



**ERSTIMA**

PERUSAHAAN SADUR TIMAH MALAYSIA  
(PERSTIMA) BERHAD (49971-D)  
(Incorporated in Malaysia)

# LAPORAN TAHUNAN **2016** ANNUAL REPORT



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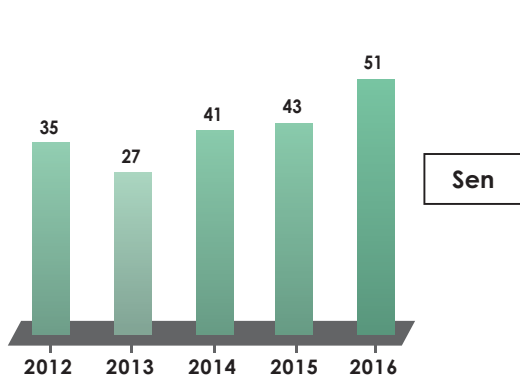


# ANNUAL REPORT 2016

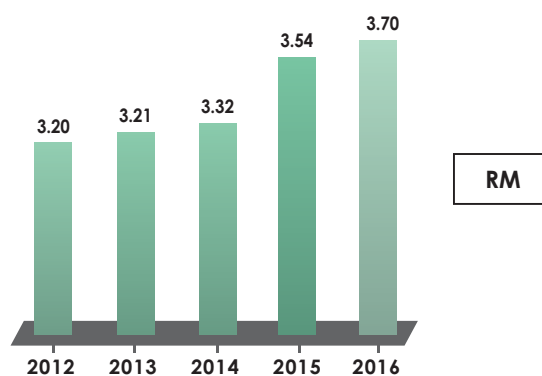
## FIVE YEAR FINANCIAL HIGHLIGHTS

	2016	2015	2014	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	743,385	656,927	650,762	655,518	801,014
Profit before taxation	64,232	57,186	50,747	32,888	41,349
Profit after taxation	50,933	42,613	40,666	26,684	35,188
Dividend per share (sen) – net of tax	38.00	35.00	35.00	30.00	30.00
Share capital	99,305	99,305	99,305	99,305	99,305
Shareholders' fund	367,087	351,812	330,116	319,260	317,545
Total Tangible Asset	423,733	412,320	384,866	381,708	383,070
Total Borrowing	4,284	12,000	9,100	12,887	9,351
Earning per share (sen)	51	43	41	27	35
Net assets backing per share (RM)	3.70	3.54	3.32	3.21	3.20

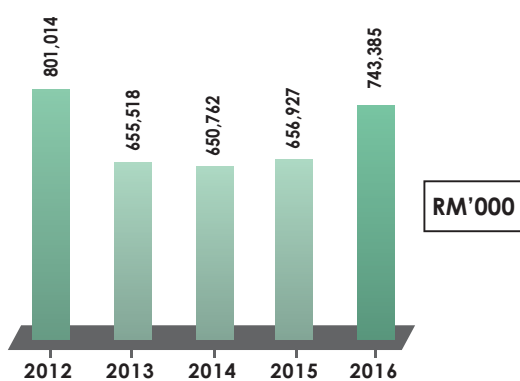
Earning per share



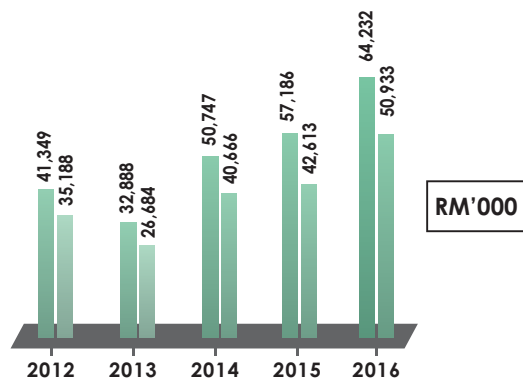
Net assets per share



Revenue



Profit before tax & after tax



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## CORPORATE INFORMATION

### Executive Directors

Koichi Sawada (Managing Director)  
Tan Siew Chu

### Non-Independent Non-Executive Directors

Rin Nan Yoong  
Ranko Kume  
Hiroshi Sumino

### Independent Non-Executive Directors

Dato' Wee Hoe Soon @ Gooi Hoe Soon (Chairman)  
Yusuf bin Jamil

### Company Secretaries

Tai Yit Chan (MAICSA 7009143)  
Chan Su San (MAICSA 6000622)

### Registered Office

Suite 27-03, 27th Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: (60-3) 21482793  
Fax: (60-3) 21484552

### 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  
AmBank Islamic Berhad  
HSBC Bank Malaysia Berhad  
HSBC Bank (Vietnam) Ltd.  
ANZ Bank (Vietnam) Ltd.  
Hong Leong Islamic Bank Berhad

### Stock Exchange Listing

Bursa Malaysia Securities Berhad (Main Market)

### Audit Committee

Dato' Wee Hoe Soon @ Gooi Hoe Soon  
(Chairman / Independent Non-Executive Director)

Rin Nan Yoong  
(Non-Independent Non-Executive Director)

Yusuf bin Jamil  
(Independent Non-Executive Director)

### Remuneration Committee

Rin Nan Yoong  
(Chairman / Non-Independent Non-Executive Director)

Dato' Wee Hoe Soon @ Gooi Hoe Soon  
(Independent Non-Executive Director)

Yusuf bin Jamil  
(Independent Non-Executive Director)

Koichi Sawada  
(Managing Director)

### Nomination Committee

Yusuf bin Jamil  
(Chairman / Independent Non-Executive Director)

Dato' Wee Hoe Soon @ Gooi Hoe Soon  
(Independent Non-Executive Director)

Rin Nan Yoong  
(Non-Independent Non-Executive Director)

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## DIRECTORS' PROFILE

The profiles of the Directors of Perstima are as follows:

### **Y. Bhg. Dato' Wee Hoe Soon @ Gooi Hoe Soon**

A Malaysian, aged 55, male, was first appointed as an Independent Non-Executive Director of the Company on 25 July 2013. He was appointed as the Chairman of the Audit Committee and a member of Remuneration and Nomination Committees on 24 September 2013. He was subsequently appointed as Chairman of the Board of Directors on 16 October 2013. He has attended all four Board meetings held during the financial year.

Y. Bhg. Dato' Gooi is a member of Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has more than 32 years of experience in the fields of accounting and corporate finance and was Finance Director of several private and public listed companies.

He had been instrumental in the successful implementation of several corporate exercises, which included merger and acquisition and corporate debt restructuring exercises undertaken by public listed companies.

In 1999, Y. Bhg. Dato' Gooi was appointed to the Board of Avenue Capital Resources Berhad as a Non-Executive Director and subsequently appointed as Group Managing Director in 2001 and Deputy Chairman in 2004; holding this last post until 2006. He was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd.

In 2008, Y. Bhg. Dato Gooi was appointed to the Board of EON Bank Berhad and was subsequently appointed Chairman of the Board in 2009, a position that he held until May, 2012. In 2009, he was appointed to the Board of Amity Bond Berhad (formerly known as EON Capital Berhad) and in the same year assumed Chairmanship, a position that he continues to hold. He also sits on the board of directors of American International Assurance Berhad and Hup Seng Industries Berhad.

Y. Bhg. Dato' Gooi has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past ten years other than traffic offences, if any.

### **Koichi Sawada**

A Japanese, aged 51, male, was first appointed to the Board of Directors of Perstima on 16 April 2013 as Deputy Managing Director and was re-designated as Managing Director on 25 June 2013. He graduated from the Faculty of Business Administration, Aoyama Gakuin University, Japan in 1990. He has attended all four Board meetings held during the financial year.

He joined Kawasho Corporation Tokyo, Japan in 1990 and held various senior positions particularly in the Plant & Machinery Group. In year 1994 to 2000, he was seconded to Kawasho Corporation Kuala Lumpur Branch as Manager of Plant & Machinery Department before he was transferred back to Kawasho Corporation Tokyo Japan as Assistant Manager of Steel Plant Export Group. Subsequently, in May 2003, he was seconded to Perstima (Vietnam) Co., Ltd. as Deputy General Manager of Corporate Affairs. In July 2007, he was with JFE Shoji Trade Corporation Tokyo, Head Office and was assigned as Manager of Cold Rolled & Coated Steel Section. He was promoted as General Manager of Sheet & Strip Overseas Department in December 2011. 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 20,000 ordinary shares of RM1.00 each in the Company.

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## DIRECTORS' PROFILE (CONT'D)

### Tan Siew Chu

A Malaysian, aged 52, female, was first appointed to the Board of Directors of Perstima as an Executive Director on 1 March 2016. She has attended one Board meeting held during the financial year since her appointment. She holds a Bachelor of Accountancy (Hons) from University Utara Malaysia.

She is a member of Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants, the Malaysian Institute of Taxation and the Financial Planning Association of Malaysia. Prior to joining Perstima, she was attached to Messrs Price Waterhouse Malaysia. She joined Perstima in May 1994 as an Accountant and was appointed as Deputy Finance Manager in November 1994 till June 1996. Subsequently, she was promoted to Finance Manager in July 1996 till September 2003. She assumed the position of Deputy General Manager in October 2003 and was promoted as General Manager in March 2016. She 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.

She has direct shareholding of 6,000 ordinary shares of RM1.00 each in the Company.

### Yusuf bin Jamil

A Malaysian, aged 52, male, 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 as the Chairman of the Nomination Committee on 15 May 2008. He was also appointed as a member of both the Audit and Remuneration Committees of the Company on 24 September 2013. 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.

### Rin Nan Yoong

A Singaporean, aged 50, male, 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 was appointed as the Chairman of the Remuneration Committee on 24 September 2013. 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.

