

11. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

KBB RESOURCES BHD (583565-U)



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Registered Office:

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Jalan Sultan Ahmad Shah
10050 Penang

26 January 2004

The Shareholders
KBB Resources Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of KBB Resources Berhad ("KRB" or the "Company"), I report after due enquiry that during the period from 31 July 2003 (being the date to which the last audited financial statements of the Company and its subsidiary companies have been made up) to 26 January 2004 (being a date not earlier than fourteen days before the issue of this Prospectus): -

- (a) the business of the Company and its subsidiary companies have, in the opinion of the Board of Directors, been satisfactorily maintained;
- (b) in the opinion of the Board of Directors, no circumstances have arisen subsequent to the last audited financial statements of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or any of its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiary companies;
- (e) since the last audited financial statements of the Company and its subsidiary companies, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which we are aware of; and
- (f) since the last audited financial statements of the Company and its subsidiary companies, save as disclosed in the Accountants' Report and proforma consolidated balance sheets of KRB as at 31 July 2003 enclosed in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiary companies.

Yours faithfully,
For and on behalf of the Board of Directors of
KBB RESOURCES BERHAD


Ang Cho Teing
Group Managing Director

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

Investors are advised to read the full report which is available at the registered office of KRB. The following is only an Executive Summary of the full report.



Date: 26 January 2004

This Executive Summary has been prepared for inclusion in the Prospectus dated 30 January 2004 pursuant to the listing of KBB RESOURCES BERHAD (“KRB”) on the Second Board of Malaysia Securities Exchange Berhad (“MSEB”).

This Executive Summary has been prepared with the intention to provide an overview of the industry as well as the operations of the company within the industry. ACNielsen had conducted the research as an independent third party, basing its Independent Market Research Report on publicly available information and economic trends at the point in time when the Independent Market Research Report was prepared to indicate the future direction of the industry.

A handwritten signature in black ink, appearing to read 'Lee Joo Lee', written over a dotted line.

Lee Joo Lee

Executive Director, Customised Research
ACNielsen (Malaysia) Sdn Bhd



1. EXECUTIVE SUMMARY

1.1 Company Background

1.1.1 Business Overview

The **KRB** group of companies started business as a sole proprietorship known as Bersatu Kilang Bihun in 1984. Subsequently, the business was converted into Kilang Bihun Bersatu Sdn Bhd (“KBB”) in 1988. KBB is currently in its 15th year of operations, having commenced operations in 1988. KBB began operations in Tasek Gelugor, Seberang Prai, Penang producing vermicelli products in the late 80’s. Today, it has grown to be one of Malaysia’s leading producers of vermicelli products with in-house integrated manufacturing facilities and services occupying a combined build-up area of 20,744¹ square meter of factories located at Kuala Ketil Industrial Estate, Tasek Gelugor and Sibu. The Kuala Ketil factory was completed in 2001 and began commercial production in 2002 while the Group’s newest factory in Sibu commenced commercial production in December 2002. The Group’s factories offer facilities and services that include storage, mixing, steaming, forming, cutting, drying and packaging. The Group’s head office is located at Lot 208, Kuala Ketil Industrial Estate, Phase II, 09300 Kuala Ketil, Kedah and is responsible for the manufacturing, sales, marketing, distribution and other back-office support functions.

1.1.2 Principal Products

Products manufactured by the **KRB** Group include rice and sago mixed vermicelli². The Group caters predominantly for the domestic market. All the products produced for local consumption are sold to wholesalers and retailers.

The **KRB** Group’s advanced manufacturing technology enables it to gain a wide acceptance in the domestic market. Over the years, its reputation for reliability and quality output has gained the support of wholesalers and local agents.

The Directors of KRB believe that the **KRB** Group’s products are different from most

¹ Total area of owned and rented property.

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other vermicelli³ products found in the market. This is due to:-

- The unique mixture of rice and sago, which makes the vermicelli product less brittle, more tension and tastier;
- The focus on sago quality and a higher starch content ensure that the vermicelli produced is smoother; and
- The **KRB** Group's manufacturing technology ensures consistency in the quality of vermicelli produced.

