mohd Nor has attended all four Board Meetings during the financial year ended 31 December 2003. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.



FANG CHEW HAM
(56 YEARS OF AGE)
MALAYSIAN

Deputy Executive Chairman cum Managing Director. Appointed to the Board on 10 May 2002. Mr Fang Chew Ham started the family

business producing liquid caramel for more than 25 years ago. In 1978, he set up the Soon Seng Sauce Mixture and Food industry to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn Bhd (SSSFI) in 1989; and became a wholly owned subsidiary of Three-A Resources Berhad on 30th April 2002. Equipped with vast experience in the business of sauces and Caramel Colour, he heads the management of SSSFI.

His leadership together with the expanded management personnel will result in broad and flexible goal setting, to meet the quality of the ever changing demands and the development of further products related to the manufacturing of soy sauce.

Mr Fang is the co-opted member of The Working Group of Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM) – Specification for Caramel in the Manufacture of Soya Sauce.

Mr. Fang Chew Ham has attended all four Board Meetings during the financial year ended 31 December 2003. No conflict of interest with the Group and he is a brother of Fong Chu King @ Tong Chu King, Foong Chiew Fatt and Fong Chiew Hean, all of whom are the current Directors of the Group. He has not been convicted of offences within the past ten years.

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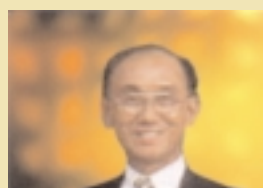
FONG CHU KING @ TONG CHU KING
(59 YEARS OF AGE)
MALAYSIAN

Non-Independent Executive Director and General Manager of the Group. Appointed to the Board on 10 May 2002.

Mr Fong Chu King joined SSSFI in May 2000 after his retirement from Megasteel Mills Sdn Bhd. Mr Fong who graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University; is the elder brother of Mr Fang Chew Ham. A qualified Professional Engineer with Lembaga Jurutera Malaysia and a member of

Institution Engineer Malaysia, he has more than 25 years of working experience in manufacturing industries. In his 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn Bhd, General Manager of Megasteel Mills Sdn Bhd. As an Executive Director and General Manager, he is fully in-charge of the operation and plant expansion of TARB Group.

Mr. Fong Chu King has attended all four Board Meetings during the financial year ended 31 December 2003. No conflict of interest with the Group and he is a brother of Fang Chew Ham, Foong Chiew Fatt and Fong Chiew Hean, all of whom are the current Directors of the Group. He has not been convicted of offences within the past ten years.



FOONG CHIEW FATT
(71 YEARS OF AGE) MALAYSIAN

Non-Independent Executive Director. Appointed to the Board on 10 May 2002. Mr Foong Chiew Fatt was one of the founders of SSSFI with his two brothers. He brings with his

vast experience in the sauce making industry and is one of the contributors to the long term strategy of the Group.

Mr. Foong Chiew Fatt has attended all four Board Meetings during the financial year ended 31 December 2003. No conflict of interest with the Group and he is a brother of Fang Chew Ham, Fong Chu King @ Tong Chu King and Fong Chiew Hean, all of whom are the Directors of the Group. He has not been convicted of offences within the past ten years.



FONG CHIEW HEAN
(67 YEARS OF AGE) MALAYSIAN

Non-Independent Non-Executive Director. Appointed to the Board on 10 May 2002. Mr Fong Chiew Hean was one of the initial founders of SSSFI. With vast experience in the sauce making industry, he actively

contributes to the long term success of the Group.

Mr. Fong Chiew Hean has attended all four Board Meetings during the financial year ended 31 December 2003. No conflict of interest with the Group and he is a brother of Fang Chew Ham, Fong Chu King @ Tong Chu King and Foong Chiew Fatt, all of whom are the current Directors of the Group. He has not been convicted of offences within the past ten years.



FANG SIEW YEE
(24 YEARS OF AGE) MALAYSIAN
Non-Independent Executive Director. Appointed to the Board on 03 March 2004.

Ms Fang Siew Yee joined San Soon Seng Food Industries Sdn Bhd in 2001 as Assistant Manager

and responsible for the administrative and purchasing matter of the Group.

She graduated with an Honours Degree in Bachelor of Business Administration (Management) in 2001 from the University of Greenwich, London U.K.

In view of her appointment on 03 March 2004, she has not attended any Board Meeting during the financial year ended 31 December 2003.

She is the daughter of Fang Chew Ham, Deputy Executive Chairman cum Managing Director of the Group. Other than her position as Non-Independent Executive Director, she does not have any conflict of interest with the Group nor any business arrangement involving the Group. She has not been convicted of offences within the past ten years.



CHEW ENG CHAI
(54 YEARS OF AGE) MALAYSIAN

Independent Non-Executive Director. Appointed to the Board on 17 June 2002. Mr Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of

the Malaysian Institute of Accountants as well as a member of the Malaysian Institute of Certified Public Accountants. Mr Chew was formerly a Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than 27 years experience in the food & beverage industry.

Mr. Chew Eng Chai has attended all four Board Meetings during the financial year ended 31 December 2003. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

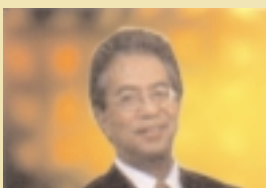


TAN CHON SING @ TAN KIM TIENG
(65 YEARS OF AGE) MALAYSIAN

Independent Non-Executive Director. Appointed to the Board on 17 June 2002. Mr Tan Chon Sing was graduated in 1963 with a Bachelor of Commerce in

Accounting from Nanyang University, Singapore. He was a banker for eleven years before joining the stockbroking industry in 1976. He was admitted as a member of KLSE in 1987 and appointed as an Executive Director of Seremban Securities Sdn Bhd (now known as Malpac Management Sdn Bhd) until November 2001. He is currently a director of Malpac Holding Berhad and also sits on the Board of several other private limited companies.

Mr. Tan Chon Sing has attended all four Board Meetings during the financial year ended 31 December 2003. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.



