

## **AUDIT COMMITTEE REPORT**

### **AUDIT COMMITTEE MEMBERS**

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

### **TERMS OF REFERENCE**

#### **1. OBJECTIVES**

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall: -

- a) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) Maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) Determine the adequacy of the Group's administrative, operating and accounting controls.

#### **2. COMPOSITION**

The Audit Committee shall be appointed by the Directors from among their number (pursuant to a resolution of the Board of Directors) which fulfils the following requirements: -

- a) The audit committee must be composed of no fewer than 3 members;
- b) A majority of the audit committee must be independent directors; and
- c) At least one member of the audit committee: -
  - i) Must be a member of the Malaysian Institute of Accountants; or
  - ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.



**AUDIT COMMITTEE REPORT**

- iii) He must be a person who fulfills the requirements as may be prescribed by Bursa Malaysia and / or such other relevant authorities from time to time.

The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 2 (a) to (c) above, the vacancy must be filled within 3 months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

**3. FUNCTIONS**

The functions of the Audit Committee are as follows: -

- a) To review the following and report the same to the Board of Directors: -
- i) With the external auditors, the audit plan;
  - ii) With the external auditors, his evaluation of the system of internal controls;
  - iii) With the external auditor, his audit report;
  - iv) The assistance given by the Company's employees to the external auditors; and
  - v) Any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly and year-end financial statements of the Company, focusing particularly on: -
- Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption;
  - Compliance with accounting standards and other legal requirements;
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

- f) To review the external auditor's management letter and management's response;
- g) To do the following where an internal audit function exists: -
  - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointments or termination of senior staff members of the internal audit function;
  - Inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- h) To consider the major findings of internal investigations and management's response;
- i) To consider other areas as defined by the Board.

#### 4. RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company: -

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) Be able to obtain independent professional or other advice; and
- f) Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

#### 5. MEETINGS

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. However, at least once a year the Audit Committee shall meet with the external auditors without executive Board members present.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Company's Chief Executive, or the internal or external auditors.

## **AUDIT COMMITTEE REPORT**

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting.

### **ACTIVITIES OF THE COMMITTEE**

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 March 2004 included the following:-

- a) Reviewed the external auditors' scope of work and audit plan for the year.
- b) Reviewed with the external auditors the results of the audit and the audit report, management letter and management's response.
- c) Consideration and recommendation to the Board for approval, the audit fee payable to the external auditors.
- d) Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards approved by the regulatory requirements.
- e) Discussed Bursa Malaysia Listing Requirements and its Practice Notes, particularly on the Malaysian Code on Corporate Governance and the Statement on Internal Control.
- f) Reviewed the revised Audit Committee Charter in compliance with Bursa Malaysia Listing Requirements.
- g) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Deputy General Manager.
- h) The Company's procedures in respect of the recurrent related party transactions to satisfy itself that the procedures were sufficient to ensure that the related party transactions were not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders.

**AUDIT COMMITTEE REPORT**

- i) Updated and advised the Board on the latest changes and pronouncements that may be issued by the accountancy, statutory and regulatory bodies.
- j) Reported to and updated the Board on significant issues and concerns discussed during the Committee meetings and where appropriate made the necessary recommendations to the Board.

The individual member's attendance of the meetings held during the financial year ended 31 March 2004 were as follows:-

Members	Designation	No. of meetings attended
Harun bin Ismail	Chairman/Independent Non-Executive Director	5/5
Ng Tuan Hoo	Independent Non-Executive Director	5/5
Rin Nan Yoong	Independent Non-Executive Director	*Nil
Hiroshi Sumino	Deputy Managing Director	5/5

\* Appointed on 10 May 2004

## **STATEMENT ON INTERNAL CONTROL**

(Pursuant to Para 15.27(b) of Bursa Malaysia Listing Requirements)

### **BOARD'S RESPONSIBILITIES**

The Board recognises that it is responsible for the Company's system of internal control and for reviewing its adequacy and integrity. As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminating the risk of failure to achieve business objectives.

### **RISK MANAGEMENT FRAMEWORK**

The Board recognises the need for an effective risk management practice and to maintain a sound system of internal control. Hence, the Board has formalized and established the risk management framework for the Group in May 2003. Workshops and interviews were conducted with the senior management staff of the Group to identify and evaluate the significant risks faced by the Group. Further review was conducted in the month of January 2004 to update the risk status of the Group.

