



CHOO BEE METAL INDUSTRIES BERHAD
(10587-A)



Annual Report 2009



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2010 Annual General Meeting of the Company will be held at Tropicana Grand Ballroom & Banquet, No. 8, Level 6, Coliseum Square, Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 25 June 2010 at 11.30 a.m.

A G E N D A

1. To receive the Audited Financial Statements for the year ended 31 December 2009, together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a final dividend of 6% less 25% income tax.
3. To approve payment of Directors' fee of RM194,400.
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-

Soon Hean Hooi
Leong Keng Yuen
Lee Sieng Tzi @ Vincent Lee
5. To consider and, if thought fit, pass a resolution pursuant to Section 129 of the Companies Act, 1965 to re-appoint Soon Ah Khun @ Soon Lian Huat as a Director of the Company to hold office until the next Annual General Meeting of the Company.
6. To appoint Auditors and authorize the Directors to fix their remuneration.
7. To transact any other business appropriate to an Annual General Meeting.
8. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-

ORDINARY RESOLUTION NO. 1 – PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

"That, subject to compliance with all applicable laws, regulations and guidelines, authority be and is hereby given to the Directors of the Company to purchase (Proposed Share Buy Back) ordinary shares of RM1.00 each in the Company up to the limit of 6,000,000 shares inclusive of those shares already purchased and retained in treasury, which as at 30 April 2010 amounted to 4,938,900 shares, through Bursa Malaysia Securities Berhad, representing five point four six percent (5.46%) of the Company's total issued and paid-up share capital as at 30 April 2010 of 109,903,000 shares of RM1.00 each;

That an amount of RM15,000,000 be allocated for the Proposed Share Buy Back out of the total of the audited retained profits and share premium account as at 31 December 2009, so that the total consideration of shares purchased and held as treasury shares or cancelled at any time do not exceed RM15,000,000. The retained earnings and share premium account of the Company based on the audited financial statements for the year ended 31 December 2009 are as follows:

	As at 31 December 2009
Retained earnings	RM139,319,102
Share premium	RM24,115,005

That the Directors may resolve to immediately cancel the shares so purchased, and/or retain them as treasury shares and/or re-sell and/or cancel them and that an announcement will be made to Bursa Malaysia Securities Berhad on the Directors' intention for the proposed treatment of shares bought back and the rationale of the alternatives chosen and if available, information as to the percentage or number of shares purchased which are to be retained and/or cancelled;



Notice of Annual General Meeting (cont'd)

That the Directors be and are hereby empowered to take all such steps as are necessary to give full effect to the Proposed Share Buy Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such authority shall commence upon the passing of this Ordinary Resolution and shall expire at the conclusion of the next Annual General Meeting of the Company unless renewed by ordinary resolution passed at that meeting; or at the expiration of the period within which the next annual general meeting is required by law to be held; or earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first."

ORDINARY RESOLUTION NO. 2 – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries shall be mandated to enter into the category of Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Part B Section 3 of the Circular dated 13 May 2010 subject further to the following:-

- (i) the transactions are in the ordinary course of business and are 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) the Proposed Shareholders' Mandate shall apply in respect of the Recurrent Related Party Transactions to be entered into from 25 June 2010 to the next Annual General Meeting of the Company. The Proposed Shareholders' Mandate shall only continue to be in force until:
 - the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or
 - the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
 - revoked or varied by a resolution passed by the shareholders in general meeting before the next Annual General Meeting;

whichever is earlier.

Thereafter, approval from shareholders for a renewal of the recurrent related party transactions mandate will be sought at each subsequent Annual General Meeting of the Company; and

- (iii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year and in the annual reports for the subsequent financial year during which the Proposed Shareholders' Mandate is in force based on the type of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer, provided that such transactions are made on normal commercial terms 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 on an arm's length basis; and



Notice of Annual General Meeting (cont'd)

- (iv) the Directors and/or any of them be and are hereby authorized to complete and do such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution."

By Order of the Board

CHAN YOKE YIN
CHIEW CINDY
Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
13 May 2010

NOTE:- A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS:

(a) **ORDINARY RESOLUTION NO. 1**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2009 Annual Report.

(b) **ORDINARY RESOLUTION NO. 2**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2009 Annual Report.

- (c) As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 2009 Annual General Meeting held on 19 June 2009 and which lapse at the conclusion of the 2010 Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting of Choo Bee Metal Industries Berhad

pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities)

Further details of individuals standing for election as Directors are set out in the Profile of Directors and Statement of Shareholdings on pages 11 to 13 and 85 respectively of this Annual Report.





Chairman's Statement

**Soon Ah Khun @
Soon Lian Huat**
Group Executive Chairman



Dear Shareholders,

On behalf of the Board of Directors of Choo Bee Metal Industries Berhad, I am pleased to present our Annual Report for 2009 and the audited financial statements of the Company and the Group for the financial year ended 31 December 2009.

Review of 2009 Results

Despite the economic setbacks amidst the global financial crisis in 2009, the Group delivered sound performance results on the back of improving operational and higher productivity.

Our Group's turnover and profit before tax was RM404.4 million (2008:RM580.1 million) and RM26.4 million (2008:RM37.8 million) respectively. The reductions were primarily due to effects of rapidly declining steel prices at the end of 2008. The lower level of steel prices and business activities continued throughout the year 2009.

The results for the full year included inventories net realizable value write down of RM4.7 million.

Group Performance

Both our trading and pipe manufacturing divisions recorded lower revenue in 2009 including export revenue. However, the trading division remains as main contributor to the Group while focus is emphasized on the pipe manufacturing operations to elevate the level of efficiency and productivity.

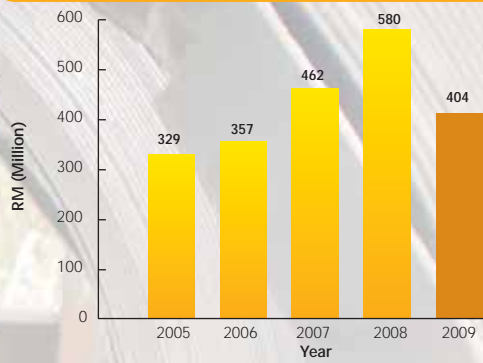
The Group had adopted the best business practice in past years to ensure all investments made are within the business objectives and limitations.

The total profits accumulated during past years are translated into our strong net tangible assets, low gearing ratio, net cash inflows from operating activities. Net assets position of the Group further underline the strengths reflecting the business' going-concern.

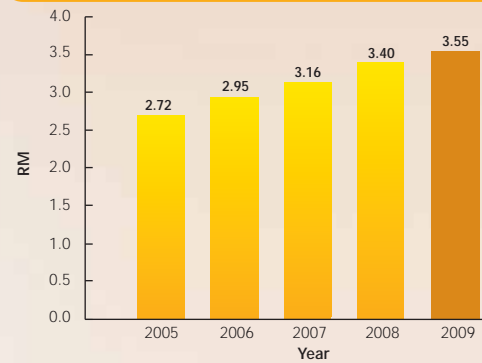
Besides effective production planning in existing plants to ensure smooth manufacturing process, the warehouse in Klang is expected to be commissioned in June 2010 to improve the distribution and logistics issues, and to increase the revenue stream in central and southern regions.

Financial Results at a Glance

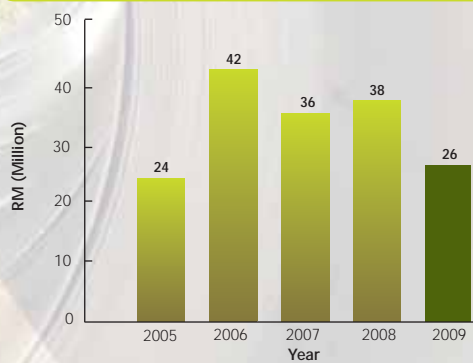
Revenue



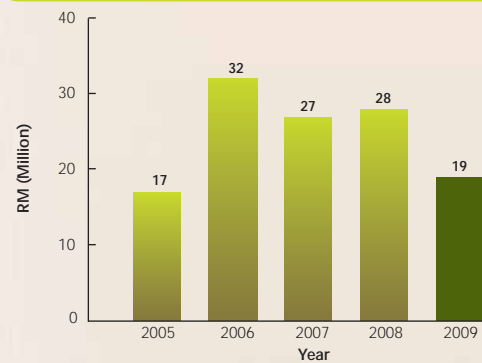
Net Tangible Assets Per Share



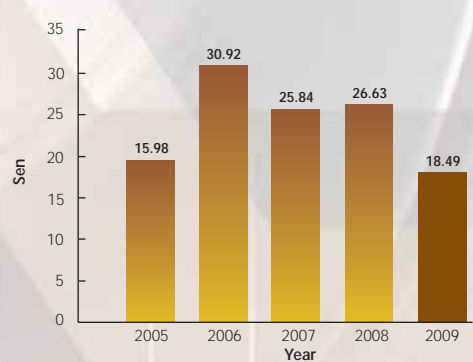
Profit Before Taxation



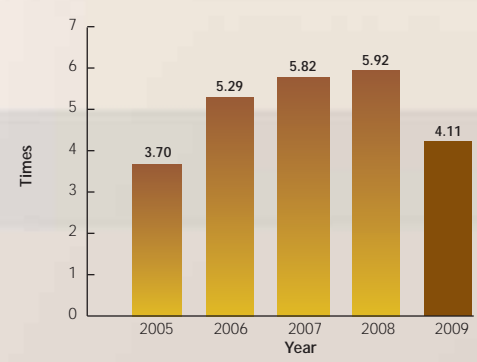
Profit After Taxation



Earnings Per Share - Basic



Dividend Cover





Dividend

Your Board is pleased to recommend a final dividend of 6% less 25% Malaysian tax for the financial year ended 31 December 2009.

Outlook for 2010

Steel markets will remain steady with slow recovery of global steel products prices primarily from expected price increases in iron ore and coking coal. Meaningful increasing demands have yet to appear with fears over real economic recovery and sovereign defaults.

Therefore, we are cautious of the market conditions as the world economy is recovering from its current downturn.

Meanwhile, pursuant to the cost action plan implemented in 2008 at production floor, the management had established the costing information process to facilitate regular review of production performance and effective planning.

The Group's initiatives include extending the risk management framework down to the lower levels. This best business practice will create risk awareness group wide and enables the Group to ride well in difficult business environments through making informed decisions in calculated risks environment.

Continuous improvement to enhance our business competitiveness remains the main focus for the management. Apart from certification from the American Petroleum Institute ("API") obtained for manufacturing of line pipes, European Committee Certificate and Factory Production Control Certificate for manufacturing of structural hollow sections were also obtained in 2009. These product certifications followed by our employees' committed attitude towards quality management systems that comply with ISO 9001:2008 and their audits ensure high quality products are manufactured for our customers.

Therefore, the Group's main priority is consolidating and improving business competitiveness through higher productivity and operational efficiency. With improving

operational conditions, and barring any unforeseen circumstances, the Group expects satisfactory performance results in 2010.

Corporate Responsibility

We believe that the value and safety of the products we sell to our customers is our foremost responsibility to society and we will invest to continually upgrade our manufacturing processes, our equipment, and skills and capabilities of our employees.

We also contribute to the good of the environment, the community, the work place and the market place by undertaking a formal Corporate Responsibility programme with a number of initiatives.

Environment

- a) Compliance with environmental regulations for protection against unscrupulous pollutions.
- b) Efforts were made to carry out tree planting exercise at the production sites.

Community

- a) Financial donations to institutions undertaking the care of handicapped children and providing palliative care for terminally ill cancer patients.
- b) On-going programme to provide practical training for university students.
- c) Scholarship awards to children of employees of the Group.
- d) Unused IT equipments given away for recycling process.
- e) Blood donations drive. This year, we requested the hospital staff to also conduct donor's medical health check covering diabetes and high blood.

Work Place

- a) The Occupational Safety and Health Committees established in our factories actively maintain a high level of safety awareness, and check compliance with work place safety requirements regularly.



- b) Apart from public liability insurance, the Group also ensures that insurance for medical and hospitalization benefits is adequately provided for our employees.
- c) We also ensure that the environment for our workers and staff is pleasant and well maintained.

Market Place

- a) Use of energy-saving and recycled products whenever possible.
- b) Obtaining market inputs as a basis for the effective quality management system under ISO 9001: 2008.

Acknowledgement

On behalf of the Board, I would like to express our sincere thanks to our valued customers, suppliers, business associates, bankers and you, our shareholder, for the continued support and confidence in us. I also wish to thank our staff and management team for their contributions, energy and commitment.

I remain confident that this strong support, teamwork and co-operation will enable the Group to meet the challenges ahead of us successfully.

**Soon Ah Khun @
Soon Lian Huat**
Group Executive Chairman

13 April 2010





Corporate Information

BOARD OF DIRECTORS

Group Executive Chairman
Soon Ah Khun @ Soon Lian Huat
Executive Director

Group Managing Director
Soon Cheng Hai
Executive Director

Soon Cheng Boon
Executive Director

Soon Hean Hooi
Executive Director

Lee Sieng Tzi @ Vincent Lee
Executive Director

Leong Keng Yuen
Senior Independent Non-Executive Director

Khoo Choon Yam
Independent Non-Executive Director

Datin Seri Shahrizan Binti Abdullah
Non-Independent Non-Executive Director

Ng Poh Tat
Independent Non-Executive Director

EXECUTIVE COMMITTEE

Chairman
Soon Cheng Hai

Members
Soon Ah Khun @ Soon Lian Huat
Soon Cheng Boon
Soon Hean Hooi

AUDIT COMMITTEE

Chairman
Leong Keng Yuen

Members
Khoo Choon Yam
Ng Poh Tat

NOMINATING COMMITTEE

Chairman
Khoo Choon Yam

Members
Leong Keng Yuen
Ng Poh Tat

REMUNERATION COMMITTEE

Chairman
Ng Poh Tat

Members
Soon Cheng Hai
Leong Keng Yuen
Khoo Choon Yam

SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Chiew Cindy (MAICSA 7057923)

REGISTERED OFFICE

55 Medan Ipoh 1A, Medan Ipoh Bistari,
31400 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-5474833 Fax: 605-5474363

PRINCIPAL PLACE OF BUSINESS

Wisma Soon Teik Aun, Jalan Bendahara,
31650 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-2558111 Fax: 605-2543073

WEBSITE AND E-MAIL ADDRESS

Homepage: www.choobee.com.my
E-mail Address: enquiries@choobee.com.my

REGISTRARS

Symphony Share Registrars Sdn. Bhd.
55 Medan Ipoh 1A, Medan Ipoh Bistari,
31400 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-5474833 Fax: 605-5474363

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad

AUDITORS

Ernst & Young
Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad



Profile of Directors

Soon Ah Khun @ Soon Lian Huat

Executive Director and Group Executive Chairman

Aged 72, Malaysian

Soon Ah Khun @ Soon Lian Huat was first appointed Director of Choo Bee Metal Industries Berhad on 19 April 1971 and was subsequently appointed the Group Executive Chairman of Choo Bee Metal Industries Berhad on 1 November 1993.