DATO' SAMSUDIN BIN ABU HASSAN
(48 YEARS OF AGE) MALAYSIAN

Independent Non-Executive Director. Appointed to the Board on 30 August 2002. Dato' Samsudin is a fellow member of the Chartered Institute of

Management Accountants (UK). Dato' Samsudin has extensive experience in various businesses and a well-known corporate figure. After his graduation in London in 1980, he started his career as an Investment Officer in a local institution. In a period of more than twenty years thereafter, he has served in various positions in several private and public listed companies including

as CEO, Director and Executive Chairman. Dato' Samsudin currently sits on the Board of Seacera Tiles Berhad and is the President of the Malaysian Furniture Industry Council (MFIC) and a Trustee-Director of Malaysian Furniture Promotion Council (MFPC).

Dato' Samsudin has attended three Board Meetings out of four during the financial year ended 31 December 2003. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

CHAIRMAN'S STATEMENT

DATO' MOHD NOR BIN ABDUL WAHID NON-INDEPENDENT EXECUTIVE CHAIRMAN



On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the year ended 31 December 2003.

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PERFORMANCE REVIEW

For the year 2003, the Group's revenue grew by 70% to RM40.5 million as compared to the preceding year of RM23.7 million. The profit before taxation for the Group also increased to RM3.2 million from RM2.5 million achieved in the year 2002. The better performance is a result of teamwork and co-operation among all the management and staff member of the Group.

...continuing effort and emphasis placed on research and development initiatives to improve the products quality of the Group.

All the products of the Group enjoyed commendable growth as various strategies had been adopted and implemented. The Group had carried out aggressive sales and marketing strategies and since captured numerous new customers locally and abroad. Another is the continuing effort and emphasis placed on research and development initiatives to improve the products quality of the Group.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 December 2003.

BUSINESS DEVELOPMENTS

Further to the successful launching of our new products consisting of caramel powder, hydrolised vegetable protein powder and soya sauce powder during the year 2003, the Group has embarked on a new project to produce Maltodextrine powder products. The production of the powder products last year had provided us with the technology, skills and experience in producing the Maltodextrine powder products. The Maltodextrine powder project will broaden the product range of the Group and provides the synergies to the production plant as well. With the entry of the new products, the competitiveness of the Group will enhance tremendously.



CHAIRMAN'S STATEMENT



PROSPECTS

The operating business conditions for the Group continue to be challenging. Nevertheless, we continue to strive in the development of both our customer and products base. The quality of our products is the element that differentiates us from our competitors and for us to have a competitive advantage. We continue to do our best in this area to impress upon our customers.

Strategies are formed to introduce our new and existing products to our customers and we will continue to improve on the services provided. We are aiming to broaden our products base to the existing customers while penetrating into new markets.

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APPRECIATION

My gratitude to our shareholders, customers, business associates and the relevant authorities for their continued confidence in and unwavering support in the Group.

To the dedicated management and staff, my sincere appreciation for their invaluable contribution, commitment and dedication in making this a successful year for the Group.

DATO' MOHD NOR BIN ABDUL WAHID

Executive Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ('Board') of Three-A Resource Berhad is pleased to report on the application by the Group of the principles contained in the Malaysian Code on Corporate Governance ('Code') and the extent of compliance with the best practices of the Code as required under the Listing Requirements ('LR') of the Bursa Malaysia Securities Berhad.

The Board has always recognised the need for good corporate governance to build and enhance long-term shareholders value. The Board has the overall responsibility for corporate governance of the Group; including its effective performance and control of the Company and of the Group and monitoring on issues relating to strategy and financial matters.

The Board currently has nine (9) members, comprising five (5) Non-Independent Executive Directors (including Non-Independent Executive Chairman and Managing Director), one (1) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors which complies with the Bursa Malaysia Securities Berhad /MESDAQ Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be independent directors. Collectively, the Directors, comprising members from a wide background, bring considerable range of business, financial and technical experience to the Group.

The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined, and take into consideration the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of Independent Non-Executive Directors, each Director nevertheless brings an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

There is a balanced Board with the presence of independent directors who are individuals of credibility and who demonstrate objectivity and robust independence of judgement.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorised by the entire Board. The good size and balanced composition ensures that no individual or a group of individuals dominate the decision making process and enable the Board to effectively discharge its principal responsibilities as set out in the Code.

A brief profile of each of the Directors is presented on pages 4 and 5 of this Annual Report.

Board Meetings

During the financial year ended 31 December 2003, four (4) board meetings were held. Details of attendance of each Director at the Board Meetings held under the financial year are set out below:

	Name of Director	Total Meetings Attended	Percentage of Attendance (%)
...the need for good corporate governance to build and enhance long-term shareholders value	Dato' Mohd Nor Bin Abdul Wahid	4/4	100
	Fang Chew Ham	4/4	100
	Foong Chiew Fatt	4/4	100
	Fong Chiew Hean	4/4	100
	Fong Chu King @ Tong Chu King	4/4	100
	Chew Eng Chai	4/4	100
	Tan Chon Sing @ Tan Kim Tieng	4/4	100
	Dato' Samsudin Bin Abu Hassan	3/4	75
	Fang Siew Yee *	-	-

Note: * Appointed on 03 March 2004

All the Directors have complied with the minimum 50% attendance at Board meetings during the financial year as stipulated by the Listing Requirements of Bursa Malaysia Securities Berhad. Scheduled Board Meetings are structured with a pre-set agenda. The Board members are regularly updated by the Company Secretary on new statutory and regulatory changes to duties and responsibilities of the Directors.

Supply of Information

Board reports and Minutes of the meetings are circulated prior to the Board meetings to give the Directors time to consider and deliberate on the issues to be raised at the Board meetings and to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, performance of the various products manufactured by the Group and management proposals that require Board's approval. In addition, the Directors may also seek independent professional advice, at the Company's expenses, if required. Directors may also consult with the Executive Directors and other Board members prior to seeking any independent professional advice.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia as required under the Listing Requirements of MESDAQ on training for Directors. Directors also attend other continuous education programmes and seminars as required under the Listing Requirements of Bursa Malaysia Securities Berhad.

Appointment of Directors

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board. The Nomination Committee is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees.

Board Committees

The Board of Directors has delegated specific responsibilities to three (3) sub-committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, in order to enhance business and operational efficiency.

