

# ANNUAL REPORT 2009



**JOHORE TIN BERHAD**

COMPANY NO: 532570-V  
INCORPORATED IN MALAYSIA





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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Ninth Annual General Meeting of Johore Tin Berhad will be held at Mercure Johor Palm Resort & Golf, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Monday, 28 June 2010 at 9.30 a.m. for the following purposes:

### ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To declare a Single Tier Final Dividend of 2.5% for the financial year ended 31 December 2009. (Resolution 1)
3. To approve the payment of Directors' fees of RM220,500.00 for the year ended 31 December 2009. (Resolution 2)
4. To re-elect the following Directors who retire pursuant to Article 120 of the Company's Articles of Association:
  - (a) Mr. Edward Goh Swee Wang (Resolution 3)
  - (b) Mr. Yeow Ah Seng @ Yow Ah Seng (Resolution 4)
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

### SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions, with or without modifications:

6. **ORDINARY RESOLUTION:** (Resolution 6)  
**AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof AND THAT authority be and is hereby given to the Directors to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 7. SPECIAL RESOLUTION:

(Resolution 7)

#### PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the existing Article 147 be deleted in its entirety and that the following new Article 147 be adopted:

Article 147

#### Payment of dividend, interest or other money payable in cash, by cheque or electronic transfer.

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or paid via electronic transfer of remittance to the account provided by the holder who is named on the Register of Members and/or Record of Depositors. Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent or remitted, and the payment of any such cheque or warrant or electronic transfer of remittance shall operate as a good discharge to the Company in respect of the dividend, interest or other money payable in cash represented thereby notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon, or the instruction for the electronic transfer of remittance, has been forged. Every such cheque or warrant or electronic transfer of remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented."

8. To transact any other business of which due notice shall have been given.

## NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** the proposed Single Tier Final Dividend of 2.5% in respect of the financial year ended 31 December 2009, if approved, will be paid on 26 July 2010 to depositors registered in the Record of Depositors at the close of business on 29 June 2010.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 June 2010 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

## BY ORDER OF THE BOARD

YONG MAY LI (f)  
Company Secretary

Johor Bahru,  
4 June 2010



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### NOTES:-

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, is allowed to 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.
4. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an attorney or an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

### EXPLANATORY NOTES:-

**1. Item 1 of the Agenda**

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

**2. Item 6 of the Agenda**

**ORDINARY RESOLUTION:**

**AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

The purpose of this Ordinary Resolution proposed under item 6 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 30 June 2009. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund arising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

**3. Item 7 of the Agenda**

**SPECIAL RESOLUTION:**

**PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

The purpose of this Special Resolution proposed under item 7 is to amend the Company's Articles of Association in line with the amendments in the Listing Requirements of Bursa Malaysia Securities Berhad in relation to e-dividend.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Ninth Annual General Meeting of Johore Tin Berhad ("The Company"):
  - (i) Under Article 120 of the Company's Articles of Association:
    - Mr. Edward Goh Swee Wang
    - Mr. Yeow Ah Seng @ Yow Ah Seng
2. Further details of Directors standing for re-election are set out in the Directors' Profile appearing on pages 8 to 10 of this Annual Report.
3. Particulars of Directors' shareholdings are set out on page 78 of this Annual Report.



## CORPORATE INFORMATION

<b>Directors</b>	: Datuk Kamaludin Bin Yusoff (Appointed as Chairman on April 26, 2010) Mr. Edward Goh Swee Wang (Managing Director) Mr. Yeow Ah Seng @ Yow Ah Seng Mr. Lim Chin Kai En. Muhamad Feasal Bin Yusoff Mr. Goh Mia Kwong (Resigned on April 26, 2010)
<b>Audit Committee</b>	: Mr. Lim Chin Kai (Chairman/Independent Non-Executive Director) En. Muhamad Feasal Bin Yusoff (Independent Non-Executive Director) Datuk Kamaludin Bin Yusoff (Non-Executive Director)
<b>Remuneration Committee</b>	: Mr. Lim Chin Kai (Chairman/Independent Non-Executive Director) Mr. Edward Goh Swee Wang (Managing Director) En. Muhamad Feasal Bin Yusoff (Independent Non-Executive Director)
<b>Nomination Committee</b>	: En. Muhamad Feasal Bin Yusoff (Chairman/Independent Non-Executive Director) Mr. Lim Chin Kai (Independent Non-Executive Director) Datuk Kamaludin Bin Yusoff (Non-Executive Director)
<b>Company Secretary</b>	: Ms. Yong May Li (LS0000295)
<b>Auditors</b>	: Crowe Horwath (Formerly known as Horwath) Chartered Accountants 30-04, Level 30, Menara Landmark Mail Box 171 12, Jalan Ngee Heng 80000 Johor Bahru, Johor Tel: +60(7) 278 1268 Fax: +60(7) 278 1238
<b>Registrars</b>	: Tricor Investor Services Sdn Bhd (Formerly known as Tenaga Koperat Sdn Bhd) Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel: +60(3) 2264 3883 Fax: +60(3) 2282 1886
<b>Registered Office</b>	: Suite 1301, 13th Floor City Plaza, Jalan Tebrau 80300 Johor Bahru, Johor Tel: +60(7) 335 4988 Fax: +60(7) 335 4977
<b>Principal Bankers</b>	: Public Bank Berhad Hong Leong Bank Berhad AmBank (M) Berhad United Overseas Bank (Malaysia) Bhd
<b>Stock Exchange Listing</b>	: Main Market of Bursa Malaysia Securities Berhad
<b>Website</b>	: <a href="http://www.johoretin.com.my">http://www.johoretin.com.my</a>



## CHAIRMAN'S STATEMENT

I am pleased to present to you, in my first year as the Non-Executive Chairman of the Board of Directors, the chairman statement of Johore Tin Berhad group of companies for the financial year ending 31 December 2009.

### FINANCIAL REVIEW

I am pleased to report that Johore Tin Berhad group of companies had performed well for the financial year ending 31 December 2009.

The Group's total revenue for the financial year under review was RM107,313,770 as compared to the year ending 2008 revenue of RM105,199,209. The corresponding profit after tax was RM4,965,308 for the year ending 2009 against RM4,941,718 for the year ending 2008.

### DIVIDEND

With the maintained profits, the Board of Directors had decided to distribute higher dividends to the shareholders for the year ending 31 December 2009. Therefore, I am pleased to announce that the Board is recommending a single tier final dividend of 2.5% per ordinary share.

### LOOKING AHEAD

The year 2010 is seeing the rapid recovery from the financial crisis of 2009. And in tandem with the recovery, most commodities' prices had increased significantly and in effect had caused the prices of our raw materials to increase as well. But consistent with our commitment to our customers' welfare, although we need to increase our selling prices, we had also absorbed some of the costs increase to lighten the burdens of our customers. Therefore, the year 2010 is expected to be a challenging year to the Company and I implore the staff and management of the Group for its support and co-operation to meet the challenges and deliver another profitable year.

### APPRECIATION

On behalf of the Board of Directors, I would like to thank Mr. Goh Mia Kwong, who had retired as the Executive Chairman, for his years of contribution and services to the Board of Directors and for guiding the Board in the handling of the Group's development and affairs during his tenure as the Chairman of the Board. We wish him the best in his future venture.

On behalf of the Group, I would like to thank our customers, business partners, bankers, relevant authorities and shareholders for your continuous support and confidence to the Group and we will perform to the best of our efforts in retaining your trusts with a view to maintain our growth and profitability.

### DATUK KAMALUDIN BIN YUSOFF

Non-Executive Chairman

Dated: 4 June 2010





## PROFILE OF DIRECTORS

	<b>Datuk Kamaludin Bin Yusoff</b>	<b>Edward Goh Swee Wang</b>
<b>Position</b>	Chairman / Non-Executive Director	Managing Director
<b>Age</b>	62	47
<b>Nationality</b>	Malaysian	Malaysian
<b>Qualification</b>	Bachelor of Arts (Hons) in History, University Malaya, Kuala Lumpur, 1974	Business Administration and Mechanical Engineering
<b>Working experience &amp; occupation</b>	<ul style="list-style-type: none"> <li>- Started his career as Administrative &amp; Diplomatic Officer in the public sector in 1974 and has served in various positions with Ministry of Finance, Ministry of Defence, Road Transport Department and Ministry of Entrepreneur Development.</li> </ul>	<ul style="list-style-type: none"> <li>- Holds a Bachelor of Science Degree in Mechanical Engineering and a Master Degree in Business Administration from the Oklahoma State University, United States of America</li> <li>- More than 20 years of working experience in tin can industry</li> <li>- Oversees company planning, development, marketing and overall management</li> </ul>
<b>Date of Appointment</b>	August 11, 2008 April 26, 2010 (Chairman)	December 31, 2002
<b>Other directorships of public listed companies</b>	Yoong Onn Corporation Berhad	Nil
<b>Membership of Board Committees</b>	Member of Audit Committee and Nomination Committee	Member of Remuneration Committee
<b>Family relationship with any director and/or major shareholder of Johore Tin Berhad ("JTB")</b>	Husband to Datin Fawziah Binti Hussein Sazally who is a director and shareholder of Genting Perwira Sdn. Bhd. which is a substantial shareholder of JTB	Son to Mr. Goh Mia Kwong, who is a substantial shareholder of JTB
<b>Conflict of interest with JTB, if any</b>	Nil	Nil
<b>Convictions for offences within the past 10 years other than traffic offences</b>	Nil	Nil
<b>No. of Board Meetings attended in the financial year</b>	4	4



## PROFILE OF DIRECTORS (CONT'D)

	<b>Yeow Ah Seng @ Yow Ah Seng</b>	<b>Lim Chin Kai</b>
<b>Position</b>	Executive Director	Independent Non-Executive Director
<b>Age</b>	57	52
<b>Nationality</b>	Malaysian	Malaysian
<b>Qualification</b>	Supervision of factory operations and sales	Business Administration and Mechanical Engineering
<b>Working experience &amp; occupation</b>	<ul style="list-style-type: none"> <li>- Started his career in the tin can manufacturing industry since 1983</li> <li>- Joined Kluang Tin and Can Factory Sdn. Bhd. in 1988 as Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>- Holds a Bachelor of Science in Mechanical Engineering from Oklahoma State University, USA and a Master Degree of Business Administration from the University of San Francisco, USA</li> <li>- Joined Walden International Investment Group as Assistant Vice President in 1995. Subsequently, joined Megachem Ltd in 1996 as General Manager and resigned in 2005 as Corporate Services and Investment Director. Later, joined AvantChem Pte Ltd as General Manager / Director and resigned in March 2007</li> <li>- Currently has ventured into his own business as a Private Investor</li> </ul>
<b>Date of Appointment</b>	December 31, 2002	December 31, 2002
<b>Other directorships of public listed companies</b>	Nil	Nil
<b>Membership of Board Committees</b>	Nil	Chairman of Audit Committee and Remuneration Committee, Member of Nomination Committee
<b>Family relationship with any director and/or major shareholder of JTB</b>	Nil	Nil
<b>Conflict of interest with JTB, if any</b>	Nil	Nil
<b>Convictions for offences within the past 10 years other than traffic offences</b>	Nil	Nil
<b>No. of Board Meetings attended in the financial year</b>	4	4