Soon Ah Khun @ Soon Lian Huat is the founder of Choo Bee Metal Industries Berhad and has over 50 years experience in the iron and steel business. He is credited with the early expansion and transformation of the initial business of trading in iron and steel to an integrated manufacturing, marketing and distribution network that the Group now is. He has diverse practical knowledge and experience in the business and management of iron and steel and related businesses.

Soon Ah Khun @ Soon Lian Huat is the father of Soon Cheng Hai, Soon Cheng Boon and Soon Hean Hooi and father-in-law of Lee Sieng Tzi @ Vincent Lee. He is a director and shareholder in Soon Lian Huat Holdings Sdn. Berhad and a director in Choo Bee Holdings Sdn. Bhd., major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

Soon Cheng Hai

Executive Director and Group Managing Director

Aged 47, Malaysian

Soon Cheng Hai was appointed to the Board on 10 April 1985. He received his higher education in Japan and graduated with a Diploma in Business Management from Sangyo Noritsu College, Japan.

Soon Cheng Hai has substantially worked within the Group for more than 20 years in the various core processes such as management of the supply chain, marketing, product development and manufacturing management. Based on a successful performance record, he was promoted to the position of Group Deputy Managing Director in 1992 and subsequently promoted to Group Managing Director in 1994.

Soon Cheng Hai is the son of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Boon and Soon Hean Hooi are the brothers while Lee Sieng Tzi @ Vincent Lee is the brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

Soon Cheng Boon

Executive Director

Aged 45, Malaysian

Soon Cheng Boon was appointed to the Board on 19 September 1985. He joined Choo Bee Hardwares Sdn. Berhad in 1982 and is currently serving as the Group Business Manager.

Soon Cheng Boon underwent training overseas as well as locally. He has extensive experience in the field of sales and marketing management. He is responsible for the overall business development and formulation of all marketing plans and policies for the Group.

Soon Cheng Boon is the son of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Hai and Soon Hean Hooi are the brothers while Lee Sieng Tzi @ Vincent Lee is the brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.



Profile of Directors (cont'd)

Soon Hean Hooi
Executive Director
Aged 39, Malaysian

Soon Hean Hooi was appointed to the Board on 1 November 1995. He joined Choo Bee Metal Industries Berhad in August 1993 as Group Maintenance Engineer and was later promoted to Assistant Group Factory Manager in 1994.

He received his early secondary education in Melbourne, Australia at Saint Kevin College and subsequently graduated with an Associate Diploma in Mechanical Engineering from the Royal Melbourne Institute of Technology in June 1993. Upon graduation, Soon Hean Hooi has since worked within the Group on various aspects of factory operations management and technical advancements.

Soon Hean Hooi is the son of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Hai and Soon Cheng Boon are the brothers while Lee Sieng Tzi @ Vincent Lee is the brother-in-law. He is a director and shareholder in Choo Bee Holdings Sdn. Bhd. and Soon Lian Huat Holdings Sdn. Berhad, major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

Lee Sieng Tzi @ Vincent Lee
Executive Director
Aged 47, Malaysian

Lee Sieng Tzi @ Vincent Lee was appointed to the Board on 25 September 1998. He joined Choo Bee Metal Industries Berhad in 1989 as a Sales Executive and is currently serving as the Assistant Group Business Manager.

He obtained his Bachelor of Science degree from the University of Dublin, Ireland majoring in Management in July 1985. After graduation, he joined City-Link Express (M) Sdn. Bhd. as an executive prior to joining Choo Bee Metal Industries Berhad.

Lee Sieng Tzi @ Vincent Lee is the son-in-law of Soon Ah Khun @ Soon Lian Huat. Soon Cheng Hai, Soon Cheng Boon and Soon Hean Hooi are the brothers-in-law. He has no conflict of interest with the Company and has had no past conviction for offences.

Leong Keng Yuen
Senior Independent Non-Executive Director
Aged 59, Malaysian

Leong Keng Yuen was appointed to the Board on 25 September 1998. He holds a Bachelor of Engineering degree from the University of Queensland, Australia and a Master of Science in Management from the Massachusetts Institute of Technology, United States. He is a fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Leong Keng Yuen started his career as a Mine Manager in a tin mining company and subsequently held the position of a Mining Executive with The Straits Trading Company Ltd before qualifying as an accountant. He has been in the accounting profession since 1979 initially specialising in Corporate Law and Secretarial Practice and was previously a partner in Ernst & Young. Currently, he is an Independent Non-Executive Director of Hexza Corporation Berhad and Pulai Springs Berhad, companies listed on Bursa Malaysia and OSK Investment Bank Berhad. He is also on the Board of Datin Seri Ting Ngit Foundation, The Perak Chinese Maternity Association and The Perak Chinese Welfare Association. He also holds directorship in several private limited companies.

Leong Keng Yuen does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.



Profile of Directors (cont'd)

Khoo Choon Yam
Independent Non-Executive Director
Aged 57, Malaysian

Khoo Choon Yam was appointed to the Board on 27 December 2001. He graduated from Osaka Industrial University, Japan in 1976 with a Bachelor degree in Engineering.

After graduation, Khoo Choon Yam was trained in Kubota Ltd, Japan prior to his joining Tractors Malaysia Berhad as a Mechanical Engineer in 1977. In 1982, he joined Pilecon Engineering Berhad as an engineer in charge of the construction equipment department. Subsequently in 1992, he was transferred to E&E Equipment Sdn. Bhd., a wholly owned subsidiary of Pilecon Engineering Berhad as an Executive Director. In 1999, he ventured into his own business dealing in construction equipment. He is also a director of several private limited companies.

Khoo Choon Yam does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.

Datin Seri Shahrizan Binti Abdullah
Non-Independent Non-Executive Director
Aged 59, Malaysian

Datin Seri Shahrizan Binti Abdullah was appointed to the Board on 12 June 2004. She holds a Bachelor of Economics degree from University of Malaya. She started as an Advisory Services Executive with Majlis Amanah Rakyat Malaysia after graduation. In 1975, she joined South East Asia Development Corporation as an Investment Analyst and in 1978, became a Financial Analyst with Amanah Chase Merchant Bank. She held the position of Senior Corporate Services Manager in Permodalan Nasional Berhad from 1979 to 1984. She is the chairperson of MIDF Amanah Asset Management Berhad and holds directorships in CIMB Aviva Assurance Berhad, CIMB Aviva Takaful Berhad and other companies which are not listed on the Bursa Malaysia.

Datin Seri Shahrizan Binti Abdullah does not have any family relationship with any other Director and/or major shareholders of the Company. She has no conflict of interest with the Company and has had no past conviction for offences.

Ng Poh Tat
Independent Non-Executive Director
Aged 60, Malaysian

Ng Poh Tat was appointed to the Board on 15 August 2008. He obtained a Bachelor of Laws degree from University of London in 1986 and the Malaysian Certification in Legal Practice in 1987. He practiced as a legal assistant in a local law firm before setting up his own firm as a partner since 1 March 1991. He is also a legal adviser of Perak Chinese Chambers Commerce and Industry.

Ng Poh Tat does not have any family relationship with any other Director and/or major shareholders of the Company. He has no conflict of interest with the Company and has had no past conviction for offences.



Corporate Governance Statement

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Set out below is a statement on how the Group has applied the principles and extent of compliance with the best practices as set out in the Malaysian Code of Corporate Governance ("the Code").

BOARD OF DIRECTORS

Composition and Board Balance

The Group is led by an effective Board with wide and varied technical, financial and commercial experience. The Board currently consists of nine members comprising five executive Directors, three independent non-executive Directors and one non-independent non-executive Director. Three out of the nine Directors are independent. This complies with the Listing Requirements of Bursa Malaysia Securities Berhad to have at least one third of the Board consisting of independent Directors.

The Board is appropriately balanced to reflect the interests of substantial shareholders. The Board is satisfied that the current Board composition with the presence of four non-executive Directors out of a total of nine Directors fairly reflects the investment of the minority shareholders in the Company. The four non-executive Directors are of caliber to carry sufficient weight in Board's decisions. A brief description of the background of each Director is presented in the Profile of Directors.

The roles and responsibilities of the Group Executive Chairman and the Chief Executive Officer who is the Group Managing Director have been clearly defined in the Board Charter to ensure that there is a balance of power and authority.

Leong Keng Yuen acts as the senior independent non-executive Director. Any concerns relating to the Group may be conveyed to him.

The Board will normally hold meetings every quarter and will hold additional meetings as the occasion requires. The Board has a formal schedule of matters reserved to it for decision, including the approval of annual and quarterly results, acquisitions and disposals, as well as material agreements, major capital expenditures and the review of business operations and performance of the Group.

Five Board Meetings were held during the financial year ended 31 December 2009. The details of attendance of each Director at the Board Meetings are as follows:

Name of Directors		No. of meetings attended
Soon Ah Khun @ Soon Lian Huat	- Group Executive Chairman	5 out of 5
Soon Cheng Hai	- Group Managing Director	5 out of 5
Soon Cheng Boon	- Executive Director	5 out of 5
Soon Hean Hooi	- Executive Director	4 out of 5
Lee Sieng Tzi @ Vincent Lee	- Executive Director	5 out of 5
Leong Keng Yuen	- Senior Independent Non-Executive Director	5 out of 5
Khoo Choon Yam	- Independent Non-Executive Director	5 out of 5
Datin Seri Shahrizan Binti Abdullah	- Non-Independent Non-Executive Director	4 out of 5
Ng Poh Tat	- Independent Non-Executive Director	5 out of 5

The Board has delegated certain functions to the Committees it established to assist with the execution of its responsibilities to the Group. The Committees operate under clearly defined terms of reference. The Chairmen of the respective Committees report to the Board the outcome of deliberations of the Committee meetings.



Corporate Governance Statement (cont'd)

1. Executive Committee

The Executive Committee was established on 24 November 2001 and its members consist of Soon Cheng Hai (the Group Managing Director as Chairman of the Committee), Soon Ah Khun @ Soon Lian Huat (Group Executive Chairman), Soon Cheng Boon (Executive Director) and Soon Hean Hooi (Executive Director). The Executive Committee meets quarterly to review the financial and sales performance, operational matters, risk management and audit issues. In attendance at Executive Committee meetings are the Group General Manager and respective heads of operating units, attending as required.

The non-executive Directors were not represented in the Executive Committee. However, minutes of Executive Committee meetings were distributed prior to the Board Meetings. Queries from the non-executive Directors were discussed at the Board Meetings.

2. Audit Committee

The Audit Committee was established on 6 July 1994. The Audit Committee provides a forum for effective communication between the Board, internal auditors and the external auditors. Quarterly and annual financial statements are reviewed by the Audit Committee prior to Board's approval. The Audit Committee also reviews the effectiveness of systems of internal control and risk management practices, as well as the efficiency and effectiveness of the external and internal audit functions.

Other detailed information on the Audit Committee is presented in the Audit Committee Report.

3. Nominating Committee

The Nominating Committee was established on 24 November 2001. The terms of reference of the Nominating Committee include the following:

- Recommend to the Board, candidates for all directorships to be filled;
- Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer (CEO);
- Recommend to the Board, directors to fill the seats on Board committees;
- To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board;
- To carry out annually, the process implemented by the Board for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director;
- Training and orientation of directors; and
- In conjunction with the CEO and the Remuneration Committee, succession planning for the CEO and other senior officers and key group managers.

The members of the Nominating Committee during the financial year, composed wholly of independent non-executive Directors, were as follows:

Name of member

Khoo Choon Yam	- Independent Non-Executive Director (Chairman)
Leong Keng Yuen	- Senior Independent Non-Executive Director
Ng Poh Tat	- Independent Non-Executive Director

The Nominating Committee meets when necessary. Two meetings were held during the financial year ended 31 December 2009. The annual assessments of the Board as a whole, the Committees of the Board and each individual director have been documented and noted.



Corporate Governance Statement (cont'd)

4. Remuneration Committee

The Remuneration Committee was established on 24 November 2001. The terms of reference of the Remuneration Committee include the following:

- To recommend to the Board, the remuneration of the executive directors in all its forms;
- To recommend to the Board, the director's fees to be paid to each of the non-executive Directors; and
- In conjunction with the CEO and the Nominating Committee, succession planning for key group managers and staff.

The members of the Remuneration Committee during the year, composed mainly of non-executive Directors, were as follows:

Name of member

Ng Poh Tat	- Independent Non-Executive Director (Chairman)
Soon Cheng Hai	- Executive Director and Group Managing Director
Leong Keng Yuen	- Senior Independent Non-Executive Director
Khoo Choon Yam	- Independent Non-Executive Director

The Remuneration Committee meets when necessary. Three meetings were held during the financial year ended 31 December 2009.

Supply of Information

All Directors review a quarterly Board report prior to the Board meeting. This enables the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following details:

- quarterly financial results;
- annual audited financial statements;
- operational report;
- corporate plans, major issues and opportunities for the Group;
- changes to management and control structure of the Group;
- framework for risk management;
- policies and procedures; and
- reports to Shareholders and public announcements.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. All Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

Appointments to the Board

The Nominating Committee reviews the composition of the Board annually and makes recommendations to the Board where considered necessary to ensure the Board comprises an appropriate mix of skills and experience.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. During the financial year ended 31 December 2009, the following training programmes and seminars were attended by the Directors:

- Duties and Liabilities of Company Directors/Officers
- Financial Instruments FRS 139, 132 & 7
- Financial Essentials for Non Financial Professionals
- Financial Instrument Update – FRS 4 & FRS 7
- Product Innovations: Competitiveness and Productivity
- Bankruptcy and Estate Planning
- Introduction to Islamic Investment Banking
- 2010 Budget Seminar

The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.



Corporate Governance Statement (cont'd)

Re-election

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all Directors shall retire at least once in three years.

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

The Company has adopted the principles recommended by the Code whereby the level of remuneration of the Directors is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of executive Directors, their remuneration is linked to their level of responsibilities, experience, contribution, individual as well as Group performance. For the non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them.