The terms and reference of each Committee have been approved by the Board and, where applicable, comply with the recommendation of the Code. These Committees operate within clearly defined terms of reference.

a) Audit Committee

The Group has an Audit Committee whose composition meets the MESDAQ's Listing Requirements i.e. independent directors forming the majority and a member that is a qualified accountant.

The Audit Committee meets at least four (4) times annually to review the Company's and the Group's financial reporting, the nature, scope and results of audit reviews. During the year ended 31 December 2003, a total of four (4) Audit Committee meetings were held.

The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other board members also attend meetings upon the invitation of the Audit Committee. The members and terms of reference of the Audit Committee of the Group are set out on page 13 and 14 of the Annual Report.

b) Remuneration Committee

The Group's Remuneration Committee was set up in November 2002. The Group has adopted the objectives as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for Directors so as to ensure that the Group attracts and retains the Directors needed to run the Company successfully.

The members of the Remuneration Committee during the year ending 31 December 2003, the majority of whom are Independent Directors, comprises the following:

- Tan Chon Sing @ Tan Kim Tieng
(Independent Non-Executive Director)
- Chew Eng Chai
(Independent Non-Executive Director)
- Dato' Mohd Nor Bin Abdul Wahid
(Non-Independent Executive Chairman)

c) Nomination Committee

The Nomination Committee was set up in November 2002, recommends suitable nominees for appointment as Directors. In addition the Nomination Committee assesses the effectiveness of the Board and committees of the Board.

The members of the Nomination Committee during the year ending 31 December 2003, the majority of whom are Independent Director as follows:

- Dato' Samsudin Bin Abu Hassan
(Independent Non-Executive Director)
- Chew Eng Chai
(Independent Non-Executive Director)
- Fong Chu King @ Tong Chu King
(Non-Independent Executive Director)

Re-Election of Directors

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

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration.

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

Details of the remuneration of Directors of the Company comprising remuneration received / receivable from the Company and subsidiary company during the financial year ended 31st December 2003 are set out on pages 39 and 40 of the audited Financial Statements in this Annual Report.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Group recognises the need and importance to maintain a constructive and effective communication with all shareholders, investors and the public in general in ensuring their confidence towards the Company. The Group has established a website (www.three-a.com.my) for shareholders and the public to access information related to the Group. Investors and members of the public who wish to assess corporate information, financial statements, news and events related to the Group can channel their queries through e-mail, via the Group's website or contact the following personnel:

NAME	CONTACT NO.	E-MAIL ADDRESS
FANG SIEW YEE	603-6156 2655	jessica@three-a.com.my
FONG PENG FAI	603-6157 1301	pffong@three-a.com.my

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's financial position and prospects. Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements. The Directors are responsible for ensuring that the Company keeps the accounting records and are disclosed with reasonable accuracy which enables them to ensure that the financial statements comply with the Companies Act, 1965. They have the general responsibility for taking such steps to safeguard the assets of the Group and to detect and prevent fraud as well as other irregularities. The Audit Committee of the board assists by scrutinising the information to be disclosed, to ensure accuracy and adequacy.

A statement by the Board on its responsibilities for preparing the financial statements is set out on page 19 of this Annual Report.

Internal Control

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board is considering outsourcing the services of Internal Audit; taking into consideration of their scopes of works and service fees.

Relationship with the Auditors

The Company through the Audit Committees has an appropriate and transparent relationship with the external auditors. In the course of the audit of the Group's financial statements, the external auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. The external auditors are invited to attend the Audit Committee meetings to present their audit plan and the auditors' report on the audited financial statements.

AUDIT COMMITTEE REPORT

ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee carried out its duties and responsibilities as set out in its terms of reference. In performing its function, the Audit Committee reviewed the unaudited quarterly and half-year results, and the annual audited financial statements of the Company and the Group prior to their approval by the Board. It also reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

The Audit Committee reviewed all related party transaction ('RPTs') and the Group's procedures for monitoring and reviewing of RPTs to satisfy itself that the procedures were sufficient to ensure that the RPTs were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

The Audit Committee comprises of the following members and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2003 are as follows:-

Composition of the Committee

CHEW ENG CHAI	Chairman, Independent Non-Executive Director Member of the Malaysian Institute of Accountants
TAN CHON SING @ TAN KIM TIENG	Member, Independent Non-Executive Director
DATO' MOHD NOR BIN ABDUL WAHID	Member, Non-Independent Executive Chairman

Attendance at the Committee Meetings

There were four (4) Audit Committee meetings held during the financial year ended 31 December 2003. The attendance records of the Audit Committee members are as follows:-

CHEW ENG CHAI	All four (4) meetings
TAN CHON SING @ TAN KIM TIENG	All four (4) meetings
DATO' MOHD NOR BIN ABDUL WAHID	All four (4) meetings

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TERMS OF REFERENCE

Objectives

- Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary company accounting and management controls, financial reporting and business ethics policies.
- Provide greater emphasis on the audit function by serving as the focal point for communication between non-Committee Directors, the External Auditors, Internal Auditors and the Management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity to the management and the adequacy of disclosure to shareholders.
- Undertake such additional duties as may be appropriate and necessary to assist the Board.

Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities as summarised below:-

- To consider the appointment of the external auditors;
- To review the adequacy of the existing external audit arrangement, with particular emphasis on the nature, scope and approach of the audit and discuss the results of their examination and their evaluation of the system of internal accounting controls;
- To review the quarterly interim results and annual financial statements with the management prior to them being submitted to the Board. The review shall focus on:-
 - any changes in accounting policies and practices
 - major potential risk issues, if any
 - significant adjustments and issues arising from the audit
 - the going concern assumption
 - compliance with the applicable approved accounting standards

AUDIT COMMITTEE

- iv. To review the external auditors' audit report on the financial statements and to discuss issues arising from the interim and final audit;
- v. To review the assistance and co-operation given by the Group, its business units and its officers to external auditors;
- vi. To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.
- vii. To review any related-party transaction and potential conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- viii. To review the external auditors' management letter and management's response.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference, it shall have:-

- i. Explicit authority to investigate any matters within its terms and reference;
- ii. The resources required to perform its duties;
- iii. Full access to any employee or member of the management which it requires in the course of performing its duties;
- iv. Unrestricted access to any information pertaining to the Company and its subsidiary; and
- v. Direct communication channels with both external auditors and internal auditors;

The Committee is also authorised by the Board to obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties at the cost of the Company.

