



2012

LAPORAN TAHUNAN
ANNUAL REPORT

ANNUAL REPORT 2012

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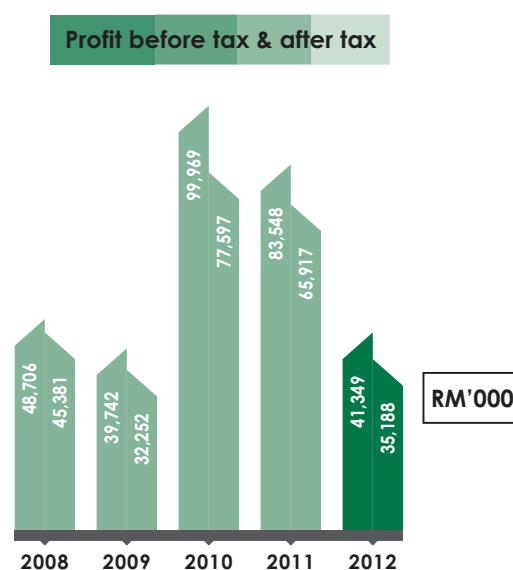
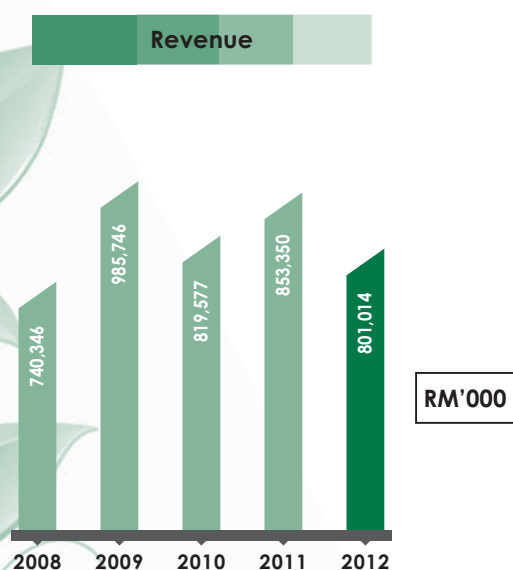
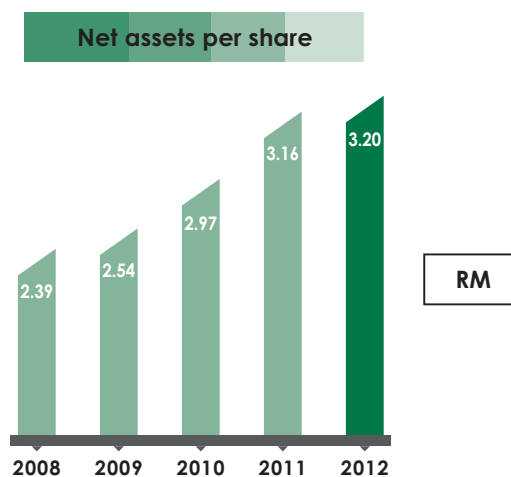
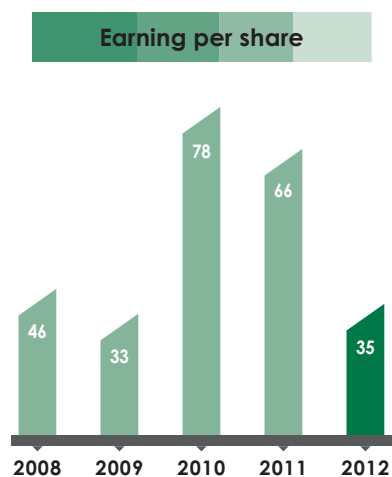
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FIVE YEAR FINANCIAL HIGHLIGHTS



	2012	2011	2010	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	801,014	853,350	819,577	985,746	740,346
Profit before taxation	41,349	83,548	99,969	39,742	48,706
Profit after taxation	35,188	65,917	77,597	32,252	45,381
Dividend per share (sen) - net of tax	30.00	30.00	30.38	19.50	17.40
Share capital	99,305	99,305	99,305	99,305	99,305
Shareholders' fund	317,545	313,593	294,903	252,374	237,207
Total Tangible Asset	383,070	398,700	377,356	421,788	375,275
Total Borrowing	9,351	39,530	9,777	107,882	82,809
Earning per share (sen)	35	66	78	33	46
Net assets backing per share (RM)	3.20	3.16	2.97	2.54	2.39



■ Executive Directors

Hiroshi Kume (*Deputy Chairman*)
Shigeki Tashiro (*Managing Director*)
Ab. Patah bin Mohd

■ Non-Independent Non-Executive Directors

Rin Nan Yoong
Hiroshi Sumino

■ Independent Non-Executive Directors

Tan Sri Ab. Rahman bin Omar (*Chairman*)
Yusuf bin Jamil
Harun bin Ismail
Ng Tuan Hoo

■ Company Secretaries

Liew Irene (*MAICSA 7022609*)
Chan Su San (*MAICSA 6000622*)

■ Registered Office

Suite 17.4B – 17.5 Level 17
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (60-3) 20702793
Fax: (60-3) 20324552

■ Registrars

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel: (60-3) 78418000
Fax: (60-3) 78418008

■ Principal Place Of Business

PLO 255, Jalan Timah Tiga
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang
Johor, Malaysia
Tel : (60-7) 2541200
Fax : (60-7) 2514618

■ Auditors

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

■ Principal Bankers

Malayan Banking Berhad
CIMB Bank Berhad
Bank Islam Malaysia Berhad
AmBank (M) Berhad
HSBC Bank Malaysia Berhad
HSBC Bank (Vietnam) Ltd.
OCBC Bank (Malaysia) Berhad
ANZ Bank (Vietnam) Ltd.
Hong Leong Bank Berhad

■ Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

■ Audit Committee

Harun bin Ismail (*Chairman / Independent Non-Executive Director*)
Ng Tuan Hoo (*Independent Non-Executive Director*)
Rin Nan Yoong (*Non-Independent Non-Executive Director*)

■ Remuneration Committee

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

■ Nomination Committee

Yusuf bin Jamil (*Chairman / Independent Non-Executive Director*)
Harun bin Ismail (*Independent Non-Executive Director*)
Ng Tuan Hoo (*Independent Non-Executive Director*)
Rin Nan Yoong (*Non-Independent Non-Executive Director*)

The profiles of the Directors of Perstima are as follows:

■ **Tan Sri Ab. Rahman bin Omar**

A Malaysian, aged 66 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 an Independent Non-Executive Director of the Company. He has attended all four Board meetings held during the financial year. He graduated with a Bachelor of Economics (Hons) from University of Malaya.

From 1970 to 1973, he served in the Administration & Diplomatic Service of the various Government Departments i.e. the Statistics Department, the Ministry of Commerce & Industry and the Ministry of Primary Industries before opting out of civil service in 1978. He was seconded to Pineapple Cannery Malaysia Sdn. Bhd. in late 1973 as Finance & Administration Manager and was promoted to 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, and re-appointed as Chairman and Director of EON Berhad from 2006 to June 2008, Director of PROTON from 1991 to 1996, Chairman and Director of BHP Steel Malaysia Sdn. Bhd. in 1998 until February 2003 and Director of DRB-Hicom Berhad from 2005 to July 2008. He has no conflict of interest with the Company, no family relationship with any 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 also a Director of Wah Seong Corporation Berhad Group. He is also a director of several other private limited companies.

■ **Hiroshi Kume**

A Japanese with Malaysian permanent resident status, aged 67 years, 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 31 October 2007. He was re-designated as Executive Deputy Chairman of Perstima on 1 November 2007. He has attended all four Board meetings held during the financial year.

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 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 the shares of Perstima by virtue of his 49.99% shareholdings in Versalite Sdn. Bhd., a major shareholder of Perstima.

■ Shigeki Tashiro

A Japanese, aged 57 years, was first appointed to the Board of Directors of Perstima on 23 May 2007 as Deputy Managing Director. He was re-designated as Managing Director of Perstima on 1 November 2007. He graduated from the Faculty of Law, Kobe University, Japan in 1977. He has attended all four Board meetings held during the financial year.

He joined Kawasaki Steel Corporation, Japan in 1977 and held various senior positions particularly in the pipe & tube export Department. In year 1990 to 1994, he was seconded to Kawasaki Steel Corporation London before he was back with Kawasaki Steel Corporation Japan. Subsequently, he was seconded again to Kawasaki Steel Corporation London as General Manager in year 2001 till 2003. In April 2003, he was with JFE Steel Corporation, Head Office (after the merger of Kawasaki Steel Corporation & NKK Corporation) and was assigned as General Manager of Pipe & Tube Export Department before he joined Perstima as Special Advisor in April 1, 2007. He has no conflict of interest with the Company, no family relationship with any 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.

■ Ab. Patah Bin Mohd

A Malaysian, aged 56 years, was first appointed to the Board of Directors of Perstima as an Executive Director on 31 October 1998 until to-date. He has attended all four Board meetings held during the financial year. 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 shareholding of 100 ordinary shares of RM1.00 each in the Company.

■ Hiroshi Sumino

A Japanese, aged 67 years, was re-designated as Non-Independent Non-Executive Director on 1 April 2010. He was first appointed as the Deputy Managing Director of Perstima from February 1989 to December 1992 and was reappointed as Deputy Managing Director on 31 October 1998 till 31 March 2010. He is a member of the Remuneration Committee of the Company. He has attended all four Board meetings held during the financial year. 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 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 shareholding of 300,000 ordinary shares of RM1.00 each in the Company.

■ Yusuf bin Jamil

A Malaysian, aged 48 years, was first appointed to the Board of Directors of Perstima as a Non-Executive Director on 21 February 2000. He is currently an Independent Non-Executive Director of the Company. He was appointed the Chairman of the Nomination Committee on 15 May 2008. He has attended all four Board meetings held during the financial year. 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 Consultant with the Management Consulting Services Division of PriceWaterhouse Malaysia until 1994. 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 also a director of Lysaght Galvanised Steel Berhad and its group of companies.