The details of the Directors' remuneration for the financial year ended 31 December 2009 are as follows:

Directors' Remuneration	Executive Directors	Non-Executive Directors
	RM	RM
Fee	139,044	100,000
Salaries and EPF	2,256,865	-
Bonus	1,210,995	-
Allowances	-	58,200
Benefits-in-kind	68,326	-

Directors' Remuneration RM	Number of Directors	
	Executive Directors	Non-Executive Directors
Below 50,000	-	4
100,000 - 150,000	1	-
150,000 - 200,000	1	-
200,000 - 250,000	1	-
250,000 - 300,000	1	-
300,000 - 350,000	1	-
350,000 - 400,000	1	-

In the interest of confidentiality, individual remuneration of each Director has not been disclosed. The Board is of the view that the band disclosure method as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and adopted by the Board has adequately addressed the transparency and accountability aspects of Corporate Governance in respect of the Directors' remuneration.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Dialogue between Company and Investors

The Board recognises the importance of good communication with shareholders and investors regarding all material business matters. The Company views that timely dissemination of information is important, therefore such communication is done through various disclosures and announcements to the Bursa Malaysia Securities Berhad, the annual report and circular to shareholders. The financial results of the Company and the Group and other corporate announcements are accessible via the Bursa Malaysia Securities Berhad's website and the Company's website at www.choobee.com.my. General corporate information and product information are also available at the Company's website.



Corporate Governance Statement (cont'd)

During the financial year in review, the Company has been involved in investor relations activities to keep shareholders duly informed on the performance of the Company. There were meetings with the media, local fund managers and analysts to provide insights on the operations, financial performance and latest developments in the Group.

The Company appreciates feedback from their valued shareholders and in this regard, investor relations aim to serve as a channel for shareholders to provide such feedback and views on the Company's performance and direction.

Annual General Meeting

The Annual General Meeting serves as an ideal opportunity for dialogue and interaction with both institutional and individual shareholders. During the meeting, shareholders are given the opportunity to enquire and comment on matters relating to the Group's business and all directors are available to provide responses.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in reviewing information to be disclosed to ensure accuracy, adequacy and quality of reporting.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that year.

In preparing the financial statements for the financial year ended 31 December 2009, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Company.

Internal Control

The Board is committed to maintain sound systems of internal control to safeguard shareholders' investment and the Company's assets. The overview of the state of internal controls of the Group is presented in the Statement on Internal Control.

Relationship with the Auditors

The Company has established transparent and appropriate relationships with the Company's auditors through the Audit Committee. The role of the Audit Committee in relation to both the external and internal auditors is described in the Audit Committee Report.



Additional Compliance Information

UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year.

SHARE BUYBACK

The information on share buybacks for the financial year is presented in the Directors' Report.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any warrants or convertible securities during the financial year. There was no Employees' Shares Options Scheme during the financial year.

AMERICAN DEPOSITORY (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR Programme during the financial year.

SANCTIONS/PENALTIES IMPOSED

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.

NON-AUDIT FEE

Non-audit fee amounting to approximately RM18,300 was paid to the external auditors for the Group during the financial year.

PROFIT ESTIMATE, FORECAST OR PROJECTION

There is no material variance between the result for the financial year and unaudited result previously announced. The Company did not make or release any profit estimate, forecast or projection for the financial year.

PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year.

MATERIAL LITIGATIONS

Other than as disclosed in Note 34 to the financial statements, there were no other material litigations faced by the Group.

MATERIAL CONTRACTS

Other than as disclosed in Note 35 to the financial statements, there were no material contracts entered into by the Group during the financial year.

REVALUATION OF LANDED PROPERTIES

There were no revaluations of landed properties during the financial year.



Audit Committee Report

MEMBERS AND MEETINGS

The Audit Committee comprises three independent non-executive Directors with Leong Keng Yuen who is a member of the Malaysian Institute of Accountants, as Chairman. The Chairman meets regularly with senior management to be kept informed of matters affecting the Group.

During the financial year, the Audit Committee convened six meetings. The members of the Audit Committee, and their attendance at the meetings, were as follows:

Name of Member		No. of Meetings Attended
Leong Keng Yuen	- Senior Independent Non-Executive Director (Chairman)	6 out of 6
Khoo Choon Yam	- Independent Non-Executive Director	5 out of 6
Ng Poh Tat	- Independent Non-Executive Director	6 out of 6

The Group's external auditors were in attendance at two meetings during the financial year. Discussions between the Audit Committee and the external auditors were held in both meetings without the presence of any Group's executives.

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:

- (a) the Audit Committee must be composed of no fewer than 3 members;
- (b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) at least one member of the Audit Committee;
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) 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
 - (iii) fulfills such other requirements as prescribed or approved by the Exchange.

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

The Board shall, within 3 months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below 3, appoint such number of new members as may be required to make up the minimum number of 3 members.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every 3 years.

Rights

The Audit Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

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



Audit Committee Report (cont'd)

Functions

The functions of the Audit Committee shall include the following:

- (1) review the following and report the same to the Board:
 - (a) with the external auditors, their audit plan;
 - (b) with the external auditors, their evaluation of the system of internal controls;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) 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;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) 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;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.

Meetings

Meetings of the Audit Committee shall be held not less than 4 times a year. The Audit Committee shall meet with the external auditors without executive board members present at least twice a year. The Chairman shall convene a meeting whenever any member of the Audit Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Audit Committee and external auditor where applicable. The quorum for a meeting of the Audit Committee shall be 2 Provided Always that the majority of members present must be independent Directors.

Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation. The Company Secretary shall be the Secretary of the Audit Committee.

Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Audit Committee and circulate such minutes to all members of the Board.



Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2009 in the discharge of its duties and responsibilities:

- Reviewed and approved the revised Internal Audit Charter;
- Reviewed and approved the Internal Audit plan, strategy and scope of work;
- Reviewed and deliberated on the Internal Audit reports, recommendations and management responses;
- Reviewed the audit strategy and scope for the statutory audits of the Group accounts for the financial year ended 31 December 2009 with the external auditors prior to the commencement of audit;
- Considered the nomination, appointment and resignation of external auditors;
- Reviewed and discussed the external auditors' management letter for issues noted in the course of the audit;
- Reviewed the annual audited financial statements of the Group prior to submission to the Board for consideration and approval;
- Reviewed the unaudited quarterly reports to Bursa Malaysia Securities Berhad before recommending to the Board for approval; and
- Reviewed the related party transactions and conflict of interest situations which arose within the Group during the year.

INTERNAL AUDIT FUNCTION

The Group has a System Assurance Department which carries out the Internal Audit function. It reports to the Audit Committee and assists the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group. The functions and responsibilities of the Internal Audit function are embodied in the Internal Audit Charter which has been revised and approved by the Board during the financial year. The costs incurred by the Internal Audit function for the financial year ended 31 December 2009 amounted to approximately RM124,000.

During the financial year ended 31 December 2009, the following activities were carried out by the Internal Audit function:

- Reviewed and assessed the adequacy and integrity of internal control systems of the Group;
- Reported on findings of assessment on internal control system and recommended improvements to the control weaknesses found;
- Reviewed and reported on the follow-up of previous audit findings;
- Presented the Internal Audit Plan to the Audit Committee for approval; and
- Revised and presented the Internal Audit Charter to the Audit Committee for approval.



Statement on Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors should maintain sound systems of internal control to safeguard shareholders' investment and the Group's assets.

The Board is pleased to set out below our Group's Statement on Internal Control, made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining sound systems of internal control in the Group to ensure good corporate governance as well as reviewing its adequacy and integrity on a continuous basis.

The systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives due to the limitations that are inherent in any system of internal control. Accordingly, these systems can only provide reasonable and not absolute assurance against material misstatement or loss and fraud or breach of regulations.

SYSTEMS OF INTERNAL CONTROL

Group management comprising the Executive Directors and senior management, is collectively responsible for developing, implementing and monitoring the systems of internal control, and providing assurance to the Board that policies adopted by the Board are adhered to. Under the purview of the Group Managing Director, the respective heads of department of the Group are responsible for managing their respective operations and monitoring the systems of internal control within the established framework. The salient features of the framework are as follows:

- the Quality Management System of the Group is accredited to international quality standard ISO 9001 : 2008. The operations of the Group adopt a Quality Policy and Quality Objectives consistent with the standards for accreditation;
- the Board receives and reviews quarterly financial and operations reports from the management;
- there is clearly defined delegation of authority and function to Board Committees and to operating units. Authorisation to approve transactions is set out in the Group's Summary of Authority Limits;
- the Systems Assurance Department, reporting to the Audit Committee, provides independent assurance by performing checks for compliance with the systems of internal control; and
- the Audit Committee, on behalf of the Board, holds discussions with management on the action taken on internal control issues identified in reports prepared by the Systems Assurance Department, the external auditors and the management.

The Audit Committee discusses issues relating to internal controls when highlighted by the external auditors in the course of their statutory audit of the financial statements of the Group. Appropriate action is taken by Group management to implement decisions made by the Committee.

During the current financial year, there were no major weaknesses of internal control which result in material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. The Board and management continue to take appropriate measures to strengthen the control environment in the Group.

CONTROL ENVIRONMENT

The Group continuously reviews its policies to better reflect the Group's objectives in areas such as corporate values, code of conduct, development of key competencies, retention of personnel and performance management. On-going internal and external training programmes are undertaken to improve employees' technical and non-technical skills.



Statement on Internal Control (cont'd)

CONTROL PROCEDURES

Control procedures for day-to-day financial and operational activities are in place and these include:

- Timely preparation and monthly review of financial and operating performance and productivity;
- Segregation of duties over verification, authorisation and reconciliation processes;
- Controls over information systems.

The next steps include:-

- establishment of procedures manual;
- clearly defined controls over physical assets;
- legal and regulatory compliance activities.

RISK MANAGEMENT

The Board recognises management of principal risks faced by the Group to be an essential part of the Group's operations. The process promotes awareness and ownership values in employees on their roles and responsibilities in managing risks in achieving the Group's business objectives. They are also responsible for managing risks and enforcing internal controls associated with the operations to ensure compliance with applicable laws and regulations. Group management analyses and reviews all risks arising from our business and documents this as a Framework for Risk Management.

The existing risk management process was further formalised during the year for the following activities:-

- Establishment of risk management procedure;
- Preparation of risk management form;
- Summarisation of risks into risk register;
- Regular reporting on risk mitigation plan.

REVIEW OF THE STATEMENT

The external auditors have reviewed this Statement on Internal Control in accordance with the Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and reported to the Board that the Statement appropriately reflects the process adopted by the Board in reviewing the adequacy and integrity of the systems of internal control.



Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

Principal activities

The Company is principally engaged in the processing of steel coils into steel products, fabrication of steel products and trading of hardware products.

The principal activities of the subsidiary companies are as disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

Results

	Group RM	Company RM
Profit for the year	19,494,280	13,526,395

In the opinion of the directors, the results of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 December 2008 was a final dividend of 6% less 25% taxation on 105,421,200 ordinary shares amounting to RM4,743,954 in respect of the financial year ended 31 December 2008.

At the forthcoming Annual General Meeting, a final dividend in respect of financial year ended 31 December 2009 of 6% less 25% taxation on 105,143,600 ordinary shares, amounting to a dividend payable of RM4,731,462 will be proposed for shareholders approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Issue of shares and debentures

The Company has not issued any new shares or debentures during the financial year.



Directors' Report (cont'd)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 19 June 2009, renewed the approval for the Company to repurchase its own shares. Details of the shares repurchased and held as treasury shares are as follows:

Month	No. of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As at 1 January 2009	4,055,000	2.79	1.01	1.53	6,187,950
January	10,000	1.17	1.16	1.18	11,793
February	24,000	1.19	1.17	1.18	28,365
March	162,600	1.15	1.09	1.12	182,450
April	79,500	1.38	1.18	1.30	103,333
May	52,100	1.47	1.41	1.43	74,544
June	98,600	1.49	1.43	1.48	145,889
August	900	1.59	1.59	1.64	1,474
September	222,700	1.55	1.47	1.50	332,999
October	43,000	1.45	1.45	1.46	62,806
November	11,000	1.50	1.50	1.51	16,620
As at 31 December 2009	4,759,400				7,148,223

Further relevant details are disclosed in Note 25(b) to the financial statements.

Share options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Soon Ah Khun @ Soon Lian Huat
 Soon Cheng Hai
 Soon Cheng Boon
 Leong Keng Yuen
 Datin Seri Shahrizan Binti Abdullah
 Khoo Choon Yam
 Soon Hean Hooi
 Lee Sieng Tzi @ Vincent Lee
 Ng Poh Tat



Directors' Report (cont'd)

Directors' benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in Note 7 to 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 he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Notes 21 and 31 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related companies during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	Balance as at 1 Jan 2009	Bought	Sold	Balance as at 31 Dec 2009
The Company				
Direct interest				
Soon Ah Khun @ Soon Lian Huat	430,600	-	-	430,600
Soon Cheng Hai	704,000	-	-	704,000
Soon Cheng Boon	698,000	-	-	698,000
Leong Keng Yuen	26,000	-	-	26,000
Soon Hean Hooi	2,815,855	18,000	-	2,833,855
Lee Sieng Tzi @ Vincent Lee	591,000	-	-	591,000
Datin Seri Shahrizan Binti Abdullah	46,000	-	-	46,000
Deemed interest by virtue of shares held by companies in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	54,423,000	237,000	-	54,660,000
Deemed interest by virtue of shares held by immediate family members of the directors				
Soon Ah Khun @ Soon Lian Huat	5,248,295	18,000	-	5,266,295
Soon Cheng Boon	15,000	-	-	15,000
Shares in ultimate holding company, Soon Lian Huat Holdings Sdn. Berhad				
Direct interest				
Soon Ah Khun @ Soon Lian Huat	62,000	-	-	62,000
Soon Cheng Hai	226,667	-	-	226,667
Soon Cheng Boon	226,667	-	-	226,667
Soon Hean Hooi	226,666	-	-	226,666



Directors' Report (cont'd)

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each			
	Balance as at 1 Jan 2009	Bought	Sold	Balance as at 31 Dec 2009
Deemed interest by virtue of shares held by immediate family members of the director				
Soon Ah Khun @ Soon Lian Huat	730,000	-	-	730,000
Shares in other related company, Choo Bee Holdings Sdn. Bhd.				
Direct interest				
Soon Cheng Hai	161,829	-	-	161,829
Soon Cheng Boon	161,829	-	-	161,829
Soon Hean Hooi	161,832	-	-	161,832
Deemed interest by virtue of shares held by companies in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	2,508,314	-	-	2,508,314

By virtue of his interest in the Company and in the ultimate holding company, Mr. Soon Ah Khun @ Soon Lian Huat is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company and the ultimate holding company have interests.