## PROFILE OF DIRECTORS (CONT'D)

	<b>Muhamad Feasal Bin Yusoff</b>	<b>Goh Mia Kwong</b>
<b>Position</b>	Independent Non-Executive Director	Executive Director
<b>Age</b>	40	71
<b>Nationality</b>	Malaysian	Malaysian
<b>Qualification</b>	Chartered Accountancy	Management of Marketing and Operation
<b>Working experience &amp; occupation</b>	<ul style="list-style-type: none"> <li>- Member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants</li> <li>- Graduated with a Bachelor of Arts (Hons) majoring in Accounts and Finance from Manchester Metropolitan University, UK</li> <li>- Joined Deloitte Touche Tohmatsu in 1995, he then moved to Ernst &amp; Young</li> <li>- Setting up his own practice, Feasal &amp; Co in 2003</li> </ul>	<ul style="list-style-type: none"> <li>- More than 44 years experiences in tin can industry</li> <li>- Oversees the orderly conduct and working of the Board in setting direction of the Company</li> <li>- Ensure effective use of Board and securing good corporate governance</li> <li>- He is the managing director of Johore Tin Factory Sendirian Berhad since 1973</li> </ul>
<b>Date of Appointment</b>	December 31, 2002	December 31, 2002 April 3, 2003 (Chairman)
<b>Date of Resignation</b>	Nil	April 26, 2010
<b>Other directorships of public listed companies</b>	Nil	Nil
<b>Membership of Board Committees</b>	Chairman of Nomination Committee, Member of Audit Committee and Remuneration Committee	Nil
<b>Family relationship with any director and/or major shareholder of JTB</b>	Nil	Father to Mr. Edward Goh Swee Wang, Managing Director
<b>Conflict of interest with JTB, if any</b>	Nil	Nil
<b>Convictions for offences within the past 10 years other than traffic offences</b>	Nil	Nil
<b>No. of Board Meetings attended in the financial year</b>	4	4



## AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present the report of the Audit Committee for the financial year ended 31 December 2009.

### 1. COMPOSITION OF MEMBERS

The Committee comprises the following members and details of attendance of each member at Committee Meeting held during the year are as follows:

Composition of Committee (Designation)	NUMBER OF COMMITTEE MEETINGS	
	Held	Attended
Lim Chin Kai <i>(Chairman/ Independent Non-Executive Director)</i>	4	4
Muhamd Feasal Bin Yusoff <i>(Independent Non-Executive Director-Member of MIA)</i>	4	4
Datuk Kamaludin Bin Yusoff <i>(Non-Executive Director)</i>	4	4

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

### 2. MEMBERSHIP

The Audit Committee is appointed by the Board from amongst the directors of the Company and consists of three (3) members comprising of all Audit Committee members being non-executive directors with majority of them being independent directors. The Audit Committee included one Director who is a member of the Malaysian Institute of Accountants (MIA). The Committee members shall be appropriately qualified with sound knowledge and experience in accounting, business, and financial management. The quorum shall be two (2) members and shall comprise independent directors.

### 3. SECRETARY

The secretary to the Audit Committee is the company secretary.

### 4. FREQUENCY OF MEETINGS

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary.



## AUDIT COMMITTEE REPORT (CONT'D)

### 5. TERMS OF REFERENCE

#### 5.1 Authority

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- (a) Investigate any activity within the Committee's terms of reference;
- (b) Have resources which are reasonably required to enable it to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Company or the Group;
- (d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- (f) Convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary, but at least twice a year.

#### 5.2 The Duties of the Committee shall be to review the following and report the same to the Board:

- (a) Any matters concerning the appointment and dismissal of the external auditors and the audit fee;
- (b) The nature and scope of the audit by the external auditors before commencement;
- (c) The external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary);
- (d) Any financial information for publication, including quarterly and annual financial statements, before submission to the Board, focusing particularly on:
  - Implementation of major accounting policy changes
  - Significant and unusual events, and
  - Compliance with accounting standards and legal requirements
- (e) The external auditor's management letter and management's response;
- (f) The adequacy of the competency and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;
- (g) The audit plan and work programme of internal audit;
- (h) Findings of internal audit work and management's response;
- (i) Any evaluation on internal controls by auditors;
- (j) Extent of cooperation and assistance given by the employee;
- (k) The propriety of any related party transactions and conflict of interest of situations that may arise within the Company or the Group; and
- (l) Any other matter as directed by the Board.



## AUDIT COMMITTEE REPORT (CONT'D)

### 6. REPORTING PROCEDURES

The Audit Committee reports to the Board of Directors.

### 7. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee during the year are as follows:

- Reviewed with the external auditors their scope of work and audit plan for the year.
- Reviewed the results of the external audit, the audit report and the management letter, including management's response.
- Reviewed the annual report and audited financial statements of the Group before submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provision of the Companies Act, 1965 and the applicable Approved Accounting Standards.
- Discussed with the external auditors on their assessment of the Company's internal control system. Noted that no major weaknesses were reported by them.
- Reviewed the external audit performance, effectiveness and independence before recommending to the Board for their re-appointment and remuneration.
- Reviewed quarterly financial results to ensure compliance with the Listing Requirements of Bursa Malaysia before recommending them for the Board's approval.
- Reviewed the status report of internal audit activities for the financial year ended 31 December 2009 to ensure all the planned activities were properly carried out.
- Reviewed the recommendations by the internal auditors and corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues are adequately addressed on a timely basis.
- Reviewed any related party transactions that may arise within the Company or the Group.
- Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



## **AUDIT COMMITTEE REPORT (CONT'D)**

### **8. INTERNAL AUDIT FUNCTION**

The Company has outsourced its internal audit function to a professional services firm whose primary responsibility is to independently assess and report to the Board, through the Audit Committee, the systems of internal control of the Company.

The outsourced internal audit function independently focuses on the key areas of business risk based on a work programme agreed annually with the Audit Committee and reports on the systems of financial and operations control to the Audit Committee.

The main responsibilities of the internal auditors are to:

- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system;
- Perform a risk assessment of the Company to identify the business processes within the Company that internal audit should focus on; and
- To perform any ad hoc appraisals, inspections, investigations, examinations, reviews requested by the Audit Committee or senior management as appropriate.

#### **Activities of Internal Audit Function**

- Internal audit reports, incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited, were issued to the Audit Committee and the management of the respective operations.
- The internal audit function also followed up with management on the implementation of the agreed audit recommendations. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the effectiveness of the system of internal controls in operations and reports the results thereon to the Board.
- Evaluate the relevance, reliability and integrity of financial and management information.
- Assess the means of safeguarding assets.
- Ascertain the extent of compliance with established policies, procedures, plans, laws and regulations.

The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Company's systems of internal control.

The total cost incurred for the internal audit function for the financial year ended 31 December 2009 was RM15,000.00.



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") is committed to maintaining a high standard of corporate governance throughout the Group by adopting the principles and best practices in corporate governance as a fundamental in discharging its duties and responsibilities to safeguard the interest of its shareholders as well as to enhance the financial performance and operations of the Group.

Pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is pleased to outline below the manner in which the Group has applied the principles and the extent of compliance with the Best Practices in Corporate Governance as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance.

### A. BOARD OF DIRECTORS

#### 1. Principal Responsibilities of the Board

Johore Tin Berhad ("The Company") is led and controlled by the Board, which assumes overall responsibility for the corporate governance, strategic direction, risk management, financial performance, internal control and investment decisions of the Group.

The Board delegates certain responsibilities to the Board Committees, in which the members of the Committees comprises of a wide spectrum of skills, knowledge and expertise from varied business and educational backgrounds vital to the continued success of the Group's business.

#### 2. Board Meetings

Board meetings are scheduled at least once every quarter and additional meetings will be held as and when necessary.

Agenda are circulated to the Board in advance of each Board meeting so as to provide the Directors sufficient time to consider and understand the key issues and be raised at Board meetings. During the financial year under review, the Board met four (4) times.

The details of each Director's attendance records are as follows:

<b>Name of Directors (Designation)</b>	<b>No. of Meetings Attended</b>
Goh Mia Kwong <i>(Chairman, Executive Director)</i>	4/4
Edward Goh Swee Wang <i>(Managing Director)</i>	4/4
Yeow Ah Seng @ Yow Ah Seng <i>(Executive Director)</i>	4/4
Lim Chin Kai <i>(Independent Non-Executive Director)</i>	4/4
Muhamad Feasal Bin Yusoff <i>(Independent Non-Executive Director)</i>	4/4
Datuk Kamaludin Bin Yusoff <i>(Non-Executive Director)</i>	4/4





## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### A. BOARD OF DIRECTORS (CONT'D)

#### 3. Board Balance

The Board consists of six (6) members of whom three (3) are Executive Directors, and three (3) are Non-Executive Directors of which two (2) are Independent Directors, which fulfills the prescribed requirement for one-third (1/3) of the Board to be independent as stated in paragraph 15.02 of the MMLR of Bursa Securities.

The Executive Directors are responsible for formulating the policies and decisions of the Board, monitoring the day-to-day operations as well as coordinating the business development and corporate strategies of the Group as a whole. The roles of the Independent Non-Executive Directors are to provide unbiased and independent judgment, advice and contributing their knowledge and experience towards the formulation of the policies and decision making, taking into account the best interest of all the stakeholders.

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Chairman is responsible for heading the Board and concern matters pertaining to the Board as well as monitoring overall conduct of the Group whilst the Managing Director is responsible for overseeing the daily operations, overall management effectiveness and implementing the policies and strategies adopted by the Board.

A brief profile of each Director is set out on pages 8 to 10 of this Annual Report.

#### 4. Supply of and Access to Information

The Board has unrestricted access to all information necessary relating to the Group's business and affairs to discharge their duties. The Directors are also furnished with additional information or clarification on matters tabled at Board meetings.

Senior Management may be invited to attend Board meetings when necessary, to reports to the Board on matters relating to their areas of responsibility and highlighting relevant issues and latest information.

All Directors have access to the advice and services of the Company Secretary and Senior Management, and if deemed necessary, may seek independent professional advice, at the expense of the Group in the discharge of their duties.

#### 5. Appointment and Re-election to the Board

The appointment of new Directors either on the Company or on the Board are made based on the recommendation of the Nomination Committee.

In accordance with the Company's Articles and Association, one-third (1/3) of the Directors shall retire from office at every Annual General Meeting. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### A. BOARD OF DIRECTORS (CONT'D)

#### 6. Director's Training

All the Directors have completed the Mandatory Accreditation Programme. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with paragraph 15.08 of the MMLR of Bursa Securities.

During the financial year under review, all Directors have attended the seminars or training which are stated below:

Name of Directors	Workshops / Courses Attended	Date
Goh Mia Kwong	Implementation of ERM Framework	3-4 Jun 2009
Edward Goh Swee Wang	2010 Budget & Tax Planning Seminar	6 Nov 2009
Yeow Ah Seng @ Yow Ah Seng	Implementation of ERM Framework	3-4 Jun 2009
Lim Chin Kai	Implementation of ERM Framework	3-4 Jun 2009
Muhamad Feasal Bin Yusoff	2010 Budget & Tax Planning Seminar	6 Nov 2009
Datuk Kamaludin Bin Yusoff	2010 Budget & Tax Planning Seminar	29 Oct 2009

#### 7. Board Committees

In discharging their fiduciary duties, the Board has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference as follows:

##### i) Audit Committee ("AC")

The AC assists the Board in meeting its fiduciary responsibilities regarding financial reporting and strengthens the independence of External Auditors through the ability to communicate with Non-Executive Directors. It also monitors the work of the internal audit function.

