



CHOO BEE METAL INDUSTRIES BERHAD
(10587-A)

ANNUAL REPORT

2010





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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2011 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, 24 June 2011 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2010, 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 RM200,000.
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-

Khoo Choon Yam
Datin Seri Shahrizan binti Abdullah
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 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 3,500,000 shares inclusive of those shares already purchased and retained in treasury, which as at 30 April 2011 amounted to 763,425 shares, through Bursa Malaysia Securities Berhad, representing three point one eight percent (3.18%) of the Company's total issued and paid-up share capital as at 30 April 2011 of 109,903,000 shares of RM1.00 each;

That an amount of RM7,000,000 be allocated for the Proposed Share Buy Back out of the total of the audited retained earnings and share premium account as at 31 December 2010, so that the total consideration of shares purchased and held as treasury shares or cancelled at any time do not exceed RM7,000,000. The retained earnings and share premium account of the Company based on the audited financial statements for the year ended 31 December 2010 are as follows:

	As at 31 December 2010
Retained earnings	RM139,941,526
Share premium	RM 17,765,166

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 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 25 May 2011 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 24 June 2011 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 report 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
- (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
25 May 2011



Notice of Annual General Meeting (cont'd)

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) **RE-ELECTION OF DIRECTOR**

Mr. Leong Keng Yuen is also due for retirement at the forthcoming Annual General Meeting. However, he has advised that he will not be seeking for re-election at the forthcoming Annual General Meeting.

(b) **ORDINARY RESOLUTION 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 2010 Annual Report.

(c) **ORDINARY RESOLUTION 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 2010 Annual Report.

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

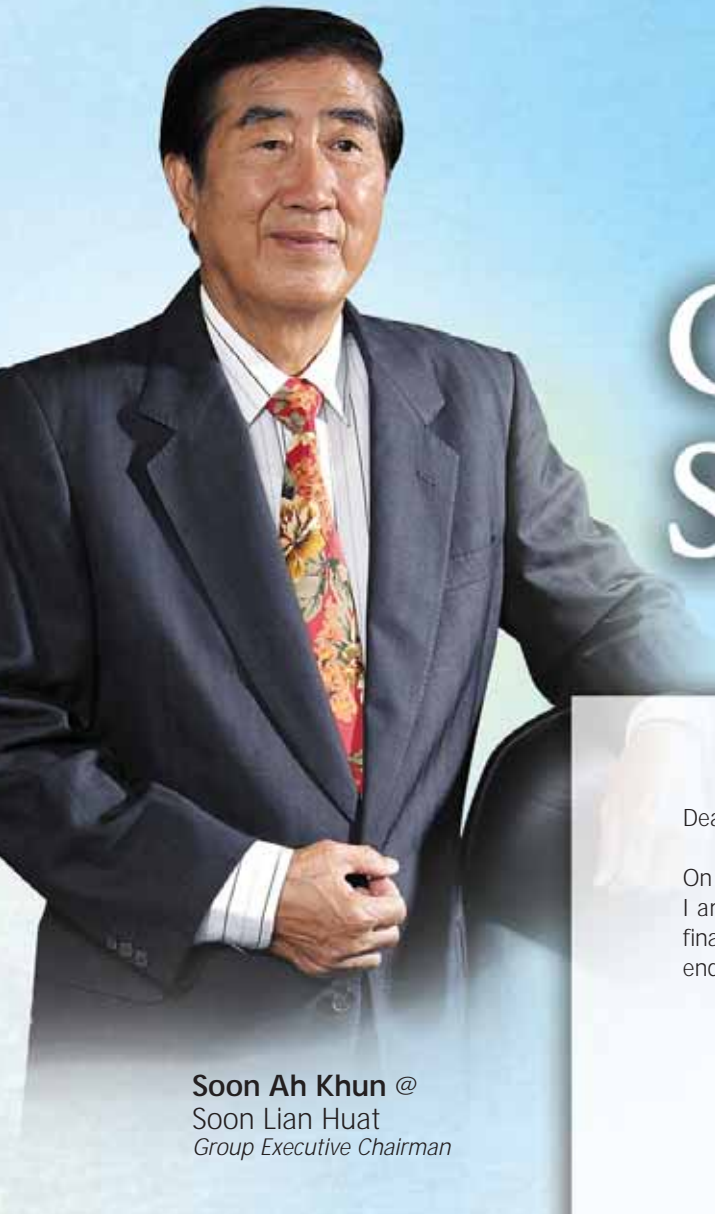
pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities)

Further details of individual standing for election as Director is set out in the Profile of Directors and Statement of Shareholdings on page 11 to 13 and 100 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 2010 and the audited financial statements of the Company and the Group for the financial year ended 31 December 2010.

Review of 2010 Results and Group Performance

The global financial crisis in late 2008 and its lingering effect had a negative impact on the Group's 2010 performance. However despite the adverse economic conditions we were able to turn in a creditable performance with our continued focus on operational efficiency and prudent financial management.

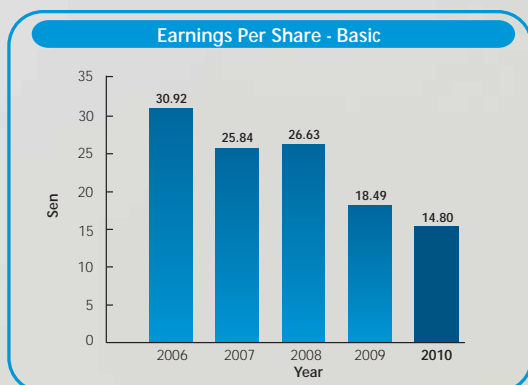
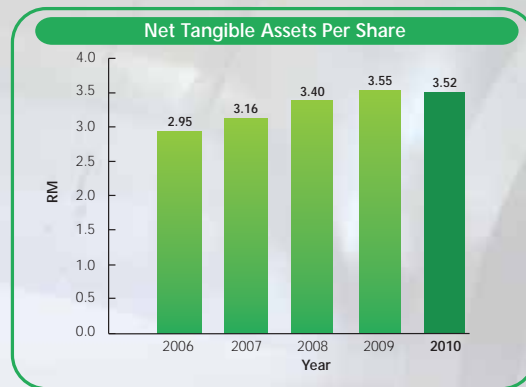
The Group registered a marginally lower turnover and profit before tax of RM401.8 million and RM23.6 million respectively vis-à-vis last year's figure of RM404.4 million and RM26.4 million. The decreases were primarily due to the dampened business activities and weaker steel prices especially towards the second half of the year in review. As a result of the declining price situation we had to adjust our inventory net realizable value by undertaking a write-down of RM10.2 million.

While the trading division remains the main contributor to the Group's turnover, our focus on efficient operating procedures and improved productivity has led to our manufacturing operations contributing 42% of the Group's turnover, a healthy increase of 6% over the previous financial year.





Financial Results at a Glance





Outlook for 2011

There has been a strong rally in domestic steel prices since the beginning of the year in tandem with the strengthening international prices. The price momentum was expected to carry into the coming months as steel producers enjoyed strong demand amidst a shortage of raw material compounded by the recent floods in Australia. However the recent tragic earthquake in Japan that directly affected two steelworks and the devastating aftermath had plunged the market into turmoil and seems to have arrested the price surge at least for the time being thus making the situation uncertain.

The Malaysian economy was projected to grow by between 5% and 6% in 2011, spurred by domestic demand as the private sector takes over as the driver of growth which will be supported by continued firm expansion in domestic demand, the roll-out of construction and infrastructural projects and the implementation of the economic transformation programme by the Government.

The construction sector is expected to expand 4.4% in 2011 supported by the acceleration of major civil engineering projects. The outlook for the steel-related materials sub-sector is encouraging with the civil-engineering segment expected to benefit from various infrastructure projects outlined in the 10th Malaysia Plan. The steel industry will strongly benefit from the acceleration of ongoing projects such as KLIA 2, the Second Penang Bridge, SKVE (Package 3) Sabah-Sarawak gas pipeline and the LRT extensions.

The completion of the Group's warehouse in Kapar will significantly enhance our distribution capability and complement our existing logistics. It will serve as an important distribution hub for us in the Klang valley region as we will be able to translate small orders into economically viable orders as well as bridging the time between our customers' orders and delivery.

The Group will continue with our business strategy of improving on our competitiveness through higher productivity and operational efficiency. With improving market conditions the Group is optimistic that we will be able to deliver a better performance in 2011.

Financial Position

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 yields accumulated over the years have translated into our strong net tangible assets, low gearing ratio and strong net cash inflows position. The positive net asset position of the Group underlines the financial strengths of the group and reflects on the effectiveness of our business model.

The Group continues to explore opportunities for continued growth and capital expansion to add value to shareholders.





Dividend

Your Board is pleased to recommend a final dividend of 6% less 25% Malaysian tax for the financial year ended 31 December 2010.

Corporate Responsibility

The Group is keenly aware of its corporate social responsibility and we embrace responsibility for our actions and we encourage a positive impact through our activities on the environment, consumers, employees, communities and stakeholders. Towards this end we have undertaken various activities that reflect our commitment to this responsibility.

We have carried out tree planting programmes at our production facilities and made financial donations to schools and institutions that care for handicapped children and provide palliative care. We have also organized blood donation drive and have an active recycling programme among many other activities.

Acknowledgement

On behalf of the Board, I would like to express our sincere thanks to our valued customers, suppliers, business associates, bankers and you 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

12 April 2011





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
Ng Poh Tat
Khoo Choon Yam

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 73, 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 48, 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 46, 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 40, 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 48, 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 60, 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 and was a Mining Executive with The Straits Trading Company Ltd before qualifying as an accountant. He retired as 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 Tsui Ngit Foundation, The Perak Chinese Maternity Association and The Perak Chinese Welfare Association.

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 58, 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 60, 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 chairperson of MIDF Amanah Asset Management Berhad and holds directorships in 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 61, Malaysian

Ng Poh Tat was appointed to the Board on 15 August 2008. He was admitted by the High Court of Malaya, Ipoh and enrolled as an advocate and solicitor in February 1989. In 1991, he set up his own firm under the partnership of Messrs Ng Poh Tat & Co in Ipoh. He is also a legal advisor of Perak Chinese Chambers of Commerce and Industry, Ipoh.

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 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 2010. 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	4 out of 5
Soon Cheng Hai	- Group Managing Director	5 out of 5
Soon Cheng Boon	- Executive Director	4 out of 5
Soon Hean Hooi	- Executive Director	5 out of 5
Lee Sieng Tzi @ Vincent Lee	- Executive Director	4 out of 5
Leong Keng Yuen	- Senior Independent Non-Executive Director	5 out of 5
Ng Poh Tat	- 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	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. One meeting was held during the financial year ended 31 December 2010. 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. Two meetings were held during the financial year ended 31 December 2010.