Meeting

- i. Meetings shall be held at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
- ii. The Chairman shall convene a meeting of the Audit Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope of responsibilities of the Committee.
- iii. The Company Secretary shall be the Secretary of the Committee.
- iv. The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Membership

- i. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, the majority of whom are independent non-executive directors.
- ii. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.
- iii. No alternate director shall be appointed as member of the Committee.
- iv. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

INTERNAL AUDIT FUNCTION

The Company does not have an Internal Audit function, but in the midst of considering the use of qualified professionals to review and assess the internal audit function of the Group on an ad-hoc basis.

The internal audit function if established, shall be independent of the activities or operation of its audited. The Internal Auditor shall undertake the audit of the Group's operating units; reviewing the units' compliance to internal control procedures, highlighting weaknesses and making appropriate recommendations for improvement. The Internal Auditor shall report directly to the Audit Committee.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary company are disclosed in Note 4 to the financial statements.

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

RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Net profit/(loss) for the year	2,616,938	(162,620)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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 other than the effects arising from the changes in accounting policies resulting in an increase in the Group's net profit for the year by RM67,000 as disclosed in Note 21 to the financial statements.

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DIVIDEND

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

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

Fang Chew Ham	
Foong Chiew Fatt	
Fong Chiew Hean	
Fong Chu King @ Tong Chu King	
Dato' Mohd Nor Bin Abdul Wahid	
Chew Eng Chai	
Tan Chon Sing @ Tan Kim Tieng	
Dato' Samsudin Bin Abu Hassan	
Fang Siew Yee	(Appointed on 3.3.2004)
Mazlan Bin Ibrahim	(Resigned on 3.3.2004)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 17 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporation) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 22 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

	Number of Ordinary Shares of RM0.20 each			At 31.12.2003
	At 1.1.2003	Bought	Sold	
The Company				
Direct interest				
Fang Chew Ham	48,590,300	-	(4,000,000)	44,590,300
Foong Chiew Fatt	7,935,480	600,000	(600,000)	7,935,480
Fong Chiew Hean	7,935,480	-	-	7,935,480
Fong Chu King @ Tong Chu King	3,967,740	500,000	-	4,467,740
Dato' Mohd Nor Bin Abdul Wahid	6,371,000	23,000,000	(24,851,000)	4,520,000
Mazlan Bin Ibrahim	70,000	-	(70,000)	-
Chew Eng Chai	100,000	-	(10,000)	90,000
Tan Chon Sing @ Tan Kim Tieng	169,200	57,800	-	227,000

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 27 to the financial statements.

OTHER STATUTORY INFORMATION (CONT'D)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors

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Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

Kuala Lumpur, Malaysia
21 April 2004

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 21 to 45 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

Kuala Lumpur, Malaysia
21 April 2004

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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 21 to 45 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 21 April 2004

Fang Chew Ham

Before me,

REPORT OF THE AUDITORS

TO THE MEMBERS OF THREE-A RESOURCES BERHAD (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 21 to 45. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

Ernst & Young
AF: 0039
Chartered Accountants

Dato' Nordin Baharuddin
No.837/03/06(J)
Partner

Kuala Lumpur, Malaysia
21 April 2004

BALANCE SHEETS

AS AT 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	39,654,100	36,800,428	4,207	4,558
Investment in a subsidiary	4	-	-	20,100,000	20,100,000
Amount owing by a subsidiary	5	-	-	8,492,613	8,632,873
Reserve on consolidation	6	(4,553,656)	(4,553,656)	-	-
		35,100,444	32,246,772	28,596,820	28,737,431
CURRENT ASSETS					
Inventories	7	3,662,057	3,391,448	-	-
Trade receivables	8	12,312,925	9,930,988	-	-
Other receivables	9	105,499	147,636	1,160	1,160
Tax recoverable		186,454	-	-	-
Cash and bank balances		235,657	33,434	1,425	25,874
		16,502,592	13,503,506	2,585	27,034
CURRENT LIABILITIES					
Borrowings	10	10,856,018	10,922,884	-	-
Trade payables	12	2,279,878	1,834,265	-	-
Other payables	13	2,093,612	1,001,225	26,748	29,188
Tax payable		-	272,274	-	-
		15,229,508	14,030,648	26,748	29,188
NET CURRENT ASSETS/(LIABILITIES)					
		1,273,084	(527,142)	(24,163)	(2,154)
		36,373,528	31,719,630	28,572,657	28,735,277
FINANCED BY:					
Share capital	14	28,000,002	28,000,002	28,000,002	28,000,002
Reserves		5,162,337	2,545,399	572,655	735,275
Shareholders' equity		33,162,339	30,545,401	28,572,657	28,735,277
Borrowings	10	1,657,537	115,000	-	-
Deferred tax liabilities	15	1,553,652	1,059,229	-	-
Non-current liabilities		3,211,189	1,174,229	-	-
		36,373,528	31,719,630	28,572,657	28,735,277

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

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	16	40,501,207	23,780,757	-	-
Cost of sales		(31,179,073)	(17,519,439)	-	-
Gross profit		9,322,134	6,261,318	-	-
Other operating income		68,254	186,683	-	21,402
Administrative expenses		9,390,388	6,448,001	-	21,402
Other operating expenses		(3,937,960)	(2,649,581)	(157,616)	(67,048)
Profit/(loss) from operations	17	4,035,685	3,292,538	(157,616)	(45,646)
Finance costs	18	(798,048)	(702,803)	-	-
Profit/(loss) before taxation		3,237,637	2,589,735	(157,616)	(45,646)
Taxation	19	(620,699)	(825,257)	(5,004)	-
Net profit/(loss) for the year		2,616,938	1,764,478	(162,620)	(45,646)
Basic earnings per share (sen)	20	1.9	2.2		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Share Capital RM	Share Premium* RM	Revenue Reserve # RM	Total RM
At 1 January 2002		2	-	(13,700)	(13,698)
Issue of share capital	14	28,000,000	-	-	28,000,000
Premium of RM0.05 per share on the issue of 39,500,000 ordinary shares of RM0.20 each arising from the Initial Public Offering		-	1,975,000	-	1,975,000
Expenses relating to the Initial Public Offering		-	(1,180,379)	-	(1,180,379)
Net profit for the year	21	-	-	1,764,478	1,764,478
At 31 December 2002		28,000,002	794,621	1,750,778	30,545,401
At 1 January 2003					
As previously stated		28,000,002	794,621	1,863,139	30,657,762
Prior year adjustment	21	-	-	(112,361)	(112,361)
At 1 January 2003 (restated)		28,000,002	794,621	1,750,778	30,545,401
Net profit for the year		-	-	2,616,938	2,616,938
At 31 December 2003		28,000,002	794,621	4,367,716	33,162,339