■ Harun bin Ismail

A Malaysian, aged 69 years, was first appointed to the Board of Directors of Perstima on 11 June 2001 as Independent Non-Executive Director until to date. He is the Chairman of the Audit Committee since July 2001 and a member of the Remuneration Committee and Nomination Committee of the Company. He has attended all four Board meetings held during the financial year. 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 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.

■ Ng Tuan Hoo

A Malaysian, aged 60 years, was first appointed to the Board of Directors of Perstima on 11 June 2001 as Independent Non-Executive Director until to date. He is the Chairman of the Remuneration Committee since October 2001 and is a member of the Audit Committee and Nomination Committee of the Company. He has attended all four Board meetings held during the financial year. He is a member of the Malaysian Institute of Accountants, Fellow of the Association of Chartered Certified Accountants United Kingdom, and Fellow of the Chartered Tax Institute of 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 a wide spectrum of invaluable experience in auditing and special assignments with the Chartered and Certified Public Accountants firms in both Malaysia and the United Kingdom. He has also gained invaluable experience in manufacturing activities and cooperatives. Currently, he operates his own firm and associate company providing various corporate services. He has no conflict of interest with the Company, no family relationship with any 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.

■ Rin Nan Yoong

A Singaporean, aged 46 years, was re-designated as Non-Independent Non-Executive Director on 2 November 2009. He was first appointed to the Board of Directors of Perstima on 26 March 2004 as Independent Non-Executive Director. He was subsequently appointed as a member of the Audit Committee of the Company on 10 May 2004. He was also appointed as a member of both the Remuneration and Nomination Committees of the Company on 4 February 2005. He graduated from the Faculty of Sciences, University of Southern California. He has attended all four Board meetings held during the financial year.

He was with the National Computer Board, Singapore in 1990 and the Bank of East Asia in 1994. In 1995 through 2005, he was with MCL Land Ltd., Singapore. He has no conflict of interest with the Company, no family relationship with any 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 the shares of Perstima by virtue of his 50% shareholdings in Versalite Sdn Bhd., a major shareholder of Perstima and he has direct shareholdings of 44,000 ordinary shares of RM1.00 each in Perstima.

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 ("Perstima" or "the Company"), and its subsidiaries ("the Group") for the financial year ended 31 March 2012.

■ Company Performance and Development

During the financial year under review, the Group has recorded a turnover of RM801.0 million, a decrease of 6.1% as compared to the previous financial year of RM853.4 million. The lower turnover was mainly attributable to lower sales volume and lower selling price as compared to the previous year. The lower sales volume was attributed to the aggressive importation of tinplate in the region and lower selling price was in tandem with the international market trend.

The Group's profit before exceptional items and taxation of RM41.3 million for financial year ended 31 March 2012 was lower compared to RM83.5 million in the previous financial year due to lower profit margin as a result of stiff competition in the global market.

■ Dividend

An interim dividend of 20 sen per ordinary share of RM1.00 each less 25% income tax in respect of the financial year ended 31 March 2012 was paid on 30 November 2011. The Board has recommended a final dividend of 20 sen per ordinary share of RM1.00 each less 25% income tax for the financial year ended 31 March 2012.

■ Industry and Prospects

The Board expects the Group's operation and environment to remain challenging and competitive. The steel price is expected to stabilise as there would be sufficient supply of raw materials. The Company is aggressively pursuing cost improvement programme and enhancement of the Group's operational efficiency to ensure the competitiveness of its products.

The Group has equipped itself with modern facilities by converting its tinplate process to methane sulphonic acid process in Pasir Gudang plant during the financial year. The Group intends to extend the same to its operation in Vietnam. With this facility, the Company is able to produce better quality and green product. In addition, Perstima Utility Sdn Bhd, a wholly-owned subsidiary, has successfully ventured into green environment energy programme and is expected to contribute to the Group's performance. Barring any unforeseen circumstances, the Board envisages that the Group can achieve a satisfactory performance.

■ Corporate Social Responsibility

The Group consistently supports social and welfare activities in the community it operates. The Group also continuously participate in donations to charities and blood donation campaign to instill the culture of caring for the community. The Group extends the opportunity to undergraduates to undergo industrial training in Perstima and provides the position of management trainee to the graduates. The Group also plays an active role in cultivating healthy life style amongst its employees and their family members.

■ Acknowledgement

On behalf of the Board, I wish to express my deep appreciation to the Management and employees for their hard work and dedication. I also wish 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 fellow colleagues on the Board for their invaluable contribution and support throughout the year.

TAN SRI AB. RAHMAN OMAR

Chairman
29 May 2012

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CORPORATE GOVERNANCE STATEMENT



The Board of Directors ("Board") is committed to ensure that the high standards of corporate governance are observed throughout the Group 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 Group 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 of good corporate governance and compliance with the best practices as set out in the Malaysian Code on Corporate Governance.

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 Group, 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 Group.

■ 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 four (4) occasions, where it deliberated upon and considered a variety of matters including the Company's financial results, major investments, strategic decisions, business plan and direction of the Group.

Details of each Director's attendance of the meetings held during the financial year ended 31 March 2012 are as follows: -

Name	Designation	No. of Meetings attended
Tan Sri Ab. Rahman bin Omar	Chairman, Independent Non-Executive Director	4/4
Hiroshi Kume	Executive Deputy Chairman	4/4
Shigeki Tashiro	Managing Director	4/4
Ab. Patah bin Mohd	Executive Director	4/4
Hiroshi Sumino	Non-Independent Non-Executive Director	4/4
Harun bin Ismail	Independent Non-Executive Director	4/4
Ng Tuan Hoo	Independent Non-Executive Director	4/4
Yusuf bin Jamil	Independent Non-Executive Director	4/4
Rin Nan Yoong	Non-Independent Non-Executive Director	4/4

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 17 to 20 of this Annual Report
Remuneration Committee	Explained on page 12 of this Annual Report
Nomination Committee	Explained on page 11 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.

■ Board Balance

The Board currently has nine (9) Directors comprising three (3) Executive Directors and six (6) Non-Executive Directors of whom four (4) are Independent Directors. The Board has met with the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities 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 Board noted the recommendation in the Malaysian Code on Corporate Governance 2012 in relation to the term for independent Directors and will review and monitor accordingly.

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 Group. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating 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 Group.

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 Independent Non-Executive Chairman and the executive management of the Company is led by Mr. Hiroshi Kume, the Company's Executive Deputy Chairman together with Mr. Shigeki Tashiro, the Managing Director.

The roles of the Chairman, the Executive Deputy 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 Executive Deputy Chairman and 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 mirza@perstima.com.my specifically for the purpose whereby shareholders or other parties may direct any queries or concerns pertaining to the Group. 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 Group.

■ 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 all the regulatory authorities and external and internal 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.

The Executive Directors lead the presentation and provides explanation on the paper during the meeting.

Every Director also has unhindered access to the Senior Management and 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 financial year:-

Yusuf bin Jamil	- Chairman, Independent Non-Executive Director
Harun bin Ismail	- Independent Non-Executive Director
Ng Tuan Hoo	- Independent Non-Executive Director
Rin Nan Yoong	- Non-Independent Non-Executive Director

The Committee consists of entirely Non-Executive Directors.

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 both Executive and Non-Executive Directors.

The Committee met once during the financial year. 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 and all the members of the Board have attended the Mandatory Accreditation Programme (MAP). 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.

Directors are encouraged to attend talks, seminars, workshops, conferences and other training programmes to update themselves on the new developments in the business environment. Seminars and conferences organized by the relevant regulatory authorities and professional bodies on areas relevant to the Directors' responsibilities and corporate governance issues, as well as on changes to statutory requirements and regulatory guidelines, are informed to the Directors, for their participation.

Pursuant to paragraph 15.08(2) and Appendix 9C (Part A, paragraph 28) of the Main Market Listing Requirements of Bursa Securities, the Directors continue to undergo relevant courses and seminars. During the financial year ended 31 March 2012, all the Directors had visited the plant of Perstima Utility Sdn Bhd in Pasir Gudang, which was organized by the Company to enable the Directors to observe and understand the process of power and steam generation. The Directors had also visited Tanjong Langsat port to explore the opportunity of a better port for both import and export handling. Individually, some of the Directors have also attended seminars and training programmes to further enhance their skills and knowledge.

Seminars and training programmes attended by the Directors during the financial year are as follows:

- i) Economic & Financial Review
- ii) Latest movement of Transfer Pricing in Vietnam
- iii) 2012 budget seminar
- iv) Raising the BAR of Corporate Governance

■ Re-election

In accordance with the Company's Articles of Association, all directors appointed by the Board are subject to re-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 in 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 re-election of each Director is voted on separately.

Directors over seventy (70) years of age are required to submit themselves for reappointment 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 financial year were:

Ng Tuan Hoo	- Chairman, Independent Non- Executive Director
Harun bin Ismail	- Independent Non- Executive Director
Rin Nan Yoong	- Non-Independent Non- Executive Director
Hiroshi Sumino	- Non-Independent Non- Executive Director

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 2012 were as follows: -

	-----RM'000-----			
	Fees	Emoluments	Benefit-in-kind	Total
Executive Directors	230	1,805	107	2,142
Non-Executive Directors	454	162	--	616

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

Remuneration Bands (RM)	Executive Directors	Non-Executive Directors
0 – 50,000	-	1
50,001 – 100,000	-	3
150,001 – 200,000	-	1
200,001 – 250,000	-	1
600,001 – 650,000	1	-
650,001 – 700,000	1	-
850,001 – 900,000	1	-

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 Group. 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 statements before submission to Bursa Securities and sending to the shareholders. The Board is assisted by the Audit Committee to oversee the Group'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 Group give a true and fair view of the state of affairs of the Group 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 Group and to prevent and detect fraud and other irregularities.

■ Statement on Internal Control

The Statement on Internal Control furnished on page 21 of the Annual Report provides an overview of the state of internal control of the Group.

■ 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 twice 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 17 to 20 of Annual Report.

