

CONTENTS

Corporate Information	2 - 3
Directors' Profile	4 - 8
Chairman's Statement	9
Corporate Governance Statement	10 - 17
Audit Committee Report	18 - 22
Statement On Internal Control	23 - 24
Directors' Report	25 - 28
Statement By Directors	29
Statutory Declaration	30
Auditors' Report	31
Balance Sheets	32
Income Statements	33
Statement of Changes In Equity	34 - 35
Cash Flow Statements	36 - 37
Notes To The Financial Statements	38 - 59
List of Landed Properties	60
Shareholders' Information	61 - 63
Warrantholders' Information	64 - 65
Notice of Annual General Meeting	66 - 68
Accompanying Statement	69
Proxy Form	70

Executive Directors

Hiroshi Kume (Managing Director)
Hiroshi Sumino (Deputy Managing Director)
Ab. Patah bin Mohd
Shinichiro Muto
Che Alias bin Ismail

Non-Independent Non-Executive Directors

Tan Sri Ab. Rahman bin Omar
Todomu Kobayashi
Ichiro Sasaki

Independent Non-Executive Directors

Yusuf bin Jamil
Harun bin Ismail
Ghazali @ Razali bin Ismail
Ng Tuan Hoo
Rin Nan Yoong

Company Secretaries

Lum Chee Yeng (MAICSA 0880217)
Saw Bee Lean (MAICSA 0793472)

Registered Office

Suite 2009, Level 20
Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur

Tel: (60-3) 20702793
Fax: (60-3) 20324552

Registrars

Malaysian Share Registration Services Sdn. Bhd. (378993-D)
Level 26, Menara Multi-Purpose
Capital Square,
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur.

Tel: (60-3) 27212222
Fax: (60-3) 27212530

Auditors

Messrs KPMG
Level 14 Menara Ansar
65 Jalan Trus
80000 Johor Bahru
Tel: (60-7) 2242870
Fax: (60-7) 2248055

Principal Bankers

Malayan Banking Berhad
Bumiputra Commerce Bank Berhad
Bank Islam Malaysia Berhad
EON Bank Berhad

Stock Exchange Listing

Bursa Malaysia (Main Board)

Audit Committee

Harun bin Ismail	(Chairman / Independent Non-Executive Director)
Ng Tuan Hoo	(Independent Non-Executive Director)
Rin Nan Yoong	(Independent Non-Executive Director)
Hiroshi Sumino	(Deputy Managing Director)

Remuneration Committee

Ng Tuan Hoo	(Chairman / Independent Non-Executive Director)
Harun bin Ismail	(Independent Non-Executive Director)
Hiroshi Sumino	(Deputy Managing Director)

Nomination Committee

Ghazali @ Razali bin Ismail	(Chairman / Independent Non-Executive Director)
Harun bin Ismail	(Independent Non-Executive Director)
Ng Tuan Hoo	(Independent Non-Executive Director)

DIRECTORS' PROFILE

The profiles of the Directors of Perstima are as follows:

Tan Sri Ab. Rahman bin Omar, a Malaysian, aged 58 years, was first appointed to the Board of Directors of Perstima on 15 April 1980 until 1995 and was reappointed as Independent Non-Executive Director on 11 June 2001. He was subsequently appointed as Chairman of the Board of Directors on 31 July 2002. He is currently a Non-Independent Non-Executive Director of the Company. He graduated with a Bachelor of Economics (Hons) from University of Malaya.

He served the Malaysian Civil Service from 1970 until 1973 at various Ministries before joining Pineapple Cannery Malaysia Sdn. Bhd. in 1973 as Finance & Administration Manager and was promoted as General Manager in 1974 until 1980. He was appointed as Director of Pineapple Cannery Malaysia Sdn. Bhd. in 1980 until 1993. In 1980, he was appointed as Director cum General Manager of Perstima before being promoted to Managing Director in 1985. He resigned from Perstima in 1995 and joined PERODUA as Managing Director in 1996 until 30 April 2004.

Concurrently, he was appointed as Director of EON Berhad from 1989 until 1996, Director of PROTON from 1991 to 1996, Chairman and Director of BHP Steel Malaysia Sdn. Bhd. in 1998 until February 2003. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He is deemed to have an interest in Versalite Sdn Bhd's shareholdings in Perstima by virtue of his 32.01% shareholdings in Versalite Sdn Bhd., a major shareholder of Perstima.