Supply of Information

All Directors review a 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;
- 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 2010, the following training programmes and seminars were attended by the Directors:

- Corporate Tax Planning
- Board Effectiveness : Understanding the Roles and Responsibilities of the Nominating and Remuneration Committees
- Board Effectiveness : Redefining the Role and Function of An Independent Director
- Blue Ocean Strategy Seminar
- Malaysian FRS – Recent Development and Updates
- Getting Up to Speed with Governance (Part I)
- 2011 Budget Seminar
- World Trade Expo, China
- Oil and Gas CVL Fleet Seminar
- HomeTech and Hardware Tools Expo 2010

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 2010 are as follows:

Directors' Remuneration	Executive Directors	Non-Executive Directors
	RM	RM
Fee	154,000	100,000
Salaries and EPF	2,404,405	-
Bonus	1,529,744	-
Allowances	-	50,200
Benefits-in-kind	72,528	-

Directors' Remuneration RM	Number of Directors	
	Executive Directors	Non-Executive Directors
Below 50,000	-	4
100,001 – 150,000	1	-
800,001 – 850,000	1	-
900,001 – 950,000	1	-
950,001 – 1,000,000	1	-
1,200,001 – 1,250,000	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 2010, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements 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.

NON-AUDIT FEE

Non-audit fee amounting to approximately RM4,000 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

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 Company during the financial year.

REVALUATION OF LANDED PROPERTIES

The revaluation policy on landed properties classified as Investment Properties are disclosed in Note 2.7 of the financial statements. The Company does not revalue its landed properties classified as Property, Plant and Equipment.



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 five 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)	5 out of 5
Ng Poh Tat	- Independent Non-Executive Director	5 out of 5
Khoo Choon Yam	- Independent Non-Executive Director	5 out of 5

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

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 2010 in the discharge of its duties and responsibilities:

- 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 2010 with the external auditors prior to the commencement of audit;
- 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.



Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION

In the first half year of 2010, the Internal Audit function of the Group was carried out by the internal Systems Assurance Department. Due to difficulties in recruiting internal auditors for the Systems Assurance Department, towards year end the Group outsourced the Internal Audit function to a professional internal audit service provider firm which undertakes independent, objective and systematic reviews of the risk management, internal controls system and corporate governance. Both the internal Systems Assurance Department and outsourced internal auditors report directly to the Audit Committee and assist 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 Group in relation to the Internal Audit function for the financial year ended 31 December 2010 amounted to approximately RM48,075.

During the financial year ended 31 December 2010, 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.



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 Approval and Authority Limits;
- the Internal Audit Function 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 actions taken on internal control issues identified in reports prepared by the Internal Audit Function and the external auditors.

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.



Statement on Internal Control (cont'd)

INTERNAL AUDIT FUNCTION

In the first half year of 2010, the Internal Audit function of the Group was carried out by the internal Systems Assurance Department. Due to difficulties in recruiting internal auditors for the Systems Assurance Department, towards year end the Group outsourced the Internal Audit function to a professional internal audit service provider firm. In general, the internal audit function remains unchanged.

The Internal Audit Function performed reviews on key processes within the Group and assessed the effectiveness of the internal control systems. The Audit Committee is kept informed of the audit process and audit findings, and would thereafter make recommendations to the Board of Directors. The Management is responsible for ensuring that corrective actions are taken within the stipulated time frame on any reported weaknesses.

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.

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; and
- Controls over information systems.

During the year, the Group continued to improve management reporting on a timely basis as follows:

- Preparation of management financial executive summary, credit management reports and debtors aging;
- Devised a rating system for all customers and regular review of their credit limits to reflect current business requirements;
- Implementation of complete monthly management accounts to facilitate monitoring and timely action; and
- Control and monitoring of monthly costing under/over absorption to ensure no material misstatement of costs in financial statements.

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.

The outsourced Internal Auditor was requested to conduct a review of the principal risks so as to familiarise themselves with the operations of the Group and assist to update the Framework for Risk Management where necessary. They will also be assisting management including the operational heads to implement the formal Risk Management Framework down to the operating levels.

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 2010.

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 17 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	<u>15,796,584</u>	<u>5,340,499</u>
Profit attributable to:		
Owners of the parent	<u>15,796,584</u>	<u>5,340,499</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations 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 2009 was a final dividend of 6% less 25% taxation on 104,964,100 ordinary shares amounting to RM4,723,385 in respect of the financial year ended 31 December 2009.

On 20 August 2010, the company distributed a final dividend by way of reissuance of treasury shares as share dividend at the ratio of one treasury share for every twenty-five existing ordinary shares of RM1.00 each held. A total of 4,198,375 treasury shares were reissued to the entitled shareholders in relation to the share dividend.

At the forthcoming Annual General Meeting, a final dividend in respect of financial year ended 31 December 2010 of 6% less 25% taxation on 109,161,475 ordinary shares, amounting to a dividend payable of RM4,912,266 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 2011.

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 25 June 2010, 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 2010	4,759,400	1.59	1.09	1.50	7,148,223
February	12,000	1.83	1.82	1.18	22,100
March	154,400	1.81	1.76	1.12	275,903
April	13,100	1.79	1.79	1.80	23,621
August	1,000	1.80	1.80	1.84	1,842
Reissued as share dividend	(4,198,375)	1.80	1.80	1.51	(6,349,839)
As at 31 December 2010	<u>741,525</u>				<u>1,121,850</u>

Further relevant details are disclosed in Note 32 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
Khuo Choon Yam
Soon Hean Hooi
Lee Sieng Tzi @ Vincent Lee
Ng Poh Tat

Directors' Report (cont'd)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of previous financial year, no director has received or become entitled to receive any benefit (other than a benefit 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 shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Notes 22 and 28 to the financial statements.

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 31-Dec-10
	Balance as at 1-Jan-10	Bought	Sold	
The Company				
Direct interest				
Soon Ah Khun @ Soon Lian Huat	430,600	19,000 *17,984	-	467,584
Soon Cheng Hai	704,000	21,000 *29,000	-	754,000
Soon Cheng Boon	698,000	2,000 *28,000	-	728,000
Leong Keng Yuen	26,000	- *1,040	-	27,040
Soon Hean Hooi	2,833,855	21,000 *114,194	-	2,969,049
Lee Sieng Tzi @ Vincent Lee	591,000	- *23,640	-	614,640
Datin Seri Shahrizan Binti Abdullah	46,000	- *1,840	-	47,840
Deemed interest by virtue of shares held by companies in which a director has interest				
Soon Ah Khun @ Soon Lian Huat	54,660,000	300,600 *2,193,300	-	57,153,900
Deemed interest by virtue of shares held by immediate family members of the directors				
Soon Ah Khun @ Soon Lian Huat	5,266,295	44,000 *212,411	-	5,522,706
Soon Cheng Boon	15,000	- *600	-	15,600
Lee Sieng Tzi @ Vincent Lee	280,440	- *11,217	-	291,657

* Arising from the reissuance of treasury shares as share dividend at the ratio of one treasury share for every twenty-five existing ordinary shares of RM1.00 each held.



Directors' Report (cont'd)

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each			Balance as at 31-Dec-10
	Balance as at 1-Jan-10	Bought	Sold	
The Company				
Shares in 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
Deemed interest by virtue of shares held by immediate family members of the directors				
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

* Arising from the reissuance of treasury shares as share dividend at the ratio of one treasury share for every twenty-five existing ordinary shares of RM1.00 each held.

By virtue of his interest in the Company and in the 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 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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - 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 had been written down to an amount which they might be expected so to realise.

Directors' Report (cont'd)

Other statutory information (cont'd)

- (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 provision 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.
- (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) As 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 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 12 April 2011.

Soon Cheng Hai

Soon Cheng Boon



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 93 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2011.

Soon Cheng Hai

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 93 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 12 April 2011.

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 93.

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 2010 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

The supplementary information set out in Note 41 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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: 12 April 2011

Statements of Comprehensive Income

for the financial year ended 31 December 2010

	Note	Group		Company	
		2010 RM	2009 (restated) RM	2010 RM	2009 (restated) RM
Revenue	4	401,768,837	404,418,301	220,984,827	195,574,307
Other items of income					
Investment revenue	6	92,390	83,821	123,060	677,161
Other gains and losses	7	(1,401,657)	(878,878)	131,422	(329,935)
Other operating income		104,027	1,636,449	37,042	773,562
Items of expense					
Changes in inventories of manufactured goods and trading goods		56,974,322	(7,088,967)	7,134,084	4,098,324
Raw materials and consumables used		(183,695,810)	(157,024,157)	(181,809,789)	(156,135,624)
Purchase of trading goods		(204,884,903)	(178,492,559)	(2,978,108)	(3,133,058)
Net write down of inventories	20	(10,193,478)	(4,699,945)	(10,075,214)	(2,105,228)
Directors' remuneration	8	(4,287,560)	(3,805,492)	(2,134,066)	(2,062,886)
Employee salaries and benefits expenses	9	(8,704,393)	(8,699,778)	(4,678,113)	(4,795,399)
Reversal of impairment of loss/ (Impairment loss) of property, plant and equipment		98,146	(319,300)	-	(280,768)
Depreciation and amortisation		(5,898,892)	(5,667,769)	(5,096,402)	(4,754,391)
Finance costs	10	(925,048)	(725,090)	(1,235,816)	(903,861)
Other expenses		(15,486,993)	(12,304,200)	(11,851,791)	(8,410,167)
Profit before taxation	11	23,558,988	26,432,436	8,551,136	18,212,037
Income tax expense	12	(7,762,404)	(6,938,156)	(3,210,637)	(4,685,642)
Profit net of tax		15,796,584	19,494,280	5,340,499	13,526,395
Total comprehensive income for the year		15,796,584	19,494,280	5,340,499	13,526,395
Profit attributable to: Owners of the parent		15,796,584	19,494,280	5,340,499	13,526,395
Total comprehensive income attributable to: Owners of the parent		15,796,584	19,494,280	5,340,499	13,526,395
Earnings per share attributable to owners of the parent (sen per share)					
Basic	13	14.8	18.5		
Diluted	13	14.8	18.5		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Statements of Financial Position