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## DIRECTORS' PROFILE (CONT'D)

### Hiroshi Sumino

A Japanese, aged 71, male, was appointed as Non-Independent Non-Executive Director on 28 July 2015. 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. He was first appointed 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 was appointed as the Group Chief Operating Officer of Perstima from May 2004 to July 2009 and subsequently as the Deputy General Director of Yokohama Tire Vietnam Inc. from August 2009 till February 2013. From March 2013 till April 2015, he was appointed as the Executive Director of Yokohama India Private Ltd. He was re-designated as Non-Independent Non-Executive Director of Perstima on 1 April 2010 and re-designated as Independent Non-Executive Director on 3 May 2013 before leaving Perstima on 25 July 2013. 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 300,000 ordinary shares of RM1.00 each in the Company.

### Ranko Kume

A Japanese with Malaysian permanent resident status, aged 43, female, was first appointed to the Board of Directors of Perstima as Alternate Director to Mr Hiroshi Kume on 26 February 2014. She was subsequently re-designated as Non-Independent Non-Executive Director on 31 December 2015.

She graduated from the School of Arts & Science at Cornell University, New York in 1995, followed by attendance at SUNY Buffalo Graduate School of Architecture in upstate New York and the Architecture Association School of Architecture in London. She has more than 15 years experience as a consultant and project manager in the field of architecture and interior design. Currently, she is attached with M Moser Associates, Kuala Lumpur, as an Associate Director, Head of Office. Her experience as a project manager has enabled her to be versatile in strategic planning, mediation and cost control while delivering projects in a timely manner. She has no conflict of interest with the Company. She has no convictions for offences within the past ten years other than for traffic offences, if any.

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## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad ("Perstima" or "the Company"), and its subsidiaries ("the Group") for the financial year ended 31 March 2016.

### ***Company Performance and Development***

During the financial year under review, the Group recorded a turnover of RM743.4 million higher compared with the previous financial year of RM656.9 million. The higher turnover was mainly attributable to better sales volume despite lower selling price to ensure price competitiveness during the financial year under review. Sales volume increased by 15.4% as compared to the previous financial year.

The Group's profit before taxation of RM64.2 million for the financial year ended 31 March 2016 was higher compared with RM57.2 million in the previous financial year due to regain of the local market share and active involvement in improvement programme and cost efficiency measures.

### ***Dividend***

An interim single tier dividend of 18 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 March 2016 was paid on 8 December 2015. The Board has recommended a final single tier dividend of 20 sen per ordinary share of RM1.00 each for the financial year ended 31 March 2016.

### ***Industry and Prospects***

The Board expects the Group's operating environment to be challenging and competitive. The steel price is expected to remain soft with some sign of rebound and the supply of various raw materials for steel making would be sufficient due to excess stock, mainly from China. The Group is aggressively pursuing cost improvement programmes and enhancement of operations efficiency to ensure the competitiveness of the Group's products.

The Group is planning for the renewal of parts and additional features to be added into the shearing process in the plant located in Malaysia to serve our valuable customers better. The Group is also planning to revamp the pre-treatment and electrical facilities at its Vietnam operation for the next year. With these facilities improvements, the Group will be in a better position to meet the market requirement. Barring any unforeseen circumstances, the Board envisages that the Group can achieve a satisfactory performance for the financial year ending 31 March 2017.

### ***Environmental, Social and Governance***

The Group consistently supports environment, social and welfare activities in the community it operates in. The Group also continuously participates in charitable causes and blood donation campaigns to instill the culture of caring for the community. The Group also extends to undergraduates the opportunity to undergo industrial training in Perstima and provides the position of management trainee to the graduates in addition to promoting and cultivating healthy lifestyle amongst its employees and their family members.

### ***Acknowledgement***

On behalf of the Board, I wish to express my deepest 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 the Group. 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.

**DATO' WEE HOE SOON @ GOOI HOE SOON**

**Chairman**  
**23 June 2016**



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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 recognises the importance of corporate governance and is committed and supportive of the application of the principles and recommendations of corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("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 observed with the Code including the reasons 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 Code.

## **A ESTABLISH CLEAR ROLES AND RESPONSIBILITIES**

### ***Clear Functions of the Board and Management***

The Directors, with their different backgrounds and specialisations, 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 Dato' Wee Hoe Soon @ Gooi Hoe Soon as the Independent Non-Executive Chairman and the executive management of the Company is led by Mr Koichi Sawada, the Managing Director.

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

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

### ***Audit Committee***

The Members of the Audit Committee during the financial year were:

Dato' Wee Hoe Soon @ Gooi Hoe Soon	-	Chairman, Independent Non-Executive Director
Rin Nan Yoong	-	Non-Independent Non-Executive Director
Yusuf bin Jamil	-	Independent Non-Executive Director

### ***Remuneration Committee***

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

Rin Nan Yoong	-	Chairman, Non-Independent Non-Executive Director
Dato' Wee Hoe Soon @ Gooi Hoe Soon	-	Independent Non-Executive Director
Yusuf bin Jamil	-	Independent Non-Executive Director
Koichi Sawada	-	Managing Director

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## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### Nomination Committee

The Nomination Committee consists entirely Non-Executive Directors a majority whom are independent. The Members of the Committee during the financial year were:

Yusuf bin Jamil	-	Chairman, Independent Non-Executive Director
Rin Nan Yoong	-	Non-Independent Non-Executive Director
Dato' Wee Hoe Soon @ Gooi Hoe Soon	-	Independent Non-Executive Director

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.

### Formalised Ethical Standards through Code of Ethics and Standard of Conduct

The Code of Ethics and Standard of Conduct ("the CoC"), which sets out the principles and standards of the business ethics and conduct of the Group, is applicable to all employees and Directors of the Group:

The areas of conduct under the CoC include the following :

- |   |                                      |
|---|--------------------------------------|
| a) Conflict of interest;                      | g) Personal gifting;                 |
| b) Confidential information;                  | h) Health and safety;                |
| c) Inside information and securities trading; | i) Sexual harassment;                |
| d) Protection of assets and funds;            | j) Outside interest;                 |
| e) Business record and controls;              | k) Fair and courteous behaviour; and |
| f) Compliance to the law;                     | l) Misconduct.                       |

### Strategies Promoting Sustainability

The Company is committed to sustainable development of safety, health and environment as well as community responsibilities which are integral to the way in which the Group conducts its business. The activities that demonstrate the Company's commitment to the environmental, social and governance appear in the Statement of Environmental, Social and Governance in this Annual Report.

### Access to Information and Advice

The Chairman ensures that all Directors have full and timely access to information with Board papers 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, external and internal audit reports. All matters requiring Board's approval 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 provide 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. Our Board is regularly updated and advised by the Company Secretaries, who are qualified, experienced and competent on the new statutory requirements and the implications to the Company and Directors in discharging their duties and responsibilities.

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.

### Board Charter

The Board Charter as a main source of reference and primary induction literature, provides insights to prospective Board member. The core areas of the Board Charter include the following:-

- Board of Directors which consists of Board compositions, meeting and resources, chair, responsibilities and others;
- Board Committees which consists of Board Committees Statement, compositions, meeting, chair, responsibilities and others; and
- Corporate Governance.

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## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### B STRENGTHEN COMPOSITION

#### **Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of 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 both Executive and Non-Executive Directors.

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.

The Nomination Committee was satisfied with the performance and effectiveness of the Board and Board Committees.

The Nomination Committee met once during the financial year ended 31 March 2016.

The Board evaluation comprises an assessment on mix of skills and experience of each Director, individual Directors' self and peer evaluation, Evaluation of Competency of Directors, an assessment of Character, Experience, Integrity, Competence and Time Commitment for individual directors and Chief Financial Officer, an evaluation in respect of the effectiveness of the Committees of the Board and an assessment of independence of Independent Directors.

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 re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

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](mailto:mirza@perstima.com.my) specifically for the purpose where 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.

#### **Gender diversity of Board and workforce**

The Board views that it is important to have boardroom diversity such as diversity in ethnicity, gender and age. However, the selection criteria would be based on competencies, skills, experience and knowledge.

#### **Remuneration Policies**

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 Executive Directors are remunerated based on his experience, responsibilities and performance. 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 Remuneration Committee met once during the financial year ended 31 March 2016.

The aggregate remuneration of the Directors for the financial year ended 31 March 2016 were as follows: -

	-----RM'000-----			
	Fees	Emoluments	Benefit-in-kind	Total
Executive Directors	234	1,717	112	2,063
Non-Executive Directors	377	--	--	377

As at 31 March 2016, the number of Directors whose remuneration fall within the following bands are: -

Remuneration Bands (RM)	Executive Directors	Non-Executive Directors
0 - 50,000	1	2
50,001 - 100,000		2
150,001 - 200,000		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 REINFORCE INDEPENDENCE

#### *Annual Assessment of Independence*

The Board assesses the independence of the Independent Non-Executive Directors annually based on the criteria developed by the Nomination Committee. The Board is satisfied with the level of independence demonstrated by all the independent Non-Executive Directors and their ability to act in the best interest of the Company.

#### *Tenure of Independent Directors*

In line with the recommendation of the Code, the tenure of an Independent director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought.

There is one (1) Independent Director who has served the Board for more than nine (9) years, namely En Yusuf bin Jamil.

En Yusuf bin Jamil has expressed that he does not wish to seek re-election as Independent Non-Executive Director of the Company at the forthcoming AGM. Therefore, he shall retire as an Independent Non-Executive Director at the conclusion of the forthcoming AGM.

#### *Composition of the Board*

The Board currently has seven (7) Directors comprising two (2) Executive Directors and five (5) Non-Executive Directors of whom two (2) are Independent Directors. The Board has met with the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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.

One of the Independent Directors will not be seeking re-election at the forthcoming AGM and therefore shall retire at the conclusion of the AGM. The Directors would look for suitable candidate to fill vacancy.

The Board consists 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's value.

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

The Board would continuously seek for suitable candidates to be appointed as Directors of the Company.

There is no specific policy for nomination and/or appointment of candidates on the Board. Candidates would be evaluated based on competency, character, integrity, skills and experience without limiting to gender, age and ethnicity.

### D FOSTER COMMITMENT

#### *Time Commitment*

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.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before beginning of every year. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Director of the Company.

The Board ordinarily meets at least four (4) times in a financial 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.