1.1.3 Major Customers

The **KRB** Group has a wide and diversified range of customers, which consist of wholesalers and retailers. The vermicelli industry is stable as vermicelli is generally considered a staple food.

1.1.4 The People

The **KRB** Group regards its people as an integral part of its business operations, having a total staff strength of 317 personnel and 83 contract workers, as of 31 December 2003. The Group is however, conscious of the need to constantly train its employees to maintain a competitive edge over its competitors.

1.1.5 Product Development

The Group believes that innovation is one of the key factors that sets it apart from competitors. Hence, Product Development activities are carried out to improve current products as well as introduce new products that provide customer satisfaction with:-

- Enhanced quality and durability of products; and
- Better taste

² Denotes as the existing products of the **KRB** Group including product under development which falls within the vermicelli category of products.

³ Denotes as the industry's products including but not limited to rice sticks, bihun, laksa, instant vermicelli, rice noodles and other rice and sago based product.

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Product Development activities are also carried out at the technical aspect of the manufacturing process in order to have a shorter production cycle and/or lower production and operational cost using new techniques and machinery.

According to **KRB's** management, the Group has invested a total of RM175,000 in Product Development from 2000 – 2002, with an additional RM132,000 for the year ended 31 December 2003.

1.2 Industry Overview

The actual size of the entire food manufacturing industry cannot be ascertained accurately since many of the local food manufacturers are small or medium-sized family-run businesses and hence operational information are tightly held. The overall output value of the Malaysian food manufacturing industry was estimated at RM38.8 billion in 1997⁴ and RM47.4 billion in 2000⁵, achieving an output growth rate of 22.2%.

As mentioned above, the food manufacturing industry is a very diverse industry, covering a wide range of products. These products have been grouped into this industry as they share one commonality, **which is the use of agricultural output as their basic raw material**. Agricultural output is transformed into a variety of food products ranging from canned food to vegetable oil.

Based on available industry information for the last 5 years (1998-2002), the annual turnover growth rate for the **entire** food industry is 8.9%⁶. The mee-hoon, noodles and related product sector grew at 6.4% for the period of 1997-2000. During the same period the sector underwent consolidation, where the number of establishments in this sector fell by 14.0% as many of these manufacturers are small to medium-sized family run enterprises which have failed to weather the onslaught of the economic crisis. During this period, the **KRB** Group has remained profitable and further analysis will indicate that the **KRB** Group has actually

⁴ Department of Statistics – Annual Survey of Manufacturing Industries (1998); published 1999

⁵ Department of Statistics – Census of Manufacturing Industries (2001); published 2002

⁶ Index of Industrial Production, Department of Statistics

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increased its market share in this specific sector⁷. On top of that, the higher Malaysia's GDP growth projections for 2003 and 2004 at 4.5% and 5.5-6.0% respectively, is expected to have a positive impact on the entire food industry as well as have a positive spill-over effect on the future growth of the meehon, noodle and related products sector. Food and clothing are termed as necessities in today's modern society that form the 'core' component of consumer spending and therefore, are unlikely to be drastically impacted by major economic slowdowns. In addition, efforts by local and overseas Governments to boost their individual domestic economy will help to mitigate any significant negative impacts to this sector.

The Malaysian vermicelli manufacturing industry is a subsector of the meehon, noodles and related products ("meehon") sector, which in turn is a subsector of the food industry. The meehon sector is a niche industry, contributing approximately 1.3%⁸ to the total output of the food manufacturing industry.

1.2.1 Vermicelli Industry Trends

The vermicelli sector sustained a slight decline in output for the 3-year period between 1997 – 1999⁹. The Asian Financial Crisis (1997 – 1998) and other global economic uncertainties are some of the major factors contributing to this drop. However, the sector recovered in 2000 in line with the economy.

In terms of average output per company, the industry saw an increase from RM1.61 million in 1997¹⁰ to RM2.24 million in 2000. This increase is due to the reduction in the number of establishments, as can be seen from the analysis in the table below. The analysis also indicates that the food manufacturing industry has a higher average output per player, as compared to the vermicelli manufacturing sub-sector. The food manufacturing industry's average output per player grew from RM12.2 million per player in 1997 to RM16.2 million per player in 1999 before declining slightly to RM15.1 million per player in 2000. The Group's average annual output from 1997 to 2000 amounted RM20.39 million, far exceeding

⁷ From 1997 to 2000, the gross output of the entire meehon, noodle and related products segment grew 6.4% per annum. For the same period, the KRB Group's turnover increased by an average 16.5% per annum

⁸ Department of Statistics, Malaysia. For the year 2000.

