



**JOHORE TIN BERHAD**

**COMPANY NO: 532570-V  
INCORPORATED IN MALAYSIA**

**2007**

**ANNUAL REPORT 2007**



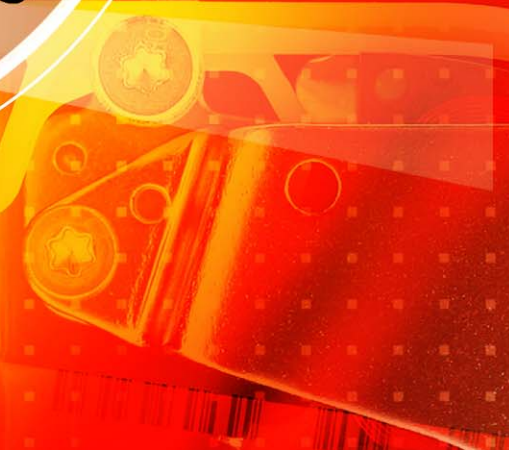
JOHORE TIN BERHAD ANNUAL REPORT 2007

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# CONTENTS

|  |       |
|--|-------|
| Notice of Annual General Meeting                           | 2~3   |
| Statement Accompanying<br>Notice of Annual General Meeting | 4     |
| Corporate Information                                      | 5     |
| Chairman's Statement                                       | 6     |
| Profile of Directors                                       | 7~10  |
| Audit Committee Report                                     | 11~13 |
| Statement on Corporate Governance                          | 14~18 |
| Statement on Internal Control                              | 19    |
| Material Contracts   | 20    |
| Directors' Report  | 21~24 |
| Report of the Auditors                                     | 25    |
| Balance Sheets   | 26~27 |
| Income Statements  | 28    |
| Statements of Changes in Equity                            | 29~30 |
| Cash Flow Statements                                       | 31~32 |
| Notes to the Financial Statements                          | 33~64 |
| Statement by Directors                                     | 65    |
| Statutory Declaration                                      | 65    |
| List of Properties   | 66    |
| Analysis of Shareholdings                                  | 67~70 |
| Form of Proxy  |       |



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting of Johore Tin Berhad will be held at Pulau Springs Resort, Kayangan Suites, 20km, Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia, on Wednesday, 25 June 2008 at 9.30 a.m. for the following purposes :-

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' fees of RM206,500.00 for the year ended 31 December 2007. (Resolution 2)
3. To re-elect the following Directors who retire pursuant to Article 120 of the Company's Articles of Association :-
  - (a) Mr. Yeow Ah Seng @ Yow Ah Seng (Resolution 3)
  - (b) Datin Fawziah Binti Hussein Sazally (Resolution 4)
4. To re-appoint Messrs 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 resolution, with or without modifications :

5. **ORDINARY RESOLUTION :** (Resolution 6)  
**AUTHORITY 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 of the relevant governmental / regulatory authorities, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue and allot shares in the Company from time to time at such price, upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

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

### **BY ORDER OF THE BOARD**

YONG MAY LI (f)  
Company Secretary

Johor Bahru,  
2 June 2008



## NOTICE OF ANNUAL GENERAL MEETING

### 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, 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 15.03, Level 15, Menara MAA, No. 15, Jalan Dato' Abdullah Tahir, 80300 Johor Bahru, Johor, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Explanatory Note on Special Business

#### **Ordinary Resolution**

#### **Authority Pursuant to Section 132D of the Companies Act, 1965**

This Ordinary Resolution proposed under item 6, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the next Annual General Meeting.





## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Further details of Directors who are standing for re-elections at the Seventh Annual General Meeting of JOHORE TIN BERHAD ("JTB") are as follows :

| NAME  | YEOW AH SENG @<br>YOW AH SENG   | DATIN FAWZIAH BINTI<br>HUSSEIN SAZALLY  |
|---|---|---|
| Age   | 55  | 53  |
| Nationality   | Malaysian   | Malaysian   |
| Qualification field   | Supervision of factory operations and sales   | Computing   |
| Working experience & Occupation   | <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>- She was a computer programmer and served the Government service for more than 10 years. Her last appointment was at Information Resource Centre, Public Services Department, Malaysia before she resigned in 1991 to set up her own business.</li></ul> |
| Position on the Board   | Executive Director  | Non-Executive Director  |
| Date first appointed on the Board   | December 31, 2002   | December 31, 2002   |
| Membership of Board Committees  | Nil   | Member of Nomination Committee  |
| Directorship of other public companies  | Nil   | Haisan Resources Berhad   |
| The details of any interest in the Securities of JTB and its subsidiaries     | 1,484,000   | 31,500  |
| Family relationship with any director and / or major shareholder of JTB       | Nil   | Wife to Datuk Kamaludin Bin Yusoff  |
| Conflict of interest with JTB, if any   | Nil   | Nil   |
| Convictions for offences within the past 10 years other than traffic offences | Nil   | Nil   |



## CORPORATE INFORMATION

|                                 |  |
|---------------------------------|--|
| <b>Directors :</b>              | Mr. Goh Mia Kwong (Chairman)<br>Mr. Edward Goh Swee Wang (Managing Director)<br>Mr. Yeow Ah Seng @ Yow Ah Seng<br>Datin Fawziah Binti Hussein Sazally (Alternate Director : Datuk Kamaludin Bin Yusoff)<br>Mr. Lim Chin Kai<br>En. Muhamad Feasal Bin Yusoff |
| <b>Audit Committee :</b>        | Mr. Lim Chin Kai (Chairman/Independent Non-Executive Director)<br>Mr. Edward Goh Swee Wang (Managing Director)<br>En. Muhamad Feasal Bin Yusoff (Independent Non-Executive Director)   |
| <b>Remuneration Committee :</b> | Mr. Lim Chin Kai (Chairman/Independent Non-Executive Director)<br>Mr. Edward Goh Swee Wang (Managing Director)<br>En. Muhamad Feasal Bin Yusoff (Independent Non-Executive Director)   |
| <b>Nomination Committee :</b>   | En. Muhamad Feasal Bin Yusoff (Chairman/Independent Non-Executive Director)<br>Mr. Lim Chin Kai (Independent Non-Executive Director)<br>Datin Fawziah Binti Hussein Sazally (Non-Executive Director)   |
| <b>Company Secretary :</b>      | Ms. Yong May Li (LS 000295)  |
| <b>Auditors :</b>               | Horwath<br>30-04 Level 30, Menara Landmark<br>Mail Box 171<br>12, Jalan Ngee Heng, 80000 Johor Bahru, Johor.<br>Tel : 07-2781268 Fax : 07-2781238  |
| <b>Registrars :</b>             | PFA Registration Services Sdn. Bhd.<br>Level 13, Uptown 1,<br>No. 1, Jalan SS 21/58,<br>Damansara Uptown,<br>47400 Petaling Jaya,<br>Selangor Darul Ehsan.<br>Tel : 03-77186000 Fax : 03-77222311  |
| <b>Registered Office :</b>      | Suite 15.03, Level 15, Menara MAA,<br>No. 15, Jalan Dato' Abdullah Tahir, 80300 Johor Bahru, Johor.<br>Tel : 07-3354988 Fax : 07-3354977   |
| <b>Principal Bankers :</b>      | Public Bank Berhad<br>Hong Leong Bank Berhad<br>Standard Chartered Bank Malaysia Berhad<br>CIMB Bank Berhad<br>OCBC Bank (Malaysia) Bhd<br>United Overseas Bank (Malaysia) Bhd   |
| <b>Stock Exchange Listing :</b> | Bursa Malaysia Securities Berhad<br>Main Board   |



## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Johore Tin Berhad for the financial year ended 31st December 2007.

### Financial Review

For the financial year ended 31st December 2007, total revenue for the Group is RM82,764,472 and this represents a decrease of about 32% compared to the previous year. The Group also recorded an After Tax Loss of RM4,033,728 for the financial year 2007.

The loss was mainly due to the drastic drop in revenue which was caused by falling sales. The relocation of equipments into the Seelong factory also partly contributed to the loss as additional costs were incurred during the dismantling, moving, installation and start up of the equipments.

### Corporate Development

The Group is working with a new customer whose operation is expected to commence in mid-2008. With the commencement of this customer's operation, we hope to regain part of the lost revenue and with that we hope to improve the Group's performance for the coming year.

### Appreciation

I would like to thank the staffs and all other employees of Johore Tin Berhad and its subsidiaries for their hardwork and dedication throughout the year.

I also would like to express my sincere appreciation to our customers, business partners, bankers, and shareholders for their support and patience during this difficult period.

As for the members of the Board of Directors, I thank each of you for the guidance and assistance in the management of the Group.

**Goh Mia Kwong**

Executive Chairman

Dated : 2nd June 2008

## PROFILE OF DIRECTORS

|   | <b>Goh Mia Kwong</b>   | <b>Edward Goh Swee Wang</b>  |
|---|--|--|
| Position  | Executive Director and Chairman  | Managing Director  |
| Age   | 69   | 45   |
| Nationality   | Malaysian  | Malaysian  |
| Qualification field   | Management of Marketing and Operation  | Business Administration and Mechanical Engineering   |
| Working experience & Occupation   | <ul style="list-style-type: none"> <li>- More than 42 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> | <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 16 years of working experience in tin can industry</li> <li>- Oversees company planning, development, marketing and overall management</li> </ul> |
| Date of Appointment   | December 31, 2002<br>April 3, 2003 (Chairman)  | December 31, 2002  |
| Other directorships of public listed companies                                | Nil  | Nil  |
| Membership of Board Committees  | Nil  | Member of Audit Committee and Remuneration Committee   |
| Family relationship with any director and / or major shareholder of JTB       | Father to Mr. Edward Goh Swee Wang, Managing Director  | Son to Mr. Goh Mia Kwong Chairman  |
| Conflict of interest with JTB, if any   | Nil  | Nil  |
| Convictions for offences within the past 10 years other than traffic offences | Nil  | Nil  |
| No. of Board Meetings attended in the Financial year                          | 5  | 5  |



## PROFILE OF DIRECTORS

|   | Yeow Ah Seng @<br>Yow Ah Seng  | Datin Fawziah Binti<br>Hussein Sazally  |
|---|--|---|
| Position  | Executive Director   | Non-Executive Director  |
| Age   | 55   | 53  |
| Nationality   | Malaysian  | Malaysian   |
| Qualification field   | Supervision of factory operations and sales  | Computing   |
| Working experience & Occupation   | <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>- She was a computer programmer and served the Government service for more than 10 years. Her last appointment was at Information Resource Centre, Public Services Department, Malaysia before she resigned in 1991 to set up her own business.</li> </ul> |
| Date of Appointment   | December 31, 2002  | December 31, 2002   |
| Other directorships of public listed companies                                | Nil  | Haisan Resources Berhad   |
| Membership of Board Committees  | Nil  | Member of Nomination Committee  |
| Family relationship with any director and / or major shareholder of JTB       | Nil  | Wife to Datuk Kamaludin Bin Yusoff  |
| Conflict of interest with JTB, if any   | Nil  | Nil   |
| Convictions for offences within the past 10 years other than traffic offences | Nil  | Nil   |
| No. of Board Meetings attended in the Financial year                          | 5  | 4   |

## PROFILE OF DIRECTORS

|   | <b>Lim Chin Kai</b>   | <b>Muhamad Feasal Bin Yusoff</b>  |
|---|---|---|
| Position  | Independent Non-Executive Director  | Independent Non-Executive Director  |
| Age   | 50  | 38  |
| Nationality   | Malaysian   | Malaysian   |
| Qualification field   | Business Administration and Mechanical Engineering  | Chartered Accountancy   |
| Working experience & Occupation   | <ul style="list-style-type: none"> <li>- Holds a Bachelor of Science in Mechanical Engineering from the Oklahoma State University, USA and a Master Degree of Business Administration from the University of San Francisco, USA</li> <li>- Joined Megachem Ltd in 1996 as General Manager and resigned in 2005 as Corporate Services and Investment Director</li> <li>- Joined AvantChem Pte. Ltd. in 2005 as General Manager / Director and resigned in March 2007.</li> <li>- Currently has ventured into his own business as a Private Investor</li> </ul> | <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> |
| Date of Appointment   | December 31, 2002   | December 31, 2002   |
| Other directorships of public listed companies                                | Nil   | Nil   |
| Membership of Board Committees  | Chairman of Audit Committee and Remuneration Committee. Member of Nomination Committee  | Chairman of Nomination Committee, Member of Audit Committee and Remuneration Committee  |
| Family relationship with any director and / or major shareholder of JTB       | Nil   | Nil   |
| Conflict of interest with JTB, if any   | Nil   | Nil   |
| Convictions for offences within the past 10 years other than traffic offences | Nil   | Nil   |
| No. of Board Meetings attended in the Financial year                          | 5   | 5   |



## PROFILE OF DIRECTORS

### Datuk Kamaludin Bin Yusoff

|   |  |
|---|--|
| Position  | Alternate Director to Datin Fawziah Binti Hussein Sazally  |
| Age   | 60   |
| Nationality   | Malaysian  |
| Qualification field   | Bachelor of Arts (Honours) in History, University Malaya, Kuala Lumpur, 1974   |
| Working experience & Occupation   | - Started his career as Administrative & Diplomatic Officer in the public sector in 1974 and has served in various position with Ministry of Finance, Ministry of Defence, Road Transport Department and Ministry of Entrepreneur Development. |
| Date of Appointment   | August 19, 2004  |
| Other directorships of public listed companies                                | Nil  |
| Membership of Board Committees  | Nil  |
| Family relationship with any director and / or major shareholder of JTB       | Husband to Datin Fawziah Binti Hussein Sazally   |
| Conflict of interest with JTB, if any   | Nil  |
| Convictions for offences within the past 10 years other than traffic offences | Nil  |
| No. of Board Meetings attended in the Financial year                          | 1  |

# AUDIT COMMITTEE REPORT

## 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  | Number of Committee Meetings |          |
|---|------------------------------|----------|
|   | Held                         | Attended |
| Lim Chin Kai<br>(Chairman / Independent Non-Executive Director)                 | 5                            | 5        |
| Edward Goh Swee Wang (Managing Director)  | 5                            | 5        |
| Muhamad Feasal Bin Yusoff<br>(Independent Non-Executive Director-Member of MIA) | 5                            | 5        |

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

## 2. MEMBERSHIP

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members of whom a majority shall be independent non-executive directors. 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 with majority being independent non-executive directors.