He is also a Director of Gamuda Berhad, Wah Seong Corporation Berhad and Chemical Company of Malaysia Berhad.

He has attended four out of the five Board meetings held during the financial year.

Hiroshi Kume, a Japanese with Malaysian permanent resident status, aged 59, was first appointed to the Board of Directors of Perstima from April 1980 to 1985 and subsequently reappointed in September 1991 until August 1996. He was appointed as the Managing Director of Perstima on 13 January 1998 until to-date.

He holds a Political Science Degree from Waseda University, Tokyo, Japan. He joined Kawasho Corporation in 1967 and was made a General Manager of Kawasho Corporation for the Kuala Lumpur branch in 1980 to 1985 before being assigned to the Los Angeles branch of Kawasho Corporation in 1985. He was assigned as President in Vest Inc., a tubular manufacturer in Los Angeles from 1986 to 1991. He resigned from Kawasho Corporation in March 1997. He has no conflict of interest with the Company, has no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He is deemed to have an interest in Versalite Sdn Bhd's shareholdings in Perstima by virtue of his 49.99% shareholdings in Versalite Sdn. Bhd., a major shareholder of Perstima.

He has attended three out of the five Board meetings during the financial year.

DIRECTORS' PROFILE

Hiroshi Sumino, a Japanese, aged 59, was first appointed as the Deputy Managing Director of Perstima from February 1989 to December 1992. He was reappointed as Deputy Managing Director on 31 October 1998 and was also made the Group Chief Operating Officer on 1 May 2004 and is a member of the Audit Committee and Remuneration Committee of the Company. He graduated from the Department of Economics, Osaka City University, Japan with a degree in Economics.

He joined Kawasho Corporation in 1967 and was appointed as Deputy Manager of Finance and Accounts Department of Perstima in 1985 and later as the Deputy Managing Director of Perstima in 1989. In 1997, he was appointed as Executive Vice-President and Treasurer of Yokohama Tire Philippines Inc., Philippines. He resigned from Kawasho Corporation in April 2004. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended all five Board meetings during the financial year.

Ab. Patah Bin Mohd, a Malaysian, aged 48 years, was appointed to the Board of Directors of Perstima as an Executive Director on 31 October 1998 until to-date. He holds a degree in Engineering from University of Sheffield, England.

In 1980, he joined Felda Kilang as an Operation Engineer before joining Port Klang Authority in 1981 as an Engineer. He joined Perstima in 1981 as an Engineer and was appointed as General Manager in 1995. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has direct shareholdings of 100 ordinary shares of RM1.00 each in the Company.

He has attended all five Board meetings during the financial year.

Yusuf bin Jamil, a Malaysian, aged 40 years, was appointed to the Board of Directors of Perstima as a Non-Executive Director on 21 February 2000 until to-date. He graduated with a Bachelor of Engineering (Mechanical) Honours degree from University of Bristol, England in 1986 and is a corporate member of the Institution of Engineers Malaysia (IEM).

He served Perusahaan Otomobil Nasional (PROTON) Berhad as Assistant Manager in the Engineering Department for several years and later as a Consultant with the Management Consulting Services Division of Price Waterhouse Malaysia until 1994. Currently he is involved in several engineering companies and businesses. He has no conflict of interest with the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He is also a director of Lysaght Galvanised Steel Berhad.

He is currently an Independent Non-Executive Director of the Company.

He has attended all five Board meetings during the financial year.



DIRECTORS' PROFILE

Todomu Kobayashi, a Japanese, aged 58 years, was appointed to the Board of Directors of Perstima on 7 July 1998 as a Non-Executive Director until to-date. He graduated from the Department of Business Administration, Kyushu University, Japan.

He joined Kawasho Corporation in 1969 and was assigned to the Cold Rolled Steel and Coated Steel Department. In 1981, he was seconded to Kawarin Enterprise Pte. Ltd. in Singapore as Deputy Managing Director. He was later seconded to Kawasho Steel Processing Centre Sdn. Bhd. in 1989 as Managing Director. He was appointed as General Manager of Steel Planning Department of Kawasho Corporation in Japan in 1995. In 2000, he was assigned to Kawasho Corporation Kuala Lumpur branch as General Manager before being appointed as General Manager of Asean Region of Kawasho Corporation in July 2001. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended all five Board meetings during the financial year.