⁹ Ibid

¹⁰ 1998 Annual Survey of Manufacturing Industries, Department of Statistics, Malaysia.

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the food manufacturing and meehon industry norm.

Table 1 Analysis of Gross Output by sector/ per player, and increase / decrease from 1997 to 2000.

	1998 Annual Survey			2000 Annual Survey			Census of Manufacturing Industries 2001		
	No. of Players	Gross Output (RM' mil)	Average Output per player (RM' mil)	No. of Players	Gross Output (RM' mil)	Average Output per player (RM' mil)	No. of Players	Gross Output (RM' mil)	Average Output per player (RM' mil)
Meehon, Noodle and Related Products	314	507	1.61	299	506	1.69	270	604	2.24
Total Food Industry	3,176	38,826	12.2	3,121	50,658	16.2	3,018	45,574	15.1

Source : Department of Statistics

Based on the 8MP and OPP3 projections for the manufacturing sector and the Malaysian Government's ("Government") efforts to improve the overall economy, it is expected that the vermicelli industry will continue to record positive growth rates from the year 2003 onwards in line with the expected global economic recovery. Similarly, the Government's continuous effort in promoting Malaysian made products in the global marketplace will further substantiate the overall industry growth for the vermicelli industry. In 2002, Malaysia exported RM4.1 million worth of vermicelli products, representing an increase from the previous year, with a total value of RM2.5 million.

Major export countries for Malaysia's vermicelli manufacturing industry in 2002 include Brunei, which absorbs 45.7% of the total export value, followed by Singapore at 38.0%, Indonesia at 6.2%, Thailand at 4.8%, Mauritius at 3.6% and Philippines at 1.7%.¹¹

As the Malaysian Department of Statistics uses the Standard International Trade Classifications ("SITC") Code for capturing export / import data, all of the **KRB** Group's

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operations fall under the 'vermicelli, others' category, specifically the code of 098.912.290 – Vermicelli, others.

The **KRB** Group's focus is still mainly on the domestic market due to its strategy to reduce Malaysia's import of vermicelli. Therefore, the Group is still "insulated" from any decline in business due to the global economic slowdown. Moving forward, as the Group produces quality products at reasonable prices i.e. viewed by consumers as being good value for money, the **KRB** Group is expected to benefit from a recovery in economic conditions, when consumer spending picks up again.

Imports for the vermicelli category reached RM39.7 million in 2002. This represents an increase from RM36.6 million in 2001.

In 2002, the main source of imports for vermicelli products is Thailand, which accounted for 77.3% of imports, followed by China at 22.6% and Hong Kong at 0.1%¹².

Based on the above statistics of total Malaysian export and import of vermicelli products, it can be seen that Malaysia is a **net importer**, and can hardly be deemed as a major player in the international trade arena. As such, the local market can provide the Group room for growth, besides the bigger arena of the global market place.

1.3 Market Demand

In the **meehon, noodles and related products sector**, demand for vermicelli¹³ is believed to be generally stable as vermicelli is considered a staple food. Vermicelli is consumed by all races in Malaysia.

Factors that impact demand for meehon, noodles and related products include –

- Economic stability – During periods of economic downturn, consumers tend to choose quality products that are more value for money. However, food and clothing are termed

¹¹ MITI Resource Centre

¹² MITI Resource Centre

¹³ Denotes as the industry's products including but not limited to rice sticks, bihun, laksa, instant vermicelli, rice noodles and other rice and sago based product.

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as necessities and as such, economic slowdown will not drastically impact spending on these items.

- Population growth – The continued growth of the world population and in particular the Malaysian population will increase the consumption of staple food, such as vermicelli.
- Product substitution – There is availability of staple products such as rice and other staple food made from flour such as noodle and bread will impact the demand for vermicelli.
- Government legislation – Policy changes in the Control of Paddy and Rice Act, 1974 may create fluctuation in supply and prices of rice and this may shift demand for other staple food such as vermicelli.
- Elasticity of Demand – The market demand for products can be linked to several factors including consumer tastes, income levels, expectations, availability of other products and the number of consumers in the market.