A Chairman shall be appointed by the Committee from amongst the members who is not an executive director.

## 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.

## 5. TERM 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 :

- Investigate any activity within the Committee's terms of reference;
- Have resources which are reasonably required to enable it to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company or the Group;

## AUDIT COMMITTEE REPORT

- (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
  - Changes in 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.

### **6. REPORTING PROCEDURES**

The Audit Committee shall report 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 follow :-

## AUDIT COMMITTEE REPORT

- Reviewed with the External Auditors the audited financial statements. 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.
- Reviewed the results and issues arising from External Auditors' audit of the financial year and resolution of such issues highlighted in their report to the Committee.
- 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 Auditors' performance 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 2007 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.

### 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;

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.

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.

This report is made with the approval of the Board dated 25 April 2008.



## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the performance of the Group.

Pursuant to paragraph 15.26 of Bursa Malaysia's Listing Requirements, the Board is pleased to outline below the manner the Company has applied the principles of Corporate Governance and the extent of compliance with the Best Practices set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the code").

### BOARD OF DIRECTORS

#### The Board

Johore Tin Berhad (JTB) is led by a group of members from diversified background, which comprises of a wide spectrum of skills and experiences in the field of accounting, engineering and business management.

The Board has the overall responsibility for effective performance and control of the Company and the Group, whereby collective decision and close monitoring are conducted on issues relating to strategic direction, formulation of policies, significant resource utilization and investments of the Group. The Board also recognises its role in implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company's system of internal control.

#### Board Meetings

During the financial period ended 31 December 2007, the Board met five (5) times, where they deliberated and considered significant matters, amongst others, the Group's financial results, acquisitions and disposals, Group's operating performances and business direction of the Group.

The number of Board of Directors' Meetings held and the attendance of each Director are as follows :-

| Name of Director                    | Designation                        | No. of Meetings Attended |
|-------------------------------------|------------------------------------|--------------------------|
| Goh Mia Kwong                       | Chairman, Executive Director       | 5/5                      |
| Edward Goh Swee Wang                | Managing Director                  | 5/5                      |
| Yeow Ah Seng @ Yow Ah Seng          | Executive Director                 | 5/5                      |
| Datin Fawziah Binti Hussein Sazally | Non-Executive Director             | 4/5                      |
| Lim Chin Kai                        | Independent Non-Executive Director | 5/5                      |
| Muhamad Feasal Bin Yusoff           | Independent Non-Executive Director | 5/5                      |
| Datuk Kamaludin Bin Yusoff          | Non-Executive Director             | 1/5                      |

#### Composition of the Board

The Board currently comprises seven (7) members of whom Three (3) are Executive Directors and Four (4) are Non-Executive Directors. Two of the Non-Executive Directors are Independent whilst One (1) is an alternate director. The composition of Independent Non-Executive Directors is in compliance with Paragraph 15.02 of the Bursa Malaysia Listing Requirements on board composition.

Profile of each of the Directors are presented on pages 7 to 10 of this Annual Report.



## STATEMENT ON CORPORATE GOVERNANCE

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The roles of the Independent Non-Executive Directors are to provide objective and independent judgement to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

With this composition of members, the Board is satisfied that it fairly reflects the investment of minority shareholders and represents the required mix of skills and experience required for the effective discharged of the Board's duties and responsibilities.

There is a clear division of responsibilities between the roles of the Chairman and the Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to day management of the Group's business operations and implementation of policies and strategies adopted by the Board.

### **Supply of Information**

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. The Board is supplied with all relevant information and reports on financial, operational, corporate, regulatory, business development, and audit matters by way of Board papers or upon specific request for informed decision making and effective discharge of their duties. Notice of Board Meetings and board papers are provided to directors in advance so that meaningful deliberations and sound decisions can be made at Board meetings.

All Directors, whether as a full Board or in their individual capacity, have access to the advice and services of Company Secretaries, management representatives and, if deemed necessary, other independent professionals at the expense of the Group in the discharge of their duties.

### **Re-elections to the Board and Appointments**

The Articles of Association provides that at least one-third of the Board, is subject to retirement by rotation at each Annual General Meeting and that all directors shall retire from office at least once in every three years. Full information is disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

The Nomination Committee (NC) is responsible for recommending to the Board, appointment of new Directors on the Company and on Board committees. The Board as a whole makes decision on appointments after considering the recommendations of the NC.

The NC is responsible for proposing potential Board appointments and assessing the Board on an on-going basis.

The members of the Nomination Committee are :-

**Muhamad Feasal Bin Yusoff**

Chairman

*Independent Non-Executive Director*

**Lim Chin Kai**

Member

*Independent Non-Executive Director*

**Datin Fawziah Binti Hussein Sazally**

Member

*Non-Executive Director*



## STATEMENT ON CORPORATE GOVERNANCE

The NC met once during the financial year to review the effectiveness of the Board and the contribution of each Director. The Committee also reviewed the structure, size and composition of the Board, and recommended the retiring directors for re-election at the JTB's forthcoming Annual General Meeting.

### Director's Training

The Board acknowledges the importance of constantly updating itself on the industry's direction and development. They are provided with the opportunity for training and updates from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

During the year, the Board members have attended the following seminars and briefings conducted by the Regulatory Authorities and members of professional bodies :

| Name of Directors                   | Seminars and briefings attended                 | Date        |
|-------------------------------------|---|-------------|
| Goh Mia Kwong                       | Driving Regional Economic Growth                | 10 Sep 2007 |
| Edward Goh Swee Wang                | 2008 Budget & Tax Planning Seminar              | 28 Sep 2007 |
| Yeow Ah Seng @ Yow Ah Seng          | Driving Regional Economic Growth                | 10 Sep 2007 |
| Datin Fawziah Binti Hussein Sazally | An Update Of The Financial Reporting Standards  | 17 Dec 2007 |
| Lim Chin Kai                        | Financing Corporate Growth - Tax Considerations | 13 Dec 2007 |
| Muhamad Feasal Bin Yusoff           | Practical Guide To Corporate Tax Planning       | 11 Dec 2007 |
| Datuk Kamaludin Bin Yusoff          | An Update Of The Financial Reporting Standards  | 17 Dec 2007 |

The Directors will continue to attend relevant training programmes to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties.

### Director's Remuneration

#### Remuneration Committee

The Remuneration Committee comprises of the following Directors :-

#### Lim Chin Kai

Chairman

*Independent Non-Executive Director*

#### Edward Goh Swee Wang

Member

*Managing Director*

#### Muhamad Feasal Bin Yusoff

Member

*Independent Non-Executive Director*

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration packages including the terms of employment and remuneration of Executive Directors.

The Committee as a whole recommends the remuneration of Non-Executive Directors for the board's and shareholders' approval at the Annual General Meeting. No Director will participate in the deliberation and decision in respect of his or her own remuneration.

## STATEMENT ON CORPORATE GOVERNANCE

Details of Directors' Remuneration for the financial year ended 31 December 2007 are as follow :-

(a) Aggregate remuneration of Directors is as follows :

| Categories of Remunerations | Executive Director (RM'000) | Non-Executive Directors (RM'000) |
|-----------------------------|-----------------------------|----------------------------------|
| Basic Salary                | 1,894,932                   | -                                |
| Fees                        | 101,000                     | 125,500                          |
| Total                       | 1,995,932                   | 125,000                          |

(b) The number of Directors whose total remuneration falls within the following categories :-

| Directors' Remuneration | Executive Director | Non-Executive Directors |
|-------------------------|--------------------|-------------------------|
| RM 50,000 and below     | -                  | 3                       |
| RM 550,001 - RM 600,000 | 1                  | -                       |
| RM 650,001 - RM 700,000 | 1                  | -                       |
| RM 750,001 - RM 800,000 | 1                  | -                       |

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" in accordance with the Bursa Malaysia Listing Requirements. Hence the remuneration of individual Directors in accordance with the Best Practice of the Code are not disclosed in this statement.

### SHAREHOLDERS AND INVESTORS

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following :

- a) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors; and
- b) various announcements made to the Bursa Malaysia, which includes announcement on quarterly results.

In addition, the Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any matters pertaining to the business and financial performance of the Group. The Board encourages shareholders to attend and participate in the AGM held annually.



# STATEMENT ON CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board of Directors aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcement to shareholders as well as Chairman's Statement and Financial Review in the Annual Report. In this respect, the Audit Committee assists the Board by overseeing the Group's financial reporting processes and the quality of the financial reporting.

### Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. Hence reviews to determine the adequacy and effectiveness of internal control systems were carried out during the year.

The Statement on Internal Control of the Group is set out on page 19 of this Annual Report.

### Relationship with Auditors

Through the Audit Committee, the Board maintains a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. From time to time, the external auditors will highlight to the Audit Committee and the Board on matters that require their attention.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 11 to 13 of this Annual Report.

### Corporate Social Responsibility

The Board of Directors of Johore Tin Berhad (JTB) recognised the importance of good corporate social responsibility (CSR). The Group is committed to ensuring not only the growth the stakeholders value, but also consideration of and contribution for the betterment of the community and environment.

During the year, the Group contributed to various societies, schools, associations and other welfares to assist the community. Contributions were made to the following bodies :

- a) Society Of The Blind In Malaysia
- b) Association For Children Of God
- c) Kiwanis Down Syndrome Foundation
- d) Pusat Asuhan Kanak-Kanak Istiwa
- e) SJK (C) Kuo Kuang
- f) Lions Club Of Johor Bahru
- g) Church
- h) Temples etc

This statement was made based on the collective approval of the Board on 25 April 2008.



## STATEMENT ON INTERNAL CONTROL

The Board of Directors of Johore Tin Berhad and its subsidiaries ('JTB Group' or 'the Group') recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. Notwithstanding, such a system can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board's primary objective and direction in managing the Group's principal business risks are to enhance the Group's ability to achieve its business objectives. In order to measure the achievement of the business objectives, the Board monitors the Group's performance and profitability at its Board meetings and provides feedback to the Executive Directors.

The Executive Directors (EDs) and senior management team, comprising experienced personnel within the industry, are assigned the responsibility of managing the Group. They are accountable for the conduct and performance of their operations within their respective businesses. The EDs and senior management monitor the day-to-day affairs of the Group through review of performance and operations reports, as well as by attending management meetings. Any significant issues are immediately brought to the attention of the Managing Director, who in turn, will bring these matters before the Board. In addition, JTB's management also includes the following system of internal control :

- Clear organisation structure with defined reporting lines and appropriate degrees of empowerment
- Policies and Procedures which set out the expected standards for operations
- Monitoring mechanisms in the form of management reports and scheduled management meetings
- Monetary limits to authority to minimise risks of unauthorised transactions

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the Group's system of internal control. In this respect, the Internal Audit function were outsourced to a professional firm, which is independent of management, conducts regular reviews on the Group's businesses and reports directly to the Audit Committee. The external auditors provide assurance in the form of their annual statutory audit of the financial statements. Further, any areas for improvement identified during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

The Audit Committee reviews all audit and compliance findings and report to the Board. The Report of the Audit Committee is set out on pages 11 to 13 of the Annual Report.

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control.

This statement was made based on the collective approval of the Board on 25 April 2008.





## MATERIAL CONTRACTS

### FOR FINANCIAL YEAR ENDED 31 DECEMBER, 2007

- 1) Tenancy Agreement between Ng Yik Toon @ Ng Yik Koon (Landlord) and Kluang Tin and Can Factory Sdn. Bhd. (KTCF) (Tenant) dated January 15, 1999 for No. 43, Jalan Lau Kim Teck, 86000 Kluang, Johor Darul Takzim at rental of RM1,900.00 per month for a period of two (2) years commencing on January 15, 1999 and expiring on January 15, 2001, payable by cash. Ng Yik Toon @ Ng Yik Koon is a director of KTCF.

During the interim period immediately after the expiration of the Tenancy Agreement on January 15, 2001 and prior to the renewal on November 15, 2001, the tenancy was continued as a periodic tenancy upon the terms and conditions of the Tenancy Agreement dated January 15, 1999 and at a monthly rental of RM1,900.00, payable by cash;

The tenancy period was mutually agreed by both parties on November 15, 2001 to be further renewed at rental of RM1,400.00 per month for a period of two (2) years commencing on November 15, 2001 and expiring on November 15, 2003, payable by cash;

The tenancy period was mutually agreed by both parties on November 15, 2003 to be further renewed at rental of RM1,400.00 per month for a period of two (2) years commencing on November 15, 2003 and expiring on November 15, 2005, payable by cash;

The tenancy period was further mutually agreed by both parties on November 15, 2005 to be further renewed at rental of RM1,400.00 for a period of two (2) years commencing on November 15, 2005 and expiring on November 15, 2007.