The AC Report is set out on pages 11 to 14 of this Annual Report.

##### ii) Nomination Committee ("NC")

Apart from identifying, selecting and recommending the candidates for new appointment, the NC is also responsible for assessing the effectiveness of individual Directors, the Board as a whole and the various Committees of the Board.

The members of the NC and the attendance records are as follows:

Name of Directors (Designation)	No. of Meetings Attended
Muhamad Feasal Bin Yusoff - Chairman (Independent Non-Executive Director)	2/2
Lim Chin Kai (Independent Non-Executive Director)	2/2
Datuk Kamaludin Bin Yusoff (Non-Executive Director)	2/2



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### A. BOARD OF DIRECTORS (CONT'D)

#### 7. Board Committees (Cont'd)

##### iii) Remuneration Committee ("RC")

The RC recommends to the Board the remuneration packages of each Executive Director. The determination of the remuneration packages of the Non-Executive Directors is decided by the Board as a whole. Individual Directors do not participate in the discussion and decision of their own remuneration.

The RC comprises of the following Directors and their attendance records:

<b>Name of Directors (Designation)</b>	<b>No. of Meetings Attended</b>
Lim Chin Kai - Chairman <i>(Independent Non-Executive Director)</i>	1/1
Edward Goh Swee Wang <i>(Managing Director)</i>	1/1
Muhamad Feasal Bin Yusoff <i>(Independent Non-Executive Director)</i>	1/1

### B. DIRECTORS' REMUNERATION

#### 1. Objective

The primary objective of the RC is to act as a Committee of the full Board to assist in assessing the remuneration of the Executive Directors to reflect the responsibility and commitment towards stewardship of the directors and to enable the Company to recruit and retain the Directors needed to achieve the Group's objectives.

#### 2. Procedures

The RC is responsible for determining and developing the remuneration policy for the Executive Directors. The Committee also recommends and assists the Board in determining the policy for the scope of service agreements for the Executive Directors, termination payments and compensation commitments, as well as the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.

The determination of the remuneration of the Non-Executive Directors is a matter decided by the Board as a whole, with the Non-Executive Directors concerned abstaining from deliberations and voting on their own remuneration.



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### B. DIRECTORS' REMUNERATION (CONT'D)

#### 3. Disclosure

Details of the Directors' remuneration for the financial year ended 31 December 2009 are stated as follows:

i) The aggregate remuneration of Directors are as follows:

Salaries and other emoluments	Executive (RM)	Non-Executive (RM)	Total (RM)
Salaries and bonuses	2,236,962	-	2,236,962
Fees	95,500	145,000	240,500
Total	2,332,462	145,000	2,477,462

ii) The number of Directors whose remuneration falls within the successive band of RM50,000 are as follows:

Directors' remuneration	Executive	Non-Executive	Total
RM50,000 and below	-	3	3
RM650,001 – RM700,000	1	-	1
RM800,001 – RM850,000	1	-	1
RM850,001 – RM900,000	1	-	1

### C. SHAREHOLDERS AND INVESTORS

#### 1. Communication with Shareholders and Investors

The Board recognises the importance of communication with its shareholders, stakeholders and the public on the affairs of the Group's business. This is done through the circulars to the shareholders, press release and the various announcements made on quarterly financial results to Bursa Securities, as well as the Annual Report which is published after the financial year end.

In addition, the Company maintains a website <http://www.johoretin.com.my> to disseminate up-to-date information and to keep shareholders and investors well-informed on the Group's financial performance and operations.

#### 2. Annual General Meeting ("AGM")

The Company's AGM remains the principal forum for dialogue and communication with the shareholders. The shareholders are encouraged to attend the Company's AGM and participate in the proceedings and take the opportunity to raise questions in relation to the operations of the Group. The Directors and Senior Management are available to respond to shareholders' queries. Shareholders who are unable to attend the Company's AGM are allowed to appoint proxies to attend and vote on their behalf.



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### D. ACCOUNTABILITY AND AUDIT

#### 1. Financial Reporting and Disclosure

In presenting the Company's annual audited financial statements and quarterly announcement of financial results to the shareholders, the Board continues to ensure a balanced, understandable and meaningful assessment of the Group's financial performance and prospects. The AC assists the Board by reviewing the information to be disclosed in the financial report, which is in compliance with the applicable approved accounting standards and statutory requirements, prior to release to Bursa Securities.

#### 2. Internal Control

The Statement of Internal Control is set out on page 22 to 23 of this Annual Report, which provides an overview of the state of internal control within the Group.

#### 3. Relationship with Auditors

The Board through the establishment of an AC, maintains a formal and transparent relationship with the Auditors in seeking their professional advice and ensuring compliance with applicable approved accounting standards.

The Auditors are invited to attend the AC meetings at least once a year to review and discuss the Group's accounting policies, internal control and audit findings that may require the attention of the Board.

The role of the AC in relation to the assist is described in the AC Report set out on pages 11 to 14 of this Annual Report.

#### 4. Corporate Social Responsibilities ("CSR")

The Board of Johore Tin Group acknowledges the significance of CSR and views CSR as an extension to the Group's efforts in promoting a strong corporate governance culture. The Group is committed to the welfare of its employees, the community and the environment.

During the financial year under review, the Group contributes to various societies, associations and other charitable organisations to assist the community. Contributions were made to the following bodies:

- i) Malaysian Association for the Blind
- ii) The New Straits Times Press - Fund for Gaza
- iii) Kiwanis Club of Johor Bahru
- iv) Sekolah Rendah Jenis Kebangsaan (C) Kuo Kuang
- v) PIBG Chern Hwa
- vi) Persatuan Hokkien, etc



## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare the financial statements of the Group and of the Company, 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 the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have ensured:

- Appropriate accounting policies are adopted and applied them consistently;
- Reasonable and prudent judgements and estimates are made; and
- Applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors also have overall responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.



## STATEMENT ON INTERNAL CONTROL

This Statement is made by the Board, in compliance with the Malaysian Code of Corporate Governance ("the Code") as the best practices of internal control and pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), outlining the nature and scope of internal control of the Group during the financial year.

### BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for reviewing the adequacy and effectiveness of the Group's system of internal control. Due to inherent limitations of the system of internal control, it can only manage rather than eliminate all the possible risk of failure to achieve the Group's business objectives. As a result, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

### RISK MANAGEMENT FRAMEWORK

The Board has put in place a Risk Management Framework for identifying, evaluating, monitoring and managing significant risks faced by the Group throughout the financial year. This framework is delegated to the Management and the Heads of Department to identify and discuss those potential risk areas, in terms of likelihood and impact on the Group's business, and to manage these risks on an ongoing basis through the Management's action plan. All the risk management processes are documented in the risk registers.

### INTERNAL AUDIT FUNCTION

The Board has delegated to the AC to examine the effectiveness of the Group's system of internal control on behalf of the Board and the internal audit function is outsourced to a professional consulting firm which independently reviews the Group's system of internal control. Internal audits are carried out in accordance with the approved internal audit plan and the results of the internal audit reviews are tabled at the AC meetings.

The internal audit reviews conducted did not reveal any significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

### OTHER KEY ELEMENTS AND PROCESSES

The other key elements and processes of the Group's system of internal control are as follows:

- Clearly defined and structured lines of reporting and responsibility within the organisation, including segregation of duties and authorisation levels for all divisions within the Group;
- Periodical internal audit visit to assess the adequacy and effectiveness of internal controls, to monitor compliance with the procedures, and reviewing and assessing the risks that the Group are exposed to; and
- Assets are safeguarded from unauthorised and improper use.



## STATEMENT ON INTERNAL CONTROL (CONT'D)

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 December 2009, and reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control within the Group.

### CONCLUSION

The Board remains committed towards operating a sound system of internal control, and will continuously review the adequacy and effectiveness of the risk management framework. For the financial year under review, issues highlighted by the Management and Internal Audit Function as well as the External Auditors in relation to the Group's system of internal control have been adequately addressed.





## ADDITIONAL COMPLIANCE INFORMATION

The information disclosed below is in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

### 1. UTILISATION OF PROCEEDS RAISED FROM PUBLIC ISSUE

During the financial year ended 31 December 2009, there were no proceeds raised from corporate proposals.

*Disclosed in accordance with Appendix 9C, Part A, item 13 of the MMLR of Bursa Securities.*

### 2. OPTIONS OR CONVERTIBLE SECURITIES

No options or convertible securities were issued or exercised during the financial year.

*Disclosed in accordance with Appendix 9C, Part A, item 15 of the MMLR of Bursa Securities.*

### 3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Group did not sponsor any ADR or GDR programme during the financial year ended 31 December 2009.

*Disclosed in accordance with Appendix 9C, Part A, item 16 of the MMLR of Bursa Securities.*

### 4. SANCTIONS AND/OR PENALTIES

The Company and its subsidiaries, Directors or management have not been imposed any sanctions and/or penalties by the relevant regulatory bodies.

*Disclosed in accordance with Appendix 9C, Part A, item 17 of the MMLR of Bursa Securities.*

### 5. NON-AUDIT FEES

The amount of non-audit fees payable to external auditors of the Company for review of the Statement on Internal Control for the financial year ended 31 December 2009 amounted to RM1,500.

*Disclosed in accordance with Appendix 9C, Part A, item 18 of the MMLR of Bursa Securities.*

### 6. VARIATION IN RESULTS

There were no significance variance between the reported results for the financial year and the unaudited results previously announced by the Company for the financial year ended 31 December 2009.

*Disclosed in accordance with Appendix 9C, Part A, item 19 of the MMLR of Bursa Securities.*

### 7. PROFIT GUARANTEE

There were no profit guarantees received/given by the Company and its subsidiaries during the financial year.

*Disclosed in accordance with Appendix 9C, Part A, item 20 of the MMLR of Bursa Securities.*



## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 8. MATERIAL CONTRACTS

Since year of 1999, a Director of the Group's subsidiary and the subsidiary of the Group has entered into a tenancy agreement, renewal at every two (2) years, which was mutually agreed by both parties, renewing on 15 November 2009 and expiring on 15 November 2011, at a renewed monthly rental of RM1,400.

There were no other material contracts entered into by the Group involving Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2009 or entered into since the end of the previous financial year.

*Disclosed in accordance with Appendix 9C, Part A, item 21 of the MMLR of Bursa Securities.*

### 9. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not have a revaluation policy on landed properties during the financial year under review.

*Disclosed in accordance with Appendix 9C, Part A, item 24 of the MMLR of Bursa Securities.*

### 10. EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The Group did not offer any share scheme for employees during the financial year under review.

*Disclosed in accordance with Appendix 9C, Part A, item 27 of the MMLR of Bursa Securities.*

### 11. CONTINUING EDUCATION PROGRAMME ("CEP")

All Directors have attended numerous seminars or courses during the financial year ended 31 December 2009.

Details of the seminars or courses attended are disclosed in the Corporate Governance Statement, as set out on page 15 of this Annual Report.

*Disclosed in accordance with Appendix 9C, Part A, item 28 of the MMLR of Bursa Securities.*

### 12. INTERNAL AUDIT FUNCTION

The internal audit function was outsourced and the cost incurred for the internal audit function in respect of the financial year ended 31 December 2009 was RM15,000. The Statement of Internal Control is set out on page 20 of this Annual Report.

