

# CONTENTS

## The Corporation

group corporate structure 3  
corporate information 4  
profile of the board of directors 5-6  
chairman's statement 7-9

## The Business

business entities 10-14  
corporate governance statement 15-21  
audit committee report 22-23  
statement of internal control 24

## The Financials

directors' report 26-31  
balance sheets 32-33  
income statements 34  
statements of changes in equity 35  
cash flow statements 36-37  
notes to the financial statements 38-63  
statement by directors 64  
statutory declaration 64  
auditors' report 65  
analysis of shareholdings 66-67  
list of properties 68-70  
notice of annual general meeting 71-72  
statement accompanying notice of annual general meeting 73  
proxy form

THE CORPORATION

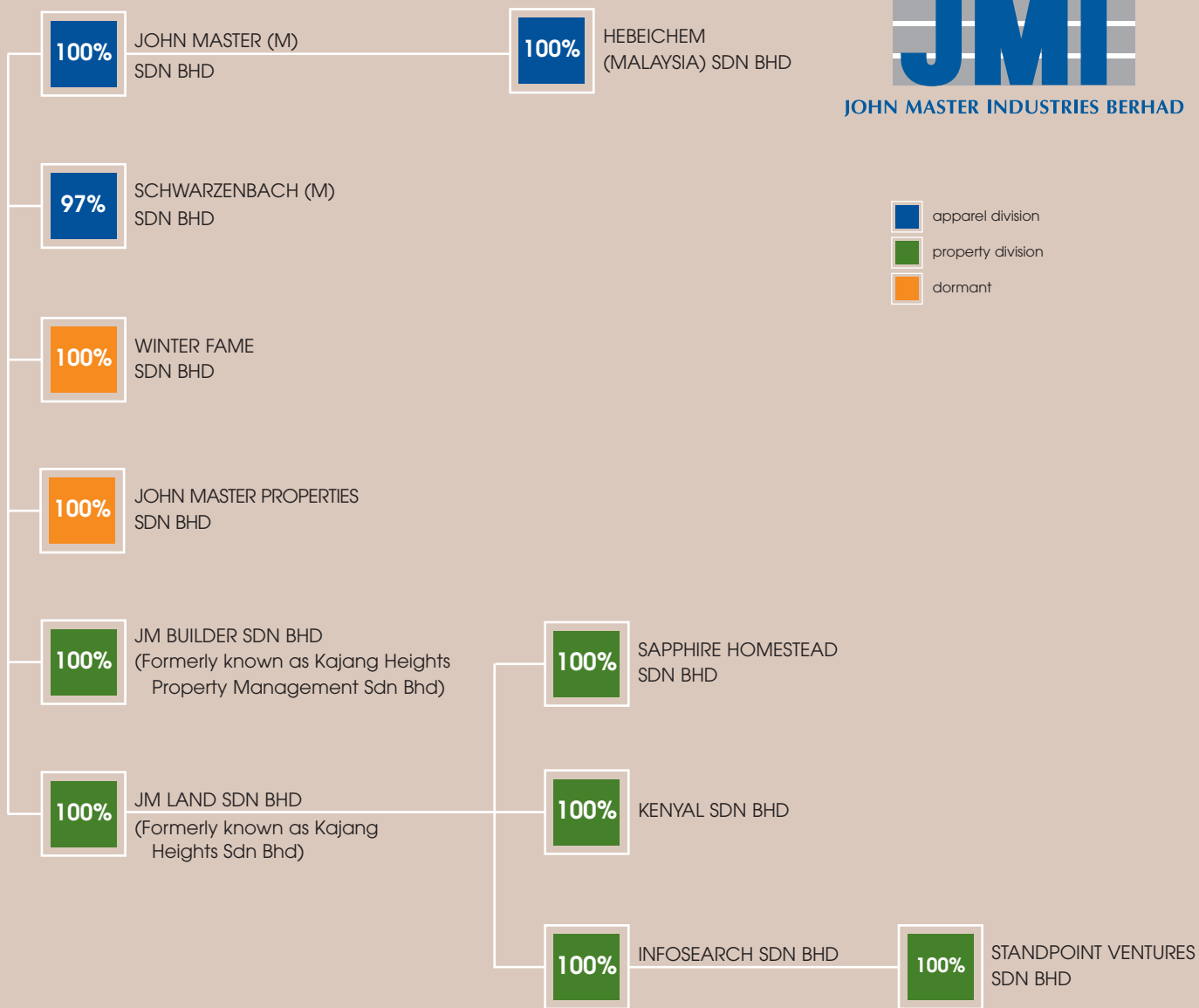


## Perfect Fit

With a dedication to quality, our Company can  
measure up to all exacting standards.

# GROUP

## CORPORATE STRUCTURE



## Directors

Tan Sri Datuk Seri Panglima Dr. Abdul Rahman Arshad  
(Chairman)

Mr. Ho Chin Hou  
(Managing Director)

Mr. Chan Foong Peng

Mr. Wong Cham Mew

## Secretaries

Ms. Chen Siew Fong

Ms. Koh Mei Ling

## Registered Office

No. 1 Jalan Industri PBP 13,  
Taman Industri Pusat Bandar Puchong,  
47100 Puchong,  
Selangor Darul Ehsan.  
Tel : 03-5891 3500  
Fax : 03-5891 3511

## Registrar

Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre,  
Jalan 51/205, 46050 Petaling Jaya.  
Tel : 03-7784 3922  
Fax : 03-7784 1988

## Auditors

Messrs. Azman, Wong, Salleh & Co.  
Chartered Accountants  
No. 14, Jalan Tun Sambanthan 3,  
P.O. Box 12019  
50764 Kuala Lumpur

## Principal Bankers

EON Bank Berhad  
Malayan Banking Berhad

## Stock Exchange Listing

Main Board of the Bursa Malaysia Securities Berhad

# PROFILE

## OF THE BOARD OF DIRECTORS

### **Y. BHG. TAN SRI DATUK SERI PANGLIMA DR. ABDUL RAHMAN ARSHAD**

PSM, SPDK, DCSM, DKSJ, DSAP, DMPN, JMN, JSM, BSK.  