Harun bin Ismail, a Malaysian, aged 61 years, was appointed to the Board of Directors of Perstima on 11 June 2001 as Independent Non-Executive Director until to date, Chairman of the Audit Committee since July 2001 and a member of the Remuneration Committee and Nomination Committee of the Company. He holds a BSc. in Forestry from Australian National University and MBA from University of Miami.

He served the Department of Forestry Peninsular Malaysia from 1967 to 1983. He joined HICOM Holdings Berhad in 1983 until 1996 and held various positions and his last posting was Senior General Manager of Service and Petrochemical Industries. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company, and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended all five Board meetings during the financial year.

Ghazali @ Razali bin Ismail, a Malaysian, aged 63 years, was appointed to the Board of Directors of Perstima on 11 June 2001 as Independent Non-Executive Director until to date and Chairman of the Nomination Committee of the Company since October 2001. He holds a Diploma in Electrical Engineering from College of Technology, Brighton, United Kingdom and MBA from University of Queensland, Australia. He is also a member of Professional Engineer, a Chartered Engineer, a member of Institute of Engineers Malaysia (MIEM) and member of Institution of Engineers UK (MIEUK).

He joined Tenaga Nasional Berhad in 1968 until 1982 before joining HICOM in 1982 as Project Manager. In 1983, he was assigned to Perwaja Steel Terengganu as Executive Director/General Manager. He was appointed as General Manager of Project Division HICOM until 1993 before being seconded to Uniphoenix Corporation Berhad as Executive Director until 1998. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company, and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended all five Board meetings during the financial year.

DIRECTORS' PROFILE

Ng Tuan Hoo, a Malaysian, aged 52 years, was appointed to the Board of Directors of Perstima on 11 June 2001 as Independent Non-Executive Director until to date, Chairman of the Remuneration Committee since October 2001 and as member of the Audit Committee and Nomination Committee of the Company. He is a member of the Malaysian Institute of Accountants, Fellow of the Association of Chartered Certified Accountants United Kingdom, and Associate of the Institute of Taxation (Malaysia).

He had previously worked with the Chartered Accountants' Firm, Lim Ali & Co. (now merged with an international firm and operating under the name of Ernst & Young). He has gained experience in auditing and special assignments with the Chartered and Certified Public Accountants firms in both Malaysia and the United Kingdom. He also possesses commercial experience in manufacturing activities and cooperatives. Currently, he runs his own firm and associate Company, established more than 10 years ago providing company secretarial, accounting, taxation and other corporate services. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended all five of the Board meetings held during the financial year.

Shinichiro Muto, a Japanese, aged 53 years, was first appointed to the Board of Directors of Perstima on 31 January 2002 as Executive Director. He graduated from the Faculty of Reaction Chemistry, Engineering, University of Tokyo, Japan.

He joined Kawasaki Steel Corporation in 1975 and held various senior positions at different fields such as Energy Department, Cold Rolling Technology Section, Coated Products Section and Tin Mill Product Control Section before he joined Perstima as Factory Manager in July 2001. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended four out of the five Board meetings held during the financial year.

Che Alias Ismail, a Malaysian, aged 51 years, was first appointed to the Board of Directors of Perstima on 31 October 2002 as Executive Director. He graduated with a B.Sc (Hons.) Electrical And Electronic, University of Wales, United Kingdom.

He joined Dunlop Malaysia Industries Berhad in 1980 as an Electrical Engineer before he joined Perstima in 1981 as Electrical Engineer and subsequently promoted as Deputy Factory Manager in 1996. He has held various senior positions at different fields such as Mechanical and Maintenance Department and Production Department in Perstima. He is a member of The Technological Association of Malaysia, Graduate member of Institution of Engineering Malaysia, Member of the Association for Overseas Technical Acts Centre (Japan) and Registered Graduate Engineers. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has direct shareholdings of 3,600 ordinary shares of RM1.00 each in the Company.

He has attended three out of the five Board meetings held during the financial year.

DIRECTORS' PROFILE

Ichiro Sasaki, a Japanese, aged 46 years, was first appointed to the Board of Directors of Perstima on 5 November 2003 as Non-Executive Director. He graduated from the Faculty of Social Sciences, University of Tsukuba, Japan.