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CORPORATE GOVERNANCE STATEMENT (CONT'D)



E CORPORATE SOCIAL RESPONSIBILITY

Our Company is committed to supporting government initiatives for social and sustainable development. We place great emphasis on all material issues including compliance with the laws and regulations, norms and ethics, social and environmental impacts arising from our operations and assessing their importance to stakeholders.

■ Environmental Initiatives

We are committed to do our bid for Malaysia's Green Objectives. Our Corporate Social Responsibility leans on preserving the natural resources for the present and in the future and therefore, our involvement in environmental protection has included the following projects:

COGEN (Combine Generation of Power and Steam)

The above project is aimed at producing and managing electricity in a more efficient manner and recycles the heat generated in the form of steam and hence, contributing to sustainable energy usage from natural resources. The ground breaking ceremony of the project was held on 18 February 2011 and was completed in August 2011. The project has since been running smoothly.

MSA (Methane Sulphonic Acid)

This is a newly developed processing method in tinplating industry. Instead of twelve (12) chemicals being used in the current halogen system, the new system (MSA) will only use three (3) types of chemicals which are organic-based products. The process has no toxic fume, is of low toxicity to aquatic life, readily biodegradable and environment friendly.

This project was completed in March 2012

■ Concern For The Needy

Undergraduates Scheme

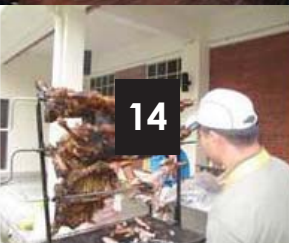
This exercise places deserving undergraduates into practical training that prepares them to be gainfully employed in the future. Perstima equips them with real-time application and hands-on job training. Upon completion of the course, candidates who perform well and meet our Company's expectations will be absorbed under a graduate employment scheme as full-time employees of our Group.

IT Development

ICT – CSR Programme

With the growing importance of information and communications technology (ICT) in today's fast-changing everyday working life, Perstima has provided facilities to improve its employees knowledge of ICT.

Besides upgrading its server which makes it faster and easier to carry out trouble shooting, Perstima has also embarked on the ERP (Enterprise Resource Planning) system. With this system, we have linked the manufacturing system and ERP system in which we have better control in the company's overall process and transaction. It is more user-friendly, easily accessible and easier to generate reports.



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CORPORATE GOVERNANCE STATEMENT (CONT'D)



E CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

High Achiever Awards

This is a monetary reward scheme meant for employees' children who have recorded excellent results in their UPSR, PMR, SPM and STPM examinations. Since it was introduced in 2010, more than thirty eight (38) children have benefited from this scheme. In the year 2011, 5 students obtained 7As and above in SPM, 6 students obtained 6As and above in PMR and 6 students also obtained 4As and above in UPSR.

Orphans and Charitable Organization

We have also donated hampers in the form of tin canned products to orphans during our last Ramadhan. To express our concern for the needy, we had also donated hampers in the form of tin canned products to the Johor Association for the Mentally Retarded Children.

Welfare Activities

A series of sports activities were held during the year. They comprised Ping Pong, Futsal, Badminton, Fishing and a "Run For Your Heart" competition.

Other monthly and quarterly programmes were also continuously held, like, blood donation at our Company's premises, Hari Raya Gathering, Religious Talks, Maulidur Rasul at our Company's hostels/premises and aerobic sessions.

Safety & Health and Environment Legal Compliance

In order to ensure that our employees work in a safe and healthy environment, we have also continued to conduct training as follows :

- i) Chemical Hazard Communication : Understanding CSDS
- ii) Training on COGEN
- iii) Health Talk
- iv) Awareness Training on Fire Prevention and Exhibition

In order to promote healthy lifestyle to our employees, all our employees underwent a medical check-up on 15 September 2011. For those who were exposed to hazardous environments, they also underwent a comprehensive medical check-up.

On 22 February 2012, we arranged Hearing Test for all our employees, especially for those working in the factory.

In addition, to fulfil the legal requirements, the company had trained a number of employees to become the competent person for sewage, effluent, scrubber, energy manager and bag filter.



F OTHER INFORMATION

■ Material Contracts

As at 31 March 2012, save as disclosed below, there were no material contracts entered into by the Company involving Directors' and major shareholders' interests. JFE Shoji Trade Corporation is a substantial shareholder of the Company and none of the Company's Directors have any interest in JFE Shoji Trade Corporation:

Date	Party	Nature	Total contract (RM'000)	Term	Contract outstanding (RM'000)
Feb and Mar 2012	JFE Shoji Trade Corporation	Supply of Raw Materials	26,743	Cash	12,030

■ Recurrent Related Party Transactions

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

Type of Transactions	Party & Relationship	Total (RM' 000)
Purchase of raw materials	JFE Shoji Trade Corporation, a substantial shareholder of the Company.	440,004
Purchase of raw materials, consumables & plant and equipment	JFE Materials and Machinery Corporation, a wholly owned subsidiary of JFE Shoji Trade Corporation.	8,978
Sale of tinplates	JFE Shoji Steel Malaysia Sdn Bhd, an associate company of JFE Shoji Trade Corporation.	1,620
Sale of tinplates	JFE Shoji Trade Australia Inc., a wholly owned subsidiary of JFE Shoji Trade Corporation.	1,236
Sale of tinplates	PT JFE, a subsidiary company of JFE Shoji Trade Corporation.	575
Sales of tinplates	Kawarin Enterprise Pte.Ltd., an associate company of JFE Shoji Trade Corporation.	71

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

■ Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Company for the financial year ended 31 March 2012 amounted to RM13,000.00

■ Sanctions/Penalties

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

■ Compliance Statement

The Company has complied throughout the financial year with all the best practices of corporate governance set out in the Code, except for the Best Practice AAVII (Nomination of a Senior Independent Non-Executive Director) for reason stated in the second last paragraph of the Board Balance on page 10 in the Annual Report.

AUDIT COMMITTEE MEMBERS

Harun bin Ismail	- Chairman / Independent Non-Executive Director
Ng Tuan Hoo	- Independent Non-Executive Director
Rin Nan Yoong	- Non-Independent Non-Executive 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:

- Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- 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
- 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:

- The audit committee must composed of no fewer than 3 members;
- All members of the audit committee should be non-executive directors;
- A majority of the audit committee must be independent directors; and
- All members of the audit committee should be financially literate and at least one member of the audit committee: -
 - Must be a member of the Malaysian Institute of Accountants; or
 - 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; or
 - he must be a person who fulfills the requirements as may be prescribed or approved by Bursa Malaysia Securities Berhad and / or such other relevant authorities from time to time.
- No alternate Director of the Board shall be appointed as a member of the Audit Committee.

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 (e) 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 auditors, 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 auditors, the audit fee and any questions of resignation or dismissal and the letter of resignation from the external auditors, if applicable;
- c) To discuss with the external auditors 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 auditors may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;
- g) To do the following, in relation to the internal audit function:
 - Review the adequacy of the scope, functions, competency 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 are 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;
 - Take cognisance of resignation 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 ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the Audit Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company; and
- j) To consider other areas as defined by the Board or as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authority from time to time.

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 and Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of the matters affecting the Group.

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 twice 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.

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 2012 included the following:-

- a) Reviewed the external auditors' scope of work and audit plan for the financial year.
- b) Reviewed with the external auditors the results of the audit and the audit report, management letter and management's response.
- c) Considered and recommended to the Board for approval, the audit fee payable to the external auditors.
- d) Met with the external auditors twice during the year without the presence of the management and executive Board members.
- e) 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 authorities.

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AUDIT COMMITTEE REPORT (CONT'D)



- f) Discussed the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and its Practice Notes, particularly on the Malaysian Code on Corporate Governance and the Statement on Internal Control.
- g) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Management.
- h) Reviewed the Company's procedures in respect of the recurrent related party transactions to ascertain 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.
- 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.
- k) Reviewed the effectiveness of the risk management system and risk assessment reports from Group Risk Management Committee. Significant risk issues were summarised and communicated to the Board for consideration and resolution.
- l) Reviewed the internal audit programme and plan for the year under review.
- m) Reviewed the internal audit reports and actions taken by the management to improve on the internal controls system.
- n) Met with the Internal auditors once during the financial year without presence of the management or executive Board members.

The individual member's attendance of the meetings held during the financial year ended 31 March 2012 were as follows:

Members	Designation	No. of meetings attended
Harun bin Ismail	Chairman/Independent Non-Executive Director	4/4
Ng Tuan Hoo	Independent Non-Executive Director	4/4
Rin Nan Yoong	Non-Independent Non-Executive Director	4/4

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the internal audit team whose primary responsibility is to evaluate and report on the adequacy, integrity and effectiveness of the overall system of internal control of the Group. The internal audit function of the Group is outsourced to an independent professional firm who reports directly to the Audit Committee with its findings and recommendations. Any necessary corrective actions after reporting to the Board of Directors by the Audit Committee will be directed by the Board.

For financial year ended 31 March 2012, the internal audit team has revised the three year risk-based internal audit plan to support the execution of internal control reviews based on the risk profile established by the Risk Management Committee. An internal audit assignment in accordance to the Revised Audit Plan as approved by the Audit Committee covering the area of preventive maintenance and safety cycle was completed by the internal audit team and the report had been presented to the Audit Committee for its review. The report also includes recommendations as well as proposed corrective actions to be adopted by the management. During the financial year, follow-up audits were also carried out to determine whether the management has taken the recommended corrective actions in the previous internal audit report.

The cost incurred in outsourcing of the internal audit function to an independent professional firm during the financial year amounted to approximately RM16,000.00.

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STATEMENT ON INTERNAL CONTROL

(Pursuant to para 15.27(b) of Requirements of Bursa Securities)



■ BOARD'S RESPONSIBILITIES

The Board recognises that it is responsible for the Group'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 to create awareness among all management staff on the risk management process. Workshop and interviews were conducted with the senior management staff of the Group to identify and evaluate the significant risks faced by the Group. Detail 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 Risk Management Committee and Board of Directors on an annual basis.