as at 31 December 2010

	Note	2010 RM	Group 2009 (restated) RM	As at 1.1.2009 (restated) RM	2010 RM	Company 2009 (restated) RM	As at 1.1.2009 (restated) RM
Assets							
Non-current assets							
Property, plant and equipment	14	120,201,290	114,339,966	114,642,979	100,407,993	102,115,005	102,386,718
Land use rights	15	3,438,519	3,280,084	3,357,410	2,941,905	2,653,414	2,711,150
Investment properties	16	2,280,000	2,280,000	2,000,000	9,618,615	1,850,000	1,850,000
Investment in subsidiary companies	17	-	-	-	26,673,376	26,673,376	26,673,376
Other investments	18	-	35	35	-	35	35
Goodwill on consolidation	19	87,096	87,096	87,096	-	-	-
Deferred tax assets	31	-	-	160,000	-	-	-
Total non-current assets		126,006,905	119,987,181	120,247,520	139,641,889	133,291,830	133,621,279
Current assets							
Inventories	20	187,874,013	179,831,096	213,847,936	100,142,276	104,661,322	126,290,325
Trade and other receivables	21	114,617,321	111,296,641	126,147,828	61,610,278	59,691,436	71,129,859
Current tax assets		1,925,509	2,255,230	3,126,855	-	-	901,319
Other assets	23	280,860	327,023	390,204	196,503	138,063	236,886
Short term investment	24	-	2,000,000	-	-	2,000,000	-
Cash and cash equivalents	25	5,171,522	7,257,569	5,551,764	1,716,556	2,021,245	3,553,860
Total current assets		309,869,225	302,967,559	349,064,587	163,665,613	168,512,066	202,112,249
Total assets		435,876,130	422,954,740	469,312,107	303,307,502	301,803,896	335,733,528
Equity and liabilities							
Current liabilities							
Trade and other payables	26	17,280,244	13,036,745	10,999,628	4,527,957	3,644,265	4,739,735
Borrowings	27	21,550,000	23,580,017	88,562,979	20,750,000	19,650,000	63,520,343
Current tax liabilities		77,195	370,646	499	77,192	369,307	-
Derivative	29	46,724	-	-	3,706	-	-
Total current liabilities		38,954,163	36,987,408	99,563,106	25,358,855	23,663,572	68,260,078
Net current assets		270,915,062	265,980,151	249,501,481	138,306,758	144,848,494	133,852,171
Non-current liabilities							
Retirement benefits obligation	30	-	567,722	559,004	-	475,440	478,734
Deferred tax liabilities	31	12,563,891	11,796,577	9,377,017	11,460,805	11,476,000	8,628,000
Total non-current liabilities		12,563,891	12,364,299	9,936,021	11,460,805	11,951,440	9,106,734
Total liabilities		51,518,054	49,351,707	109,499,127	36,819,660	35,615,012	77,366,812
Net assets		384,358,076	373,603,033	359,812,980	266,487,842	266,188,884	258,366,716
Equity attributable to owners of the parent							
Share capital	32	109,903,000	109,903,000	109,903,000	109,903,000	109,903,000	109,903,000
Treasury shares	32	(1,121,850)	(7,148,223)	(6,187,950)	(1,121,850)	(7,148,223)	(6,187,950)
Reserves	33	18,951,459	25,301,298	25,301,298	17,765,166	24,115,005	24,115,005
Retained earnings	33	256,625,467	245,546,958	230,796,632	139,941,526	139,319,102	130,536,661
Total equity		384,358,076	373,603,033	359,812,980	266,487,842	266,188,884	258,366,716
Total equity and liabilities		435,876,130	422,954,740	469,312,107	303,307,502	301,803,896	335,733,528

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2010

Group	Note	Share capital RM	Treasury shares RM	Attributable to owners of the parent		Total equity RM	
				Non-distributable Share premium RM	Distributable General reserve Retained earnings RM		
Opening balance at 1 January 2010		109,903,000	(7,148,223)	24,115,005	1,186,293	245,546,958	373,603,033
Effects of adopting FRS 139		-	-	-	-	5,310	5,310
		109,903,000	(7,148,223)	24,115,005	1,186,293	245,552,268	373,608,343
Total comprehensive income		-	-	-	-	15,796,584	15,796,584
Transactions with owners							
Dividends	34	-	-	-	-	(4,723,385)	(4,723,385)
Purchase of treasury shares	32(b)	-	(323,466)	-	-	-	(323,466)
Treasury shares reissued as share dividend		-	6,349,839	(6,349,839)	-	-	-
Total transactions with owners		-	6,026,373	(6,349,839)	-	(4,723,385)	(5,046,851)
Closing balance at 31 December 2010	33	109,903,000	(1,121,850)	17,765,166	1,186,293	256,625,467	384,358,076
Opening balance at 1 January 2009		109,903,000	(6,187,950)	24,115,005	1,186,293	230,796,632	359,812,980
Total comprehensive income		-	-	-	-	19,494,280	19,494,280
Transactions with owners							
Dividends	34	-	-	-	-	(4,743,954)	(4,743,954)
Purchase of treasury shares	32(b)	-	(960,273)	-	-	-	(960,273)
Total transactions with owners		-	(960,273)	-	-	(4,743,954)	(5,704,227)
Closing balance at 31 December 2009		109,903,000	(7,148,223)	24,115,005	1,186,293	245,546,958	373,603,033

Company	Note	Share capital RM	Treasury shares RM	Attributable to owners of the parent		Total equity RM
				Non-distributable Share premium RM	Distributable Retained earnings RM	
Opening balance at 1 January 2010		109,903,000	(7,148,223)	24,115,005	139,319,102	266,188,884
Effects of adopting FRS 139		-	-	-	5,310	5,310
		109,903,000	(7,148,223)	24,115,005	139,324,412	266,194,194
Total comprehensive income		-	-	-	5,340,499	5,340,499
Transactions with owners						
Dividends	34	-	-	-	(4,723,385)	(4,723,385)
Purchase of treasury shares	32(b)	-	(323,466)	-	-	(323,466)
Treasury shares reissued as share dividend		-	6,349,839	(6,349,839)	-	-
Total transactions with owners		-	6,026,373	(6,349,839)	(4,723,385)	(5,046,851)
Closing balance at 31 December 2010		109,903,000	(1,121,850)	17,765,166	139,941,526	266,487,842
Opening balance at 1 January 2009		109,903,000	(6,187,950)	24,115,005	130,536,661	258,366,716
Total comprehensive income		-	-	-	13,526,395	13,526,395
Transactions with owners						
Dividends	34	-	-	-	(4,743,954)	(4,743,954)
Purchase of treasury shares	32(b)	-	(960,273)	-	-	(960,273)
Total transactions with owners		-	(960,273)	-	(4,743,954)	(5,704,227)
Closing balance at 31 December 2009		109,903,000	(7,148,223)	24,115,005	139,319,102	266,188,884

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Statements of Cash Flows

for the financial year ended 31 December 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Operating activities					
Profit before taxation		23,558,988	26,432,436	8,551,136	18,212,037
<u>Adjustments for:</u>					
Allowance for doubtful debts		529,683	511,901	281,200	271,798
Allowance for doubtful debts no longer required		(101,974)	(1,405,435)	-	(674,057)
Amortisation of land use rights		89,168	77,326	62,010	57,736
Bad debts written off		13,091	3,514	-	-
Depreciation of property, plant and equipment		5,809,724	5,590,443	5,034,392	4,696,655
Finance costs	10	925,048	725,090	1,235,816	903,861
Fair value loss of financial instruments measured at fair value		1,185,782	-	194,984	-
Fair value adjustment of investment properties		-	(172,883)	(307,534)	-
Gain on disposal of unquoted investment		(6,694)	-	(790)	-
Investment written off (Reversal of impairment loss)/ Impairment loss of property, plant and equipment		35 (98,146)	- 319,300	35 -	- 280,768
Interest income		(229,276)	(315,477)	(29,812)	(89,394)
Investment revenue		(92,390)	(83,821)	(123,060)	(677,161)
Net write down of inventories		10,193,478	4,699,945	10,075,214	2,105,228
Provision for retirement benefits - net (Gain)/Loss on disposal of land use rights and property, plant and equipment		(567,722) (248,174)	61,042 5,719	(475,440) (252,537)	33,084 (5,293)
Property, plant and equipment written off		10,494	49,776	54,648	5,281
Unrealised loss on foreign exchange		118,886	110,781	76,299	109,997
Total adjustments		17,531,013	10,177,221	15,825,425	7,018,503
Operating profit before working capital changes carried forward		41,090,001	36,609,657	24,376,561	25,230,540
<u>Changes in working capital</u>					
Inventories		(18,236,393)	29,316,895	(5,556,168)	19,523,775
Trade and other receivables		(2,621,346)	16,680,401	(12,561,456)	8,155,780
Other assets		46,163	(1,214,612)	(58,440)	(1,166,670)
Trade and other payables		895,441	3,588,212	866,829	(584,474)
Other liabilities		-	(1,551,095)	-	(510,996)
Total changes in working capital		(19,916,135)	46,819,801	(17,309,235)	25,417,415
Cash flows from operations		21,173,866	83,429,458	7,067,326	50,647,955
Interest income		208,568	315,477	29,812	89,394
Income tax paid		(6,958,820)	(3,116,824)	(3,517,947)	(427,001)
Retirement benefits paid		-	(52,324)	-	(36,378)
Net cash flows from operating activities		14,423,614	80,575,787	3,579,191	50,273,970

Statements of Cash Flows

for the financial year ended 31 December 2010 (cont'd)

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Investing activities					
Repayments from subsidiary companies		-	-	9,160,125	4,612,698
Proceeds from disposal of land use rights and property, plant and equipment		528,545	108,190	407,547	85,712
Interest received on advance granted to subsidiary companies		-	-	34,716	68,002
Interest on investment funds and fixed deposits		43,756	50,818	1,211	29,596
Rental received		48,632	33,000	87,131	19,500
Proceeds from disposal of unquoted investments		3,512,004	-	2,006,100	-
Purchase of quoted investment funds		-	(2,000,000)	-	(2,000,000)
Purchase of unquoted shares		(1,500,000)	-	-	-
Dividends received from quoted investments		-	3	2	3
Dividends received from subsidiary companies		-	-	-	420,045
Purchase of property, plant and equipment		(11,160,791)	(5,649,832)	(10,398,044)	(4,563,710)
Net cash flows (used in)/from investing activities		(8,527,854)	(7,457,821)	1,298,788	(1,328,154)
Financing activities					
Net repayment of short-term borrowings		(2,030,017)	(64,408,518)	1,100,000	(43,296,000)
Finance costs paid		(904,921)	(725,090)	(1,235,816)	(903,861)
Dividends paid	34	(4,723,385)	(4,743,954)	(4,723,385)	(4,743,954)
Repurchase of own shares	32(b)	(323,467)	(960,273)	(323,467)	(960,273)
Net cash flows used in financing activities		(7,981,790)	(70,837,835)	(5,182,668)	(49,904,088)
Net (decrease)/increase in cash and cash equivalents		(2,086,030)	2,280,131	(304,689)	(958,272)
Cash and cash equivalents at beginning of year		7,257,552	4,977,421	2,021,245	2,979,517
Cash and cash equivalents at end of year	25	5,171,522	7,257,552	1,716,556	2,021,245
Property, plant and equipment were acquired by the following means:					
Cash		11,160,791	5,649,832	10,398,044	4,563,710
Other assets		918,956	227,700	918,956	227,700
		12,079,747	5,877,532	11,317,000	4,791,410

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Notes to the Financial Statements

– 31 December 2010

1. Corporate information

Choo Bee Metal Industries Berhad ("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 immediate and ultimate holding company is Soon Lian Huat Holdings Sdn. Berhad, which is incorporated in Malaysia.

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 17.