He joined Mitsui & Co., Ltd. in 1982 and held various senior positions at different fields particularly in the Tin Mill Products Overseas Department. He was seconded to Mitsui Shanghai Office in P.R. China as General Manager before promoted to Vice President in Shanghai Shenjing Steel Process., Ltd in P.R. China. In July 2002, he was back with Mitsui Japan as General Manager till to-date. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has attended all two of the Board meetings held during the financial year since his appointment.

Rin Nan Yoong, a Singaporean, aged 38 years, was first appointed to the Board of Directors of Perstima on 26 March 2004 as Independent Non-Executive Director and was subsequently appointed as a member of the Audit Committee of the Company on 10 May 2004. He graduated from the Faculty of Sciences, University of Southern California.

He joined the National Computer Board, Singapore as Analyst in the Government Systems Division in 1990 before joining the Bank of Asia Singapore in year 1994. Currently he is holding a managerial post in MCL Land Ltd, Singapore. He has no conflict of interest with the Company, no family relationship with any other directors or major shareholders of the Company and has no convictions for offences within the past ten years other than for traffic offences, if any.

He has direct shareholdings of 2,284,000 ordinary shares of RM1.00 each in the Company.

He attended the Board meeting held on 9 February 2004 during the financial year as an invitee.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad, and its subsidiaries ("the Group") for the year ended 31st March 2004.

Company Performance and Development

During the financial year under review, our Group has recorded a turnover of RM377.2 million, an increase of 37.5% as compared to the previous year. The Group recorded a profit before taxation of RM23.2 million compared to RM19.5 million in the previous year. Despite the lower profit margin arising from a more competitive local product pricing as compared to the previous year, there was an improvement of the profit during the financial year as a result of higher turnover.

Our recently established tinplate manufacturing plant in Vietnam through our wholly owned subsidiary, Perstima (Vietnam) Co., Ltd. had been successfully completed on schedule and had commenced commercial production in October 2003.

Dividend

An interim tax-exempt dividend of 5 sen was paid on 18th December 2003, and the Board has recommended a final tax-exempt dividend of 7 sen for the financial year ended 31st March 2004.

Industry and Prospects

The Board expects the Group's operational environment to remain challenging and competitive. The competition from imported tinplate and other packaging materials, which continue to make inroads in product packaging, will remain intense. The full liberalization under AFTA in the year 2003 has resulted in more cross border trading and relocation of manufacturing facilities within Asean countries in order to maximize profit. The Group is fully aware of such market movements and is gearing up to face those challenges. Barring any unforeseen circumstances, the Board is confident that the Group can sustain its current performance. Furthermore, with the operation in Vietnam gaining momentum, we expect to capture a bigger market share in Vietnam which will contribute positively to the Group's results in the near future.

Acknowledgement

On behalf of the Board, I wish to express my deep appreciation to the Management and employees for their hard work and dedication and to thank our shareholders, customers, bankers, suppliers, business associates and relevant government authorities for their support and confidence in us. Finally, I would also like to record my appreciation to my colleagues on the Board for their invaluable contribution and support throughout the year.

TAN SRI AB. RAHMAN OMAR

Chairman

The Board of Directors (Board) is committed to ensure that the high standards of corporate governance are observed throughout the Company in order to achieve the highest standard of accountability, transparency and integrity with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The Board recognizes the importance of corporate governance and is committed to comply with the Code in discharging its responsibilities in achieving the above objectives by taking various measures to enhance its corporate governance practices. Any areas where the Company has not complied with the Code are explained in this report.

Principles Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Code.

A DIRECTORS

Board of Directors

The Perstima Board is made up of a mix of qualified and experienced businessmen and professionals. The Directors on the Board are fully aware of the pivotal role they play in charting the strategic planning, control and development of the Company, and ultimately the enhancement of long-term shareholder value.

The Board has a formal schedule of the matters reserved to itself for decision, which includes the overall company strategy and direction, investment policy, approval for major capital expenditure projects, consideration of significant financial matters, and it reviews the financial and operating performance of the Company.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Company's financial results, major investments and strategic decisions and business plan and direction of the Company.