■ INTERNAL AUDIT

The Board recognises the need for an internal audit function and has engaged the services of an independent professional accounting and consulting firm to provide the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The Board has established that the internal audit functions are independent of the activities or operations of the operating units and report directly to the Audit Committee. Scheduled meeting of the internal auditor and Audit Committee were conducted to ensure the appropriateness of the scope and objective of each cycle audit.

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core auditable areas of the Group based on the risk profile established by the Risk Management Committee. Scheduled internal audits are carried out by the internal auditors based on the audit plan and programmes, and revised plan and programmes if any, presented to and approved by the Audit Committee to provide independent and objective reports on the state of internal control of the operating units. The audit focuses on areas with high risk as well as areas identified with inadequate controls to ensure the effectiveness of the controls in mitigating those risks in the detail risk registers. The internal auditors also follow up with the management in the implementation of action plans recommended to improve areas where control deficiencies identified during the internal audits.

■ 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 including major capital expenditure. As part of the budgeting process, the Group considers both internal and external risk factors that may affect the Group's profitability. This includes analysing the Group's historical performance, competitors, customers' requirements and customers' business trends, production capacity and other internal resources. At each quarterly Audit Committee Meetings and Board meetings, actual performance and results were monitored against budgets, with reasons for significant variances identified and highlighted to the Board for the appropriate corrective measures.

Financial Limits And Approving Authority

The Company 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, including the Vietnam operations, identifies the heads of each department, supervisors and their subordinates. The structure enables a clear reporting line from worker 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 Directors who are actively involved in the operations of the Group.

The Board of Directors

Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad
29 May 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2012.

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 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	<u>35,188</u>	<u>30,050</u>

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.

Dividends

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

- i) a final dividend of 24 sen per ordinary share less tax at 25% totalling RM17,874,850 in respect of the year ended 31 March 2011 on 12 August 2011; and
- ii) an interim dividend of 20 sen per ordinary share less tax at 25% totalling RM14,895,708 in respect of the year ended 31 March 2012 on 30 November 2011.

The Directors proposed a final dividend of 20 sen per ordinary share less tax at 25% totalling RM14,895,708 respectively in respect of the year ended 31 March 2012 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 earnings in the year ending 31 March 2013.

Directors of the Company

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

Tan Sri Ab. Rahman bin Omar
 Mr. Hiroshi Kume
 Mr. Shigeki Tashiro
 Mr. Hiroshi Sumino
 En. Ab. Patah bin Mohd
 En. Harun bin Ismail
 Mr. Ng Tuan Hoo
 En. Yusuf bin Jamil
 Mr. Rin Nan Yoong

■ Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares of RM1.00 each			
Name of Directors	Interest	At 1 April 2011	Bought	Sold	At 31 March 2012
Company					
Mr. Hiroshi Kume	Deemed	32,617,544	--	--	32,617,544
Tan Sri Ab. Rahman bin Omar	Direct	500,000	--	(500,000)	--
En. Ab. Patah bin Mohd	Direct	100	--	--	100
Mr. Hiroshi Sumino	Direct	200,000	100,000	--	300,000
Mr. Rin Nan Yoong	Direct	44,000	--	--	44,000
	Deemed	32,617,544	--	--	32,617,544

By virtue of their substantial interests in the shares of the Company, Mr. Hiroshi Kume and Mr. Rin Nan Yoong are also deemed interested in the shares of the subsidiaries.

None of the other Directors holding office at 31 March 2012 had any interest in the ordinary shares of the Company and of its related corporations during the year.

■ Remuneration Committee membership

The members of the Remuneration Committee are as follows:

Mr. Ng Tuan Hoo (Chairman)
 En. Harun bin Ismail
 Mr. Rin Nan Yoong
 Mr. Hiroshi Sumino

■ 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.

■ Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

■ Options granted over unissued shares

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

■ Other statutory information

Before the statements of financial position and statements of comprehensive income 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) any current assets which were unlikely to be realised in the ordinary course of business 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:

- 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
- 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, the financial performance of the Group and of the Company for the financial year ended 31 March 2012 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:

Hiroshi Kume

Shigeki Tashiro

Johor Bahru,
29 May 2012

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 27 to 59, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 26 on page 60 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Hiroshi Kume

Shigeki Tashiro
Johor Bahru,
29 May 2012

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 27 to 60 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 above named in Johor Bahru in the State of Johor on 29 May 2012

Tan Siew Chu

Before me:
K. Amudalingam
PLP, PIS, PPN
Commissioner For Oath
No. J-133

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERUSAHAAN SADUR TIMAH MALAYSIA (PERSTIMA) BERHAD



Report on the Financial Statements

We have audited the financial statements of Perusahaan Sadur Timah Malaysia (Perstima) Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 59.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- We have considered the accounts and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 26 on page 60 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standard. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants
Johor Bahru
29 May 2012

Wee Beng Chuan
Approval Number: 2677/12/12 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Assets					
Property, plant and equipment	3	122,566	93,364	68,366	48,003
Prepaid lease payments	4	4,036	3,685	--	--
Investments in subsidiaries	5	--	--	35,400	30,400
Deferred tax assets	6	154	296	--	--
Total non-current assets		<u>126,756</u>	<u>97,345</u>	<u>103,766</u>	<u>78,403</u>
Inventories	7	127,585	144,284	80,988	86,713
Trade and other receivables	8	60,509	80,578	39,934	56,694
Due from subsidiaries	9	--	--	23,942	16,419
Tax recoverable		9,887	698	8,911	--
Cash and cash equivalents	10	58,333	75,795	45,157	60,901
Total current assets		<u>256,314</u>	<u>301,355</u>	<u>198,932</u>	<u>220,727</u>
Total assets		<u><u>383,070</u></u>	<u><u>398,700</u></u>	<u><u>302,698</u></u>	<u><u>299,130</u></u>
Equity					
Share capital		99,305	99,305	99,305	99,305
Reserves		218,240	214,288	157,226	159,947
Total equity attributable to owners of the Company/					
Total equity	11	<u>317,545</u>	<u>313,593</u>	<u>256,531</u>	<u>259,252</u>
Liabilities					
Deferred tax liabilities/					
Total non-current liabilities	6	<u>5,141</u>	<u>3,103</u>	<u>5,141</u>	<u>3,103</u>
Trade and other payables	12	51,031	39,428	40,505	33,729
Due to subsidiaries	9	--	--	521	--
Loans and borrowings	13	9,351	39,530	--	--
Taxation		2	3,046	--	3,046
Total current liabilities		<u>60,384</u>	<u>82,004</u>	<u>41,026</u>	<u>36,775</u>
Total liabilities		<u>65,525</u>	<u>85,107</u>	<u>46,167</u>	<u>39,878</u>
Total equity and liabilities		<u><u>383,070</u></u>	<u><u>398,700</u></u>	<u><u>302,698</u></u>	<u><u>299,130</u></u>

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012



	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue					
Goods sold		801,014	853,350	557,679	584,073
Cost of goods sold		(740,964)	(743,531)	(512,666)	(509,157)
Gross profit		60,050	109,819	45,013	74,916
Other income		3,700	2,990	4,418	3,820
Distribution expenses		(11,983)	(10,134)	(7,354)	(8,247)
Administrative expenses		(8,033)	(9,826)	(6,748)	(7,362)
Other expenses		(2,265)	(10,224)	(250)	(2,373)
Results from operating activities		41,469	82,625	35,079	60,754
Finance income		1,615	1,650	1,158	1,665
Finance costs		(1,735)	(727)	(293)	(80)
Net finance (costs)/ income		(120)	923	865	1,585
Profit before tax	14	41,349	83,548	35,944	62,339
Income tax expense	15	(6,161)	(17,631)	(5,894)	(16,034)
Profit for the year		35,188	65,917	30,050	46,305
Other comprehensive income, net of tax					
Foreign currency translation differences		1,535	(15,201)	--	--
Total comprehensive income for the year/Attributable to owners of the Company		36,723	50,716	30,050	46,305
Basic and diluted earnings per ordinary share (sen)	16	35.4	66.4		

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

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STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012



Note	Attributable to owners of the Company				Total equity RM'000
	Share capital RM'000	Non-distributable Revaluation reserve RM'000	Translation reserve RM'000	Distributable Retained earnings RM'000	
Group					
At 1 April 2010	99,305	196	(25,500)	220,902	294,903
Profit for the year	--	--	--	65,917	65,917
Foreign currency translation differences for foreign operations	--	--	(15,201)	--	(15,201)
Total comprehensive (expense)/ income for the year	--	--	(15,201)	65,917	50,716
Dividends to owners of the Company	17	--	--	(32,026)	(32,026)
At 31 March 2011	99,305	196	(40,701)	254,793	313,593
Profit for the year	--	--	--	35,188	35,188
Foreign currency translation differences for foreign operations	--	--	1,535	--	1,535
Total comprehensive income for the year	--	--	1,535	35,188	36,723
Dividends to owners of the Company	17	--	--	(32,771)	(32,771)
At 31 March 2012	99,305	196	(39,166)	257,210	317,545

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2012

Note	Attributable to owners of the Company			
	Non-distributable		Distributable	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
Company				
At 1 April 2010	99,305	196	145,472	244,973
Total comprehensive income for the year	--	--	46,305	46,305
Dividends to owners of the Company	17	--	(32,026)	(32,026)
At 31 March 2011	99,305	196	159,751	259,252
Total comprehensive income for the year	--	--	30,050	30,050
Dividends to owners of the Company	17	--	(32,771)	(32,771)
At 31 March 2012	99,305	196	157,030	256,531