Detailed risk registers of the principal risks and controls have been created and a risk profile for the Group has been developed and is reviewed by the Board of Directors on a regular basis.

The risk management framework is established to create awareness among all management staff on the identification, measurement and control of the significant risk areas in the Group.

### **SYSTEM OF INTERNAL CONTROL**

The Board recognises the need for an internal audit function. However, there is still an absence of this function to-date because the Board is of the opinion that the present control mechanisms are sufficient for the nature and size of the Group. Currently, the Executive Board members through their day-to-day involvement in the business operations and attendance at operational and management level meetings, manage and monitor the Group's direction, operational effectiveness and efficiency, and adherence to the Group's policies and procedures. The Executive Board members will inform the Board of any significant unresolved matters, which require the Board's intervention or Board-level decision-making. The monitoring and management of the Group as a whole is delegated to the five Executive Board members who take on the role of Managing Director, Deputy Managing Director, General Manager, Factory Manager and Deputy Factory Manager. Monthly senior management meetings supported by relevant written reports headed by the Managing Director, and /or Deputy Managing Director and attended by all the Department heads are held to identify, discuss and resolve business and operational issues. These meetings serve as a two-way platform for the Board, through the Executive Board members, to communicate and address significant matters in relation to the Group's strategic, operational and financial affairs.



**STATEMENT ON INTERNAL CONTROL**

The Group's internal controls, amongst others include:-

**Annual Budget**

The Board has reviewed and approved the Group's budget for the year. As part of the budgeting process, the sales department considers both internal and external risk factors that may affect sales levels. This includes analysing the Group's historical performance, competitors, customers' requirements and customers' business trends, production capacity and other internal resources. At each quarterly Board meetings, actual performance and results were monitored against the budget, with reasons for significant variances identified and highlighted to the Board for the appropriate corrective measures.

**Financial Limits And Approving Authority**

The Group has a policy on the financial limits and approving authority for its revenue and expenditure, and capital expenditure with appropriate approving authority thresholds to ensure all revenue and expenditure, and capital expenditure are in line with the Group's strategic objectives.

**Other Control Processes**

The Board recognises the importance of maintaining a control conscious culture throughout the Group. The Group's organisation structure identifies the heads of each department, supervisors and their subordinates. The structure enables a clear reporting line from worker's level up to the Board. The Board formally communicates its expectation throughout the Group through various formal documents such as the Guidelines for Rules, Regulation and Work Instructions, Responsibility Statements, Lines of Authority, ISO Policies & Procedures, Safety Policy & Manual and the Employees' Code of Ethics. The Board's expectations are also communicated informally throughout the Group through the Executive Board members who are actively involved in the day-to-day operations of the Group.

**The Board of Directors**

**Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad**

11 June 2004

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2004.

## **Principal activities**

The principal activities of the Company consist of those relating to the manufacturing and sale of tinplates. The principal activities of its subsidiaries are disclosed in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year except as disclosed in Note 3 to the financial statements.

## **Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net profit for the year	17,296	35,278

## **Dividends**

Since the end of previous financial year, the Company paid:

- i) a final dividend of 5% tax exempt per ordinary share totalling RM4,568,537 in respect of the year ended 31 March 2003 on 15 August 2003; and
- ii) an interim dividend of 5% tax exempt per ordinary share totalling RM4,708,456 in respect of the year ended 31 March 2004 on 18 December 2003.

The Directors proposed a final dividend of 7% tax exempt per ordinary share totalling RM6,591,839 in respect of the year ended 31 March 2004 subject to the approval of the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this proposed final dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 March 2005.