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## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### Board of Directors' Meeting

Details of each Director's attendance of the meetings held during the financial year ended 31 March 2016 are as follows: -

Name	Designation	No. of meetings attended
Dato' Wee Hoe Soon @ Gooi Hoe Soon	Chairman, Independent Non-Executive Director	4/4
Hiroshi Kume #	Executive Deputy Chairman	3/3
Koichi Sawada	Managing Director	4/4
Ab. Patah bin Mohd ^	Executive Director	4/4
Yusuf bin Jamil	Independent Non-Executive Director	4/4
Rin Nan Yoong	Non-Independent Non-Executive Director	4/4
Hiroshi Sumino	Non-Independent Non-Executive Director	4/4
Ranko Kume *	Non-Independent Non-Executive Director	4/4
Tan Siew Chu ##	Executive Director	1/1

# Mr Hiroshi Kume has resigned as Director and Executive Deputy Chairman of the Company on 31 December 2015.

\* Ms Ranko Kume was redesignated from Alternate Director to Non-Independent Non-Executive Director on 31 December 2015.

^ En Ab. Patah bin Mohd has resigned as an executive Director of the Company on 27 February 2016.

## Ms Tan Siew Chu was appointed as an executive Director of the Company on 1 March 2016.

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.

The Board had set a policy for Directors to notify the Chairman of the Board before accepting any new directorships in other public listed Companies. This is to obtain the commitment from Directors to perform his/her duties and responsibilities in the Company.

### Audit Committee Meetings

The attendance of the members of the Audit Committee of meetings held during the financial year ended 31 March 2016 were as follows:

Members	Designation	No. of meetings attended
Dato' Wee Hoe Soon @ Gooi Hoe Soon	Chairman, Independent Non-Executive Director	4/4
Rin Nan Yoong	Non-Independent Non-Executive Director	4/4
Yusuf bin Jamil	Independent Non-Executive Director	4/4

### Directors' training

The Board through the Nomination Committee ensures that it recruits to the Board 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 keep themselves updated on the new developments in the business environment and regulatory requirements. The Directors are informed of seminars and conferences organised 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.

Pursuant to the Main Market Listing Requirements of Bursa Securities, the Directors should continuously undergo relevant courses and seminars. During the financial year ended 31 March 2016, all the Directors visited the supplier, JFE Steel Corporation plant located in Chiba, Japan which was organised by the Company, to enable the Directors to observe and understand the process of raw material (cold roll steel) and line operation. Some of the Directors have also attended seminars and training programmes individually to further enhance their skills and knowledge.

# ANNUAL REPORT 2016

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

- |  |  |
|--|--|
| i) Invest Malaysia Kuala Lumpur (IMKL) 2015  | viii) Economic review in Vietnam   |
| ii) Basic Knowledge on Accounting and Tax matters in Vietnam   | ix) Tax – Transfer Pricing and Custom Audit                                |
| iii) The vital point in HR Management in Vietnam   | x) Directors and Officers Liability in foreign-invested company in Vietnam |
| iv) Risk Management and Internal Control: Workshop for Audit Committee Members   | xi) Recent changes in Company Law, Investment Law, Tax Related Laws, etc   |
| v) Directors Register Focus Group Session  | xii) Update on Accounting and Tax matters in 2015                          |
| vi) KPMG in Malaysia Tax Summit 2015   | xiii) Bank Negara Malaysia Briefing on Economy Outlook 2016                |
| vii) 6th Distinguished Board Leadership Series – Digital Transformation and Its Impact on Financial Services – Role of the Board in Maximising Potential | xiv) Board Effectiveness and Managing Risk                                 |
|  | xv) Discharging Directors' Financial Reporting Responsibility              |

## E UPHOLD INTEGRITY IN FINANCIAL REPORTING

### ***Compliance with Applicable Financial Reporting Standards***

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 audited financial statements before submission to Bursa Securities and circulation 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, 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.

### ***Assessment of Suitability and Independence of External Auditors***

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. The Audit Committee also had obtained assurance from the external auditors confirmed that they have been independent throughout the audit engagement. The Audit Committee is satisfied with the external auditors' performance and will recommend their re-appointment to the Board and seek shareholders' approval during AGM.

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.

## F RECOGNISE AND MANAGE RISKS

### ***Sound Framework to Manage Risks***

The Board recognises the need for an effective risk management practice and to maintain a sound system of internal control as part of good business management practice. The Board of directors is committed to implement an effective risk management framework which will allow management to identify, evaluate and manage risk with defined risk profiles.

### ***Internal Audit Function***

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. During the financial year, the audit Committee met twice with the internal auditors in the absence of Executive Board members and management staff.

## **G ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

### ***Corporate Disclosure Policy***

The Company recognises the importance of Corporate Disclosure with emphasis on transparent, accurate and on a timely basis as it is critical towards building and maintaining corporate credibility and shareholders' confidence.

### ***Leverage on Information Technology for Effective Dissemination of Information***

The Company's website [www.perstima.com.my](http://www.perstima.com.my) incorporates an investor relation column which provides all relevant information on the Company and is accessible by the public. It consists of public announcements made to Bursa Securities, annual report, investors relation contacts of the Company.

## **H STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

### ***Encourage Shareholders Participation at General Meeting***

The Annual General Meeting ("AGM") is an essential 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.

Notice of meeting together with a copy of the Annual Report of the Company are circulated to shareholders at least twenty-one (21) days before the date of the AGM.

### ***Encourage Poll Voting***

At the forthcoming AGM, the Company would conduct poll voting on all resolutions put to the meeting and make an announcement of the detailed results with the number of votes cast for and against each resolution.

### ***Effective Communication and Proactive Engagement***

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

# ANNUAL REPORT 2016

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### OTHER INFORMATION

#### Material Contracts

As at 31 March 2016, 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 2016	JFE Shoji Trade Corporation	Supply of Raw Materials	40,495	Cash	16,197

#### 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.	401,197
Purchase of raw materials, consumables & plant and equipment	JFE Materials and Machinery Corporation, a wholly-owned subsidiary of JFE Shoji Trade Corporation.	9,179
Sale of tinplates	JFE Shoji Steel Malaysia Sdn Bhd, an associate company of JFE Shoji Trade Corporation.	1,258
Sale of tinplates	JFE Shoji Trade Australia Inc., a wholly-owned subsidiary of JFE Shoji Trade Corporation.	2,329
Sale of tinplates	Kawarin Enterprise Pte.Ltd., an associate company of JFE Shoji Trade Corporation.	1,750

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 incurred during the year to the external auditors, Messrs KPMG and its affiliates by the Company and its subsidiaries for the financial year ended 31 March 2016 are as follows:-

	RM
i) KPMG Malaysia	4,000
ii) Local affiliates of KPMG Malaysia	20,500

#### 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.



# ANNUAL REPORT 2016

## STATEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

*"Life is 10% what happens to you and 90% how you react to it."*

We see corporate social responsibility as an essential component in our business activities and consistent with being a responsible organisation.

In line with its management philosophy, Perstima aims to continue to be a company that is trusted by society, by committing to compliance with laws and regulations, as well as to highly transparent governance, respect for human rights, health and safety, social contribution and environmental preservation, on the basis of high corporate ethics.

### Community and Social Development

As a responsible corporate citizen, Perstima endeavours to improve the living conditions of the community in which the Company operates in, especially school going children. Our approach to Community Building is to engage and organise programmes to build the community's trust in the Company and at the same time to build relationships. To-date, the Community Building programmes that we have undertaken include:



#### Information to the Public in Accordance with Control of Industrial Major Accident Hazards (CIMAH) Regulations, 1996 ◀

Perstima organised a public event to give information on its industrial activities to the local authorities, surrounding industrial neighbours and stakeholders that may be affected by any major accident occurring in an industrial site pursuant to Rule 22 (1) of the Occupational Safety and Health (CIMAH) Regulations, 1996.



#### Yearly Medical Check-up ▶

The Yearly Medical Check-Up was carried out on 8 April 2015 and 9 April 2015 at the Perstima Canteen with the following objectives :-

1. To determine the level of health in order to take further precautions;
2. To determine the level of fitness; and
3. To encourage employees to stay healthy and monitor their health continuously.







During Ramadhan, Perstima distributed hampers to beneficiaries of Perstima workers and orphanages. ▲



Due to the good performance achieved, Perstima distributed dates to all employees during the fasting month. ▲



Training On Hazard Identification, Risk Assessment And Risk Control (HIRARC) ▲

The Hari Raya gathering provided an opportunity for members and their families to gather and meet over the Hari Raya celebration. ▼





A Gotong-Royong headed by Tn Hj Asa'ri Bin Md Lasim, representatives of Perstima and hostel residents of Perstima, took place after Eid ul Adha prayer. ►



Members gathered at Perstima's Canteen for a Religious Talk in conjunction with the anniversary of Prophet Nabi Muhammad's birthday. ◀



Perstima donated items such as tin can products, biscuits, chocolate and money to societies such as Orphanage Center, Century Garden, Persatuan Bagi Kanak-Kanak Kerencatan Akal Johor (Sekolah Kanak-Kanak Istimewa), Sekolah Kebangsaan Jalan Durian, Kota Masai, and Sekolah Menengah Kebangsaan Taman Pasir Putih. ►



# ANNUAL REPORT 2016

## AUDIT COMMITTEE REPORT

### AUDIT COMMITTEE MEMBERS

Dato' Wee Hoe Soon @ Gooi Hoe Soon	-	Chairman, Independent Non-Executive Director
Rin Nan Yoong	-	Non-Independent Non-Executive Director
Yusuf bin Jamil	-	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 Board of Directors from amongst the Directors of the Company (pursuant to a resolution of the Board of Directors) which fulfils the following requirements:

- The audit committee must consist of no fewer than three (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
    - Must have at least three (3) years' post-qualification experience in accounting or finance and either one of the following qualifications:-
      - A degree/masters/doctorate in accounting or finance; or
      - A member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants;
- Or
- Have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
  - Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 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 amongst their number who shall be an independent director.

In the event of any vacancy in the Audit Committee (including Chairman) resulting in the non-compliance of item 2 (a) to (e) above, the Board shall upon the recommendation of the Nomination Committee fill the vacancy within 3 months of that event.