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.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical costs basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 139 and FRS 7 *Financial Instruments: Recognition and Measurement, Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives*
- Improvements to FRS issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 4 *Insurance Contracts*, IC interpretation 13 *Customer Loyalty Programmes* and TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRS and IC Interpretation are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 5(i) to the financial statements.

FRS 101 *Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 38).

The revised FRS 101 was adopted retrospectively by the Group and the Company.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Company as operating lease and where necessary, the minimum lease payments or the upfront payments made were allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The upfront payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statements of financial position as at 31 December 2010 arising from the above change in accounting policy:

	2010 RM
Increase/(decrease) in:	
Group	
Property, plant and equipment	1,644,702
Land use rights	(1,644,702)
Company	
Property, plant and equipment	728,762
Land use rights	(728,762)

The following comparatives have been restated:

	As previously stated RM	Adjustments RM	As restated RM
Statements of financial position			
Group:			
31 December 2009			
Property, plant and equipment	112,669,999	1,669,967	114,339,966
Land use rights	4,950,051	(1,669,967)	3,280,084
1 January 2009			
Property, plant and equipment	112,947,747	1,695,232	114,642,979
Land use rights	5,052,642	(1,695,232)	3,357,410

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

	As previously stated RM	Adjustments RM	As restated RM
Statements of financial position (cont'd)			
Company:			
31 December 2009			
Property, plant and equipment	101,375,068	739,937	102,115,005
Land use rights	3,393,351	(739,937)	2,653,414
1 January 2009			
Property, plant and equipment	101,635,606	751,112	102,386,718
Land use rights	3,462,262	(751,112)	2,711,150

FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(i) Equity instruments

Prior to 1 January 2010, the Group classified its investments in unquoted shares which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM2,005,310. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

The following are effects arising from the above changes in accounting policies:

	Increase / (decrease)	
	As at 31 December 2010 RM	As at 1 January 2010 RM
Statements of financial position		
Group		
Short term investment	-	5,310
Company		
Short term investment	-	5,310



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 140: Investment Property

On 1 January 2010, the Group adopted the amendments to FRS 140 *Investment Property* which arose from the Improvements to FRS issued in 2009.

The Group has properties that are being constructed for future use classified as investment properties. Such investment properties under construction ("IPUC") were accounted as property, plant and equipment. Upon adoption of the amendments to FRS 140, these IPUC are reclassified as investment properties and measured at fair value with changes in fair value being recognised in the profit or loss when fair value can be determined reliably. However, where the fair value is not reliably determinable, the IPUC are measured at cost until the earlier of the date construction is completed or the date at which the fair value becomes reliably determinable.

The Group applied the amendments prospectively. As a result of the adoption of the amendment to FRS 140, as at 1 January 2010, the Company has reclassified IPUC of RM 3,369,989 from property, plant and equipment to investment properties, which represents the cost as at 31 December 2009. A fair value increase of RM 307,534 in respect of IPUC has been recognised in profit or loss of the Company in the financial year ended 31 December 2010.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3 <i>Business Combinations (revised)</i>	1 July 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 132: <i>Classification of Rights Issues</i>	1 March 2010
Amendments to FRS 1: <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 1: <i>Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters</i>	1 January 2011
Amendments to FRS 7: <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 2: <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS contained in the document entitled " <i>Improvements to FRSs (2010)</i> "	1 January 2011
IC Interpretation 4: <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18 <i>Transfer of Assets from Customers</i>	1 January 2011
TRI - 3 <i>Guidance on Disclosure of Translation to IFRSs</i>	1 January 2011
TRI - 4 <i>Shariah Compliant sale Contracts</i>	1 January 2011
IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
FRS 124 <i>Related Party Disclosures</i>	1 January 2012

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.4 Subsidiary companies and basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiaries used in preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.5. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries 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.

2.5 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.5 Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.6 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation.

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").

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and to valuations 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 included in profit or loss 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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risk and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(iv).

2.10 Inventories

Inventories are stated at the 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 and condition. Cost of manufactured goods includes the cost of raw materials, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

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

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.12 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.12 Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 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

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Retirement benefits

The Group operates a non-contributory unfunded retirement benefits scheme for those employees who have completed the minimum qualifying period of eight years of continuous service. Provision 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 profit and loss 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.

During the year, the Group terminated the retirement benefit scheme and replaced it with a gratuity scheme. The provision made for retirement benefit was written back to profit or loss. Under the gratuity scheme, gratuity may be paid to eligible employees on retirement from employment. Payment of gratuity is at the discretion of the directors. The gratuity scheme being newly implemented does not show any trends and constructive obligation could not be established. As a result, the directors are of the opinion that no provision for retirement gratuity is required. Gratuity expenses are recognised as an expense in the period in which the expense is incurred.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.18 Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting are recognised in profit and loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit and loss 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.

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 transaction can be measured reliably.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Rental income

Rental income from investment properties is recognised on a straight-line basis over the lease terms.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 5, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue 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.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

There are no judgements made by management in the process of applying the Group'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 reporting 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 2010 were RM120,201,290 and RM100,407,993 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 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 14 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 technology 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.

(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 2010 was RM87,096 (2009 : RM87,096). Further details are disclosed in Note 19.

(iv) Impairment of receivables

The carrying amounts of third-party trade and other receivables of the Group and of the Company as at 31 December 2010 were RM114,617,321 (2009 : RM111,296,641) and RM59,686,380 (2009 : RM48,607,414) respectively.

Impairment is established when there is objective evidence that the Group 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.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

4. Revenue

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Manufacturing sales	169,687,194	147,966,676	205,051,019	183,567,892
Trading sales	232,081,643	256,451,625	15,933,808	12,006,415
	<u>401,768,837</u>	<u>404,418,301</u>	<u>220,984,827</u>	<u>195,574,307</u>

5. 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.

Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Group				
2010				
Revenue				
External sales	232,144,792	169,624,045	-	401,768,837
Inter-segment sales	20,893,169	37,789,306	(58,682,475)	-
	<u>253,037,961</u>	<u>207,413,351</u>	<u>(58,682,475)</u>	<u>401,768,837</u>
Results				
Segment results	<u>12,316,102</u>	<u>12,417,165</u>	<u>675,317</u>	25,408,584
Unallocated corporate expense				(924,548)
Finance costs				(925,048)
Profit before tax				23,558,988
Income tax expense				(7,762,404)
Profit after tax				<u>15,796,584</u>
Other information				
Capital expenditure	(715,018)	(11,309,945)	(54,784)	(12,079,747)
Net write down of inventories	(842,878)	(9,350,600)	-	(10,193,478)
Depreciation and amortisation charges	(512,659)	(5,385,725)	(508)	(5,898,892)
Impairment loss of property, plant and equipment	-	(98,146)	-	(98,146)
Property, plant and equipment written back/(off)	40,411	(50,905)	-	(10,494)

Notes to the Financial Statements

– 31 December 2010 (cont'd)

5. Segment reporting (cont'd)

(i) Business segments (cont'd)

Group (cont'd) 2010	Trading RM	Manufacturing RM	Eliminations RM	Consolidated RM
Consolidated balance sheet				
Assets				
Segment assets	156,115,056	264,913,841	(2,385,509)	418,643,388
Unallocated corporate assets				17,232,742
Consolidated total assets				435,876,130
Liabilities				
Segment liabilities	15,296,516	23,533,728	-	38,830,244
Unallocated corporate liabilities				12,687,810
Consolidated total liabilities				51,518,054
Group 2009				
Revenue				
External sales	256,451,625	147,966,676	-	404,418,301
Inter-segment sales	18,736,948	39,136,798	(57,873,746)	-
	275,188,573	187,103,474	(57,873,746)	404,418,301
Results				
Segment results	11,760,649	19,670,258	(3,855,598)	27,575,309
Unallocated corporate expense				(417,783)
Finance costs				(725,090)
Profit before tax				26,432,436
Income tax expense				(6,938,156)
Profit after tax				19,494,280
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				422,954,740
Liabilities				
Segment liabilities	14,715,748	22,468,736	-	37,184,484
Unallocated corporate liabilities				12,167,223
Consolidated total liabilities				49,351,707



Notes to the Financial Statements

– 31 December 2010 (cont'd)

5. 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	
	2010 RM	2009 RM
Asia	32,992,384	21,070,998
Australia	-	3,068,680
United States	9,147,583	-
Total export	42,139,967	24,139,678
Malaysia	359,628,870	380,278,623
Total revenue	401,768,837	404,418,301

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.

6. Investment revenue

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Gross dividend received from:				
Subsidiary companies	-	-	-	560,060
Quoted investments	2	3	2	3
Interest on:				
Short term deposits	43,756	50,818	1,211	29,596
Advances to subsidiary companies	-	-	34,716	68,002
Rental income	48,632	33,000	87,131	19,500
	92,390	83,821	123,060	677,161

7. Other gains and (losses)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fair value adjustment on financial instruments	(1,185,782)	-	(194,984)	-
Fair value adjustment on investment properties	-	172,883	307,534	-
Gain/(Loss) on disposal of land use rights and property, plant and equipment	248,174	(5,719)	252,537	5,293
Gain on disposal of unquoted investment	6,694	-	790	-
Realised loss on foreign exchange	(351,857)	(935,261)	(158,156)	(225,231)
Unrealised loss on foreign exchange	(118,886)	(110,781)	(76,299)	(109,997)
	(1,401,657)	(878,878)	131,422	(329,935)

Notes to the Financial Statements

– 31 December 2010 (cont'd)

8. Directors' remuneration

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors:				
Fees	158,000	143,044	100,000	94,400
Other emoluments:				
Current year	3,904,808	3,873,742	1,889,632	1,887,887
Under/(over) provision in prior year	52,052	(387,494)	(5,766)	(77,601)
	3,956,860	3,486,248	1,883,866	1,810,286
	4,114,860	3,629,292	1,983,866	1,904,686
Non-executive directors:				
Fees	102,000	100,000	100,000	100,000
Other emoluments	70,700	76,200	50,200	58,200
	4,287,560	3,805,492	2,134,066	2,062,886

Included in directors' other emoluments are contributions made by the Group and by the Company to the EPF amounting to RM521,913 (2009 : RM467,526) and RM258,784 (2009 : RM283,998) respectively.

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

	Group	
	2010 RM	2009 RM
Fees	4,000	4,000
Other emoluments	91,878	36,388
	95,878	40,388

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 RM72,528 (2009 : RM68,326).