There is no assurance that the above factors will not have any negative effect on the **KRB** Group's operations. However, the Group seeks to minimise these risks through Product Development, continuous production process improvement, consumer market research, investing in new technology machinery and expanding into the local and export market.

1.3.1 Market Share

There are a total of 270¹⁴ major players in the meehon, noodles and related sub-sector in Malaysia. This translates into an average market share of approximately 0.4% each, *ceterus paribus*. The **KRB** Group's estimated market share of 4.0%¹⁵ as compared against total production for the meehon, noodles and related products sector is still above the computed 0.4% industry average. This places the **KRB** Group in the upper quartile of meehon, noodles and related manufacturers. This is a clear indication that the **KRB** Group is one of

¹⁴ Census of Manufacturing Industries 2001, published December 2002

¹⁵ Based on 2000 gross output of macaroni, noodles and similar products provided by Census of Manufacturing Industries (2001); published 2002 and the **KRB** Group's 2000 cost of sales.

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the market leaders for the mee-hoon, noodles and related sector. Since currently there are few significant vermicelli manufacturers apart from the KRB Group, it is clear that the Group is one of the leaders for this sub-sector. In conclusion, due to the KRB Group's position as one of Malaysia's leading vermicelli manufacturers, the Group finds that it has few significant local competitors in the same category.

1.4 Economic Outlook¹⁶

Following a series of adverse events in the first half of 2003, there are now increasing signs of a renewed recovery. The latest World Output projections from IMF are as follows –

Table 2 World Economic Outlook – Real GDP Annual Percent Change

(%)	1997	1998	1999	2000	2001	2002	2003	2004
World	4.2	2.8	3.6	4.7	2.3	3.0	3.2	4.1

Source: IMF

With major hostilities in Iraq indeed ending quickly, forward-looking indicators are generally positive, with equity markets strengthening markedly, accompanied by some pickup in business and consumer confidence, particularly in the United States ("US"). There *was* evidence of a rebound in the global economy, with global Gross Domestic Price ("GDP") growth expected at 3.2% in 2003, rising to 4.1 % in 2004. Concurrent data initially remained weak, with industrial production and trade growth slowing markedly in the second quarter, reflecting continued aftereffects of the bursting of the equity price bubble and particularly in Asia- the impact of Severe Acute Respiratory Syndrome ("SARS").

Most recently, however, there have been growing signs of a pickup in activity including investment particularly in the US, Japan and some emerging market countries, notably in Asia. With inflationary pressures very subdued, macroeconomic policies have been eased further across the globe. Interest rates have been reduced in Europe and the US, as well as in number of other industrial and emerging market countries; and fiscal policy has been further relaxed in the US and a number of Asian countries.

¹⁶ IMF World Economic Outlook, September 2003; IMF World Economic Outlook, April and September 2002; Bank Negara Malaysia Report 2002.

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The outlook for emerging markets continues to be driven to different extents by developments in industrial countries, external financing conditions, geopolitical factors and country-specific developments. In emerging markets in Asia, with the effects of SARS now waning, growth is expected to pick up in the second half of 2003 and remain strong in 2004, aided by timely additional policy easing and continued robust growth in China.

Among the industrial countries, recovery will continue to be led by the US where despite a weak labor market and considerable excess capacity- current data have shown greatest signs of improvement, forward-looking indicators are strongest, and there is the most policy stimulus in the pipeline.

Other positive support activities that have and will continue to aid the global economy towards a speedier recovery include:

- Continued accommodative policies such as the easing of the monetary policies of major countries,
- The resilience of the global financial infrastructure to a variety of substantial shocks; and
- Strengthening economic fundamentals in many countries, especially in Asia.

In the longer term, aggressive monetary and fiscal policy responses by major advanced economies and developing countries should bring world growth back on track. The Malaysian economy expanded by 4.2% in 2002 (2001: 0.4%)¹⁷. This recovery was mainly driven by strong consumption spending and supported by external demand following the general overall recovery in the global economy.