The Board of Directors must via the Nomination Committee review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.



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## AUDIT COMMITTEE REPORT (CONT'D)

### 3. FUNCTIONS

The functions and duties 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 nominate and recommend the appointment/ re-appointment and independence of the external auditors, audit fee and any questions of resignation or dismissal of the external auditors and to review the letter of resignation from the external auditors, if applicable, and report the same to the Board, to review whether there is reason, supported by ground, to believe that the External Auditors are not suitable for re-appointment. In considering the appointment/ re-appointment of the external auditors, to consider among others:-
  - i) the adequacy of the experiences and resources of the accounting firm;
  - ii) the persons assigned to the audit;
  - iii) the accounting firm's audit engagements;
  - iv) the size and complexity of the listed issuer's group being audited; and
  - v) the number and experience of supervisory and professional staff assigned to the particular audit;
- c) The Audit Committee is to also consider the performance of the external auditor and its independence as below;
  - i) the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
  - ii) the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and
  - iii) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor.
- d) 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 in the audit;
- e) To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - Any changes in or implementation of major accounting policies and practices;
  - Significant matters highlighted including financial reporting issues, significant and unusual event or transactions and how these matters are being addressed;
  - The going concern assumption; and
  - Compliance with accounting standards and other legal requirements;
- f) 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);
- g) To review the external auditors' management letter and management's response;
- h) 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 processes and where necessary, ensure that appropriate actions 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 resignations of internal audit staff members (for in-house internal audit functions) or the internal audit service provider (for out-sourced internal audit function) and provide the resigning staff member an opportunity to submit his reasons for resigning, if necessary;
  - Investigate or cause to be investigated any activity within its Terms of Reference; and
  - To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

# ANNUAL REPORT 2016

## AUDIT COMMITTEE REPORT (CONT'D)

- i) To consider the major findings of internal investigations and management's response;
- j) To discuss the contracts and nature for the provision of non-audit services which can be entered into by Perusahaan Sadur Timah Malaysia (Perstima) Berhad and its group of subsidiaries with the external auditors or its affiliates and procedures that must be followed. The contracts cannot be entered into should include:-
- Management consulting;
  - Strategic decision;
  - Internal Audit; and
  - Policy and standard operating procedures documentation.

In the event that the non-audit fees paid to the Company's External Auditors, or a firm or corporation affiliated to the External Auditors' firm are significant (eg. constitute 50% of the total amount of audit fees paid to the Company's External Auditors) the Company is required to state the details on the nature of non-audit services rendered in the Audit Committee Report.

- k) 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 should be suitably qualified and be responsible for providing assurance to the Audit Committee that the internal controls are operating effectively. 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;
- l) To report promptly any matters resulting in the breaches of the Bursa Securities Main Market Listing Requirements to the Board. Where the Audit Committee is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the Audit Committee shall promptly report such matter to Bursa Securities;
- m) To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:
- i) the composition of the Audit Committee including name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
  - ii) the number of audit committee meetings held during the financial year and details of attendance of each audit committee members;
  - iii) a summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities; and
  - iv) a summary of the work of the internal audit function.
- n) To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:
- i) the disclosure statement of the Board on:
    - the Company's applications of the principles set out in the Malaysian Code on Corporate Governance; and
    - the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.
  - ii) the statement on the Board's responsibility for the preparation of the annual audited financial statements;
  - iii) the disclosure statement on the state of the internal controls system of the Company and of the Group;
  - iv) other disclosures forming the contents of the Company's Annual Report spelt out in Part A of Appendix 9C of the Listing Requirements
- o) 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.

The above functions and duties are in addition to such other functions as may be agreed from time to time by the Committee and the Board.

#### 4. RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee is authorised by the Board (whenever 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 to:

- a) have authority to investigate any matter within its terms of reference;
- b) have adequate resources which are required to perform its duties;
- c) have full and unrestricted access to any information, records and documents pertaining to the Company and Group;

# ANNUAL REPORT 2016

## AUDIT COMMITTEE REPORT (CONT'D)

- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to engage, consult and obtain independent professional and to secure the attendance of outsiders with relevant experience and expertise it considers necessary; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of executive 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

Meetings shall be held at least four (4) times in each financial year. More meetings may be conducted if the need arises. Meetings between the Audit Committee with the external auditors (and internal auditors) without executive Board members and management present should be encouraged to foster open exchange of views and opinions.

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

The external auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so.

The internal auditors shall be in attendance when required at the meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.

The Company Secretary or his/her representative 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 or his/her representative or other appropriate senior officer shall also be in attendance at each Audit Committee meetings and 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 at least two (2) members, who are both independent directors.

The Audit Committee may invite the Group Chief Executive Officer and other appropriate officer(s) to attend the Audit Committee meeting, where their presence are considered appropriate as determined by the Chairman of the Audit Committee.

The Audit Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Audit Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

### 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 2016 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.
- f) Discussed the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and its Practice Notes, the Malaysian Code on Corporate Governance 2012 and the Statement on Internal Control.

# ANNUAL REPORT 2016

## AUDIT COMMITTEE REPORT (CONT'D)

- 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 twice during the financial year without presence of the management or executive Board members.

The attendance for the audit committee members at the meetings held during the financial year ended 31 March 2016 were as follows:

Members	Designation	No. of meetings attended
Dato' Wee Hoe Soon @ Gooi Hoe Soon	Chairman, Independent Non-Executive Director	4/4
Rin Nan Yoong	Non-Independent Non-Executive Director	4/4
Yusuf bin Jamil	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 2016, 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 Factory and Production Plant 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 RM18,000.00.



### 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.

The Board has received assurance from the Managing Director and the General Manager that the Group's risks management and internal control system is operating adequately and effectively in all material aspect for the financial year ended 31 March 2016 and up to the date of approval of this statement, based on the risk management and internal control system of the Group.

### 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 programme, and revised plan and programme 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' 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**

23 June 2016

# ANNUAL REPORT 2016

## DIRECTORS' REPORT

For the year ended 31 March 2016

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 2016.

### 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>50,933</u>	<u>48,848</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 single tier dividend of 20 sen per ordinary share totalling RM19,860,944 in respect of the financial year ended 31 March 2015 on 18 August 2015; and
- ii) an interim single tier dividend of 18 sen per ordinary share totalling RM17,874,850 in respect of the financial year ended 31 March 2016 on 8 December 2015.

The Directors proposed a final single tier dividend of 20 sen per ordinary share totalling RM19,860,944 for the financial year ended 31 March 2016 subject to the approval of the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect the proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ending 31 March 2017.

### Directors of the Company

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

#### Directors

Dato' Wee Hoe Soon @ Gooi Hoe Soon  
Mr. Koichi Sawada  
Mr. Rin Nan Yoong  
En. Yusuf bin Jamil  
Mr. Hiroshi Sumino (appointed on 28 July 2015)  
Ms. Ranko Kume (appointed on 31 December 2015)  
Ms. Tan Siew Chu (appointed on 1 March 2016)  
En. Ab. Patah bin Mohd (resigned on 27 February 2016)  
Mr. Hiroshi Kume (resigned on 31 December 2015)

#### Alternate

Ms. Ranko Kume (resigned on 31 December 2015)

# ANNUAL REPORT 2016

## DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2016

### Directors' interests in shares

The interests and deemed interests in the 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:

Name of Directors	Interest	Number of ordinary shares of RM1.00 each			
		At 1 April 2015/ date of appointment	Bought	Sold	At 31 March 2016
<b>Company</b>					
Mr. Koichi Sawada	Direct	20,000	--	--	20,000
Mr. Rin Nan Yoong	Direct	44,000	--	--	44,000
	Deemed	32,617,544	--	--	32,617,544
Mr. Hiroshi Sumino	Direct	300,000	--	--	300,000
Ms. Tan Siew Chu	Direct	6,000	--	--	6,000

By virtue of his substantial interests in the shares of the Company, Mr. Rin Nan Yoong is also deemed interested in the shares of the subsidiaries.

None of the other Directors holding office at 31 March 2016 had any interest in the shares of the Company and of its related corporations during the financial year.

### 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.

# ANNUAL REPORT 2016

## DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2016

### Other statutory information

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

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) 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 2016 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:

**Koichi Sawada**

**Tan Siew Chu**

Johor Bahru  
23 June 2016

# ANNUAL REPORT 2016

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Property, plant and equipment	3	84,774	99,879	45,491	51,530
Prepaid lease payments	4	4,641	4,917	--	--
Investments in subsidiaries	5	--	--	35,400	35,400
Deferred tax assets	6	157	91	--	--
<b>Total non-current assets</b>		<u>89,572</u>	<u>104,887</u>	<u>80,891</u>	<u>86,930</u>
Inventories	7	114,683	105,690	81,716	64,259
Trade and other receivables	8	82,492	74,857	61,036	58,771
Due from subsidiaries	9	--	--	18,074	18,511
Tax recoverable		14	17	--	--
Cash and cash equivalents	10	136,972	126,869	66,597	68,125
<b>Total current assets</b>		<u>334,161</u>	<u>307,433</u>	<u>227,423</u>	<u>209,666</u>
<b>Total assets</b>		<u><u>423,733</u></u>	<u><u>412,320</u></u>	<u><u>308,314</u></u>	<u><u>296,596</u></u>
<b>Equity</b>					
Share capital		99,305	99,305	99,305	99,305
Reserves		267,782	252,507	164,130	153,018
<b>Equity attributable to owners of the Company/Total equity</b>	11	<u>367,087</u>	<u>351,812</u>	<u>263,435</u>	<u>252,323</u>
<b>Liabilities</b>					
Deferred tax liabilities/					
<b>Total non-current liabilities</b>	6	<u>1,845</u>	<u>5,230</u>	<u>1,845</u>	<u>5,230</u>
Trade and other payables	12	46,518	39,827	33,839	25,253
Due to subsidiaries	9	--	--	912	2,196
Loans and borrowings	13	4,284	12,000	4,284	8,658
Taxation		3,999	3,451	3,999	2,936
<b>Total current liabilities</b>		<u>54,801</u>	<u>55,278</u>	<u>43,034</u>	<u>39,043</u>
<b>Total liabilities</b>		<u>56,646</u>	<u>60,508</u>	<u>44,879</u>	<u>44,273</u>
<b>Total equity and liabilities</b>		<u><u>423,733</u></u>	<u><u>412,320</u></u>	<u><u>308,314</u></u>	<u><u>296,596</u></u>