9. Employee salaries and benefits expenses

Contributions made to the EPF by the Group and by the Company that are included in employee benefits expenses amounted to RM783,902 (2009 : RM687,652) and RM366,390 (2009 : RM313,347) respectively.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

10. Finance costs

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest on:				
Other short-term borrowings	921,558	720,424	808,231	400,661
Bank overdrafts	581	1,466	501	327
Advances from subsidiary companies	-	-	427,084	502,873
Others	2,909	3,200	-	-
	925,048	725,090	1,235,816	903,861

11. Profit before taxation

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation is stated at after (crediting)/charging:				
Allowance for doubtful debts	529,683	511,901	281,200	271,798
Allowance for doubtful debts no longer required	(101,974)	(1,405,435)	-	(674,057)
Auditors' remuneration				
- statutory audit	154,500	134,100	68,000	59,000
- other services				
- provision for current year	4,000	3,300	4,000	3,300
- under provision in prior year	-	44,500	-	44,500
Bad debts written back	-	(54,291)	-	(11,018)
Bad debts written off	13,091	3,514	-	-
Fair value adjustment				
of investment properties	-	(172,883)	(307,534)	-
Interest received on overdue accounts	(229,276)	(315,477)	(29,812)	(89,394)
Investment written off	35	-	35	-
Rental of leasehold land and premises	837,415	803,284	366,238	319,316
Rental of office	97,125	-	-	-
Rental of factory leasehold land	(135,000)	-	-	-
Provision for retirement benefits	-	61,063	-	33,084
Write back of provision for retirement benefits	(567,722)	(21)	(475,440)	-
(Reversal of impairment loss)/ Impairment loss of property, plant and equipment	(98,146)	319,300	-	280,768
Property, plant and equipment written off	10,494	49,776	54,648	5,281

Notes to the Financial Statements

– 31 December 2010 (cont'd)

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Statement of comprehensive income:				
Current income tax				
Malaysian income tax	6,387,666	3,568,803	2,972,785	1,730,000
Under provision in prior years	607,424	789,793	253,047	107,642
	<u>6,995,090</u>	<u>4,358,596</u>	<u>3,225,832</u>	<u>1,837,642</u>
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	469,927	2,970,478	(135,708)	2,636,367
(Over)/Under provision in prior years	297,387	(390,918)	120,513	211,633
	<u>767,314</u>	<u>2,579,560</u>	<u>(15,195)</u>	<u>2,848,000</u>
Income tax expense recognised in profit or loss	<u>7,762,404</u>	<u>6,938,156</u>	<u>3,210,637</u>	<u>4,685,642</u>

Reconciliation between tax expenses and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation	23,558,988	26,432,436	8,551,136	18,212,037
Taxation at applicable statutory tax rate at 25% (2009 : 25%)	5,889,747	6,608,109	2,137,784	4,553,009
Expenses not deductible for tax purposes	729,517	257,160	556,331	93,335
Others	238,329	(325,988)	142,962	(279,977)
Under provision of current tax in prior years	607,424	789,793	253,047	107,642
Under/(Over) provision of deferred tax in prior years	297,387	(390,918)	120,513	211,633
Income tax expense recognised in profit or loss	<u>7,762,404</u>	<u>6,938,156</u>	<u>3,210,637</u>	<u>4,685,642</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

13. Earnings per share

	Group	
	2010 RM	2009 RM
The basic and diluted earnings per share are calculated as follows:		
Basic and diluted		
Profit for the year attributable to owners of the parent	15,796,584	19,494,280
Number of ordinary shares in issue as at 1 January	109,903,000	109,903,000
Shares repurchased and held as treasury shares as at 1 January	(4,759,400)	(4,055,000)
	105,143,600	105,848,000
Effect of shares repurchased	(149,908)	(406,567)
Effect of shares reissued as dividend	1,749,322	-
	106,743,014	105,441,433
Weighted average number of ordinary shares		
Basic and diluted earnings per ordinary shares (sen)	14.8	18.5

14. 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
Cost or valuation:							
At 1 January 2009:							
As previously stated	40,962,242	108,510,958	3,897,063	9,190,665	892,852	6,342,251	169,796,031
Effect of adopting the amendments to FRS 117	2,018,023	-	-	-	-	-	2,018,023
As restated	42,980,265	108,510,958	3,897,063	9,190,665	892,852	6,342,251	171,814,054
Additions	299,321	1,199,569	11,500	741,693	-	3,625,449	5,877,532
Disposals	-	-	-	(352,231)	-	-	(352,231)
Write off	-	(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 (restated)	49,308,376	108,927,265	3,951,428	9,412,996	892,852	2,720,375	175,213,292

Notes to the Financial Statements

– 31 December 2010 (cont'd)

14. 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
Cost or valuation:							
At 1 January 2010:							
As previously stated	47,290,353	108,927,265	3,951,428	9,412,996	892,852	2,720,375	173,195,269
Effect of adopting the amendments to FRS 117	2,018,023	-	-	-	-	-	2,018,023
As restated	49,308,376	108,927,265	3,951,428	9,412,996	892,852	2,720,375	175,213,292
Additions	173,799	1,046,807	-	227,591	-	10,631,550	12,079,747
Disposals	(192,656)	(63,588)	-	(697,324)	-	-	(953,568)
Write off	(12,380)	1,012	-	(71,715)	-	(5,794)	(88,877)
Transfer from/(to) land use rights	103,089	-	-	-	-	(319,081)	(215,992)
Reclassifications	891,401	3,628,736	201,188	432,387	-	(5,158,286)	(4,574)
At 31 December 2010	50,271,629	113,540,232	4,152,616	9,303,935	892,852	7,868,764	186,030,028
Accumulated depreciation and impairment loss:							
At 1 January 2009:							
As previously stated	5,322,183	45,916,197	1,539,218	3,640,585	430,101	-	56,848,284
Effect of adopting the amendments to FRS 117	322,791	-	-	-	-	-	322,791
As restated	5,644,974	45,916,197	1,539,218	3,640,585	430,101	-	57,171,075
Charge for the year	623,184	3,922,111	216,117	648,031	181,000	-	5,590,443
Disposals	-	-	-	(238,322)	-	-	(238,322)
Write off	-	(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 (as restated)	6,247,089	48,388,304	1,755,335	3,871,497	611,101	-	60,873,326



Notes to the Financial Statements

– 31 December 2010 (cont'd)

14. Property, plant and equipment (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
Group (cont'd)							
Accumulated depreciation and impairment loss:							
At 1 January 2010:							
As previously stated	5,899,033	48,388,304	1,755,335	3,871,497	611,101	-	60,525,270
Effect of adopting the amendments to FRS 117	348,056	-	-	-	-	-	348,056
As restated	6,247,089	48,388,304	1,755,335	3,871,497	611,101	-	60,873,326
Charge for the year	719,394	4,078,224	190,307	640,798	181,001	-	5,809,724
Disposals	(65,532)	(62,794)	-	(545,074)	-	-	(673,400)
Write off	(1,857)	(41,170)	-	(35,356)	-	-	(78,383)
Impairment loss recognised in the income statement	-	(98,146)	-	-	-	-	(98,146)
Transfer from land use rights	191	-	-	-	-	-	191
Reclassifications	3,255	(3,255)	-	(4,574)	-	-	(4,574)
At 31 December 2010	6,902,540	52,261,163	1,945,642	3,927,291	792,102	-	65,828,738
Net carrying amounts							
At 31 December 2009	43,061,287	60,538,961	2,196,093	5,541,499	281,751	2,720,375	114,339,966
At 31 December 2010	43,369,089	61,279,069	2,206,974	5,376,644	100,750	7,868,764	120,201,290

*Land and buildings of the Group

	Freehold land RM	Freehold land and buildings RM	Long-term Leased land RM	Buildings RM	Total RM
Cost or valuation:					
At 1 January 2009:					
As previously stated	10,481,383	386,687	-	30,094,172	40,962,242
Effect of adopting the amendments to FRS 117	-	-	2,018,023	-	2,018,023
As restated	10,481,383	386,687	2,018,023	30,094,172	42,980,265
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 (restated)	10,380,683	386,687	2,018,023	36,522,983	49,308,376

Notes to the Financial Statements

– 31 December 2010 (cont'd)

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

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

	Freehold land RM	Freehold land and buildings RM	Long-term Leased land RM	Buildings RM	Total RM
Cost or valuation (cont'd):					
At 1 January 2010:					
As previously stated	10,380,683	386,687	-	36,522,983	47,290,353
Effect of adopting the amendments to FRS 117	-	-	2,018,023	-	2,018,023
As restated	10,380,683	386,687	2,018,023	36,522,983	49,308,376
Additions	-	-	-	173,799	173,799
Disposals	-	-	-	(192,656)	(192,656)
Write offs	-	-	-	(12,380)	(12,380)
Transfer from land use rights	103,089	-	-	-	103,089
Reclassifications	-	-	-	891,401	891,401
At 31 December 2010	10,483,772	386,687	2,018,023	37,383,147	50,271,629
Accumulated depreciation and impairment loss:					
At 1 January 2009:					
As previously stated	-	75,084	-	5,247,099	5,322,183
Effect of adopting the amendments to FRS 117	-	-	322,791	-	322,791
As restated	-	75,084	322,791	5,247,099	5,644,974
Charge for the year	-	7,817	25,265	590,102	623,184
Transfer to investment properties	-	-	-	(21,069)	(21,069)
Reclassifications	-	(1,147)	-	1,147	-
At 31 December 2009 (as restated)	-	81,754	348,056	5,817,279	6,247,089
At 1 January 2010:					
As previously stated	-	81,754	-	5,817,279	5,899,033
Effect of adopting the amendments to FRS 117	-	-	348,056	-	348,056
As restated	-	81,754	348,056	5,817,279	6,247,089
Charge for the year	-	7,819	25,265	686,310	719,394
Disposals	-	-	-	(65,532)	(65,532)
Write offs	-	-	-	(1,857)	(1,857)
Transfer from land use rights	-	-	-	191	191
Reclassifications	-	-	-	3,255	3,255
At 31 December 2010	-	89,573	373,321	6,439,646	6,902,540
Net carrying amounts					
At 31 December 2009	10,380,683	304,933	1,669,967	30,705,704	43,061,287
At 31 December 2010	10,483,772	297,114	1,644,702	30,943,501	43,369,089



Notes to the Financial Statements

– 31 December 2010 (cont'd)

