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MAMEE-DOUBLE DECKER (M) BERHAD
(Incorporated in Malaysia - Co. No. 222363-T)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of MAMEE-DOUBLE DECKER (M) BERHAD (Co. No. 222363-T) will be held at Orchid Room, Level 6, Eden Garden Hotel, Kompleks Bebas Cukai Johor Bahru, No. 88, Jalan Ibrahim Sultan, Stulang Laut, 80300 Johor Bahru, Johor Darul Takzim on Tuesday, the 17th day of June, 2003 at 11:00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2002 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-appoint Datuk Pang Chin Hin, a director over the age of 70, pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 2)
3. To re-appoint Tunku Osman Ahmad, a director over the age of 70, pursuant to Section 129(6) of the Companies Act, 1965. (Resolution 3)
4. To re-elect En. Mohamed Nizam Bin Abdul Razak, a director retiring in accordance with Article 76 of the Articles of Association of the Company. (Resolution 4)
5. To approve the payment of Directors' Fees for the financial year ended 31 December 2002. (Resolution 5)
6. To declare a Final Dividend of 3.0% less tax in respect of the financial year ended 31 December 2002. (Resolution 6)
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)

Special Business

8. To consider and, if thought fit, to pass with or without modification, the following ordinary resolution pursuant to Section 132D of the Companies Act, 1965:
"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 8)
9. To transact any other matters for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD

Woo Min Fong
Tan Siew Hua
Company Secretaries

Johor Bahru
26 May 2003

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time set for the Meeting.

Explanatory Notes on Special Business**Resolution 8**

The Ordinary Resolution proposed in Agenda 8 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, unless previously revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company.

CLOSURE OF BOOKS

To determine shareholders entitlement to the dividend payment, if approved at the forthcoming 12th Annual General Meeting of the Company, the Share transfer books and Register of Members will be closed from 1 July 2003 to 2 July 2003, both days inclusive.

The dividend if approved will be paid on 16 July 2003 to shareholders whose name appear in the Register of Members at the close of business on 30 June 2003.

- a. shares transferred into the depositor's securities account before 4:00 p.m. on 30 June 2003 (in respect of transfers);
- b. shares deposited into the depositor's securities account before 12.30 p.m. on 26 June 2003 (in respect of shares which are exempted from mandatory deposit);
- c. shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

- Names of Directors who are standing for re-appointment / re-election:

1. Datuk Pang Chin Hin (*Executive Chairman*)
2. Tunku Osman Ahmad (*Independent Non-Executive Vice-Chairman*)
3. En. Mohamed Nizam Bin Abdul Razak (*Independent Non-Executive Director*)

- Details of attendance of Directors at Board Meetings:

	Name	No. of Board Meetings attended in the financial year
1.	Datuk Pang Chin Hin	4 out of 5
2.	Tunku Osman Ahmad	5 out of 5
3.	Pang Tee Chew	5 out of 5
4.	Pang Tee Suan	4 out of 5
5.	Pang Tee Nam	4 out of 5
6.	Mohamed Nizam Bin Abdul Razak	5 out of 5

- The place, date and hour of the 12th Annual General Meeting:

Date	Time	Place
17 June 2003 (Tuesday)	11:00 a.m.	Orchid Room, Level 6, Eden Garden Hotel, Kompleks Bebas Cukai Johor Bahru, No. 88, Jalan Ibrahim Sultan, Stulang Laut, 80300 Johor Bahru, Johor Darul Takzim

- Securities holdings in the Company and its subsidiaries by the directors standing for re-appointment and re-election.

(Please refer to the Statement of Directors' Interests in the Company and related corporation on page 72 to 73)

- Profile of Directors standing for re-appointment and re-election.

(Please refer to the section on Profile of Directors on page 17 to 18)

CHAIRMAN'S STATEMENT

It is with great pleasure that I present the 12th annual report of Mamee Double Decker (M) Berhad and its group of companies (MDD) for the financial year ended December 31, 2002.

For this year under review your company recorded revenues of RM241.8 million, an increase of 3.7% over the previous year. However, profit before tax declined to RM9.6 million compared with RM12.9 million in 2001.

Economic Review

The Malaysian economy continued its recovery in 2002, recording an impressive GDP growth of 4.2% (2001:0.4%). The expansion was broad based, led by strong domestic demand and fueled by improved commodity prices and better export performance. Real public consumption increased by 13.8%.

Low interest rates, continued fiscal spending coupled with high commodity prices all led to better private sector expenditure. Your company benefited from the improved consumer market, as evidenced by the higher turnover.

Company Overview

2002 was a year of consolidation for MDD. After undergoing several years of changes to improve the efficiency of the group, 2002 was an opportunity to review and build upon the changes that had taken place. The most dramatic was the implementation of an RM1.7 million financial, inventory and materials management solutions programmed based on mySAP.com E-business platform. The way of doing things in MDD has changed forever. There is now greater transparency, better inventory controls, more effective resource management and higher levels of corporate governance. The mySAP.com platform enables the company to streamline business processes and work more efficiently with customers and suppliers. All this was achieved with lower costs anticipated in the long run.

Financial Highlights

Despite a 3.7% increase in group revenue from RM233 million to RM241.8 million, the profit before tax declined to RM9.6 million from RM12.9 million the previous year. The reduction in profits was due to higher cost of raw materials and expenses of close to RM 1 million incurred in early redemption of RM 20 millions bonds.

Company Development

A new product line of nutrition cereal bars was launched in the last quarter of 2002 under the brand name of "Nutrigen" Recharge Bar, targeted at the young adults. The bars come in 3 sizes and 4 flavors: mixed cereal chocolate, corn flake cereal chocolate, vanilla and strawberry.

A new production line is being commissioned in our beverage plant in Kuantan. Commercial production will commence in 2003 with a capacity to produce 4,000 cartons of non-carbonated drinks per shift.

China Operations

The group's venture in China continues to show losses during the year under review. In the fiercely competitive snack food market in China, we experience keen competition and margin erosion. With the ongoing productivity drive and rationalization, we hope to reduce our losses in anticipation of future potential in that huge market.

CHAIRMAN'S STATEMENT (continued)

Myanmar Operations

The Myanmar operations achieved a higher sales revenue, showing an increase of 50% over last year and recording a small profit as compared to a loss previous year. We continue to invest heavily in building the brands and increasing our market share to ensure long- term success.

Company Outlook

2003 will be a challenging year. Malaysia and the region are already encountering a difficult external environment. Malaysian GDP is projected to grow at a rate of 4% this year provided the war in Iraq and the impact of SARS are limited. It is difficult to comment on the outlook because of so many uncertainties. However, we are hopeful that the performance will be in line with that of last year.

Activities and Awards

The diaries and snacks manufacturing plant at Kuala Lumpur were awarded Hazard Analysis and Critical Control Point (HACCP) system. To further enhance production system and productivity, all manufacturing plants in Malaysia are certified ISO 9002. The cultured milk plant is the first cultured milk plant in Malaysia to obtain such certification. This award mirrored our commitment towards Total Quality Management.

Acknowledgements

The staff continues to perform well in the difficult environment. They have endured several years of tough measures to reduce costs and improve margins. The Board wishes to record its appreciation to them for their hard work, patience and dedication.

Our gratitude also goes out to our suppliers, business partners, clients, customers and shareholders. We look forward to your continuing support.

DATUK PANG CHIN HIN
Executive Chairman

28 April 2003

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Datuk Pang Chin Hin

Independent Non-Executive Vice
Chairman
Tunku Osman Ahmad

Managing Director
Pang Tee Chew

Executive Director
Pang Tee Nam

Executive Director
Pang Tee Suan

Independent Non-Executive Director
Mohamed Nizam Bin Abdul Razak

AUDIT COMMITTEE

Tunku Osman Ahmad (Chairman of the Committee)
Independent Non-Executive Vice Chairman

Pang Tee Nam
Executive Director

Mohamed Nizam Bin Abdul Razak
Independent Non-Executive Director

COMPANY SECRETARIES

Woo Min Fong (ACIS)
Tan Siew Hua (ACIS)

REGISTERED OFFICE

Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau, 80300 Johor Bahru,
Johor Darul Takzim
Tel : 07-3322088 Fax : 07-3328096

SHARE REGISTRAR

CHUA, WOO & COMPANY SDN BHD (Co. No. 122754 - U)
Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau, 80300 Johor Bahru,
Johor Darul Takzim
Tel : 07-3322088 Fax : 07-3328096

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
HSBC Bank (Malaysia) Berhad
Malayan Banking Berhad
Southern Bank Berhad

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

STOCK EXCHANGE LISTING

Main Board of the Kuala Lumpur Stock Exchange

Corporate Governance Statement

Mamee-Double Decker (M) Berhad is committed to high standards of corporate governance in performing its business. The Board of Directors is therefore pleased to report that the Company has complied with the major principles set out in Part 1 of the Malaysian Code of Corporate Governance, and this statement, together with the Audit Committee Report on page 11 explains how the Company has applied the best practices set out in Part 2 of the Code.

1. The Board of Directors

1.1 Composition

The Board comprises of 4 Executive Directors and 2 Non-Executive Directors. Both the Non-Executive Directors are independent. The Chairman and Chief Executive Officer 's roles are separated, and together with the mix of skills and experience of the other Board members, have resulted in an effective Board. An Independent Director Tunku Osman Ahmad has been identified as the one to whom concerns may be conveyed. Personal profiles of the Directors are set out on pages 17 to 18.

1.2 Appointments and re-elections to the Board

The identification and appointment of new Directors undergo a process led by the Nomination Committee. Thereafter upon approval by the Board, the Company provides an induction programme for the new Directors to allow them to better understand the business and ultimately to enable them to contribute effectively at Board meetings. In addition, all of the Directors have attended the Mandatory Accreditation Programme.

In accordance to the KLSE Listing Requirements and the Articles of Association of the Company, all Directors seek re-election at least once every three years. Director(s) over seventy years of age are required to submit themselves for reappointment annually in accordance with Section 129(6) of the Companies Act, 1965.

1.3 Board Procedures

The Board normally meet 4 times a year and has met 5 times during this financial year. Details of the attendance of the Directors at the Board meetings are disclosed in the Statement Accompanying Notice of Annual General Meeting set out on page 3. Notices, agendas and board papers of each meeting are issued in a timely manner prior to Board meetings. There is a list of matters, which are reserved specifically for Board's consideration and these include strategic plans and budgets for the Group, and business development issues. Material acquisitions and disposals of assets, and potential investments by the Group are also considered extensively at Board level. In furtherance of Board's responsibilities, the Board has access to the services of professionals such as lawyers and external auditors at the Company's expense, and to the advice and services of a company secretary.

1.4 Use of Board Committees

The Company has formed several committees, each of which have defined terms and reference, for reporting and recommendation to the Board. These committees are:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Option Committee

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

1.4 Use of Board Committees (continued)

a) Audit Committee

The Audit Committee ('AC'), formed on 14 October 1993, is made up of two (2) Independent Directors and one (1) executive director. It is primarily responsible for the review of reporting financial information to shareholders, systems of internal control and risk management, the audit process and the related party transactions. The report of the Audit Committee is set out on page 11 of this annual report.

b) Nomination Committee

Members: Tunku Osman Ahmad (Chairman)
Mohamed Nizam Bin Abdul Razak

The Nomination Committee ('NC'), set up on 17 May 2001, comprised mainly of Independent Non-Executive Directors, is responsible for the assessment and recommendation of new Directors to the Board, and for the annual review of the required mix of skills and experience, and other qualities to enable the Board to function completely and efficiently. Assessment and appraisal processes have also been implemented, for the evaluation of the effectiveness of the Board as a whole, the committees and the individual contribution of each Board member.

c) Remuneration Committee

Members: Tunku Osman Ahmad (Chairman)
Mohamed Nizam Bin Abdul Razak
Pang Tee Chew

The Remuneration Committee ('RC'), formed on 17 May 2001, whose membership comprise two Independent Non-Executive directors and one Executive director, is responsible for making recommendations to the Board the remuneration of Executive Directors based on an acceptable framework. The Remuneration Committee normally meets twice a year.

d) Options Committee

The Options Committee was established to administer the Company's Employees' Share Option Scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required. Meetings of the Committee are held when necessary. The Chairman of the Committee is Pang Tee Nam and members are Datuk Pang Chin Hin, Pang Tee Chew, Pang Tee Suan, Sim Lim Chan, Goh Wee Lim, Tan Chai Lin and Chew Chin Teck.

2. Directors' Remuneration

The Company recognises the need to ensure that remuneration of Directors are Reflective towards the responsibility and commitment that goes with Board membership. In line with this, the Company has adopted the following remuneration structure that attempts to retain and attract the right Directors needed to run the Company successfully:-

- The Remuneration Committee recommends to the Board on the remuneration of Executive Directors; and
- The Board as a whole determines the remuneration of the Non-Executive Directors.

Corporate Governance Statement (continued)

2. Directors' Remuneration (continued)

Contrary to the disclosure requirement as indicated in the best practices of the Malaysian Code of Corporate Governance, the Board would not be providing details of remuneration awarded to each director. However in compliance with the KLSE listing requirements, the remuneration paid to directors, in aggregation and analysed into bands of RM50,000 are as follows:-

	Executive Directors	Non-Executive Directors
	RM	RM
Salaries & Other Remuneration	1,827,675	-
Allowances	88,000	20,000
Fees	126,000	70,000
Benefits-in-kind	74,650	-
Successive Band	-	-
<RM50,001	-	2
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM400,000	-	-
RM400,001 - RM450,000	-	-
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	1	-
RM550,551 - RM600,000	2	-

3. Shareholder relations

The Company maintains a regular policy of disseminating information that is material for shareholders attention. In line with the regulatory requirements, various announcements, including quarterly financial reports were made during the year via the KLSE website.

Developments in the Company's website at www.mamee.com have also allowed the Company to make a great deal of information and presentation accessible to shareholders and customers at all times.

At the Annual General Meeting, the Directors welcome the opportunity to gather the views of shareholders. Notices of each meeting are issued on a timely manner to all, and in the case of special businesses, a statement explaining the effect of the proposed resolutions is provided.

4. Accountability and Audit

In an attempt to produce a balanced and understandable assessment of the Company's position and prospects, particularly in the financial reports, the Directors have implemented a quality control procedure to ensure that all financial reports have been prepared based on acceptable accounting standards and policies. These financial reports also undergo a review process by the Audit Committee prior to approval by the Board.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

4. Accountability and Audit (continued)

The Board understands that in order to strengthen the accountability aspect of financial reporting, the Company needs to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets. Hence the Company has developed a comprehensive system of internal control comprising of clear structures and accountabilities, well-understood policies and procedures and budgeting and review process.