* Non-distributable

Distributable

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Share Capital RM	Share Premium* RM	Accumulated Losses RM	Total RM
At 1 January 2002		2	-	(13,700)	(13,698)
Issue of share capital	14	28,000,000	-	-	28,000,000
Premium of RM0.05 per share on the issue of 39,500,000 ordinary shares of RM0.20 each arising from the Initial Public Offering		-	1,975,000	-	1,975,000
Expenses relating to the Initial Public Offering		-	(1,180,379)	-	(1,180,379)
Net loss for the year		-	-	(45,646)	(45,646)
At 31 December 2002		28,000,002	794,621	(59,346)	28,735,277
Net loss for the year		-	-	(162,620)	(162,620)
At 31 December 2003		28,000,002	794,621	(221,966)	28,572,657

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* Non-distributable

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		3,237,637	2,589,735	(157,616)	(45,646)
Adjustments for:					
Depreciation		1,997,810	1,161,174	351	117
Provision for doubtful debts		162,500	105,000	-	-
Bad debts written off		5,935	-	-	-
Provision for employee benefits		86,301	-	-	-
Unrealised foreign exchange losses		-	1,294	-	-
Interest expense		667,524	629,060	-	-
Interest income		-	(21,402)	-	(21,402)
Operating profit/(loss) before working capital changes		6,157,707	4,464,861	(157,265)	(66,931)
Working capital changes:					
Inventories		(270,609)	(218,427)	-	-
Receivables		(2,508,235)	(472,450)	-	(1,160)
Payables		1,451,699	(1,118,534)	(2,440)	(116,510)
Bankers acceptances		2,348,376	86,064	-	-
Cash generated from/(used in) operations		7,178,938	2,741,514	(159,705)	(184,601)
Interest received		-	21,402	-	21,402
Interest paid		(667,524)	(596,889)	-	-
Income tax paid		(585,004)	(766,359)	(5,004)	-
Net cash generated from/(used in) operating activities		5,926,410	1,399,668	(164,709)	(163,199)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary		-	(8,177,739)	-	-
Purchase of property, plant and equipment		(4,851,482)	(4,204,498)	-	(4,675)
Net cash used in investing activities		(4,851,482)	(12,382,237)	-	(4,675)

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issuance of shares		-	9,875,000	-	9,875,000
Listing expenses paid		-	(840,379)	-	(840,379)
Loan to a subsidiary		-	-	-	(9,200,000)
Payment made on behalf by a subsidiary		-	-	140,260	359,127
Repayment of term loans		1,800,000	(1,639,289)	-	-
Repayment of hire purchase financing		(60,000)	(645,846)	-	-
Net cash generated from financing activities		1,740,000	6,749,486	140,260	193,748
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		2,814,928	(4,233,083)	(24,449)	25,874
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		(4,233,083)	-	25,874	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(a)	(1,418,155)	(4,233,083)	1,425	25,874

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NOTES TO CASH FLOW STATEMENT

- (a) Cash and cash equivalents stated in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash and bank balances	235,657	33,434	1,425	25,874
Bank overdrafts (Note 10)	(1,653,812)	(4,266,517)	-	-
	(1,418,155)	(4,233,083)	1,425	25,874

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary are manufacturing and selling of food and beverage ingredients. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Malaysian Exchange Securities Dealing & Automated Quotation (MESDAQ) Market of the Malaysia Securities Exchange Berhad. The registered office of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan.

There were no personnel employed by the Company for the financial years ended 31 December 2003 and 2002 as the financial statements and relevant records are maintained by employees of San Soon Seng Food Industries Sdn. Bhd., the subsidiary. The number of employees in the Group at the end of the financial year was 87 (2002: 78).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 29	Employee Benefits

The effects of adopting MASB 25 are summarised in the Statement of Changes in Equity and further information is disclosed in Note 21 to the financial statements. The adoption of MASB 27 and 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary. A subsidiary is a company in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

The subsidiary is consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary acquired or disposed of during the year is included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(c) Investment in a Subsidiary

The Company's investment in a subsidiary is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with the policy in Note 2(m).

On disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Long leasehold land and capital work-in-progress are not depreciated. Short leasehold land with unexpired lease periods of less than 50 years are amortised over the remaining period of the lease.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Factory and office buildings	2%
Plant and machinery	5%
Tools and implements	10%
Furniture and fittings, lab and office equipment	10%
Renovation and electrical installation	10%
Motor vehicles	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

With effect from the current financial year, the Group changed the depreciation method from reducing balance basis to straight line basis. The Group also changed the annual depreciation rates for plant and machinery from 6.6% - 10% to 5% so as to better reflect their estimated useful lives. The effect on the financial statements of these changes in depreciation method and useful life is an increase in depreciation charge for the year by RM252,754 and a decrease in the Group's current year profit by RM252,754.

(e) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance lease

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(i) Finance lease (Cont'd)

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(g) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(h) 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

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(i) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Income Tax (Cont'd)

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

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 21 to the financial statements.

(j) Revenue Recognition

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

(i) Sale of goods

Revenue relating to sale of goods is recognised net of returns and discounts upon the transfer of risks and rewards of ownership.

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(k) Cash and Cash Equivalents

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

(l) Foreign Currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts. All exchange rate differences are taken to the income statement.