14. 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
Cost or valuation:							
At 1 January 2009:							
As previously stated	34,101,976	93,782,100	3,565,836	5,599,487	892,852	7,062,307	145,004,558
Effect of adopting the amendments to FRS 117	1,037,023	-	-	-	-	-	1,037,023
As restated	35,138,999	93,782,100	3,565,836	5,599,487	892,852	7,062,307	146,041,581
Additions	10,254	783,194	-	344,861	-	3,653,101	4,791,410
Disposals	-	-	-	(293,273)	-	-	(293,273)
Write off	-	(1,482,267)	-	(170,680)	-	-	(1,652,947)
Reclassifications	6,927,031	850,839	42,865	-	-	(7,820,735)	-
At 31 December 2009 (restated)	42,076,284	93,933,866	3,608,701	5,480,395	892,852	2,894,673	148,886,771
At 1 January 2010:							
As previously stated	41,039,261	93,933,866	3,608,701	5,480,395	892,852	2,894,673	147,849,748
Effect of adopting the amendments to FRS 117	1,037,023	-	-	-	-	-	1,037,023
As restated	42,076,284	93,933,866	3,608,701	5,480,395	892,852	2,894,673	148,886,771
Additions	138,799	864,127	-	50,003	-	10,264,071	11,317,000
Disposals	(192,656)	-	-	(490,071)	-	-	(682,727)
Write off	(12,380)	(3,646)	-	(70,002)	-	(5,794)	(91,822)
Revaluation surplus	307,534	-	-	-	-	-	307,534
Transfer to investment properties under construction	(1,545,124)	-	-	-	-	(6,223,491)	(7,768,615)
Transfer to land used rights	-	-	-	-	-	(319,081)	(319,081)
Reclassifications	884,101	3,636,036	201,188	436,961	-	(5,158,286)	-
At 31 December 2010	41,656,558	98,430,383	3,809,889	5,407,286	892,852	1,452,092	151,649,060
Accumulated depreciation and impairment loss:							
At 1 January 2009:							
As previously stated	4,096,678	34,836,615	1,408,198	2,597,360	430,101	-	43,368,952
Effect of adopting the amendments to FRS 117	285,911	-	-	-	-	-	285,911
As restated	4,382,589	34,836,615	1,408,198	2,597,360	430,101	-	43,654,863
Charge for the year	454,797	3,463,504	196,885	402,344	179,125	-	4,696,655
Disposals	-	-	-	(212,854)	-	-	(212,854)
Write off	-	(1,482,230)	-	(165,436)	-	-	(1,647,666)
Impairment loss recognised in the income statement	-	280,768	-	-	-	-	280,768
At 31 December 2009 (restated)	4,837,386	37,098,657	1,605,083	2,621,414	609,226	-	46,771,766

Notes to the Financial Statements

– 31 December 2010 (cont'd)

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

Company (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 1 January 2010:							
As previously stated	4,540,300	37,098,657	1,605,083	2,621,414	609,226	-	46,474,680
Effect of adopting the amendments to FRS 117	297,086	-	-	-	-	-	297,086
As restated	4,837,386	37,098,657	1,605,083	2,621,414	609,226	-	46,771,766
Charge for the year	583,223	3,714,987	163,945	393,111	179,126	-	5,034,392
Disposals	(65,532)	-	-	(462,385)	-	-	(527,917)
Write off	(1,857)	(883)	-	(34,434)	-	-	(37,174)
At 31 December 2010	5,353,220	40,812,761	1,769,028	2,517,706	788,352	-	51,241,067
Net carrying amount:							
At 31 December 2009	37,238,898	56,835,209	2,003,618	2,858,981	283,626	2,894,673	102,115,005
At 31 December 2010	36,303,338	57,617,622	2,040,861	2,889,580	104,500	1,452,092	100,407,993

*Land and buildings of the Company

	Freehold land RM	Freehold land and buildings RM	Long-term Leased land RM	Buildings RM	Total RM
Cost or valuation:					
At 1 January 2009:					
As previously stated	10,155,566	386,687	-	23,559,723	34,101,976
Effect of adopting the amendments to FRS 117	-	-	1,037,023	-	1,037,023
As restated	10,155,566	386,687	1,037,023	23,559,723	35,138,999
Additions	-	-	-	10,254	10,254
Disposals	-	-	-	6,927,031	6,927,031
At 31 December 2009 (restated)	10,155,566	386,687	1,037,023	30,497,008	42,076,284
At 1 January 2010:					
As previously stated	10,155,566	386,687	-	30,497,008	41,039,261
Effect of adopting the amendments to FRS 117	-	-	1,037,023	-	1,037,023
As restated	10,155,566	386,687	1,037,023	30,497,008	42,076,284
Additions	-	-	-	138,799	138,799
Disposals	-	-	-	(192,656)	(192,656)
Write offs	-	-	-	(12,380)	(12,380)
Revaluation surplus	307,534	-	-	-	307,534
Transfer to investment properties under construction	(1,545,124)	-	-	-	(1,545,124)
Reclassifications	-	-	-	884,101	884,101
At 31 December 2010	8,917,976	386,687	1,037,023	31,314,872	41,656,558



Notes to the Financial Statements

– 31 December 2010 (cont'd)

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

*Land and buildings of the Company

	Freehold land RM	Freehold land and buildings RM	Long-term Leased land RM	Buildings RM	Total RM
Accumulated depreciation and impairment loss:					
At 1 January 2009:					
As previously stated	-	75,085	-	4,021,593	4,096,678
Effect of adopting the amendments to FRS 117	-	-	285,911	-	285,911
As restated	-	75,085	285,911	4,021,593	4,382,589
Charge for the year	-	7,819	11,175	435,803	454,797
Reclassifications	-	(1,147)	-	1,147	-
At 31 December 2009 (as restated)	-	81,757	297,086	4,458,543	4,837,386
At 1 January 2010:					
As previously stated	-	81,757	-	4,458,543	4,540,300
Effect of adopting the amendments to FRS 117	-	-	297,086	-	297,086
As restated	-	81,757	297,086	4,458,543	4,837,386
Charge for the year	-	7,819	11,175	564,229	583,223
Disposals	-	-	-	(65,532)	(65,532)
Write offs	-	-	-	(1,857)	(1,857)
At 31 December 2010	-	89,576	308,261	4,955,383	5,353,220
Net carrying amounts					
At 31 December 2009	10,155,566	304,930	739,937	26,038,465	37,238,898
At 31 December 2010	8,917,976	297,111	728,762	26,359,489	36,303,338

Notes to the Financial Statements

– 31 December 2010 (cont'd)

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

The analysis of cost and valuation is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At valuation:				
- Buildings - 1981	1,252,000	1,252,000	1,252,000	1,252,000
- Buildings - 1983	720,503	720,503	-	-
	<u>1,972,503</u>	<u>1,972,503</u>	<u>1,252,000</u>	<u>1,252,000</u>
At cost:				
- Freehold land	10,483,772	10,380,683	8,917,976	10,155,566
- Freehold land and buildings	386,687	386,687	386,687	386,687
- Long term leased land	2,018,023	2,018,023	1,037,023	1,037,023
- Buildings	35,410,644	34,550,480	30,062,872	29,245,008
- Plant and machinery	113,540,232	108,927,265	98,430,383	93,933,866
- Electrical installation	4,152,616	3,951,428	3,809,889	3,608,701
- Furniture, fittings, equipment and vehicles	9,303,935	9,412,996	5,407,286	5,480,395
- Renovation	892,852	892,852	892,852	892,852
- Capital work-in-progress	7,868,764	2,720,375	1,452,092	2,894,673
	<u>186,030,028</u>	<u>175,213,292</u>	<u>151,649,060</u>	<u>148,886,771</u>

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 reversal of allowances for impairment loss for plant and machinery amounting to RM98,146 (2009 : RM319,300) and RM nil (2009 : RM280,768) 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 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 2010 (cont'd)

15. Land use rights

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cost:				
At 1 January:	6,514,054	6,514,054	4,515,202	4,515,202
Effect of adopting amendments to FRS 117	(2,018,023)	(2,018,023)	(1,037,023)	(1,037,023)
As restated	4,496,031	4,496,031	3,478,179	3,478,179
Additions	31,420	-	31,420	-
Transfer from property, plant and equipment	215,992	-	319,081	-
At 31 December (restated)	4,743,443	4,496,031	3,828,680	3,478,179
Accumulated amortisation				
At 1 January	1,564,003	1,461,412	1,121,851	1,052,940
Effect of adopting amendments to FRS 117	(348,056)	(322,791)	(297,086)	(285,911)
As restated	1,215,947	1,138,621	824,765	767,029
Charge for the year	89,168	77,326	62,010	57,736
Transfer to property, plant and equipment	(191)	-	-	-
At 31 December (restated)	1,304,924	1,215,947	886,775	824,765
Net carrying amount	3,438,519	3,280,084	2,941,905	2,653,414
Amount to be amortised				
- Not later than 1 year	536,578	554,106	66,696	57,736
- Later than 1 year and not later than 5 years	269,466	233,621	266,787	230,942
- Later than 5 years	2,632,475	2,492,357	2,608,422	2,364,736

Land use rights of the Group and of the Company comprise leasehold land with remaining tenure of 46-47 years (2009: 47 - 48 years) and 47 years (2009: 48 years) respectively.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

16. Investment properties

As of 1 January 2010, investment properties owned by the Company include warehouse and semi-detached double-storey house and comprise both completed investment properties and investment properties under construction ("IPUC"). As at 31 December 2009, IPUC were presented at cost under property, plant and equipment.

The movements of investment properties are as follows:

Group	2010 RM			2009 RM
	Completed investment property	IPUC, at fair value	Total	Completed investment property
At 1 January	2,280,000	-	2,280,000	2,000,000
Transfer from property, plant and equipment	-	-	-	107,117
Adjustment to fair value	-	-	-	172,883
At 31 December	2,280,000	-	2,280,000	2,280,000

Company	2010 RM			2009 RM
	Completed investment property	IPUC, at fair value	Total	Completed investment property
At 1 January	1,850,000	-	1,850,000	1,850,000
Transfer from property, plant and equipment	-	7,768,615	7,768,615	-
At 31 December	1,850,000	7,768,615	9,618,615	1,850,000

Included in the Group's investment properties is a property of RM430,000 (2009 : RM150,000) held under long-leasehold interests, with lease period of 69 years (2009 : 70 years).

IPUC at fair value comprises a warehouse under construction in Malaysia with a total lettable area of 49,682 sq. ft.. The property is 95% completed and 100% pre-let.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and to valuations performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

17. Investment in subsidiary companies

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost	26,673,376	26,673,376



Notes to the Financial Statements

– 31 December 2010 (cont'd)

17. Investment in subsidiary companies (cont'd)

Details of the subsidiary companies, all of which are incorporated in Malaysia, are as follows:

Name of company	Proportion (%) of ownership interest		Principal activities
	2010	2009	
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
Choo Bee Hardware (Sel) Sdn. Bhd.	100	-	Dealer in hardware and construction materials

On 26 May 2010, the Group acquired 100% equity interest in Choo Bee Hardware (Sel) Sdn. Bhd. (CBHS), a company incorporated in Malaysia for a total consideration of RM4. The Company was incorporated on 6 January 2010 and has been dormant during the financial period. The fair values of the identifiable assets and liabilities of CBHS as at the date of acquisition were:

	Fair value/ carrying amount RM
Cash and cash equivalents, representing net identified asset	4
Consideration settled in cash	(4)
	<hr/>
Net cash outflow on acquisition	-
	<hr/>

Impact of acquisition in Statement of comprehensive income

From the date of acquisition, CBHS has contributed a net loss of RM18,418 to the Group's profit net of tax.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

18. Other investments

	Group and Company	
	2010 RM	2009 RM
Shares quoted in Malaysia, at cost	-	2,571
Write down to market value	-	(2,536)
	-	35
At market value:		
Quoted shares	-	53

19. Goodwill on consolidation

	Group	
	2010 RM	2009 RM
As at 1 January and 31 December	87,096	87,096

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

The carrying amount of goodwill RM87,096 (2009 : RM87,096) is allocated to Taik Bee Hardware Sdn. Bhd.'s trading cash-generating unit.