The effectiveness of the system of internal control is then scrutinised by internal auditors, who operate independently from the activities of the Company, under the purview of the Audit Committee.

The Board also maintains an appropriate relationship with the Company's external auditors, through formal and transparent arrangement with the Audit Committee. These arrangements are stated on page 14 of the Audit Committee report.

This Corporate Governance Statement is made in accordance with resolution of the Board of Directors dated 28 April 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Companies Act 1965 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the Group and the Company at the end of the financial year, and of the profit and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors hereby confirm that suitable accounting policies have been consistently applied in respect of preparation of the financial statements. The Directors also confirm that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities. These are described more fully in the Corporate Governance Statement.

This Directors' Responsibility Statement is made in accordance with resolution of the Board of Directors dated 28 April 2003.

AUDIT COMMITTEE REPORT

The Audit Committee of Mamee-Double Decker (M) Berhad is pleased to present its report for the year ended 31 December 2002. The Board has approved this report by a resolution dated 28 April 2003 for submission to shareholders.

Composition

The Committee comprises two independent non-executive directors and one executive director, and during the year ended 31 Dec 2002, the Committee held meetings on 27 Feb 2002, 26 Apr 2002, 20 Aug 2002 and 27 Nov 2002 respectively, a total of four (4) meetings. Details of the members of the Committee and their attendance at the meetings are as follows:

Name	Designation in Audit Committee	Number of Meetings Attended
Tunku Osman Ahmad (Independent Non-Executive Vice Chairman)	Chairman	4 out of 4
Mohamed Nizam bin Abdul Razak (Independent Non-Executive Director)	Member	4 out of 4
Pang Tee Nam (Executive Director)	Member	3 out of 4

TERMS OF REFERENCE

MEMBERSHIP

The Committee shall be appointed by the Board from among their members and shall consist of not less than three (3) members, the majority of whom shall be Independent Directors.

At least one of the members of the Committee must be a member of the Malaysian Institute of Accountants (MIA) or he must have at least 3 years' working experience and have either passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or a member of one of the associations of accountants specified in Part 2 of the 1st Schedule of the said Act.

No alternate director shall be appointed as a member of the Committee.

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Director.

The term of office and performance of each member shall be reviewed at least once every three years by the Board.

PURPOSE OF THE COMMITTEE

The purpose of the Committee are as follows:

AUDIT COMMITTEE REPORT (CONTINUED)

PURPOSE OF THE COMMITTEE (CONTINUED)

1. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Company.
2. To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors.
3. To avail to the external and internal auditors a private and confidential audience at any time they desire and to request such audience through the Chairman of the Committee, with or without the prior knowledge of Management.
4. To act upon the Board's request to investigate and report on any issue of concern with regard to the management of the Company.

SECRETARY

The Secretary of the Committee shall be the Company Secretary.

FREQUENCY AND ATTENDANCE OF COMMITTEE MEETINGS

Meetings shall be held not less than 4 times a year and as and when required during each financial year. The external auditors may request a meeting if they deem necessary.

The Finance Director, the Financial Controller, Chief of Finance Department/Accounts Department/Internal Audit, and a representative of the external auditors shall normally attend meetings. Other Board members may attend meetings upon invitation of the Committee. However, at least once a year the Committee shall meet with the external auditors without any executive board member present. The quorum for meetings shall be 2 members and the majority of members present must be Independent Directors.

In the absence of the Chairman of the Committee, members present shall elect a Chairman for the meeting from amongst the Independent Directors.

MINUTES

All minutes of meetings shall be circulated to every member of the Board. The minutes of each meeting shall be kept and distributed to each member. The Chairman of the Committee shall report on each meeting to the Board.

AUTHORITY

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

1. have authority to investigate any matters within its terms of reference, where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interest, or abuse by a significant or controlling shareholder;
2. have resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and persons carrying out internal audit function or activity (if any); and

AUDIT COMMITTEE REPORT (CONTINUED)

AUTHORITY (CONTINUED)

5. be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

FUNCTIONS AND DUTIES

The functions and duties of the Committee are as follows :

1. To consider and recommend the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal, and inquire into the staffing and competence of the external auditors in performing their work.
2. To discuss with the external auditors before the audit commences the nature, scope and any significant problems that may be foreseen in the audit, ensure adequate tests to verify the accounts and procedures of the Company and ensure co-ordination where more than one audit firm is involved.
3. To review the quarterly announcements to the Kuala Lumpur Stock Exchange and annual financial statements before submission to the Board, focusing particularly on:-
 - any changes in accounting policies and practice;
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going concern assumptions;
 - compliance with the accounting standards;
 - compliance with stock exchange and legal requirements;
 - assess the quality and effectiveness of the internal control system and the efficiency of the Company's operations.
 - the quality and effectiveness of the entire accounting and internal control systems; and
 - the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.
4. To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of the management where necessary).
5. To do the following when the internal audit function is established:-
 - review the adequacy of the scope, functions and resources of internal audit department and that it has the necessary authority to carry out its work;
 - review internal audit program;
 - ensure co-ordination of external audit with internal audit;
 - consider major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of the staff of the internal audit function;
 - approve any appointment or termination of senior staff member of the internal audit function;
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason of resignation.
6. To review the external auditors' management letter and management's response;

AUDIT COMMITTEE REPORT (CONTINUED)

FUNCTIONS AND DUTIES (CONTINUED)

7. To report any breaches of the Listing Requirements, which have not been satisfactorily resolved to the KLSE.
8. To consider:-
 - any related party transactions that may arise within the Company or the Group and to ensure that Directors report such transactions annually to shareholders via the annual report; and
 - in respect of the recurrent related party transactions of a revenue or trading nature which are subject of a shareholders' mandate, prescribe guidelines and review procedures to ascertain that such transactions are in compliance with the terms of the shareholders' mandate
9. To consider other topics, as may be defined and directed by the Board from time to time.

Activities during the year

In line with the terms of reference of the Committee, the following activities were carried out:-

- | | |
|--------------------------------|---|
| i) External Audit | Review of the audit plans for the year.
Meeting with the auditor without the presence of the Executive Directors.
Assessment of the auditors' performance and audit fees prior to submission to the Board for their approval. |
| ii) Internal Audit | Review of the audit plans and audit findings for the year.
Address issues pertaining to risk management. |
| iii) Financial Reporting | Review of the quarterly and annual financial reports of the Company and the Group, for recommendation to the Board of Directors. |
| iv) Related Party Transactions | Review of the related party transactions entered into by the Company and the Group. |

STATEMENT OF INTERNAL CONTROL

RESPONSIBILITY

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal controls can only provide reasonable and no absolute assurance against material misstatement or loss.

KEY PROCESSES

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

As part of the continuous improvement process, the Board decided to strengthen the risk management process, by engaging professional firm to formalise the risk management framework of the Group.

The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal control, are as follows:

- The Board receives and reviews regular reports from the management of various lines of business, on the key operating statistics, legal, environmental and regulatory matters. The Board approves appropriate responses or amendments to the Group's policy.
- There is a yearly forecasting system. The results of the lines of business are reported monthly and variances are analysed against budget and acted on in a timely manner. Forecasts are revised on a timely basis, taking into account significant business risks.
- The Group's internal audit function was out-sourced to an independent professional firm who report directly to the Audit Committee. The internal auditors perform regular reviews of business processes to assess the effectiveness of internal controls and highlight significant risks impacting the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit department's scope of work and resources.
- The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal auditors, the external auditors and the management. During the current financial year, 13 internal audit reports were received and reviewed by the Audit Committee.
- There is a clearly defined framework for investment appraisal covering the acquisition or disposal of any business, acceptance of projects, application of capital expenditure and approval on borrowings. Post implementation reviews are conducted and reported to the Board.
- The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety of training and development programmes.

Statement made in accordance with the resolution of the Board of Directors dated 28 April 2003.

OTHER COMPLIANCE INFORMATION

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

Share Buybacks

There were no share buybacks by the Company during the financial year.

Exercise of Options, Warrants or Convertible Securities

During the financial year, the number of ordinary shares of RM1 each covered under options granted, exercised and unissued pursuant to the Scheme are disclosed on page 21. No warrants or convertible securities were exercised in respect of the Group during the financial year.

ADR or GDR Programme

The Company did not sponsor any American Depository Receipts or Global Depository Receipts programmes during the financial year.

Impositions of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

Non-audit Fees

There were no non-audit fees paid to the external auditors for the financial year.

Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the results for the financial year and the unaudited results previously released by the Company.

Profit Guarantee

During the year, there was no profit guarantee given by the Company.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interest.

Contracts Relating to Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the Preceding item.

Related Party Transactions

Related party transactions entered into by the subsidiary companies of the Company which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 Dec 2002 or entered into since the end of the previous financial year are as follows:

- Recurrent revenue transactions in respect of sales of instant noodles, snack food and confectionery products and subsidy on advertisement and promotion provided by Kilang Makanan Mamee Sdn Bhd and Pacific Food Products Sdn Bhd, subsidiary companies of the Company, to PT Pacific Food Indonesia, a company connected to directors and major shareholders of the Company and persons connected with them.
- Recurrent revenue transactions in respect of sales of instant noodles, snack food and confectionery products by Kilang Makanan Mamee Sdn Bhd, a subsidiary companies of the Company, to Yang-Yang Co. Ltd, a company connected to directors and major shareholders of the Company.

Details of the recurrent related parties transactions are disclosed on page 66.

PROFILE OF DIRECTORS

Datuk Pang Chin Hin, aged 73, a Malaysian, is the Executive Chairman of the Company. He was appointed to the Board on 3 August 1991. He is also a member of the Options Committee. Under his stewardship over the past 30 years, the Group has grown from a small family concern into one of the largest local instant noodles and snack food manufacturers in Malaysia. In addition to possessing an intimate knowledge of production and machinery, he has extensive connections with both local and overseas machinery suppliers. He also holds directorship in several private limited companies.

He is the father of Pang Tee Chew, Pang Tee Nam and Pang Tee Suan, all of whom are also Executive Directors and substantial shareholders of the Company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the EGM held 24 June 2002. Details pertaining to these transactions are disclosed on Note 31 of the Notes to the Financial Statements. He has no convictions for any offences within the past 10 years.

Tunku Osman Ahmad, aged 70, a Malaysian, is an Independent Non-Executive Vice-Chairman of the Company. He was appointed to the Board on 4 September 1991. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee. After obtaining diploma in Agricultural Engineering, Tunku served with the Johor Civil Service for 16 years from 1957 to 1973 in various capacities including that of State Treasurer. He then ventured into the private sector with wide ranging business interest including logging & sawmilling, palm oil refining, property development, plantations, manufacturing and banking. His business acumen is honed by over 30 years of experience in various capacity both in the public and private sectors. He currently sits on the Boards of Pelangi Berhad Group, Keck Seng (Malaysia) Berhad Group, Alpha Industries Berhad, CHG Industries Berhad and Binaik Equity Bhd. He is also currently the President of the Malaysian Wood Industries Association (formerly known as Timber Trade Federation of Malaysia), the Chairman of Malaysian Timber Council and past President of various major real estate associations in Malaysia and the Asean region.

He does not have any family relationship with any director and/or substantial shareholders of the Company, nor any personal interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

Pang Tee Chew, aged 50, a Malaysian, is the Managing Director of the Company. He was appointed to the Board on 3 August 1991. He is also a member of the Remuneration Committee and the Option Committee. He has been with the Group since 1981 and is currently in charge of the corporate affairs of the Group. He is a member of the British Institute of Management and was previously trained in Japan on food processing in the area of canning and packaging. With over twenty-three (23) years of experience in the food industries, he has acquired a wide knowledge of both the local and overseas food markets. He also sits on the board of several private limited companies.

He is the son of Datuk Pang Chin Hin and a brother to, Pang Tee Nam and Pang Tee Suan, all of whom are also Executive Directors and substantial shareholders of the Company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the EGM held 24 June 2002. Details pertaining to these transactions are disclosed on Note 31 of the Notes to the Financial Statements. He has had no convictions for any offences within the past 10 years.

Profile of Directors (CONTINUED)

Pang Tee Nam, aged 49, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 16 August 1995. He is also a member of the Audit Committee and the Chairman of the Options Committee. He is currently in charge of the Group's supply and logistics. He holds a Diploma in Business Studies from Warnambool Institute of Advanced Education, Australia. He is a member of the Malaysian Institute of Accountants (MIA) and Australian Society of Certified Practicing Accountants. He has over eighteen (18) years of experience in the food business having joined the Group in January 1983.

He is a son of Datuk Pang Chin Hin and a brother to, Pang Tee Chew and Pang Tee Suan, all of whom are also Executive Directors and substantial shareholders of the Company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the EGM held 24 June 2002. Details pertaining to these transactions are disclosed on Note 31 of the Notes to the Financial Statements. He has had no convictions for any offences within the past 10 years.

Pang Tee Suan, aged 46, a Malaysian, is an Executive Director of the Company. He was appointed to the Board on 28 August 1991. He is also a member of the Options Committee. He holds a Bachelor of Science (Honours) degree in Computer Science from Teeside Polytechnic, United Kingdom. He is currently in charge of the sales and marketing aspects of the Group. He is also a Director of several private limited companies.

He is a son of Datuk Pang Chin Hin and a brother to, Pang Tee Chew and Pang Tee Nam, all of whom are also Executive Directors and substantial shareholders of the Company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the EGM held 24 June 2002. Details pertaining to these transactions are disclosed on Note 31 of the Notes to the Financial Statements. He has had no convictions for any offences within the past 10 years.

Mohamed Nizam Bin Abdul Razak, aged 44, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 4 September 1991. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee. He graduated in Politics, Philosophy and Economics from Oxford University, United Kingdom in 1980. He began his career in 1981 when he joined the Corporate Finance Department in Bumiputra Merchants Bankers Berhad. In 1984, he joined GP Securities (now known as PB Securities Sdn Bhd) as General Manager and became the Chief Executive Officer in 1992, a position he held until his retirement in 1998. He currently sits on the Boards of Sunway Building Technology Bhd, Delloyd Ventures Bhd, PK Resources Berhad, Yeo Hiap Seng (Malaysia) Berhad, Winitex Holdings Berhad Group and Wah Seong Corporation Berhad Group companies and several private limited companies. He is also a Trustee of several charitable foundations such as Noah Foundation, Hong Leong Foundation and the National Children Welfare Foundation and sits on the Board of Governors of Nilai College.