The tenancy period was further mutually agreed by both parties on November 15, 2007 to be further renewed at rental of RM1,400.00 for a period of two (2) years commencing on November 15, 2007 and expiring on November 15, 2009.

- 2) There are no other material contracts involving directors or substantial shareholders of the Group.



## 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 2007.

### 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

|  | <b>The<br/>Group<br/>RM</b> | <b>The<br/>Company<br/>RM</b> |
|--|-----------------------------|-------------------------------|
| Loss after taxation for the financial year | <u>(4,033,728)</u>          | <u>(12,004,840)</u>           |

### DIVIDENDS

Since the end of the previous financial year, the Company, on 20 July 2007, paid a final dividend less tax of RM0.03 per ordinary share amounting to RM1,444,940 in respect of the previous financial year.

### RESERVES AND PROVISIONS

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

### 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.

### 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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



## DIRECTORS' REPORT

### 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 39 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.

### 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 :-



## DIRECTORS' REPORT

GOH MIA KWONG  
 EDWARD GOH SWEE WANG  
 YEOW AH SENG @ YOW AH SENG  
 DATIN FAWZIAH BINTI HUSSEIN SAZALLY  
 LIM CHIN KAI  
 MUHAMAD FEASAL BIN YUSOFF  
 DATUK KAMALUDIN BIN YUSOFF (Alternate to DATIN FAWZIAH BINTI HUSSEIN SAZALLY)

In accordance with Article 120 of the Articles of Association of the Company, Yeow Ah Seng @ Yow Ah Seng and Datin Fawziah Binti Hussein Sazally 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<br>1.1.2007                        | BOUGHT | SOLD | AT<br>31.12.2007 |
| <b>Direct Interest</b>                 |                                       |        |      |                  |
| GOH MIA KWONG                          | 1,194,139                             | -      | -    | 1,194,139        |
| EDWARD GOH SWEE WANG                   | 220,050                               | -      | -    | 220,050          |
| YEOW AH SENG @<br>YOW AH SENG          | 154,500                               | -      | -    | 154,500          |
| DATIN FAWZIAH BINTI<br>HUSSEIN SAZALLY | 31,500                                | -      | -    | 31,500           |
| LIM CHIN KAI                           | 24,000                                | -      | -    | 24,000           |
| <b>Indirect Interest</b>               |                                       |        |      |                  |
| GOH MIA KWONG                          | 29,615,407                            | -      | -    | 29,615,407       |
| EDWARD GOH SWEE WANG                   | 30,589,496                            | -      | -    | 30,589,496       |
| DATIN FAWZIAH BINTI<br>HUSSEIN SAZALLY | 3,787,880                             | -      | -    | 3,787,880        |
| DATUK KAMALUDIN BIN YUSOFF             | 3,819,380                             | -      | -    | 3,819,380        |

By virtue of their shareholdings in the Company, the abovenamed 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 had any interest in shares in the Company and its related corporations during the financial year.



## **DIRECTORS' REPORT**

### **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. Horwath, have expressed their willingness to continue in office.

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

DATED : 18 April 2008

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**GOH MIA KWONG**

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**EDWARD GOH SWEE WANG**



## REPORT OF THE AUDITORS

TO THE MEMBERS OF JOHORE TIN BERHAD (Incorporated in Malaysia) Company No. : 532570-V

We have audited the financial statements set out on pages 33 to 64. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based in our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of :-
  - (i) the state of affairs of the Group and of the Company at 31 December 2007 and their results and cash flows for the financial year ended on that date; and
  - (ii) the matters required under Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and auditors' reports of the subsidiary of which we have not acted as auditors, as indicated in Note 6 to the financial statements.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

**Horwath**  
Firm No.: AF 1018  
Chartered Accountants

**Wong Tak Mun**  
Approval No.: 1793/09/08 (J)  
Partner

Johor Bahru  
Dated : 18 April 2008





# BALANCE SHEETS

AT 31 DECEMBER 2007

|   | NOTE | THE GROUP          |                    | THE COMPANY       |                   |
|---|------|--------------------|--------------------|-------------------|-------------------|
|   |      | 2007<br>RM         | 2006<br>RM         | 2007<br>RM        | 2006<br>RM        |
| <b>ASSETS</b>                               |      |                    |                    |                   |                   |
| NON-CURRENT ASSETS                          |      |                    |                    |                   |                   |
| Investment in subsidiaries                  | 6    | -                  | -                  | 51,043,000        | 68,903,000        |
| Property, plant and equipment               | 7    | 46,506,190         | 35,795,164         | 40,050            | 61,748            |
| Prepaid land lease payments                 | 8    | 310,056            | 324,358            | -                 | -                 |
| Other investment                            | 9    | 16,500             | 16,500             | -                 | -                 |
|   |      | <u>46,832,746</u>  | <u>36,136,022</u>  | <u>51,083,050</u> | <u>68,964,748</u> |
| CURRENT ASSETS                              |      |                    |                    |                   |                   |
| Inventories                                 | 10   | 35,004,073         | 31,271,297         | -                 | -                 |
| Trade receivables                           | 11   | 25,862,582         | 42,245,285         | -                 | -                 |
| Other receivables, deposits and prepayments | 12   | 2,180,240          | 2,508,552          | -                 | 6,000             |
| Amount owing by subsidiaries                | 13   | -                  | -                  | 9,674,088         | 11,004,548        |
| Tax recoverable                             |      | 1,776,412          | 1,064,743          | 174,580           | 109,250           |
| Fixed deposits with licensed banks          | 14   | -                  | 1,051,949          | -                 | -                 |
| Cash and bank balances                      |      | 4,940,642          | 3,381,764          | 13,190            | 89,003            |
|   |      | <u>69,763,949</u>  | <u>81,523,590</u>  | <u>9,861,858</u>  | <u>11,208,801</u> |
| <b>TOTAL ASSETS</b>                         |      | <u>116,596,695</u> | <u>117,659,612</u> | <u>60,944,908</u> | <u>80,173,549</u> |

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

# BALANCE SHEETS

AT 31 DECEMBER 2007

|                                     | NOTE | THE GROUP          |                    | THE COMPANY       |                   |
|-------------------------------------|------|--------------------|--------------------|-------------------|-------------------|
|                                     |      | 2007<br>RM         | 2006<br>RM         | 2007<br>RM        | 2006<br>RM        |
| <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   | 14,651,169         | 20,364,696         | (5,323,959)       | 13,915,405        |
| <b>SHAREHOLDERS' EQUITY</b>         |      | <u>80,630,169</u>  | <u>86,343,696</u>  | <u>60,655,041</u> | <u>79,894,405</u> |
| <b>NON-CURRENT LIABILITIES</b>      |      |                    |                    |                   |                   |
| Long term borrowings                | 17   | 14,941,883         | 7,019,270          | -                 | -                 |
| Retirement benefits                 | 18   | 1,197,479          | 697,479            | -                 | -                 |
| Deferred taxation                   | 19   | 840,000            | 2,103,000          | -                 | -                 |
|                                     |      | <u>16,979,362</u>  | <u>9,819,749</u>   | <u>-</u>          | <u>-</u>          |
| <b>CURRENT LIABILITIES</b>          |      |                    |                    |                   |                   |
| Trade payables                      | 20   | 4,497,891          | 7,498,283          | -                 | -                 |
| Other payables and accruals         | 21   | 2,756,573          | 3,179,608          | 289,867           | 279,144           |
| Amount owing to directors           | 22   | 341,560            | 249,630            | -                 | -                 |
| Provision of taxation               |      | 43,338             | 346,951            | -                 | -                 |
| Short term borrowings               | 23   | 11,346,207         | 8,510,898          | -                 | -                 |
| Bank overdrafts                     | 26   | 1,595              | 1,710,797          | -                 | -                 |
|                                     |      | <u>18,987,164</u>  | <u>21,496,167</u>  | <u>289,867</u>    | <u>279,144</u>    |
| <b>TOTAL LIABILITIES</b>            |      | <u>35,966,526</u>  | <u>31,315,916</u>  | <u>289,867</u>    | <u>279,144</u>    |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <u>116,596,695</u> | <u>117,659,612</u> | <u>60,944,908</u> | <u>80,173,549</u> |
| <b>Net assets per share (sen)</b>   | 27   | <u>122.21</u>      | <u>130.86</u>      |                   |                   |

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

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

|   | Note | THE GROUP          |                  | THE COMPANY         |                  |
|---|------|--------------------|------------------|---------------------|------------------|
|   |      | 2007<br>RM         | 2006<br>RM       | 2007<br>RM          | 2006<br>RM       |
| REVENUE   | 28   | 82,764,472         | 121,439,999      | 755,405             | 3,771,644        |
| OTHER OPERATING INCOME  |      | 1,059,513          | 1,006,950        | -                   | -                |
| CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS |      | (1,461,241)        | 1,031,375        | -                   | -                |
| RAW MATERIALS AND CONSUMABLES USED                            |      | (59,221,419)       | (84,594,111)     | -                   | -                |
| STAFF COSTS   |      | (10,699,143)       | (11,253,737)     | (151,248)           | (113,068)        |
| DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT                 |      | (2,911,419)        | (2,417,117)      | (21,698)            | (21,698)         |
| AMORTISATION OF PREPAID LAND LEASE                            |      | (14,302)           | (12,792)         | -                   | -                |
| FINANCE COSTS   |      | (1,202,201)        | (864,657)        | -                   | -                |
| OTHER OPERATING EXPENSES                                      |      | (13,148,963)       | (16,744,487)     | (12,466,894)        | (543,159)        |
| (LOSS)/PROFIT BEFORE TAXATION                                 | 29   | (4,834,703)        | 7,591,423        | (11,884,435)        | 3,093,719        |
| INCOME TAX EXPENSE  | 30   | 800,975            | (2,227,775)      | (120,405)           | (966,797)        |
| (LOSS)/PROFIT AFTER TAXATION                                  |      | <u>(4,033,728)</u> | <u>5,363,648</u> | <u>(12,004,840)</u> | <u>2,126,922</u> |
| (Loss)/Earnings per share                                     |      |                    |                  |                     |                  |
| - basic (sen)   | 31   | (6.11)             | 8.13             |                     |                  |
| - diluted (sen)   | 31   | <u>(6.11)</u>      | <u>8.13</u>      |                     |                  |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

| THE GROUP                                    | NOTE | NON-DISTRIBUTABLE RESERVES |                         |                         | DISTRIBUTABLE RESERVE   | Total RM                 |
|--|------|----------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
|  |      | Share Capital RM           | Share Premium RM        | Translation Reserve RM  | Retained Profits RM     |                          |
| Balance at 1.1.2006                          |      | 43,986,000                 | 5,520,212               | (191,001)               | 33,843,234              | 83,158,445               |
| Current translation differences              |      | -                          | -                       | 38,498                  | -                       | 38,498                   |
| Profit after taxation for the financial year |      | -                          | -                       | -                       | 5,363,648               | 5,363,648                |
| Bonus issue                                  |      | 21,993,000                 | -                       | -                       | (21,993,000)            | -                        |
| Dividends paid                               | 32   | -                          | -                       | -                       | (2,216,895)             | (2,216,895)              |
| Balance at 31.12.2006/1.1.2007               |      | <u>65,979,000</u>          | <u>5,520,212</u>        | <u>(152,503)</u>        | <u>14,996,987</u>       | <u>86,343,696</u>        |
| Currency translation differences             |      | -                          | -                       | (234,859)               | -                       | (234,859)                |
| Loss after taxation for the financial year   |      | -                          | -                       | -                       | (4,033,728)             | (4,033,728)              |
| Dividends paid                               | 32   | -                          | -                       | -                       | (1,444,940)             | (1,444,940)              |
| <b>Balance at 31.12.2007</b>                 |      | <u><u>65,979,000</u></u>   | <u><u>5,520,212</u></u> | <u><u>(387,362)</u></u> | <u><u>9,518,319</u></u> | <u><u>80,630,169</u></u> |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

| THE COMPANY  | NOTE | NON-DISTRIBUTABLE RESERVES |                  |                        | DISTRIBUTABLE RESERVE                      | Total RM          |
|--|------|----------------------------|------------------|------------------------|--|-------------------|
|  |      | Share Capital RM           | Share Premium RM | Revaluation Reserve RM | Retained Profits / (Accumulated Losses) RM |                   |
| <b>Balance at 1.1.2006</b>                           |      | 43,986,000                 | 5,520,212        | -                      | 2,695,582                                  | 52,201,794        |
| Surplus on revaluation of investment in subsidiaries |      | -                          | -                | 27,782,584             | -  | 27,782,584        |
| Profit after taxation for the financial year         |      | -                          | -                | -                      | 2,126,922                                  | 2,126,922         |
| Bonus issue  |      | 21,993,000                 | -                | (21,993,000)           | -  | -                 |
| Dividends paid                                       | 32   | -                          | -                | -                      | (2,216,895)                                | (2,216,895)       |
| <b>Balance at 31.12.2006/1.1.2007</b>                |      | <u>65,979,000</u>          | <u>5,520,212</u> | <u>5,789,584</u>       | <u>2,605,609</u>                           | <u>79,894,405</u> |
| Loss after taxation for the financial year           |      | -                          | -                | -                      | (12,004,840)                               | (12,004,840)      |
| Dividends paid                                       | 32   | -                          | -                | -                      | (1,444,940)                                | (1,444,940)       |
| Impairment loss on investment in subsidiaries        |      | -                          | -                | (5,789,584)            | -  | (5,789,584)       |
| <b>Balance at 31.12.2007</b>                         |      | <u>65,979,000</u>          | <u>5,520,212</u> | <u>-</u>               | <u>(10,844,171)</u>                        | <u>60,655,041</u> |