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities					
Profit before tax		41,349	83,548	35,944	62,339
Adjustments for:-					
Written down of inventories		3,934	1,251	1,594	740
Depreciation and amortisation		13,724	12,467	7,809	7,426
Finance costs		1,735	727	293	80
Unrealised loss on foreign exchange		527	3,000	238	1,679
Interest income		(1,615)	(1,650)	(1,158)	(1,665)
Gain on disposal of property, plant and equipment		--	(124)	--	(124)
Property, plant and equipment written off		28	--	26	--
Impairment loss/(Reversal) on trade receivables		497	2,368	11	(6)
Bad debts recovered		(1,101)	--	--	--
Operating profit before changes in working capital		59,078	101,587	44,757	70,469
Change in inventories		12,765	(7,195)	4,131	(1,435)
Change in trade and other receivables		20,146	2,397	16,749	3,339
Change in due from/(to) subsidiaries		--	--	(7,240)	9,455
Change in trade and other payables		4,824	(21,800)	(3)	(7,801)
Cash generated from operations		96,813	74,989	58,394	74,027
Tax paid		(16,214)	(22,466)	(15,813)	(21,333)
Net cash from operating activities		80,599	52,523	42,581	52,694
Cash flows from investing activities					
Acquisition of property, plant and equipment	18	(35,349)	(13,976)	(21,419)	(1,918)
Acquisition of prepaid lease payments		(400)	(351)	--	--
Proceeds from disposal of property, plant and equipment		--	124	--	124
Investment in a subsidiary		--	--	(5,000)	--
Interest received		1,615	1,650	1,158	1,665
Net cash used in investing activities		(34,134)	(12,553)	(25,261)	(129)

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

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from financing activities					
Net short term borrowings		(30,179)	29,753	--	--
Dividends paid to owners of the Company		(32,771)	(32,026)	(32,771)	(32,026)
Interest paid		(1,735)	(727)	(293)	(80)
Net cash used in financing activities		<u>(64,685)</u>	<u>(3,000)</u>	<u>(33,064)</u>	<u>(32,106)</u>
Exchange differences on translation of the financial statements of foreign operations		501	(6,131)	--	--
Net (decrease)/ increase in cash and cash equivalents		(17,719)	30,839	(15,744)	20,459
Cash and cash equivalents at 1 April		75,795	45,563	60,901	40,442
Foreign exchange difference on opening balances		257	(607)	--	--
Cash and cash equivalents at 31 March	10	<u>58,333</u>	<u>75,795</u>	<u>45,157</u>	<u>60,901</u>

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

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NOTES TO THE FINANCIAL STATEMENTS



Perusahaan Sadur Timah Malaysia (Perstima) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

PLO 255, Jalan Timah Tiga
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang
Johor, Malaysia

Registered office

Suite 17.4B - 17.5, Level 17
Menara Weld
No. 76, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 March 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

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 5.

These financial statements were authorised for issue by the Board of Directors on 29 May 2012

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The Group's and the Company's financial statements for annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 April 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 April 2011

For acquisitions on or after 1 April 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 April 2006 and 1 April 2011

For acquisitions between 1 April 2006 and 1 April 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 April 2006

For acquisitions prior to 1 April 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(iv) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

Revalued property, plant and equipment where no revaluation policy is adopted

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain leasehold land and buildings were revalued in June 1991 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on a valuation).

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Buildings are depreciated on a straight-line basis over 5 to 25 years. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	60 - 99 years
Plant and machinery	5 - 15 years
Furniture, fittings and equipment and motor vehicles	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at end of the reporting period.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2. Significant accounting policies (cont'd)

(e) Leased assets (cont'd)

(i) Finance lease

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorized as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (cont'd)

(h) Impairment (cont'd)

(ii) Other assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(j) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

■ 2. Significant accounting policies (cont'd)

(k) Borrowings costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(m) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(n) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment and motor vehicles RM'000	Capital work -in -progress RM'000	Total RM'000
Group					
At cost/valuation					
At 1 April 2010	46,193	274,005	16,345	376	336,919
Additions	300	3,838	1,421	8,417	13,976
Disposals/Written off	--	--	(808)	--	(808)
Transfers	--	292	6	(298)	--
Exchange differences	(1,680)	(11,636)	(191)	--	(13,507)
At 31 March 2011/1 April 2011	44,813	266,499	16,773	8,495	336,580
Additions	2,510	27,022	567	12,029	42,128
Disposals/Written off	--	--	--	(28)	(28)
Transfers	--	18,779	37	(18,816)	--
Exchange differences	159	1,111	21	--	1,291
At 31 March 2012	47,482	313,411	17,398	1,680	379,971
Representing items at:					
Cost	19,827	313,411	17,398	1,680	352,316
Directors' valuation	27,655	--	--	--	27,655
	47,482	313,411	17,398	1,680	379,971
Accumulated depreciation					
At 1 April 2010	24,701	197,304	14,330	--	236,335
Depreciation charge	1,517	9,954	876	--	12,347
Disposals/Written off	--	--	(808)	--	(808)
Exchange differences	(456)	(5,104)	(146)	--	(5,706)
At 31 March 2011/1 April 2011	25,762	202,154	14,252	--	242,168
Depreciation charge	1,513	11,110	991	--	13,614
Exchange differences	46	515	14	--	575
At 31 March 2012	27,321	213,779	15,257	--	256,357
Accumulated impairment losses					
At 1 April 2010/31 March 2011	1,048	--	--	--	1,048
At 1 April 2011/31 March 2012	1,048	--	--	--	1,048
Carrying amounts					
At 31 March 2012	19,113	99,632	2,141	1,680	122,566
At 31 March 2011	18,003	64,345	2,521	8,495	93,364

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



3. Property, plant and equipment (cont'd)

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment and motor vehicles RM'000	Capital work -in -progress RM'000	Total RM'000
Company					
At cost/valuation					
At 1 April 2010	35,503	174,956	15,332	376	226,167
Additions	50	569	1,088	211	1,918
Transfer	--	292	6	(298)	--
Disposals	--	--	(808)	--	(808)
At 31 March 2011/1 April 2011	35,553	175,817	15,618	289	227,277
Additions	2,232	23,757	387	1,822	28,198
Transfer	--	368	37	(405)	--
Written off	--	--	--	(26)	(26)
At 31 March 2012	37,785	199,942	16,042	1,680	255,449
Representing items at:					
Cost	10,130	199,942	16,042	1,680	227,794
Directors' valuation	27,655	--	--	--	27,655
	37,785	199,942	16,042	1,680	255,449
Accumulated depreciation					
At 1 April 2010	22,041	136,109	13,458	--	171,608
Depreciation charge	1,085	5,577	764	--	7,426
Disposals/Written off	--	--	(808)	--	(808)
At 31 March 2011/1 April 2011	23,126	141,686	13,414	--	178,226
Depreciation charge	1,103	5,833	873	--	7,809
At 31 March 2012	24,229	147,519	14,287	--	186,035
Accumulated impairment losses					
At 1 April 2010/31 March 2011	1,048	--	--	--	1,048
At 1 April 2011/31 March 2012	1,048	--	--	--	1,048
Carrying amounts					
At 31 March 2012	12,508	52,423	1,755	1,680	68,366
At 31 March 2011	11,379	34,131	2,204	289	48,003

3. Property, plant and equipment (cont'd)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>Carrying amounts of land and buildings</i>				
<i>At valuation</i>				
Long-term leasehold land	338	343	338	343
Short-term leasehold land	6,049	6,248	6,049	6,248
Buildings	1,746	2,258	1,746	2,258
<i>At cost</i>				
Buildings	10,980	9,154	4,375	2,530
	<u>19,113</u>	<u>18,003</u>	<u>12,508</u>	<u>11,379</u>

Revaluation

The leasehold land and factory buildings of the Company are stated at Directors' valuation in April 1992 based on independent professional valuation at open market value on an existing use basis in June 1991 and as approved by the relevant authorities.

Had the leasehold land and factory buildings been carried at cost model, their carrying amounts would have been as follows:

	Group/Company	
	2012 RM'000	2011 RM'000
Cost	22,216	22,216
Less: Accumulated depreciation	(18,352)	(17,513)
Carrying amounts	<u>3,864</u>	<u>4,703</u>

Security

Certain property, plant and equipment of the Group and of the Company with a net book value of RM32,286,000 (2011: RM84,825,000) and NIL (RM48,003,000) respectively are charged to a bank as security for credit facilities as disclosed in Note 13.

Impairment losses

The impairment losses arose from the Group's and the Company's assessment of the recoverable amount of hostel buildings based on the market value for these buildings.

Others

The gross amount of fully depreciated property, plant and machinery of the Group and the Company but still in use amounted to RM135,840,000 (2011: RM129,316,000) and RM133,924,000 (2011: RM128,363,000) respectively.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



4. Prepaid lease payments

	Leasehold land unexpired period less than 50 years RM'000
Group	
At cost	
At 1 April 2010	5,279
Additions	351
Exchange differences	(851)
At 31 March 2011/1 April 2011	4,779
Additions	400
Exchange differences	80
At 31 March 2012	5,259
Accumulated amortisation	
At 1 April 2010	1,163
Amortisation charge	120
Exchange differences	(189)
At 31 March 2011/1 April 2011	1,094
Amortisation charge	110
Exchange differences	19
At 31 March 2012	1,223
Carrying amounts	
At 31 March 2012	4,036
At 31 March 2011	3,685

5. Investments in subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	35,400	30,400

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective ownership interest	
			2012 %	2011 %
Perstima (Vietnam) Co., Ltd.*	Manufacturing and sale of tinplates and tin free steel	Vietnam	100	100
Perstima Tin Plate Sdn. Bhd.	Dormant	Malaysia	100	100
Perstima Utility Sdn. Bhd.	Generating, transmitting and sales of power and other utilities	Malaysia	100	100

* Audited by a member firm of KPMG International.