He does not have any family relationship with any director and/or substantial shareholders of the Company, nor any personal interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report to the members together with the financial statements of Mamee-Double Decker (M) Berhad ("the Company") and of the Group for the financial year ended 31 December 2002.

Principal activities

The principal activity of the Company consists of investment holding. The principal activities of the Group consist of manufacturing and marketing of food and dairy products and soft drinks and oil palm cultivation and production. There have been no significant changes in these activities during the financial year.

Financial results

	Group RM	Company RM
Profit after taxation	5,407,072	4,444,218
Minority interests	702,545	-
Net profit for the financial year	<u>6,109,617</u>	<u>4,444,218</u>

Dividends

The amounts of dividends paid or declared by the Company since 31 December 2001 were as follows:

	RM
In respect of the financial year ended 31 December 2001 as shown in the Directors' report of that year -	
Final dividend of 3.0 sen gross per share, less income tax at 28%, on 61,006,000 ordinary shares at 31 December 2001	1,317,730
Dividends on ordinary shares through exercise of share options which rank pari passu with the other ordinary shares at 31 December 2001	<u>6,811</u>
Total dividends paid on 25 July 2002	<u>1,324,541</u>
In respect of the financial year ended 31 December 2002 -	
Interim dividend of 2.5 sen gross per share, less income tax at 28%, declared on 28 November 2002 and paid on 16 January 2003	<u>1,105,261</u>

On 28 February 2003, the Directors proposed, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, a final dividend of 3.0 sen gross per share less income tax at 28%, on 61,403,000 ordinary shares, amounting to RM1,326,305 for the financial year ended 31 December 2002 to be paid on 16 July 2003.

DIRECTORS' REPORT (CONTINUED)

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

Share capital

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM61,006,000 to RM61,403,000 by way of exercise of the options to subscribe for 40,000 and 357,000 ordinary shares of RM1 each under The Employees' Share Option Scheme at the exercise price of RM1.33 and RM1.32 respectively per ordinary share.

The new issued shares rank pari passu in all respects with its then existing ordinary shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or other distributions which entitlement date precedes the relevant exercise date of the Scheme.

Employees' share option scheme

The Employees' Share Option Scheme ("the Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 25 May 1998 and became effective on 25 August 1998. The Scheme will be expired on 25 August 2003.

The main features of the Scheme are as follows:

- (a) The total number of new ordinary shares of the Company, which may be made available under the Scheme shall not exceed 10% of the total issued and paid-up share capital of the Company at any one point of time during the existence of the Scheme;
- (b) Eligible employees and Executive Directors are full time employees of the Company and/or its subsidiary companies who have been in the service of the Group for at least one continuous year;
- (c) The options granted are valid for five years and may be exercised at any time before the expiry of the Scheme on 25 August 2003 except for certain periods as determined by the Scheme's Options Committee, subject to the annual limit of 20% of the total shares comprised in the option. The option may be exercised in full or in such lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares;
- (d) The price at which the grantees are entitled to subscribe for shares under the Scheme is the average of the mean market quotation of the shares stated in the daily official list issued by the Kuala Lumpur Stock Exchange for the five market days immediately preceding the respective dates of offer of the option;
- (e) The new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with its then existing ordinary shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or other distributions which entitlement date precedes the relevant exercise date of the Scheme.

DIRECTORS' REPORT (CONTINUED)

Employees' share option scheme (continued)

During the financial year, the number of ordinary shares of RM1 each covered under options granted, exercised and unissued pursuant to the Scheme is as follows:

Tranche	Date	Price	Number of ordinary shares of RM1 each covered under Options				At 31.12.2002
			At 1.1.2002	Granted	Exercised	Lapsed	
1	31.10.1998	1.33	402,000	-	40,000	19,000	343,000
2	30.11.1999	2.09	1,451,000	-	-	102,000	1,349,000
3	24.09.2002	1.32	2,957,000	-	357,000	255,000	2,345,000
			<u>4,810,000</u>	<u>-</u>	<u>397,000</u>	<u>376,000</u>	<u>4,037,000</u>

Bonds and warrants

The 7% Redeemable Unsecured Bonds 1998/2003 were constituted by a Trust Deed dated 22 June 1998. Unless previously redeemed, purchased and cancelled or surrendered for cancellation pursuant to an exercise of the Warrants in accordance with the Deed Poll and cancelled during the Redemption Period, the Company shall redeem the remaining outstanding Bonds in cash at their nominal value on maturity on 25 June 2003. Interest rate of 7% per annum on the nominal value of the Bonds is payable half yearly in arrears on 30 June and 31 December.

On 29 July 2002, the Company has repurchased RM20,000,000 nominal value of the Bonds at a total consideration of RM20,730,575. The repurchased Bonds have been cancelled effective 1 August 2002. Arising therefrom, the outstanding nominal value of the Bonds will be RM10,000,000.

The Bonds were issued with 24,000,000 Detachable Warrants at an offer price of 45.63 sen per warrant on the basis of two warrants for every five ordinary shares held. The warrants are quoted on the Kuala Lumpur Stock Exchange. Each warrant entitles its registered holder at any time not exceeding five years from the date of its issue, to subscribe for one new ordinary share of RM1 each in the Company at an exercise price of RM1.33 per warrant. The exercise period of the warrants will be expired on 16 February 2008.

As at 31 December 2002, the number of warrants remaining unexercised was 23,999,000.

Directors

The Directors who have held office during the period since the date of the last report are:-

Datuk Pang Chin Hin
Y.A.M. Tunku Osman Ahmad
Pang Tee Chew
Pang Tee Nam
Pang Tee Suan
Mohamed Nizam bin Tun Abdul Razak

DIRECTORS' REPORT (CONTINUED)

Directors (continued)

Datuk Pang Chin Hin and Y.A.M. Tunku Osman Ahmad retires pursuant to Section 129(2) of the Companies Act, 1965 and seek re-appointment as Directors under Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

In accordance with the Company's Articles of Association, Mohamed Nizam bin Tun Abdul Razak retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options over shares granted by the Company to eligible employees, including certain Directors of the Company, pursuant to the Employees' Share Option Scheme of the Company.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions in the ordinary course of business with companies in which certain of the Directors have substantial financial interests and as disclosed in note 31 to the financial statements.

Directors' interests in shares and debentures

According to the register of Director's shareholdings, the interests of Directors in office at the end of the financial year in shares, warrants and options in the Company were as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2002	Bought	Sold	At 31.12.2002
Datuk Pang Chin Hin	6,404,725	5,000	-	6,409,725
	4,522,544	63,000	9,000	4,576,544*
Y.A.M Tunku Osman Ahmad	190,000	-	-	190,000
Pang Tee Chew	13,891,403	21,000	-	13,912,403
	237,998	8,000	-	245,998*
Pang Tee Nam	5,887,181	-	-	5,887,181
	230,664	-	-	230,664*
Pang Tee Suan	5,681,018	-	-	5,681,018
	297,331	-	-	297,331*
Mohamed Nizam bin Tun Abdul Razak	1,133,333	-	-	1,133,333

* Represent the Director's indirect interests.

DIRECTORS' REPORT (CONTINUED)

Directors' interests in shares and debentures (continued)

	Number of warrants			
	<u>At</u> <u>1.1.2002</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>31.12.2002</u>
Datuk Pang Chin Hin	2,148,999	-	-	2,148,999
	6,116,207	-	-	6,116,207*
Pang Tee Chew	5,571,342	-	-	5,571,342
	4,480,655	-	-	4,480,655*
Pang Tee Nam	2,346,000	-	-	2,346,000
	4,483,655	-	-	4,483,655*
Pang Tee Suan	2,268,407	-	-	2,268,407
	4,476,655	-	-	4,476,655*

* Represent the Director's indirect interests.

Each warrant entitles its registered holder to subscribe for one new ordinary share of RM1 each in the Company at an exercise price of RM1.33 per warrant.

	Number of options over ordinary shares of RM1 each			
	<u>At</u> <u>1.1.2002</u>	<u>Granted</u>	<u>Exercised</u>	<u>At</u> <u>31.12.2002</u>
Datuk Pang Chin Hin	108,000	-	-	108,000
	32,000	-	-	32,000*
Pang Tee Chew	108,000	-	-	108,000
	18,000	-	-	18,000*
Pang Tee Nam	93,000	-	-	93,000
Pang Tee Suan	130,000	-	-	130,000
	5,000	-	-	5,000*

* Represent the Director's indirect interests.

The share options is granted pursuant to the Employees' Share Option Scheme of the Company and entitles the holder to subscribe for one new ordinary share of RM1 each for every option held at either RM1.33, RM2.09 and/or RM1.32 per share.

None of the other Directors in office at the end of the financial year held any interest in shares in the Company and its related corporations. No Directors held any interest in debentures of the Company and its related corporations during the financial year.

Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

DIRECTORS' REPORT (CONTINUED)

Statutory information on the financial statements (continued)

- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and Company which has arisen since the end of the financial year.

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

In the opinion of the Directors,

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the increased depreciation charge as disclosed in note 3(b) to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONTINUED)

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 April 2003.

DATUK PANG CHIN HIN
DIRECTOR

PANG TEE CHEW
DIRECTOR

**STATEMENT BY DIRECTORS PURSUANT TO
SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Datuk Pang Chin Hin and Pang Tee Chew, two of the Directors of Mamee-Double Decker (M) Berhad, state that in the opinion of the Directors, the financial statements set out on pages 29 to 67 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 April 2003.

DATUK PANG CHIN HIN
DIRECTOR

PANG TEE CHEW
DIRECTOR

**STATUTORY DECLARATION PURSUANT TO
SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Sim Lim Chan, the officer primarily responsible for the financial management of Mamee-Double Decker (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 67 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.

SIM LIM CHAN

Subscribed and solemnly declared by the abovenamed Sim Lim Chan at Melaka in Malaysia on 28 April 2003, before me.

A.SUPRAMANIAM, PIS
COMMISSIONER FOR OATHS(NO.M018)
MELAKA

REPORT OF THE AUDITORS TO THE MEMBERS OF MAMEE-DOUBLE DECKER (M) BERHAD

(Company No. 222363 - T)

We have audited the financial statements set out on pages 29 to 67. 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 approved auditing standards 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared 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 matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 15 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
MAMEE-DOUBLE DECKER (M) BERHAD (CONTINUED)**

(Company No. 222363 - T)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF-1146)
Chartered Accountants

JAYARAJAN A/L U.RATHINASAMY
(No.2059/06/04(J))
Partner of the firm

Melaka

28 April 2003

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	<u>2002</u> RM	<u>2001</u> RM
Revenue	5	241,799,193	233,266,385
Cost of sales		(167,390,165)	(156,839,857)
Gross profit		74,409,028	76,426,528
Other operating income		2,312,642	902,338
Selling and distribution costs		(45,455,869)	(46,242,930)
Administrative expenses		(16,830,994)	(14,267,453)
Other operating expenses		(1,025,567)	(943,392)
Profit from operations	6	13,409,240	15,875,091
Finance costs	8	(3,787,285)	(2,997,143)
Profit from ordinary activities before taxation		9,621,955	12,877,948
Taxation	9	(4,214,883)	(3,756,413)
Profit after taxation		5,407,072	9,121,535
Minority interests		702,545	732,228
Net profit for the financial year		6,109,617	9,853,763
Earnings per share (sen)			
- Basic	10(a)	9.99	16.16
- Fully diluted	10(b)	-	-
Dividends per share (sen)	11	5.5	5.5

**COMPANY INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002**

	Note	<u>2002</u> RM	<u>2001</u> RM
Revenue	5	11,351,831	6,755,639
Other operating income		316,441	261,461
Administrative expenses		(1,290,856)	(1,166,009)
Other operating expenses		(808,651)	-
Profit from operations	6	<u>9,568,765</u>	<u>5,851,091</u>
Finance costs	8	(2,663,762)	(2,100,000)
Profit from ordinary activities before taxation		<u>6,905,003</u>	<u>3,751,091</u>
Taxation	9	(2,460,785)	(572,719)
Profit after taxation and net profit for the financial year		<u><u>4,444,218</u></u>	<u><u>3,178,372</u></u>

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	<u>2002</u> RM	<u>2001</u> RM
Non current assets			
Property, plant and equipment	12	109,521,931	107,260,790
Investments	13	1,299,602	2,611,138
Intangible assets	14	363,891	431,713
		<hr/> 111,185,424 <hr/>	<hr/> 110,303,641 <hr/>
Current assets			
Inventories	16	19,836,931	20,947,273
Receivables	17	45,884,605	52,110,622
Fixed deposits with licensed banks		7,343,000	5,343,000
Cash and bank balances		16,373,877	15,954,317
		<hr/> 89,438,413 <hr/>	<hr/> 94,355,212 <hr/>
Less: Current liabilities			
Payables	18	39,723,315	38,587,019
Current tax liabilities		3,046,760	4,615,473
Dividend payable		1,105,261	1,098,108
Borrowings - interest bearing	19		
- bank overdrafts		250,171	426,543
- others		26,320,000	19,840,600
		<hr/> 70,445,507 <hr/>	<hr/> 64,567,743 <hr/>
Net current assets		<hr/> 18,992,906 <hr/>	<hr/> 29,787,469 <hr/>
Less: Non current liabilities			
Deferred tax liabilities	20	1,335,000	1,035,000
Borrowings - interest bearing	19	21,190,000	34,900,000
		<hr/> 22,525,000 <hr/>	<hr/> 35,935,000 <hr/>
		<hr/> 107,653,330 <hr/>	<hr/> 104,156,110 <hr/>
Capital and reserves			
Share capital	21	61,403,000	61,006,000
Share premium		786,820	659,380
Reserve fund	22	526,458	526,458
Retained earnings		44,361,944	40,682,129
		<hr/> 107,078,222 <hr/>	<hr/> 102,873,967 <hr/>
Shareholders' equity		<hr/> 107,078,222 <hr/>	<hr/> 102,873,967 <hr/>
Minority interests		575,108	1,282,143
		<hr/> 107,653,330 <hr/>	<hr/> 104,156,110 <hr/>