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

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

| NOTE  | THE GROUP         |                   | THE COMPANY      |                  |
|---|-------------------|-------------------|------------------|------------------|
|   | 2007<br>RM        | 2006<br>RM        | 2007<br>RM       | 2006<br>RM       |
| CASH FLOWS FROM OPERATING ACTIVITIES                              |                   |                   |                  |                  |
| (Loss)/Profit before taxation                                     | (4,834,703)       | 7,591,423         | (11,884,435)     | 3,093,719        |
| Adjustments for :-  |                   |                   |                  |                  |
| Allowance for doubtful debts                                      | 365,666           | -                 | -                | -                |
| Amortisation of prepaid land lease                                | 14,302            | 12,792            | -                | -                |
| Bad debts recovered   | -                 | (5,663)           | -                | -                |
| Bad debts written off   | 14,152            | -                 | -                | -                |
| Depreciation of property, plant and equipment                     | 2,911,419         | 2,417,117         | 21,698           | 21,698           |
| Gain on disposal of property, plant and equipment                 | (53,998)          | (226,655)         | -                | -                |
| Impairment loss in subsidiaries                                   | -                 | -                 | 12,070,416       | -                |
| Interest expense  | 1,202,201         | 864,657           | -                | -                |
| Interest income   | (32,919)          | (48,734)          | -                | -                |
| Provision for retirement benefits                                 | 500,000           | 500,000           | -                | -                |
| Reversal of allowance for doubtful debts                          | (15,000)          | (4,400)           | -                | -                |
| Operating profit before working capital changes                   | 71,120            | 11,100,537        | 207,679          | 3,115,417        |
| (Increase)/Decrease in inventories                                | (3,732,776)       | 733,960           | -                | -                |
| Decrease/(Increase) in trade and other receivables                | 16,346,197        | 830,071           | 6,000            | (377)            |
| Decrease/(Increase) in amount owing by subsidiaries               | -                 | -                 | 1,330,460        | (762,644)        |
| Decrease/(Increase) in fixed deposits pledged to banks            | 1,051,943         | (30,484)          | -                | -                |
| Decrease in cash at bank pledged to a bank                        | 375,400           | 50,100            | -                | -                |
| (Decrease)/Increase in trade and other payables                   | (3,423,427)       | (1,170,705)       | 10,723           | 25,906           |
| Increase in amount owing to directors                             | 91,930            | 224,609           | -                | -                |
| <b>CASH FROM OPERATIONS</b>                                       | <b>10,780,387</b> | <b>11,738,088</b> | <b>1,554,862</b> | <b>2,378,302</b> |
| Income tax refund   | -                 | 516,402           | -                | -                |
| Income tax paid   | (1,816,256)       | (2,541,139)       | (185,735)        | (129,037)        |
| <b>NET CASH FROM OPERATING ACTIVITIES/BALANCE CARRIED FORWARD</b> | <b>8,964,131</b>  | <b>9,713,351</b>  | <b>1,369,127</b> | <b>2,249,265</b> |

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



# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

|  | NOTE | THE GROUP    |             | THE COMPANY |             |
|--|------|--------------|-------------|-------------|-------------|
|  |      | 2007<br>RM   | 2006<br>RM  | 2007<br>RM  | 2006<br>RM  |
| BALANCE BROUGHT FORWARD                                      |      | 8,964,131    | 9,713,351   | 1,369,127   | 2,249,265   |
| CASH FLOWS FOR INVESTING ACTIVITIES                          |      |              |             |             |             |
| Interest received  |      | 32,919       | 48,734      | -           | -           |
| Proceeds from disposal of property, plant and equipment      |      | 71,900       | 228,286     | -           | -           |
| Purchase of property, plant and equipment                    | 33   | (13,641,664) | (7,261,851) | -           | -           |
| NET CASH FOR INVESTING ACTIVITIES                            |      | (13,536,845) | (6,984,821) | -           | -           |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES                   |      |              |             |             |             |
| Interest expense   |      | (1,202,201)  | (864,657)   | -           | -           |
| Dividends paid   |      | (1,444,940)  | (2,216,895) | (1,444,940) | (2,216,895) |
| Net drawdown/(repayment) of bankers' acceptances             |      | 1,948,218    | (3,485,895) | -           | -           |
| Proceeds from term loans                                     |      | 11,676,774   | 3,045,000   | -           | -           |
| Repayment of hire purchase obligation                        |      | (630,006)    | (525,007)   | -           | -           |
| Repayment of term loans                                      |      | (2,237,064)  | (1,519,739) | -           | -           |
| NET CASH FROM/(FOR) FINANCING ACTIVITIES                     |      | 8,110,781    | (5,567,193) | (1,444,940) | (2,216,895) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS         |      | 3,538,067    | (2,836,663) | (75,813)    | 32,370      |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR |      | 1,295,567    | 4,101,484   | 89,003      | 56,633      |
| Effects of exchange differences                              |      | 105,413      | 32,746      | -           | -           |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR       | 34   | 4,939,047    | 1,295,567   | 13,190      | 89,003      |

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

### 1. GENERAL INFORMATION

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

Registered office : Suite 15.03, Level 15  
Menara MAA  
No 15, Jalan Dato' Abdullah Tahir  
80300 Johor Bahru  
Johor.

Principal place of business : PTD 12498, Jalan Kempas Lama  
Kampung Seelong Jaya  
81300 Johor Bahru  
Johor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 April 2008.

### 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 exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Foreign currency risk is monitored closely and managed to an acceptable level.

##### (ii) Interest Rate Risk

The Group obtains financing through banking and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable financial institutions at most favourable interest rates.



## NOTES TO THE FINANCIAL STATEMENTS

### (iii) Price Risk

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key raw materials used in the operations. The Group enters into contracts to establish determinable prices for raw materials used.

### (b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

### (c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practices prudent liquidity risks management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

## 4. BASIS OF PREPARATION

The financial statements of the Group have been 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 applicable approved Financial Reporting Standards in Malaysia ("FRSs") and the provision of the Companies Act, 1965.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 January 2007, which are not relevant to the Group's operation :-

|                         |   |
|-------------------------|---|
| FRS 6                   | Exploration for and Evaluation of Mineral Resources   |
| FRS 119 <sub>2004</sub> | Amendment to FRS 119 <sub>2004</sub> Employee Benefits - Actuarial Gains and Losses, Group Plants and Disclosures |

The Group has not adopted FRS 139 - Financial Instruments : Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 :-



## NOTES TO THE FINANCIAL STATEMENTS

FRS 107 Cash Flow Statements  
FRS 112 Income Taxes  
FRS 118 Revenue  
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRS with the equivalent International Accounting Standards ('IASs'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply these FRSs from the financial year ending 31 December 2008 onwards.

FRS 111 - Construction Contracts has been issued and is effective for financial periods beginning on or after 1 July 2007. This standard is not relevant to the Group's operations.

FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance has been issued and is effective for the financial periods beginning on or after 1 July 2007. This standard is not relevant to the Group's operations.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group will apply this FRS from the financial year ending 31 December 2008 onwards.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group has applied this Framework from the financial year ended 31 December 2007.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation has been issued and is effective for financial periods beginning on or after 1 July 2007. This standard is not relevant to the Group's operations.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. The interpretation is not relevant to the Group's Operations.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. The interpretation is not relevant to the Group's operations.

IC Interpretation 5 - Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRs 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.



## NOTES TO THE FINANCIAL STATEMENTS

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

### 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, income 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.

##### (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 provision 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 management 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.

## NOTES TO THE FINANCIAL STATEMENTS

Management specifically analyses historical bad debt, 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) *Allowance for Inventories*

Reviews are made periodically by management on damaged, obsolete and slowmoving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

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

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimate and judgement. While significant components of fair value measurement were estimated 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.

### (b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provision 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 sheet are disclosed in the individual policy statement associated with each item.

### (c) Functional and Foreign Currency

(i) *Functional and Presentation Currency*

The functional currency of the Company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

(ii) *Transactions and Balances*

Transactions in foreign currency are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Transactions in foreign currency are

## NOTES TO THE FINANCIAL STATEMENTS

measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities 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 :-

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (iii) 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.

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

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2007.

A subsidiary is defined as an enterprise in which the Group has the power, directly or indirectly to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method of accounting. 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 value of the subsidiaries' net assets is 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 the subsidiaries to ensure consistency of accounting policies with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### (e) Investments

#### (i) Investment in Subsidiaries

Investments in subsidiaries are stated at revalued amount in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

The net increase arising from revaluation of investment in subsidiaries, if adjusted, is credited to a revaluation reserve. A net decrease, to the extent that it is not supported by any previous revaluation is charged to the income statement. Revaluation surplus relating to investment in subsidiaries disposed during the year is transferred from the revaluation reserve to the retained earnings.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

#### (ii) Transferable Golf Club Membership

Transferable golf club membership is stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investments, which is determined on an individual basis.

### (f) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, 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 assets become idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are :-

|  |           |
|--|-----------|
| Factory buildings                        | 2% - 10%  |
| Plant and machinery                      | 10% - 25% |
| Mould, tools and factory equipment       | 10%       |
| Motor vehicles                           | 20%       |
| Electrical installations and substation  | 10%       |
| Office equipment, furniture and fittings | 5% - 12%  |
| Renovation                               | 10% - 50% |

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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

Capital work-in-progress represents asset under construction and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure.

### (g) Prepaid Land Lease

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the leases of 50 years.

### (h) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, 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 its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

### (i) 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 cost of materials 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.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

## NOTES TO THE FINANCIAL STATEMENTS

### (j) 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.

### (k) Payables

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

### (l) Provisions

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

### (m) Assets under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statements over the periods of the respective hire purchase agreements.

### (n) Income Taxes

Income taxes for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially 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.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

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 substantially 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, 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 acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost. 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.

### (o) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

### (p) 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.

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge in equity. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity. Where such shares are subsequently sold, any consideration received is included in shareholders' equity.

### (q) Segmental Information

Segment revenue and expenses are those directly attributed 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 and impairment losses, where applicable) inventories, receivables and cash and bank balances.

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 revenues, 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.

### (r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with licensed financial institutions, bank overdrafts and short term, highly liquid

## NOTES TO THE FINANCIAL STATEMENTS

investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (s) Employee Benefits

#### (i) Short-Term Benefits

Wages, salaries, paid annual leave and sick 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 of 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 liabilities in respect of the defined contribution plans.

#### (iii) Defined Benefit Plans

The Group has a non-contributory unfunded retirement benefits scheme for employees who are eligible under a collective bargaining agreement. Retirement benefits are provided for based on a certain percentage of the average annual salaries and length of service of eligible employees with no actuarial valuation method is used.

### (t) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

### (u) 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.

### (v) Revenue Recognition

#### (i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

## NOTES TO THE FINANCIAL STATEMENTS

(ii) *Rendering of Services*

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event that the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) *Interest Income*

Interest income is recognised on an accrual basis.