6. Deferred tax assets and liabilities

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets	(154)	(296)	--	--
Deferred tax liabilities	5,141	3,103	5,141	3,103
	<u>4,987</u>	<u>2,807</u>	<u>5,141</u>	<u>3,103</u>

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Property, plant and equipment				
- capital allowances	7,575	5,723	7,575	5,723
- revaluation	1,375	1,423	1,375	1,423
Allowances and other accruals	(3,967)	(4,325)	(3,809)	(4,043)
Unrealised gain/(loss) on foreign exchange	4	(14)	--	--
	<u>4,987</u>	<u>2,807</u>	<u>5,141</u>	<u>3,103</u>

Movement in temporary differences during the year are as follows:

Group	At 1 April 2010 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31 March 2011 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31 March 2012 RM'000
Property, plant and equipment					
- capital allowances	5,588	135	5,723	1,852	7,575
- revaluation	1,470	(47)	1,423	(48)	1,375
Allowance and other accruals	(3,220)	(1,105)	(4,325)	358	(3,967)
Unrealised (loss)/gain on foreign exchange	(60)	46	(14)	18	4
	<u>3,778</u>	<u>(971)</u>	<u>2,807</u>	<u>2,180</u>	<u>4,987</u>
Company					
Property, plant and equipment					
- capital allowances	5,588	135	5,723	1,852	7,575
- revaluation	1,470	(47)	1,423	(48)	1,375
Allowance and other accruals	(3,193)	(850)	(4,043)	234	(3,809)
	<u>3,865</u>	<u>(762)</u>	<u>3,103</u>	<u>2,038</u>	<u>5,141</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



7. Inventories

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Finished goods	32,207	41,519	14,562	24,591
Work-in-progress	1,957	965	1,650	465
Raw materials	78,540	91,139	55,284	55,423
Consumables	14,881	10,661	9,492	6,234
	<u>127,585</u>	<u>144,284</u>	<u>80,988</u>	<u>86,713</u>

8. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables	57,317	76,493	38,848	55,602
Other receivables, deposits and prepayments	3,192	4,085	1,086	1,092
	<u>60,509</u>	<u>80,578</u>	<u>39,934</u>	<u>56,694</u>

9. Due from/(to) subsidiaries

	Company	
	2012 RM'000	2011 RM'000
Due from subsidiaries - non-trade	<u>23,942</u>	<u>16,419</u>
Due to subsidiaries		
- trade	(373)	--
- non-trade	(148)	--
	<u>(521)</u>	<u>--</u>

The amounts due from subsidiaries are non-trade in nature. Included in the amounts due from subsidiaries are:-

- an amount of RM18,909,000 (2011: NIL) that is repayable on demand, with a fixed interest charged at 4% per annum commencing from 1 October 2011; and
- the remaining balance of RM5,033,000 (2011: RM16,419,000) that is repayable on demand and interest free.

All the amounts due to subsidiaries are unsecured and interest free.

10. Cash and cash equivalents

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	2,849	19,543	374	11,035
Deposits with licensed banks	55,484	56,252	44,783	49,866
	<u>58,333</u>	<u>75,795</u>	<u>45,157</u>	<u>60,901</u>

11. Capital and reserves

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2012 RM'000	2011 RM'000	2012 '000	2011 '000
Ordinary shares of RM1.00 each:				
Authorised	200,000	200,000	200,000	200,000
Issued and fully paid	99,305	99,305	99,305	99,305

Reserves

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable				
Revaluation reserve	196	196	196	196
Translation reserve	(39,166)	(40,701)	--	--
Distributable				
Retained earnings	257,210	254,793	157,030	159,751
	218,240	214,288	157,226	159,947

Section 108 tax credit and tax exempt account

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt account to frank the payment of dividends up to approximately RM107,857,000 out of its retained earnings at 31 March 2012.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

12. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	22,618	10,630	14,943	9,904
Other payables and accrued expenses	28,413	28,798	25,562	23,825
	51,031	39,428	40,505	33,729

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



12. Trade and other payables (cont'd)

Included in other payables and accrued expenses are:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other payables	1,020	593	983	593
Accrued expenses for sales rebate	8,582	11,935	8,582	11,935
Advance payment from customers	2,510	5,905	2,362	4,413
Payable to fixed assets suppliers	6,779	--	6,779	--
Other accrued expenses	9,522	10,365	6,856	6,884
	<u>28,413</u>	<u>28,798</u>	<u>25,562</u>	<u>23,825</u>

Included in trade payables of the Group and of the Company is an amount of RM15,161,000 (2011: RM5,189,000) and RM9,069,000 (2011: RM5,170,000) respectively due to substantial shareholders of the Company arising from purchases of raw materials.

13. Loans and borrowings

	Group	
	2012 RM'000	2011 RM'000
Secured		
Trust receipts	<u>9,351</u>	<u>39,530</u>

14. Profit before tax

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging/(crediting)				
Audit fees				
- Company's auditors	77	76	75	75
- Overseas affiliate of KPMG Malaysia	43	42	--	--
Non-audit fees				
- Company's auditors	3	3	3	3
- Local affiliate of KPMG Malaysia	10	10	10	10
Depreciation and amortisation	13,724	12,467	7,809	7,426
Personnel expenses (including key management personnel):				
- Wages, salaries and others	16,248	15,467	13,213	13,040
- Contributions to Employees Provident Fund	1,671	1,600	1,663	1,600
Rental of premises and equipment	556	577	305	315
Gain on disposal of property, plant and equipment	--	(124)	--	(124)
Unrealised loss on foreign exchange	527	3,000	238	1,679

14. Profit before tax (cont'd)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging/(crediting) (cont'd)				
Write down of inventories	3,934	1,251	1,594	740
Hostel rental income	(36)	(37)	(36)	(37)
Realised (gain)/loss on foreign exchange	(738)	4,015	(785)	399
Technical fee income receivable	--	--	(993)	(1,018)
Impairment loss/(Reversal) on trade receivables	497	2,368	11	(6)
Property, plant and equipment written off	28	--	26	--
Bad debt recovered	(1,101)	--	--	--

Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors				
- Fees	684	684	684	684
- Remuneration	1,967	2,004	1,967	2,004
Total short-term employee benefits	2,651	2,688	2,651	2,688
Other key management personnel:				
- Short term employee benefits	234	197	--	--
	2,885	2,885	2,651	2,643

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind for the Group/Company is RM107,000 (2011: RM99,000).

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



15. Income tax expense

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
- Current year	3,564	18,817	3,439	17,011
- Prior year	417	(215)	417	(215)
	3,981	18,602	3,856	16,796
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	2,332	(1,408)	2,190	(1,199)
- Prior year	(152)	437	(152)	437
	2,180	(971)	2,038	(762)
	6,161	17,631	5,894	16,034
Reconciliation of effective tax expense				
Profit before tax	41,349	83,548	35,944	62,339
Income tax calculated using Malaysian tax rate of 25%	10,337	20,887	8,986	15,585
Effect of different tax rates in foreign jurisdictions	(466)	(3,834)	--	--
Non-deductible expenses	216	474	103	436
Non-business income	(38)	(163)	(38)	(163)
Tax incentives	(4,320)	(184)	(3,422)	(46)
Effect of different tax rate applicable to new products and other income	36	229	--	--
Effect of unrecognised deferred tax asset	131	--	--	--
	5,896	17,409	5,629	15,812
Under provided in prior years	265	222	265	222
Income tax expense	6,161	17,631	5,894	16,034

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group
	2012 RM'000
Unabsorbed capital allowances	(523)

The unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

16. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2012 RM'000	2011 RM'000
Profit attributable to ordinary shareholders	35,188	65,917
	Group	
	2012 Numbers of share '000	2011 Numbers of share '000
Issued ordinary shares at 1 April/ Weighted average number of ordinary shares at 31 March	99,305	99,305
Basic earnings per ordinary share	35.4	66.4

Diluted earnings per ordinary share

No disclosure is made for diluted earnings per share for the year as there is no dilutive potential ordinary shares outstanding.

17. Dividends

Dividends recognised by the Group/Company are:

	Sen per share	Total amount RM'000	Date of payment
2012			
2012 - Interim, net of tax	15.00	14,896	30 November 2011
2011 - Final, net of tax	18.00	17,875	12 August 2011
Total amount		32,771	
2011			
2011 - Interim, net of tax	12.00	11,917	30 November 2010
2010 - Final, net of tax	20.25	20,109	12 August 2010
Total amount		32,026	

After the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
2012 - Final, net of tax	15.00	14,896

18. Acquisition of property, plant and equipment

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current year's additions	42,128	13,976	28,198	1,918
Less: Amount under credit term	(6,779)	--	(6,779)	--
	<u>35,349</u>	<u>13,976</u>	<u>21,419</u>	<u>1,918</u>

19. Capital commitments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>Plant and equipment</i>				
Contracted for but not provided for	1,465	10,643	1,465	352
Approved but not contracted for	--	2,905	--	--
	<u>1,465</u>	<u>13,548</u>	<u>1,465</u>	<u>352</u>

20. Contingent liabilities (unsecured)

	Company	
	2012 RM'000	2011 RM'000
Corporate guarantees given to a subsidiary for banking facilities	<u>102,647</u>	<u>101,293</u>

21. Annual management fee commitment

In respect of the acquisition of a leasehold land by a subsidiary, the Group and the subsidiary have committed to an annual management fee of USD36,300 for the maintenance of common infrastructure maintenance costs over the period of the leasehold land of 42 years.

The total future minimum payments of non-cancellable management fee are as follows:

	Group	
	2012 RM'000	2011 RM'000
Less than one year	111	109
Between one and five years	446	435
More than five years	<u>3,342</u>	<u>3,370</u>
	<u>3,899</u>	<u>3,914</u>

22. Operating segments

The Group has two reportable segments, distinguished by geographical locations, in Malaysia and Vietnam, which form the main basis of how the Group management, Board of Directors review the Group's operations on a quarterly basis.

Performance is measured based on segment profit before tax as management believes that such information is the most relevant in evaluating the results of the operation.