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	<u>2002</u> RM	<u>2001</u> RM
Non current assets			
Property, plant and equipment	12	92,435	132,189
Investments	13	403,000	732,775
Investments in subsidiaries	15	23,417,806	23,815,332
		<u>23,913,241</u>	<u>24,680,296</u>
Current assets			
Receivables	17	1,879,192	1,884,117
Amounts receivable from subsidiaries		86,349,784	77,297,722
Fixed deposits with a licensed bank		2,343,000	2,343,000
Cash and bank balances		2,646,958	2,990,409
		<u>93,218,934</u>	<u>84,515,248</u>
Less: Current liabilities			
Payables	18	302,005	514,480
Amounts payable to subsidiaries	25	21,801,523	16,060,408
Current tax liabilities		-	138,018
Dividend payable		1,105,261	1,098,108
Borrowings - interest bearing - others	19	12,500,000	-
		<u>35,708,789</u>	<u>17,811,014</u>
Net current assets		<u>57,510,145</u>	<u>66,704,234</u>
Less: Non current liabilities			
Borrowings - interest bearing	19	17,500,000	30,000,000
		<u>63,923,386</u>	<u>61,384,530</u>
Capital and reserves			
Share capital	21	61,403,000	61,006,000
Share premium		786,820	659,380
Retained earnings/(accumulated loss)	23	1,733,566	(280,850)
Shareholders' equity		<u>63,923,386</u>	<u>61,384,530</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

Note	Issued and fully paid Ordinary shares of RM 1 each		Non-distributable Share premium	Reserve fund	Distributable Retained profits	Total
	Number of shares	Nominal value RM				
Group-2002						
Balance as at 1 Jan						
-as previously reported	61,006,000	61,006,000	659,380	526,458	39,364,399	101,556,237
-prior year adjustment	26 -	-	-	-	1,317,730	1,317,730
-as restated	61,006,000	61,006,000	659,380	526,458	40,682,129	102,873,967
Net profit for the financial year	-	-	-	-	6,109,617	6,109,617
Dividends for the financial year ended						
-31 December 2001	-	-	-	-	(1,324,541)	(1,324,541)
-31 December 2002	-	-	-	-	(1,105,261)	(1,105,261)
Shares issued during the year						
-Pursuant to the Employees' Share Option Scheme	397,000	397,000	127,440	-	-	524,440
	61,403,000	61,403,000	786,820	526,458	44,361,944	107,078,222

Group-2001

Balance as at 1 Jan						
-as previously stated	60,987,000	60,987,000	653,270	526,458	31,926,474	94,093,202
-prior years' adjustments	26 -	-	-	-	1,317,319	1,317,319
-as restated	60,987,000	60,987,000	653,270	526,458	33,243,793	95,410,521
Net profit	-	-	-	-	9,853,763	9,853,763
Dividends for the financial year ended						
-31 December 2000	-	-	-	-	(1,317,319)	(1,317,319)
-31 December 2001	-	-	-	-	(1,098,108)	(1,098,108)
Shares issued during the year						
-Pursuant to the Employees' Share Option Scheme	19,000	19,000	6,110	-	-	25,110
	61,006,000	61,006,000	659,380	526,458	40,682,129	102,873,967

Company-2002

Balance as at 1 Jan						
-as previously reported	61,006,000	61,006,000	659,380	-	202,140	61,867,520
-prior year adjustment	26 -	-	-	-	(482,990)	(482,990)
-as restated	61,006,000	61,006,000	659,380	-	(280,850)	61,384,530
Net profit for the financial year	-	-	-	-	4,444,218	4,444,218
Dividends for the financial year ended						
-31 December 2001	-	-	-	-	(1,324,541)	(1,324,541)
-31 December 2002	-	-	-	-	(1,105,261)	(1,105,261)
Shares issued during the year						
-Pursuant to the Employees' Share Option Scheme	397,000	397,000	127,440	-	-	524,440
	61,403,000	61,403,000	786,820	-	1,733,566	63,923,386

Company-2001

Balance as at 1 Jan						
-as previously stated	60,987,000	60,987,000	653,270	-	39,639	61,679,909
-prior years' adjustments	26 -	-	-	-	(1,083,434)	(1,083,434)
-as restated	60,987,000	60,987,000	653,270	-	(1,043,795)	60,596,475
Net profit	-	-	-	-	3,178,372	3,178,372
Dividends for the financial year ended						
-31 December 2000	-	-	-	-	(1,317,319)	(1,317,319)
-31 December 2001	-	-	-	-	(1,098,108)	(1,098,108)
Shares issued during the year						
-Pursuant to the Employees' Share Option Scheme	19,000	19,000	6,110	-	-	25,110
	61,006,000	61,006,000	659,380	-	(280,850)	61,384,530

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	<u>2002</u> RM	<u>2001</u> RM
Cash flows from operating activities			
Net profit for the financial year		6,109,617	9,853,763
Adjustments for:			
Amortisation of goodwill		63,631	63,631
Depreciation of property, plant and equipment		12,439,312	11,425,564
Interest expense		3,447,803	2,671,503
Interest income		(312,124)	(242,763)
Dividend income		(26,684)	(35,709)
Profit on disposal of investment		(159,456)	-
Profit on disposal of property, plant and equipment		(326,314)	(195,466)
Property, plant and equipment written off		464,361	2,811
Allowance for diminution in value of investment			
- quoted shares		540,275	1,428
Taxation charge		4,214,883	3,756,413
Minority interest		(702,545)	(732,228)
		<u>25,752,759</u>	<u>26,568,947</u>
Changes in working capital:			
Inventories		1,110,342	(2,070,324)
Receivables		5,971,106	(5,734,501)
Payables		1,136,296	2,617,127
		<u>33,970,503</u>	<u>21,381,249</u>
Cash from operations		33,970,503	21,381,249
Tax paid		(5,689,584)	(2,560,509)
		<u>28,280,919</u>	<u>18,820,740</u>
Net cash from operating activities		28,280,919	18,820,740
Cash flows from investing activities			
Proceeds from disposal of investments		1,441,049	-
Proceeds from disposal of property, plant and equipment		2,235,350	289,498
Purchase of investments		(510,332)	(22,358)
Purchase of property, plant and equipment		(17,073,850)	(14,099,390)
Interest received		312,124	242,763
Dividends received		26,684	35,709
		<u>(13,568,975)</u>	<u>(13,553,778)</u>
Net cash used in investing activities		(13,568,975)	(13,553,778)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002 (CONTINUED)**

	Note	<u>2002</u> RM	<u>2001</u> RM
Cash flows from financing activities			
Dividends paid		(2,422,649)	(2,415,078)
Interest paid		(3,447,803)	(2,671,503)
Proceeds from term loans drawn down		20,000,000	6,000,000
Repayment of term loans		(990,000)	(1,381,800)
Net draw down/(repayment) of trade finance		(5,780,000)	2,050,633
Proceeds from issuance of shares		524,440	25,110
Contribution to sinking fund		(524,440)	(25,110)
Repurchase of redeemable unsecured bonds		(20,000,000)	-
		<hr/>	<hr/>
Net cash from financing activities		(12,640,452)	1,582,252
		<hr/>	<hr/>
Net increase in cash and cash equivalents		2,071,492	6,849,214
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the financial year		19,221,354	12,372,140
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	28	<u>21,292,846</u>	<u>19,221,354</u>

**COMPANY CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002**

	Note	<u>2002</u> RM	<u>2001</u> RM
Cash flows from operating activities			
Net profit for the financial year		4,444,218	3,178,372
Adjustments for:			
Depreciation of property, plant and equipment		39,754	49,827
Interest expense		2,663,762	2,100,000
Dividend income		(9,512,001)	(4,906,755)
Interest income		(1,839,830)	(1,848,884)
Unrealised gain on foreign exchange		(316,441)	(261,461)
Taxation charge		2,460,785	572,719
Allowance for diminution in value of investment			
- quoted shares		340,275	-
- subsidiaries		397,526	-
		<u>(1,321,952)</u>	<u>(1,116,182)</u>
Changes in working capital:			
Receivables		105,430	98,277
Payables		(212,475)	(173,259)
Balances with subsidiaries		5,609,167	7,054,217
Cash from operating activities		<u>4,180,170</u>	<u>5,863,053</u>
Taxation paid		<u>(35,947)</u>	<u>-</u>
Net cash from operating activities		<u>4,144,223</u>	<u>5,863,053</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(140,729)
Purchase of investments		(10,500)	-
Dividend received		5,400	3,601
Interest received		79,397	88,451
Net cash from/(used in) investing activities		<u>74,297</u>	<u>(48,677)</u>
Cash flows from financing activities			
Repurchase of redeemable unsecured bonds		(20,000,000)	-
Proceeds from term loans drawn down		20,000,000	-
Proceeds from issuance of shares		524,440	25,110
Contribution to sinking fund		(524,440)	(25,110)
Dividends paid		(2,422,649)	(2,415,098)
Interest paid		(2,663,762)	(2,100,000)
Net cash used in financing activities		<u>(5,086,411)</u>	<u>(4,515,098)</u>

**COMPANY CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002 (CONTINUED)**

	Note	<u>2002</u> RM	<u>2001</u> RM
Net (decrease)/increase in cash and cash equivalents		(867,891)	1,299,278
Cash and cash equivalents at beginning of the financial year		<u>3,683,989</u>	<u>2,384,711</u>
Cash and cash equivalents at end of the financial year	28	<u><u>2,816,098</u></u>	<u><u>3,683,989</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The principal activity of the Company consists of investment holding. The principal activities of the Group consist of manufacturing and marketing of food and dairy products and soft drinks and oil palm cultivation and production.

The average number of employees during the year amounted to 1,929 (2001: 1,883) for the Group and 3 (2001: 2) for the Company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

The address of the principal place of business of the Company is Lot 1, Ayer Keroh Industrial Estate, Ayer Keroh, 75450 Melaka.

2. Basis of preparation

The financial statements of the Group and Company have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies in Note 3 to the financial statements.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

3. Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements other than the changes of accounting policies as disclosed in Note 3(k) and 3(l) below.

(a) Group accounting - subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year.

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)

(a) Group accounting (continued)

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisition and Mergers", the general accepted accounting principles prevailing at that time.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' identifiable net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' identifiable net assets is reflected as goodwill on consolidation.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the cost of merger and the nominal value of the shares acquired is adjusted against retained earnings.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

(b) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. Land and buildings are stated at Directors' valuation with subsequent additions at cost, less accumulated depreciation.

The Directors have applied the transitional provisions of International Accounting Standard (IAS) No 16 (revised) "Property, Plant and Equipment" as permitted by Malaysian Accounting Standards Board (MASB) which allows property, plant and equipment to be stated at their last recorded valuations (prior to that IAS 16 operative date of 1 September 1998) less depreciation. Freehold and leasehold land, buildings and plantation development expenditure acquired in 1991 or earlier are stated at valuations determined by independent professional valuers in 1991 using open market value. The 1991 recorded valuations have not been updated as the Group has not adopted a policy of regular periodic revaluations of property, plant and equipment as permitted by the IAS 16 (revised) transitional provisions.

Freehold and leasehold land and buildings and plantation development expenditure acquired after 1991 are stated at cost less accumulated depreciation.

The other property, plant and equipment are stated at cost less accumulated depreciation.

Freehold land is not depreciated as it has an infinite life. Leasehold land and plantation and development expenditure are amortised over the remaining periods of the respective leases ranging from 50 to 99 years. The other property, plant and equipment are depreciated on the straight line basis to write off the cost or valuation of each asset over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

The principal annual rates of depreciation used for this purpose are as follows:

	%
Buildings	2 - 20
Plant and machinery	7 - 50
Furniture, fittings and equipment	10 - 50
Motor vehicles	20 - 50

Depreciation on assets under construction commences when the assets are ready for their intended use.

During the financial year, the Group changed the estimate of the useful lives of marketing and computer equipment. As a result, the depreciation rates of these two categories of assets have been changed to 25% and 50% respectively annually from the previous rate of 10% annually. The change has been made to better reflect the current estimate of the useful economic lives of those assets. This has resulted in an increase in depreciation charge for the current financial year of RM1,434,892.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/loss from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(c) Investments

Investments in subsidiaries are shown at cost and where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in other non-current investments are shown at costs and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes where relevant, appropriate proportion of overheads and is determined on the first-in, first-out or weighted average basis, after adequate allowance has been made for items considered obsolete or slow moving.

Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)

(e) Deferred taxation

Deferred taxation is recorded using the liability method on all material timing differences between taxable and accounting profits. Debit balances on the deferred taxation account are not recognised unless there is reasonable expectation of their recovery.

(f) Foreign currencies

(i) Foreign operations

Financial statements of foreign operations that are integral to the operations of the Company are translated using the procedures in the following paragraph as if the transactions of the foreign operations had been those of the Company.

(ii) Foreign currency transactions

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

(iii) Closing rates

The principal closing rates used in translation of foreign currency amounts at balance sheet date were as follows:

<u>Foreign currency</u>	<u>31.12.2002</u> RM	<u>31.12.2001</u> RM
1 US Dollar	3.800	3.800
1 Singapore Dollar	2.140	2.080
1 Australian Dollar	2.130	1.980
1 Renminbi	0.4604	0.4604

(g) Intangible assets - Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries are included in the balance sheet as intangible assets. Capitalised goodwill is amortised using the straight line method over its estimated useful life or 18 years, whichever is shorter.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

(h) New planting expenditure and replanting expenditure

All expenditure incurred on new planting from land clearing to the point of maturity is capitalised and included in property, plant and equipment under plantation development expenditure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)

(i) Trade receivables

Trade receivables are carried at anticipated realisable amounts less an estimated allowance for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(k) Revenue recognition

Sales are recognised upon delivery of goods and acknowledgement of acceptance by customers, if any, net of sales taxes and discounts, and after eliminating sales within the Group.

Interest and rental income are recognised on the accrual basis.

Dividend income is recognised when the Group's right to receive payment is established. Previously, dividend income was recognised when dividends were proposed or declared by the subsidiaries and when received from other investments. This change in accounting policy has been accounted for retrospectively and the prior year adjustment impact is disclosed in note 26 to the financial statements.

(l) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability when proposed or declared by the Board of Directors before the balance sheet date. Dividends when proposed or declared by the Board of Directors after the balance date but before the financial statements are authorised for issue will be accounted for in the next financial period.

In previous financial years, dividends that were proposed or declared by the Directors after the balance sheet date (but before the financial statements were authorised for issue) were accrued as a liability in the balance sheet. Details of the change in this accounting policy are set out in Note 26 to the financial statements.

(m) Financial instruments

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(ii) Fair value estimation for disclosure purposes

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one financial year are assumed to approximate their fair values.