(iv) *Dividend Income*

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

### 6. INVESTMENT IN SUBSIDIARIES

|  | <b>THE COMPANY</b> |                   |
|--|--------------------|-------------------|
|  | <b>2007</b>        | <b>2006</b>       |
|  | <b>RM</b>          | <b>RM</b>         |
| Unquoted shares at valuation                         | 68,903,000         | 68,903,000        |
| Less : Impairment loss on investment in subsidiaries | (17,860,000)       | -                 |
|  | <u>51,043,000</u>  | <u>68,903,000</u> |

Details of the subsidiaries are as follows :-

| <b>Name of Company</b>                              | <b>Effective</b>         |             | <b>Country of Incorporation</b> | <b>Principal Activities</b>   |
|---|--------------------------|-------------|---------------------------------|---|
|   | <b>Equity Interest %</b> | <b>2007</b> |                                 |   |
| Johore Tin Factory Sdn. Bhd.                        | 100                      | 100         | Malaysia                        | Manufacturing of various tins, cans and other containers and printing of tin plates |
| 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>Subsidiaries 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. Horwath.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. PROPERTY, PLANT AND EQUIPMENT

|   | At<br>1.1.2007<br>RM | Additions<br>RM   | Disposal<br>RM  | Translation<br>Difference<br>RM | Depreciation<br>Charge<br>RM | At<br>31.12.2007<br>RM |
|---|----------------------|-------------------|-----------------|---------------------------------|------------------------------|------------------------|
| Net book value                              |                      |                   |                 |                                 |                              |                        |
| Freehold land                               | 6,059,304            | 3,116,754         | -               | -                               | -                            | 9,176,058              |
| Factory buildings                           | 14,815,085           | 6,062,222         | (9,900)         | -                               | (340,417)                    | 20,526,990             |
| Plant and machinery                         | 12,411,885           | 2,449,696         | -               | -                               | (2,057,795)                  | 12,803,786             |
| Mould, tools and factory<br>equipment       | 466,650              | 96,229            | -               | -                               | (92,389)                     | 470,490                |
| Motor vehicles                              | 777,004              | -                 | (8,002)         | -                               | (238,798)                    | 530,204                |
| Electrical installations and<br>substation  | 521,838              | 10,800            | -               | -                               | (64,880)                     | 467,758                |
| Office equipment, furniture<br>and fittings | 491,759              | 88,362            | -               | (1,317)                         | (89,878)                     | 488,926                |
| Renovation                                  | 239,639              | -                 | -               | -                               | (27,262)                     | 212,377                |
| Capital work-in-progress                    | 12,000               | 1,817,601         | -               | -                               | -                            | 1,829,601              |
|   | <u>35,795,164</u>    | <u>13,641,664</u> | <u>(17,902)</u> | <u>(1,317)</u>                  | <u>(2,911,419)</u>           | <u>46,506,190</u>      |

## NOTES TO THE FINANCIAL STATEMENTS

|   | At<br>1.1.2006<br>RM | Additions<br>RM  | Disposal<br>RM | Reclassification<br>RM | Translation<br>Difference<br>RM | Depreciation<br>Charge<br>RM | At<br>31.12.2006<br>RM |
|---|----------------------|------------------|----------------|------------------------|---------------------------------|------------------------------|------------------------|
| <b>THE GROUP</b>                            |                      |                  |                |                        |                                 |                              |                        |
| Net book value                              |                      |                  |                |                        |                                 |                              |                        |
| Freehold land                               | 6,059,304            | -                | -              | -                      | -                               | -                            | 6,059,304              |
| Factory buildings                           | 1,347,574            | 3,442,600        | -              | 10,179,865             | -                               | (154,954)                    | 14,815,085             |
| Plant and machinery                         | 8,796,714            | 3,130,116        | -              | 2,183,127              | 5,610                           | (1,703,682)                  | 12,411,885             |
| Mould, tools and factory<br>equipment       | 436,911              | 133,802          | (1,540)        | -                      | -                               | (102,523)                    | 466,650                |
| Motor vehicles                              | 536,542              | 554,207          | (101)          | -                      | -                               | (313,644)                    | 777,004                |
| Electrical installations and<br>substation  | 155,563              | 133,613          | -              | 268,917                | -                               | (36,255)                     | 521,838                |
| Office equipment, furniture<br>and fittings | 309,737              | 251,513          | -              | -                      | 142                             | (69,633)                     | 491,759                |
| Renovation                                  | 42,065               | 234,000          | -              | -                      | -                               | (36,426)                     | 239,639                |
| Capital work-in-progress                    | 12,631,909           | 12,000           | -              | (12,631,909)           | -                               | -                            | 12,000                 |
|   | <u>30,316,319</u>    | <u>7,891,851</u> | <u>(1,641)</u> | <u>-</u>               | <u>5,752</u>                    | <u>(2,417,117)</u>           | <u>35,795,164</u>      |

## NOTES TO THE FINANCIAL STATEMENTS

| THE GROUP                                | At Cost<br>RM     | Accumulated<br>Depreciation<br>RM | Net Book<br>Value<br>RM |
|--|-------------------|-----------------------------------|-------------------------|
| At 31.12.2007                            |                   |                                   |                         |
| Freehold land                            | 9,176,058         | -                                 | 9,176,058               |
| Factory buildings                        | 21,756,471        | (1,229,481)                       | 20,526,990              |
| Plant and machinery                      | 36,703,551        | (23,899,765)                      | 12,803,786              |
| Mould, tools and factory equipment       | 1,990,223         | (1,519,733)                       | 470,490                 |
| Motor vehicles                           | 3,098,145         | (2,567,941)                       | 530,204                 |
| Electrical installations and substation  | 684,316           | (216,558)                         | 467,758                 |
| Office equipment, furniture and fittings | 1,039,961         | (551,035)                         | 488,926                 |
| Renovation                               | 283,650           | (71,273)                          | 212,377                 |
| Capital work-in-progress                 | 1,829,601         | -                                 | 1,829,601               |
|  | <u>76,561,976</u> | <u>(30,055,786)</u>               | <u>46,506,190</u>       |

|  | At Cost<br>RM     | Accumulated<br>Depreciation<br>RM | Net Book<br>Value<br>RM |
|--|-------------------|-----------------------------------|-------------------------|
| At 31.12.2006                            |                   |                                   |                         |
| Freehold land                            | 6,059,304         | -                                 | 6,059,304               |
| Factory buildings                        | 15,694,249        | (879,164)                         | 14,815,085              |
| Plant and machinery                      | 34,253,855        | (21,841,970)                      | 12,411,885              |
| Mould, tools and factory equipment       | 1,893,994         | (1,427,344)                       | 466,650                 |
| Motor vehicles                           | 3,251,439         | (2,474,435)                       | 777,004                 |
| Electrical installations and substation  | 673,516           | (151,678)                         | 521,838                 |
| Office equipment, furniture and fittings | 951,599           | (459,840)                         | 491,759                 |
| Renovation                               | 283,650           | (44,011)                          | 239,639                 |
| Capital work-in-progress                 | 12,000            | -                                 | 12,000                  |
|  | <u>63,073,606</u> | <u>(27,278,442)</u>               | <u>35,795,164</u>       |



## NOTES TO THE FINANCIAL STATEMENTS

| THE COMPANY                              | At<br>1.1.2007<br>RM | Depreciation<br>Charge<br>RM | At<br>31.12.2007<br>RM |
|--|----------------------|------------------------------|------------------------|
| Net book value                           |                      |                              |                        |
| Office equipment, furniture and fittings | 61,748               | (21,698)                     | 40,050                 |

|  | At<br>1.1.2006<br>RM | Depreciation<br>Charge<br>RM | At<br>31.12.2006<br>RM |
|--|----------------------|------------------------------|------------------------|
| Net book value                           |                      |                              |                        |
| Office equipment, furniture and fittings | 83,446               | (21,698)                     | 61,748                 |

| At 31.12.2007                            | At Cost<br>RM | Accumulated<br>Depreciation<br>RM | Net Book<br>Value<br>RM |
|--|---------------|-----------------------------------|-------------------------|
| Office equipment, furniture and fittings | 108,487       | (68,437)                          | 40,050                  |

| At 31.12.2006                            | At Cost<br>RM | Accumulated<br>Depreciation<br>RM | Net Book<br>Value<br>RM |
|--|---------------|-----------------------------------|-------------------------|
| Office equipment, furniture and fittings | 108,487       | (46,739)                          | 61,748                  |

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        |                  |
|---------------------|------------------|------------------|
|                     | 2007<br>RM       | 2006<br>RM       |
| Motor vehicles      | 349,760          | 474,516          |
| Plant and machinery | 1,704,479        | 1,884,866        |
|                     | <u>2,054,239</u> | <u>2,359,382</u> |

The following assets of the Group at net book value have been pledged to financial institutions for banking facilities as disclosed in Note 23, 25 and 26 to the financial statements are as follows :-

|                             | THE GROUP         |                   |
|-----------------------------|-------------------|-------------------|
|                             | 2007<br>RM        | 2006<br>RM        |
| Freehold land and buildings | <u>29,703,048</u> | <u>20,801,091</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 8. PREPAID LAND LEASE

|   | <b>THE GROUP</b> |                |
|---|------------------|----------------|
|   | <b>2007</b>      | <b>2006</b>    |
|   | <b>RM</b>        | <b>RM</b>      |
| At 1 January                              | 324,358          | 337,150        |
| Released to income statement for the year | (14,302)         | (12,792)       |
| At 31 December                            | <u>310,056</u>   | <u>324,358</u> |

|                          | <b>THE GROUP</b> |                |
|--------------------------|------------------|----------------|
|                          | <b>2007</b>      | <b>2006</b>    |
|                          | <b>RM</b>        | <b>RM</b>      |
| At cost                  | 639,585          | 639,585        |
| Accumulated amortisation | (329,529)        | (315,227)      |
| At 31 December           | <u>310,056</u>   | <u>324,358</u> |

The prepaid land lease are pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Note 23, 25 and 26 to the financial statements.

### 9. OTHER INVESTMENT

|  | <b>THE GROUP</b> |               |
|--|------------------|---------------|
|  | <b>2007</b>      | <b>2006</b>   |
|  | <b>RM</b>        | <b>RM</b>     |
| Transferable golf club membership, at cost | <u>16,500</u>    | <u>16,500</u> |

### 10. INVENTORIES

|                  | <b>THE GROUP</b>  |                   |
|------------------|-------------------|-------------------|
|                  | <b>2007</b>       | <b>2006</b>       |
|                  | <b>RM</b>         | <b>RM</b>         |
| At cost :-       |                   |                   |
| Raw materials    | 23,994,233        | 18,800,216        |
| Work-in-progress | 8,875,978         | 9,296,486         |
| Finished goods   | 2,133,862         | 3,174,595         |
|                  | <u>35,004,073</u> | <u>31,271,297</u> |

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

### 11. TRADE RECEIVABLES

|                                     | <b>THE GROUP</b>  |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | <b>2007</b>       | <b>2006</b>       |
|                                     | <b>RM</b>         | <b>RM</b>         |
| Trade receivables                   | 26,593,902        | 42,625,939        |
| Less : Allowance for doubtful debts | (731,320)         | (380,654)         |
|                                     | <u>25,862,582</u> | <u>42,245,285</u> |

## NOTES TO THE FINANCIAL STATEMENTS

|   | <b>THE GROUP</b> |                |
|---|------------------|----------------|
|   | <b>2007</b>      | <b>2006</b>    |
|   | <b>RM</b>        | <b>RM</b>      |
| Allowance for doubtful debts at 1 January | 380,654          | 385,054        |
| Addition for the financial year           | 365,666          | -              |
| Written back during the financial year    | (15,000)         | (4,400)        |
|   | <u>731,320</u>   | <u>380,654</u> |

The Group's normal trade credit terms range from 30 to 90 days (2006: 30 to 90 days). Other credit terms are assessed and varied on a case-by-case basis.

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

|                     | <b>THE GROUP</b> |                 |
|---------------------|------------------|-----------------|
|                     | <b>2007</b>      | <b>2006</b>     |
|                     | <b>RM</b>        | <b>RM</b>       |
| Indonesia Rupiah    | 323,103          | 933,995         |
| Singapore Dollar    | 6,411,827        | 6,338,199       |
| United State Dollar | -                | 97,449          |
|                     | <u>        </u>  | <u>        </u> |

### 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                   | <b>THE GROUP</b> |                  | <b>THE COMPANY</b> |              |
|-------------------|------------------|------------------|--------------------|--------------|
|                   | <b>2007</b>      | <b>2006</b>      | <b>2007</b>        | <b>2006</b>  |
|                   | <b>RM</b>        | <b>RM</b>        | <b>RM</b>          | <b>RM</b>    |
| Other receivables | 647,522          | 512,184          | -                  | 6,000        |
| Deposits          | 99,732           | 239,339          | -                  | -            |
| Prepayments       | 1,432,986        | 1,757,029        | -                  | -            |
|                   | <u>2,180,240</u> | <u>2,508,552</u> | <u>        </u>    | <u>6,000</u> |

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

|                  | <b>THE GROUP</b> |                 |
|------------------|------------------|-----------------|
|                  | <b>2007</b>      | <b>2006</b>     |
|                  | <b>RM</b>        | <b>RM</b>       |
| Indonesia Rupiah | 161,197          | 194,070         |
|                  | <u>        </u>  | <u>        </u> |

### 13. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries is unsecured, interest-free and repayable on demand.

### 14. FIXED DEPOSITS WITH LICENSED BANKS

The average effective interest rate of fixed deposits with licensed banks was 3.20% per annum and have an average maturity of one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. SHARE CAPITAL

|                                   | <b>THE COMPANY</b>      |                    |                    |                    |
|-----------------------------------|-------------------------|--------------------|--------------------|--------------------|
|                                   | <b>2007</b>             | <b>2006</b>        | <b>2007</b>        | <b>2006</b>        |
|                                   | <b>Number of shares</b> |                    | <b>RM</b>          | <b>RM</b>          |
| ORDINARY SHARES OF RM1 EACH :-    |                         |                    |                    |                    |
| AUTHORISED                        |                         |                    |                    |                    |
| At 1 January                      | 100,000,000             | 50,000,000         | 100,000,000        | 50,000,000         |
| Created during the financial year | -                       | 50,000,000         | -                  | 50,000,000         |
| At 31 December                    | <u>100,000,000</u>      | <u>100,000,000</u> | <u>100,000,000</u> | <u>100,000,000</u> |

|                                | <b>THE COMPANY</b>      |                   |                   |                   |
|--------------------------------|-------------------------|-------------------|-------------------|-------------------|
|                                | <b>2007</b>             | <b>2006</b>       | <b>2007</b>       | <b>2006</b>       |
|                                | <b>Number of shares</b> |                   | <b>RM</b>         | <b>RM</b>         |
| ORDINARY SHARES OF RM1 EACH :- |                         |                   |                   |                   |
| ISSUED AND FULLY PAID-UP       |                         |                   |                   |                   |
| At 1 January                   | 65,979,000              | 43,986,000        | 65,979,000        | 43,986,000        |
| Bonus issue during the year    | -                       | 21,993,000        | -                 | 21,993,000        |
| At 31 December                 | <u>65,979,000</u>       | <u>65,979,000</u> | <u>65,979,000</u> | <u>65,979,000</u> |

### 16. RESERVES

|   | <b>THE GROUP</b>  |                   | <b>THE COMPANY</b> |                   |
|---|-------------------|-------------------|--------------------|-------------------|
|   | <b>2007</b>       | <b>2006</b>       | <b>2007</b>        | <b>2006</b>       |
|   | <b>RM</b>         | <b>RM</b>         | <b>RM</b>          | <b>RM</b>         |
| Non-distributable reserves :-             |                   |                   |                    |                   |
| - Share premium                           | 5,520,212         | 5,520,212         | 5,520,212          | 5,520,212         |
| - Translation reserve                     | (387,362)         | (152,503)         | -                  | -                 |
| - Revaluation reserve                     | -                 | -                 | -                  | 5,789,584         |
|   | <u>5,132,850</u>  | <u>5,367,709</u>  | <u>5,520,212</u>   | <u>11,309,796</u> |
| Distributable reserve :-                  |                   |                   |                    |                   |
| - Retained profits / (Accumulated losses) | 9,518,319         | 14,996,987        | (10,844,171)       | 2,605,609         |
|   | <u>14,651,169</u> | <u>20,364,696</u> | <u>(5,323,959)</u> | <u>13,915,405</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### *Share premium reserve*

The share premium 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 foreign subsidiary.