Other than as disclosed above, none of the other directors have any direct or deemed interest in the shares of the Company or its related companies during the financial year.

Ultimate holding company

The directors regard Soon Lian Huat Holdings Sdn. Berhad, a company incorporated in Malaysia, as the ultimate holding company.

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.



Directors' Report (cont'd)

Other statutory information (cont'd)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2010.

Soon Cheng Hai

Soon Cheng Boon

Ipoh, Perak Darul Ridzuan, Malaysia



Statement by Directors

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

We, Soon Cheng Hai and Soon Cheng Boon, being two of the directors of Choo Bee Metal Industries Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 80 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2010.

Soon Cheng Hai

Ipoh, Perak Darul Ridzuan, Malaysia

Soon Cheng Boon

Statutory Declaration

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

I, Raymond Ng Kuan Wai, being the officer primarily responsible for the financial management of Choo Bee Metal Industries Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 80 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Raymond Ng Kuan Wai
at Ipoh in the State of Perak Darul Ridzuan
on 13 April 2010.

Raymond Ng Kuan Wai

Before me,

Commissioner for Oaths
Mohd Yusof bin Haron
KPP, PNPBB, PJK



Independent Auditors' Report

to the members of Choo Bee Metal Industries Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Choo Bee Metal Industries Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 80.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.
- (c) The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



Independent Auditors' Report

to the members of Choo Bee Metal Industries Berhad (Incorporated in Malaysia) (cont'd)

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.

Ernst & Young

AF: 0039
Chartered Accountants

Loke Siew Heng

No. 2871/07/11 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 13 April 2010



Income Statements

for the year ended 31 December 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Revenue	3	404,418,301	580,057,440	195,574,307	275,258,141
Investments revenue	5	83,821	126,879	677,161	410,034
Other gains and losses	6	(878,878)	(3,062,609)	(329,935)	(1,241,955)
Other operating income		1,636,449	1,224,751	773,562	442,355
Changes in inventories of manufactured goods and trading goods		(7,088,967)	(4,381,469)	4,098,324	2,439,478
Raw materials and consumables used		(157,024,157)	(159,441,929)	(156,135,624)	(188,227,079)
Purchase of trading goods		(178,492,559)	(282,149,691)	(3,133,058)	(18,873,114)
Net write down of inventories	19	(4,699,945)	(46,567,407)	(2,105,228)	(33,663,675)
Directors' remuneration	7	(3,805,492)	(5,073,952)	(2,062,886)	(2,063,163)
Employee benefits expenses	8	(8,699,778)	(9,598,605)	(4,795,399)	(5,342,991)
Impairment loss of goodwill		-	(1,295,377)	-	-
Impairment loss of property, plant and equipment		(319,300)	(770,986)	(280,768)	(542,214)
Depreciation and amortisation		(5,667,769)	(6,197,195)	(4,754,391)	(5,237,932)
Finance costs	9	(725,090)	(5,760,769)	(903,861)	(3,927,236)
Other expenses		(12,304,200)	(19,308,513)	(8,410,167)	(12,184,024)
Profit before taxation	10	26,432,436	37,800,568	18,212,037	7,246,625
Income tax expense	11	(6,938,156)	(9,540,523)	(4,685,642)	(873,103)
Profit for the year		19,494,280	28,260,045	13,526,395	6,373,522
Attributable to equity holders of the Company		19,494,280	28,260,045	13,526,395	6,373,522
Earnings per share					
Basic (sen per share)	12	18.5	26.6		
Diluted (sen per share)	12	18.5	26.6		

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



Balance Sheets

as at 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Assets					
Non-current assets					
Property, plant and equipment	13	112,669,999	112,947,747	101,375,068	101,635,606
Prepaid interests in leased land	14	4,950,051	5,052,642	3,393,351	3,462,262
Investment properties	15	2,280,000	2,000,000	1,850,000	1,850,000
Investment in subsidiary companies	16	-	-	26,673,376	26,673,376
Other investments	17	35	35	35	35
Goodwill on consolidation	18	87,096	87,096	-	-
Deferred tax assets	28	-	160,000	-	-
Total non-current assets		119,987,181	120,247,520	133,291,830	133,621,279
Current assets					
Inventories	19	179,831,096	213,847,936	104,661,322	126,290,325
Trade and other receivables	20	108,825,753	124,727,033	57,269,201	69,745,417
Current tax assets		2,255,230	3,126,855	-	901,319
Other assets	22	2,797,911	1,810,999	2,560,298	1,621,328
Short-term investment	23	2,000,000	-	2,000,000	-
Cash and cash equivalents	24	7,257,569	5,551,764	2,021,245	3,553,860
Total current assets		302,967,559	349,064,587	168,512,066	202,112,249
Total assets		422,954,740	469,312,107	301,803,896	335,733,528
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	25	109,903,000	109,903,000	109,903,000	109,903,000
Treasury shares	25	(7,148,223)	(6,187,950)	(7,148,223)	(6,187,950)
Reserves	26	25,301,298	25,301,298	24,115,005	24,115,005
Retained earnings	26	245,546,958	230,796,632	139,319,102	130,536,661
Total equity		373,603,033	359,812,980	266,188,884	258,366,716
Non-current liabilities					
Retirement benefits obligation	27	567,722	559,004	475,440	478,734
Deferred tax liabilities	28	11,796,577	9,377,017	11,476,000	8,628,000
Total non-current liabilities		12,364,299	9,936,021	11,951,440	9,106,734
Current liabilities					
Trade and other payables	29	8,781,051	5,192,839	1,229,706	1,814,180
Borrowings	30	23,580,017	88,562,979	19,650,000	63,520,343
Current tax liabilities		370,646	499	369,307	-
Other liabilities	32	4,255,694	5,806,789	2,414,559	2,925,555
Total current liabilities		36,987,408	99,563,106	23,663,572	68,260,078
Total liabilities		49,351,707	109,499,127	35,615,012	77,366,812
Total equity and liabilities		422,954,740	469,312,107	301,803,896	335,733,528
Net tangible assets per ordinary share		3.55	3.40		

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



Statements of Changes in Equity

for the year ended 31 December 2009

Group	Note	Share capital RM	Treasury shares RM	Attributable to equity holders of the Group		Total equity RM
				Non-distributable Share premium RM	Distributable General reserve Retained earnings RM	
At 1 January 2008		109,903,000	(5,677,412)	24,115,005	1,186,293	207,252,657
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	28,260,045
Dividends	33	-	-	-	-	(4,716,070)
Buy-back of ordinary shares	25(b)	-	(510,538)	-	-	(510,538)
At 31 December 2008		109,903,000	(6,187,950)	24,115,005	1,186,293	230,796,632
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	19,494,280
Dividends	33	-	-	-	-	(4,743,954)
Buy-back of ordinary shares	25(b)	-	(960,273)	-	-	(960,273)
At 31 December 2009		109,903,000	(7,148,223)	24,115,005	1,186,293	245,546,958

Company	Note	Share capital RM	Treasury shares RM	Attributable to equity holders of the Company		Total equity RM
				Non-distributable Share premium RM	Distributable Retained earnings RM	
At 1 January 2008		109,903,000	(5,677,412)	24,115,005	128,879,209	257,219,802
Profit for the year, representing total recognised income and expense for the year		-	-	-	6,373,522	6,373,522
Dividends	33	-	-	-	(4,716,070)	(4,716,070)
Buy-back of ordinary shares	25(b)	-	(510,538)	-	-	(510,538)
At 31 December 2008		109,903,000	(6,187,950)	24,115,005	130,536,661	258,366,716
Profit for the year, representing total recognised income and expense for the year		-	-	-	13,526,395	13,526,395
Dividends	33	-	-	-	(4,743,954)	(4,743,954)
Buy-back of ordinary shares	25(b)	-	(960,273)	-	-	(960,273)
At 31 December 2009		109,903,000	(7,148,223)	24,115,005	139,319,102	266,188,884

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



Cash Flow Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities					
Profit before taxation		26,432,436	37,800,568	18,212,037	7,246,625
Adjustments for:					
Allowance for doubtful debts		511,901	4,433,960	271,798	1,246,389
Allowance for doubtful debts no longer required		(1,405,435)	(79,465)	(674,057)	(41,000)
Allowance for diminution in value of quoted investment		-	46	-	46
Amortisation of prepaid interests in leased land		102,591	101,939	68,911	72,052
Bad debts written off		3,514	-	-	-
Depreciation of property, plant and equipment		5,565,178	6,095,256	4,685,480	5,165,880
Finance costs	9	725,090	5,760,769	903,861	3,927,236
Gain on disposal of investment properties		-	(94,731)	-	-
Impairment of goodwill		-	1,295,377	-	-
Impairment loss of property, plant and equipment		319,300	770,986	280,768	542,214
Interest income		(315,477)	(1,062,168)	(89,394)	(374,848)
Investment revenue		(83,821)	(126,879)	(677,161)	(410,034)
Net write down of inventories		4,699,945	46,567,407	2,105,228	33,663,675
Provision for retirement benefits - net		61,042	76,262	33,084	63,790
Loss/(Gain) on disposal of prepaid interests in leased land and property, plant and equipment		5,719	(1,899,288)	(5,293)	(1,919,251)
Property, plant and equipment written off		49,776	-	5,281	-
Fair value adjustment of investment properties		(172,883)	-	-	-
Unrealised loss/(gain) on foreign exchange		110,781	(58,425)	109,997	(71,136)
Operating profit before working capital changes		36,609,657	99,581,614	25,230,540	49,111,638
Changes in working capital:					
Inventories		29,316,895	(29,712,777)	19,523,775	(38,262,692)
Trade and other receivables		16,680,401	28,340,926	8,155,780	17,832,108
Other assets		(1,214,612)	(1,010,326)	(1,166,670)	(1,056,835)
Trade and other payables		3,588,212	(9,496,383)	(584,474)	(1,875,565)
Other liabilities		(1,551,095)	(486,840)	(510,996)	(493,966)
Cash generated from operating activities		83,429,458	87,216,214	50,647,955	25,254,688
Interest income		315,477	1,062,168	89,394	374,848
Income tax refunded		-	272,204	-	272,204
Income tax paid		(3,116,824)	(16,825,301)	(427,001)	(3,837,164)
Retirement benefits paid		(52,324)	(32,368)	(36,378)	(19,480)
Net cash generated from operating activities		80,575,787	71,692,917	50,273,970	22,045,096



Cash Flow Statements

for the year ended 31 December 2009 (cont'd)

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from investing activities					
Repayments from subsidiary companies		-	-	4,612,698	24,469,083
Proceeds from disposal of prepaid interests in leased land and property, plant and equipment		108,190	2,987,982	85,712	2,816,882
Interest received on advance granted to subsidiary companies		-	-	68,002	312,577
Proceeds from disposal of investment properties		-	500,000	-	-
Interest on investment funds and fixed deposits		50,818	94,357	29,596	78,135
Rental received		33,000	32,400	19,500	19,200
Proceeds from disposal of quoted investments		-	38	-	38
Purchase of unquoted investment funds		(2,000,000)	-	(2,000,000)	-
Dividends received from quoted investments		3	3	3	3
Dividends received from subsidiary companies		-	-	420,045	-
Purchase of property, plant and equipment		(5,649,832)	(9,654,625)	(4,563,710)	(8,989,398)
Net cash (used in)/generated from investing activities		(7,457,821)	(6,039,845)	(1,328,154)	18,706,520
Cash flows from financing activities					
Net repayment of short-term borrowings		(64,408,518)	(49,872,538)	(43,296,000)	(28,631,312)
Finance costs paid		(725,090)	(5,760,769)	(903,861)	(3,927,236)
Dividends paid	33	(4,743,954)	(4,716,070)	(4,743,954)	(4,716,070)
Repayment of term loan		-	(3,695,110)	-	(3,695,110)
Repurchase of own shares	25(b)	(960,273)	(510,538)	(960,273)	(510,538)
Net cash used in financing activities		(70,837,835)	(64,555,025)	(49,904,088)	(41,480,266)
Net increase/(decrease) in cash and cash equivalents		2,280,131	1,098,047	(958,272)	(728,650)
Cash and cash equivalents at beginning of year		4,977,421	3,879,374	2,979,517	3,708,167
Cash and cash equivalents at end of year	24	7,257,552	4,977,421	2,021,245	2,979,517
Property, plant and equipment were acquired by the following means:					
Cash		5,649,832	9,654,625	4,563,710	8,989,398
Other assets		227,700	153,792	227,700	153,792
		5,877,532	9,808,417	4,791,410	9,143,190

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



Notes to the Financial Statements

– 31 December 2009

1. Corporate information

The Company is principally engaged in the processing of steel coils into steel products, fabrication of steel products and trading of hardware products. The principal activities of the subsidiary companies are as disclosed in Note 16.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at Wisma Soon Teik Aun, Jalan Bendahara, 31650 Ipoh, Perak Darul Ridzuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.2 Summary of significant accounting policies

(a) Subsidiary companies and basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiary companies and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiary companies are accounted for using acquisition accounting. Acquisition accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. Recognition and measurement of impairment losses is as stated in Note 2.2(e).

Freehold land has an unlimited useful life and therefore is not depreciated.

The directors have applied the transitional provisions of International Accounting Standard 16 (Revised) - Property, Plant and Equipment by virtue of which, a reporting enterprise which does not adopt a policy of revaluation, is allowed to retain revalued amounts on the basis of their previous revaluation (subject to continuity in depreciation policy and the requirement to write down an asset to its recoverable amount) which is adopted by Malaysian Accounting Standards Board ("MASB").

Capital work-in-progress is stated at cost and is not depreciated as these assets are not available for use. Capital work-in-progress comprises directly attributable costs incurred in preparing these assets for their intended use.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings	2%
Plant and machinery	2.9% to 10%
Electrical installation	5%
Furniture, fittings, equipment and vehicles	5% to 20%
Renovations	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

(e) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets (other than investment properties, inventories, deferred tax assets and financial assets, which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets (cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use. 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 for which the estimated of future cash flows have not been adjusted.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2 (d)).

(ii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Leases (cont'd)

(ii) Operating leases - the Group as lessee (cont'd)

Short-term prepaid interest in leased land is amortised evenly over the lease periods of 35 to 49 years.

Long-term prepaid interest in leased land is amortised evenly over the lease periods ranging from 69 to 83 years. One of the long-term prepaid interest in leased land with lease period of 888 years is not amortised as the effect of non-amortisation is not expected to be material.