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

	2003	2002
	RM	RM
United States Dollar	3.80	3.80
Singapore Dollar	2.17	2.16

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) Financial Instruments

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

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

(i) Receivables

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

(ii) Payables

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

(iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity Instruments

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

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination are included in the cost of acquisition.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long Leasehold Land	Short Leasehold Land	Factory and Office Buildings	Plant and Machinery, Tools and Implements	Furniture and Fittings, Lab and Office Equipment	Renovation and Electrical Installation	Motor Vehicles	Capital Work-in-Progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1 January 2003	5,279,432	500,000	9,656,107	23,049,015	1,642,157	904,157	1,322,484	1,205,054	43,558,406
Additions	-	-	1,490,750	1,985,925	21,876	25,893	55,000	1,272,038	4,851,482
Reclassification	-	-	484,298	48,750	-	-	-	(533,048)	-
At 31 December 2003	5,279,432	500,000	11,631,155	25,083,690	1,664,033	930,050	1,377,484	1,944,044	48,409,888
Accumulated Depreciation									
At 1 January 2003	302,703	60,667	819,283	4,686,133	191,649	266,416	431,127	-	6,757,978
Charge for the year (Note 17)	-	10,667	210,384	1,303,576	174,548	105,854	192,781	-	1,997,810
At 31 December 2003	302,703	71,334	1,029,667	5,989,709	366,197	372,270	623,908	-	8,755,788
Net Book Value									
At 31 December 2003	4,976,729	428,666	10,601,488	19,093,981	1,297,836	557,780	753,576	1,944,044	39,654,100
At 31 December 2002	4,976,729	439,333	8,836,824	18,362,882	1,450,508	637,741	891,357	1,205,054	36,800,428
Depreciation charge for 2002 (Note 17)	-	-	119,030	876,244	57,256	46,387	62,257	-	1,161,174

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

Company	Furniture and Fittings	
	2003	2002
	RM	RM
Cost		
At 1 January	4,675	-
Additions	-	4,675
At 31 December	4,675	4,675
Accumulated Depreciation		
At 1 January	117	-
Charge for the year (Note 17)	351	117
At 31 December	468	117
Net Book Value		
At 31 December	4,207	4,558

- (a) The net book value of property, plant and equipment pledged as security for bank borrowings, as disclosed in Note 10 is as follows:

	Group	
	2003	2002
	RM	RM
Long leasehold land	4,976,729	4,976,729
Short leasehold land	428,666	439,333
Factory and office buildings	10,601,488	8,836,824
	16,006,883	14,252,886

- (b) Included in property, plant and equipment of the Group are motor vehicles held under hire purchase with net book values of RM251,179 (2002 : RM293,043).
- (c) Interest expense on borrowings directly related to the construction of the factory building amounting to RM49,363 was capitalised under factory and office buildings in previous year.

4. INVESTMENT IN A SUBSIDIARY

	Company	
	2003	2002
	RM	RM
Unquoted shares, at cost	20,100,000	20,100,000

The particulars of the subsidiary are as follows:

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

5. AMOUNT OWING BY A SUBSIDIARY

The amount owing by a subsidiary is interest-free, unsecured and has no fixed terms of repayment.

6. RESERVE ON CONSOLIDATION

	Group	
	2003	2002
	RM	RM
At 1 January	4,553,656	-
Arising on acquisition of a subsidiary	-	4,553,656
At 31 December	4,553,656	4,553,656

7. INVENTORIES

	Group	
	2003	2002
	RM	RM
At cost:		
Finished goods	1,740,900	1,636,986
Raw materials	1,572,925	1,452,988
Packing materials	348,232	301,474
	3,662,057	3,391,448

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM30,476,801 (2002: RM16,822,757).

8. TRADE RECEIVABLES

	Group	
	2003	2002
	RM	RM
Trade receivables	12,898,384	10,356,447
Less: Provision for doubtful debts	(585,459)	(425,459)
	12,312,925	9,930,988

Included in trade receivables is an amount of RM143,769 (2002: RM97,139) due from Seong Chan Sauce & Foodstuff Sdn Bhd, a company in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King @ Tong Chu King have substantial financial interests.

The Group's normal trade credit term ranges from 30 to 150 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

9. OTHER RECEIVABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Sundry receivables, deposits and prepayments	287,999	327,636	1,160	1,160
Less: Provision for doubtful debts	(182,500)	(180,000)	-	-
	105,499	147,636	1,160	1,160

10. BORROWINGS

	Group	
	2003 RM	2002 RM
Short Term Borrowings		
Secured:		
Bank overdrafts	1,653,812	4,266,517
Bankers acceptances	8,944,743	6,596,367
Term loans	197,463	-
Hire purchase payables (Note 11)	60,000	60,000
	10,856,018	10,922,884
Long Term Borrowings		
Secured:		
Term loans	1,602,537	-
Hire purchase payables (Note 11)	55,000	115,000
	1,657,537	115,000
Total Borrowings		
Bank overdrafts	1,653,812	4,266,517
Bankers acceptances	8,944,743	6,596,367
Term loans	1,800,000	-
Hire purchase payables (Note 11)	115,000	175,000
	12,513,555	11,037,884
Maturity of borrowings (excluding hire purchase payables)		
Within one year	10,796,018	10,862,884
More than 1 year and less than 2 years	417,777	-
More than 2 years but less than 5 years	1,184,760	-
	12,398,555	10,862,884

10. BORROWINGS (CONT'D)

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

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

The bank borrowings are secured by:

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

11. HIRE PURCHASE AND FINANCE LEASE PAYABLES

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

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

12. TRADE PAYABLES

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

13. OTHER PAYABLES

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

14. SHARE CAPITAL

	2003		2002	
	No. of shares	RM	No. of shares	RM
Authorised:				
At 1 January				
Ordinary shares of RM0.20 (2002: RM1) each	250,000,000	50,000,000	100,000	100,000
Created during the year				
Ordinary shares of RM0.20 (2002: RM1) each	-	-	49,900,000	49,900,000
Additional number of ordinary shares arising from subdivision of each of the ordinary shares of RM1 each into 5 ordinary shares of RM0.20 each	-	-	200,000,000	-
At 31 December				
Ordinary shares of RM0.20 each	250,000,000	50,000,000	250,000,000	50,000,000
Issued and fully paid:				
At 1 January				
Ordinary shares of RM0.20 (2002: RM1) each	140,000,010	28,000,002	2	2
Issue of ordinary shares of RM0.20 (2002: RM1) each as consideration for acquisition of a subsidiary	-	-	20,100,000	20,100,000
Additional number of ordinary shares arising from subdivision of each of the ordinary shares of RM1 each into 5 ordinary shares of RM0.20 each	-	-	80,400,008	-
Issued during the year				
- Public issue				
Ordinary shares of RM0.20 each	-	-	39,500,000	7,900,000
At 31 December				
Ordinary shares of RM0.20 each	140,000,010	28,000,002	140,000,010	28,000,002