## **Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## **Directors of the Company**

Directors who served since the date of the last report are:

Mr. Hiroshi Kume  
Tan Sri Ab. Rahman bin Omar  
Mr. Todomu Kobayashi  
En. Ab. Patah bin Mohd  
Mr. Hiroshi Sumino  
En. Yusuf bin Jamil



## DIRECTORS' REPORT

En. Harun bin Ismail  
En. Ghazali @ Razali bin Ismail  
Mr. Ng Tuan Hoo  
Mr. Shinichiro Muto  
En. Che Alias bin Ismail  
Mr. Ichiro Sasaki (appointed on 5 November 2003)  
Mr. Rin Nan Yoong (appointed on 26 March 2004)

### Directors' interests

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

#### i) Shares registered in the name of Directors

Name of Directors	Interest	Number of ordinary shares of RM1.00 each			
		At 1.4.2003/ Date of appointment	Bought	Sold	At 31.3.2004
<i>Company</i>					
Mr. Hiroshi Kume	Deemed	33,344,032	3,393,512	(4,000,000)	32,737,544
Tan Sri Ab. Rahman bin Omar	Deemed	33,344,032	3,393,512	(4,000,000)	32,737,544
En. Ab. Patah bin Mohd	Direct	100	--	--	100
En. Che Alias bin Ismail	Direct	3,600	--	--	3,600
Mr. Rin Nan Yoong	Direct	2,284,000	--	--	2,284,000

#### ii) Warrants registered in the name of Directors

Name of Directors	Interest	Number of warrants				
		At 1.4.2003	Bought	Sold	Exercise	At 31.3.2004
<b>Company</b>						
Mr. Hiroshi Kume	Deemed	3,393,512	--	--	(3,393,512)	--
Tan Sri Ab. Rahman bin Omar	Deemed	3,393,512	--	--	(3,393,512)	--

By virtue of their interests in the shares of the Company, Mr. Hiroshi Kume and Tan Sri Ab. Rahman bin Omar are also deemed interested in the shares of the subsidiaries.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations during the year.

## **DIRECTORS' REPORT**

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor 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) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate apart from the issue of warrants.

### **Issue of shares**

During the financial year, the Company issued 6,210,678 shares of RM1.00 each for cash arising from the conversion of warrants on the basis of one ordinary share at the price of RM1.00 per ordinary share for every warrant held.

### **Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of warrants.

On 17 November 2000, the Company issued 11,989,612 detachable free warrants together with a renounceable rights issue of 35,968,836 new ordinary shares of RM1.00 each. The warrants are in registered form and constituted by a Deed Poll and the registered holders are entitled to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.00 per share within a period of five (5) years expiring on 16 November 2005. At the end of the year, 5,778,934 of the warrants remained unexercised.

### **Other statutory information**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

**DIRECTORS' REPORT**

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, except for the adoption of MASB 25, Income Taxes as disclosed in Note 23 to the financial statements and the gain on disposal of property, plant and equipment to a subsidiary amounting to RM15,703,000 by the Company, the results of the operations of the Group and of the Company for the year ended 31 March 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

**Hiroshi Kume**  
Director

**Hiroshi Sumino**  
Director

Johor Bahru,  
11 June 2004

**STATEMENT BY DIRECTORS**

**Pursuant to Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 32 to 59, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2004 and the results of their operations and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors:

**Hiroshi Kume**  
Director

**Hiroshi Sumino**  
Director

Johor Bahru,

11 June 2004

**STATUTORY DECLARATION**

**Pursuant to Section 169(16) of the Companies Act, 1965**

I, **Tan Siew Chu**, the officer primarily responsible for the financial management of PERUSAHAAN SADUR TIMAH MALAYSIA (PERSTIMA) BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 32 to 59 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 Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed at Johor Bahru in the State of  
Johor on 11 June 2004

**Tan Siew Chu**

Before me:

**R. Ramasamy** (No: J-058)  
Commissioner For Oaths

We have audited the financial statements set out on pages 32 to 59. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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 all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes 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 accounting 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 March 2004 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by 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.

The subsidiary in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their financial statements and the auditors' report thereon.

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 purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit report 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 Act.

**KPMG**

Firm Number: AF 0758  
Chartered Accountants

**Lee Soon Teck**

Partner  
Approval Number: 1587/06/04 (J)