4. 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 business whilst managing its risks.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal business activities. The Group's policy is to minimize the exposure of foreign exchange risk either by entering into a forward contract or to pay from its foreign currency accounts.

(b) Credit risk

Credit risk is controlled by the approvals of credit application, limits, and monitoring of procedures.

(c) Liquidity, cash flow risk and interest rate risk

The Group always ensure that a cost-effective borrowing structure is maintained at all times.

5. Revenue

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Sale of goods	240,541,610	232,704,633	-	-
Sale of oil palm fresh fruit bunches	1,257,583	561,752	-	-
Gross investment income:				
- Dividends	-	-	9,512,001	4,906,755
- Interest	-	-	1,839,830	1,848,884
	<u>241,799,193</u>	<u>233,266,385</u>	<u>11,351,831</u>	<u>6,755,639</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Profit from operations

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Amortisation of goodwill	63,631	63,631	-	-
Auditors' remuneration				
- current year	58,740	57,540	8,000	8,000
- prior year's overprovision	-	(4,000)	-	-
Depreciation of property, plant and equipment	12,439,312	11,425,564	39,754	49,827
Rental of buildings	286,028	268,739	-	-
Allowances for diminution in value of investments				
- quoted shares	540,275	-	340,275	-
- subsidiaries	-	-	397,526	-
Staff costs (including remuneration of executive Directors)	29,932,687	26,696,505	281,346	381,204
(Gain)/loss on foreign exchange				
- realised	526,013	132,755	-	-
- unrealised	(967,075)	(261,461)	(316,441)	(261,461)
Gross dividends from unquoted subsidiary companies	-	-	(9,504,501)	(4,901,755)
Income from investments (gross):				
Quoted in Malaysia	(26,564)	(34,911)	(7,500)	(5,000)
Quoted outside Malaysia	-	(548)	-	-
Unquoted	(120)	(250)	-	-
Interest income	(312,124)	(242,763)	(1,839,830)	(1,848,884)
Profit on disposal of property, plant and equipment	(326,314)	(195,466)	-	-
Property, plant and equipment written off	464,361	2,811	-	-
Profit on disposal of investments	(159,456)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Directors' remuneration

The aggregate amount of emoluments receivable of Directors of the Company during the financial year were as follows:

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Non-executive Directors:				
- fees	70,000	70,000	70,000	70,000
- allowances	20,000	40,000	20,000	40,000
Executive Directors:				
- fees	126,000	126,000	110,000	110,000
- basic salaries, bonus and other emoluments	1,915,675	1,714,540	88,000	88,000
- estimated money value of benefits-in-kind	74,650	70,575	-	-
	<u>2,206,325</u>	<u>2,021,115</u>	<u>288,000</u>	<u>308,000</u>

The options over ordinary shares of the Company granted to executive Directors of the Company during the financial year are as follows:

	Number of options over ordinary shares of RM1 each			
	<u>At</u>			<u>At</u>
	<u>1.1.2002</u>	<u>Granted</u>	<u>Exercised</u>	<u>31.12.2002</u>
Datuk Pang Chin Hin	108,000	-	-	108,000
Pang Tee Chew	108,000	-	-	108,000
Pang Tee Nam	93,000	-	-	93,000
Pang Tee Suan	130,000	-	-	130,000

The share options were given to these Directors on the same terms and conditions as those offered to other employees of the Group (Note 21).

8. Finance costs

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Interest on bonds	2,130,575	2,100,000	2,130,575	2,100,000
Interest on trade financing	377,698	372,433	-	-
Interest on overdraft	91	6,491	-	-
Interest on term loans	939,439	192,579	533,187	-
Other bank charges	339,482	325,640	-	-
	<u>3,787,285</u>	<u>2,997,143</u>	<u>2,663,762</u>	<u>2,100,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Taxation

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
The taxation (charge)/credit comprise:				
In respect of the financial year -				
Income taxation in Malaysia	(3,405,049)	(3,696,200)	(2,460,785)	(572,719)
Foreign income tax	(30,822)	-	-	-
Deferred taxation (Note 20)	(300,000)	460,000	-	-
	<u>(3,735,871)</u>	<u>(3,236,200)</u>	<u>(2,460,785)</u>	<u>(572,719)</u>
In respect of prior year -				
Income taxation in Malaysia	(479,012)	(520,213)	-	-
	<u>(4,214,883)</u>	<u>(3,756,413)</u>	<u>(2,460,785)</u>	<u>(572,719)</u>

The higher effective tax rate of the Group was due to losses of subsidiaries that are not available for set-off against taxable profits of other subsidiaries.

The higher effective tax rate of the Company was due to certain expenses not allowable for income tax purposes.

	Group	
	<u>2002</u>	<u>2001</u>
	RM	RM
Tax losses		
Tax losses for which the related tax credit has not been recognised in the financial statements	<u>5,143,163</u>	<u>4,085,281</u>

10. Earnings per share

(a) Basic earnings per share

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

	<u>2002</u>	<u>2001</u>
Net profit attributable to shareholders (RM)	6,109,617	9,853,763
Weighted average number of ordinary shares in issue	61,133,333	60,990,917
Basic earnings per share (sen)	9.99	16.16

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share was not computed as the conversation price of the share options granted to employees and warrants was higher than the fair value of the Company's shares during the financial year.

11. Dividends

Dividends declared or proposed are as follows:

	<u>Group and Company</u>			
	<u>2002</u>	<u>2002</u>	<u>2001</u>	<u>2001</u>
	<u>Gross per</u>	<u>Amount of</u>	<u>Gross per</u>	<u>Amount of</u>
	<u>share</u>	<u>dividend net</u>	<u>share</u>	<u>dividend net</u>
	<u>Sen</u>	<u>of tax</u>	<u>Sen</u>	<u>of tax</u>
		<u>RM</u>		<u>RM</u>
Interim dividend	2.5	1,105,261	2.5	1,098,108
Proposed final dividend	3.0	1,326,305	3.0	1,317,730
Dividends on ordinary shares through exercise of share options which rank pari passu with the other ordinary shares at 31 December 2001	-	-	-	6,811
	<u>5.5</u>	<u>2,431,566</u>	<u>5.5</u>	<u>2,422,649</u>

On 28 February 2003, the Directors proposed, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, a final dividend of 3.0 sen gross per share, less income tax at 28% on 61,403,000 ordinary shares, amounting to RM1,326,305 for the financial year ended 31 December 2002 to be paid on 16 July 2003.

These financial statements do not reflect this final dividend as it was proposed by the Board after the balance sheet date but it will be accrued as a liability in the year ending 31 December 2003. This represents a change in accounting policy from that of prior financial years as explained in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment

	Freehold land	Buildings on freehold land	Long leasehold land	Short leasehold land	Buildings on long leasehold land	Capital work-in-progress	Plantation development expenditure	Plant and machinery	Furniture, fittings, equipment and motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group-2002										
At cost or valuation										
Balance as at 1 Jan										
At cost	2,501,980	13,761,739	9,483,255	4,384,344	24,166,165	9,176,307	1,761,881	87,203,520	29,996,804	182,435,995
At valuation	2,318,000	277,000	3,279,820	-	6,502,170	-	3,283,010	-	-	15,660,000
	4,819,980	14,038,739	12,763,075	4,384,344	30,668,335	9,176,307	5,044,891	87,203,520	29,996,804	198,095,995
Additions	-	596,263	266,164	-	1,051,094	-	259,600	12,742,257	2,158,472	17,073,850
Disposals	-	-	-	(1,842,400)	(216,046)	-	-	(86,316)	(535,083)	(2,679,845)
Write off	-	-	(3,500)	-	-	-	-	(1,541,040)	-	(1,544,540)
Reclassification	-	-	3,354,120	-	2,712,934	(9,176,307)	-	3,109,253	-	-
Balance as at 31 Dec										
At cost	2,501,980	14,358,002	13,100,039	2,541,944	27,714,147	-	2,021,481	101,427,674	31,620,193	195,285,460
At valuation	2,318,000	277,000	3,279,820	-	6,502,170	-	3,283,010	-	-	15,660,000
	4,819,980	14,635,002	16,379,859	2,541,944	34,216,317	-	5,304,491	101,427,674	31,620,193	210,945,460
Accumulated depreciation										
Balance as at 1 Jan	-	2,639,450	1,141,018	709,221	8,709,050	-	718,443	56,227,621	20,690,402	90,835,205
Depreciation charge	-	565,289	221,837	61,502	1,197,837	-	102,945	6,413,173	3,876,729	12,439,312
Disposals	-	-	-	(224,159)	(82,469)	-	-	(86,316)	(377,865)	(770,809)
Write off	-	-	-	-	-	-	-	(1,080,179)	-	(1,080,179)
Reclassification	-	-	-	-	-	-	-	-	-	-
Balance as at 31 Dec	-	3,204,739	1,362,855	546,564	9,824,418	-	821,388	61,474,299	24,189,266	101,423,529
Net book value as at 31 Dec	4,819,980	11,430,263	15,017,004	1,995,380	24,391,899	-	4,483,103	39,953,375	7,430,927	109,521,931
Group-2001										
Net book value as at 31 Dec	4,819,980	11,399,289	11,622,057	3,675,123	21,959,285	9,176,307	4,326,448	30,975,899	9,306,402	107,260,790

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (continued)

Company	Furniture, fittings, equipment and motor vehicles
<u>2002</u>	<u>RM</u>
At cost	
Balance as at 1 January	360,592
Balance as at 31 December	<u>360,592</u>
Accumulated depreciation	
Balance as at 1 January	228,403
Depreciation charge	39,754
Balance as at 31 December	<u>268,157</u>
Net book value as at 31 December	<u><u>92,435</u></u>
<u>2001</u>	
Net book value as at 31 December	<u><u>132,189</u></u>

Land, buildings and plantation development expenditure acquired in 1991 or earlier of the Group were revalued in 1991 by the Directors based on an independent firm of professional valuers and are stated at valuation on the open market basis as approved by the then Capital Issues Committee.

Had the property, plant and equipment been included in the financial statements at cost less depreciation, the net book value of the revalued assets would have been as follows:

	2002	Group
	<u>RM</u>	<u>2001</u>
		<u>RM</u>
Freehold land	2,111,314	2,111,314
Buildings on freehold land	143,000	154,000
Long leasehold land	892,132	904,564
Buildings on long leasehold land	1,637,367	1,798,670
Plantation development expenditure	2,165,729	2,197,229
	<u>6,949,542</u>	<u>7,165,777</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (continued)

The net book value of assets charged as security for borrowings (Note 19) is as follows:-

	Group	
	<u>2002</u>	<u>2001</u>
	RM	RM
Land and buildings	1,790,215	3,073,343
Plant and machinery	4,108,717	770,336
Furniture, fittings and equipment	506,050	66,727
Motor vehicles	107,640	173,337
	<u>6,512,622</u>	<u>4,083,743</u>

13. Investments

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
At cost				
Shares in corporations:				
Quoted in Malaysia	1,828,768	2,600,029	743,275	732,775
Quoted outside Malaysia	9,109	9,109	-	-
Unquoted	2,000	2,000	-	-
	<u>1,839,877</u>	<u>2,611,138</u>	<u>743,275</u>	<u>732,775</u>
Less: Allowance for diminution in value	(540,275)	-	(340,275)	-
	<u>1,299,602</u>	<u>2,611,138</u>	<u>403,000</u>	<u>732,775</u>
Market value of quoted investments	<u>1,317,816</u>	<u>2,020,868</u>	<u>405,600</u>	<u>515,000</u>

The market value at the balance sheet date of the quoted investments approximates their fair values.

14. Intangible assets

	Group	
	<u>2002</u>	<u>2001</u>
	RM	RM
Goodwill arising on consolidation		
At cost		
Balance as at beginning of financial year	1,069,741	1,069,741
Less: Reserve arising from additional acquisition of shares in a subsidiary	4,191	-
Balance as at end of financial year	<u>1,065,550</u>	<u>1,069,741</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

	Group	
	<u>2002</u> RM	<u>2001</u> RM
Accumulated amortisation		
Balance as at beginning of financial year	638,028	574,397
Amortisation charge	63,631	63,631
Balance as at end of financial year	<u>701,659</u>	<u>638,028</u>
Net book value as at end of financial year	<u>363,891</u>	<u>431,713</u>

15. Investments in subsidiaries

	Company	
	<u>2002</u> RM	<u>2001</u> RM
Shares in unquoted corporations, at cost	23,815,332	23,815,332
Allowance for impairment in value of investments	(397,526)	-
	<u>23,417,806</u>	<u>23,815,332</u>

The details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Group's effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation and principal place of business</u>
	<u>2002</u> %	<u>2001</u> %		
Pacific Food Products Sendirian Berhad	100	100	Manufacturing and marketing of food products	Malaysia
<u>Held through 98% and 99.7% respectively ownership by Pacific Food Products Sendirian Berhad</u>				
- Pacific Plantations Sdn Bhd	98	98	Oil palm cultivation and production	Malaysia
MDD Beverage Sdn Bhd	99.7	99.7	Manufacturing, marketing and contract packing of soft drinks	Malaysia

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investments in subsidiaries (continued)

<u>Name of company</u>	<u>Group's effective equity interest</u>		<u>Principal activities</u>	<u>Country of incorporation and principal place of business</u>
	<u>2002</u> %	<u>2001</u> %		
<u>Held through 100% ownership by MDD Beverage Sdn Bhd</u>				
- Pure Products Sdn Bhd	99.7	99.7	Marketing of soft drinks	Malaysia
Kilang Makanan Mamee Sdn Bhd	100	100	Manufacturing and marketing of food and dairy products	Malaysia
<u>Held through 60% ownership by Kilang Makanan Mamee Sdn Bhd</u>				
- Mamee-Double Decker Foods (Suzhou) Co. Ltd	60	60	Manufacturing and marketing of food products	People's Republic of China
MDD Distribution (M) Sdn Bhd	100	100	Marketing of food products and soft drinks	Malaysia
Milk Specialities Distribution Sdn Bhd	100	100	Marketing of dairy products	Malaysia
Myanmmar Mamee-Double Decker Ltd *	60	60	Manufacturing and marketing Of food products	The Union of Myanmar
Mamee-Double Decker Ltd *	100	100	Dormant	The Union of Myanmar
MDD Bulk Food Sdn Bhd	100	70	Marketing of food products	Malaysia
MDD Properties Sdn Bhd	100	100	Dormant	Malaysia

* Audited by an affiliate firm of PricewaterhouseCoopers, Malaysia.