*Disclosed in accordance with Appendix 9C, Part A, item 30 of the MMLR of Bursa Securities.*

### 13. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

During the financial year ended 31 December 2009, the Group has not entered into any recurrent related party transactions of revenue or trading nature.

*Disclosed in accordance with paragraph 10.09(1)(b) of the MMLR of Bursa Securities.*

### 14. SHARE BUY-BACKS

During the financial year under review, the Company did not enter into any share buy-back transaction.

*Disclosed in accordance with paragraph 12.23, Appendix 12D of the MMLR of Bursa Securities.*



## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM	THE COMPANY RM
Profit after tax for the financial year	4,965,308	2,188,328

### DIVIDEND

Since the end of the previous financial year, the Company, on 28 July 2009, paid a final dividend of 1.25 sen per ordinary share less 25% tax, amounting to RM618,559 in respect of the previous financial year.

The directors now recommend the payment of a final tax-exempt dividend of 2.50 sen per ordinary share, amounting to RM1,649,475, in respect of the financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the statements of changes in equity.

### ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.



## DIRECTORS' REPORT (CONT'D)

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that 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 there are no bad debts and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the making of allowance for doubtful debts in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the 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 which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Group and of the Company are disclosed in Note 35 to the financial statements. At the date of this report, there does not exist:-

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

No contingent or other liability of the Group and of the Company 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 and of the Company to meet their obligations when they fall due.

### CHANGE OF CIRCUMSTANCES

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 of the Group and of the Company which would render any amount stated in the financial statements misleading.



## DIRECTORS' REPORT (CONT'D)

### ITEMS OF AN UNUSUAL NATURE

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

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

### DIRECTORS

The directors who served since the date of the last report are as follows:-

Edward Goh Swee Wang  
Yeow Ah Seng @ Yow Ah Seng  
Lim Chin Kai  
Muhamad Feasal Bin Yusoff  
Datuk Kamaludin Bin Yusoff  
Goh Mia Kwong (Resigned on 26 April 2010)

Pursuant to Article 120 of the Articles of Association of the Company, Edward Goh Swee Wang and Yeow Ah Seng @ Yow Ah Seng retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
<b>Direct Interest</b>				
Goh Mia Kwong	9,858,739	-	-	9,858,739
Edward Goh Swee Wang	3,538,407	-	-	3,538,407
Yeow Ah Seng @ Yow Ah Seng	1,484,000	-	-	1,484,000
Lim Chin Kai	24,000	-	-	24,000
Datuk Kamaludin Bin Yusoff	-	50,000	-	50,000
<b>Indirect Interest</b>				
Goh Mia Kwong	4,765,407	-	-	4,765,407
Edward Goh Swee Wang	11,085,739	-	-	11,085,739
Datuk Kamaludin Bin Yusoff	3,819,380	-	-	3,819,380



## **DIRECTORS' REPORT** (CONT'D)

### **DIRECTORS' INTERESTS (CONT'D)**

By virtue of the directors' shareholdings in the shares of the Company, the abovementioned directors are deemed to have an interest in the shares in the Company and its related corporations to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year did not have any interest in shares in the Company and its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

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

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **AUDITORS**

The auditors, Messrs. Crowe Horwath (formerly known as Horwath), have expressed their willingness to continue in office.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

**Dated 27 April 2010**

**EDWARD GOH SWEE WANG**

**YEOW AH SENG @ YOW AH SENG**



## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF JOHORE TIN BERHAD**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Johore Tin Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 72.

#### **Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF JOHORE TIN BERHAD

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the accounts and the auditors' reports of a subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements;
- (c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Matters

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

#### Crowe Horwath

Firm No.: AF 1018

Chartered Accountants

#### Wong Tak Mun

Approval No: 1793/09/10 (J)

Chartered Accountant

Johor Bahru

27 April 2010





## BALANCE SHEETS

AT 31 DECEMBER 2009

	Note	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	6	-	-	69,675,122	68,903,000
Property, plant and equipment	7	44,796,264	47,036,568	2,820	21,893
Prepaid land lease	8	281,452	295,754	-	-
Deferred tax assets	9	-	404,000	-	-
Other investment	10	16,500	16,500	-	-
		45,094,216	47,752,822	69,677,942	68,924,893
<b>CURRENT ASSETS</b>					
Inventories	11	26,911,443	38,502,441	-	-
Trade receivables	12	32,080,333	37,133,062	-	-
Other receivables, deposits and prepayments	13	1,126,163	966,414	-	-
Amount owing by subsidiaries	14	-	-	10,996,295	9,594,150
Tax recoverable		1,457,609	1,463,915	280,039	308,848
Cash and bank balances		7,936,978	2,833,964	305,937	75,639
		69,512,526	80,899,796	11,582,271	9,978,637
<b>TOTAL ASSETS</b>		<b>114,606,742</b>	<b>128,652,618</b>	<b>81,260,213</b>	<b>78,903,530</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	65,979,000	65,979,000	65,979,000	65,979,000
Reserves	16	23,867,041	19,560,301	15,016,485	12,674,594
<b>SHAREHOLDERS' EQUITY</b>		<b>89,846,041</b>	<b>85,539,301</b>	<b>80,995,485</b>	<b>78,653,594</b>
<b>NON-CURRENT LIABILITIES</b>					
Long term borrowings	17	10,017,993	12,710,410	-	-
Retirement benefits	18	277,053	1,697,479	-	-
Deferred tax liabilities	9	1,023,000	-	-	-
		11,318,046	14,407,889	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	19	2,951,634	5,878,062	-	-
Other payables and accruals	20	3,527,022	3,600,043	264,728	249,936
Short term borrowings	21	6,390,863	17,814,595	-	-
Bank overdrafts	24	573,136	1,412,728	-	-
		13,442,655	28,705,428	264,728	249,936
<b>TOTAL LIABILITIES</b>		<b>24,760,701</b>	<b>43,113,317</b>	<b>264,728</b>	<b>249,936</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>114,606,742</b>	<b>128,652,618</b>	<b>81,260,213</b>	<b>78,903,530</b>

The annexed notes form an integral part of these financial statements.



## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	THE GROUP		THE COMPANY	
		2009 RM	2008 RM Restated	2009 RM	2008 RM Restated
REVENUE	25	107,313,770	105,199,209	3,577,530	500,000
OTHER OPERATING INCOME		539,921	1,063,207	-	12,070,416
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		99,382	(126,535)	-	-
RAW MATERIALS AND CONSUMABLES USED		(70,334,247)	(70,432,433)	-	-
EMPLOYEE BENEFITS	26	(12,737,670)	(12,940,880)	(360,803)	(290,984)
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	7	(3,168,154)	(3,039,700)	(19,073)	(21,757)
AMORTISATION OF PREPAID LAND LEASE	8	(14,302)	(14,302)	-	-
FINANCE COSTS		(723,848)	(1,268,934)	-	-
OTHER OPERATING EXPENSES		(12,941,960)	(14,444,063)	(178,001)	(162,974)
PROFIT BEFORE TAX	27	8,032,892	3,995,569	3,019,653	12,094,701
TAX (EXPENSE)/INCOME	28	(3,067,584)	946,149	(831,325)	114,268
PROFIT AFTER TAX		4,965,308	4,941,718	2,188,328	12,208,969
Earnings per share					
- basic (sen)	29	7.53	7.49		
- diluted (sen)	29	7.53	7.49		

The annexed notes form an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Share Capital RM	Non-distributable Reserves		Distributable Reserve		Total RM
		Share Premium RM	Translation Reserve RM	Retained Profits RM		
<b>THE GROUP</b>						
Balance at 1.1.2008	65,979,000	5,520,212	(387,362)	9,518,319		80,630,169
Currency translation differences	-	-	(32,586)	-		(32,586)
Profit after tax for the financial year	-	-	-	4,941,718		4,941,718
Balance at 31.12.2008/1.1.2009	65,979,000	5,520,212	(419,948)	14,460,037		85,539,301
Currency translation differences	-	-	(40,009)	-		(40,009)
Profit after tax for the financial year	-	-	-	4,965,308		4,965,308
Dividend	-	-	-	(618,559)		(618,559)
Balance at 31.12.2009	65,979,000	5,520,212	(459,957)	18,806,786		89,846,041

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The annexed notes form an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Non-distributable Reserves			Distributable Reserve		Total RM
	Share Capital RM	Share Premium RM	Fair Value Reserve RM	(Accumulated Losses)/ Retained Profits RM		
<b>THE COMPANY</b>						
Balance at 1.1.2008	65,979,000	5,520,212	-	(10,844,171)	60,655,041	
Profit after tax for the financial year	-	-	-	12,208,969	12,208,969	
Reversal of impairment loss on investment in subsidiaries	-	-	5,789,584	-	5,789,584	
Balance at 31.12.2008/1.1.2009	65,979,000	5,520,212	5,789,584	1,364,798	78,653,594	
Profit after tax for the financial year	-	-	-	2,188,328	2,188,328	
Dividend	-	-	-	(618,559)	(618,559)	
Fair value adjustment on investment in subsidiaries	-	-	772,122	-	772,122	
Balance at 31.12.2009	65,979,000	5,520,212	6,561,706	2,934,567	80,995,485	

NOTE

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The annexed notes form an integral part of these financial statements.



## CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit before tax	8,032,892	3,995,569	3,019,653	12,094,701
Adjustments for:-				
Allowance for doubtful debts	-	174,592	-	-
Amortisation of prepaid land lease	14,302	14,302	-	-
Dividends income	-	-	(3,077,530)	-
Depreciation of property, plant and equipment	3,168,154	3,039,700	19,073	21,757
Gain on disposal of property, plant and equipment	(72,899)	(93,173)	-	-
Gain on foreign exchange - unrealised	-	(47,030)	-	-
Interest expenses	723,848	1,268,934	-	-
Interest income	(10,491)	(20,960)	-	-
Provision for retirement benefits	86,012	500,000	-	-
Property, plant and equipment written-off	1,739	-	-	-
Reversal of allowance for doubtful debts	(42,855)	(295,595)	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	(12,070,416)
Operating profit/(loss) before working capital changes	11,900,702	8,536,339	(38,804)	46,042
Decrease/(Increase) in inventories	11,590,998	(3,498,368)	-	-
Decrease/(Increase) in trade and other receivables	4,935,835	(10,002,616)	-	-
Decrease in amount owing by subsidiaries	-	-	100,000	79,938
(Decrease)/Increase in trade and other payables	(2,999,449)	1,838,838	14,792	(39,931)
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>25,428,086</b>	<b>(3,125,807)</b>	<b>75,988</b>	<b>86,049</b>
Retirement benefits paid	(1,506,438)	-	-	-
Tax paid	(1,542,229)	(733,747)	(33,134)	(20,000)
Tax refund	-	748,533	-	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<b>22,379,419</b>	<b>(3,111,021)</b>	<b>42,854</b>	<b>66,049</b>



## CASH FLOW STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	THE GROUP		THE COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Dividends received		-	-	806,003	-
Interest received		10,491	20,960	-	-
Proceeds from disposal of property, plant and equipment		125,875	127,917	-	-
Purchase of property, plant and equipment	31	(865,874)	(3,601,907)	-	(3,600)
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		(729,508)	(3,453,030)	806,003	(3,600)
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>					
Dividend paid		(618,559)	-	(618,559)	-
Interest expenses		(723,848)	(1,268,934)	-	-
Net (repayment)/drawdown of bankers' acceptances		(11,483,000)	7,565,000	-	-
Repayment of hire purchase obligation		(119,969)	(463,338)	-	-
Repayment of term loans		(2,613,181)	(2,864,748)	-	-
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>		(15,558,557)	2,967,980	(618,559)	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		6,091,354	(3,596,071)	230,298	62,449
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		1,421,236	4,939,047	75,639	13,190
Effects of exchange differences		(148,748)	78,260	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	32	7,363,842	1,421,236	305,937	75,639

The annexed notes form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 1. GENERAL INFORMATION

The Company is incorporated as a public company limited by shares under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:

Registered office	:	Suite 1301, 13th Floor, City Plaza Jalan Tebrau 80300 Johor Bahru, Johor
Principal place of business	:	PTD 124298, Jalan Kempas Lama Kampung Seelong Jaya 81300 Skudai, Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 April 2010.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in foreign currency other than Ringgit Malaysia. The Group maintains a nature hedge, whenever is possible, by matching the receivables and the payables in the same currency, any unmatched balance will be hedged by the forward foreign currency contracts.