### *Revaluation reserve*

The revaluation reserve is used to record increase and decrease in revaluation of investment in subsidiaries as disclosed in the accounting policies.

## 17. LONG TERM BORROWINGS

|                                  | <b>THE GROUP</b>  |                  |
|----------------------------------|-------------------|------------------|
|                                  | <b>2007</b>       | <b>2006</b>      |
|                                  | <b>RM</b>         | <b>RM</b>        |
| Hire purchase payables (Note 24) | 111,633           | 575,169          |
| Term loans (Note 25)             | 14,830,250        | 6,444,101        |
|                                  | <u>14,941,883</u> | <u>7,019,270</u> |

## 18. RETIREMENT BENEFITS

|                | <b>THE GROUP</b> |                |
|----------------|------------------|----------------|
|                | <b>2007</b>      | <b>2006</b>    |
|                | <b>RM</b>        | <b>RM</b>      |
| At 1 January   | 697,479          | 197,479        |
| Addition       | 500,000          | 500,000        |
| At 31 December | <u>1,197,479</u> | <u>697,479</u> |

The amount included in the balance sheet arising from the Group's obligation in respect of its retirement benefit plans approximates the present value of the unfunded obligation.

## 19. DEFERRED TAXATION

|  | <b>THE GROUP</b> |                  |
|--|------------------|------------------|
|  | <b>2007</b>      | <b>2006</b>      |
|  | <b>RM</b>        | <b>RM</b>        |
| At 1 January                                 | 2,103,000        | 1,243,125        |
| Recognised in the income statement (Note 30) | (1,263,000)      | 859,875          |
| At 31 December                               | <u>840,000</u>   | <u>2,103,000</u> |

## NOTES TO THE FINANCIAL STATEMENTS

Deferred taxation arise as a result of :-

|                                    | THE GROUP          |                  |
|------------------------------------|--------------------|------------------|
|                                    | 2007<br>RM         | 2006<br>RM       |
| <b>Deferred tax liabilities :-</b> |                    |                  |
| - Accelerated capital allowances   | 2,200,000          | 2,133,000        |
| - Others timing differences        | -                  | 55,000           |
|                                    | <u>2,200,000</u>   | <u>2,188,000</u> |
| Gross deferred tax liabilities     | 2,200,000          | 2,188,000        |
| <b>Deferred tax assets :-</b>      |                    |                  |
| - Unabsorbed capital allowances    | (427,000)          | -                |
| - Unutilised tax losses            | (883,000)          | -                |
| - Other timing differences         | (50,000)           | (85,000)         |
|                                    | <u>(1,360,000)</u> | <u>(85,000)</u>  |
| Gross deferred tax assets          | (1,360,000)        | (85,000)         |
| <b>Net deferred tax liability</b>  | <u>840,000</u>     | <u>2,103,000</u> |

### 20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2006: 30 to 75 days).

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

|                      | THE GROUP      |                  |
|----------------------|----------------|------------------|
|                      | 2007<br>RM     | 2006<br>RM       |
| Singapore Dollar     | 8,167          | 37,300           |
| Thailand Baht        | -              | 11,728           |
| United States Dollar | <u>264,456</u> | <u>1,037,530</u> |

### 21. OTHER PAYABLES AND ACCRUALS

|                  | THE GROUP        |                  | THE COMPANY    |                |
|------------------|------------------|------------------|----------------|----------------|
|                  | 2007<br>RM       | 2006<br>RM       | 2007<br>RM     | 2006<br>RM     |
| Other payables   | 710,262          | 885,196          | -              | -              |
| Accrued expenses | 2,046,311        | 2,294,412        | 289,867        | 279,144        |
|                  | <u>2,756,573</u> | <u>3,179,608</u> | <u>289,867</u> | <u>279,144</u> |

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

|                  | THE GROUP     |               |
|------------------|---------------|---------------|
|                  | 2007<br>RM    | 2006<br>RM    |
| Indonesia Rupiah | <u>87,742</u> | <u>29,606</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 22. AMOUNT OWING TO DIRECTORS

Amount owing to directors are unsecured, interest-free and repayable on demand.

### 23. SHORT TERM BORROWINGS

|                                  | <b>THE GROUP</b>  |                  |
|----------------------------------|-------------------|------------------|
|                                  | <b>2007</b>       | <b>2006</b>      |
|                                  | <b>RM</b>         | <b>RM</b>        |
| Bankers' acceptances             | 7,835,000         | 5,886,782        |
| Hire purchase payables (Note 24) | 463,337           | 629,807          |
| Term loans (Note 25)             | 3,047,870         | 1,994,309        |
|                                  | <u>11,346,207</u> | <u>8,510,898</u> |

Bankers' acceptances are drawn for a period of up to 120 days (2006: 120 days) which are renewable on maturity. Interest is charged at rates ranging from 3.53% to 5.00% (2006: 4.50%) per annum.

Bankers' acceptances and term loans are secured as follows :-

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

### 24. HIRE PURCHASE PAYABLES

|   | <b>THE GROUP</b> |                  |
|---|------------------|------------------|
|   | <b>2007</b>      | <b>2006</b>      |
|   | <b>RM</b>        | <b>RM</b>        |
| Minimum hire purchase payment :-                    |                  |                  |
| - not later than one year                           | 506,800          | 688,467          |
| - later than one year and not later than five years | 122,311          | 629,111          |
|   | <u>629,111</u>   | <u>1,317,578</u> |
| Less : Future finance charges                       | (54,141)         | (112,602)        |
|   | <u>574,970</u>   | <u>1,204,976</u> |

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

|   | <b>THE GROUP</b> |                  |
|---|------------------|------------------|
|   | <b>2007</b>      | <b>2006</b>      |
|   | <b>RM</b>        | <b>RM</b>        |
| Current :-  |                  |                  |
| - not later than one year (Note 23)                           | 463,337          | 629,807          |
| Non-current :-  |                  |                  |
| - later than one year and not later than five years (Note 17) | 111,633          | 575,169          |
|   | <u>574,970</u>   | <u>1,204,976</u> |

The hire purchase payables bear interest at rates ranging from 5.60% to 6.19% (2006: 5.94%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. TERM LOANS

|  | THE GROUP         |                  |
|--|-------------------|------------------|
|  | 2007<br>RM        | 2006<br>RM       |
| Current portion :-                     |                   |                  |
| - repayable within one year (Note 23)  | 3,047,870         | 1,994,309        |
| Non-current portion :-                 |                   |                  |
| - repayable between one and two years  | 2,401,661         | 2,025,064        |
| - repayable between two and five years | 6,050,144         | 3,169,037        |
| - repayable more than five years       | 6,378,445         | 1,250,000        |
| Total non-current portion (Note 17)    | 14,830,250        | 6,444,101        |
|  | <u>17,878,120</u> | <u>8,438,410</u> |

The term loans bear interest at rates ranging from 4.35% to 7.00% (2006: 5.63%) per annum and are secured in the same manner as the short term borrowings as disclosed in Note 23 to the financial statements.

### 26. BANK OVERDRAFTS

Bank overdrafts to a limit of RM2,000,000 (2006: RM2,000,000) is payable on demand and interest is charged at rates ranging from 7.50% to 7.55% (2006: 7.30%) per annum and are secured in the same manner as the short term borrowings as disclosed in Note 23 to the financial statements.

### 27. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets of RM80,630,169 (2006: RM86,343,696) attributable to ordinary shares divided by the number of ordinary shares in issue at the balance sheet date of 65,979,000 (2006: 65,979,000) ordinary shares of RM1.00 each.

### 28. REVENUE

|                       | THE GROUP         |                    | THE COMPANY    |                  |
|-----------------------|-------------------|--------------------|----------------|------------------|
|                       | 2007<br>RM        | 2006<br>RM         | 2007<br>RM     | 2006<br>RM       |
| Sales of goods        | 82,764,472        | 121,439,999        | -              | -                |
| Dividend income       | -                 | -                  | 405,405        | 3,561,644        |
| Management fee income | -                 | -                  | 350,000        | 210,000          |
|                       | <u>82,764,472</u> | <u>121,439,999</u> | <u>755,405</u> | <u>3,771,644</u> |



## NOTES TO THE FINANCIAL STATEMENTS

### 29. (LOSS)/PROFIT BEFORE TAXATION

|   | THE GROUP  |            | THE COMPANY |            |
|---|------------|------------|-------------|------------|
|   | 2007<br>RM | 2006<br>RM | 2007<br>RM  | 2006<br>RM |
| (Loss)/Profit before taxation is arrived at after charging :- |            |            |             |            |
| Allowance for doubtful debts                                  | 365,666    | -          | -           | -          |
| Audit fees  | 48,700     | 60,545     | 10,000      | 12,000     |
| Bad debts written off   | 14,152     | -          | -           | -          |
| Directors' fee  | 226,500    | 280,500    | 206,500     | 190,500    |
| Directors' remuneration                                       |            |            |             |            |
| - EPF contribution  | 181,772    | 166,860    | -           | -          |
| - other emoluments  | 1,713,160  | 1,684,160  | -           | -          |
| - retirement benefits   | 500,000    | 500,000    | -           | -          |
| EPF contributions   | 709,691    | 807,916    | 16,380      | 12,048     |
| Impairment loss on investment in subsidiaries                 | -          | -          | 12,070,416  | -          |
| Interest expense  | 1,202,201  | 864,657    | -           | -          |
| Rental of factory equipment                                   | 219,500    | 7,565      | -           | -          |
| Rental of factory premises                                    | 792,100    | 1,110,237  | -           | -          |
| Rental of hostels   | 59,410     | 65,660     | -           | -          |
| Rental of motor vehicle                                       | 3,600      | 132,660    | -           | -          |
| Rental of office equipment                                    | 6,700      | 586        | -           | -          |
| and crediting :-  |            |            |             |            |
| Bad debt recovered  | -          | (5,663)    | -           | -          |
| Gain on disposal of property and equipment                    | (53,998)   | (226,655)  | -           | -          |
| Gain on foreign exchange - realised                           | (469,072)  | (398,788)  | -           | -          |
| Interest income   | (32,919)   | (48,734)   | -           | -          |
| Reversal of allowance for doubtful debts                      | (15,000)   | (4,400)    | -           | -          |

## NOTES TO THE FINANCIAL STATEMENTS

### 30. INCOME TAX EXPENSE

|  | THE GROUP          |                  | THE COMPANY    |                |
|--|--------------------|------------------|----------------|----------------|
|  | 2007<br>RM         | 2006<br>RM       | 2007<br>RM     | 2006<br>RM     |
| Income tax for the financial year          | 204,468            | 1,247,710        | 120,405        | 961,644        |
| Deferred taxation (Note 19)                | <u>(1,294,000)</u> | <u>859,875</u>   | <u>-</u>       | <u>-</u>       |
|  | (1,089,532)        | 2,107,585        | 120,405        | 961,644        |
| Underprovision in previous financial years |                    |                  |                |                |
| - Malaysian income tax                     | 257,557            | 120,190          | -              | 5,153          |
| - Deferred taxation (Note 19)              | <u>31,000</u>      | <u>-</u>         | <u>-</u>       | <u>-</u>       |
|  | <u>(800,975)</u>   | <u>2,227,775</u> | <u>120,405</u> | <u>966,797</u> |

A reconciliation of the income tax expense applicable to the (loss)/profit before taxation at the statutory tax rates to income tax expense at the effective tax rates of the Group and of the Company is as follows :-

|  | THE GROUP          |                  | THE COMPANY         |                  |
|--|--------------------|------------------|---------------------|------------------|
|  | 2007<br>RM         | 2006<br>RM       | 2007<br>RM          | 2006<br>RM       |
| (Loss)/Profit before taxation                | <u>(4,834,703)</u> | <u>7,591,423</u> | <u>(11,884,435)</u> | <u>3,093,719</u> |
| Malaysian taxation at statutory rate         | (1,305,370)        | 2,125,598        | (3,208,797)         | 866,000          |
| Tax effects of :-                            |                    |                  |                     |                  |
| Effects of differential in tax rates         | (4,100)            | (41,000)         | -                   | -                |
| Non-deductible expenses                      | 366,170            | 297,987          | 3,329,202           | 95,644           |
| Non taxable income                           | (5,150)            | (126,000)        | -                   | -                |
| Income tax incentives                        | (141,082)          | (347,000)        | -                   | -                |
| Others                                       | -                  | 198,000          | -                   | -                |
| Underprovision of current tax in prior year  | 257,557            | 120,190          | -                   | 5,153            |
| Underprovision of deferred tax in prior year | <u>31,000</u>      | <u>-</u>         | <u>-</u>            | <u>-</u>         |
| Tax for the financial year                   | <u>(800,975)</u>   | <u>2,227,775</u> | <u>120,405</u>      | <u>966,797</u>   |

## NOTES TO THE FINANCIAL STATEMENTS

During the financial year, the Malaysian statutory tax rate was reduced from 28% to 27%.