Estimated fair values

It is not practicable within the constraints of timeliness and cost to estimate the fair values of these unquoted investments in subsidiaries. At the balance sheet date, the aggregate net tangible assets reported by these unquoted subsidiaries were RM84,713,000. Aggregate profit after tax of these companies for the year was reported as RM7,975,205.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Inventories

	Group	
	<u>2002</u> RM	<u>2001</u> RM
At cost		
Finished goods	7,439,225	6,447,397
Work-in-progress	1,166,166	1,356,678
Raw materials	9,927,348	11,912,190
Consumable stores	1,304,192	1,231,008
	<u>19,836,931</u>	<u>20,947,273</u>

Inventories amounting to RM2,076,452 (2001: RM1,754,786) have been charged as security for bank borrowings (Note 19).

17. Receivables

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Trade receivables	46,169,657	44,019,014	-	-
Allowance for doubtful debts	(6,458,042)	(4,039,705)	-	-
	<u>39,711,615</u>	<u>39,979,309</u>	<u>-</u>	<u>-</u>
Other receivables	1,843,563	1,582,655	-	-
Deposits and prepayments	3,598,303	3,079,678	1,778,687	1,884,117
Tax refund receivable	731,124	566,083	100,505	-
Prepayment for purchase of property, plant and equipment	-	6,902,897	-	-
	<u>45,884,605</u>	<u>52,110,622</u>	<u>1,879,192</u>	<u>1,884,117</u>

The currency exposure profile of trade receivables is as follows:

- Ringgit Malaysia	26,635,049
- US Dollar	5,094,381
- Renminbi	5,485,035
- Australia Dollar	953,156
- Singapore Dollar	789,684
- Others	754,310
	<u>39,711,615</u>

Credit terms of trade receivables range from payment in advance to 60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Receivables (continued)

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are dispersed and have a variety of end markets in which they sell. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts of allowance for collection losses is inherent in the Group's trade receivables.

18. Payables

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Trade payables	25,385,558	24,460,108	-	-
Trade accruals	9,275,782	7,863,601	293,005	326,388
Other payables	5,016,975	4,813,324	9,000	188,092
Amount payable to suppliers of property, plant and equipment	-	1,449,986	-	-
	<u>39,723,315</u>	<u>38,587,019</u>	<u>302,005</u>	<u>514,480</u>
The currency exposure profile of payables is as follows:				
- Ringgit Malaysia	30,414,156		302,005	
- US Dollar	210,913		-	
- Renminbi	6,227,825		-	
- Others	281,282		-	
	<u>39,723,315</u>		<u>302,005</u>	

Credit terms of trade payables and amount payable to property, plant and equipment suppliers vary from 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings - interest bearing

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Current				
<u>Unsecured</u>				
Bank overdraft	127,621	426,543	-	-
Trade finance	11,519,000	15,481,000	-	-
Term loans	3,820,000	1,100,000	2,500,000	-
Redeemable unsecured bonds	10,000,000	-	10,000,000	-
	<u>25,466,621</u>	<u>17,007,543</u>	<u>12,500,000</u>	<u>-</u>
<u>Secured</u>				
Bank overdraft	122,550	-	-	-
Revolving credit	-	460,600	-	-
Trade finance	981,000	2,799,000	-	-
	<u>1,103,550</u>	<u>3,259,600</u>	<u>-</u>	<u>-</u>
Total current portion	<u>26,570,171</u>	<u>20,267,143</u>	<u>12,500,000</u>	<u>-</u>
Non current				
<u>Unsecured</u>				
Term loans	21,190,000	4,900,000	17,500,000	-
Redeemable unsecured bonds	-	30,000,000	-	30,000,000
	<u>21,190,000</u>	<u>34,900,000</u>	<u>17,500,000</u>	<u>30,000,000</u>
Total non current portion	<u>21,190,000</u>	<u>34,900,000</u>	<u>17,500,000</u>	<u>30,000,000</u>
	<u>47,760,171</u>	<u>55,167,143</u>	<u>30,000,000</u>	<u>30,000,000</u>
Total				
Bank overdrafts				
- unsecured	127,621	426,543	-	-
- secured	122,550	-	-	-
Trade finance				
- unsecured	11,519,000	15,481,000	-	-
- secured	981,000	2,799,000	-	-
Term loans				
- unsecured	25,010,000	6,000,000	20,000,000	-
Revolving credit				
- secured	-	460,600	-	-
Redeemable unsecured bonds (Note 24)				
- unsecured	10,000,000	30,000,000	10,000,000	30,000,000
	<u>47,760,171</u>	<u>55,167,143</u>	<u>30,000,000</u>	<u>30,000,000</u>

The secured bank overdraft and trade finance are secured by a legal charge on land and buildings and fixed and floating charge over certain assets and inventories of a subsidiary company (Note 12 and Note 16).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings - interest bearing (continued)

Interest on bank overdrafts and trade finance is chargeable at the rates ranging from 0.5% - 1% (2001: 1%) per annum above the banks' base lending rates and at 3.1% (2001: 3.1%) per annum respectively.

Interest on revolving credit is chargeable at the rate of 5.16% (2001: 5.16%) per annum while interest on term loans is chargeable at rates ranging from 5.5% to 7% (2001: 6.9% to 7.8%) per annum during the financial year.

The term loans are repayable over the following periods:

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Not later than 1 year	3,820,000	1,100,000	2,500,000	-
Later than 1 year and not later than 2 years	3,820,000	1,320,000	2,500,000	-
Later than 2 years and not later than 5 years	17,370,000	3,580,000	15,000,000	-
	<u>25,010,000</u>	<u>6,000,000</u>	<u>20,000,000</u>	<u>-</u>

Weighted average effective interest rates at balance sheet date

	Group <u>2002</u> %	Company <u>2002</u> %
Bank overdrafts	6.9	-
Trade finance	3.1	-
Term loan	6.4	6.2
Redeemable unsecured bonds	<u>7.0</u>	<u>7.0</u>

Currency exposure profile

	Group <u>2002</u> RM	Company <u>2002</u> RM
Ringgit Malaysia	<u>47,760,171</u>	<u>30,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings - interest bearing (continued)

Estimated fair values

The carrying amounts of bank overdrafts, trade finance and redeemable unsecured bonds at balance sheet date approximated their fair values. The fair values of term loans at balance sheet date were as follows:

	Group 2002		Company 2002	
	Carry amount RM	Fair value RM	Carry amount RM	Fair value RM
Term loans	<u>21,190,000</u>	<u>21,190,000</u>	<u>17,500,000</u>	<u>17,500,000</u>

20. Deferred tax liabilities

	Group	
	2002 RM	2001 RM
Balance as at beginning of financial year	1,035,000	1,495,000
Charged/(credited) to income statement (Note 9)	<u>300,000</u>	<u>(460,000)</u>
Balance as at end of financial year	<u>1,335,000</u>	<u>1,035,000</u>
Deferred taxation not provided for in the financial statements:		
Arising from revaluation of certain land and buildings held for long term purposes	<u>783,000</u>	<u>783,000</u>

21. Share capital

	Group and Company	
	2002 RM	2001 RM
<u>Ordinary shares of RM1 each</u>		
Authorised:		
Balance as at beginning and at end of financial year	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
Balance as at beginning of financial year	61,006,000	60,987,000
Issued during the year		
- Pursuant to the Employees' Share Option Scheme	<u>397,000</u>	<u>19,000</u>
Balance as at end of financial year	<u>61,403,000</u>	<u>61,006,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Share capital (continued)

The Company implemented the Employees' Share Option Scheme ("the Scheme") as approved by the shareholder, at the Extraordinary General Meeting held on 25 May 1998 and became effective on 25 August 1998. The Scheme will be expired on 25 August 2003.

The main features of the Scheme are as follows:

- (a) The total number of new ordinary shares of the Company, which may be made available under the Scheme shall not exceed 10% of the total issued and paid-up share capital of the Company at any one point of time during the existence of the Scheme;
- (b) Eligible employees and Executive Directors are full time employees of the Company and/or its subsidiary companies who have been in the service of the Group for at least one continuous year;
- (c) The options granted are valid for five years and may be exercised at any time before the expiry of the Scheme on 25 August 2003 except for certain periods as determined by the Scheme's Options Committee, subject to the annual limit of 20% of the total shares comprised in the option. The option may be exercised in full or in such lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares;
- (d) The price at which the grantees are entitled to subscribe for shares under the Scheme is the average of the mean market quotation of the shares stated in the daily official list issued by the Kuala Lumpur Stock Exchange for the five market days immediately preceding the respective dates of offer of the option;
- (e) The new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with its then existing ordinary shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or other distributions which entitlement date precedes the relevant exercise date of the Scheme.

A total of 397,000 options were exercised during the period where 40,000 options were exercised at an issue price of RM1.33 while 357,000 options were exercised at an issue price of RM1.32.

The movements during the year in the number of options over the shares of the Company were as follows:

	Group	
	<u>2002</u>	<u>2001</u>
	RM	RM
At beginning of financial year	4,810,000	2,172,000
Granted	-	2,973,000
Exercised	(397,000)	(19,000)
Lapsed	(376,000)	(316,000)
At end of financial year	<u>4,037,000</u>	<u>2,153,000</u>

As at 31 December 2002, the Company had 343,000, 1,349,000 and 2,345,000 unissued ordinary shares under options at an exercise price of RM1.33, RM2.09 and RM1.32 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Reserve fund

	Group	
	<u>2002</u> RM	<u>2001</u> RM
Balance as at beginning and end of financial year	<u>526,458</u>	<u>526,458</u>

The reserve fund is maintained by a subsidiary in compliance with the provisions of People's Republic of China Business Law.

23. Retained earnings

As at 31 December 2002, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income, subject to agreement with the tax authorities to frank in full all of its retained earnings if paid out as dividends.

24. Redeemable unsecured bonds

	Group and Company	
	<u>2002</u> RM	<u>2001</u> RM
7% Redeemable Unsecured Bonds 1998/2003		
Balance as at 31 December	<u>10,000,000</u>	<u>30,000,000</u>
The maturity periods are:		
Not later than one year	10,000,000	-
Later than one year but not later than two years	-	30,000,000
	<u>10,000,000</u>	<u>30,000,000</u>

The 7% Redeemable Unsecured Bonds 1998/2003 were constituted by a Trust Deed dated 22 June 1998. Unless previously redeemed, purchased and cancelled or surrendered for cancellation pursuant to an exercise of the Warrants in accordance with the Deed Poll and cancelled during the Redemption Period, the Company shall redeem the remaining outstanding Bonds in cash at their nominal value on maturity on 25 June 2003.

Interest of 7% per annum on the nominal value of the Bonds is payable half yearly in arrears on 30 June and 31 December.

On 29 July 2002, the Company has repurchased RM20,000,000 nominal value of the Bonds at a total consideration of RM20,730,575. The repurchased Bonds have been cancelled effective 1 August 2002. Arising therefrom, the outstanding nominal value of the Bonds will be RM10,000,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Redeemable unsecured bonds (continued)

The Bonds were issued with 24,000,000 Detachable Warrants at an offer price of 45.63 sen per warrant on the basis of two warrants for every five ordinary shares held. The warrants are quoted on the Kuala Lumpur Stock Exchange. Each warrant entitles its registered holder at any time not exceeding five years from the date of its issue, to subscribe for one new ordinary shares of RM1 each in the Company at an exercise price of RM1.33 per warrant. The exercise period of the warrants will be expired on 16 February 2008.

Proceeds from the exercise of the warrants and options will be placed in a sinking fund account for purposes of redeeming the Bonds.

As at 31 December 2002, the number of warrants remaining unexercised was 23,999,000.

25. Amounts payable to subsidiaries

The amounts payable to subsidiaries are unsecured, interest free with no fixed terms of repayment.

26. Prior year adjustment

(i) Dividends paid to shareholders (note 3(l))

During the financial year, the Group and Company changed its accounting policy with respect to the recognition of dividends proposed or declared after the balance sheet date in compliance with the new MASB Standard 19 'Events After Balance Sheet Date'. In previous financial years, dividends that were proposed or declared by the Directors after the balance sheet date (but before the financial statements were authorised for issue) were accrued as a liability in the balance sheet. The Group and the Company has now changed the policy to recognize as a liability only those dividends proposed or declared by the Board of Directors before the balance sheet date. Dividends when proposed or declared by the Board of Directors after the balance date but before the financial statements are authorised for issue will be accounted for in the next financial year.