(iii) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of relevant lease (Note 2.2(m)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(g) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on the "Weighted Average" method. The cost of raw materials and trading goods comprise the original purchase price plus cost incurred in bringing the inventories to their present location. Cost of manufactured goods includes the cost of raw materials, direct labour and a proportion of production overheads.

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

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short-term highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiary companies and investment properties are stated at cost less any impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Short-term investment

Short-term investment is carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on net asset value. Increase or decrease in the carrying amount of short-term investment is credited or charged to the income statement. On disposal of short-term investment, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement.

(iv) Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

(v) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Financial instruments (cont'd)

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(viii) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(j) Provisions

Provisions for liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, its carrying amount is the present value of those cash flow.

(k) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the statutory defined contribution plans, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(iii) Retirement benefits

The Group operates a non-contributory unfunded retirement benefits scheme for those employees who are eligible. As permitted by FRS 108, policies required by FRS need not be applied when the effect of applying them is immaterial. Accordingly, in view of the insignificance of the effects of the retirement benefits scheme, the following policy has been adopted.

Provision has been made in the financial statements for retirement benefits of eligible employees who have completed the minimum qualifying period of eight years of continuous service and is computed after taking into consideration the length of service and basic salary earnings of the eligible employees upon reaching the age of retirement.

The provision is charged to the income statement on a systematic basis over the expected remaining working lives of the employees covered by the retirement benefits scheme. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back.

(l) Foreign currencies

In preparing the financial statements of the Group and the Company, transactions in currencies other than the Group's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of goods

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transactions will flow to the entity; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Revenue recognition (cont'd)

(ii) Dividend income

Dividend income represents gross dividends from quoted and unquoted investment and is recognised when the shareholder's right to receive payment is established.

(iii) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iv) Rental income

Rental income is accrued on a time proportion basis, by reference to the agreements entered. Rental income from investment properties is recognised on a straight-line basis over the term of relevant lease.

(n) Borrowing costs

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.3 Standards and IC Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, revised FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs (revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and IC Interpretations issued but not yet effective (cont'd)

FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRSs	'Improvements to FRSs (2009)'	1 January 2010
Amendments to FRS 139 and FRS 7	Financial Instruments: Recognition and Measurement and Financial Instruments: Disclosures	1 January 2010
IC Interpretation 9 and Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
TR i – 3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and IC Interpretations issued but not yet effective (cont'd)

FRS 8: Operating Segment

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 136 Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8. The adoption of this amendment will not have any significant impact on the financial statements of the Group other than changes on disclosures.

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Changes in estimates

The Group and the Company revised the residual values of certain motor vehicles and estimated useful lives of certain machineries with effect from 1 January 2009. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group and the Company for the current financial year end have been reduced by RM752,191 and RM596,065 respectively.

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment of the Group and of the Company as at 31 December 2009 were RM112,669,999 and RM101,375,068 respectively.

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. The assumptions used, results and conclusion of the impairment assessment are stated in Note 13 to these financial statements.

(ii) Estimated useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill and brands are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2009 was RM87,096 (2008 : RM87,096). Further details are disclosed in Note 18.

(iv) Recoverability of receivables

The carrying amounts of third-party trade and other receivables of the Group and of the Company as at 31 December 2009 were RM108,825,753 (2008 : RM124,727,033) and RM46,185,179 (2008 : RM54,048,697).

The allowance for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amount dues according to the original term of receivables. This is determined based on the aging profile and collection patterns.

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Manufacturing sales	147,966,676	210,058,107	183,567,892	241,946,906
Trading sales	256,451,625	369,999,333	12,006,415	33,311,235
	<u>404,418,301</u>	<u>580,057,440</u>	<u>195,574,307</u>	<u>275,258,141</u>

4. Segment reporting

(i) Business segments

For management purposes, the Group is organised into trading and manufacturing divisions.

Unallocated assets and liabilities include items that cannot be reasonably allocated to individual segments.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

4. Segment reporting (cont'd)

(i) Business segments (cont'd)

Group 2009	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Revenue				
External sales	256,451,625	147,966,676	-	404,418,301
Inter-segment sales	18,736,948	39,136,798	(57,873,746)	-
	<u>275,188,573</u>	<u>187,103,474</u>	<u>(57,873,746)</u>	<u>404,418,301</u>
Results				
Segment results	<u>11,760,649</u>	<u>19,670,258</u>	<u>(3,855,598)</u>	<u>27,575,309</u>
Unallocated corporate expense				(417,783)
Finance costs				(725,090)
				<u>26,432,436</u>
Profit before taxation				(6,938,156)
Income tax expense				<u>19,494,280</u>
Profit for the year				
Other information				
Capital expenditure	(1,277,185)	(4,774,643)	174,296	(5,877,532)
Net write down of inventories	(2,369,326)	(2,330,619)	-	(4,699,945)
Depreciation and amortisation charges	(488,337)	(5,179,432)	-	(5,667,769)
Impairment loss of property, plant and equipment	-	(319,300)	-	(319,300)
Property, plant and equipment written off	(44,817)	(4,959)	-	(49,776)
Consolidated balance sheet				
Assets				
Segment assets	150,400,936	262,453,577	(3,779,707)	409,074,806
Unallocated corporate assets				13,879,934
Consolidated total assets				<u>422,954,740</u>
Liabilities				
Segment liabilities	14,715,748	22,468,736	-	37,184,484
Unallocated corporate liabilities				12,167,223
Consolidated total liabilities				<u>49,351,707</u>



Notes to the Financial Statements

– 31 December 2009 (cont'd)

4. Segment reporting (cont'd)

(i) Business segments (cont'd)

Group 2008	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Revenue				
External sales	369,999,333	210,058,107	-	580,057,440
Inter-segment sales	29,125,471	36,484,793	(65,610,264)	-
	<u>399,124,804</u>	<u>246,542,900</u>	<u>(65,610,264)</u>	<u>580,057,440</u>
Results				
Segment results	<u>44,394,564</u>	<u>865,955</u>	<u>(1,316,275)</u>	43,944,244
Unallocated corporate expense				(382,907)
Finance costs				(5,760,769)
				<u>37,800,568</u>
Profit before taxation				(9,540,523)
Income tax expense				<u>28,260,045</u>
Profit for the year				<u>28,260,045</u>
Other information				
Capital expenditure	(1,535,952)	(9,042,520)	770,055	(9,808,417)
Net write down of inventories	(12,771,537)	(33,795,870)	-	(46,567,407)
Depreciation and amortisation charges	(574,935)	(5,622,260)	-	(6,197,195)
Impairment loss of property, plant and equipment	-	(770,986)	-	(770,986)
Consolidated balance sheet				
Assets				
Segment assets	175,653,806	284,222,844	(1,490,293)	458,386,357
Unallocated corporate assets				10,925,750
Consolidated total assets				<u>469,312,107</u>
Liabilities				
Segment liabilities	39,610,685	60,510,926	-	100,121,611
Unallocated corporate liabilities				9,377,516
Consolidated total liabilities				<u>109,499,127</u>



Notes to the Financial Statements

– 31 December 2009 (cont'd)

4. Segment reporting (cont'd)

(ii) Geographical segments

The analysis of the Group's segment revenue from external customers by geographical area based on the region in which the customer is located is as follows:

	Group	
	2009 RM	2008 RM
Asia	21,070,998	38,087,452
Australia	3,068,680	14,774,145
Middle East	-	8,468,954
United States	-	7,940,844
Total export	24,139,678	69,271,395
Malaysia	380,278,623	510,786,045
Total revenue	404,418,301	580,057,440

Information on the carrying amount of segment assets by geographical market and cost to acquire property, plant and equipment by location of assets have not been provided for as the Group operates principally in Malaysia.

5. Investments revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Gross dividend received from:				
Subsidiary companies	-	-	560,060	-
Quoted investments	3	3	3	3
Gain on disposal of quoted investments	-	5	-	5
Interest on:				
Short-term deposits	50,818	94,471	29,596	78,249
Advances to subsidiary companies	-	-	68,002	312,577
Rental income	33,000	32,400	19,500	19,200
	83,821	126,879	677,161	410,034

6. Other gains and losses

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fair value adjustment on investment properties	172,883	-	-	-
(Loss)/Gain on disposal of prepaid interest in leased land and property, plant and equipment	(5,719)	1,899,288	5,293	1,919,251
Gain on disposal of investment property	-	94,731	-	-
Realised loss on foreign exchange	(935,261)	(5,115,053)	(225,231)	(3,232,342)
Unrealised (loss)/gain on foreign exchange	(110,781)	58,425	(109,997)	71,136
	(878,878)	(3,062,609)	(329,935)	(1,241,955)



Notes to the Financial Statements

– 31 December 2009 (cont'd)

7. Directors' remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors:				
Fees	143,044	147,436	94,400	100,000
Other emoluments:				
Current year	3,873,742	4,660,604	1,887,887	1,682,255
Previous year	(387,494)	124,927	(77,601)	139,923
	3,486,248	4,785,531	1,810,286	1,822,178
	3,629,292	4,932,967	1,904,686	1,922,178
Non-executive directors:				
Fees	100,000	96,243	100,000	96,243
Other emoluments	76,200	44,742	58,200	44,742
	3,805,492	5,073,952	2,062,886	2,063,163

Included in directors' other emoluments are contributions made by the Group and by the Company to the EPF amounted to RM467,526 (2008 : RM596,445) and RM283,998 (2008 : RM243,027) respectively.

Directors' remuneration of the Group also include remuneration for the directors of subsidiary companies as follows:

	Group	
	2009 RM	2008 RM
Fees	4,000	4,000
Other emoluments	36,388	23,519
	40,388	27,519

The estimated monetary value of benefits-in-kind received and receivable by executive directors otherwise than in cash from the Group and the Company amounted to RM68,326 (2008 : RM66,025).

8. Employee benefits expenses

Contributions made to the EPF by the Group and by the Company that are included in employee benefits expenses amounted to RM687,652 (2008 : RM675,330) and RM313,347 (2008 : RM331,241) respectively.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

9. Finance costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest on:				
Other short-term borrowings	720,424	5,705,751	400,661	3,868,274
Term loan	-	48,533	-	48,533
Bank overdrafts	1,466	3,285	327	1,467
Advances from subsidiary companies	-	-	502,873	8,962
Others	3,200	3,200	-	-
	<u>725,090</u>	<u>5,760,769</u>	<u>903,861</u>	<u>3,927,236</u>

10. Profit before taxation

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation is stated at after (crediting)/charging:				
Allowance for diminution in value of quoted investment	-	46	-	46
Allowance for doubtful debts	511,901	4,433,960	271,798	1,246,389
Allowance for doubtful debts no longer required	(1,405,435)	(79,465)	(674,057)	(41,000)
Auditors' remuneration				
- statutory audit	134,100	134,100	59,000	59,000
- other services				
- provision for current year	3,300	3,300	3,300	3,300
- under provision in prior year	44,500	-	44,500	-
Bad debts written back	(54,291)	-	(11,018)	-
Bad debts written off	3,514	-	-	-
Fair value adjustment of investment properties	(172,883)	-	-	-
Interest received on overdue accounts	(315,477)	(1,062,168)	(89,394)	(374,848)
Rental of land and premises	803,284	899,235	319,316	291,108
Provision for retirement benefits	61,063	79,523	33,084	63,790
Property, plant and equipment written off	49,776	-	5,281	-
Write back of retirement benefit	(21)	(3,261)	-	-



Notes to the Financial Statements

– 31 December 2009 (cont'd)

11. Income tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current income tax:				
Malaysian income tax	3,568,803	12,293,000	1,730,000	3,350,000
Under/(Over) provision in prior years	789,793	(293,080)	107,642	(235,261)
	<u>4,358,596</u>	<u>11,999,920</u>	<u>1,837,642</u>	<u>3,114,739</u>
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	2,970,478	(2,459,397)	2,636,367	(2,241,636)
(Over)/Under provision in prior years	(390,918)	-	211,633	-
	<u>2,579,560</u>	<u>(2,459,397)</u>	<u>2,848,000</u>	<u>(2,241,636)</u>
	<u>6,938,156</u>	<u>9,540,523</u>	<u>4,685,642</u>	<u>873,103</u>

Current income tax is calculated at the statutory tax rate of 25% (2008 : 26%) of the assessable profit for the year. In prior year, certain subsidiary companies being Malaysian resident companies with a paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : Malaysian statutory tax rate

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from year of assessment 2009, these subsidiary companies no longer qualify for the above preferential tax rates.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rates to income tax expense at the effective income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation	26,432,436	37,800,568	18,212,037	7,246,625
Taxation at applicable statutory tax rate at 25% (2008 : 26%)	6,608,109	9,828,000	4,553,009	1,884,000
Expenses not deductible for tax purposes	257,160	2,117,163	93,335	1,196,996
Income not subject to tax	-	(454,000)	-	(407,000)
Utilisation of reinvestment allowances	-	(1,053,000)	-	(1,053,000)
Effect of changes in tax rate	-	(582,609)	-	(494,000)
Others	(325,988)	(21,951)	(279,977)	(18,632)
Under/(Over) provision of current tax in prior years	789,793	(293,080)	107,642	(235,261)
(Over)/Under provision of deferred tax in prior years	(390,918)	-	211,633	-
	<u>6,938,156</u>	<u>9,540,523</u>	<u>4,685,642</u>	<u>873,103</u>



Notes to the Financial Statements

– 31 December 2009 (cont'd)

12. Earnings per share

The basic and diluted earnings per share are calculated as follows:

Basic and diluted

Profit for the year attributable to equity holders of the Company (RM)

Number of ordinary shares in issue as at 1 January

Shares repurchased and held as treasury shares as at 1 January

Effect of shares repurchased

Weighted average number of ordinary shares

Basic and diluted earnings per ordinary shares (sen)

Group	
2009	2008
19,494,280	28,260,045
109,903,000 (4,055,000)	109,903,000 (3,684,200)
105,848,000 (406,567)	106,218,800 (93,350)
105,441,433	106,125,450
18.5	26.6