Subject to the agreement with the tax authorities, at the balance sheet date, the Group has unutilised tax losses and unabsorbed capital allowance of approximately RM3,270,000 (2006: RM Nil) and RM1,581,000 (2006: RM Nil) respectively available to be carried forward for offset against future taxable business income.

### 31. (LOSS)/EARNINGS PER SHARE

|   | <b>THE GROUP</b>   |                    |
|---|--------------------|--------------------|
|   | <b>2007<br/>RM</b> | <b>2006<br/>RM</b> |
| <b>Basic</b>  |                    |                    |
| Nett (loss)/profit attribute to ordinary shareholders | <u>(4,033,728)</u> | <u>5,363,648</u>   |
| Number of shares in issue as at 1 January             | 65,979,000         | 43,986,000         |
| Effect of bonus issue                                 | -                  | 21,993,000         |
| Number of shares in issue (weighted average)          | <u>65,979,000</u>  | <u>65,979,000</u>  |
| Basic (loss)/earnings per share (sen)                 | <u>(6.11)</u>      | <u>8.13</u>        |

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

### 32. DIVIDENDS

|   | <b>THE GROUP<br/>AND<br/>THE COMPANY</b> |                    |
|---|--|--------------------|
|   | <b>2007<br/>RM</b>                       | <b>2006<br/>RM</b> |
| Paid :-   |  |                    |
| In respect of previous financial year :-  |  |                    |
| Final dividend of 3 sen (2006: 7 sen) per ordinary share<br>less 27% (2006: 28%) taxation | <u>1,444,940</u>                         | <u>2,216,895</u>   |

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

|  | <b>THE GROUP</b>   |                    |
|--|--------------------|--------------------|
|  | <b>2007<br/>RM</b> | <b>2006<br/>RM</b> |
| Cost of property, plant and equipment purchased              | 13,641,664         | 7,891,851          |
| Amount financed through hire purchase                        | -                  | (630,000)          |
| Cash disbursed for purchase of property, plant and equipment | <u>13,641,664</u>  | <u>7,261,851</u>   |

## NOTES TO THE FINANCIAL STATEMENTS

### 34. CASH AND CASH EQUIVALENTS

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

|                                   | THE GROUP        |                  | THE COMPANY   |               |
|-----------------------------------|------------------|------------------|---------------|---------------|
|                                   | 2007<br>RM       | 2006<br>RM       | 2007<br>RM    | 2006<br>RM    |
| Fixed deposits with licensed bank | -                | 1,051,949        | -             | -             |
| Cash and bank balances            | 4,940,642        | 3,381,764        | 13,190        | 89,003        |
| Bank overdrafts                   | (1,595)          | (1,710,797)      | -             | -             |
|                                   | <u>4,939,047</u> | <u>2,722,916</u> | <u>13,190</u> | <u>89,003</u> |
| Less :                            |                  |                  |               |               |
| Fixed deposits pledged to banks   | -                | (1,051,949)      | -             | -             |
| Cash at bank pledged to banks     | -                | (375,400)        | -             | -             |
|                                   | <u>4,939,047</u> | <u>1,295,567</u> | <u>13,190</u> | <u>89,003</u> |

### 35. 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    |                |
|--|------------------|------------------|----------------|----------------|
|  | 2007<br>RM       | 2006<br>RM       | 2007<br>RM     | 2006<br>RM     |
| Non-executive directors                |                  |                  |                |                |
| -fees                                  | 125,500          | 110,500          | 125,500        | 110,500        |
| Executive directors                    |                  |                  |                |                |
| - fees                                 | 101,000          | 170,000          | 81,000         | 80,000         |
| - salaries and bonus                   | 1,713,160        | 1,684,160        | -              | -              |
| - defined contribution retirement plan | 181,772          | 166,860          | -              | -              |
| - retirement benefits                  | 500,000          | 500,000          | -              | -              |
|  | <u>2,621,432</u> | <u>2,631,520</u> | <u>206,500</u> | <u>190,500</u> |

## NOTES TO THE FINANCIAL STATEMENTS

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 |            |
|---------------------------|------------|------------|-------------|------------|
|                           | 2007<br>RM | 2006<br>RM | 2007<br>RM  | 2006<br>RM |
| Non-executive directors   |            |            |             |            |
| Below RM50,000            | 3          | 3          | 3           | 3          |
| Executive directors       |            |            |             |            |
| Below RM50,000            | -          | -          | 3           | 3          |
| RM550,000 - RM600,000     | 1          | 1          | -           | -          |
| RM750,000 - RM800,000     | 1          | 1          | -           | -          |
| RM1,150,000 - RM1,200,000 | 1          | 1          | -           | -          |
|                           | <u>1</u>   | <u>1</u>   | <u>-</u>    | <u>-</u>   |

### 36. RELATED PARTY DISCLOSURES

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

|                            | THE COMPANY    |                  |
|----------------------------|----------------|------------------|
|                            | 2007<br>RM     | 2006<br>RM       |
| <b>Subsidiaries</b>        |                |                  |
| Management fees receivable | 350,000        | 210,000          |
| Dividends receivable       | 405,405        | 3,561,644        |
|                            | <u>755,405</u> | <u>3,771,644</u> |

|  |                              | THE GROUP     |               |
|--|------------------------------|---------------|---------------|
|  |                              | 2007<br>RM    | 2006<br>RM    |
| <b>Other related party</b>               |                              |               |               |
| <u>Name of related party</u>             | <u>Nature of transaction</u> |               |               |
| Ng Yik Toon @ Ng Yik Koon <sup>(a)</sup> | Rental of factory premises   | <u>16,800</u> | <u>16,800</u> |

(a) Director of a subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

(b) Compensation of key management personnel

|   | THE GROUP        |                  | THE COMPANY    |                |
|---|------------------|------------------|----------------|----------------|
|   | 2007<br>RM       | 2006<br>RM       | 2007<br>RM     | 2006<br>RM     |
| Short-term employee benefits                    | 1,939,660        | 1,964,660        | 206,500        | 190,500        |
| Post-employment benefit                         |                  |                  |                |                |
| - Defined contribution plan                     | 181,772          | 166,860          | -              | -              |
| - Retirement benefits                           | 500,000          | 500,000          | -              | -              |
| Total compensation paid to management personnel | <u>2,621,432</u> | <u>2,631,520</u> | <u>206,500</u> | <u>190,500</u> |

### 37. CAPITAL COMMITMENT

Authorised capital expenditure not provided for in the financial statements :-

|            | THE GROUP        |                  |
|------------|------------------|------------------|
|            | 2007<br>RM       | 2006<br>RM       |
| Contracted | <u>1,056,963</u> | <u>4,989,000</u> |

### 38. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the balance sheet date are as follows :-

|                      | THE GROUP     |               |
|----------------------|---------------|---------------|
|                      | 2007<br>RM    | 2006<br>RM    |
| Indonesia Rupiah     | 0.0003        | 0.0003        |
| Singapore Dollar     | 2.2900        | 2.2800        |
| United States Dollar | <u>3.3500</u> | <u>3.5400</u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 39. CONTINGENT LIABILITIES

|  | THE COMPANY       |                   |
|--|-------------------|-------------------|
|  | 2007<br>RM        | 2006<br>RM        |
| Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries | <u>37,770,000</u> | <u>61,130,000</u> |

### 40. SEGMENTAL REPORTING - GROUP

BY GEOGRAPHICAL SEGMENT :-

|   | Malaysia<br>RM    | Indonesia<br>RM  | Eliminations<br>RM | Consolidated<br>RM |
|---|-------------------|------------------|--------------------|--------------------|
| <b>Year ended 31 December 2007</b>            |                   |                  |                    |                    |
| Revenue                                       |                   |                  |                    |                    |
| - Sales to external customers                 | 81,903,018        | 861,454          | -                  | 82,764,472         |
| - Inter-segment sales                         | 3,303,124         | 2,807,071        | (6,110,195)        | -                  |
| Total revenue                                 | <u>85,206,142</u> | <u>3,668,525</u> | <u>(6,110,195)</u> | <u>82,764,472</u>  |
| Segment results                               | (2,992,990)       | (206,152)        | (433,360)          | (3,632,502)        |
| Finance costs                                 |                   |                  |                    | (1,202,201)        |
| Loss before taxation                          |                   |                  |                    | <u>(4,834,703)</u> |
| <b>At 31 December 2007</b>                    |                   |                  |                    |                    |
| Segment assets                                | 128,117,594       | 2,118,735        | (15,432,546)       | 114,803,783        |
| Unallocated assets                            |                   |                  |                    | 1,792,912          |
| Total assets                                  |                   |                  |                    | <u>116,596,695</u> |
| Segment liabilities                           | 24,935,062        | 130,987          | (15,432,546)       | 9,633,503          |
| Unallocated liabilities                       |                   |                  |                    | 26,333,023         |
| Total liabilities                             |                   |                  |                    | <u>35,966,526</u>  |
| <b>Other segment information</b>              |                   |                  |                    |                    |
| Amortisation of prepaid land lease            | 14,302            | -                | -                  | 14,302             |
| Capital expenditure                           | 13,641,664        | -                | -                  | 13,641,664         |
| Depreciation of property, plant and equipment | <u>2,867,410</u>  | <u>44,009</u>    | <u>-</u>           | <u>2,911,419</u>   |

## NOTES TO THE FINANCIAL STATEMENTS

|   | Malaysia<br>RM     | Indonesia<br>RM  | Eliminations<br>RM  | Consolidated<br>RM |
|---|--------------------|------------------|---------------------|--------------------|
| <b>Year ended 31 December 2006</b>            |                    |                  |                     |                    |
| Revenue                                       |                    |                  |                     |                    |
| - Sales to external customers                 | 120,759,068        | 680,931          | -                   | 121,439,999        |
| - Inter-segment sales                         | 6,621,894          | 3,755,480        | (10,377,374)        | -                  |
| Total revenue                                 | <u>127,380,962</u> | <u>4,436,411</u> | <u>(10,377,374)</u> | <u>121,439,999</u> |
| Segment results                               | 11,794,764         | 250,915          | (3,589,599)         | 8,456,080          |
| Finance costs                                 |                    |                  |                     | (864,657)          |
| Profit before tax                             |                    |                  |                     | <u>7,591,423</u>   |
| <b>At 31 December 2006</b>                    |                    |                  |                     |                    |
| Segment assets                                | 132,758,892        | 2,500,026        | (18,680,549)        | 116,578,369        |
| Unallocated assets                            |                    |                  |                     | 1,081,243          |
| Total assets                                  |                    |                  |                     | <u>117,659,612</u> |
| Segment liabilities                           | 32,315,162         | 93,387           | (18,680,549)        | 13,728,000         |
| Unallocated liabilities                       |                    |                  |                     | 17,587,916         |
| Total liabilities                             |                    |                  |                     | <u>31,315,916</u>  |
| <b>Other segment information</b>              |                    |                  |                     |                    |
| Amortisation of prepaid land lease            | 12,792             | -                | -                   | 12,792             |
| Capital expenditure                           | 7,873,316          | 18,535           | -                   | 7,891,851          |
| Depreciation of property, plant and equipment | <u>2,369,601</u>   | <u>47,516</u>    | <u>-</u>            | <u>2,417,117</u>   |

There is no disclosure of business segment information as required by FRS 114 Segment Reporting, as the Group operates principally within one industry.



## NOTES TO THE FINANCIAL STATEMENTS

### 41. 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.

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

**(a) Investments in subsidiaries**

The fair values of the investments in subsidiaries are determined based on a valuation conducted by OSK Securities Berhad on 17 May 2006 using the capitalisation of maintainable earnings method and the fair values of investments in subsidiaries are reviewed for impairment.

**(b) 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.

**(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 loans**

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

**(e) Amount owing to directors/subsidiaries**

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) Hire purchase payables**

The fair value of hire purchase obligations is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

**(g) Contingent liabilities**

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

| <b>THE COMPANY</b>         |             |                                 |                                  |
|----------------------------|-------------|---------------------------------|----------------------------------|
|                            | <b>Note</b> | <b>Normal<br/>Amount<br/>RM</b> | <b>Net Fair<br/>Value<br/>RM</b> |
| <b>At 31 December 2007</b> |             |                                 |                                  |
| Corporate guarantees       | 39          | <u>37,770,000</u>               | <u>*</u>                         |
| <b>At 31 December 2006</b> |             |                                 |                                  |
| Corporate guarantees       | 39          | <u>61,130,000</u>               | <u>*</u>                         |

\* It is not practicable to estimate the fair value of the contingent liability reliably due to uncertainties of timing, costs and eventual outcome.