The details of the open forward foreign currency contracts as at 31 December 2009 are shown in Note 37(f) to the financial statements.

##### (ii) Interest Rate Risk

The Group obtains financing through bank borrowings. Its policy is to obtain the most favourable interest rates available.

Information relating to the Group's borrowings are disclosed in their respective note.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to price risk.

#### (b) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly and by mostly trading with creditworthy customers.

The carrying amounts of cash and cash equivalents, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

#### (c) Liquidity and Cash Flow Risks

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has an effective control of cash management to ensure that the Group can pay its operating expenses and targeted dividends to shareholders at appropriate times.

### 4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 4. BASIS OF PREPARATION (CONT'D)

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>FRSs/IC Interpretations</b>	<b>Effective Date</b>
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7: Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2 Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2 Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132 Classification of Right Issues and the Transitional Provision in relation to Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138 Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 4. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations (Cont'd)	Effective Date
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-Cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

#### Revised FRS 3 (2010)

The Revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

#### FRS 7, Revised FRS 139 (2010) and subsequent Amendments

The possible impacts of FRS 7 (including the subsequent amendments) and the Revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.



## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

### **4. BASIS OF PREPARATION (CONT'D)**

#### **Revised FRS 8**

FRS 8 replaces FRS 114<sup>2004</sup> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group.

#### **Revised FRS 101 (2009)**

The Revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

#### **Revised FRS 123 (2009)**

The Revised FRS 123 (2009) removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions, the Group will apply this revised standard to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 January 2010. The revision in this accounting standard will not have any financial impact on the financial statements for the current financial year as the existing accounting policies of the Group are consistent with the requirements under this new standard.

#### **Revised FRS 127 (2010)**

The Revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the Revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

#### **Amendments to FRS 1 and FRS 127**

Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 4. BASIS OF PREPARATION (CONT'D)

#### Amendments to FRS 5

Amendments to FRS 5 requires assets and liabilities of a subsidiary to be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

#### IC Interpretation 10

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

#### IC Interpretation 14

IC Interpretation 14 provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

#### Annual Improvements 2009

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group's upon their initial application.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, incomes and expenses are discussed below.

##### (i) Depreciation of Property, Plant and Equipment

The estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.



## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **(a) Critical Accounting Estimates and Judgements (Cont'd)**

##### **(ii) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### **(iii) Impairment of Assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### **(iv) Allowance for Doubtful Debts of Receivables**

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

##### **(v) Write down/off of inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require management to consider the future demand for the products, ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

##### **(vi) Fair Values Estimates for Certain Financial Assets and Liabilities**

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Functional and Foreign Currencies

##### (i) Functional and Presentation Currency

The functional currency of the Company and each of the Group's entity is the currency of the primary economic environment in which the Company or that entity operates. The Group financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional and presentation currency.

##### (ii) Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

##### (iii) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- b) income and expenses for the income statement are translated at average exchange rates for the year; and
- c) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

#### (c) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. Financial instruments recognised in the balance sheets are disclosed in the individual policy statement associated with each item.



## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **(d) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2009. A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

The subsidiary is consolidated using the purchase method. Under the purchase method, the results of the subsidiary acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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 subsidiary to ensure consistency of accounting policies with those of the Group.

#### **(e) Investments**

##### **(i) Investment in Subsidiary**

Investment in subsidiary is stated at fair value in accordance with FRS 139 Financial Instrument: Recognition and Measurement. Unrealised gains and losses arising from changes in fair value of the investment are recognised directly in the fair value reserve within equity.

When the investment is sold, the fair value reserve is transferred to income statement. The Group establishes the fair value of investment annually by using discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances and others, where appropriate.

##### **(ii) Transferable Golf Club Membership**

Transferable golf club membership is stated at cost less impairment losses, if any.

#### **(f) Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Property, Plant and Equipment (Cont'd)

The principal annual rates used for this purpose are:-

Factory buildings	2%
Plant and machinery	10 - 12.5%
Mould, tools and factory equipment	10%
Electrical installations and substation	10%
Motor vehicles	20%
Office equipment, furniture and fittings	10 - 25%
Renovation	10%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Building and machinery under construction represents assets which are not ready for commercial use at the balance sheet date. Building and machinery under construction are stated at cost, and are depreciated accordingly when the assets are completed and ready for commercial use.

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

#### (g) Impairment of Assets

The carrying values of assets, other than financial assets and inventories, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow. An impairment loss is charged to the income statement immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

#### (h) Prepaid Land Lease

The prepaid land lease payments comprise the up-front payments made for the leasehold interest in land and are amortised on a straight line basis over the lease terms.





## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **(i) Assets Acquired under Hire Purchase**

Plant and equipment acquired under hire purchase are capitalised in the financial statements.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

Plant and equipment acquired under hire purchase are depreciated over the useful lives of the assets.

#### **(j) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **(k) Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

#### **(l) Payables**

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

#### **(m) Income Taxes**

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (m) Income Taxes (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### (n) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts 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.

#### (p) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables, and cash and bank balances.



## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **(p) Segmental Information (Cont'd)**

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions. Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

#### **(q) Employee Benefits**

##### **(i) Short-term Benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

##### **(ii) Defined Contribution Plans**

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### **(iii) Defined Benefit Plans**

The Group's has a non-contributory unfunded retirement benefits scheme for a key management personnel. The retirement benefit provided is based on the length of service with no actuarial valuation method use.

#### **(r) Related Parties**

For the purposes of these financial statements, a party is considered to be related if:-

- (a) directly, or indirectly through one or more intermediaries, the party:-
  - i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - ii) has an interest in the entity that gives it significant influence over the entity; or
  - iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (s) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

#### (t) Capitalisation of Borrowing Costs

Interest incurred on borrowings to property, plant and equipment is capitalised during the period activities to plan, develop and construct the assets are undertaken. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale.

#### (u) Revenue Recognition

##### (i) Sale of Goods

Sales are recognised upon the transfer of risks and rewards of ownership of goods and net of returns and trade discounts.

##### (ii) Dividend Income

Dividend income from investment is recognised when the right to receive the dividend payment is established.

##### (iii) Management Fee

Management fee is recognised on an accrual basis.

##### (iv) Interest Income

Interest income is recognised on an accrual basis.

##### (v) Rental Income

Rental income is recognised on an accrual basis.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 6. INVESTMENT IN SUBSIDIARIES

	THE GROUP	
	2009 RM	2008 RM
Unquoted shares at valuation	68,903,000	68,903,000
Add : Fair value adjustment on investment in subsidiaries	772,122	-
	<hr/>	<hr/>
	69,675,122	68,903,000
Less: Impairment loss at 1 January	-	(17,860,000)
Less: Addition for the year	-	-
Add: Reversal for the year		
- income statement	-	12,070,416
- fair value reserve	-	5,789,584
	-	-
	<hr/>	<hr/>
At 31 December	69,675,122	68,903,000

Details of the subsidiaries are as follows:-

Name of Company	Effective Equity Interest (%)		Country of Incorporation	Principal Activities
	2009	2008		
Johore Tin Factory Sdn. Bhd.	100	100	Malaysia	Manufacturing of various tins, cans and other containers and printing of tinplates
Unican Industries Sdn. Bhd.	100	100	Malaysia	Manufacturing of various tins, cans and other containers
Kluang Tin And Can Factory Sdn. Bhd.	100	100	Malaysia	Manufacturing of various tins, cans and other containers
<b>Subsidiary of Johore Tin Factory Sdn. Bhd.</b>				
PT Medan Johor Tin *	100	100	Indonesia	Manufacturing of various tins, cans, tinplates and other relevant business

\* Not audited by Messrs. Crowe Horwath.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	At		Additions	Disposal	Written-off	Translation Difference	Depreciation		At
	1.1.2009	RM					Charge	31.12.2009	
Net book value	RM	RM	RM	RM	RM	RM	RM	RM	RM
Freehold land	9,184,558	2,600	-	-	-	-	-	-	9,187,158
Factory buildings	20,942,698	-	-	-	-	-	(460,043)	-	20,482,655
Plant and machinery	12,792,992	556,366	(52,875)	(523)	16,595	-	(2,172,747)	-	11,139,808
Mould, tools and factory equipment	507,927	12,000	-	-	-	-	(101,313)	-	418,614
Electrical installations and substation	839,263	11,033	-	-	-	-	(101,809)	-	748,487
Motor vehicles	440,141	223,493	(101)	-	-	-	(189,434)	-	474,099
Office equipment, furniture and fittings	649,153	87,507	-	(1,216)	96	-	(118,892)	-	616,648
Renovation	225,729	20,000	-	-	-	-	(23,916)	-	221,813
Capital work-in-progress	1,454,107	52,875	-	-	-	-	-	-	1,506,982
	47,036,568	965,874	(52,976)	(1,739)	16,691	-	(3,168,154)	-	44,796,264

  

THE GROUP	At		Disposal	Re-classification	Translation Difference	Depreciation		At
	1.1.2008	RM				Charge	31.12.2008	
Net book value	RM	RM	RM	RM	RM	RM	RM	RM
Freehold land	9,176,058	8,500	-	-	-	-	-	9,184,558
Factory buildings	20,526,990	848,788	-	18,609	-	-	(451,689)	20,942,698
Plant and machinery	12,803,786	235,555	-	1,808,911	2,653	-	(2,057,913)	12,792,992
Mould, tools and factory equipment	470,490	124,200	-	21,635	-	-	(108,398)	507,927
Electrical installations and substation	467,758	482,902	(34,167)	-	-	-	(77,230)	839,263
Motor vehicles	530,204	154,025	(100)	(20,870)	-	-	(223,118)	440,141
Office equipment, furniture and fittings	488,926	59,668	(477)	213,693	262	-	(112,919)	649,153
Renovation	212,377	234,162	-	(212,377)	-	-	(8,433)	225,729
Capital work-in-progress	1,829,601	1,454,107	-	(1,829,601)	-	-	-	1,454,107
	46,506,190	3,601,907	(34,744)	-	2,915	-	(3,039,700)	47,036,568