15. DEFERRED TAX

	Group	
	2003 RM	2002 RM
At 1 January	1,059,229	-
Arising on acquisition of subsidiary	-	273,504
Recognised in the income statement (Note 19)	494,423	785,725
At 31 December	1,553,652	1,059,229
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	3,462,351	2,900,928
Deferred tax assets	(1,908,699)	(1,841,699)
	1,553,652	1,059,229

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

Deferred Tax Liabilities

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

Deferred Tax Assets

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

16. REVENUE

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

17. PROFIT/(LOSS) FROM OPERATIONS

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

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

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

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

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

18. FINANCE COSTS

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

19. TAXATION

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

19. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

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

Unutilised reinvestment allowances are analysed as follows:

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

20. EARNINGS PER SHARE

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

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

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

21. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policies

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

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

(b) Prior Year Adjustments

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

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

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

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

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

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Acquisition of a subsidiary in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King and Dato' Mohd Nor Bin Abdul Wahid have substantial financial interests	-	-	-	20,100,000
Loan to a subsidiary	-	-	-	(9,200,000)
Payment made on behalf by a subsidiary	-	-	140,260	359,127
Repayment to a director, Fang Chew Ham by a subsidiary	-	(4,126)	-	-
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Foong Chiew Hean and Fong Chu King @ Tong Chu King have substantial financial interests	(441,447)	(407,147)	-	-
Rental payable to Excellent Chemical Industrial Sdn. Bhd., company in which certain directors, Fang Chew Ham, Foong Chiew Fatt, Foong Chiew Hean and Fong Chu King @ Tong Chu King have substantial financial interests	6,000	-	-	-

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

23. COMMITMENTS

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

24. CONTINGENT LIABILITIES - UNSECURED

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

25. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks.

(b) Interest Rate Risk

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

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

(c) Foreign Exchange Risk

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

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

(d) Liquidity Risk

The Group actively manages its cash and cash equivalents, operating cash flows and the availability of funding so as to ensure that there is adequate working capital and that repayment and funding needs are met.

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

(e) Credit Risk

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

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

(f) Fair Value

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

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

25. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Value (Cont'd)

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

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

26. SEGMENT INFORMATION

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

27. SUBSEQUENT EVENT

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

28. COMPARATIVE FIGURES

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

SUMMARY OF LANDED PROPERTIES

Location	Existing Use	Age of Factory / Building	Build Up Area / Land Area (Sq feet)	Tenure	Cost (RM '000)	NBV as at 31.12.2003 (RM '000)
Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	- Factories NFV, HVP, Glucose / Maltose, Caramel Powder / HVP Powder - Office Building	8 years	46,877 / 110,976	Leasehold (unexpired lease period of 98 years)	9,603	9,274
Lot 590, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	- Factory Caramel Colour - Office Building - Warehouse	27 years	33,907 / 35,120	Leasehold (unexpired lease period of 98 years)	3,643	2,890
Lot PT 6416, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Vacant Industrial Lot	-----	* / 43,517	Leasehold (unexpired lease period of 98 years)	1,272	1,172
Lot PT 6417, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Vacant Industrial Lot	-----	* / 48,615	Leasehold (unexpired lease period of 98 years)	1,455	1,339
Lot PT 5938, Jalan Union, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Warehouse	5 years	5,785 / 6,806	Leasehold (unexpired lease period of 59 years)	867	803
Lot PT 2317 (Lot 671) Jalan Middle, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Warehouse	5 years	6,942 / 8,167	Leasehold (unexpired lease period of 59 years)	570	529
TOTAL					17,410	16,007

* vacant

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital : RM 50,000,000 Dividend into 250,000,000 Ordinary Shares Of RM 0.20 per share.
 Issued and Fully Paid-up Capital : RM 28,000,002 Dividend into 140,000,010 Ordinary Shares Of RM 0.20 per share.
 Class of Shares : Ordinary Share
 Voting Rights : One voting right for one Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30TH APRIL 2004

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 199	34	1.28	3,310	0.00
200 - 999	37	1.39	16,600	0.01
1,000 - 4,999	562	21.12	1,178,000	0.84
5,000 - 10,000	1,118	42.01	8,600,900	6.15
10,001 - 100,000	813	30.55	28,759,200	20.54
100,001 - 1,000,000	84	3.16	22,151,900	15.82
1,000,000 And Above	13	0.49	79,290,100	56.64
Total	2,661	100.00	140,000,010	100.00