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



# ANNUAL REPORT 2016

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Revenue</b>					
Goods sold		743,385	656,927	492,009	443,288
Cost of goods sold		(659,831)	(586,612)	(440,079)	(391,519)
<b>Gross profit</b>		83,554	70,315	51,930	51,769
Other income		4,023	3,000	23,650	9,868
Distribution expenses		(12,821)	(7,582)	(9,322)	(4,974)
Administrative expenses		(11,362)	(10,232)	(7,439)	(7,478)
Other expenses		(2,804)	(816)	(2,776)	--
<b>Results from operating activities</b>		60,590	54,685	56,043	49,185
Finance income		3,792	2,810	2,019	2,087
Finance costs		(150)	(309)	(128)	(216)
<b>Net finance income</b>		3,642	2,501	1,891	1,871
<b>Profit before tax</b>	14	64,232	57,186	57,934	51,056
Tax expense	15	(13,299)	(14,573)	(9,086)	(11,274)
<b>Profit for the year</b>		50,933	42,613	48,848	39,782
<b>Other comprehensive income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences		2,078	13,840	--	--
<b>Total comprehensive income for the year</b>		53,011	56,453	48,848	39,782
Basic and diluted earnings per ordinary share (sen)	16	51.3	42.9		

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

# ANNUAL REPORT 2016

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Note	Attributable to owners of the Company			Total equity RM'000
		Non - distributable Share capital RM'000	Translation reserve RM'000	Distributable Retained earnings RM'000	
<b>Group</b>					
<b>At 1 April 2014</b>		99,305	(34,363)	265,174	330,116
Foreign currency translation differences/					
<b>Total other comprehensive income for the year</b>		--	13,840	--	13,840
Profit for the year		--	--	42,613	42,613
<b>Total comprehensive income for the year</b>		--	13,840	42,613	56,453
Contributions by and distributions to owners of the Company					
Dividends to owners of the Company/					
<b>Total transactions with owners of the Company</b>	17	--	--	(34,757)	(34,757)
<b>At 31 March 2015</b>		99,305	(20,523)	273,030	351,812
Foreign currency translation differences/					
<b>Total other comprehensive income for the year</b>		--	2,078	--	2,078
Profit for the year		--	--	50,933	50,933
<b>Total comprehensive income for the year</b>		--	2,078	50,933	53,011
Contributions by and distributions to owners of the Company					
Dividends to owners of the Company/					
<b>Total transactions with owners of the Company</b>	17	--	--	(37,736)	(37,736)
<b>At 31 March 2016</b>		99,305	(18,445)	286,227	367,087

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

# ANNUAL REPORT 2016

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Attributable to owners of the Company		
		Share capital	Distributable Retained earnings	Total equity
		RM'000	RM'000	RM'000
<b>Company</b>				
<b>At 1 April 2014</b>		99,305	147,993	247,298
Profit and total comprehensive income for the year		--	39,782	39,782
<i>Contributions by and distributions to owner of the Company</i>				
Dividend to owner of the Company/ <b>Total transactions with owners of the Company</b>	17	--	(34,757)	(34,757)
<b>At 31 March 2015</b>		99,305	153,018	252,323
Profit and total comprehensive income for the year		--	48,848	48,848
<i>Contributions by and distributions to owner of the Company</i>				
Dividend to owner of the Company/ <b>Total transactions with owners of the Company</b>	17	--	(37,736)	(37,736)
<b>At 31 March 2016</b>		99,305	164,130	263,435

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

# ANNUAL REPORT 2016

## STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		64,232	57,186	57,934	51,056
Adjustments for:-					
Depreciation and amortisation		21,637	20,584	10,363	10,381
Finance costs		150	309	128	216
Unrealised loss on foreign exchange		2,850	32	2,604	--
Allowance for/(Reversal of)					
inventories written down		1,006	(2,577)	563	(2,744)
Dividend income from a subsidiary		--	--	(20,052)	(6,373)
Finance income		(3,792)	(2,810)	(2,019)	(2,087)
Loss/(Gain) on disposal of					
property, plant and equipment		8	--	(16)	--
Impairment loss/(Reversal of					
impairment loss) on trade receivables		171	(213)	171	(213)
<b>Operating profit before changes</b>		86,262	72,511	49,676	50,236
<b>in working capital</b>					
Changes in inventories		(9,999)	18,435	(18,020)	13,297
Changes in trade and other receivables		(9,163)	(8,301)	(3,499)	(14,222)
Changes in due from/(to) subsidiaries		--	--	(895)	1,246
Changes in trade and other payables		6,880	625	8,775	(2,405)
<b>Cash generated from operations</b>		73,980	83,270	36,037	48,152
Tax paid		(16,199)	(12,096)	(11,408)	(9,283)
<b>Net cash from operating activities</b>		57,781	71,174	24,629	38,869
<b>Cash flows from investing activities</b>					
Acquisition of:					
- property, plant and equipment	18	(4,842)	(15,840)	(4,439)	(3,061)
- prepaid lease payments		(436)	(911)	--	--
Proceeds from disposal of					
property, plant and equipment		16	--	16	--
Interest received		3,792	2,810	2,019	2,087
<b>Net cash used in investing activities</b>		(1,470)	(13,941)	(2,404)	(974)

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

# ANNUAL REPORT 2016

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from financing activities</b>				
Net short term borrowings	(6,848)	4,408	(3,506)	2,697
Dividend received from a subsidiary	--	--	20,052	6,373
Dividends paid to owners of the Company	(37,736)	(34,757)	(37,736)	(34,757)
Interest paid	(150)	(309)	(128)	(216)
<b>Net cash used in financing activities</b>	<u>(44,734)</u>	<u>(30,658)</u>	<u>(21,318)</u>	<u>(25,903)</u>
Exchange differences on translation of the financial statements of foreign operations	<u>(85)</u>	<u>5,372</u>	<u>--</u>	<u>--</u>
<b>Net increase in cash and cash equivalents</b>	11,492	31,947	907	11,992
<b>Cash and cash equivalents at 1 April</b>	126,001	89,814	67,257	55,265
Foreign exchange difference on opening balances	<u>(521)</u>	<u>4,240</u>	<u>(1,567)</u>	<u>--</u>
<b>Cash and cash equivalents at 31 March</b>	<u>136,972</u>	<u>126,001</u>	<u>66,597</u>	<u>67,257</u>

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

Deposits with licensed banks	84,000	115,306	45,795	62,284
Cash and bank balances	52,972	11,563	20,802	5,841
Bank overdrafts	--	(868)	--	(868)
	<u>136,972</u>	<u>126,001</u>	<u>66,597</u>	<u>67,257</u>

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



# ANNUAL REPORT 2016

## 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 27 - 03, 27th Floor  
Menara Keck Seng  
203, Jalan Bukit Bintang  
55100 Kuala Lumpur  
Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2016 do not include other entities.

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 23 June 2016.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, *Financial Instruments: Disclosures* (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits* (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting* (Annual Improvements 2012-2014 Cycle)

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, *Leases*

# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 1. Basis of preparation (cont'd)

#### (a) Statement of compliance (cont'd)

##### **MFRSs, Interpretations and amendments effective from a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption except as mentioned below:

##### **(i) MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

##### **(ii) MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

##### **(iii) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

#### **(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 the financial statements in conformity with MFRSs 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 structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### 2. Significant accounting policies (cont'd)

#### (a) Basis of consolidation (cont'd)

##### (i) Subsidiaries (cont'd)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (ii) 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.

For new acquisitions, the Group measures the cost of 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.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, 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.

##### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

##### (iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (v) Transactions 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 end of 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

##### (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 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 gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, 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.

#### (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), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

## 2. Significant accounting policies (cont'd)

### (c) Financial instruments (cont'd)

#### (ii) Financial instrument categories and subsequent measurement (cont'd)

##### *Financial assets (cont'd)*

##### *(a) Financial assets at fair value through profit or loss (cont'd)*

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.

##### *(b) Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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 derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination 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 otherwise 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.

Fair value arising from financial guarantee contracts are classified as deferred income and is 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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 less any accumulated depreciation and any accumulated impairment losses.

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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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.

##### (ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Buildings are depreciated on a straight-line basis over 10 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	10 - 15 years
Furniture, fittings and equipment and motor vehicles	3 - 5 years

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

#### (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.

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.

# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (cont'd)

#### (e) Leased assets (cont'd)

##### (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 on 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. 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 calculated using the weighted average method, 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 on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. 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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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 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 or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. 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.

# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 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 of disposal. 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 (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups 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 assets and liabilities, 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 assets and liabilities 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.

#### (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 discounts 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.

##### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 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 recognised 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 contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (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. Operating segment 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.