13. Property, plant and equipment

Group	*Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
At 31 December 2009							
Cost or valuation							
At 1 January 2009	40,962,242	108,510,958	3,897,063	9,190,665	892,852	6,342,251	169,796,031
Additions	299,321	1,199,569	11,500	741,693	-	3,625,449	5,877,532
Disposals	-	-	-	(352,231)	-	-	(352,231)
Write offs	-	(1,769,341)	-	(228,536)	-	-	(1,997,877)
Transfer to investment properties	(128,186)	-	-	-	-	-	(128,186)
Reclassifications	6,156,976	986,079	42,865	61,405	-	(7,247,325)	-
At 31 December 2009	47,290,353	108,927,265	3,951,428	9,412,996	892,852	2,720,375	173,195,269
Accumulated depreciation and impairment losses							
At 1 January 2009	5,322,183	45,916,197	1,539,218	3,640,585	430,101	-	56,848,284
Charge for the year	597,919	3,922,111	216,117	648,031	181,000	-	5,565,178
Disposals	-	-	-	(238,322)	-	-	(238,322)
Write offs	-	(1,769,304)	-	(178,797)	-	-	(1,948,101)
Impairment loss recognised in the income statement	-	319,300	-	-	-	-	319,300
Transfer to investment properties	(21,069)	-	-	-	-	-	(21,069)
At 31 December 2009	5,899,033	48,388,304	1,755,335	3,871,497	611,101	-	60,525,270
Net carrying amounts	41,391,320	60,538,961	2,196,093	5,541,499	281,751	2,720,375	112,669,999



Notes to the Financial Statements

– 31 December 2009 (cont'd)

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

Group (cont'd)	*Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
At 31 December 2008							
Cost or valuation							
At 1 January 2008	40,759,294	110,215,271	3,997,611	8,409,648	892,852	2,025,495	166,300,171
Additions	323,303	614,344	15,452	2,072,038	-	6,783,280	9,808,417
Disposals	(120,355)	(4,793,469)	(116,000)	(1,107,448)	-	-	(6,137,272)
Write offs	-	(109,837)	-	(65,448)	-	-	(175,285)
Reclassifications	-	2,584,649	-	(118,125)	-	(2,466,524)	-
At 31 December 2008	40,962,242	108,510,958	3,897,063	9,190,665	892,852	6,342,251	169,796,031
Accumulated depreciation and impairment losses							
At 1 January 2008	4,765,920	45,428,815	1,332,891	3,941,988	250,974	-	55,720,588
Charge for the year	572,850	4,390,155	218,801	734,323	179,127	-	6,095,256
Disposals	(16,587)	(4,714,700)	(12,474)	(819,500)	-	-	(5,563,261)
Write offs	-	(109,837)	-	(65,448)	-	-	(175,285)
Impairment loss recognised in the income statement	-	770,986	-	-	-	-	770,986
Reclassifications	-	150,778	-	(150,778)	-	-	-
At 31 December 2008	5,322,183	45,916,197	1,539,218	3,640,585	430,101	-	56,848,284
Net carrying amounts	35,640,059	62,594,761	2,357,845	5,550,080	462,751	6,342,251	112,947,747

*Land and buildings of the Group

	Freehold land RM	Freehold land and buildings RM	Buildings RM	Total RM
At 31 December 2009				
Cost or valuation				
At 1 January 2009	10,481,383	386,687	30,094,172	40,962,242
Additions	-	-	299,321	299,321
Transfer to investment properties	(100,700)	-	(27,486)	(128,186)
Reclassifications	-	-	6,156,976	6,156,976
At 31 December 2009	10,380,683	386,687	36,522,983	47,290,353



Notes to the Financial Statements

– 31 December 2009 (cont'd)

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

*Land and buildings of the Group (cont'd)

	Freehold land RM	Freehold land and buildings RM	Buildings RM	Total RM
At 31 December 2009				
Accumulated depreciation and impairment losses				
At 1 January 2009	-	75,084	5,247,099	5,322,183
Charge for the year	-	7,817	590,102	597,919
Transfer to investment properties	-	-	(21,069)	(21,069)
Reclassifications	-	(1,147)	1,147	-
At 31 December 2009	-	81,754	5,817,279	5,899,033
Net carrying amounts	10,380,683	304,933	30,705,704	41,391,320
At 31 December 2008				
Cost or valuation				
At 1 January 2008	10,188,176	386,687	30,184,431	40,759,294
Additions	293,207	-	30,096	323,303
Disposals	-	-	(120,355)	(120,355)
At 31 December 2008	10,481,383	386,687	30,094,172	40,962,242
Accumulated depreciation and impairment losses				
At 1 January 2008	-	66,118	4,699,802	4,765,920
Charge for the year	-	8,966	563,884	572,850
Disposals	-	-	(16,587)	(16,587)
At 31 December 2008	-	75,084	5,247,099	5,322,183
Net carrying amounts	10,481,383	311,603	24,847,073	35,640,059



Notes to the Financial Statements

– 31 December 2009 (cont'd)

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

Company	*Land and buildings RM	Plant and machinery RM	Electrical installation RM	Furniture, fittings, equipment and vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
At 31 December 2009							
Cost or valuation							
At 1 January 2009	34,101,976	93,782,100	3,565,836	5,599,487	892,852	7,062,307	145,004,558
Additions	10,254	783,194	-	344,861	-	3,653,101	4,791,410
Disposals	-	-	-	(293,273)	-	-	(293,273)
Write offs	-	(1,482,267)	-	(170,680)	-	-	(1,652,947)
Reclassifications	6,927,031	850,839	42,865	-	-	(7,820,735)	-
At 31 December 2009	41,039,261	93,933,866	3,608,701	5,480,395	892,852	2,894,673	147,849,748
Accumulated depreciation and impairment losses							
At 1 January 2009	4,096,678	34,836,615	1,408,198	2,597,360	430,101	-	43,368,952
Charge for the year	443,622	3,463,504	196,885	402,344	179,125	-	4,685,480
Disposals	-	-	-	(212,854)	-	-	(212,854)
Write offs	-	(1,482,230)	-	(165,436)	-	-	(1,647,666)
Impairment loss recognised in the income statement	-	280,768	-	-	-	-	280,768
At 31 December 2009	4,540,300	37,098,657	1,605,083	2,621,414	609,226	-	46,474,680
Net carrying amounts	36,498,961	56,835,209	2,003,618	2,858,981	283,626	2,894,673	101,375,068
At 31 December 2008							
Cost or valuation							
At 1 January 2008	33,929,124	95,551,052	3,666,384	5,055,418	892,852	2,025,495	141,120,325
Additions	293,207	614,343	15,452	716,852	-	7,503,336	9,143,190
Disposals	(120,355)	(4,793,469)	(116,000)	(183,658)	-	-	(5,213,482)
Write offs	-	(20,700)	-	(24,775)	-	-	(45,475)
Reclassifications	-	2,430,874	-	35,650	-	(2,466,524)	-
At 31 December 2008	34,101,976	93,782,100	3,565,836	5,599,487	892,852	7,062,307	145,004,558
Accumulated depreciation and impairment losses							
At 1 January 2008	3,692,833	35,091,645	1,220,631	2,280,784	250,974	-	42,536,867
Charge for the year	420,432	3,938,156	200,041	428,124	179,127	-	5,165,880
Disposals	(16,587)	(4,714,700)	(12,474)	(86,773)	-	-	(4,830,534)
Write offs	-	(20,700)	-	(24,775)	-	-	(45,475)
Impairment loss recognised in the income statement	-	542,214	-	-	-	-	542,214
At 31 December 2008	4,096,678	34,836,615	1,408,198	2,597,360	430,101	-	43,368,952
Net carrying amounts	30,005,298	58,945,485	2,157,638	3,002,127	462,751	7,062,307	101,635,606



Notes to the Financial Statements

– 31 December 2009 (cont'd)

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

*Land and buildings of the Company

	Freehold land RM	Freehold land and buildings RM	Buildings RM	Total RM
At 31 December 2009				
Cost or valuation				
At 1 January 2009	10,155,566	386,687	23,559,723	34,101,976
Additions	-	-	10,254	10,254
Reclassifications	-	-	6,927,031	6,927,031
At 31 December 2009	10,155,566	386,687	30,497,008	41,039,261
Accumulated depreciation and impairment losses				
At 1 January 2009	-	75,085	4,021,593	4,096,678
Charge for the year	-	7,819	435,803	443,622
Reclassifications	-	(1,147)	1,147	-
At 31 December 2009	-	81,757	4,458,543	4,540,300
Net carrying amounts	10,155,566	304,930	26,038,465	36,498,961
At 31 December 2008				
Cost or valuation				
At 1 January 2008	9,885,959	386,687	23,656,478	33,929,124
Additions	269,607	-	23,600	293,207
Disposals	-	-	(120,355)	(120,355)
At 31 December 2008	10,155,566	386,687	23,559,723	34,101,976
Accumulated depreciation and impairment losses				
At 1 January 2008	-	66,119	3,626,714	3,692,833
Charge for the year	-	8,966	411,466	420,432
Disposals	-	-	(16,587)	(16,587)
At 31 December 2008	-	75,085	4,021,593	4,096,678
Net carrying amounts	10,155,566	311,602	19,538,130	30,005,298



Notes to the Financial Statements

– 31 December 2009 (cont'd)

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

The analysis of cost and valuation is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At valuation:				
- Buildings - 1981	1,252,000	1,252,000	1,252,000	1,252,000
- Buildings - 1983	720,503	720,503	-	-
	1,972,503	1,972,503	1,252,000	1,252,000
At cost:				
- Freehold land	10,380,683	10,481,383	10,155,566	10,155,566
- Freehold land and buildings	386,687	386,687	386,687	386,687
- Buildings	34,550,480	28,121,669	29,245,008	22,307,723
- Plant and machinery	108,927,265	108,510,958	93,933,866	93,782,100
- Electrical installation	3,951,428	3,897,063	3,608,701	3,565,836
- Furniture, fittings, equipment and vehicles	9,412,996	9,190,665	5,480,395	5,599,487
- Renovation	892,852	892,852	892,852	892,852
- Capital work-in-progress	2,720,375	6,342,251	2,894,673	7,062,307
	173,195,269	169,796,031	147,849,748	145,004,558

The carrying amount of the revalued leasehold properties that would have been included in the financial statements had the properties been carried at cost less accumulated depreciation have not been disclosed due to the absence of historical records.

Certain buildings located on long-term prepaid interests in leased land of the Company and a subsidiary company were revalued in 1981 and 1983 by the directors based on opinions of value expressed by a firm of independent professional valuers using the "Open Market Value" basis.

The carrying values of freehold land and buildings in respect of which land values cannot be assigned, as the building and the land on which the building is situated were acquired as one property, are not segregated as the impact is insignificant to the Group and the Company.

Due to the changes in market demand for the products of the Group and of the Company, there are indications during the financial year that the carrying values of certain plant and machinery of the Group and of the Company may be impaired. Accordingly, based upon a review of market values and estimated recoverable amounts of these assets, the directors have recognised allowances for impairment loss for plant and machinery amounting to RM319,300 (2008 : RM770,986) and RM280,768 (2008 : RM542,214) for the Group and the Company respectively.

The recoverable amounts of the assets are determined based on value-in-use. These calculations use cash flow projections approved by management, covering a period of up to ten years. The key assumptions were determined based on business past performance and management's expectations of future market demand.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

14. Prepaid interests in leased land

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
As at 1 January	5,052,642	5,669,264	3,462,262	4,048,997
Disposals	-	(514,683)	-	(514,683)
Amortisation for the year	(102,591)	(101,939)	(68,911)	(72,052)
As at 31 December	4,950,051	5,052,642	3,393,351	3,462,262
Analysed as:				
Long-term leasehold land	1,773,056	1,802,205	739,937	751,113
Short-term leasehold land	3,176,995	3,250,437	2,653,414	2,711,149
	4,950,051	5,052,642	3,393,351	3,462,262

Certain long-term prepaid interests in leased land of the Company and a subsidiary company were revalued in 1981 and 1983 by the directors based on opinion of value expressed by a firm of independent professional valuers using the "Open Market Value" basis.

15. Investment properties

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
As at 1 January	2,000,000	2,405,269	1,850,000	1,850,000
Transfer from property, plant and equipment	107,117	-	-	-
Disposals	-	(405,269)	-	-
Fair value adjustments	172,883	-	-	-
As at 31 December	2,280,000	2,000,000	1,850,000	1,850,000

Included in the Group's investment properties is a property of RM150,000 (2008 : RM150,000) held under long-leasehold interests, with lease period of 70 years (2008 : 71 years).

16. Investment in subsidiary companies

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	26,673,376	26,673,376



Notes to the Financial Statements

– 31 December 2009 (cont'd)

16. Investment in subsidiary companies (cont'd)

Details of the subsidiary companies are as follows:

Name of company	Equity interest held (%)		Principal activities
	2009	2008	
Held by the Company			
Choo Bee Hardwares Sdn. Berhad	100	100	Dealer in hardware and construction materials
Taik Bee Hardware Sdn. Bhd.	100	100	Fabrication and manufacturing of pipes and trading of hardware
Held through subsidiary companies			
(Held through Taik Bee Hardware Sdn. Bhd.)			
Pan Asian Management Consultants Sdn. Bhd.	100	100	Letting out its leasehold land
(Held through Choo Bee Hardwares Sdn. Berhad)			
Choo Bee Hardware (Sabah) Sdn. Bhd.	100	100	Dealer in hardware and construction materials

17. Other investments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Shares quoted in Malaysia, at cost	2,571	2,571	2,571	2,571
Write down to market value	(2,536)	(2,536)	(2,536)	(2,536)
	35	35	35	35
At market value:				
Quoted shares	53	35	53	35

18. Goodwill on consolidation

	Group	
	2009 RM	2008 RM
As at 1 January	87,096	1,382,473
Impairment losses recognised in the year	-	(1,295,377)
As at 31 December	87,096	87,096



Notes to the Financial Statements

– 31 December 2009 (cont'd)

18. Goodwill on consolidation (cont'd)

Impairment tests for cash-generating units ("CGU") containing goodwill

The carrying amount of goodwill is allocated to Taik Bee Hardware Sdn. Bhd.'s manufacturing and trading operations and related sales function. In the previous year, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with manufacturing activities was impaired by RM1,295,377. The main contributing factor to the impairment of the cash-generating unit was low demand for stainless steel products as a result of the deterioration of global economic conditions.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections approved by management, covering a period of five years from financial year 2010 to 2014. The following key assumptions were used to generate the financial forecast:

	2009 %	2008 %
Sales volume growth rate	Nil	Nil
Inflation rate (per annum)	5.0	6.0
Discount rate	5.4	6.0

Receivables and payables turnover period is estimated to be consistent with the current financial year.

The above key assumptions were determined based on business past performance and management's expectations of market development.

19. Inventories

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Raw materials and consumables	76,065,002	98,573,099	73,107,366	97,672,824
Trading goods	69,174,359	83,664,689	1,870,360	3,841,219
Manufactured goods	34,591,735	31,610,148	29,683,596	24,776,282
	<u>179,831,096</u>	<u>213,847,936</u>	<u>104,661,322</u>	<u>126,290,325</u>

The cost of inventories recognised as expenses during the year for the Group and for the Company were RM359,437,870 (2008 : RM505,328,850) and RM168,050,026 (2008 : RM249,937,675) respectively.