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH APRIL 2004

No.	Name	Shares held	%
1	FANG CHEW HAM	43,590,300	31.14
2	FONG CHIEW HEAN	7,935,480	5.67
3	FOONG CHIEW FATT	7,935,480	5.67
4	FONG CHU KING @ TONG CHU KING	4,467,740	3.19
5	MOHD NOR BIN ABDUL WAHID	2,520,000	1.80
6	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR MOHD NOR BIN ABDUL WAHID	2,000,000	1.43
7	SITI HAPZAH BINTI ALI	2,000,000	1.43
8	TEO KWEE HOCK	1,725,100	1.23
9	KONG CHEE CHOONG	1,700,000	1.21
10	KOH KOO KEE @ KOH AH FOOK	1,500,000	1.07
11	KOH KOO KEE @ KOH AH FOOK	1,470,000	1.05
12	KUAH SEOW PENG	1,371,000	0.98
13	LIAW PEK SWEE	1,075,000	0.77
14	KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN BHD KLCS ASSET MANAGEMENT SDN BHD FOR QUEK JIN ANG	1,000,000	0.71
15	FANG CHEW HAM	1,000,000	0.71
16	LAM KOK KEE	1,000,000	0.71
17	QUEK JIN ANG	906,000	0.65
18	TAN POH HEOH	800,000	0.57
19	LEE CHIN BEE	750,000	0.54
20	HEE KIAM MIN	740,000	0.53
21	LEE CHIN YOKE	700,000	0.50
22	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LAI KIEW	630,000	0.45
23	TAN CHUANG	600,000	0.43
24	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR V. PASUPATHY A/L R. VEERAPPAN	600,000	0.43
25	CHIN HON KEE	455,000	0.32
26	CHEW SENG TOOI	420,000	0.30
27	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHING CHEE	400,000	0.29
28	WANG SUI PING @ WONG SUI PING	400,000	0.29
29	TAN CHENG CHAI	357,300	0.26
30	LEE SAN MING @ LEE LAY ENG	350,000	0.25
Total		94,651,400	67.62

DIRECTORS' SHAREHOLDINGS AS AT 30TH APRIL 2004

No.	Name	DIRECT		INDIRECT	
		Shares held	Direct %	Shares held	Indirect %
1	FANG CHEW HAM	44,590,300	31.85	20,338,700 ¹	14.53
2	FOONG CHIEW FATT	7,935,480	5.67	56,993,520 ²	40.71
3	FONG CHIEW HEAN	7,935,480	5.67	56,993,520 ³	40.71
4	FONG CHU KING @ TONG CHU KING	4,467,740	3.19	60,461,260 ⁴	43.19
5	DATO' MOHD NOR BIN ABDUL WAHID	2,520,000	1.80	-	-
6	TAN CHON SING @ TAN KIM TIENG	227,000	0.16	-	-
7	CHEW ENG CHAI	90,000	0.06	-	-
8	DATO' SAMSUDIN BIN ABU HASSAN	-	-	-	-
9	FANG SIEW YEE	-	-	44,590,300 ⁵	31.85

Note:

- 1 Deemed interested in 7,935,480 TARB shares held by his brother Foong Chiew Fatt; 7,935,480 TARB shares held by his brother Fong Chiew Hean; and 4,467,740 TARB shares held by his brother Fong Chu King.
- 2 Deemed interested in 44,590,300 TARB shares held by his brother Fang Chew Ham; 7,935,480 TARB shares held by his brother Fong Chiew Hean; and 4,467,740 TARB shares held by his brother Fong Chu King.
- 3 Deemed interested in 44,590,300 TARB shares held by his brother Fang Chew Ham; 7,935,480 TARB shares held by his brother Foong Chiew Fatt; and 4,467,740 TARB shares held by his brother Fong Chu King.
- 4 Deemed interested in 44,590,300 TARB shares held by his brother Fang Chew Ham; 7,935,480 TARB shares held by his brother Fong Chiew Fatt; and 7,935,480 TARB shares held by his brother Fong Chiew Hean.
- 5 Deemed interested in 44,590,300 TARB shares held by her father Fang Chew Ham.

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SUBSTANTIAL SHAREHOLDERS AS AT 30TH APRIL 2004

No.	Name	No. of Shares Held	% of Issued Capital
1	FANG CHEW HAM	44,590,300	31.85
2	FONG CHIEW HEAN	7,935,480	5.67
3	FOONG CHIEW FATT	7,935,480	5.67
Total		60,461,260	43.19

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Banquet Room, Kelab Rahman Putra Malaysia, 1st Floor, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on Wednesday the 23 day of June 2004 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the audited Financial Statements for the financial year ended 31st December 2003 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:-
 - 2.1 Dato' Mohd Nor Bin Abdul Wahid **(Resolution 2)**
 - 2.2 Mr. Fong Chu King @ Tong Chu King **(Resolution 3)**
3. To re-elect Ms Fang Siew Yee retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 4)**
4. To consider and if thought fit, pass the following Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"That Mr. Foong Chiew Fatt, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **(Resolution 5)**
5. To re-appoint Messrs. Ernst & Young as Auditors and to authorize the Directors to fix their remuneration. **(Resolution 6)**
6. As special business, to consider and if thought fit, to pass the following resolutions:-

As Ordinary Resolution -
Authority to Directors to Allot and Issue Shares
Pursuant to Section 132 D of the Companies Act, 1965

"That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132 D of the Companies Act, 1965 to allot and issue new ordinary shares of RM0.20 in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**
7. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

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

Kuala Lumpur
Date: 28 May 2004

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed resolution No.7, if passed, is to authorize the Directors to issue up to 10% of the paid up capital of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

NOTES:-

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

PROXY FORM



THREE-A RESOURCES BERHAD

(481559-M)
Incorporated in Malaysia

I/We, _____
of _____
being a member of THREE-A RESOURCES BERHAD hereby appoint _____
_____ of _____

or the Chairman of the meeting as my / our proxy to attend and vote as indicated hereon on my /our behalf at the Annual General Meeting of the Company to be held on the 23rd day of June 2004 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1 Receive the audited Financial Statements for the financial year ended 31st December 2003 and the Reports of the Directors and Auditors thereon		
2 Re-election of Dato' Mohd Nor Bin Abdul Wahid		
3 Re-election of Mr. Fong Chu King @ Tong Chu King		
4 Re-election of Ms. Fang Siew Yee		
5 Re-appointment of Mr. Foong Chiew Fatt		
6 Re-appointment of Messrs. Ernst & Young as Auditors and to authorize the directors to fix the Auditors' Remuneration		
7 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act 1965		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

Dated this _____ day of _____ 2004

Number of Shares

Signature / Common Seal

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

To be valid, this form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person or persons named in such instrument proposes to vote Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / her proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions that the provisions of his holdings to be represented by each proxy.
4. Where the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

Fold here

AFFIX
30 sen
STAMP

THREE-A RESOURCES BERHAD

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

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THREE-A RESOURCES BERHAD

481559-M
Incorporated in Malaysia

AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan.
Tel: 603-6156 2655 Fax: 603-6156 2657 E-mail: sssfi@po.jaring.my
Website: www.three-a.com