#### (o) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 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
<b>Group</b>					
<b>At cost</b>					
At 1 April 2014	49,196	323,011	20,300	1,326	393,833
Additions	384	1,325	902	13,149	15,760
Disposals/Written off	--	(154)	--	--	(154)
Transfers	--	13,726	508	(14,234)	--
Adjustment	--	--	--	(185)	(185)
Exchange differences	1,167	9,568	139	4	10,878
At 31 March 2015/1 April 2015	50,747	347,476	21,849	60	420,132
Additions	515	1,310	1,318	1,584	4,727
Disposals/Written off	--	(375)	(49)	(24)	(448)
Exchange differences	204	1,744	22	1	1,971
At 31 March 2016	51,466	350,155	23,140	1,621	426,382
<b>Accumulated depreciation</b>					
At 1 April 2014	30,252	245,391	16,445	--	292,088
Depreciation charge	1,392	17,377	1,353	--	20,122
Disposals/Written off	--	(154)	--	--	(154)
Exchange differences	513	6,507	129	--	7,149
At 31 March 2015/1 April 2015	32,157	269,121	17,927	--	319,205
Depreciation charge	1,321	18,084	1,415	--	20,820
Disposals/Written off	--	(375)	(49)	--	(424)
Exchange differences	73	866	20	--	959
At 31 March 2016	33,551	287,696	19,313	--	340,560
<b>Accumulated impairment loss</b>					
At 1 April 2014/31 March 2015	1,048	--	--	--	1,048
At 1 April 2015/31 March 2016	1,048	--	--	--	1,048
<b>Carrying amounts</b>					
At 1 April 2014	17,896	77,620	3,855	1,326	100,697
At 31 March 2015/1 April 2015	17,542	78,355	3,922	60	99,879
At 31 March 2016	16,867	62,459	3,827	1,621	84,774

# ANNUAL REPORT 2016

## 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
<b>Company</b>					
<b>At cost</b>					
At 1 April 2014	39,031	205,649	19,101	1,244	265,025
Additions	384	1,656	869	72	2,981
Transfer	--	586	508	(1,094)	--
Adjustment	--	--	--	(185)	(185)
At 31 March 2015/1 April 2015	39,415	207,891	20,478	37	267,821
Additions	405	1,099	1,236	1,584	4,324
Disposal	--	--	(49)	--	(49)
At 31 March 2016	39,820	208,990	21,665	1,621	272,096
<b>Accumulated depreciation</b>					
At 1 April 2014	26,145	163,300	15,417	--	204,862
Depreciation charge	950	8,194	1,237	--	10,381
At 31 March 2015/1 April 2015	27,095	171,494	16,654	--	215,243
Depreciation charge	808	8,235	1,320	--	10,363
Disposal	--	--	(49)	--	(49)
At 31 March 2016	27,903	179,729	17,925	--	225,557
<b>Accumulated impairment loss</b>					
At 1 April 2014/31 March 2015	1,048	--	--	--	1,048
At 1 April 2015/31 March 2016	1,048	--	--	--	1,048
<b>Carrying amounts</b>					
At 1 April 2014	11,838	42,349	3,684	1,244	59,115
At 31 March 2015/1 April 2015	11,272	36,397	3,824	37	51,530
At 31 March 2016	10,869	29,261	3,740	1,621	45,491

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Carrying amounts of</b>				
<b>land and buildings</b>				
<b>At cost</b>				
Long term leasehold land	317	322	317	322
Short term leasehold land	5,254	5,453	5,254	5,453
Buildings	11,296	11,767	5,298	5,497
	<u>16,867</u>	<u>17,542</u>	<u>10,869</u>	<u>11,272</u>

# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### Impairment loss

The impairment loss 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 RM178,410,000 (2015: RM145,667,000) and RM163,202,000 (2015: RM140,474,000) respectively.

### 4. Prepaid lease payments

	Leasehold land unexpired period less than 50 years RM'000
<b>Group</b>	
<b>At cost</b>	
At 1 April 2014	6,054
Additions	911
Exchange differences	782
	<hr/>
At 31 March 2015/1 April 2015	7,747
Additions	436
Exchange differences	125
	<hr/>
At 31 March 2016	8,308
	<hr/>
<b>Accumulated amortisation</b>	
At 1 April 2014	2,085
Amortisation charge	462
Exchange differences	283
	<hr/>
At 31 March 2015/1 April 2015	2,830
Amortisation charge	817
Exchange differences	20
	<hr/>
At 31 March 2016	3,667
	<hr/>
<b>Carrying amounts</b>	
At 1 April 2014	3,969
At 31 March 2015/1 April 2015	4,917
At 31 March 2016	4,641

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. Investments in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	35,400	35,400

Details of the subsidiaries are as follows:

Name of entity	Principal activities	Country of incorporation	Effective ownership interest and voting interest	
			2016 %	2015 %
Perstima (Vietnam) Co., Ltd.*	Manufacturing and sale of tinplates and tin free steel	Vietnam	100	100
Perstima Utility Sdn. Bhd.	Generating, transmitting and sales of power and other utilities	Malaysia	100	100
Perstima Tin Plate Sdn. Bhd.	Dormant	Malaysia	100	100

\* Audited by a member firm of KPMG International.

### 6. Deferred tax assets/(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	157	91	--	--
Deferred tax liabilities	(1,845)	(5,230)	(1,845)	(5,230)
	<u>(1,688)</u>	<u>(5,139)</u>	<u>(1,845)</u>	<u>(5,230)</u>

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment				
- capital allowances	(5,117)	(5,955)	(5,117)	(5,955)
- revaluation	(1,068)	(1,137)	(1,068)	(1,137)
Allowances and other accruals	3,854	1,943	3,697	1,862
Unrealised loss on foreign exchange	643	10	643	--
	<u>(1,688)</u>	<u>(5,139)</u>	<u>(1,845)</u>	<u>(5,230)</u>



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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. Deferred tax assets/(liabilities) (cont'd)

#### Recognised deferred tax assets/(liabilities)

Movement in temporary differences during the year are as follows:

Group	At 1 April 2014 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31 March 2015 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31 March 2016 RM'000
Property, plant and equipment					
- capital allowances	6,299	(344)	5,955	(838)	5,117
- revaluation	1,206	(69)	1,137	(69)	1,068
Allowance and other accruals	(3,150)	1,207	(1,943)	(1,911)	(3,854)
Unrealised loss on foreign exchange	(5)	(5)	(10)	(633)	(643)
	<u>4,350</u>	<u>789</u>	<u>5,139</u>	<u>(3,451)</u>	<u>1,688</u>
<b>Company</b>					
Property, plant and equipment					
- capital allowances	6,299	(344)	5,955	(838)	5,117
- revaluation	1,206	(69)	1,137	(69)	1,068
Allowance and other accruals	(3,068)	1,206	(1,862)	(1,835)	(3,697)
Unrealised loss on foreign exchange	--	--	--	(643)	(643)
	<u>4,437</u>	<u>793</u>	<u>5,230</u>	<u>(3,385)</u>	<u>1,845</u>

### 7. Inventories

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finished goods	30,210	28,107	21,034	15,689
Work-in-progress	3,915	7,315	3,398	7,268
Raw materials	65,181	55,272	48,563	32,984
Consumables	15,377	14,996	8,721	8,318
	<u>114,683</u>	<u>105,690</u>	<u>81,716</u>	<u>64,259</u>
Recognised in profit or loss:				
- Inventories recognised as cost of goods sold	<u>659,831</u>	<u>586,612</u>	<u>440,079</u>	<u>391,519</u>

### 8. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	78,272	71,650	58,443	56,614
Other receivables, deposits and prepayments	4,220	3,207	2,593	2,157
	<u>82,492</u>	<u>74,857</u>	<u>61,036</u>	<u>58,771</u>

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. Due from/(to) subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Due from subsidiaries - non-trade	18,074	18,511
Due to subsidiaries		
- trade	(879)	(780)
- non-trade	(33)	(1,416)
	(912)	(2,196)

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

- an amount of RM13,528,117 (2015: RM13,528,117) that is repayable on demand, with a fixed interest charged at 4% per annum commencing from 1 October 2011; and
- the remaining balance of RM4,546,344 (2015: RM4,982,475) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	52,972	11,563	20,802	5,841
Deposits with licensed banks	84,000	115,306	45,795	62,284
	136,972	126,869	66,597	68,125

### 11. Capital and reserves

#### Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2016 RM'000	2015 RM'000	2016 '000	2015 '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

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. Capital and reserves (cont'd)

#### Reserves

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-distributable</b>				
Translation reserve	(18,445)	(20,523)	--	--
<b>Distributable</b>				
Retained earnings	286,227	273,030	164,130	153,018
	<u>267,782</u>	<u>252,507</u>	<u>164,130</u>	<u>153,018</u>

### 12. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	20,285	20,806	12,526	11,115
Other payables and accrued expenses	26,233	19,021	21,313	14,138
	<u>46,518</u>	<u>39,827</u>	<u>33,839</u>	<u>25,253</u>

Included in other payables and accrued expenses are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	775	777	663	719
Accrued expenses for sales rebates	4,433	2,208	4,433	2,208
Payroll related accruals	4,702	4,458	4,289	4,130
Other accrued expenses	16,323	11,578	11,928	7,081
	<u>26,233</u>	<u>19,021</u>	<u>21,313</u>	<u>14,138</u>

Included in trade payables of the Group and of the Company is an amount of RM16,705,000 (2015: RM13,966,000) and RM11,364,982 (2015: RM7,290,000) respectively due to substantial shareholders of the Company arising from purchases of raw materials.

### 13. Loans and borrowings

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Unsecured</b>				
Trust receipts	--	3,342	--	--
Bank overdrafts	--	868	--	868
Onshore foreign currency loan	4,284	7,790	4,284	7,790
	<u>4,284</u>	<u>12,000</u>	<u>4,284</u>	<u>8,658</u>

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. Profit Before tax

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit before tax is arrived at after charging/(crediting)</b>				
Audit fees				
- Company's auditors	92	92	88	88
- Overseas affiliate of KPMG Malaysia	59	46	--	--
Non-audit fees				
- Company's auditors	4	4	4	4
- Local affiliate of KPMG Malaysia	21	21	14	14
Depreciation and amortisation	21,637	20,584	10,363	10,381
Personnel expenses (including key management personnel):				
- Wages, salaries and others	20,521	17,854	13,761	12,947
- Contributions to state plans	2,037	1,979	2,001	1,946
Rental of premises and equipment	312	308	312	308
Allowance for/(Reversal of) inventories written down	1,006	(2,577)	563	(2,744)
Dividend income from a subsidiary	--	--	(20,052)	(6,373)
Impairment loss/(Reversal of impairment loss) on trade receivables	171	(213)	171	(213)
Loss/(Gain) on foreign exchange:				
- Unrealised	2,850	32	2,604	--
- Realised	(2,227)	(209)	(1,837)	(281)
Loss/(Gain) on disposal of property, plant and equipment	8	--	(16)	--
Hostel rental income	(33)	(33)	(33)	(33)

#### Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors				
- Fees	611	595	611	595
- Remuneration	1,915	1,770	1,717	1,770
Total short-term employee benefits	2,526	2,365	2,328	2,365

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 RM112,000 (2015: RM114,000).