22. Operating segments (cont'd)

	Malaysia		Vietnam		Consolidation adjustments		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit – profit before tax	35,050	62,339	4,660	19,570	1,639	1,639	41,349	83,548

Included in the measure of segment profit are:

Revenue from external customers	558,154	584,073	242,860	269,277	--	--	801,014	853,350
Write down of inventories	1,594	740	2,430	511	--	--	3,934	1,251
Depreciation and amortisation	8,912	7,426	6,451	6,680	(1,639)	(1,639)	13,724	12,467
Finance costs	671	80	1,509	1,298	(445)	(651)	1,735	727
Finance income	(1,165)	(1,665)	(895)	(636)	445	651	(1,615)	(1,650)

Geographical location of non-current asset

Malaysia	86,052	56,209
Vietnam	40,550	40,840
	<u>126,602</u>	<u>97,049</u>

Geographical location of revenue

Malaysia	432,797	472,139
Vietnam	206,456	224,306
Others	161,761	156,905
	<u>801,014</u>	<u>853,350</u>

Major customers

Revenue from two customers of the Group represents approximately RM225,529,000 (2011: RM248,014,000) of the Group's total revenues.

23. Financial instruments

23.1 Categories of financial instruments

All financial assets and liabilities are categorised as loans and receivables and other liabilities in accordance with the Group's accounting policies as disclosed in Note 2(c).

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Loan and receivables	2,419	(7,755)	1,682	(23)
Financial liabilities measured at amortised cost	(1,438)	(649)	--	--
	<u>981</u>	<u>(8,404)</u>	<u>1,682</u>	<u>(23)</u>

23. Financial instruments (con't)

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and Company's exposure to credit risk arises principally from its receivables from third party customers and its subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and Company. The Group and Company uses ageing analysis to monitor the credit quality of the receivables. Depending on the nature of the industries, any receivables having significant balances past due more than certain number of days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2012			
Not past due	55,883	(72)	55,811
Past due 0 – 30 days	1,159	--	1,159
Past due 31 – 60 days	297	--	297
Past due 61 – 90 days	50	--	50
Past due more than 90 days	1,751	(1,751)	--
	<u>59,140</u>	<u>(1,823)</u>	<u>57,317</u>
2011			
Not past due	52,778	--	52,778
Past due 0 – 30 days	21,444	(61)	21,383
Past due 31 – 60 days	2,156	--	2,156
Past due 61 – 90 days	157	--	157
Past due more than 90 days	2,680	(2,661)	19
	<u>79,215</u>	<u>(2,722)</u>	<u>76,493</u>
Company			
2012			
Not past due	38,920	(72)	38,848
Past due more than 90 days	527	(527)	--
	<u>39,447</u>	<u>(599)</u>	<u>38,848</u>
2011			
Not past due	52,778	--	52,778
Past due 0 – 30 days	2,885	(61)	2,824
Past due more than 90 days	527	(527)	--
	<u>56,190</u>	<u>(588)</u>	<u>55,602</u>

23. Financial instruments (cont'd)

Credit risk (cont'd)

Movement in the allowance for impairment losses of receivables during the financial year were:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 April	2,722	594	588	594
Impairment loss recognised	497	2,374	11	--
Impairment loss reversed	--	(6)	--	(6)
Impairment loss recovered	(1,101)	--	--	--
Impairment loss written off	(331)	--	--	--
Effect of exchange difference	36	(240)	--	--
At 31 March	1,823	2,722	599	588

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

In determining whether allowance is required to be made, the Group and Company considers financial background of the customers, past transactions and other specific reasons causing these balances to be past due more than 90 days.

Balances due from subsidiaries

Risk management objectives, policies and processes for managing the risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Company does not specifically monitor the ageing of the amount due from subsidiaries. The Company monitors instead their individual financial position in assessing its credit risk.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts due from subsidiaries are not recoverable.

Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group's and Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2012				
<i>Non-derivative financial liabilities</i>				
Secured trust receipts	9,351	3.20 - 6.29	9,378	9,378
Trade and other payables	51,031	--	51,031	51,031
	60,382		60,409	60,409
2011				
<i>Non-derivative financial liabilities</i>				
Secured trust receipts	39,530	3.20 - 4.41	39,530	39,530
Trade and other payables	39,428	--	39,428	39,428
	78,958		78,958	78,958

23. Financial instruments (cont'd)

Liquidity risk (cont'd)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
Company				
2012				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	40,505	--	40,505	40,505
Due to subsidiaries	521	--	521	521
	<u>41,026</u>		<u>41,026</u>	<u>41,026</u>
2011				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	33,729	--	33,729	33,729
	<u>33,729</u>		<u>33,729</u>	<u>33,729</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and Company's financial position or cash flows.

Currency risk

The Group and Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group and of the Company entities. The currencies giving rise to this risk are primarily US Dollar ("USD").

The Group and Company hedges its financial assets and liabilities denominated in foreign currencies from time to time when considered necessary.

Exposure to foreign currency risk

The Group's and Company's exposure to foreign currency (a currency which is other than the currency of the Group and Company entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD			
	Group		Company	
	2012	2011	2012	2011
<i>In thousands of RM</i>				
Trade receivables	13,561	26,216	6,836	20,358
Due from a subsidiary	--	--	3,013	8,065
Cash and cash equivalent	27,106	10,728	26,393	9,933
Trade and other payables	(18,899)	(6,226)	(9,069)	(6,226)
Secured trust receipts	(9,351)	--	--	--
Net exposure	<u>12,417</u>	<u>30,718</u>	<u>27,173</u>	<u>32,130</u>

Currency risk sensitivity analysis

A 10% (2011: 10%) strengthening of the Ringgit Malaysia ("RM") against the USD at the end of the reporting period would have increased / (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Denominated in USD			
	Group		Company	
	2012	2011	2012	2011
<i>In thousands of RM</i>				
Profit or loss	931	2,304	2,038	2,410

23. Financial instruments (cont'd)

Market risk (cont'd)

A 10% (2011: 10%) weakening of RM against the USD at the end of the reporting period would have had equal but opposite effect on the USD to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's and the Company's investment in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk.

There is no formal hedging policy with respect to interest rate exposure. Exposure to interest rate risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the exposure to an acceptable level.

Exposure to interest rate risk

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed rate instruments				
Deposits with licensed bank	55,484	56,252	44,783	49,866
Secured trust receipts	(9,351)	(39,530)	--	--
	<u>46,133</u>	<u>16,722</u>	<u>44,783</u>	<u>49,866</u>

Fair value sensitivity analysis for fixed rate instruments

The Group and Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

24. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal capital and liquidity ratio that enables the Group to operate effectively with minimum external borrowings.

As at year end, the level of debt maintained by the Group is as follows:

	Group	
	2012 RM'000	2011 RM'000
Total borrowings (Note 13)	9,351	39,530
Less: Cash and cash equivalents (Note 10)	<u>(58,333)</u>	<u>(75,795)</u>
Net cash position	<u>(48,982)</u>	<u>(36,265)</u>

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Substantial shareholders				
- Purchases of raw materials	501,462	510,414	319,507	307,088
- Purchase of property, plant and equipment	5,441	960	3,693	--
- Sales of tinplates	3,502	7,282	3,502	7,282
Subsidiary				
- Interest receivable	--	--	445	651
- Technical fee receivable	--	--	1,103	1,131
- Purchase of power, gas and steam	--	--	(3,498)	--
- Sales of water	--	--	64	--

26. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 March, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	264,205	263,672	161,034	163,110
- unrealised	(4,139)	(4,384)	(4,004)	(3,359)
	<u>260,066</u>	<u>259,288</u>	<u>157,030</u>	<u>159,751</u>
Less: Consolidation adjustments	(2,856)	(4,495)	--	--
Total retained earnings	<u>257,210</u>	<u>254,793</u>	<u>157,030</u>	<u>159,751</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

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LIST OF GROUP'S LANDED PROPERTIES



Location / Address	Acquisition / Revaluation * Date	Description	Land area	Tenure	Net Book Value RM'000
PN 6713 Lot 51694 Mukim of Plentong Daerah Pasir Gudang Industrial Estate Johor Bahru	April 1992 *	Factory And Office (approx. 30 years old)	892,435 sq.ft.	60-year lease expiring 23 August 2042	12,171
HS(D) 8092 Lot PTD 643 Mukim Pantai Timur Daerah Kota Tinggi (Desaru)	April 1992 *	Vacant Residential Land	12,168.6 sq.ft.	99-year lease expiring 13 December 2088	72
HS(D) 8094 Lot PTD 652 Mukim Pantai Timur Daerah Kota Tinggi (Desaru)	April 1992 *	Vacant Residential Land	14,595.8 sq.ft.	99-year lease expiring 13 December 2088	87
HS(D) 47792,47793,47794, 47795, 47796,47799,47800 Lots PTD 22855, 22856, 22857, 22858, 22859, 22862, 22863, Mukim of Plentong Daerah Pasir Gudang Johor Bahru	April 1992 *	Double Storey Semi-Detached House (approx. 30 years old)	31,309 sq.ft.	90-year lease expiring 24 June 2070	178
HS(D) 135072 PTD 71012 Mukim of Plentong Daerah Pasir Gudang Johor Bahru	September 1997	Staff Apartment (approx. 21 years old)	18,496.5 sq.ft.	99 year lease expiring 2 November 2085	*--
HS(D) 216829 PTD 110340 Mukim of Plentong Daerah Pasir Gudang Johor Bahru	March 1997	Staff Apartment (approx. 16 years old)	38,750.4 sq.ft.	99-year lease expiring 28 April 2093	*--
Lot 84,85,86 & 87 No.15, VSIP Street 6 Vietnam Singapore Industrial Park Thuan An Binh Duong Vietnam	October 2002	Factory And Office (approx. 9 years old)	387,492 sq.ft.	43-year lease expiring 11 February 2046	10,641

The Company does not have a revaluation policy on the landed property. Please refer to Note 2(d), (e) & (h) to the financial statements on pages 38 to 40.

*The net book value of these assets of the Group/Company are at RM1.00 respectively at 31 March 2012.