Net write down of inventories recognised as an expense for the Group and the Company during the financial year amounted to RM4,699,945 (2008 : RM46,567,407) and RM2,105,228 (2008 : RM33,663,675) respectively.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

20. Trade and other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	112,512,734	128,613,548	45,076,080	51,353,450
Less: Allowance for doubtful debts	(8,747,042)	(9,640,576)	(2,596,583)	(2,998,842)
Net receivables from third parties	103,765,692	118,972,972	42,479,497	48,354,608
Other receivables	5,060,061	5,754,061	3,705,682	5,694,089
	108,825,753	124,727,033	46,185,179	54,048,697
Amounts owing by subsidiary companies (Note 21)	-	-	11,084,022	15,696,720
	108,825,753	124,727,033	57,269,201	69,745,417

The Group's and the Company's normal trade credit terms range from 7 to 120 days (2008 : 7 to 120 days). Allowances have been made for estimated non-recoverable amounts from the sale of goods of the Group and of the Company of RM8,747,042 (2008 : RM9,640,576) and RM2,596,583 (2008 : RM2,998,842) respectively and have been determined by reference to past default experience. Interest on overdue trade balances are charged at a rate of 12% to 14.4% (2008 : 12% to 14.4%) per annum.

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

Amounts owing by related parties are disclosed in Note 21.

Other receivables comprise mainly export rebate claims from a supplier.

21. Related companies and related party transactions

Related companies

The amounts owing by subsidiary companies arose mainly from intercompany sales and purchases and unsecured advances. The advances to subsidiary companies bear interest at rates of 4% (2008 : 4%) per annum.

	Company	
	2009 RM	2008 RM
Amounts owing by/(to) subsidiary companies consist of:		
Trade account	11,140,195	9,365,763
Non-trade account	(56,173)	6,330,957
	11,084,022	15,696,720

The amounts owing by subsidiary companies are repayable upon demand and have therefore been classified as current assets.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

21. Related companies and related party transactions (cont'd)

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Names of related parties	Relationship
Chuan Bee Hardware Sdn. Bhd.	A company in which Soon Lian Lim, brother of Soon Ah Khun @ Soon Lian Huat, holds 55% equity interest.
Chua Hock Seng Hardware Sdn. Bhd.	A company in which Soon Nyuk Ben, sister of Soon Ah Khun @ Soon Lian Huat, holds 50% equity interest.
Domus Enterprise	Common director with Choo Bee Hardware (Sabah) Sdn. Bhd..
Austcorp Manufacturing Sdn. Bhd. Choo Bee Holdings Sdn. Bhd. Choo Bee Plantations Sdn. Bhd.	Subsidiary companies of Soon Lian Huat Holdings Sdn. Berhad.
Austcorp Marketing Sdn. Bhd.	A wholly-owned subsidiary company of Austcorp Manufacturing Sdn. Bhd..
Kepong Warehouse Sdn. Bhd. Mesej Rekaan Sdn. Bhd. Kimtor Development Sdn. Bhd.	Wholly-owned subsidiary companies of Choo Bee Holdings Sdn. Bhd..
Tang Kim Heok	Close family member of Messrs. Soon Ah Khun @ Soon Lian Huat, Soon Cheng Hai, Soon Cheng Boon, Soon Hean Hooi and Lee Sieng Tzi @ Vincent Lee.

During the financial year, related party transactions are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Subsidiary companies				
Advances repaid	-	-	102,895,933	183,222,346
Trade sales	-	-	44,302,658	52,308,307
Net interest received on advances	-	-	434,871	312,576
Advances granted	-	-	(75,357,052)	(163,296,983)
Trade purchases	-	-	(616,334)	(186,387)
Related parties				
Trade sales				
Chuan Bee Hardware Sdn. Bhd.	1,363,560	1,202,443	971,403	1,029,666
Chua Hock Seng Hardware Sdn. Bhd.	119,632	207,671	-	-
Domus Enterprise	9,956	-	-	-
Trade purchases				
Chua Hock Seng Hardware Sdn. Bhd.	686	-	-	-



Notes to the Financial Statements

– 31 December 2009 (cont'd)

21. Related companies and related party transactions (cont'd)

The mandated amounts for related party transactions with related parties and with ultimate holding company are as follows:

	Mandated amounts from 1 January 2009 to 31 December 2009 Group RM	Amount transacted from 1 January 2009 to 31 December 2009 Group RM	Company RM
Ultimate holding company			
Rental of land and building (Note 31)	855,600	855,600	314,056
Trade sales			
Chuan Bee Hardware Sdn. Bhd.	4,750,000	1,363,560	971,403

The outstanding balances arising from the above transactions are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
Chuan Bee Hardware Sdn. Bhd.	372,533	564,466	259,031	452,257
Domus Enterprise	9,956	-	-	-

Compensation of key management personnel

The remuneration of executive directors and other members of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	4,201,219	5,056,586	1,635,068	1,968,969
Post-employment benefits:				
Defined contribution plan	641,504	641,408	265,917	272,563
Retirement benefits	27,295	27,133	27,295	27,133
	4,870,018	5,725,127	1,928,280	2,268,665

The estimated monetary value of benefits-in-kind received and receivable by executive directors and the key management personnel otherwise than in cash from the Group and the Company amounted to RM71,657 (2008 : RM72,525).



Notes to the Financial Statements

– 31 December 2009 (cont'd)

22. Other assets

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Refundable deposits	2,588,094	1,420,795	2,422,235	1,384,442
Prepaid expenses	209,817	390,204	138,063	236,886
	<u>2,797,911</u>	<u>1,810,999</u>	<u>2,560,298</u>	<u>1,621,328</u>

Refunded deposits of the Group and of the Company include down payments for acquisition of plant and machinery of RM1,256,299 (2008 : RM232,350) and security deposit paid to a supplier for purchase of raw materials of RM1,000,000 (2008 : RM1,000,000) respectively.

23. Short-term investment

The net asset value of the unquoted short-term investment of the Group and of the Company as at 31 December 2009 amounted to RM2,005,310 (2008 : RMNil).

24. Cash and cash equivalents

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term deposits with licensed banks	3,960,000	1,915,000	-	1,735,000
Cash and bank balances	3,297,569	3,636,764	2,021,245	1,818,860
	<u>7,257,569</u>	<u>5,551,764</u>	<u>2,021,245</u>	<u>3,553,860</u>
Bank overdrafts (Note 30)	(17)	(574,343)	-	(574,343)
	<u>7,257,552</u>	<u>4,977,421</u>	<u>2,021,245</u>	<u>2,979,517</u>

The effective interest rate and maturities for short-term deposits of the Group and of the Company ranged from 1.15% to 1.50% (2008 : 2.40% to 2.55%) per annum and 1 to 4 days (2008 : 1 to 3 days) respectively.

25. Share capital and treasury shares

(a) Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	109,903,000	109,903,000	109,903,000	109,903,000



Notes to the Financial Statements

– 31 December 2009 (cont'd)

25. Share capital and treasury shares (cont'd)

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 19 June 2009, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company.

Details of the shares repurchased and held as treasury shares of the Group and of the Company are as follows:

Month	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
As at 1 January 2009	2.79	1.01	1.53	6,187,950
January	1.17	1.16	1.18	11,793
February	1.19	1.17	1.18	28,365
March	1.15	1.09	1.12	182,450
April	1.38	1.18	1.30	103,333
May	1.47	1.41	1.43	74,544
June	1.49	1.43	1.48	145,889
August	1.59	1.59	1.64	1,474
September	1.55	1.47	1.50	332,999
October	1.45	1.45	1.46	62,806
November	1.50	1.50	1.51	16,620
As at 31 December 2009				<u>7,148,223</u>

During the year, the Company repurchased a total of 704,400 (2008 : 370,800) of its issued shares from the open market for a total cost of RM960,273 (2008 : RM510,538). The average price paid for the shares repurchased during the year was RM1.36 (2008 : RM1.38) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 December 2009, 4,759,400 (2008 : 4,055,000) out of the total of 109,903,000 (2008 : 109,903,000) issued and fully paid ordinary shares are held as treasury shares by the Company. The number of ordinary shares of RM1 each in issue and fully paid as at 31 December 2009 after excluding the treasury shares is 105,143,600 (2008 : 105,848,000). The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

26. Reserves

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable:				
Share premium	24,115,005	24,115,005	24,115,005	24,115,005
General reserve	1,186,293	1,186,293	-	-
	<u>25,301,298</u>	<u>25,301,298</u>	<u>24,115,005</u>	<u>24,115,005</u>
Distributable:				
Retained earnings	245,546,958	230,796,632	139,319,102	130,536,661
	<u>270,848,256</u>	<u>256,097,930</u>	<u>163,434,107</u>	<u>154,651,666</u>

The nature and purpose of each category of reserves are as follows:

(a) General reserve

General reserve represents the Group's share of a subsidiary company's unappropriated profit capitalised for bonus issue.

(b) Retained earnings

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2009, the Company has tax exempt profits available for distribution of approximately RM48,160,000 (2008 : RM53,058,000).

As at 31 December 2009 and 2008, the Company has sufficient credit in tax exempt account and 108 balance to pay franked dividends out of its entire retained earnings.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

27. Retirement benefits obligation

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At beginning of year	559,004	515,110	478,734	434,424
Provision for the year	61,057	79,523	33,084	63,790
Paid during the year	(52,324)	(32,368)	(36,378)	(19,480)
Write back	(21)	(3,261)	-	-
Under provision in prior year	6	-	-	-
At end of year	567,722	559,004	475,440	478,734

28. Deferred tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	9,217,017	11,490,414	8,628,000	10,869,636
Transfer to income statements (Note 11)	2,579,560	(2,273,397)	2,848,000	(2,241,636)
At 31 December	11,796,577	9,217,017	11,476,000	8,628,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(160,000)	-	-
Deferred tax liabilities	11,796,577	9,377,017	11,476,000	8,628,000
	11,796,577	9,217,017	11,476,000	8,628,000

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	At 1 January RM	Recognised in the income statement RM	At 31 December RM
At 31 December 2009			
Property, plant and equipment	12,153,011	1,205,100	13,358,111
Revaluation surplus	267,251	314,749	582,000
Fair value adjustment	419,000	-	419,000
Inventories	(2,833,957)	2,298,872	(535,085)
Provision	(172,000)	35,396	(136,604)
Others	(456,288)	(292,990)	(749,278)
Unabsorbed capital allowances	-	(1,141,567)	(1,141,567)
Total	9,377,017	2,419,560	11,796,577



Notes to the Financial Statements

– 31 December 2009 (cont'd)

28. Deferred tax (cont'd)

Deferred tax liabilities of the Group (cont'd)

	At 1 January RM	Recognised in the income statement RM	At 31 December RM
At 31 December 2008			
Property, plant and equipment	11,691,000	462,011	12,153,011
Revaluation surplus	324,783	(57,532)	267,251
Fair value adjustment	451,005	(32,005)	419,000
Inventories	-	(2,833,957)	(2,833,957)
Provision	(138,300)	(33,700)	(172,000)
Others	(652,074)	195,786	(456,288)
Total	11,676,414	(2,299,397)	9,377,017

Deferred tax assets of the Group

At 31 December 2009

Property, plant and equipment	223,000	(223,000)	-
Inventories	(149,000)	149,000	-
Provision	(4,000)	4,000	-
Others	(230,000)	230,000	-
Total	(160,000)	160,000	-

At 31 December 2008

Property, plant and equipment	-	223,000	223,000
Inventories	-	(149,000)	(149,000)
Provision	(11,000)	7,000	(4,000)
Others	(175,000)	(55,000)	(230,000)
Total	(186,000)	26,000	(160,000)



Notes to the Financial Statements

– 31 December 2009 (cont'd)

28. Deferred tax (cont'd)

Company

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Company

	At 1 January RM	Recognised in the income statement RM	At 31 December RM
At 31 December 2009			
Property, plant and equipment	11,174,000	1,224,196	12,398,196
Revaluation surplus	190,000	(2,696)	187,304
Fair value adjustment	419,000	(903)	418,097
Inventories	(2,792,000)	2,792,000	-
Provision	(120,000)	1,140	(118,860)
Others	(243,000)	(24,170)	(267,170)
Unabsorbed capital allowances	-	(1,141,567)	(1,141,567)
Total	8,628,000	2,848,000	11,476,000
At 31 December 2008			
Property, plant and equipment	10,370,000	804,000	11,174,000
Revaluation surplus	208,600	(18,600)	190,000
Fair value adjustment	451,005	(32,005)	419,000
Inventories	-	(2,792,000)	(2,792,000)
Provision	(117,300)	(2,700)	(120,000)
Others	(42,669)	(200,331)	(243,000)
Total	10,869,636	(2,241,636)	8,628,000

29. Trade and other payables

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group and to the Company for trade purchases range from 1 to 120 days (2008 : 1 to 120 days).

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	7,506,130	3,882,819	464,488	973,346
Other payables	1,274,921	1,310,020	765,218	840,834
	8,781,051	5,192,839	1,229,706	1,814,180

The amounts owing to other payables are interest free and the credit term granted to the Group and to the Company ranged from 1 to 120 days (2008 : 1 to 120 days).

Included in other payables of the Group is an amount of RM80,000 (2008 : RM80,000) representing advances received from a third party which is unsecured and bears interest at 4% (2008 : 4%) per annum.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

30. Borrowings

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unsecured:				
Bankers' acceptances	23,580,000	87,370,000	19,650,000	62,946,000
Trust receipts	-	618,636	-	-
Bank overdrafts (Note 24)	17	574,343	-	574,343
	<u>23,580,017</u>	<u>88,562,979</u>	<u>19,650,000</u>	<u>63,520,343</u>
Less: Amount due within 12 months (shown under current liabilities)	(23,580,017)	(88,562,979)	(19,650,000)	(63,520,343)
Non-current portion	-	-	-	-

The average effective interest rates are as follows:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Term loan	-	4.60	-	4.60
Bankers' acceptances	2.13 - 3.73	3.57 - 4.23	2.13 - 3.73	3.58 - 4.23
Trust receipts	3.60	2.99 - 7.35	-	2.99 - 6.10
Bank overdrafts	6.05 - 6.55	7.25 - 7.75	6.05 - 6.55	7.25 - 7.50

The Group's credit facilities to the extent of RM121,480,000 (2008 : RM99,235,000) are secured by negative pledges over the assets of the respective subsidiary companies and guaranteed by the Company. The remaining credit facilities amounting to RM115,560,000 (2008 : RM150,510,000) are secured by negative pledges over the assets of the Company.