Chairman, Independent Non-Executive Director

Y. Bhg. Tan Sri Datuk Seri Panglima Dr. Abdul Rahman Arshad, a Malaysian aged 68, was appointed to the Board on 11 December 1991.

He is a graduate with a Bachelor of Arts (Honours) degree from Universiti Malaya, Diploma in Education from the University of Singapore and Diploma in Educational Administration from University of Reading, United Kingdom. He also attended the Advanced Management Program ("AMP") at Harvard Graduate School of Business in 1981. He was conferred the Hon. LLD by University of Saskatchewan, Canada; Hon. D. Litt by Heriot-Watt University, Scotland; Hon. D. Litt by Universiti Putra Malaysia and Hon. D. Ed. by University of East London, England and Hon. D. Educational Management by Universiti Teknologi MARA, Malaysia.

He ended his distinguished civil service career in November 1991 as Director General of Education, Malaysia. He was active in a number of international organisations and was also an Education Consultant to the World Bank. He is currently the Pro Chancellor of Universiti Teknologi MARA.

### **HO CHIN HOU**

Managing Director

Mr. Ho Chin Hou, a Malaysian aged 67, is the Managing Director of John Master Industries Berhad. He was appointed to the Board as first director since its incorporation on 15 February 1984.

Mr. Ho Chin Hou is the founder of John Master (M) Sdn Bhd. He has been in the garment manufacturing, distribution and general trading business for more than thirty (30) years. Mr. Ho Chin Hou is responsible for ensuring Board effectiveness and conduct, stewardship of the assets of, protecting the corporate image of and initiating business developments for the Group.

### **CHAN FOONG PENG**

Executive Director

Mr. Chan Foong Peng, a Malaysian aged 61, was appointed to the Board on 27 May 1992.