The recoverable amount of a CGU is determined based on value-in-use calculations.

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margin - Gross margins are based on average values achieved in five years preceding the start of the budget period.

Growth rates - Growth rates are based on Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to the CGUs. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for the CGUs, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

20. Inventories

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Raw materials and consumables	67,314,110	76,065,002	66,686,590	73,107,366
Trading goods	83,918,944	69,174,359	1,573,293	1,870,360
Manufactured goods	36,640,959	34,591,735	31,882,393	29,683,596
	187,874,013	179,831,096	100,142,276	104,661,322



Notes to the Financial Statements

– 31 December 2010 (cont'd)

20. Inventories (cont'd)

The cost of inventories recognised as expenses during the year for the Group and for the Company were RM341,799,869 (2009 : RM347,305,628) and RM187,729,027 (2009 : RM157,275,586) respectively.

Net write down of inventories recognised as an expense for the Group and the Company during the financial year amounted to RM10,193,478 (2009 : RM4,699,945) and RM10,075,214 (2009 : RM2,105,228) respectively.

21. Trade and other receivables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	110,578,975	112,512,734	51,050,280	45,076,080
Less: Allowance for doubtful debts	(9,174,751)	(8,747,042)	(2,877,783)	(2,596,583)
Net trade receivables from third parties	101,404,224	103,765,692	48,172,497	42,479,497
Other receivables	10,315,645	5,060,061	8,775,083	3,705,682
Refundable deposits	2,897,452	2,470,888	2,738,800	2,422,235
	114,617,321	111,296,641	59,686,380	48,607,414
Amounts owing by subsidiary companies (Note 22)	-	-	1,923,898	11,084,022
	114,617,321	111,296,641	61,610,278	59,691,436
Add: Cash and bank balances (Note 25)	5,171,522	7,257,552	1,716,556	2,021,245
Total loans and receivables	119,788,843	118,554,193	63,326,834	61,712,681

Refundable deposits of the Group and of the Company include down payments for acquisition of plant and machinery of RM1,569,533 (2009 : RM1,256,299) and security deposit paid to a supplier for purchase of raw materials of RM1,000,000 (2009 : RM1,000,000) respectively.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

21. Trade and other receivables (cont'd)

a) Trade receivables

The Group's and the Company's normal trade credit terms range from 7 to 120 days (2009 : 7 to 120 days). Interest on overdue trade balances are charged at a rate of 12% to 14.4% (2009 : 12 to 14.4%) per annum. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Neither past due nor impaired	90,198,039	91,292,352	44,796,799	36,049,618
1 to 30 days past due not impaired	8,745,523	7,883,078	3,358,201	3,410,979
31 to 60 days past due not impaired	1,009,273	1,338,624	3,047	111,120
61 to 90 days past due not impaired	1,430,738	186,683	13,111	18,750
91 to 120 days past due not impaired	15,352	117,942	1,339	-
More than 121 days past due not impaired	5,299	2,947,013	-	2,889,030
Impaired	11,206,185	12,473,340	3,375,698	6,429,879
	9,174,751	8,747,042	2,877,783	2,596,583
	110,578,975	112,512,734	51,050,280	45,076,080

Receivable that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 85% (2009: 80%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivable that are past due but not impaired

The Group and the company have trade receivables amounting to RM11,206,185 (2009: RM12,473,340) and RM3,375,698 (2009: RM6,429,879) respectively that are past due at the reporting date but not impaired.

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 22.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

22. 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% (2009 : 4%) per annum.

	Company	
	2010	2009
	RM	RM
Amounts owing by/(to) subsidiary companies consist of:		
Trade account	18,188,933	11,140,195
Non-trade account	(16,265,035)	(56,173)
	1,923,898	11,084,022

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

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.
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.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

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

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiary companies				
Advances repaid	-	-	(62,068,177)	102,895,933
Trade sales	-	-	48,234,441	44,302,658
Net interest received on advances	-	-	394,341	434,871
Advances granted	-	-	108,256,185	(75,357,052)
Trade purchases	-	-	(267,725)	(616,334)
Related parties				
Trade sales				
Austcorp Manufacturing Sdn. Bhd.	1,150	-	-	-
Chuan Bee Hardware Sdn. Bhd.	1,298,701	1,363,560	993,007	971,403
Chua Hock Seng Hardware Sdn. Bhd.	118,609	119,632	-	-
Domus Enterprise	-	9,956	-	-
Trade purchases				
Chua Hock Seng Hardware Sdn. Bhd.	-	686	-	-

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

	Mandated amounts from 1 January 2010 to 31 December 2010		Amount transacted from 1 January 2010 to 31 December 2010	
	Group RM	Company RM	Group RM	Company RM
Ultimate holding company				
Rental of land and building (Note 28)	858,000		859,200	358,398
Trade sales				
Chuan Bee Hardware Sdn. Bhd.	3,000,000		1,298,701	993,007



Notes to the Financial Statements

– 31 December 2010 (cont'd)

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

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables				
Chuan Bee Hardware Sdn. Bhd.	327,198	372,533	212,897	259,031
Domus Enterprise	-	9,956	-	-

Subsequent to the year end, a subsidiary company, Pan Asian Management Consultants Sdn. Bhd. entered into a Sale and Purchase Agreement on 16 March 2011 with a related company Taik Bee Hardware Sdn. Bhd. to dispose a piece of leasehold land at a total price of RM1,700,000.

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits	4,625,352	4,201,219	1,892,122	1,635,068
Post-employment benefits:				
Defined contribution plan	704,352	641,504	303,614	265,917
Retirement benefits	-	27,295	-	27,295
	5,329,704	4,870,018	2,195,736	1,928,280

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 RM72,528 (2009 : RM71,657).

23. Other assets

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-refundable deposit	8,000	117,206	-	-
Prepaid expenses	272,860	209,817	196,503	138,063
	280,860	327,023	196,503	138,063

24. Short term investment

The net asset value of the unquoted short term investment of the Group and of the Company as at 31 December 2010 amounted to Nil (2009 : RM2,005,310).

Notes to the Financial Statements

– 31 December 2010 (cont'd)

25. Cash and cash equivalents

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term deposits with licensed banks	-	3,960,000	-	-
Cash and bank balances	5,171,522	3,297,569	1,716,556	2,021,245
	<u>5,171,522</u>	<u>7,257,569</u>	<u>1,716,556</u>	<u>2,021,245</u>
Bank overdrafts (Note 27)	-	(17)	-	-
	<u>5,171,522</u>	<u>7,257,552</u>	<u>1,716,556</u>	<u>2,021,245</u>

The effective interest rate and maturities for short-term deposits of the Group for year 2009 ranged from 1.15% to 1.50% per annum and 1 to 4 days respectively.

26. 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 (2009 : 1 to 120 days).

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	10,080,182	7,506,130	104,093	464,488
Other payables	1,723,003	1,274,921	1,298,589	765,218
Accruals and deposits	5,477,059	4,255,694	3,125,275	2,414,559
	<u>17,280,244</u>	<u>13,036,745</u>	<u>4,527,957</u>	<u>3,644,265</u>
Add: Borrowings (Note 27)	21,550,000	23,580,017	20,750,000	19,650,000
Total financial liabilities carried at amortised cost	<u>38,830,244</u>	<u>36,616,762</u>	<u>25,277,957</u>	<u>23,294,265</u>

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 (2009 : 1 to 120 days).

Included in other payables of the Group is an amount of RM60,000 (2009: RM80,000) representing advances received from a third party which is unsecured and bears interest at 4% (2009 : 4%) per annum.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

27. Borrowings

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unsecured:				
Bankers' acceptances	21,550,000	23,580,000	20,750,000	19,650,000
Bank overdrafts (Note 25)	-	17	-	-
Total borrowings (Note 26)	21,550,000	23,580,017	20,750,000	19,650,000
Less:				
Amount due within 12 months (shown under current liabilities)	(21,550,000)	(23,580,017)	(20,750,000)	(19,650,000)
Non-current portion	-	-	-	-

The average effective interest rates are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bankers' acceptances	2.19 - 3.25	2.13 - 3.73	2.19 - 3.25	2.13 - 3.73
Bank overdrafts	6.05 - 7.05	6.05 - 6.55	6.05 - 7.05	6.05 - 6.55

The Group's credit facilities to the extent of RM100,530,000 (2009 : RM121,480,000) are secured by negative pledges over the assets of the respective subsidiary companies and guaranteed by the Company. The remaining credit facilities amounting to RM95,360,000 (2009 : RM115,560,000) are secured by negative pledges over the assets of the Company.

28. 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Ultimate holding company				
Rental of land and building	859,500	855,600	358,398	314,056

Notes to the Financial Statements

– 31 December 2010 (cont'd)

29. Derivative

	Group			
	2010		2009	
	Contract/ Notional Amount RM	Liabilities RM	Contract/ Notional Amount RM	Liabilities RM
Forward currency contracts	8,004,611	46,724	-	-

	Company			
	2010		2009	
	Contract/ Notional Amount RM	Liabilities RM	Contract/ Notional Amount RM	Liabilities RM
Forward currency contracts	4,802,035	3,706	-	-

The Group uses forward currency contracts and interest rate swap to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in USD and SGD for which firm commitments existed at the reporting date, extending to February 2011 (Note 36(a)).

During the financial year, the Group and the Company recognised a loss of RM46,724 (2009: nil) and RM3,706 (2009: nil) respectively arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 36B.

30. Retirement benefits obligation

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	567,722	559,004	475,440	478,734
Provision for the year	-	61,057	-	33,084
Paid during the year	-	(52,324)	-	(36,378)
Write back	(567,722)	(21)	(475,440)	-
Under provision in prior year	-	6	-	-
At 31 December	-	567,722	-	475,440

During the year, the retirement benefits scheme was replaced with a retirement gratuity scheme which will be paid on a discretionary basis.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

31. Deferred tax

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	11,796,577	9,217,017	11,476,000	8,628,000
Transfer to income statements (Note 12)	767,314	2,579,560	(15,195)	2,848,000
At 31 December	12,563,891	11,796,577	11,460,805	11,476,000
Presented after appropriate offsetting as follow:				
Deferred tax liabilities	12,563,891	11,796,577	11,460,805	11,476,000

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 profit or loss RM	At 31 December RM
At 31 December 2010			
Property, plant and equipment	14,359,111	1,401,587	15,760,698
Inventories	(535,085)	511,619	(23,466)
Provision	(136,604)	(374,397)	(511,001)
Others	(749,278)	749,699	421
Unabsorbed capital allowances	(1,141,567)	(1,521,194)	(2,662,761)
Total	11,796,577	767,314	12,563,891

At 31 December 2009

Property, plant and equipment	12,839,262	1,519,849	14,359,111
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

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	-

Notes to the Financial Statements

– 31 December 2010 (cont'd)

31. 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 profit or loss RM	At 31 December RM
At 31 December 2010			
Property, plant and equipment	13,003,597	1,437,249	14,440,846
Inventories	-	-	-
Provision	(118,860)	118,860	-
Others	(267,170)	(50,110)	(317,280)
Unabsorbed capital allowances	(1,141,567)	(1,521,194)	(2,662,761)
Total	11,476,000	(15,195)	11,460,805
At 31 December 2009			
Property, plant and equipment	11,783,000	1,220,597	13,003,597
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

As at 31 December 2010, the Company has available approximately RM27,628,770 of reinvestment allowance, of which RM24,938,101 has been confirmed by the Inland Revenue Board.