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### THE GROUP

	At Cost	Accumulated Depreciation	Net Book Value
	RM	RM	RM
<b>At 31.12.2009</b>			
Freehold land	9,187,158	-	9,187,158
Factory buildings	22,595,259	(2,112,604)	20,482,655
Plant and machinery	38,937,768	(27,797,960)	11,139,808
Mould, tools and factory equipment	2,189,939	(1,771,325)	418,614
Electrical installations and substation	1,053,104	(304,617)	748,487
Motor vehicles	2,859,653	(2,385,554)	474,099
Office equipment, furniture and fittings	1,447,805	(831,157)	616,648
Renovation	265,063	(43,250)	221,813
Capital work-in-progress	1,506,982	-	1,506,982
	<b>80,042,731</b>	<b>(35,246,467)</b>	<b>44,796,264</b>

	At Cost	Accumulated Depreciation	Net Book Value
	RM	RM	RM
<b>At 31.12.2008</b>			
Freehold land	9,184,558	-	9,184,558
Factory buildings	22,595,259	(1,652,561)	20,942,698
Plant and machinery	38,851,937	(26,058,945)	12,792,992
Mould, tools and factory equipment	2,177,939	(1,670,012)	507,927
Electrical installations and substation	1,042,071	(202,808)	839,263
Motor vehicles	2,991,146	(2,551,005)	440,141
Office equipment, furniture and fittings	1,361,730	(712,577)	649,153
Renovation	245,062	(19,333)	225,729
Capital work-in-progress	1,454,107	-	1,454,107
	<b>79,903,809</b>	<b>(32,867,241)</b>	<b>47,036,568</b>

#### THE COMPANY

	At 1.1.2009	Addition	Depreciation Charge	At 31.12.2009
	RM	RM	RM	RM
<b>Net book value</b>				
Office equipment, furniture and fittings	21,893	-	(19,073)	2,820

	At 1.1.2008	Addition	Depreciation Charge	At 31.12.2008
	RM	RM	RM	RM
<b>Net book value</b>				
Office equipment, furniture and fittings	40,050	3,600	(21,757)	21,893



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### THE COMPANY

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
<b>At 31.12.2009</b>			
Office equipment, furniture and fittings	112,087	(109,267)	2,820
<b>At 31.12.2008</b>			
Office equipment, furniture and fittings	112,087	(90,194)	21,893

Included in the net book value of the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	THE GROUP	
	2009 RM	2008 RM
Motor vehicles	167,170	240,000
Plant and machinery	359,947	1,460,449
	527,117	1,700,449

The following assets of the Group at net book value have been pledged to financial institutions for banking facilities as disclosed in Notes 21, 23 and 24 to the financial statements are as follows:-

	THE GROUP	
	2009 RM	2008 RM
Freehold land and buildings	27,759,384	28,924,761

### 8. PREPAID LAND LEASE

	THE GROUP	
	2009 RM	2008 RM
At 1 January	295,754	310,056
Amortisation for the year	(14,302)	(14,302)
At 31 December	281,452	295,754





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 8. PREPAID LAND LEASE (CONT'D)

	THE GROUP	
	2009 RM	2008 RM
At cost	639,585	639,585
Accumulated amortisation	(358,133)	(343,831)
At 31 December	281,452	295,754

The prepaid land lease are pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Notes 21, 23 and 24 to the financial statements.

### 9. DEFERRED TAX LIABILITIES/(ASSETS)

	THE GROUP	
	2009 RM	2008 RM
At 1 January	(404,000)	840,000
Recognised in the income statement (Note 28)	1,427,000	(1,244,000)
At 31 December	1,023,000	(404,000)

(a) Deferred tax liabilities and assets are attributable to the following items:-

	THE GROUP	
	2009 RM	2008 RM
<b>Deferred tax liabilities:-</b>		
- Accelerated capital allowances	2,414,300	1,412,000
- Other temporary differences	3,400	10,000
Gross deferred tax liabilities	2,417,700	1,422,000
<b>Deferred tax assets:-</b>		
- Unutilised capital allowances	(339,000)	(471,000)
- Unabsorbed tax losses	(865,000)	(865,000)
- Other temporary differences	(190,700)	(490,000)
Gross deferred tax assets	(1,394,700)	(1,826,000)
<b>Net deferred tax liabilities/(assets)</b>	<b>1,023,000</b>	<b>(404,000)</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 9. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

- (b) The components and movements of deferred tax liabilities and assets during the year prior to offsetting are as follows:

	<b>Accelerated capital allowances RM</b>	<b>Other temporary differences RM</b>	<b>Total RM</b>
Deferred tax liabilities:-			
Balance at 1 January 2009	1,412,000	10,000	1,422,000
Recognised in income statement	1,002,300	(6,600)	995,700
Balance at 31 December 2009	2,414,300	3,400	2,417,700
Balance at 1 January 2008	4,145,000	-	4,145,000
Recognised in income statement	(2,733,000)	10,000	(2,723,000)
Balance at 31 December 2008	1,412,000	10,000	1,422,000

	<b>Unutilised capital allowances RM</b>	<b>Unabsorbed tax losses RM</b>	<b>Other temporary differences RM</b>	<b>Total RM</b>
Deferred tax assets:-				
Balance at 1 January 2009	(471,000)	(865,000)	(490,000)	(1,826,000)
Recognised in income statement	132,000	-	299,300	431,300
Balance at 31 December 2009	(339,000)	(865,000)	(190,700)	(1,394,700)
Balance at 1 January 2008	(427,000)	(883,500)	(1,994,500)	(3,305,000)
Recognised in income statement	(44,000)	18,500	1,504,500	1,479,000
Balance at 31 December 2008	(471,000)	(865,000)	(490,000)	(1,826,000)

### 10. OTHER INVESTMENT

	<b>THE GROUP</b>	
	<b>2009 RM</b>	<b>2008 RM</b>
Transferable golf club membership, at cost	16,500	16,500



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 11. INVENTORIES

	THE GROUP	
	2009 RM	2008 RM
Raw materials	15,928,756	27,619,136
Work-in-progress	9,290,406	9,279,084
Finished goods	1,692,281	1,604,221
	<hr/>	<hr/>
	26,911,443	38,502,441

None of the inventories were valued at net realisable value, at the balance sheet date.

### 12. TRADE RECEIVABLES

	THE GROUP	
	2009 RM	2008 RM
Trade receivables	32,564,723	37,660,307
Less : Allowance for doubtful debts	(484,390)	(527,245)
	<hr/>	<hr/>
	32,080,333	37,133,062
	<hr/>	<hr/>
Allowance for doubtful debts at 1 January	527,245	731,320
Addition for the financial year	-	174,592
Written back during the financial year	(42,855)	(378,667)
	<hr/>	<hr/>
Allowance for doubtful debts at 31 December	484,390	527,245

The Group's normal trade credit terms range from 7 to 120 days (2008: 7 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profiles of trade receivables are as follows:-

	THE GROUP	
	2009 RM	2008 RM
Indonesia Rupiah	-	7,688
Singapore Dollar	4,864,692	7,707,081
United States Dollar	92,533	-
	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2009	2008
	RM	RM
Other receivables	816,789	697,817
Deposits	127,302	140,532
Prepayments	182,072	128,065
	<u>1,126,163</u>	<u>966,414</u>

The foreign currency exposure profiles of other receivables are as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Indonesia Rupiah	-	41,026

### 14. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	2009	2008
	RM	RM
<b>Non-trade related balances</b>		
Subsidiaries	10,996,295	9,594,150

The amount owing by subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

### 15. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2009	2008	2009	2008
	No. of shares	No. of shares	RM	RM
Ordinary Shares of RM1.00 each:-				
AUTHORISED	100,000,000	100,000,000	100,000,000	100,000,000
ISSUED AND FULLY PAID-UP	<u>65,979,000</u>	<u>65,979,000</u>	<u>65,979,000</u>	<u>65,979,000</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 16. RESERVES

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable reserves:-				
- Share premium	5,520,212	5,520,212	5,520,212	5,520,212
- Translation reserve	(459,957)	(419,948)	-	-
- Fair value reserve	-	-	6,561,706	5,789,584
	5,060,255	5,100,264	12,081,918	11,309,796
Distributable reserve:-				
- Retained profits	18,806,786	14,460,037	2,934,567	1,364,798
	23,867,041	19,560,301	15,016,485	12,674,594

#### Share premium reserve

The share premium reserve arose from the issuance of shares by way of private placement and public offer net of share issue expenses. The share premium reserve is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

#### Translation reserve

Translation reserve represents the exchange differences arising on translation of the financial statements of a foreign subsidiary.

#### Fair value reserve

The fair value reserve is used to record gain or loss on fair value adjustment to the investment in subsidiaries as disclosed in the accounting policies.

#### Retained profits

The Company has elected for the irrevocable option for the single tier tax system. Therefore, at the balance sheet date, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

### 17. LONG TERM BORROWINGS

	THE GROUP	
	2009 RM	2008 RM
Hire purchase payables (Note 22)	71,664	-
Term loans (Note 23)	9,946,329	12,710,410
	10,017,993	12,710,410



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 18. RETIREMENT BENEFITS

	THE GROUP	
	2009 RM	2008 RM
At 1 January	1,697,479	1,197,479
Addition for the financial year	86,012	500,000
Paid during the financial year	(1,506,438)	-
At 31 December	277,053	1,697,479

Retirement benefits represent the Group's obligation in respect of a non-contributory unfunded retirement benefit plan. The amount as at balance sheet date approximates the present value of the unfunded obligation.

### 19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days (2008: 30 to 120 days).

The foreign currency exposure profiles of trade payables are as follows:-

	THE GROUP	
	2009 RM	2008 RM
Singapore Dollar	20,334	41,207
Thailand Baht	-	15,370
United States Dollar	(75,411)	582,625

### 20. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	1,004,367	1,249,263	-	23,059
Accrued expenses	2,464,655	2,350,780	264,728	226,877
Deposits received	58,000	-	-	-
	3,527,022	3,600,043	264,728	249,936

The foreign currency exposure profiles of other payables and accruals are as follows:-

	THE GROUP	
	2009 RM	2008 RM
Indonesia Rupiah	-	221,350



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 21. SHORT TERM BORROWINGS

	THE GROUP	
	2009	2008
	RM	RM
Bankers' acceptances	3,917,000	15,400,000
Hire purchase payables (Note 22)	20,000	111,633
Term loans (Note 23)	2,453,863	2,302,962
	<hr/>	<hr/>
	6,390,863	17,814,595

Bankers' acceptances are drawn for a period of up to 180 days (2008: 180 days). Interest is charged at rates ranging from 2.08% to 5.12% (2008: 3.60% to 5.12%) per annum.

Bankers' acceptances and term loans are secured by way of:-

- (i) legal charges over the landed properties of the Group; and
- (ii) corporate guarantees from the Company.

### 22. HIRE PURCHASE PAYABLES

	THE GROUP	
	2009	2008
	RM	RM
Minimum hire purchase payment:-		
- not later than one year	23,256	122,311
- later than one year and not later than five years	83,304	-
	<hr/>	<hr/>
	106,560	122,311
Less : Future finance charges	(14,896)	(10,678)
	<hr/>	<hr/>
Present value of hire purchase payables	91,664	111,633

The present value of hire purchase payables is repayable as follows:-

	THE GROUP	
	2009	2008
	RM	RM
Current:-		
- not later than one year (Note 21)	20,000	111,633
Non-current:-		
- later than one year and not later than five years (Note 17)	71,664	-
	<hr/>	<hr/>
	91,664	111,633

The hire purchase payables bear interest at rate ranging from 6.05% to 6.19% (2008: 5.60% to 6.90%) per annum.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 23. TERM LOANS

	THE GROUP	
	2009 RM	2008 RM
Current portion:-		
- repayable within one year (Note 21)	2,453,863	2,302,962
Non-current portion:-		
- repayable between one and two years	2,436,619	2,199,204
- repayable between two and five years	3,159,264	5,150,081
- repayable more than five years	4,350,446	5,361,125
Total non-current portion (Note 17)	9,946,329	12,710,410
	<b>12,400,192</b>	<b>15,013,372</b>

The term loans bear interest at rates ranging from 3.11% to 5.80% (2008: 4.51% to 7.00%) per annum and are secured in the same manner as the short term borrowings as disclosed in Note 21 to the financial statements.