CORPORATE GOVERNANCE STATEMENT

Details of each Director's attendance of the meetings held during the financial year ended 31 March 2004 are as follows: -

Name	Designation	No. of Meetings attended
Tan Sri Ab. Rahman bin Omar	Chairman, Non-Executive Director	4/5
Hiroshi Kume	Managing Director	3/5
Hiroshi Sumino	Deputy Managing Director	5/5
Ab. Patah bin Mohd	Executive Director	5/5
Shinichiro Muto	Executive Director	4/5
Che Alias bin Ismail	Executive Director	3/5
Harun bin Ismail	Independent Non-Executive Director	5/5
Ng Tuan Hoo	Independent Non-Executive Director	5/5
Ghazali@ Razali bin Ismail	Independent Non-Executive Director	5/5
Yusuf bin Jamil	Independent Non-Executive Director	5/5
Rin Nan Yoong	Independent Non-Executive Director	0/5 **
Todomu Kobayashi	Non-Executive Director	5/5
Ichiro Sasaki	Non-Executive Director	2/5 *

* appointed on 5 November 2003

** appointed on 26 March 2004.

The Board receives Board papers on the matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees, as follows:

Board Committee	Key Functions
Audit Committee	Explained on pages 18 to 22 of this annual report
Remuneration Committee	Explained on pages 14 to 15 of this annual report
Nomination Committee	Explained on pages 13 to 14 of this annual report

All committees have written terms of reference and the Chairman of the various committees will report to the Board on the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting. These committees are formed in order to enhance business and operational efficiency as well as efficacy. Prior to the establishment of these committees, their functions were assumed by the Board as a whole.

Board Balance

The Board currently has thirteen Directors comprising five (5) Executive Directors and eight (8) Non-Executive Directors of whom five (5) are Independent Directors. The Board has met with the requirements of Para 15.02 of Bursa Malaysia Listing Requirements and the requirements of the Code for Independent Directors to comprise at least two or one-third (whichever is higher) of the Board's composition.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as marketing, business, operations and finance. Their expertise, experience and background are vital for the strategic direction of the Company. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors play an important role in ensuring that the views provided are professional, independent and that the advice and judgment made on issues and decisions are in the best interest of the shareholders and the Company.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Tan Sri Ab. Rahman bin Omar as the Non-Executive Chairman and the executive management of the Company is led by Mr. Hiroshi Kume, the Company's Managing Director.

The roles of the Chairman and the Managing Director are clearly defined with their individual position descriptions. The Chairman is responsible for the effective running of the Board while the Managing Director, the effective running of the business and implementation of the Board's policies and decisions.

Currently, the Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Company has created a special email address at amrul@perstima.com.my specifically for the purpose whereby shareholders or other parties may direct any queries or concerns pertaining to the Company. Such queries will be reviewed and addressed by the Board accordingly.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

Supply of Information

The Chairman ensures that all Directors have full and timely access to information with Board paper distribution in advance of meetings. All Directors are provided with an agenda and a set of Board papers prior to every Board meeting. The Board papers circulated include quarterly and annual financial statements, performance reports, minutes of meetings, updates from the all regulatory authorities and external audit reports. All matters requiring Board approvals are also circulated prior to the Board Meeting. These Board papers are issued at least ten (10) days in advance to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting. Every Director also has unhindered access to the advice and services of the Company Secretaries as well as to independent professional advisers including the external auditors.

Details of periodic briefings on the industry outlook, company performance and forward previews are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends.

Appointments to the Board

The Nomination Committee comprises the following members during the year.

- | | |
|----------------------------|--|
| Ghazali@ Razali bin Ismail | - Chairman, Independent Non-Executive Director |
| Harun bin Ismail | - Independent Non-Executive Director |
| Ng Tuan Hoo | - Independent Non-Executive Director |

The Committee consists entirely of Non-Executive Directors, all of whom are independent.

The Nomination Committee is responsible for making recommendations to the Board on new candidates for directorships and Board Committees for its consideration and implementation. The committee will also assist the Board in reviewing the required mix of skills and experience of the Non-Executive Directors.

The Committee met once during the financial year. The Managing Director and the Executive Directors upon the invitation of the Chairman of the Committee attended the meeting.

The Board appoints its members through a formal and transparent selection process. The process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Committee will then recommend the candidates for approval and subsequent appointment by the Board. The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met.

Directors' training

The Board through the Nomination Committee ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. An orientation and education programme had been provided for the new Board members. The Directors are also required to attend courses from time to time to equip themselves to effectively discharge their duties and to further enhance their skill and knowledge where relevant.