Due to the effect of globalisation, the **KRB** Group's business prosperity hinges on the health of the global economy as well as domestic economic wellbeing. While the Group does not export its products to US or Europe, the global impact of the slowdown in those regions of the world will inadvertently impact the progress made in the Asian region, as the forces of supply and demand link these regions together. However, the impact of this on the Group's business as can be seen from the financial performance is less apparent¹⁸. The developments in the overall Malaysian manufacturing industry also impact the **KRB** Group as the Group's plants are located in Malaysia, thus favourable Government incentives and support will help the Group in expanding its business both abroad and locally.

¹⁷ Bank Negara Malaysia Report 2002.

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During times of global economic slowdown, further analysis will reveal that major impacted goods and services will be luxury items and “big-ticket” items, leisure, and other non-necessity goods that are highly priced. **However, food and clothing are termed as necessities in today’s modern society, which make up the ‘core’ of consumer spending. As such, any economic slowdown will not drastically impact these spending. Similarly, as consumers begin to be more discerning in their purchases, good quality and value for money products will become highly demanded. The KRB Group produces quality products¹⁹ and stands to benefit from any negative turn of events. The Group has in the past weathered the Asian Financial Crisis (1997 – 1998) based on the quality and pricing of its products as well as good customer service.**

1.4.1 The Malaysian Economy

1.4.1.1 Current²⁰

After experiencing sluggish growth in 2001, the Malaysian economy rebounded strongly in 2002. Higher growth in 2002 bolstered optimism for a stronger economic performance in 2003 in anticipation of an improved world economic outlook. The prospect for a global economic recovery was, however, affected by recent geopolitical developments, in particular the war in Iraq, sporadic incidences of militancy and outbreak of the SARS. During the second quarter of 2003, consumer and business sentiments in regional economies were particularly affected by the anxiety of a probably prolonged and widespread SARS epidemic that curtailed transport and tourism-related activities besides trade and investment flows.

Against this adverse global environment and concerns of further weakening of the already sluggish global economy, the Government has put in place a package of broad-base pro-growth measures in May 2003. The Government’s proactive stimulus package, apart from providing immediate relief for the SARS-affected sectors, was to address structural and organisational issues towards sustaining economic growth in the medium and longer term. The strategic measures introduced boosted confidence necessary to stimulate domestic

¹⁸ PBT for the KRB Group has been on the uptrend from 1998-2002

¹⁹ The KRB Group has increased its turnover from RM27 million in 1998 to RM55 million in 2002, which proves that its products are gaining acceptance in the market.

²⁰ Economic Report 2003/2004

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consumption and investment. In addition, the short war in Iraq and the quick containment of SARS provided the much-needed relief for the economy to ride over the difficult times and remain on track to a firmer growth trajectory.

Malaysia's sound economic fundamentals and expansionary fiscal and accommodative monetary policies, supplemented by the Government's proactive stimulus package, have helped to sustain high growth in the GDP. After expanding 4.5% in the first half of 2003 and with prospects of sustained growth in the second half of 2003, the economy is set to achieve its targeted growth of 4.5% in 2003, higher than the 4.1% in 2002.

The economy is expected to be driven by stronger domestic demand reinforced by a modest pick-up in external demand in the second half of 2003. Exports will continue to be buoyed by global economic recovery and the upturn in electronics, especially in information technology-related products and equipment. On the domestic front, consumer spending continues to pick up, on account of favourable commodity prices, positive wealth effect from better stock market performance as well as stimulus packages introduced in May 2003. All sectors registered positive growth with manufacturing and services driving the economy.

1.4.1.2 Longer Term Outlook²¹

World growth and trade are expected to improve with most economic activities returning to normalcy. Business confidence and sentiment will, however, be cautiously optimistic against the backdrop of threats from terrorist attacks. World growth still hinges on the modest performance of the US economy with the Euro area still marked by relative weakness although Japan, the world's second largest economy, is showing signs of a more definitive path of sustained positive growth. Overall, indications point towards an improved outlook and higher optimism for 2004 despite the downside risks. Upbeat stock market activities across major bourses into the second half of 2003 should bolster optimism for a firmer global economic recovery. Thus, world economy is expected to post a higher growth of 4.1% with the US, Euro area and Japan registering growth of 3.6%, 2.3% and 1%, respectively in 2004.