Mr. Chan Foong Peng is one of the pioneer staff of the Group having been with John Master (M) Sdn Bhd ("JMSB") since the Company commenced operations in 1987. Prior to joining JMSB, he had over twenty (20) years of experience in both the textile and garment industry. Due to his vast experience, he is instrumental in establishing a strong marketing and distribution network throughout the country for the garments sector. He is presently responsible in overseeing the operations of the garment sector of the Group.

# PROFILE OF THE BOARD OF DIRECTORS

## WONG CHAM MEW

Independent Non-Executive Director

Mr. Wong Cham Mew, a Malaysian aged 57, was appointed to the Board on 29 March 2002.

He holds a Bachelor of Commerce Degree from University of Otago, New Zealand. He is a member of the Malaysian Institute of Accountants and is also an Approved Co-operative Society Auditor, Approved Company Auditor and Approved Company Liquidator.

Mr. Wong Cham Mew began his career in the public sector in the Income Tax Department. Later, he served as a group accountant and company secretary in the commercial sector. At present, he is a senior partner of a firm of Chartered Accountants. He is also a director of Chin Foh Berhad and several other private limited companies.

## GENERAL INFORMATION

Details of membership in Board Committees

Directors	Audit Committee	Remuneration Committee	Nomination Committee
Tan Sri Datuk Seri Panglima Dr. Abdul Rahman Arshad	Chairman	Chairman	Chairman
Mr. Ho Chin Hou	Member	Member	N/A
Mr. Wong Cham Mew	Member	Member	Member
Mr. Chan Foong Peng	N/A	N/A	Member (Appointed on 25.2.05)

- None of the Directors have had convictions for any offences other than traffic offences within the past 10 years.
- None of the Directors have any family relationship with any Director and/or substantial shareholder of the Company save as disclosed on Page 66 of the Annual Report.
- None of the Directors have any conflict of interest with the Company.
- None of the Directors sit on the Board of any other public listed companies save for Mr. Wong Cham Mew who sits on the Board of Chin Foh Berhad.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of John Master Industries Berhad (“the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 March 2005

**Tan Sri Datuk Seri Panglima  
Dr. Abdul Rahman Arshad**  
*Chairman*



**CHAIRMAN'S**  
STATEMENT

## OPERATION REVIEW

### Garments Division

The garments trading business remains very much the Group's core activity for the year. The year under review has been a challenging year as the Group operates within the retail industry which has seen a major "shake up" with the cessation of at least two major retail chains in Malaysia. Malaysia's continual effort in globalization has also encouraged a significant increase in influx of cheaper imported goods thereby creating more competition for domestic products. This move has greatly changed the Malaysian consumer purchasing behavior whereby many are now opting for lower price items. Despite the challenges faced by the garments division, we are pleased to note that our garments division has maintained its market share as reflected in the increase in revenue.

### Property Division

The Property Division was previously undertaken by its joint venture partner, Naga Sakti Sdn Bhd ("NSSB") via a joint venture agreement entered into in 1999 ("JVA") on a piece of land measuring about 442 acres in Kajang, Selangor ("Kajang Land"). On 10 September 2004, the JMIB Group terminated the JVA with NSSB followed by a Settlement Agreement on 8 November 2004. The Property Division was activated following the signing of the Settlement Agreement.

With a background in the apparel and brand building industry, the Company is very much aware of the need to build a strong brand in the property development business which is back up by quality, timely delivery and after sales service. With the above values in mind, the Property Division has set up its own management team that comprise marketing, project management, authority liaison and corporate. The new team is now in place to unlock the value of the Kajang Land.

## FINANCIAL OVERVIEW

Despite the various challenges within the industry, I am pleased to report that the Group recorded a revenue of RM58.5 million versus RM59.4 million in the preceding year. The reduction in revenue of RM0.9 million is mainly due to a reduction in revenue in the property segment. Revenue for the garments sector was also adversely affected by the cessation of some retail chains during the year.

The Group recorded a profit after tax of RM1.5 million for the year under review as compared to an after tax loss of RM0.8 million for the previous year. Although the Group has registered an after tax profit for the year, the profit was substantially curtailed due to the closure of the retail chains as the closure resulted in a total allowance for doubtful debts of RM1.7 million.