(ii) Dividend income from subsidiaries (note 3(k))

The Company has also changed the dividend income recognition policy to recognise dividend income when the right to receive payment is established. With respect to the Company's dividend income from subsidiaries, under the new policy, the right to receive payment now coincides with the timing of recognition of the subsidiaries' dividend liability. Previously, dividend income was recognised when dividends were proposed or declared by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Prior year adjustment (continued)

The above changes in accounting policies have been accounted for retrospectively and resulting in cumulative adjustments to Group and Company's retained earnings as at 1 January 2002 and 2001 respectively as follows:-

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Dividends to shareholders	1,317,730	1,317,319	1,317,730	1,317,319
Recognition of dividends from subsidiaries	-	-	(1,800,720)	(2,400,753)
	<u>1,317,730</u>	<u>1,317,319</u>	<u>(482,990)</u>	<u>(1,083,434)</u>

Comparative information have been restated to conform to the changed policies:

	Group		Company	
	<u>As Restated</u>	<u>As previously stated</u>	<u>As restated</u>	<u>As previously stated</u>
	RM	RM	RM	RM
<u>Income statement for the financial year ended 31 December 2001</u>				
Revenue	-	-	6,755,639	6,855,887
Profit from ordinary activities before taxation	-	-	3,751,091	3,851,339
Taxation	-	-	(572,719)	(1,273,000)
Profit after taxation and net profit for the financial year	-	-	3,178,372	2,578,339
<u>Balance sheet as at 31 December 2001</u>				
Amount receivable from subsidiaries	-	-	77,297,722	79,098,442
Proposed dividend	-	1,317,730	-	1,317,730
Retained earnings	<u>40,682,129</u>	<u>39,364,399</u>	<u>(280,850)</u>	<u>202,140</u>

27. Segment information

The Group is organised on a worldwide basis into two main business segments:

- (i) Food and beverage - manufacture and marketing of a range of food and dairy products and soft drinks.
- (ii) Plantation - oil palm cultivation and production

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Segment information (continued)

(a) Primary reporting format – business segments

	Food and beverage RM	Plantation RM	Group RM
<u>2002</u>			
Sales			
External sales	240,541,610	1,257,583	241,799,193
	<u> </u>	<u> </u>	<u> </u>
Results			
Segment results (external)	12,856,126	214,306	13,070,432
Unallocated income			338,808
			<u> </u>
Profit from operations			13,409,240
Finance cost			(3,787,285)
			<u> </u>
Profit from ordinary activities before taxation			9,621,955
Taxation			(4,214,883)
			<u> </u>
Profit after taxation			5,407,072
Minority interest			702,545
			<u> </u>
Net profit for the financial year			6,109,617
			<u> </u>
Other information			
Segment assets	185,304,798	6,676,437	191,981,235
Unallocated assets			8,642,602
			<u> </u>
Total assets			200,623,837
			<u> </u>
Segment liabilities	58,489,032	99,715	58,588,747
Unallocated liabilities			34,381,760
			<u> </u>
Total liabilities			92,970,507
			<u> </u>
Capital expenditure	16,798,110	275,740	17,073,850
Depreciation and amortisation	12,279,023	223,920	12,502,943

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Segment information (continued)

(a) Primary reporting format – business segments (continued)

	Food and beverage RM	Plantation RM	Group RM
<u>2001</u>			
Sales			
External sales	232,704,633	561,752	233,266,385
	<hr/>	<hr/>	<hr/>
Results			
Segment results (external)	15,988,148	(390,529)	15,596,619
Unallocated income			278,472
			<hr/>
Profit from operations			15,875,091
Finance cost			(2,997,143)
			<hr/>
Profit from ordinary activities before taxation			12,877,948
Taxation			(3,756,413)
			<hr/>
Profit after taxation			9,121,535
Minority interest			732,228
			<hr/>
Net profit for the financial year			9,853,763
			<hr/>
Other information			
Segment assets	190,362,269	6,342,446	196,704,715
Unallocated assets			7,954,138
			<hr/>
Total assets			204,658,853
			<hr/>
Segment liabilities	64,770,558	81,712	64,852,270
Unallocated liabilities			35,650,473
			<hr/>
Total liabilities			100,502,743
			<hr/>
Capital expenditure	15,268,996	280,380	15,549,376
Depreciation and amortisation	11,278,646	210,549	11,489,195

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Segment information (continued)

(a) Primary reporting format – business segments (continued)

Unallocated income includes interest income and dividend from other investments. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash, and mainly exclude fixed deposits and investments. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

(b) Secondary reporting format - geographical segments

The Group operates in three main geographical areas.

- i) Malaysia* - manufacture and marketing of food and dairy products and soft drinks, plantation
- ii) China - manufacture and marketing of food products
- iii) Myanmar - manufacture and marketing of food products

* Company's home country

	Sales		Total assets		Capital expenditure	
	2002 RM	2001 RM	2002 RM	2001 RM	2002 RM	2001 RM
Malaysia	219,404,279	213,177,213	160,484,372	161,725,864	16,974,547	14,979,327
China	11,964,761	13,148,905	20,736,755	23,315,404	51,476	547,492
Myanmar	10,430,153	6,940,267	10,460,108	11,663,447	47,827	22,557
	<u>241,799,193</u>	<u>233,266,385</u>	<u>191,681,235</u>	<u>196,704,715</u>	<u>17,073,850</u>	<u>15,549,376</u>
Unallocated assets			8,642,602	7,954,138		
Total assets			<u>200,323,837</u>	<u>204,658,853</u>		

In determining the geographical segments of the Group, sales are based on the country in the which customer is located. There are no sales between the segments. Total assets and capital expenditure and determined based on where the assets are located.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Cash and cash equivalents

	<u>2002</u> RM	Group <u>2001</u> RM	Company <u>2002</u> RM	<u>2001</u> RM
Cash and bank balances	16,373,877	15,954,317	2,646,958	2,990,409
Fixed deposits with licensed banks	7,343,000	5,343,000	2,343,000	2,343,000
	<u>23,716,877</u>	<u>21,297,317</u>	<u>4,989,958</u>	<u>5,333,409</u>
Fixed deposits designated for the bonds redemption under sinking fund	(2,173,860)	(1,649,420)	(2,173,860)	(1,649,420)
Bank overdrafts (Note 19)	(250,171)	(426,543)	-	-
	<u>21,292,846</u>	<u>19,221,354</u>	<u>2,816,098</u>	<u>3,683,989</u>

The currency exposure profile of deposits, bank and cash balances is as follows:

- Ringgit Malaysia	20,805,813	4,365,840
- US Dollar	928,518	624,118
- Others	1,982,546	-
	<u>23,716,877</u>	<u>4,989,958</u>

The weighted average interest rate of fixed deposits with licensed banks that was effective at balance sheet date was as follows:

	Group <u>2002</u> %	Company <u>2002</u> %
Fixed deposits	<u>3.2</u>	<u>3.2</u>

Deposits of the Group and of the Company have an average maturity of 30 days.

Bank balances are deposits held at call with banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. Capital commitments

Authorised capital expenditure for the acquisition of property, plant and equipment not provided for in the financial statements are as follows:

	Group	
	<u>2002</u>	<u>2001</u>
	RM	RM
Contracted	-	3,298,497

30. Contingent liabilities (unsecured)

A guarantee has been provided by the Company to a bank for a subsidiary's borrowing facilities which amounted to RM5,010,000 at 31 December 2002 (2001: RM6,138,680).

31. Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

	Group	
	<u>2002</u>	<u>2001</u>
	RM	RM
(a) Sale of goods to PT Pacific Food Indonesia	<u>5,571,367</u>	<u>4,286,691</u>
Rebate on advertisement and promotion provided to PT Pacific Food Indonesia	790,765	766,302

PT Pacific Food Indonesia is a company wholly-owned by Datuk Pang Chin Hin, Pang Tee Chew, Pang Tee Suan and Pang Tee Nam, who are the Directors and major shareholders of Mamee-Double Decker (M) Berhad ("MDD").

		Group
	<u>2002</u>	<u>2001</u>
	RM	RM
(b) Sale of goods to Yang-Yang Co Ltd	947,567	1,084,642

Yang-Yang Co Ltd is a company wholly-owned by persons connected to Datuk Pang Chin Hin, Pang Tee Chew, Pang Tee Suan and Pang Tee Nam, who are the Directors and major shareholders of MDD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. Significant related party disclosures (continued)

	2002	Group
	<u>RM</u>	<u>RM</u>
(c) Purchase of raw materials from Pemprosesan Ayam S.H.	104,401	258,520

Pemprosesan Ayam S.H. is a sole proprietorship owned by Shariff bin Puteh, the son of Haji Puteh bin Talip, who is a Director of Pacific Food Products Sdn Bhd ("PFP"), a subsidiary of MDD.

32. Comparatives

Comparatives are not disclosed upon the first application of MASB Standard 24 – Financial Instruments: Disclosure and Presentation, as permitted by the Standard.

STATEMENT OF SHAREHOLDINGS As At 28 April 2003

CLASS OF SHARES	:	Ordinary Shares Of RM1.00 Each
AUTHORISED SHARE CAPITAL	:	RM500,000,000.00
ISSUED AND FULLY PAID-UP CAPITAL	:	RM61,403,000.00
VOTING RIGHTS	:	One (1) Vote Per Ordinary Share
NUMBER OF HOLDERS	:	4,323

A. Distribution of Shareholdings

<u>No. of Holders</u>	<u>Holdings</u>	<u>Total Holdings</u>	<u>Percentage (%)</u>
232	Less than 1,000	119,954	0.19
3,754	1,000 to 10,000	10,724,891	17.47
300	10,001 to 100,000	7,619,951	12.41
35	100,001 to less than 5% of issued shares	29,375,061	47.84
2	5% and above of issued shares	13,563,143	22.09
Total:	4,323	61,403,000	100.00

B. List of 30 Largest Shareholders

<u>No</u>	<u>Name</u>	<u>No. of Shares Held</u>	<u>Percentage (%)</u>
1	PANG TEE CHEW	9,896,069	16.12
2	PANG TEE SUAN	3,667,074	5.97
3	PANG TEE NAM	3,000,000	4.89
4	PANG TEE NAM	2,887,181	4.70
5	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Pang Tee Chew	2,700,000	4.40
6	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for Pang Chin Hin	2,241,666	3.65
7	PANG TEE SUAN	2,013,944	3.28
8	PERMODALAN NASIONAL BERHAD	1,783,333	2.90
9	PANG CHIN HIN	1,576,169	2.57
10	UOBM NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Pang Tee Chew	1,333,333	2.17
11	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Pang Chin Hin	1,333,333	2.17
12	PANG CHIN HIN	1,258,557	2.05
13	TIW LAN @ YONG TIW LAN	1,210,996	1.97
14	WONG KIE CHIE	1,070,000	1.74
15	PB SECURITIES NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Mohamed Nizam Bin Abdul Razak	983,333	1.60
16	TIW LAN @ YONG TIW LAN	814,886	1.33
17	PANG SOON PENG	775,000	1.26
18	PANG SOON LUAN	768,333	1.25
19	PANG SOON WAH	628,332	1.02

B. List of 30 Largest Shareholders (cont'd)

No	Name	No. of Shares Held	Percentage (%)
20	JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah	385,000	0.63
21	MALAYSIA EXPORT CREDIT INSURANCE BERHAD	250,000	0.41
22	JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lee Puay Ching	195,000	0.32
23	TUNKU OSMAN AHMAD	190,000	0.31
24	TCL NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Tee Keng Jin	178,000	0.29
25	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for Pang Soon Wah	170,000	0.28
26	DB (MALAYSIA) NOMINEE (TEMPATAN) SDN BHD Deutsche Bank AG Singapore PBD for Lim Yee Hoh @ Ah Jee Lim	166,667	0.27
27	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Cheng Huat	163,000	0.27
28	WOO MIN FONG	152,666	0.25
29	MOHAMED NIZAM BIN ABDUL RAZAK	150,000	0.24
30	GOH LEONG CHUAN	150,000	0.24
		42,091,872	68.55

C. List of Substantial Shareholders

Substantial shareholder	-----Ordinary shares of RM1-00 each-----			
	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Datuk Pang Chin Hin	6,409,725 ⁽ⁱ⁾	10.44	4,576,545 ⁽ⁱⁱ⁾	7.45
Pang Tee Chew	13,929,402 ⁽ⁱⁱⁱ⁾	22.69	245,998 ^(iv)	0.40
Pang Tee Suan	5,681,018	9.25	297,331 ^(v)	0.48
Pang Tee Nam	5,887,181	9.59	230,664 ^(v)	0.38

Note:

- (i) 2,241,666 and 1,333,333 ordinary shares of the Company are held through Malaysia Nominees (Tempatan) Sdn. Bhd. and Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. respectively.
- (ii) Deemed interested by virtue of his shareholding in Tanah Subor Sdn. Bhd., his wife's direct shareholding in the Company and indirect shareholding via Pacific Food Sales and Service Sdn. Bhd. and his daughters' direct shareholdings in the Company.
- (iii) 2,700,000 and 1,333,333 ordinary shares of the Company are held Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. and UOBM Nominees (Tempatan) Sdn. Bhd. respectively.
- (iv) Deemed interested by virtue of his shareholdings in Tanah Subor Sdn. Bhd., his wife's direct shareholdings in the Company and indirect shareholdings via Pacific Food Sales and Service Sdn. Bhd. and his daughter's and son's direct shareholdings in the Company.
- (v) Deemed interested by virtue of his shareholdings in Tanah Subor Sdn. Bhd., his wife's direct shareholdings in the Company and indirect shareholdings via Pacific Food Sales and Service Sdn. Bhd.

STATEMENT OF WARRANTHOLDINGS As At 28 April 2003

VOTING RIGHTS	:	One (1) Vote Per Warrant (In the meeting of Warrantholders)
NUMBER OF HOLDERS	:	947

A. Distribution of Warrantholdings

<u>No. of Holders</u>	<u>Holdings</u>	<u>Total Holdings</u>	<u>Percentage (%)</u>
28	Less than 1,000	12,881	0.05
820	1,000 to 10,000	2,351,164	9.80
81	10,001 to 100,000	1,972,000	8.22
13	100,001 to less than 5% of issued warrants	5,489,292	22.87
5	5% and above of issued warrants	14,173,663	59.06
Total:	<u>947</u>	<u>23,999,000</u>	<u>100.00</u>

B. List of 30 Largest Warrantholders

<u>No</u>	<u>Name</u>	<u>No. of Warrants Held</u>	<u>Percentage (%)</u>
1	PANG TEE CHEW	5,571,342	23.21
2	TANAH SUBOR SDN BHD	4,476,655	18.65
3	PANG TEE SUAN	1,500,000	6.25
4	PANG CHIN HIN	1,425,666	5.94
5	PANG TEE NAM	1,200,000	5.00
6	PANG TEE NAM	1,146,000	4.78
7	PANG TEE SUAN	768,407	3.20
8	PANG CHIN HIN	723,333	3.01
9.	TIW LAN @ YONG TIW LAN	571,553	2.38
10	JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah	510,000	2.13
11	PANG SOON WAH	320,000	1.33
12	PANG SOON PENG	310,000	1.29
13	PANG SOON LUAN	304,000	1.27
14	LEE THIAN FOOK @ LEE TIAN FOOK	209,000	0.87
15	JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lee Puay Ching	202,000	0.84
16	YAP SUI PHIN	180,000	0.75
17	TIW LAN @ YONG TIW LAN	133,999	0.56
18	KHAW THUAN SOON	111,000	0.46
19	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Hee Yuen Sang	70,000	0.29
20	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Sim Kay Huan	65,000	0.27
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account Yong Chew Pua	65,000	0.27
22.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Syarikat Lui Kim Chock Sdn Bhd	60,000	0.25

B. List of 30 Largest Warrantholders (cont'd)

<u>No</u>	<u>Name</u>	<u>No. of Warrants Held</u>	<u>Percentage (%)</u>
23	AMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chua Siew Keng	60,000	0.25
24.	QUAH LI WEI	55,000	0.23
25.	YAP SUI PHIN	50,000	0.21
26	SEAH HONG GHEE (GEE) @ CHAIR KOW	45,000	0.19
27.	WONG AH SENG	43,000	0.18
28	SIM KENG CHOR	43,000	0.18
29	SOH KOK HENG	42,000	0.18
30	AMSEC NOMINEES (ASING) SDN BHD Fraser Securities Pte Ltd for Ng Poh Guat @ Ng Poh Guan	40,000	0.17
		----- 20,300,955 =====	----- 84.59 =====