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SHAREHOLDERS' INFORMATION



ANALYSIS OF SHAREHOLDINGS AS AT 31 MAY 2012

Authorised Share Capital	:	RM200,000,000.00
Issued and Paid-Up Share Capital	:	RM99,304,720.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 to 99	84	1.08	2,298	0.00
100 to 1,000	5,419	69.69	1,949,719	1.97
1,001 to 10,000	1,970	25.33	6,754,194	6.80
10,001 to 100,000	261	3.36	7,905,365	7.96
100,001 to less than 5% of issued shares	38	0.49	15,600,600	15.71
5% and above of issued shares	4	0.05	67,092,544	67.56
	7,776	100.00	99,304,720	100.00

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MAY 2012

Name of shareholders	No. of Shares	% of Issued Capital
1. Versalite Sdn Bhd	32,617,544	32.85
2. JFE Shoji Trade Corporation	13,852,000	13.95
3. Cartaban Nominees (Asing) Sdn Bhd Exempt An for Daiwa Capital Markets Singapore Limited (Trust Account)	11,150,000	11.23
4. RHB Capital Nominees (Asing) Sdn Bhd Mitsui & Co. Ltd-(J)	9,473,000	9.54
5. HSBC Nominees (Asing) Sdn Bhd HSBC SG for Lee Pineapple Company (Pte) Limited	1,709,500	1.72
6. M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Saw Peng (M1125-188)	1,500,000	1.51
7. Ho Han Seng	1,157,000	1.16
8. Lin Chen Su-Chiung	1,132,700	1.14
9. Ong Wuang Hoe	915,600	0.92
10. Ong Saw Peng	836,900	0.84
11. M.I.T Nominees (Tempatan) Sdn Bhd Ong Wuang Hoe	705,000	0.71
12. Muto Kazuko	700,300	0.70
13. Pang Heng Hoe	656,200	0.66
14. Ong Siew Hwa	550,100	0.56
15. Ong Fang Loong	480,800	0.48
16. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Md Zin Bin Baharom (MY0490)	479,400	0.48
17. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Heng Hoe (E-SRB)	373,300	0.38

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SHAREHOLDERS' INFORMATION (Cont'd)



THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MAY 2012 (CONT'D)

Name of shareholders	No. of Shares	% of Issued Capital
18. Wong Ah Tim @ Ong Ah Tin	360,000	0.36
19. HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Vietnam Fund (Phfim Aizawa T)	307,900	0.31
20. Hiroshi Sumino	300,000	0.30
21. South Well Sdn Bhd	256,800	0.26
22. Khor Saw Hoon	250,000	0.25
23. Leong Kok Tai	225,600	0.23
24. Chee Kheng Can Factory Sdn Berhad	216,300	0.22
25. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang See Hing (E-TJJ/TMB)	208,200	0.21
26. M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Saw Peng (MG0067-188)	200,000	0.20
27. Shin Eun Sook	175,900	0.18
28. Yeo Khee Huat	147,800	0.15
29. Ng Soon Siong	138,000	0.14
30. Wong Lok Jee @ Ong Lok Jee	138,000	0.14
Total	81,213,844	81.78

SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2012

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
Versalite Sdn Bhd	32,617,544	32.85	-	-
Hiroshi Kume	-	-	32,617,544 ⁽¹⁾	32.85
Rin Nan Yoong	-	-	32,617,544 ⁽²⁾	32.85
JFE Shoji Trade Corporation	13,852,000	13.95	-	-
JFE Steel Corporation	11,150,000	11.23	-	-
Mitsui & Co Ltd-(J)	9,473,000	9.54	-	-

⁽¹⁾Deemed interested by virtue of his 49.99% interest in Versalite Sdn Bhd

⁽²⁾Deemed interested by virtue of his 50% interest in Versalite Sdn Bhd

DIRECTORS' INTERESTS AS AT 31 MAY 2012

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Hiroshi Kume	-	-	32,617,544 ⁽¹⁾	32.85
Ab. Patah bin Mohd	100	0.00	-	-
Hiroshi Sumino	300,000	0.30	-	-
Rin Nan Yoong	44,000	0.04	32,617,544 ⁽²⁾	32.85

⁽¹⁾Deemed interested by virtue of his 49.99% interest in Versalite Sdn Bhd

⁽²⁾Deemed interested by virtue of his 50.00% interest in Versalite Sdn Bhd

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting of the Company will be convened and held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 19 July 2012 at 11.00 a.m. for the following purposes:-

■ AGENDA

As Ordinary Business

- 1) To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2012 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
- 2) To re-elect the following Directors who retire pursuant to Article 86 of the Articles of Association of the Company:-
 - i) Hiroshi Kume **Resolution 2**
 - ii) Harun Bin Ismail **Resolution 3**
 - iii) Rin Nan Yoong **Resolution 4**
- 3) To approve the payment of Directors' Fee of RM684,000 for the financial year ended 31 March 2012. **Resolution 5**
- 4) To approve the payment of a final dividend of 20 sen per ordinary share of RM1.00 each less 25% income tax, in respect of the financial year ended 31 March 2012. **Resolution 6**
- 5) To re-appoint the Auditors, Messrs KPMG and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business

To consider and, if thought fit, to pass the following Resolution:-

- 6) Proposed Renewal of Shareholders' Mandate for Perusahaan Sadur Timah Malaysia (Perstima) Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT, pursuant to Paragraph 10.09 Part E of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company and its subsidiaries ("Perstima Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Paragraph 3.2 of the Circular to Shareholders dated 27 June 2012 with the related parties mentioned therein which are necessary for the Perstima Group's day-to-day operations, subject further to the following:-

- (i) the transactions are in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Resolution 8

As Special Business (cont'd)

7) Proposed Amendments to the Articles of Association of the Company

"That the amendments to the Articles of Association of the Company as set out in the Appendix I attached in the Annual Report for the financial year ended 31 March 2012 be and are hereby approved."

Special Resolution 1**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Fourth Annual General Meeting, a final dividend of 20 sen per ordinary share of RM1.00 each less 25% income tax, in respect of the financial year ended 31 March 2012 will be paid to shareholders on 8 August 2012. The entitlement date for the said dividend shall be 24 July 2012.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- Shares deposited into the depositor's securities account before 12.30 p.m. on 20 July 2012 (in respect of shares which are exempted from mandatory deposit);
- Shares transferred to the depositor's securities account before 4.00 p.m. on 24 July 2012 in respect of transfers;
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LIEW IRENE (MAICSA 7022609)

CHAN SU SAN (MAICSA 6000622)

Company Secretaries

27 June 2012

NOTES:

- A member shall be entitled to appoint a proxy. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where the member appoints more than one (1) proxy, the appointment shall be invalid. If the appointor is a Corporation, this form must be executed under its Common Seal or under the hand of its attorney.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

- The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Suite 17.4B-17.5, Level 17, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 12 July 2012 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
- EXPLANATORY NOTES ON SPECIAL BUSINESS
 - Resolution 8 – Proposed Shareholders' Mandate

For further information on Resolution 8, please refer to the Circular to Shareholders dated 27 June 2012 accompanying the Company's Annual Report for the financial year ended 31 March 2012.

- Special Resolution 1 – Proposed amendments to the Articles of Association of the Company

The Special Resolution 1, if passed, will render the Articles of Association of the Company to be in line with the amendments to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad which took effect on 3 January 2012.

Appendix 1

The Articles of Association of the Company are proposed to be amended in the following manner:-

1. To delete the existing Article 4.4 in its entirety and replace with the following new Article 4.4:-

Article No.	Existing Article	Amended Article
4.4	every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issue of shares or options unless the members in general meeting have approved of the specific allotment to be made to such a Director	every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in <u>a Share Scheme involving a new issuance of shares to the employees</u> unless the members in general meeting have approved of the specific allotment to be made to such a Director

2. To delete the existing Article 80 in its entirety and replace with the following new Article 80:-

Article No.	Existing Article	Amended Article
80	Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.	Where a member of the Company is an <u>exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account")</u> , there is no limit to the <u>number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</u> <u>An exempt authorised nominee refers to an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) SICDA.</u>

3. To insert the following new Article 81A immediately after the existing Article 81 of the Articles of Association:-

Article No.	Existing Article	Amended Article
81A	New Article	<u>Qualification and rights of proxy to speak</u> <u>A member of the Company entitled to attend and vote at a meeting of the company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.</u> <u>A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.</u>

ANNUAL REPORT 2012

PROXY FORM



No. of shares held: _____

I/We _____
of _____ being a
Member of PERUSAHAAN SADUR TIMAH MALAYSIA (PERSTIMA) BERHAD, hereby appoint _____

_____ or
failing him/her, _____ of

_____ or failing
him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company, to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 19 July 2012 at 11.00 a.m. and at any adjournment thereof in respect of my/our holding of shares in the manner indicated below :-

	RESOLUTION	FOR	AGAINST
Resolution 1	To receive the Audited Financial Statements for the financial year ended 31 March 2012 and Directors' and Auditors' Reports thereon		
Resolution 2	Re-election of Hiroshie Kume as Director - Article 86 of the Articles of Association of the Company		
Resolution 3	Re-election of Harun Bin Ismail as Director - Article 86 of the Articles of Association of the Company		
Resolution 4	Re-election of Rin Nan Yoong as Director - Article 86 of the Articles of Association of the Company		
Resolution 5	Approval of Directors' Fee		
Resolution 6	Approval of a final dividend of 20 sen per ordinary share of RM1.00 each less 25% income tax		
Resolution 7	Re-appointment of Messrs KPMG as Auditors of the Company and authorise the Directors to fix the Auditors' remuneration		
Resolution 8	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		
Special Resolution 1	Proposed Amendments to the Articles of Association of the Company		

(Please indicate with a cross (X) in the spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit)

Signed this day of 2012

.....
Signature of Shareholder or Common Seal

NOTES :

1. A member shall be entitled to appoint a proxy. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where the member appoints more than one (1) proxy, the appointment shall be invalid. If the appointor is a Corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Suite 17.4B- 17.5, Level 17, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 12 July 2012 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.



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PERUSAHAAN SADUR TIMAH MALAYSIA (PERSTIMA) BERHAD
SUITE 17.4B - 17.5, LEVEL 17, MENARA WELD
76 JALAN RAJA CHULAN
50200 KUALA LUMPUR

FOLD HERE