## BALANCE SHEETS at 31 March 2004

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Property, plant and equipment</b>	2	96,888	88,651	49,813	73,949
<b>Investments in subsidiaries</b>	3	--	--	30,400	10,309
<b>Due from subsidiaries</b>	4	--	--	27,033	--
		<hr/>	<hr/>	<hr/>	<hr/>
		96,888	88,651	107,246	84,258
<b>Current assets</b>					
Inventories	5	72,030	37,231	49,280	37,231
Trade and other receivables	6	54,654	40,797	52,917	40,831
Cash and cash equivalents	7	45,196	30,422	40,159	30,408
		<hr/>	<hr/>	<hr/>	<hr/>
		171,880	108,450	142,356	108,470
<b>Current liabilities</b>					
Trade and other payables	8	26,443	21,099	18,002	16,721
Borrowings	9	91,315	51,055	75,097	51,055
Taxation		4,310	1,622	4,310	1,622
		<hr/>	<hr/>	<hr/>	<hr/>
		122,068	73,776	97,409	69,398
<b>Net current assets</b>		<hr/>	<hr/>	<hr/>	<hr/>
		49,812	34,674	44,947	39,072
		<hr/>	<hr/>	<hr/>	<hr/>
		146,700	123,325	152,193	123,330
		<hr/>	<hr/>	<hr/>	<hr/>
Financed by:-					
<b>Capital and reserves</b>					
Share capital	10	94,169	87,958	94,169	87,958
Reserves	11	32,340	24,903	50,909	24,908
		<hr/>	<hr/>	<hr/>	<hr/>
		126,509	112,861	145,078	112,866
<b>Long term and deferred tax liabilities</b>					
Borrowings	9	13,076	--	--	--
Deferred tax liabilities	12	7,115	10,464	7,115	10,464
		<hr/>	<hr/>	<hr/>	<hr/>
		20,191	10,464	7,115	10,464
		<hr/>	<hr/>	<hr/>	<hr/>
		146,700	123,325	152,193	123,330
		<hr/>	<hr/>	<hr/>	<hr/>

The financial statements were approved and authorised for issue  
by the Board of Directors on 11 June 2004.

The accompanying notes form an integral part of the financial statements.

## INCOME STATEMENTS for the financial year ended 31 March 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Revenue</b>					
Sale of goods		377,237	274,446	359,080	274,446
Cost of sales		(339,289)	(241,900)	(322,343)	(241,900)
<b>Gross profit</b>		37,948	32,546	36,737	32,546
Distribution costs		(7,330)	(4,504)	(7,055)	(4,504)
Administration expenses		(7,453)	(5,239)	(5,247)	(5,236)
Other operating expenses		(1,083)	(4,328)	(686)	(4,328)
Other operating income		3,947	1,601	18,913	1,601
<b>Operating profit</b>	13	26,029	20,076	42,662	20,079
Interest expense		(3,421)	(1,426)	(2,028)	(1,426)
Interest income		616	849	572	849
<b>Profit before tax</b>		23,224	19,499	41,206	19,502
Tax expense	14	(5,928)	(4,111)	(5,928)	(4,111)
<b>Net profit for the year</b>		17,296	15,388	35,278	15,391
Basic earnings per ordinary share (sen)	15	19	17		
Diluted earnings per ordinary share (sen)	15	18	17		
Dividends per ordinary share (sen) - tax exempt	16	12	10	12	10

The accompanying notes form an integral part of the financial statements.



## STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 March 2004

	Note	Share capital RM'000	Non-distributable Revaluation reserves RM'000	Translation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
<b>Group</b>						
<b>At 1 April 2002</b>		87,958	2,766	--	17,595	108,319
Effect of adopting MASB 25	23	--	(2,570)	--	520	(2,050)
Restated balance		87,958	196	--	18,115	106,269
Net profit for the year	23	--	--	--	15,388	15,388
Dividends						
- 2002 Final	16	--	--	--	(4,398)	(4,398)
- 2003 Interim	16	--	--	--	(4,398)	(4,398)
		--	--	--	(8,796)	(8,796)
<b>At 31 March 2003</b>		87,958	196	--	24,707	112,861
<b>At 1 April 2003</b>		87,958	2,766	--	24,138	114,862
Effect of adopting MASB 25	23	--	(2,570)	--	569	(2,001)
Restated balance		87,958	196	--	24,707	112,861
Issue of shares						
- Conversion of warrants	10	6,211	--	--	--	6,211
Net gain and losses not recognised in the income statements						
Exchange differences on translation of the financial statements of a foreign subsidiary		--	--	(582)	--	(582)
Net profit for the year	23	--	--	--	17,296	17,296
Dividends						
- 2003 Final	16	--	--	--	(4,569)	(4,569)
- 2004 Interim	16	--	--	--	(4,708)	(4,708)
		--	--	--	(9,277)	(9,277)
<b>At 31 March 2004</b>		94,169	196	(582)	32,726	126,509

## STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 March 2004 *continued*

	Note	Share capital RM'000	Non- distributable Revaluation reserves RM'000	Distributable Retained profits RM'000	Total RM'000
<b>Company</b>					
<b>At 1 April 2002</b>		87,958	2,766	17,597	108,321
Effect of adopting MASB 25	23	--	(2,570)	520	(2,050)
Restated balance		87,958	196	18,117	106,271
Net profit for the year	23	--	--	15,391	15,391
Dividends					
- 2002 Final	16	--	--	(4,398)	(4,398)
- 2003 Interim	16	--	--	(4,398)	(4,398)
		--	--	(8,796)	(8,796)
<b>At 31 March 2003</b>		87,958	196	24,712	112,866
<b>At 1 April 2003</b>		87,958	2,766	24,143	114,867
Effect of adopting MASB 25	23	--	(2,570)	569	(2,001)
Restated balance		87,958	196	24,712	112,866
Issue of shares					
- Conversion of warrants	10	6,211	--	--	6,211
Net profit for the year	23	--	--	35,278	35,278
Dividends					
- 2003 Final	16	--	--	(4,569)	(4,569)
- 2004 Interim	16	--	--	(4,708)	(4,708)
		--	--	(9,277)	(9,277)
<b>At 31 March 2004</b>		94,169	196	50,713	145,078

**CASH FLOW STATEMENTS**  
**for the financial year ended 31 March 2004**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	23,224	19,499	41,206	19,502
Adjustments for:-				
Unrealised loss on foreign exchange	579	--	--	--
Depreciation	12,666	11,052	10,585	11,052
Interest expense	3,421	1,426	2,028	1,426
Interest income	(616)	(849)	(572)	(849)
Impairment losses on property	--	1,048	--	1,048
Gain on disposal of property, plant and equipment	(85)	(103)	(15,788)	(103)
Operating profit before working capital changes	39,189	32,073	37,459	32,076
Changes in working capital:				
Inventories	(34,799)	(5,360)	(12,049)	(5,360)
Trade and other receivables	(13,857)	(17,259)	(1,826)	(17,293)
Trade and other payables	4,765	6,987	1,281	2,611
Cash (used in)/generated from operations	(4,702)	16,441	24,865	12,034
Income taxes paid	(6,589)	(7,347)	(6,589)	(7,347)
<b>Net cash (used in)/generated from operating activities</b>	<b>(11,291)</b>	<b>9,094</b>	<b>18,276</b>	<b>4,687</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(21,577)	(27,442)	(8,068)	(12,740)
Investment in a subsidiary	--	--	(20,091)	(10,309)
Proceeds from disposal of property, plant and equipment	114	109	114	109
Interest received	616	849	572	849
<b>Net cash used in investing activities</b>	<b>(20,847)</b>	<b>(26,484)</b>	<b>(27,473)</b>	<b>(22,091)</b>

The accompanying notes form an integral part of the financial statements.

**CASH FLOW STATEMENTS**
**for the financial year ended 31 March 2004** *continued*

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	6,211	--	6,211	--
Net short term borrowings	40,358	8,344	24,140	8,344
Drawdown of term loan	13,076	--	--	--
Dividends paid to shareholders	(9,277)	(8,796)	(9,277)	(8,796)
Interest paid	(3,421)	(1,426)	(2,028)	(1,426)
<b>Net cash generated from/ (used in) financing activities</b>	<b>46,947</b>	<b>(1,878)</b>	<b>19,046</b>	<b>(1,878)</b>
Exchange differences on translation of the financial statements of foreign operations	63	--	--	--
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,872</b>	<b>(19,268)</b>	<b>9,849</b>	<b>(19,282)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>30,322</b>	<b>49,590</b>	<b>30,308</b>	<b>49,590</b>
<b>Cash and cash equivalents at end of year</b>	<b>45,194</b>	<b>30,322</b>	<b>40,157</b>	<b>30,308</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	7,859	903	2,822	889
Deposits with licensed banks	37,337	29,519	37,337	29,519
Bank overdraft	(2)	(100)	(2)	(100)
	<b>45,194</b>	<b>30,322</b>	<b>40,157</b>	<b>30,308</b>