On the regional front, with the containment of SARS and the positive impact following the

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implementation of various economic relief packages introduced by SARS-affected countries, regional growth is envisaged to further accelerate in 2004. Together with most of the ASEAN economies gaining strength and with intra-regional trade expanding, the Malaysian economy is forecast to register a faster growth in 2004. Measures will be taken to develop and transform the agriculture and rural sector into a more dynamic income-generating economic base, with the agriculture sector being identified as the third engine of growth for the country. This sector is expected to capitalise on the Government's pro-growth measure to unveil its potential and contribute higher value-added to the economy.

Growth is expected to be broad-based with all sectors in the Malaysian economy registering higher output with services and manufacturing continuing to spearhead growth. Growth is also expected to emanate from the domestic sector as well as pick-up in the external sector, following improved world prospects. Following the introduction and implementation of comprehensive measures to enhance the vibrancy of the economy and the medium and long-term competitiveness of the private sector, the private sector is envisaged to drive economic growth in 2004 with private expenditure expected to be robust at 7.5% and further acceleration in private investment of 9.9%.

The strengthened macroeconomic fundamentals and a more broadly balanced economic structure with emerging new sources of growth will provide the foundation for sustained higher growth. Alongside pragmatic macroeconomic management and the pro-growth measures in place to support private sector initiatives, 2004 Budget will further enhance competitiveness and reinforce the resilience of the economy against likely destabilising external factors and garner higher economic growth for the country. The Malaysian economy is, therefore, targeted to achieve a stronger GDP growth of 5.5% - 6% for 2004.

1.5 Growth Strategies

The Group aims to be the leading provider of vermicelli products in Malaysia. The company emphasizes customer satisfaction, reliability, quality, innovation, integrity and teamwork. With such traits, it is worth noting that the Group's top 10 customers have had business

²¹ Economic Report 2003/2004

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relationship with the Group for 9 years or more²².

1.5.1 Export Markets' Growth Strategies

In order to generate demand for the **KRB** Group's products, the Group's priority in terms of expansion would be the mass market of Asian countries, where consumers are generally familiar with vermicelli as a staple food.

The **KRB** Group started expanding its market by exporting to Indonesia, Singapore and Brunei in 2002. Other expansion plans include exporting to new destinations such as Thailand in the medium term. On a longer-term basis, the **KRB** Group also plans to expand into other Asian countries such as Philippines as well as EU and US. The management would ultimately like to have a foothold in every country that purchases vermicelli products.

This move will prove beneficial to the **KRB** Group as it will provide the **KRB** Group with a diversified earnings base as well as increased earnings potential.

1.5.2 Malaysian Market's Growth Strategies

In terms of local diversification plans, the Group has also set up a factory in Sibu, Sarawak and the factory commenced commercial production in December 2002. With this, the **KRB** Group will be able to price its products competitively in East Malaysia due to the reduction in transportation costs and hence increase its market share in the East Malaysian market.

1.6 Future Outlook

The **KRB** Group's integrated vermicelli manufacturing and marketing business operations is in itself a force to reckon with. In reviewing the **KRB** Group's plans for the future and its current business strategies, the Group can expect strong growth and profitability in the near to medium term. The **KRB** Group has remained focused on its core businesses as an integrated vermicelli manufacturer, rather than diversifying during the 1993 property sector boom, therefore remaining profitable even during the Asian Financial Crisis between 1997-

²² Based on sales of the Group for the financial year ended 31 December 2002

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1998. The Group's focus on Product Development, continuous production process improvement and consumer market research will enable the Group to respond quickly to any changes in consumer tastes. The **KRB** Group's investments in new technology machinery will reduce its dependence on manual labour and increase production efficiency. The Group's future strategy to move into additional geographical areas and expanding the local and export markets also acts as an added insurance against economic volatility. In addition, this prepares the Group for the onslaught of globalisation and trade liberalisation.

In summary, the extensive investment that the Group has undertaken to be at the technical vanguard of the vermicelli industry has placed the Group one step ahead of its competitors. This good reputation has also allowed the Group to increase profitability despite economic challenges.