Re-election

In accordance with the Company's Articles of Association, all directors appointed by the Board are subject to election by the shareholders at the first Annual General Meeting (AGM) after their appointment and one-third of the remaining existing Directors are required to submit themselves for re-election by rotation at least once every three years at each AGM. The Directors to retire in every year shall be those who have been longest in office since their last election. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Company of each Director standing for election are furnished in a separate statement accompanying the Notice of the AGM.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

B DIRECTORS' REMUNERATION

Remuneration Committee

The Members of the Remuneration Committee during the year were: -

Ng Tuan Hoo - Chairman, Independent Non- Executive Director

Harun bin Ismail - Independent Non- Executive Director

Hiroshi Sumino - Deputy Managing Director

The Committee consists of a majority of Independent Non-Executive Directors.

The Remuneration Committee is responsible for developing the remuneration framework and remuneration packages of the Executive Directors and recommending the same to the Board for approval. The Board as a whole will endorse the remuneration packages of Non-Executive Directors including that of the Non-Executive Chairman. Directors' fees are endorsed by the Board for approval by the shareholders of the Company at the AGM.

The Committee met once during the financial year.

Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 March 2004 were as follows: -

	-----RM'000-----			
	Fees	Emoluments	Benefit –in-kind	Total
Executive Directors	180	1,521	68	1,769
Non-Executive Directors	275	0	0	275

The number of Directors whose remuneration fall within the following bands are: -

Remuneration Bands (RM)	Executive Directors	Non-Executive Directors
1 – 50,000	0	7
50,001 – 100,000	0	0
100,001 – 150,000	0	1
150,001 – 200,000	0	0
200,001 – 250,000	0	0
250,001 – 300,000	1	0
300,001 – 350,000	2	0
350,001 – 500,000	2	0

The details of the remuneration for each Director are not presented for harmonisation purposes.

C SHAREHOLDERS

The Board is fully aware of the need for good communications with shareholders and investors.

The AGM is a platform for the shareholders to meet and exchange views with the Board. There is an open question and answer session whereby shareholders may ask questions and seek clarifications on the performance of the Company. The Chairman and the Board members are in attendance to provide explanations to all shareholders' queries.

The shareholders and investors are also able to access the corporate, financial and market information of the Company from Bursa Malaysia's listed companies information at Bursa Malaysia's website.

D ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring that accurate and timely announcements of the Company's quarterly financial statements are made on a quarterly basis. The Board also approves the annual financial statement before submission to Bursa Malaysia and sending to the shareholders. The Board is assisted by the Audit Committee to oversee the Company's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Company give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of their Income Statements and cash flow for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for the taking of such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Internal Control

The Statement on Internal Control furnished on pages 23 to 24 of the annual report provides an overview of the state of internal control of the Company.

Relationship with the Auditors

The Board has established a formal and transparent relationship with the External Auditors. The Audit Committee meets with the External Auditors, excluding the attendance of the Executive members of the committee at least once a year to facilitate the exchange of views on issues requiring attention.

The Audit Committee Report together with the Terms of Reference of the Audit Committee can be found on pages 18 to 22.

OTHER INFORMATION

Material Contracts

As at 31 March 2004, save as disclosed below, there were no material contracts entered into by the Company involving Directors' and major shareholders' interests. Kawasho Corporation and Mitsui & Co., Ltd. are substantial shareholders of the Company and none of the Company's Directors have any interest in Kawasho Corporation or Mitsui & Co., Ltd.

Date	Party	Nature	Total contract (RM'000)	Term	Contract outstanding (RM'000)
Feb and March 2004	Kawasho Corporation	Supply of Raw Materials	8,332	Cash	6,164
Feb and March 2004	Mitsui & Co., Ltd.	Supply of Raw Materials	7,052	Cash	5,586

Recurrent Related Party Transactions

The aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year was as follows: -

Type Of Transactions	Party & Relationship	Total (RM' 000)
Purchases of raw materials, consumables & plant and equipment	Kawasho Corporation, a substantial shareholder of the Company	199,521
Purchase of raw materials	Mitsui & Co., Ltd, a substantial shareholder of the Company	61,454

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

Non- Audit Fee

The amount of non-audit fees paid and payable to the external auditors by the Company for the financial year ended 31 March 2004 amounted to RM19,000.00.

Sanctions/ Penalties

There were no sanctions and/or penalties imposed on the Company, Directors or management by the relevant regulatory bodies during the financial year.