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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. Tax expense

#### Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current tax expense</b>				
- Current year	16,929	13,151	12,450	10,668
- Prior year	(179)	633	21	(187)
	16,750	13,784	12,471	10,481
<b>Deferred tax (income)/ expense</b>				
- Origination and reversal of temporary differences	(3,378)	550	(3,310)	544
- Prior year	(73)	239	(75)	249
	(3,451)	789	(3,385)	793
	13,299	14,573	9,086	11,274
<b>Reconciliation of tax expense</b>				
Profit before tax	64,232	57,186	57,934	51,056
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	15,416	14,297	13,904	12,764
Effect of different tax rates in foreign jurisdictions	(2,292)	(1,280)	--	--
Non-deductible expenses	189	306	89	93
Non-business income	--	--	(4,812)	(1,593)
Tax incentives	(426)	(132)	(35)	(28)
Effect of changes in tax rate*	--	(25)	--	(25)
Effect of unrecognised deferred tax asset	670	534	--	--
Others	(6)	1	(6)	1
	13,551	13,701	9,140	11,212
(Over)/Under provided in prior years	(252)	872	(54)	62
Tax expense	13,299	14,573	9,086	11,274

\* The Malaysian Budget 2014 announced the reduction of corporate tax rate to 24% with effect from year of assessment 2016. Consequently, deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2016 RM'000	2015 RM'000
Unabsorbed capital allowances	(9,553)	(7,014)

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 a subsidiary can utilise the benefits there from.

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. Earnings per ordinary share

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2016 RM'000	2015 RM'000
Profit attributable to ordinary shareholders	50,933	42,613
	Group Numbers of share	
	2016 '000	2015 '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 (sen)	51.3	42.9

#### 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
<b>2016</b>			
2016 - Interim, single tier	18.00	17,875	8 December 2015
2015 - Final, single tier	20.00	19,861	18 August 2015
Total amount		37,736	
<b>2015</b>			
2015 - Interim, single tier	15.00	14,896	5 December 2014
2014 - Final, single tier	20.00	19,861	18 August 2014
Total amount		34,757	

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
2016 - Final, single tier	20.00	19,861

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. Acquisition of property, plant and equipment

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current year's additions	4,727	15,760	4,324	2,981
Less : Amount under credit term				
- Opening balance	115	195	115	195
- Closing balance	--	(115)	--	(115)
	115	80	115	80
	4,842	15,840	4,439	3,061

### 19. Capital commitments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Plant and equipment</b>				
Approved but contracted for	19,262	--	--	--
Contracted for but not provided for	6,895	131	77	131

### 20. Annual management fee commitment

Arising from 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	
	2016 RM'000	2015 RM'000
Less than one year	142	135
Between one and five years	569	539
More than five years	3,699	3,639
	4,410	4,313

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. 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 and the 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.

	Malaysia		Vietnam		Consolidation adjustments		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Segment profit/(loss)</b>	35,335	42,533	28,759	15,432	138	(779)	64,232	57,186

Included in the measure of segment profit/(loss) are:

Revenue from external customers	492,009	443,288	251,376	213,639	--	--	743,385	656,927
(Reversal)/Allowance of inventories written down	563	(2,744)	443	167	--	--	1,006	(2,577)
Depreciation and amortisation	12,284	12,308	9,491	8,414	(138)	(138)	21,637	20,584
Finance costs	671	771	22	92	(543)	(554)	150	309
Finance income	(2,068)	(2,146)	(2,267)	(1,218)	543	554	(3,792)	(2,810)

#### Geographical location of non-current asset

Malaysia	55,821	63,781
Vietnam	33,751	41,106
	<u>89,572</u>	<u>104,887</u>

#### Geographical location of revenue

Malaysia	435,102	372,997
Vietnam	188,247	173,284
Others	120,036	110,646
	<u>743,385</u>	<u>656,927</u>

#### Major customers

Revenue from three customers of the Group represents approximately RM293,778,000 (2015: RM245,691,000) of the Group's total revenues.

### 22. Financial instruments

#### 22.1 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).

#### 22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Loan and receivables	2,998	3,200	1,081	2,581
Financial liabilities measured at amortised cost	(150)	(308)	(128)	(216)
	<u>2,848</u>	<u>2,892</u>	<u>953</u>	<u>2,365</u>

#### 22.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. Financial instruments (cont'd)

#### 22.4 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.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	<b>Group</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Malaysia	47,554	39,894
Vietnam	8,428	8,183
Others	22,290	23,573
	<u>78,272</u>	<u>71,650</u>

##### Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

<b>Group</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2016</b>			
Not past due	74,497	--	74,497
Past due 0 - 30 days	3,688	(206)	3,482
Past due 31 - 60 days	311	(18)	293
Past due 61 - 90 days	--	--	--
Past due more than 90 days	--	--	--
	<u>78,496</u>	<u>(224)</u>	<u>78,272</u>
<b>2015</b>			
Not past due	71,534	--	71,534
Past due 0 - 30 days	168	(52)	116
Past due 31 - 60 days	1	(1)	--
Past due 61 - 90 days	--	--	--
Past due more than 90 days	527	(527)	--
	<u>72,230</u>	<u>(580)</u>	<u>71,650</u>



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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. Financial instruments (cont'd)

#### 22.4 Credit risk (cont'd)

##### Receivables (cont'd)

Company	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2016</b>			
Not past due	54,836	--	54,836
Past due 0 - 30 days	3,520	(206)	3,314
Past due 31 - 60 days	311	(18)	293
Past due 61 - 90 days	--	--	--
Past due more than 90 days	--	--	--
	<u>58,667</u>	<u>(224)</u>	<u>58,443</u>
<b>2015</b>			
Not past due	56,502	--	56,502
Past due 0 - 30 days	164	(52)	112
Past due 31 - 60 days	1	(1)	--
Past due 61 - 90 days	--	--	--
Past due more than 90 days	527	(527)	--
	<u>57,194</u>	<u>(580)</u>	<u>56,614</u>

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 April	580	793	580	793
Impairment loss recognised/(reversed)	171	(213)	171	(213)
Impairment loss written off	(527)	--	(527)	--
At 31 March	<u>224</u>	<u>580</u>	<u>224</u>	<u>580</u>

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.

##### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

##### Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to NIL (2015: RM3,342,000) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

### 22. Financial instruments (cont'd)

#### 22.4 Credit risk (cont'd)

##### Financial guarantees (cont'd)

*Exposure to credit risk, credit quality and collateral (cont'd)*

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### 22.5 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
<b>2016</b>				
<i>Non-derivative financial liabilities</i>				
Unsecured onshore foreign currency loan	4,284	1.75	4,284	4,284
Trade and other payables	46,518	--	46,518	46,518
	<u>50,802</u>		<u>50,802</u>	<u>50,802</u>
<b>2015</b>				
<i>Non-derivative financial liabilities</i>				
Unsecured trust receipts	3,342	2.30	3,349	3,349
Unsecured onshore foreign currency loan	7,790	1.75	7,790	7,790
Unsecured bank overdrafts	868	8.10	868	868
Trade and other payables	39,827	--	39,827	39,827
	<u>51,827</u>		<u>51,834</u>	<u>51,834</u>

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. Financial instruments (cont'd)

#### 22.5 Liquidity risk (cont'd)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
<b>Company</b>				
<b>2016</b>				
<i>Non-derivative financial liabilities</i>				
Unsecured onshore foreign currency loan	4,284	1.75	4,284	4,284
Trade and other payables	33,839	--	33,839	33,839
Due to subsidiaries	912	--	912	912
	<u>39,035</u>		<u>39,035</u>	<u>39,035</u>
<b>2015</b>				
<i>Non-derivative financial liabilities</i>				
Unsecured onshore foreign currency loan	7,790	1.75	7,790	7,790
Unsecured bank overdrafts	868	8.10	868	868
Trade and other payables	25,253	--	25,253	25,253
Due to subsidiaries	2,196	--	2,196	2,196
Financial guarantee*	--	--	3,342	3,342
	<u>36,107</u>		<u>39,449</u>	<u>39,449</u>

\* The amount represents the outstanding banking facilities of its subsidiary as at end of the reporting period.

#### 22.6 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 functional currency of the Group and Company entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group Denominated in USD		Company Denominated in USD	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	18,575	21,734	18,061	21,478
Due from a subsidiary	--	--	481	132
Cash and cash equivalents	21,308	5,658	19,953	5,537
Trade and other payables	(14,362)	(9,877)	(14,333)	(9,611)
Secured trust receipts	--	(155)	--	--
<b>Net exposure</b>	<u>25,521</u>	<u>17,360</u>	<u>24,162</u>	<u>17,536</u>

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. Financial instruments (cont'd)

#### 22.6 Market risk (cont'd)

##### Currency risk (cont'd)

###### Currency risk sensitivity analysis

A 10% (2015: 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.

	Group Profit or loss		Company Profit or loss	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
USD	(1,940)	(1,302)	(1,836)	(1,315)

A 10% (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
Financial assets	84,000	115,306	59,323	75,812
Financial liabilities	(4,284)	(11,132)	(4,284)	(7,790)
	<u>79,716</u>	<u>104,174</u>	<u>55,039</u>	<u>68,022</u>
<b>Floating rate instruments</b>				
Financial liabilities	--	(868)	--	(868)

# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. Financial instruments (cont'd)

#### 22.6 Market risk (cont'd)

##### Interest rate risk (cont'd)

##### Interest rate risk sensitivity analysis

##### (a) 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.

##### (b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates 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 foreign currency rates, remained constant.

	Group/Company	
	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
<b>2015</b>		
Floating rate instruments	(7)	7

#### 22.7 Fair value information

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

### 23. 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	
	2016 RM'000	2015 RM'000
Total borrowings (Note 13)	4,284	12,000
Less: Cash and cash equivalents (Note 10)	(136,972)	(126,869)
Net cash position	(132,688)	(114,869)



# ANNUAL REPORT 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 23. Capital management (cont'd)

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.