### 24. BANK OVERDRAFTS

Bank overdrafts of the Group to a limit of RM1,300,000 (2008: RM2,000,000) is payable on demand and interest is charged at rate of 7.00% (2008: 7.50%) per annum and are secured in the same manner as disclosed in Note 21 to the financial statements.

### 25. REVENUE

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	107,313,770	105,199,209	-	-
Dividends income	-	-	3,077,530	-
Management fee income	-	-	500,000	500,000
	<b>107,313,770</b>	<b>105,199,209</b>	<b>3,577,530</b>	<b>500,000</b>





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 26. EMPLOYEE BENEFITS

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM Restated	2009 RM	2008 RM Restated
Short term employee benefits	11,773,839	12,013,375	345,935	282,589
Contribution to a defined contribution plan	963,831	927,505	14,868	8,395
	12,737,670	12,940,880	360,803	290,984

Include in employee benefits is key management personnel compensation as disclosed in Note 34(b) to the financial statements.

### 27. PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax is arrived at after charging:-				
Allowance for doubtful debts	-	174,592	-	-
Audit fee - statutory	63,350	52,000	15,000	11,000
Audit fee - others	5,550	2,382	-	-
Directors' remuneration of the Company				
- Directors' fee	220,500	205,000	220,500	205,000
Directors' remuneration of the subsidiaries				
- Directors' fee	264,530	265,734	-	-
- EPF contributions	243,552	222,040	-	-
- other emoluments	2,061,920	1,862,383	-	-
- retirement benefits	-	500,000	-	-
Interest expenses	723,848	1,268,934	-	-
Loss on foreign exchange - realised	30,781	-	-	-
Property, plant and equipment written-off	1,739	-	-	-
Rental expenses	564,347	483,899	-	-
and after crediting:-				
Dividend income	-	-	(3,077,530)	-
Gain on disposal of property, plant and equipment	(72,899)	(93,173)	-	-
Gain on foreign exchange - realised	(197,420)	(352,882)	-	-
Gain on foreign exchange - unrealised	-	(47,030)	-	-
Interest income	(10,491)	(20,960)	-	-
Rental income	(180,000)	(180,000)	-	-
Reversal of allowance for doubtful debts	(42,855)	(295,595)	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	(12,070,416)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 28. TAX EXPENSE/(INCOME)

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysian income tax				
- Current year	1,519,399	471,000	781,382	37,000
- Under/(Over) provision in prior year	121,185	(192,559)	49,943	(151,268)
Back duties	-	19,410	-	-
	<u>1,640,584</u>	<u>297,851</u>	<u>831,325</u>	<u>(114,268)</u>
Deferred tax (Note 9)				
- Relating to origination of temporary differences	699,588	176,000	-	-
- Under/(Over) provision in prior year	727,412	(1,420,000)	-	-
	<u>1,427,000</u>	<u>(1,244,000)</u>	<u>-</u>	<u>-</u>
	<u>3,067,584</u>	<u>(946,149)</u>	<u>831,325</u>	<u>(114,268)</u>

A reconciliation of the statutory tax rate to the Group's and the Company's effective tax rate applicable to profit before tax is as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	8,032,892	3,995,569	3,019,653	12,094,701
Malaysian taxation at statutory rate	2,008,223	1,038,849	754,913	3,144,622
Tax effects of:-				
Effects of differential in tax rates	-	15,910	-	(205)
Expenses disallowed for tax purposes	210,764	321,263	26,469	30,891
Non-taxable income	-	-	-	(3,138,308)
Income tax incentives	-	(709,612)	-	-
Under/(Over) provision of income tax in prior year	121,185	(192,559)	49,943	(151,268)
Under/(Over) provision of deferred tax in prior year	727,412	(1,420,000)	-	-
Tax expense/(income) for the financial year	<u>3,067,584</u>	<u>(946,149)</u>	<u>831,325</u>	<u>(114,268)</u>

During the financial year, the statutory tax rate was reduced from 26% to 25%.

As gazetted in the Finance Act 2009, certain subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on their chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 28. TAX EXPENSE/(INCOME) (CONT'D)

Subject to the agreement with the tax authorities, at the balance sheet date, the unabsorbed capital and industrial building allowances and unutilised tax losses of the Group are as follows:-

	2009 RM	2008 RM
Unabsorbed capital and building allowances	1,354,000	1,885,000
Unutilised tax losses	3,458,000	3,458,000
	<u>4,812,000</u>	<u>5,343,000</u>

### 29. EARNINGS PER SHARE

	THE GROUP	
	2009 RM	2008 RM
<b>Basic</b>		
Net profit attribute to ordinary shareholders	4,965,308	4,941,718
Number of shares in issue as at 31 December (weighted average)	<u>65,979,000</u>	<u>65,979,000</u>
Basic earnings per share (sen)	<u>7.53</u>	<u>7.49</u>

Diluted earnings per share is equal to the basic earnings per share as there were no potential ordinary shares outstanding in both the previous and current financial years.

### 30. DIVIDEND

	THE GROUP	
	2009 RM	2008 RM
<b>Paid:-</b>		
In respect of previous financial year:-		
Final dividend of 1.25 sen per ordinary share less 25% tax	618,559	-

The directors now recommend the payment of a final tax-exempt dividend of 2.50 sen per ordinary share, amounting to RM1,649,475, in respect of the financial year under review, subject to the approval of the shareholders at the forthcoming Annual General Meeting.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost of plant and equipment purchased	965,874	3,601,907	-	3,600
Amount financed through hire purchase	(100,000)	-	-	-
Cash disbursed for purchase of property, plant and equipment	865,874	3,601,907	-	3,600

### 32. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following items:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	7,936,978	2,833,964	305,937	75,639
Bank overdrafts	(573,136)	(1,412,728)	-	-
	7,363,842	1,421,236	305,937	75,639

### 33. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-executive directors				
- fees	165,000	145,500	145,000	125,500
Executive directors				
- fees	320,030	325,234	75,500	79,500
- salaries and bonus	2,061,920	1,862,383	-	-
- defined contribution retirement plan	243,552	222,040	-	-
- retirement benefits	-	500,000	-	-
	2,790,502	3,055,157	220,500	205,000



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 33. DIRECTORS' REMUNERATION (CONT'D)

The details of emoluments for the directors of the Group and of the Company received/ receivable for the financial year by category and in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
Non-executive directors				
Below RM50,000	3	4	2	3
RM50,000 - RM100,000	1	-	1	-
Executive directors				
Below RM50,000	-	-	3	3
RM250,000 - RM300,000	1	1	-	-
RM550,000 - RM600,000	-	1	-	-
RM650,000 - RM700,000	1	-	-	-
RM750,000 - RM800,000	-	1	-	-
RM800,000 - RM850,000	1	-	-	-
RM850,000 - RM900,000	1	-	-	-
RM1,250,000 - RM1,300,000	-	1	-	-

### 34. RELATED PARTY DISCLOSURES

(a) The Company had the following transactions with related parties during the year:-

	THE COMPANY	
	2009 RM	2008 RM
<b>Subsidiaries</b>		
Dividends	3,077,530	-
Management fees	500,000	500,000
	THE GROUP	
	2009 RM	2008 RM
<b>Director of a subsidiary</b>		
Rental of factory premises	16,800	16,800

(b) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	2,546,950	2,333,117	220,500	205,000
Post-employment benefit				
- Defined contribution plan	243,552	222,040	-	-
- Retirement benefits	-	500,000	-	-
	2,790,502	3,055,157	220,500	205,000



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 35. CONTINGENT LIABILITIES

	THE COMPANY	
	2009	2008
	RM	RM
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	16,890,300	31,826,075

### 36. SEGMENTAL REPORTING - GROUP

By Geographical Segment:-

Year ended 31 December 2009	Malaysia RM	Indonesia RM	Eliminations RM	Consolidated RM
Revenue				
- Sales to external customers	103,661,142	3,652,628	-	107,313,770
- Inter-segment sales	6,915,123	-	(6,915,123)	-
- Dividend income	3,077,530	-	(3,077,530)	-
Total revenue	113,653,795	3,652,628	(9,992,653)	107,313,770
Segment results	12,460,856	(214,307)	(2,931,932)	9,314,617
Unallocated expenses				(557,877)
Finance costs				(723,848)
Profit before tax				8,032,892
<b>At 31 December 2009</b>				
Segment assets	197,058,617	1,419,417	(85,331,721)	113,146,313
Unallocated assets	1,368,239	92,190	-	1,460,429
Total assets				114,606,742
Segment liabilities	21,960,566	241,162	(14,872,883)	7,328,845
Unallocated liabilities	17,431,856	-	-	17,431,856
Total liabilities				24,760,701
<b>Other segment information</b>				
Amortisation of prepaid land lease	14,302	-	-	14,302
Capital expenditure	962,628	3,247	-	965,875
Depreciation of property, plant and equipment	3,142,713	41,941	(16,500)	3,168,154



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 36. SEGMENTAL REPORTING - GROUP (CONT'D)

By Geographical Segment:- (Cont'd)

Year ended 31 December 2008	Malaysia RM	Indonesia RM	Eliminations RM	Consolidated RM
Revenue				
- Sales to external customers	102,685,767	2,513,442	-	105,199,209
- Inter-segment sales	4,170,831	-	(4,170,831)	-
Total revenue	106,856,598	2,513,442	(4,170,831)	105,199,209
Segment results	18,314,190	(528,155)	(12,045,817)	5,740,218
Unallocated expenses				(475,715)
Finance costs				(1,268,934)
Profit before tax				3,995,569
<b>At 31 December 2008</b>				
Segment assets	214,092,230	1,519,913	(88,849,333)	126,762,810
Unallocated assets	1,889,668	140	-	1,889,808
Total assets				128,652,618
Segment liabilities	31,610,039	221,350	(19,243,077)	12,588,312
Unallocated liabilities	30,525,005	-	-	30,525,005
Total liabilities				43,113,317
<b>Other segment information</b>				
Amortisation of prepaid land lease	14,302	-	-	14,302
Capital expenditure	3,601,907	-	-	3,601,907
Depreciation of property, plant and equipment	3,023,776	40,523	(24,599)	3,039,700
Reversal of impairment loss on investment in subsidiaries				
- income statement	(12,070,416)	-	12,070,416	-
- fair value reserve	(5,789,584)	-	5,789,584	-

There is no disclosure of business segment information which is required by FRS 114<sup>2004</sup> Operating Segment, as the Group operates principally within one industry.