STATEMENT OF DIRECTORS' INTEREST IN THE COMPANY AND RELATED CORPORATIONS As At 28 April 2003

THE COMPANY

A. ORDINARY SHARES & SHARE OPTION GRANTED PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Directors	Ordinary Shares of RM1.00 each				No. of Options over Ordinary Shares of RM1.00 each	
	Direct Interest		Deemed Interest		Direct Interest	Deemed Interest
	No. of shares	%	No. of shares	%	No.	No.
Datuk Pang Chin Hin	6,409,725 ⁽ⁱ⁾	10.44	4,576,545 ⁽ⁱⁱ⁾	7.45	108,000	32,000 ^(vi)
Tunku Osman Ahmad	190,000	0.31	-	-	-	-
Pang Tee Chew	13,929,402 ⁽ⁱⁱⁱ⁾	22.69	245,998 ^(iv)	0.40	108,000	18,000 ^(vii)
Pang Tee Suan	5,681,018	9.25	297,331 ^(v)	0.48	130,000	5,000 ^(vii)
Pang Tee Nam	5,887,181	9.59	230,664 ^(v)	0.38	93,000	-
Mohamed Nizam Bin Abdul Razak	1,133,333 ^(vi)	1.85	-	-	-	-

Note:

- (i) 2,241,666 and 1,333,333 ordinary shares of the Company are held through Malaysia Nominees (Tempatan) Sdn. Bhd. and Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. respectively.
- (ii) Deemed interested by virtue of his shareholding in Tanah Subor Sdn. Bhd., his wife's direct shareholding in the Company and indirect shareholding via Pacific Food Sales and Service Sdn. Bhd. and his daughters' direct shareholdings in the Company.
- (iii) 2,700,000 and 1,333,333 ordinary shares of the Company are held through Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. and UOBM Nominees (Tempatan) Sdn. Bhd. respectively.
- (iv) Deemed interested by virtue of his shareholdings in Tanah Subor Sdn. Bhd., his wife's direct shareholdings in the Company and indirect shareholdings via Pacific Food Sales and Service Sdn. Bhd. and his daughter's and son's direct shareholdings in the Company.
- (v) Deemed interested by virtue of his shareholdings in Tanah Subor Sdn. Bhd., his wife's direct shareholdings in the Company and indirect shareholdings via Pacific Food Sales and Service Sdn. Bhd.
- (vi) Deemed interested by virtue of shares option granted under ESOS to his daughters.
- (vii) Deemed interested by virtue of shares option granted under ESOS to his wife.

STATEMENT OF DIRECTORS' INTEREST IN THE COMPANY AND RELATED CORPORATIONS As At 28 April 2003

B. WARRANTS 1998/2008

Directors	Warrants 1998/2008			
	Direct Interest		Deemed Interest	
	No. of warrants	%	No. of warrants	%
Datuk Pang Chin Hin	2,148,999	8.95	6,116,207 ⁽ⁱ⁾	25.49
Tunku Osman Ahmad	-	-	-	-
Pang Tee Chew	5,571,342	23.21	4,480,655 ⁽ⁱⁱ⁾	18.67
Pang Tee Suan	2,268,407	9.45	4,476,655 ⁽ⁱⁱⁱ⁾	18.65
Pang Tee Nam	2,346,000	9.78	4,483,655 ⁽ⁱⁱ⁾	18.68
Mohamed Nizam Bin Abdul Razak	-	-	-	-

Note:

- (i) Deemed interested by virtue of warrants held by Tanah Subor Sdn. Bhd., his wife and his daughters.
- (ii) Deemed interested by virtue of warrants held by Tanah Subor Sdn. Bhd and his wife.
- (iii) Deemed interested by virtue of warrants held by Tanah Subor Sdn. Bhd.

SUBSIDIARIES

1. MDD BEVERAGE SDN. BHD.

Directors	Ordinary Shares of RM1.00 each			
	Direct Interest		Deemed Interest	
	No.	%	No.	%
Pang Tee Nam	1	-	-	-

2. PACIFIC PLANTATIONS SDN. BHD.

Directors	Ordinary Shares of RM1.00 each			
	Direct Interest		Deemed Interest	
	No.	%	No.	%
Datuk Pang Chin Hin	6,001	0.13	20,000 ⁽ⁱ⁾	0.44
Pang Tee Chew	6,002	0.13	24,000 ⁽ⁱⁱ⁾	0.53
Pang Tee Suan	17,000	0.38	-	-
Pang Tee Nam	-	-	20,000 ⁽ⁱⁱ⁾	0.44

Note:

- (i) Deemed interested by virtue of shares held by his wife and his daughter.
- (ii) Deemed interested by virtue of shares held by his wife.

By virtue of their interests in the shares of the Company, Datuk Pang Chin Hin, Pang Tee Chew, Pang Tee Suan and Pang Tee Nam are also deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

LIST OF PROPERTIES HELD

The details of the landed properties owned by MDD Group are as follows :

Location	Description	Existing use	Approximate age of building (Year)	Land Area	NBV as at 31.12.2002 (RM)
Plot 1 & Plot PT3659, Mukim of Bukit Katil, District of Melaka Tengah Melaka	Leasehold industrial building (99 years expiring 15.07.2070 & 27.02.2090)	Factory/ Head Office	28	2.54 acres (Built-up : 80,000 sq. ft.)	4,707,897
Lots 6998S & 6999S, Bandar Ipoh, Daerah Kinta Perak Darul Ridzuan	Freehold two-storey intermediate shophouses	Vacant	20	3,080 sq. ft. (Built-up : 2,200 sq. ft.)	176,396
Lot PTD, 10081, HS(D) 12482, Township of Johore Bahru, Johor Darul Takzim	Freehold two-storey intermediate shophouses	Vacant	22	1,540 sq. ft. (Built-up : 2,700 sq. ft.)	166,406
GM 6374, PT 20705 Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur	Freehold two-storey corner terrace house	Vacant	19	2,228 sq. ft. (Built-up : 1,400 sq. ft.)	103,925
Lot No : 8177 Town of Seremban District of Seremban Negeri Sembilan	Freehold two-storey end-terrace shophouses	Vacant	27	1,600 sq. ft. (Built up : 3,060 sq. ft.)	109,975
PT 10182 HS (D) 3990 Mukim of Kuala Kuantan District of Kuantan Pahang Darul Makmur	Leasehold industrial building (66 years expiring 1.1.2045)	Factory/ Office	24	5.129 acres (Built up : 48,800 sq. ft.)	1,790,215
Lot 203 & Lot 204 Pengkalan Maju Industrial Park Mukim Maju Kinta, Perak.	Leasehold 1½ storey industrial building (99 years expiring 18.7.2092)	Office/ Store	7	20,000 sq. ft. (Built-up : 5,810 sq. ft.)	434,990
No. 9, 1130 Lane, TongPu Road, PuTuo District, Shanghai China 200333	Leasehold 3 storey industrial building (50 years expiring 15.08.2050)	Office/ Store	3	2,923.25 sq. meter (Built-up : 2,102 sq. meter)	2,610,110
CL24531946 District of Kunak, Sabah	Leasehold cocoa plantation (99 years expiring 31.12.2071)	Plantation		1,000 acres	5,690,619
Lot PT13, Mukim of Bukit Katil, District of Melaka Tengah Melaka	Leasehold industrial building (99 years expiring 13.06.2071)	Factory	20	2 acres (Built-up : 95,000 sq. ft.)	3,373,675
H.S.(M) 9720, PT 11551, Sek.13, Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	Leasehold industrial building (99 years expiring 23 August 2086)	Factory/office	15	3.08 acres	6,085,745

LIST OF PROPERTIES HELD (CONTINUED)

Location	Description	Existing use	Approximate age of building (Year)	Land Area	NBV as at 31.12.2002 (RM)
Lot 793, Mukim of Damansara, District of Petaling	Freehold industrial land	Office/ Store	8	2.87 acres	13,234,530
Lot 794, Mukim of Damansara District of Petaling	Freehold industrial land	Vacant		2.875 acres	2,459,008
PT 10034, HS (D) 3928, Mukim of Kuala Kuantan District of Kuantan Pahang Darul Makmur	Leasehold industrial building (66 years expiring 18.07.2044)	Office/ Store	19	6,424 sq. ft. (Built-up : 8,721 sq. ft.)	126,684
Lot 9 & 10, Air Keroh Industrial Estate Phase IV Air Keroh, Melaka	Leasehold industrial land (99 years expiring year 2091)	Vacant		517,806 sq. ft.	3,259,155
Luzhi Economic Development Zone Luzhi Town Wu County Suzhou Jiang Su Province China, 215127	Leasehold (50 years expiring year 2042)	Factory/ Office		2.2 Hectares	5,999,607
Level 1, Block AD, Good Year Court 10, Subang Perdana, Phase 9, Selangor	Apartment	Apartment			176,631
Lot 35, Kawasan Perusahaan Pengkalan Chepa 2, Mukim Pachor, Seksyen 44, Kota Bahru	Leasehold 2 storey building (66 years expiring 19.12.2060)	Warehouse/Office	5	11,000 sq. ft.	976,417
Lot 4338, Mukim Bukit Katil Daerah Melaka Tengah Melaka	Leasehold 1 storey industrial building (expiring 30.05.2072)	Warehouse	27	150,523 sq. ft.	6,407,635
Plot No.41, Trunk Road, Pyinmabin Industrial Complex, Mingaladon Township, Htauk Kyant Yangon Myanmar	Leasehold (25 years expiring year 2022)	Warehouse/ Office	5	17,011 sq. metres	2,512,864
Lot 259 Tebrau IV Industrial Area, Johor Bahru, Johor Darul Takzim	Leasehold industrial land (99 years)	Vacant		2.456 acres	1,735,141
					62,137,625

BRANCH NETWORK

The Group now has a widening branch network that spans across Peninsula Malaysia and East Malaysia. With an increasing number of branches strategically located in the main towns, we are able to serve our dealers and retailers more effectively and efficiently.

Our sales network includes over 150 sales vans to directly service numerous outlets.

- **PENANG**
ADD: Plot 88C, Phase 4, Mukim 12,
Kawasan Perusahaan Bayan Lepas,
11900 Pulau Pinang
Tel : 04-6436345/6461129
Fax : 04-6469032
- **KUANTAN**
ADD : Lot 28, Kawasan Perindustrian Semambu
25350 Kuantan, Pahang Darul Makmur
TEL : 09-566 7662
FAX : 09-566 5493
- **IPOH**
ADD : No 14, Off Jalan Persiaran
Kilang Pengkalan 28,
Kawasan Perindustrian Pengkalan Maju
31500 Pengkalan Ipoh
Perak Darul Ridzuan
TEL : 05-322 2318/9886
FAX : 05-322 9885
- **MELAKA**
ADD : Lot 1 Air Keroh Industrial Estate
75450 Melaka
TEL : 06-232 4466-9
FAX : 06-231 2812
- **JOHOR BAHRU**
ADD : No 4, Jalan Arung
Kawasan Perindustrian Taman Johor
81200 Johor Bahru
Johor Darul Takzim
TEL : 07-236 6610/3
FAX : 07-238 2917
- **MENTAKAB**
ADD : No 16 & 17, Jalan Seraya
Taman Rimba, 28400 Mentakab
Pahang Darul Makmur
TEL : 09-278 3309/277 8997
FAX : 09-277 8997
- **KOTA BAHRU**
ADD : Lot 35,
Kawasan Perusahaan Pengkalan Chepa II
Mukim Panchor, Seksyen 44,
Daerah Kemumin, 16100 Kota Bahru
Kelantan Darul Naim
TEL : 09-774 2811/6388
FAX : 09-774 1197
- **SEREMBAN**
ADD : No 4, Jalan Lombong Emas 12
Seremban Light Industrial Park 2
Jalan Tun Dr Ismail
70200 Seremban
TEL : 06-761 1850
FAX : 06-764 9451
- **KUALA TERENGGANU**
ADD : Lot 12042, Kampung Banggol Pauh
21300 Kuala Nerus, Kuala Terengganu
Terengganu Darul Iman
TEL : 09-667 1698
FAX : 09-667 1695
- **SABAH**
ADD : 1/3 Lot 17, Block C
Inanam Business Centre
Mile 6, Jalan Tuaran
88450 Kota Kinabalu
TEL : 088-422834
FAX : 088-429 469
- **SUBANG JAYA**
ADD : Lot 793, Off Jalan SS 13/1K
Mukim Damansara
47500 Subang Jaya, Selangor
TEL : 03-5632 5588
FAX : 03-5631 0822
- **SARAWAK**
ADD : Lot 7576, 1st Floor
Wisma Hii Yii Ngilik
Jalan Kwong Lee Bank
93450 Kuching Sarawak
TEL : 082-337 166
FAX : 082-334 391

MAMEE-DOUBLE DECKER (M) BERHAD

(Incorporated in Malaysia - Co. No. 222363-T)

FORM OF PROXY

I/We _____ of _____

_____ being a member/members of MAMEE-DOUBLE DECKER (M) BERHAD do hereby appoint _____ (IC.No. _____)

of _____

or failing him, _____ (IC.No. _____)

of _____ or

failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held on Tuesday, 17 June, 2003 at 11:00 a.m. at the Orchid Room, Level 6, Eden Garden Hotel, Kompleks Bebas Cukai Johor Bahru, No. 88, Jalan Ibrahim Sultan, Stulang Laut, 80300 Johor Bahru, Johor Darul Takzim and at any adjournment thereof.

No.	RESOLUTION	FOR	AGAINST
1	Receipt of Audited Financial Statements and Reports.		
2	Re-appointment of Director - Datuk Pang Chin Hin		
3	Re-appointment of Director - Tunku Osman Ahmad		
4	Re-election of Director – En. Mohamed Nizam Bin Abdul Razak		
5	Approval of Directors' Fees.		
6	Declaration of Final Dividend.		
7	Re-appointment of PricewaterhouseCoopers as Auditors		
Special Business:			
8	Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		

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

Number of shares held

Dated this _____ day of _____ 2003.

Signature of Member/Members

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time set for the Meeting.

fold

STAMP

THE COMPANY SECRETARY
MAMEE-DOUBLE DECKER (M) BERHAD
(Co. No. 222363-T)
Suite 1301, 13th Floor, City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor Darul Takzim

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