### 24. 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 or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its substantial shareholders, subsidiaries and key management personnel.

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>A. Substantial shareholders</b>				
Purchases of raw materials	462,671	399,492	308,385	258,335
Purchase of property, plant and equipment	7,436	5,905	2,450	1,412
Sales of tinplates	5,337	3,550	5,337	3,550
<b>B. Subsidiary</b>				
Dividend income received	--	--	20,052	6,373
Interest receivable	--	--	543	554
Purchase of power and steam	--	--	8,379	6,823
Sales of water	--	--	65	54
Engineering fee receivables	--	--	--	917

### 25. Subsequent event

On 8 April 2016, a fire occurred in one section of a subsidiary's factory in Vietnam, causing damage to several inventories and fixed assets. At the date of the report, the subsidiary has yet to finalise the financial impact. Nevertheless, all the inventories and fixed assets are fully insured.

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Supplementary financial 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 Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	290,533	278,006	167,315	156,915
- unrealised	(3,274)	(3,806)	(3,185)	(3,897)
	287,259	274,200	164,130	153,018
Less: Consolidation adjustments	(1,032)	(1,170)	--	--
Total retained earnings	286,227	273,030	164,130	153,018

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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

## 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 28 to 61 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2016 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 62 to the financial statements has been compiled in accordance with 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:

**Koichi Sawada**

**Tan Siew Chu**  
Johor Bahru  
23 June 2016

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Tan Siew Chu**, the Director 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 28 to 62 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 23 June 2016.

**Tan Siew Chu**

Before me:  
**Hj Zamani Bin Hj Ahmad**  
**Commissioner For Oaths**  
**No. J-253**

# ANNUAL REPORT 2016

## 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 2016 of the Group and of the Company, and the statements of profit or loss and other 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 28 to 61.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Report on Other Legal and Regulatory Requirements

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

- (a) 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.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) 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.
- (d) 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.

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## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

### 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 62 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 Malaysian Financial Reporting Standards or International Financial Reporting Standards. 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  
23 June 2016

#### Tan Teck Eng

Approval Number: 2986/05/18 (J)  
Chartered Accountant



# ANNUAL REPORT 2016

## 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. 34 years old)	892,435 sq.ft.	60-year lease expiring 23 August 2042	10,552
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	68
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	83
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. 34 years old)	31,309 sq.ft.	90-year lease expiring 24 June 2070	166
HS(D) 135072 PTD 71012 Mukim of Plentong Daerah Pasir Gudang Johor Bahru	September 1997	Staff Apartment ** (approx. 25 years old)	18,496.5 sq.ft.	99-year lease expiring 2 November 2085	Nil
HS(D) 216829 PTD 110340 Mukim of Plentong Daerah Pasir Gudang Johor Bahru	March 1997	Staff Apartment ** (approx. 20 years old)	38,750.4 sq.ft.	99-year lease expiring 28 April 2093	Nil
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. 13 years old)	387,492 sq.ft.	43-year lease expiring 11 February 2046	10,639

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 39 to 41.

\*\* Should there be no impairment and the Group/Company continue to depreciate these assets, the net book value would be RM98,789.00 as at 31 March 2016.

# ANNUAL REPORT 2016

## SHAREHOLDERS' INFORMATION

### ANALYSIS OF SHAREHOLDINGS AS AT 31 MAY 2016

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	144	2.04	2,663	0.00
100 to 1,000	4,687	66.42	1,698,841	1.71
1,001 to 10,000	1,927	27.31	6,740,725	6.79
10,001 to 100,000	257	3.64	7,218,465	7.27
100,001 to less than 5% of issued shares	38	0.54	16,551,482	16.67
5% and above of issued shares	4	0.05	67,092,544	67.56
<b>Total</b>	<b>7,057</b>	<b>100.00</b>	<b>99,304,720</b>	<b>100.00</b>

### THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MAY 2016

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. Lin Chen Su-Chiung	3,004,500	3.03
6. HSBC Nominees (Asing) Sdn Bhd HSBC SG for Lee Pineapple Company (Pte) Limited	1,709,500	1.72
7. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Saw Peng	1,300,000	1.31
8. Ho Han Seng	1,242,900	1.25
9. Ong Chee Joon	728,000	0.73
10. Pang Heng Hoe	697,300	0.70
11. Muto Kazuko	647,500	0.65
12. Ong Siew Hwa	550,100	0.56
13. Wong Ah Tim @ Ong Ah Tin	500,000	0.50
14. Ong Fang Loong	480,800	0.48
15. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Heng Hoe	459,600	0.46
16. Ong Saw Peng	447,900	0.45
17. Neoh Choo Ee & Company, Sdn. Berhad	400,000	0.40

# ANNUAL REPORT 2016

## SHAREHOLDERS' INFORMATION (CONT'D)

### THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MAY 2016 (CONT'D)

	Name of shareholders	No. of Shares	% of Issued Capital
18.	Pui Cheng Wui	346,082	0.35
19.	Hiroshi Sumino	300,000	0.30
20.	Yeoh Saik Khoo Sendirian Berhad	262,900	0.26
21.	Maybank Nominees (Tempatan) Sdn Bhd Lee Kim Tak	258,000	0.26
22.	South Well Sdn. Bhd	256,800	0.26
23.	Khor Saw Hoon	250,000	0.25
24.	Lee Kim Tak	213,500	0.21
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang See Hing	207,700	0.21
26.	Dynaquest Sdn. Berhad	194,400	0.20
27.	Zurid Corporation Sdn Bhd	186,000	0.19
28.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Sie Hing @ Lau Sie Chin	160,000	0.16
29.	Ng Soon Siong	154,000	0.16
30.	Yeo Khee Huat	147,800	0.15
	Total	82,197,826	82.77

### SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2016

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 <sup>(1)</sup>	32.85
Rin Nan Yoong	44,000	0.04	32,617,544 <sup>(2)</sup>	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	-	-

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

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

### DIRECTORS' INTERESTS AS AT 31 MAY 2016

Name	----- Direct -----		----- Indirect -----	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Koichi Sawada	20,000	0.02	-	-
Tan Siew Chu	6,000	0.01	-	-
Rin Nan Yoong	44,000	0.04	32,617,544 <sup>(1)</sup>	32.85
Hiroshi Sumino	300,000	0.30	-	-

<sup>(1)</sup> Deemed interested by virtue of his 50.00% interest in Versalite Sdn Bhd

# ANNUAL REPORT 2016

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth 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, 28 July 2016 at 11.30 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 2016 together with the Directors' and Auditors' Reports thereon.  
**Note 6**
- 2) To re-elect Tan Siew Chu who retires pursuant to Article 93 of the Articles of Association of the Company.  
**Resolution 1**
- 3) To re-elect Ranko Kume who retires pursuant to Article 93 of the Articles of Association of the Company.  
**Resolution 2**
- 4) To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-  
"THAT Hiroshi Sumino, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."  
**Resolution 3**
- 5) To approve the payment of Directors' Fees of RM 611,000.00 for the financial year ended 31 March 2016.  
**Resolution 4**
- 6) To approve the payment of a final single tier dividend of 20.00 sen per ordinary share of RM1.00 each for the financial year ended 31 March 2016.  
**Resolution 5**
- 7) To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.  
**Resolution 6**

#### As Special Business

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

- 8) 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 Section 3.2 of the Circular to Shareholders dated 1 July 2016 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 the 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 7**

# ANNUAL REPORT 2016

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Eighth Annual General Meeting, a final single tier dividend of 20.00 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 March 2016 will be paid to shareholders on 18 August 2016. The entitlement date for the said dividend shall be on 5 August 2016.

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

- a) Shares deposited into the depositor's securities account before 12.30 p.m. on 3 August 2016 (in respect of shares which are exempted from mandatory deposit).
- b) Shares transferred to the depositor's securities account before 4.00 p.m. on 5 August 2016 in respect of transfers.
- c) 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  
TAI YIT CHAN (MAICSA 7009143)  
CHAN SU SAN (MAICSA 6000622)  
Company Secretaries

1 July 2016

#### 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 27-03, 27th Floor, Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia 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 21 July 2016 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.
- 6) The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.
- 7) En Yusuf bin Jamil retires pursuant to Article 86 of the Articles of Association of the Company at the Thirty-Eighth Annual General Meeting ("38th AGM") of the Company. He has expressed that he does not wish to seek for re-election at the 38th AGM of the Company and therefore shall retire at the conclusion of the 38th AGM of the Company.

#### 8) EXPLANATORY NOTES ON SPECIAL BUSINESS

##### (i) Resolution 7 - Proposed Shareholders' Mandate

For further information on Resolution 7, please refer to the Circular to Shareholders dated 1 July 2016 accompanying the Company's Annual Report for the financial year ended 31 March 2016.



# ANNUAL REPORT 2016

## PROXY FORM

No. of shares held:

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

of \_\_\_\_\_ 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-Eighth 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, 28 July 2016 at 11.30 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	Re-election of Tan Siew Chu as Director - Article 93 of the Articles of Association of the Company		
Resolution 2	Re-election of Ranko Kume as Director - Article 93 of the Articles of Association of the Company		
Resolution 3	Re-appointment of Hiroshi Sumino as Director – Section 129 of the Companies Act, 1965		
Resolution 4	Approval of Directors' Fees		
Resolution 5	Approval of a final single tier dividend of 20.00 sen per ordinary share of RM1.00 each		
Resolution 6	Re-appointment of Messrs KPMG as Auditors of the Company and authorise the Directors to fix the Auditors' remuneration		
Resolution 7	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		

[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 ..... 2016

.....  
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 27-03, 27th Floor, Menara Keck Seng, 203 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia 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 21 July 2016 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 27-03, 27th FLOOR, MENARA KECK SENG  
203, JALAN BUKIT BINTANG  
55100 KUALA LUMPUR.

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PERUSAHAAN SADUR TIMAH MALAYSIA  
(PERSTIMA) BERHAD (49971-D)  
(Incorporated in Malaysia)