### 37. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 37. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities:-

**(a) Bank balances and other liquid funds and short term receivables**

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

**(b) Amount owing by subsidiaries**

The Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

**(c) Short term borrowings and other current liabilities**

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

**(d) Long term bank borrowings**

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

**(e) Amount owing to directors**

The Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

**(f) Off balance sheet financial instruments**

The notional amount and fair value of the forward foreign currency contracts are not recognised in the balance sheet of the Group are as follows:-

	<b>Contracted Amount USD</b>	<b>THE GROUP Notional Amount RM</b>	<b>Fair Value RM</b>
<b>At 31 December 2009</b>			
Forward foreign currency contracts			
- less than 1 year	533,030	1,831,015	1,826,694

The forward foreign currency contracts are short term contracts to hedge its purchases denominated in foreign currency so as to limit the exposure to fluctuations in foreign exchange rates. The maturity periods are from 18 May 2010 to 16 July 2010.

The Group did not enter any forward foreign currency contracts in the previous financial year.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 37. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

#### (g) Hire purchase payables

	THE GROUP	
	Carrying Amount RM	Fair Value RM
<b>At 31 December 2009</b>		
Hire purchase payables	91,664	87,100
<b>At 31 December 2008</b>		
Hire purchase payables	111,633	115,947

#### (h) Contingent liabilities

The nominal amount and net fair value of contingent liabilities not recognised in the balance sheet of the Company are as follows:-

	Note	THE COMPANY	
		Nominal Amount RM	Net Fair Value RM
<b>At 31 December 2009</b>			
Corporate guarantees	35	16,890,300	*
<b>At 31 December 2008</b>			
Corporate guarantees	35	31,826,075	*

\* The fair value of contingent liabilities is expected to be minimal as the subsidiaries are expected to be able to repay the banking facilities.

### 38. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP		THE COMPANY	
	As Restated 2009 RM	As Previously Reported 2008 RM	As Restated 2009 RM	As Previously Reported 2008 RM
Income Statement (extract):-				
Employee benefits	12,940,880	12,695,880	290,984	85,984
Raw materials and consumables used	70,432,433	68,282,692	-	-
Other operating expenses	14,444,063	16,838,804	162,974	367,974



## STATEMENT BY DIRECTORS

We, Edward Goh Swee Wang and Yeow Ah Seng @ Yow Ah Seng, being two of the directors of Johore Tin Berhad, state that, in the opinion of the directors, the financial statements set out on pages 32 to 72 are drawn up in accordance with applicable approved Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

### SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

Dated 27 April 2010

**EDWARD GOH SEE WANG**

**YEOW AH SENG @ YOW AH SENG**

## STATUTORY DECLARATION

I, Edward Goh Swee Wang, I/C No.: 631221-01-5769, being the director primarily responsible for the financial management of Johore Tin Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 72 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by  
Edward Goh Swee Wang, I/C No.: 631221-01-5769,  
at Johor Bahru in the state of Johor  
on this 27 April 2010

Before me

**EDWARD GOH SWEE WANG**

**RUSLY B. MOHD YUNUS P.I.S (No. J112)**  
**COMMISSIONER FOR OATHS**



## LIST OF PROPERTIES HELD

Registered Owner	Title No./ Address	Description/ Existing Use	Tenure/ Expiry Date of the Lease	Approximate Age of the Building (years)	Land/ Built-up Area (sq. ft.)	Net Book Value as at 31 Dec 2009 (RM)
JTF	HS(D) 7258, Lot TLO 1883 Mukim Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim/ No. 5, Jalan Gagah Larkin Industrial Area 80350 Johor Bahru, Johor	Single-storey detached factory/ Industry	Leasehold - 60 years/ 13 January 2025	30	43,560/ 21,800	167,690
JTF	HS(D) 108311, Lot TLO 1936 Mukim Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim/ No. 7, Jalan Gagah Larkin Industrial Area 80350 Johor Bahru, Johor	Single-storey detached factory with a double-storey office annexed/ Industry	Leasehold - 60 years/ 8 January 2028	21	43,560/ 14,582	774,122
UNI	HSD 375445, PTD 124298 Mukim Tebrau, Johor Bahru Johor Darul Takzim/ PTD 124298 Jalan Kempas Lama Kg. Seelong Jaya 81300 Skudai, Johor	Single-storey detached factory/ Industry	Freehold	4	457,380/ 248,533	17,999,725
UNI	GM 2481, Lot 2259 Mukim of Teluk Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan/ Lot 2259, Jalan Helang Off Jalan Kebun Baru Teluk Panglima Garang 42500 Kuala Lumpur	Single-storey detached factory/ Industry	Freehold	12	175,602/ 106,931	9,759,659
UNI	Lot 48, Mukim Pengkalan Raja, Batu 29 ½ District of Pontian Johor Darul Takzim	Agriculture/ Palm Oil	Freehold	N/A	395,568	467,898



## LIST OF PROPERTIES HELD (CONT'D)

Registered Owner	Title No./ Address	Description/ Existing Use	Tenure/ Expiry Date of the Lease	Approximate Age of the Building (years)	Land/ Built-up Area (sq. ft.)	Net Book Value as at 31 Dec 2009 (RM)
KTC	HS(D) 16323, Lot PTD 23759 Mukim Kluang District of Kluang Johor Darul Takzim/ No. 5, Jalan Masyuri Kawasan Perindustrian Kluang, 86000 Kluang, Johor	1 ½-storey detached factory/ Industry	Leasehold - 60 years/ 13 April 2046	23	21,780/ 16,843	421,051
KTC	HS(D) 31714, Lot MLO 42445 Mukim Kluang District of Kluang Johor Darul Takzim/ No. 41, Jalan Lau Kim Teck 86000 Kluang, Johor	1 ½-storey semi-detached factory/ Industry	Freehold	14	5,294/ 3,635	287,822
KTC	GM 8988, Lot 781 Mukim Sri Gading VIII Parit Baru, District of Batu Pahat, Johor Darul Takzim	Agriculture/ Fruits	Freehold	N/A	106,461	73,300



## ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2010

### SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-Up Capital	:	RM65,979,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) Vote per Ordinary Share
Number of Shareholders	:	1,446

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	(Malaysia and Foreign - Combined)			
	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	8	0.553	291	0.000
101 to 1,000	83	5.740	58,094	0.088
1,001 to 10,000	992	68.603	4,029,525	6.108
10,001 to 100,000	315	21.784	9,196,217	13.938
100,001 to 3,298,950 (*)	41	2.836	14,366,296	21.774
3,298,951 and above (**)	7	0.484	38,328,577	58.092
<b>TOTAL</b>	<b>1,446</b>	<b>100.000</b>	<b>65,979,000</b>	<b>100.000</b>

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% of Shares
1	GOH MIA KWONG	8,664,600	13.132
2	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD - ANGKASA AMAN SDN BHD	5,967,257	9.044
3	CHOY SHU HOW	5,030,900	7.625
4	LOW LEE KWEE	5,030,900	7.625
5	GENTING PERWIRA SDN BHD	3,787,880	5.741
6	PEK AH TEO @ PECK AH TEO	3,371,600	5.110
7	EDWARD GOH SWEE WANG	3,318,357	5.029
8	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,225,200	3.373
9	NG YIK TOON @ NG YIK KOON	1,422,500	2.156
10	YEOW AH SENG @ YOW AH SENG	1,329,500	2.015
11	LISA GOH LI LING	1,227,000	1.860
12	CHOY SHU HOW	974,004	1.476
13	VERSALITE SDN BHD	870,000	1.319



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2010

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% of Shares
14	SIA YOCK HUA	825,469	1.251
15	GOH MIA KWONG	644,643	0.977
16	GOH MIA KWONG	549,496	0.833
17	OSK NOMINEES (TEMPATAN) SDN BERHAD - TAN GAIK SUAN	438,400	0.664
18	PEK AH TEO @ PECK AH TEO	430,755	0.653
19	ALLIANCEGROUP NOMINEES (ASING) SDN BHD - LIM HUN SWEE	402,300	0.610
20	AMSEC NOMINEES (TEMPATAN) SDN BHD	358,000	0.543
21	PEK AH TEO @ PECK AH TEO	338,135	0.512
22	TAN BOON KAIT	308,292	0.467
23	NG TIAN SANG @ NG KEK CHUAN	302,500	0.458
24	NG AH PENG	229,500	0.348
25	EDWARD GOH SWEE WANG	220,050	0.334
26	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - NG YIK TOON @ NG YIK KOON	217,300	0.329
27	SEAH TIN KIM	216,700	0.328
28	AMSEC NOMINEES (TEMPATAN) SDN BHD - KUA KIM KUAN	184,500	0.280
29	SEAH TIN KIM	180,800	0.274
30	TEH CHIAP CHUAN SDN BHD	180,000	0.273
<b>TOTAL</b>		<b>49,246,538</b>	<b>74.639</b>

### LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	DIRECT INTEREST		DEEMED INTEREST	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1	GOH MIA KWONG	9,858,739	14.942	4,765,407	7.223
2	CHOY SHU HOW	6,004,904	9.101	-	-
3	A.A. ANTHONY (TEMPATAN) SDN BHD - ANGKASA AMAN SDN BHD	5,967,257	9.044	-	-
4	LOW LEE KWEE	5,030,900	7.625	-	-
5	PEK AH TEO @ PECK AH TEO	4,140,490	6.275	-	-
6	GENTING PERWIRA SDN BHD	3,787,880	5.741	-	-
7	EDWARD GOH SWEE WANG	3,538,407	5.362	11,085,739	16.802
8	DATUK KAMALUDIN BIN YUSOFF	50,000	0.076	3,819,380	5.789
9	DATIN FAWZIAH BINTI HUSSEIN SAZALLY	31,500	0.048	3,787,880	5.741



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2010

### LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	DIRECT INTEREST		DEEMED INTEREST	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1	DATUK KAMALUDIN BIN YUSOFF	50,000	0.076	3,819,380	5.789
2	EDWARD GOH SWEE WANG	3,538,407	5.363	11,085,739	16.802
3	YEOW AH SENG @ YOW AH SENG	1,484,000	2.249	-	-
4	LIM CHIN KAI	24,000	0.036	-	-
5	MUHAMAD FEASAL BIN YUSOFF	-	-	-	-

# Johore Tin Berhad

(532570-V)

## Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of **JOHORE TIN BERHAD**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her/them, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held at Mercure Johor Palm Resort & Golf, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor, on Monday, 28 June 2010 at 9.30 a.m. for the following purposes and any adjournment thereof.

No.	Agenda	Resolution	*For	*Against
1.	To receive Audited Financial Statements and Reports			
2.	To approve a Single Tier Final Dividend of 2.5%	1		
3.	To approve Directors' fees	2		
4.	To re-elect the following Directors who retire pursuant to the Company's Articles of Association:			
	a) Mr. Edward Goh Swee Wang (Article 120)	3		
	b) Mr. Yeow Ah Seng @ Yow Ah Seng (Article 120)	4		
5.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.	5		
6.	To approve the authority pursuant to Section 132D of the Companies Act, 1965.	6		
7.	To approve the amendment to the Articles of Association of the Company.	7		

(\* Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

No. of Ordinary Shares Held

\_\_\_\_\_  
Signature(s)/Common Seal of Shareholder(s)

### NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, is allowed to 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.
4. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an attorney or an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.



Fold this flap for sealing

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Then fold here

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AFFIX  
STAMP

**THE COMPANY SECRETARY**  
**JOHORE TIN BERHAD (COMPANY NO. 532570-V)**  
SUITE 1301, 13<sup>TH</sup> FLOOR,  
CITY PLAZA, JALAN TEBRAU  
80300 JOHOR BAHRU  
JOHOR  
MALAYSIA

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**JOHORE TIN BERHAD**

COMPANY NO. 532570-V  
INCORPORATED IN MALAYSIA