## CORPORATE EVENTS

On the corporate front, the Group had taken pro-active steps to streamline its operations and strengthen its financial position. Other than the Settlement Agreement entered into with NSSB, the Group had embarked on several corporate exercises,

On 16 March 2005, the Company announced the following :

- i) Proposed renounceable rights issue of 43,759,812 new ordinary shares of RM1.00 each in the Company ("Rights Shares") together with 43,759,812 free detachable warrants on the basis of 3 Rights Shares with 3 free detachable warrants for every 5 existing ordinary shares of RM1.00 each at the proposed issue price of RM1.00 per Rights Share payable in 2 calls, of which the first call of RM0.70 per Rights Share shall be payable in cash upon acceptance whilst the second call of RM0.30 per Rights Share shall be capitalised from the Company's retained profits account. ("Proposed Rights Issue");
- ii) Proposed conversion of an existing RM40 million nominal value of 8% redeemable bonds ("bonds") issued by John Master (M) Sdn. Bhd. ("JMSB"), a wholly-owned subsidiary of the Company to Affin Discount Berhad ("ADB") by way of issuance of 4% irredeemable convertible unsecured loan stocks ("ICULS") with nominal value of up to RM51 million to ADB ("Proposed Bonds Conversion");

# CHAIRMAN'S STATEMENT

## CORPORATE EVENTS (CONTD)

iii) Proposed increase in the authorized share capital of the Company from RM100 million comprising 100 million ordinary shares of RM1.00 each to RM250 million comprising 250 million ordinary shares of RM1.00 each;

collectively referred to as "the Proposals". The Proposals were approved by the Securities Commission on 25 July 2005.

On 10 August 2005, the Company announced that the Board has decided to abort the Proposed Rights Issue due to the prevailing low market price of JMIB shares, which have been trading at approximately RM0.50 per share, representing a discount of 28.57% from the cash call of RM0.70 per share. The Proposed Bonds Conversion will however be implemented as this will enable JMSB to settle the bonds which are due to mature in March 2006 through the issuance of the ICULS.

In lieu of the Proposed Rights Issue, Mr. Ho Chin Hou, a substantial shareholder and the Managing Director of JMIB had procured Primaview Enterprise Sdn Bhd (a licensed moneylender and connected to Mr. Ho Chin Hou) to offer a loan of up to RM30 million to JM Land Sdn Bhd, a wholly owned subsidiary of JMIB. The loan will be utilized to, inter-alia, finance the development of the Kajang Land which was originally intended to be funded from the proceeds of the Proposed Rights Issue.

With the completion of the above corporate exercise, the Group is now leaner with reduced gearing (from 0.76 times to 0.43 times). The funds raised for the development will also propel the Group to greater heights.

## MOVING FORWARD

The prospects for the Malaysian economy in 2005 remain sound with gross domestic product expanding by 5 - 6%. The garments division will continue its efforts to enhance its products in order to remain competitive as a market leader. Moving along the trend of globalization, the garments division is exploring export opportunities to neighbouring countries and at the same time procuring its products from upcoming garment's exporters such as China.

On the property front, the Group is making the necessary preparations to embark on the development of the Kajang Land. The Group is targeting its first launch by the end of 2005 and expects the property division to contribute positively to the Group in the near future.

The Group and the Management remain committed to continually pursue excellence in its businesses and striving for its shareholders' value. The Group is constantly on the look out for new business opportunities that are in synergy to the Group's businesses and will undertake strategic actions as deemed necessary to achieve the above commitments.

## APPRECIATION

My sincere appreciation goes to my fellow colleagues of the Board for their guidance and counsel.

On behalf of the Board, we wish to thank all our customers, business associates/bankers and shareholders for their continued assistance and guidance throughout the year.

Last but not least, I wish to express my gratitude to the management and staff of John Master Industries Berhad Group for their continued dedication and loyalty to the Group. Once again thank you and may we continue to work together to embrace the challenges and opportunities ahead.

Tan Sri Datuk Seri Panglima Dr. Abdul Rahman Arshad  
Chairman