31. Ultimate holding company

The directors regard Soon Lian Huat Holdings Sdn. Berhad, a company incorporated in Malaysia, as the ultimate holding company.

During the year, transactions with the ultimate holding company are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ultimate holding company				
Rental of land and building	855,600	855,600	314,056	286,108

32. Other liabilities

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits received	13,900	6,720	4,200	4,120
Accrued expenses	4,241,794	5,800,069	2,410,359	2,921,435
	<u>4,255,694</u>	<u>5,806,789</u>	<u>2,414,559</u>	<u>2,925,555</u>



Notes to the Financial Statements

– 31 December 2009 (cont'd)

33. Dividends

	Amount		Dividend per share	
	2009 RM	2008 RM	2009 Sen	2008 Sen
In respect of the financial year ended 31 December 2008:				
Final dividend of 6% less Malaysian income tax @ 25%	4,763,160	-		
In respect of the financial year ended 31 December 2007:				
Final dividend of 6% less Malaysian income tax @ 25%	-	4,716,115		
Reduction due to shares repurchased	(19,206)	(45)		
	<u>4,743,954</u>	<u>4,716,070</u>	<u>4.50</u>	<u>4.50</u>

At the forthcoming Annual General Meeting, a final dividend in respect of financial year ended 31 December 2009 of 6% less 25% taxation on 105,143,600 ordinary shares, amounting to a dividend payable of RM4,731,462 will be proposed for shareholders approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

34. Contingent liabilities

Kent Engineering Works Sdn. Bhd. ("KEW"), a debtor of a subsidiary company, Taik Bee Hardware Sdn. Bhd. ("TBH"), filed a suit for defamation on 7 March 2000 against TBH for an amount of RM10 million claiming that the drawdown of a bank guarantee provided by KEW in favour of TBH was defamatory to KEW. In response, TBH has filed a writ of summons on defence with the High Court of Malaya on 24 April 2000 against the defamation suit and for the recovery of a debt amounting to RM118,092.

The High Court has struck out KEW's claim against TBH for defamation and allowed TBH's counterclaim of RM118,092 together with interest during the year. As KEW is no longer in operation, TBH will not actively pursue this matter.

35. Capital commitments

	Group and Company	
	2009 RM	2008 RM
Capital expenditure:		
Property, plant and equipment		
Contracted but not provided for	7,684,142	569,311
Approved but not contracted for	843,561	5,321,243
	<u>8,527,703</u>	<u>5,890,554</u>



Notes to the Financial Statements

– 31 December 2009 (cont'd)

36. Financial instruments

(i) Financial risk management objective and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activities are set out below:

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its trade and non-trade activities where the currency base differs from the local currency, Ringgit Malaysia ("RM"). Material foreign currency exposures are hedged, mainly with derivative financial instruments such as foreign currency forward contracts.

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in functional currencies are as follows:

Functional currency	← Net financial assets/(liabilities) held in non-functional currency →			
	United States dollar RM	Singapore dollar RM	Japanese Yen RM	Total RM
Group				
At 31 December 2009:				
Ringgit Malaysia	34,380	6,444,478	-	6,478,858
At 31 December 2008:				
Ringgit Malaysia	2,454,080	8,618,816	43	11,072,939
Company				
At 31 December 2009:				
Ringgit Malaysia	(24,683)	6,432,185	-	6,407,502
At 31 December 2008:				
Ringgit Malaysia	1,746,114	8,618,803	43	10,364,960



Notes to the Financial Statements

– 31 December 2009 (cont'd)

36. Financial instruments (cont'd)

(i) Financial risk management objective and policies (cont'd)

(a) Foreign currency risk (cont'd)

As at balance sheet date, the Group and the Company have not entered into any foreign currency forward contracts. Below are the notional amounts and maturities on foreign currency forward contracts entered in the previous year.

	Currency	Maturities within 1 year Notional amount	
		Group RM	Company RM
At 31 December 2008			
Foreign currency forward contracts	USD	9,099,351	5,662,665

(b) Interest rate risk

The Group finances its operations by a mixture of internal funds, bank and other borrowings. The Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The Group's policy is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Market risk

The Group's principal exposure to market risk arises mainly from the changes in steel raw material and finished goods prices. Both raw materials and finished goods are classified as current assets and are available for sale and the Group manages the sale of finished goods and procurement of its raw materials to optimise return on realisation of its inventories.

(d) Credit risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to credit information resources, direct and indirect enquiries and other references. In all instances, an internal credit review is conducted by the Credit Committee.

(e) Liquidity and cash flow risks

The Group seeks to achieve a balance between the certainty of funding of short-term cash requirements and a flexible cash investment policy in order to optimise returns from any cash surplus generated from operations. Financial assets and liabilities are managed on a prudent basis to maintain sufficient cash and cash equivalents or credit facilities for contingent funding of working capital.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

36. Financial instruments (cont'd)

(ii) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values other than as disclosed below.

The carrying amounts of investments and the notional amounts of the foreign currency forward contracts of the Group and the Company, and their estimated fair values are as follows:

	Group and Company	
	Carrying amount RM	Fair value RM
At 31 December 2009		
Financial assets		
Other investments - quoted shares	35	53
Short-term investment - unquoted	2,000,000	2,005,310
At 31 December 2008		
Financial assets		
Other investments - quoted shares	35	35

	Group		Company	
	Notional amount RM	Fair value RM	Notional amount RM	Fair value RM
Foreign currency forward contracts	9,099,351	8,946,418	5,662,665	5,551,645

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(a) Quoted shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(b) Short-term investment

The fair value of the unquoted short-term investment is determined by reference to the net asset value of such investment on the balance sheet date.

(c) Foreign currency forward contracts

The fair value of foreign currency forward contracts is calculated by reference to the current rate for contracts with similar maturity profiles.



Notes to the Financial Statements

– 31 December 2009 (cont'd)

37. Operating lease arrangements

(i) The Group as lessee

The Group has entered into a non-cancellable operating lease agreement for the use of a building. The lease has a life of approximately 3 years with renewal options included in the contract. There are no restrictions placed upon the Group by entering into the lease.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum rental payments:				
Not later than 1 year	781,950	542,900	646,500	386,500
Later than 1 year and not later than 5 years	1,065,900	64,150	988,000	-
	<u>1,847,850</u>	<u>607,050</u>	<u>1,634,500</u>	<u>386,500</u>

(ii) The Group as lessor

The Group has entered into cancellable operating lease agreements on its investment properties. The lessees are required to give a two-month notice for the termination of those agreements.

Investment properties rental income recognised in the income statement during the financial year is disclosed in Note 5.

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List of Group's Properties

as at 31 December 2009 (cont'd)

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET CARRYING AMOUNT RM	USAGE
Choo Bee Hardware (Sabah) Sdn. Bhd.							
1) Country Lease No 045324141 KM 25, Jalan Tuaran District of Tuaran Sabah	2007	Industrial land with single-storey factory	2.95 acres	Leasehold 99 years expiring on 31.12.2090	13	4,409,654	Warehouse
						<u>4,409,654</u>	
* Taik Bee Hardware Sdn. Bhd. ("TBH")/Pan Asian Management Consultants Sdn. Bhd. ("PAMC")							
1) P.T. 38826 HS(D) KA 6233/82 Mukim Ulu Kinta Perak Darul Ridzuan	*	Industrial land with single-storey factory	2.30 acres	Leasehold 60 years expiring on 25.8.2042	18	2,975,236	Factory
						<u>2,975,236</u>	
Grand total						50,891,433	

* The industrial land is registered in the name of PAMC and was revalued in 2007 while the building is owned by TBH.



Statement of Shareholdings

as at 28 April 2010

Authorised Capital	: RM500,000,000.00
Issued and Fully Paid-up Capital	: RM104,964,100.00 (Excluding 4,938,900 Treasury Shares)
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	21	0.56	534	0.00
100 – 1,000	1,027	27.38	933,110	0.89
1,001 – 10,000	2,329	62.11	8,653,189	8.25
10,001 – 100,000	328	8.75	8,344,500	7.95
100,001 – 5,248,204 (*)	41	1.09	16,839,767	16.04
5,248,205 and above (**)	4	0.11	70,193,000	66.87
TOTAL	3,750	100.00	104,964,100	100.00

Note: * - Less than 5% of issued holdings

** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS AT 28.04.2010

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	8,034,500	7.65	-	-	8,034,500	7.65
Choo Bee Holdings Sdn. Bhd.	43,199,000	41.16	-	-	43,199,000	41.16
Lembaga Tabung Haji	7,498,500	7.14	-	-	7,498,500	7.14
Soon Ah Khun @ Soon Lian Huat	430,600	0.41	59,926,295	57.09	60,356,895	57.50
Soon Lian Huat Holdings Sdn. Berhad	11,461,000	10.92	43,199,000	41.16	54,660,000	52.07
Tang Kim Heok	-	-	54,660,000	52.07	54,660,000	52.07



Statement of Shareholdings

as at 28 April 2010 (cont'd)

DIRECTORS' INTEREST AS AT 28.04.2010

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1.00 each of the Company and its subsidiary companies are as follows:

Shares in the Company

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Soon Ah Khun @ Soon Lian Huat	430,600	0.41	59,926,295	57.09	60,356,895	57.50
Soon Cheng Hai	704,000	0.67	-	-	704,000	0.67
Soon Cheng Boon	698,000	0.66	15,000	0.01	713,000	0.68
Soon Hean Hooi	2,833,855	2.70	-	-	2,833,855	2.70
Leong Keng Yuen	26,000	0.02	-	-	26,000	0.02
Lee Sieng Tzi @ Vincent Lee	591,000	0.56	-	-	591,000	0.56
Khoo Choon Yam	-	-	-	-	-	-
Datin Seri Shahrizan Binti Abdullah	46,000	0.04	-	-	46,000	0.04
Ng Poh Tat	-	-	-	-	-	-

Shares in the holding company, Soon Lian Huat Holdings Sdn. Berhad

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Soon Ah Khun @ Soon Lian Huat	62,000	55.36	50,000	44.64	112,000	100.00
Soon Ah Khun @ Soon Lian Huat	-	-	680,000	100.00	680,000	100.00
Soon Cheng Hai	226,667	33.33	-	-	226,667	33.33
Soon Cheng Boon	226,667	33.33	-	-	226,667	33.33
Soon Hean Hooi	226,666	33.33	-	-	226,666	33.33

Shares in related company, Choo Bee Holdings Sdn. Bhd.

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Soon Ah Khun @ Soon Lian Huat	-	-	2,508,314	76.17	2,508,314	76.17
Soon Cheng Hai	161,829	4.91	-	-	161,829	4.91
Soon Cheng Boon	161,829	4.91	-	-	161,829	4.91
Soon Hean Hooi	161,832	4.91	-	-	161,832	4.91

By virtue of his interests in the Company and in the holding company, Soon Ah Khun @ Soon Lian Huat is also deemed to have an interest in shares of all the subsidiary companies to the extent that the Company and the holding company has an interest.

Other than as disclosed above, none of the other Directors had any interest in shares in the Company or its related companies.



Statement of Shareholdings

as at 28 April 2010 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 28.04.2010

Name of Holder	Holdings	% of Issued Capital
1. Choo Bee Holdings Sdn. Bhd.	43,199,000	41.16
2. Soon Lian Huat Holdings Sdn. Berhad	11,461,000	10.92
3. AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	8,034,500	7.65
4. Lembaga Tabung Haji	7,498,500	7.14
5. Soon Hean Hooi	2,833,855	2.70
6. DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt An for British and Malayan Trustees Limited (Yeoman 3-Rights)	1,575,000	1.50
7. Yeo Lee Hong Betty	1,059,000	1.01
8. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LPF)	960,800	0.92
9. Soon Siew Leh	750,000	0.71
10. Soon Cheng Hai	704,000	0.67
11. Soon Cheng Boon	698,000	0.66
12. Lee Sieng Tzi @ Vincent Lee	591,000	0.56
13. Soon Ah Khun @ Soon Lian Huat	430,600	0.41
14. Soon Lian Lim	427,875	0.41
15. Lee See Jin	423,700	0.40
16. Tan Peng Nam	416,100	0.40
17. Tan Peng Soon	389,000	0.37
18. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Fong Siling (CEB)	375,000	0.36
19. Tan Peng Sum	300,000	0.29
20. Lee Soon Hian	291,500	0.28
21. M & A Nominee (Tempatan) Sdn. Bhd. - M&A Securities Sdn. Bhd.	280,440	0.27
22. Siong Go Pok	261,000	0.25
23. Yeoh Kean Hua	260,000	0.25
24. Quah Eng Thiam	237,000	0.23
25. Tan Goh Mee	227,500	0.22
26. HDM Nominees (Asing) Sdn. Bhd. - DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa	225,000	0.21
27. HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for BNP Paribas Securities Services (Sydney – AUD)	225,000	0.21
28. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Soon Lian Lim (20-00134-000)	224,607	0.21
29. Leong Fook @ Leong Kim San	224,600	0.21
30. M & A Nominee (Tempatan) Sdn. Bhd. - Titan Express Sdn. Bhd.	220,000	0.21
TOTAL	84,803,577	80.79



Form of Proxy

I/We, _____

of _____

being a member of Choo Bee Metal Industries Berhad hereby appoint +the Chairman of the Meeting _____

_____ of _____ or

failing him _____ of _____

as my/our proxy, to vote for me/us and on my/our behalf at the 2010 Annual General Meeting of the Company to be held on 25 June 2010 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:-	For	Against
1. The declaration of a Final Dividend		
2. The payment of Directors' fee		
3. The re-election of Directors: Soon Hean Hooi Leong Keng Yuen Lee Sieng Tzi @ Vincent Lee		
4. The re-appointment of the following Director in accordance with Section 129 of the Companies Act, 1965: Soon Ah Khun @ Soon Lian Huat		
5. The appointment of Auditors and their remuneration		
6. Ordinary Resolution No. 1 – Proposed Renewal of Share Buy Back Authority		
7. Ordinary Resolution No. 2 – Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with (✓) how you wish your vote to be cast

No. of shares held	
CDS A/C No.	

Date:

Signature of Shareholder

NOTES

A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

+If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialed.

Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If this Form is signed and returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorized officer.



Please fold here

Affix
Stamp

To
The Company Secretary
CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
55 Medan Ipoh 1A, Medan Ipoh Bistari,
31400 Ipoh, Perak Darul Ridzuan,
Malaysia.

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聚美鋼鐵工業有限公司

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)

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