### 42. COMPARATIVE

Certain comparative figures have been reclassified to conform with current year's presentation.



## STATEMENT BY DIRECTORS

We, Goh Mia Kwong and Edward Goh Swee Wang, being two of the directors of Johore Tin Berhad, state that, in the opinion of the directors, the financial statements set out on pages 33 to 64 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 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 : 18 April 2008**

\_\_\_\_\_  
**Goh Mia Kwong**

\_\_\_\_\_  
**Edward Goh Swee Wang**

### 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 33 to 64 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 18 April 2008

\_\_\_\_\_  
**Edward Goh Swee Wang**

Before me,

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

## LIST OF PROPERTIES

| Registered Owner | Postal Address   | Title No. / Location   | Description / Category of Land Use  | Tenure / Date of Expiry of Leasehold Land | Approximate Age of Building (years) | Land Area (sq. ft.) | Built-up Area (sq. ft.) | NBV as at 31 Dec. 2007 RM |
|------------------|--|--|---|---|-------------------------------------|---------------------|-------------------------|---------------------------|
| JTF              | No. 7, Jalan Gagah, Larkin Industrial Area, 80350 Johor Bahru, Johor.                              | HS(D) 108311, Lot TLO 1936 Mukim Bandar Johor Bahru District of Johor Bahru, Johor Darul Takzim. | Single-storey detached factory with a double-storey office annexed / Industry | 60 years expiring 8 January 2028          | 19                                  | 43,560              | 14,582                  | 892,197                   |
| JTF              | No. 5, Jalan Gagah, Larkin Industrial Area, 80350 Johor Bahru, Johor.                              | HS(D) 7258, Lot TLO 1883 Mukim Bandar Johor Bahru District of Johor Bahru, Johor Darul Takzim.   | Single-storey detached Factory / Industry                                     | 60 years expiring 13 January 2025         | 28                                  | 43,560              | 21,800                  | 200,712                   |
| KTCF             | No. 5, Jalan Masyuri, Kaw. Perindustrian Kluang, 86000 Kluang, Johor.                              | HS(D) 16323, Lot PTD 23759 Mukim Kluang, District of Kluang, Johor Darul Takzim.                 | 1 <sup>1</sup> / <sub>2</sub> - storey detached Factory / Industry            | 60 years expiring 13 April 2046           | 21                                  | 21,780              | 16,843                  | 443,811                   |
| KTCF             | 41, Jalan Lau Kim Teck, 86000 Kluang, Johor.   | HS(D) 31714, Lot MLO 42445 Mukim Kluang, District of Kluang, Johor Darul Takzim.                 | 1 <sup>1</sup> / <sub>2</sub> - storey semi-detached factory / Industry       | Freehold                                  | 12                                  | 5,294               | 3,635                   | 292,047                   |
| KTCF             |  | GM 8988, Lot 781 Mukim Sri Gading VIII Parit Baru, District of Batu Pahat, Johor Darul Takzim.   | Agriculture / Fruits  | Freehold                                  | -                                   | 106,461             | -                       | 73,300                    |
| UNI              |  | Lot 48, Mukim Pengkalan Raja, Batu 29 1/2, District of Pontian, Johor Darul Takzim.              | Agriculture / Rubber  | Freehold                                  | -                                   | 395,568             | -                       | 456,798                   |
| UNI              | PTD 124298, Jalan Kempas Lama, Kg. Seelong Jaya, 81300 Skudai, Johor.                              | HSD 375445 PTD 124298 Mukim Tebrau, Johor Bahru, Johor Darul Takzim.                             | Single - story detached Factory / Industry                                    | Freehold                                  | 2                                   | 457,380             | 248,533                 | 18,544,241                |
| UNI              | Lot 2259, Jalan Helang, Off Jalan Kebun Baru, Teluk Panglima Garang, 42500 Kuala Langat, Selangor. | GM 2481 Lot No 2259 Mukim of Teluk Panglima Garang, District of Kuala Langat, Selangor.          | Single - story detached Factory / Industry                                    | Freehold                                  | 10                                  | 175,602             | 106,931                 | 9,178,976                 |



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL, 2008

|   |                                  |
|---|----------------------------------|
| <b>Authorised Capital</b>               | : RM100,000,000                  |
| <b>Issued and Fully Paid-up Capital</b> | : RM65,979,000                   |
| <b>Class of Shares</b>                  | : Ordinary Shares of RM1.00 each |
| <b>Voting Rights</b>                    | : One vote per ordinary share    |
| <b>Number of Holders</b>                | : 1,520                          |

## SHAREHOLDERS BY SIZE OF HOLDINGS

| (MALAYSIAN & FOREIGN - COMBINED) |                |                |                   |                     |
|----------------------------------|----------------|----------------|-------------------|---------------------|
| Size of Holdings                 | No. of Holders | % of Holders   | No. of Shares     | % of Issued Capital |
| 1 - 99                           | 7              | 0.460          | 268               | 0.000               |
| 100 - 1,000                      | 75             | 4.934          | 52,767            | 0.079               |
| 1,001 - 10,000                   | 1,072          | 70.526         | 4,320,075         | 6.547               |
| 10,001 - 100,000                 | 318            | 20.921         | 9,044,217         | 13.707              |
| 100,001 - 3,298,949 (*)          | 41             | 2.697          | 17,074,357        | 25.878              |
| 3,298,950 and above (**)         | 7              | 0.460          | 35,487,316        | 53.785              |
| <b>TOTAL</b>                     | <b>1,520</b>   | <b>100.000</b> | <b>65,979,000</b> | <b>100.000</b>      |

### REMARKS :

\* - LESS THAN 5% OF ISSUED SHARES

\*\* - 5% AND ABOVE OF ISSUED SHARES



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL, 2008

## LIST OF TOP 30 HOLDERS

| No. | Name   | Shareholdings | %      |
|-----|--|---------------|--------|
| 1   | GOH MIA KWONG  | 8,664,600     | 13.132 |
| 2   | CHOY SHU HOW   | 5,030,900     | 7.625  |
| 3   | LOW LEE KWEE   | 5,030,900     | 7.625  |
| 4   | A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD<br>PLEGDED SECURITIES ACCOUNT FOR<br>ANGKASA AMAN SDN BHD | 3,910,000     | 5.926  |
| 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   | ANGKASA AMAN SDN BHD   | 2,221,157     | 3.366  |
| 9   | HDM NOMINEES (ASING) SDN BHD<br>OCBC SECURITIES PTE LTD FOR<br>KOK HWA INVESTMENT PTE LTD          | 2,175,200     | 3.296  |
| 10  | NG YIK TOON @ NG YIK KOON  | 1,422,500     | 2.155  |
| 11  | YEOW AH SENG & YOW AH SENG   | 1,329,500     | 2.015  |
| 12  | LISA GOH LI LING   | 1,227,000     | 1.859  |
| 13  | CHOY SHU HOW   | 974,004       | 1.476  |
| 14  | VERSALITE SDN BHD  | 870,000       | 1.318  |
| 15  | SIA YOCK HUA   | 825,469       | 1.251  |
| 16  | GOH MIA KWONG  | 644,643       | 0.977  |
| 17  | GOH MIA KWONG  | 549,496       | 0.832  |



## ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL, 2008

### LIST OF TOP 30 HOLDERS

| No. | Name   | Shareholdings | %     |
|-----|--|---------------|-------|
| 18  | PEK AH TEO @ PECK AH TEO   | 528,135       | 0.800 |
| 19  | OSK NOMINEES (TEMPATAN) SDN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR<br>TAN GAIK SUAN                        | 478,300       | 0.724 |
| 20  | PEK AH TEO @ PECK AH TEO   | 430,755       | 0.652 |
| 21  | TCL NOMINEES (ASING ) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR<br>LIM HUN SWEE                            | 402,300       | 0.609 |
| 22  | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR<br>CHONG LYE BENG                        | 358,000       | 0.542 |
| 23  | TAN BOON KAIT  | 308,292       | 0.467 |
| 24  | NG AH PENG   | 229,500       | 0.347 |
| 25  | EDWARD GOH SWEE WANG   | 220,050       | 0.333 |
| 26  | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR<br>NG YIK TOON @ NG YIK KOON (CEB) | 217,300       | 0.329 |
| 27  | SEAH TIN KIM   | 216,700       | 0.328 |
| 28  | KHOR SIANG HWA   | 201,000       | 0.304 |
| 29  | AMSEC NOMINEES (TEMPATAN SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR<br>KUA KIM KUAN                           | 184,500       | 0.279 |
| 30  | TEH CHIAP CHUAN SDN BHD  | 180,000       | 0.272 |

|              |                   |               |
|--------------|-------------------|---------------|
| <b>TOTAL</b> | <b>49,308,038</b> | <b>74.732</b> |
|--------------|-------------------|---------------|

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL, 2008

## LIST OF SUBSTANTIAL SHAREHOLDERS

| Name                                | Direct Interest |        | Indirect Interest |        |
|-------------------------------------|-----------------|--------|-------------------|--------|
|                                     | No. of Shares   | %      | No. of Shares     | %      |
| Goh Mia Kwong                       | 9,858,739       | 14.942 | 4,765,407         | 7.223  |
| Edward Goh Swee Wang                | 3,538,407       | 5.363  | 11,085,739        | 16.802 |
| Angkasa Aman Sdn. Bhd.              | 6,131,157       | 9.293  | -                 | -      |
| Genting Perwira Sdn. Bhd.           | 3,787,880       | 5.741  | -                 | -      |
| Datin Fawziah Binti Hussein Sazally | 31,500          | 0.048  | 3,787,880         | 5.741  |
| Datuk Kamaludin Bin Yusoff          | -               | -      | 3,819,380         | 5.789  |
| Choy Shu How                        | 6,004,904       | 9.101  | -                 | -      |
| Low Lee Kwee                        | 5,110,904       | 7.746  | -                 | -      |
| Pek Ah Teo @ Peck Ah Teo            | 4,330,490       | 6.563  | -                 | -      |

## DIRECTORS' SHAREHOLDINGS

|                                     | Direct Interest |                     | Deemed Interest |                     |
|-------------------------------------|-----------------|---------------------|-----------------|---------------------|
|                                     | No. of Shares   | % of Issued Capital | No. of Shares   | % of Issued Capital |
| <b>In the Company</b>               |                 |                     |                 |                     |
| Goh Mia Kwong                       | 9,858,739       | 14.942              | 4,765,407       | 7.223               |
| Edward Goh Swee Wang                | 3,538,407       | 5.363               | 11,085,739      | 16.802              |
| Yeow Ah Seng @ Yow Ah Seng          | 1,484,000       | 2.249               | -               | -                   |
| Lim Chin Kai                        | 24,000          | 0.036               | -               | -                   |
| Datin Fawziah Binti Hussein Sazally | 31,500          | 0.048               | 3,787,880       | 5.741               |
| Datuk Kamaludin Bin Yusoff          | -               | -                   | 3,819,380       | 5.789               |
| Mohamad Feasal Bin Yusoff           | -               | -                   | -               | -                   |



## FORM OF PROXY

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 Seventh Annual General Meeting of the Company to be held at Pulau Springs Resort, Kayangan Suites, 20km, Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia, on Wednesday, 25 June 2008, at 9.30 a.m. for the following purposes and any adjournment thereof.

| No. | RESOLUTIONS   |               | *FOR | *AGAINST |
|-----|---|---------------|------|----------|
| 1.  | <b>ORDINARY BUSINESS :<br/>ADOPTION OF DIRECTORS' REPORT AND<br/>AUDITED FINANCIAL STATEMENTS</b>                                       | -Resolution 1 |      |          |
| 2.  | <b>APPROVAL OF DIRECTORS' FEES</b>  | -Resolution 2 |      |          |
| 3.  | <b>RE-ELECTION OF DIRECTORS :-<br/>(i) MR. YEOW AH SENG @ YOW AH SENG</b>   | -Resolution 3 |      |          |
|     | <b>(ii) DATIN FAWZIAH BINTI HUSSEIN SAZALLY</b>   | -Resolution 4 |      |          |
| 4.  | <b>RE-APPOINTMENT OF AUDITORS</b>   | -Resolution 5 |      |          |
| 5.  | <b>SPECIAL BUSINESS :<br/>ORDINARY RESOLUTION<br/>AUTHORITY TO ISSUE SHARES PURSUANT TO<br/>SECTION 132D OF THE COMPANIES ACT, 1965</b> | -Resolution 6 |      |          |

(\*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 \_\_\_\_\_ 2008.

|                                    |
|------------------------------------|
| <b>No. of Ordinary Shares Held</b> |
|                                    |

\_\_\_\_\_  
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, 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 appointer 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 15.03, Level 15, Menara MAA, No. 15, Jalan Dato' Abdullah Tahir, 80300 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.



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**THE COMPANY SECRETARY**  
**JOHORE TIN BERHAD (Company No. 532570-V)**  
SUITE 15.03, LEVEL 15, MENARA MAA  
NO. 15, JALAN DATO' ABDULLAH TAHIR  
80300 JOHOR BAHRU  
JOHOR, MALAYSIA



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JOHORE TIN BERHAD ANNUAL REPORT 2007

# JOHORE TIN BERHAD ANNUAL REPORT 2007



JOHORE TIN BERHAD

COMPANY NO: 532570-V  
INCORPORATED IN MALAYSIA