The unutilised reinvestment allowance is available for offsetting against future taxable profits.

Deferred tax assets have not been recognised on the reinvestment allowance as it may not be probable that future manufacturing business profits will be available against which the assets can be utilised.

32. Share capital and treasury shares

(a) Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 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

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

32. 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 25 June 2010, 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 2010	1.59	1.09	1.50	7,148,223
February	1.83	1.82	1.18	22,100
March	1.81	1.76	1.12	275,903
April	1.79	1.79	1.80	23,621
August	1.80	1.80	1.84	1,842
Reissued as share dividend	1.80	1.80	1.51	(6,349,839)
As at 31 December 2010				1,121,850

During the year, the Company repurchased a total of 180,500 (2009 : 704,400) of its issued shares from the open market for a total cost of RM323,466 (2009 : RM960,273). The average price paid for the shares repurchased during the year was RM1.79 (2009 : RM1.36) 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.

On 20 August 2010, the Company had reissued 4,198,375 treasury shares amounting to RM6,349,839 as share dividend.

As at 31 December 2010, 741,525 (2009 : 4,759,400) out of the total of 109,903,000 (2009 : 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 2010 after excluding the treasury shares is 109,161,475 (2009 : 105,143,600). 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.

33. Reserves

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-distributable:				
Share premium	17,765,166	24,115,005	17,765,166	24,115,005
General reserve	1,186,293	1,186,293	-	-
	18,951,459	25,301,298	17,765,166	24,115,005
Distributable:				
Retained earnings	256,625,467	245,546,958	139,941,526	139,319,102
	275,576,926	270,848,256	157,706,692	163,434,107

Notes to the Financial Statements

– 31 December 2010 (cont'd)

33. Reserves (cont'd)

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 retained earnings capitalised for bonus issue.

(b) Distributable reserves

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 2010, the Company has tax exempt profits available for distribution of approximately RM48,160,000 (2009 : RM48,160,000).

As at 31 December 2010 and 2009, the Company has sufficient credit in tax exempt account and 108 balance to pay franked dividends out of its entire retained earnings.

34. Dividends

	Amount		Dividend per share	
	2010 RM	2009 RM	2010 Sen	2009 Sen
In respect of the financial year ended 31 December 2009:				
Final dividend of 6% less Malaysian income tax @ 25%	4,731,462	-		
In respect of the financial year ended 31 December 2008:				
Final dividend of 6% less Malaysian income tax @ 25%	-	4,763,160		
Reduction due to shares repurchased	(8,077)	(19,206)		
	<u>4,723,385</u>	<u>4,743,954</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 2010 of 6% less 25% taxation on 109,161,475 ordinary shares, amounting to a dividend payable of RM4,912,266 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 2011.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

35. Capital commitments

	Group and Company	
	2010 RM	2009 RM
Capital expenditure:		
Property, plant and equipment		
Contracted but not provided for	3,545,810	7,684,142
Approved but not contracted for	-	843,561
	3,545,810	8,527,703

36. Financial risk management objective and policies and fair value of financial instruments

A. Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the General Manager, Head of Treasury and Head of Credit Control. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD") and Singapore Dollar ("SGD").

Approximately 10% (2009: 6%) of the Group's sales are denominated in foreign currencies whilst almost 91% (2009: 85%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in SGD and USD) amount to RM1,031,672 (2009: RM1,821,637) and RM992,803 (2009: RM1,750,281) for the Group and the Company respectively.

The Group requires all of its operating entities to use forward currency contracts to eliminate the currency exposures on any individual after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

36. Financial risk management objective and policies and fair value of financial instruments (cont'd)

A. Financial risk management objective and policies (cont'd)

(a) Foreign currency risk (cont'd)

At 31 December 2010, the Group hedged 27% (2009: NIL) and 85% (2009: NIL) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to February 2011.

Functional currency	Net financial assets/(liabilities) held in non-functional currency		
	United States dollar RM	Singapore dollar RM	Total RM
Group			
At 31 December 2010:			
Ringgit Malaysia	3,587,054	10,462,665	14,049,719
At 31 December 2009:			
Ringgit Malaysia	34,380	6,444,478	6,478,858
Company			
At 31 December 2010:			
Ringgit Malaysia	297,901	10,462,652	10,760,553
At 31 December 2009:			
Ringgit Malaysia	(24,683)	6,432,185	6,407,502

As at the reporting date, the notional amounts and maturities on foreign currency forward contracts entered into by the Group and the Company are as follows:

Currency	Maturities within 1 year Notional amount	
	Group RM	Company RM
As at 31 December 2010		
Foreign currency forward contracts		
USD	3,202,576	-
SGD	4,802,035	4,802,035
At 31 December 2009		
Foreign currency forward contracts		
	-	-



Notes to the Financial Statements

– 31 December 2010 (cont'd)

36. Financial risk management objective and policies and fair value of financial instruments (cont'd)

A. Financial risk management objective and policies (cont'd)

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the USD, and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2010 Profit net of tax	Company 2010 Profit net of tax
USD/RM	- strengthened 11%	(252,427)	16,066
	- weakened 11%	252,427	(16,066)
SGD/RM	- strengthened 5%	392,489	392,488
	- weakened 5%	(392,489)	(392,488)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in RM interest rate, with all other variables held constant.

	Increase / decrease in basis points	2010 RM Effect on profit net of tax	Effect on equity
Group			
- Ringgit Malaysia	+50	(67,286)	(67,286)
- Ringgit Malaysia	-57	104,156	104,156
Company			
- Ringgit Malaysia	+41	(63,806)	(63,806)
- Ringgit Malaysia	-65	101,156	101,156

Notes to the Financial Statements

– 31 December 2010 (cont'd)

36. Financial risk management objective and policies and fair value of financial instruments (cont'd)

A. Financial risk management objective and policies (cont'd)

(c) Market price risk

The Group's and the Company'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 and the Company manages the sale of finished goods and procurement of its raw materials to optimise return on realisation of its inventories.

	Group 2010 RM		Company 2010 RM	
	<i>Increase / decrease in sales price</i>	<i>Effect on profit net of tax</i>	<i>Increase / decrease in sales price</i>	<i>Effect on profit net of tax</i>
Inventories	+2%	3,402,710	+5%	4,657,655
Inventories	-2%	(3,402,710)	-5%	(4,657,655)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Committee. The Group has adopted a policy to enter into trade credit insurance for selected customers who wish to trade on credit terms in order to mitigate heightened credit risks arising from revenue growth strategies.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each of financial assets recognised in the statements of financial position, including derivatives with positive fair values
- A nominal amount of RM106,715,000 (2009: RM96,225,000) relating to corporate guarantees provided by the Company to a bank and to suppliers on subsidiary companies' credit facilities

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

36. Financial risk management objective and policies and fair value of financial instruments (cont'd)

A. Financial risk management objective and policies (cont'd)

(d) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2010 RM	% of total	2009 RM	% of total
By country:				
Asia	32,992,384	8%	21,070,998	5%
Australia	-	0%	3,068,680	1%
United States	9,147,583	2%	-	0%
Malaysia	359,628,870	90%	380,278,623	94%
Total revenue	401,768,837	100%	404,418,301	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(e) Liquidity and cash flow risks

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with five different banks. At the reporting date, approximately 100% (2009: 100%) of the Group's and the Company's loans and borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

36. Financial risk management objective and policies and fair value of financial instruments (cont'd)

A. Financial risk management objective and policies (cont'd)

(e) Liquidity and cash flow risks (cont'd)

(i) Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2010 RM On demand or within one year
Group	
Financial liabilities:	
Trade and other payables	17,280,244
Loans and borrowings	21,550,000
Derivatives	46,724
Total undiscounted financial liabilities	38,876,968
Company	
Financial liabilities:	
Trade and other payables	4,527,957
Loans and borrowings	20,750,000
Derivatives	3,706
Total undiscounted financial liabilities	25,281,663

B. Fair value of financial instruments

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

The carrying amounts and the estimated fair values of investments of the Group and of the Company, are as follows:

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

The notional amounts of the foreign currency forward contracts of the Group and of the Company are as disclosed in Note 29 to the financial statements.



Notes to the Financial Statements

– 31 December 2010 (cont'd)

36. Financial risk management objective and policies and fair value of financial instruments (cont'd)

B. Fair value of financial instruments (cont'd)

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.

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 reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum rental payments:				
Not later than 1 year	845,400	781,950	678,000	646,500
Later than 1 year and not later than 5 years	455,100	1,065,900	395,500	988,000
	<u>1,300,500</u>	<u>1,847,850</u>	<u>1,073,500</u>	<u>1,634,500</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 profit or loss during the financial year is disclosed in Note 6.

Notes to the Financial Statements

– 31 December 2010 (cont'd)

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debts. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the equity holders of the Group less the fair value adjustment reserve.

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Borrowings	21,550,000	23,580,017	20,750,000	19,650,000
Trade and other payables	17,280,244	13,036,745	4,527,957	3,644,265
Less :				
Cash and bank balances	(5,171,522)	(7,257,569)	(1,716,556)	(2,021,245)
<i>Net debts</i>	33,658,722	29,359,193	23,561,401	21,273,020
Equity attributable to the owners of the parent	384,358,076	373,603,033	266,487,842	266,188,884
Capital and net debts	418,016,798	402,962,226	290,049,243	287,461,904
Gearing ratio	8%	7%	8%	7%

39. Authorisation of Annual Statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 12 April 2011.

40. Comparatives

The following comparative amounts as at 31 December 2009 have been reclassified to conform with the current year's presentation:

	As previously stated RM	Adjustments RM	As restated RM
Statements of financial position			
Group			
Trade and other receivables	108,825,753	2,470,888	111,296,641
Other assets	2,797,911	(2,470,888)	327,023
Trade and other payables	8,781,051	4,255,694	13,036,745
Other liabilities	4,255,694	(4,255,694)	-
Company			
Trade and other receivables	57,269,201	2,422,235	59,691,436
Other assets	2,560,298	(2,422,235)	138,063
Trade and other payables	1,229,706	2,414,559	3,644,265
Other liabilities	2,414,559	(2,414,559)	-



Notes to the Financial Statements

– 31 December 2010 (cont'd)

41. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and the Company as at 31 December 2010 into realised and unrealised profits in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM	Company 2010 RM
Total retained profits/(accumulated losses) of the Company and its subsidiary companies		
- Realised	273,307,953	138,044,413
- Unrealised	3,219,929	1,897,113
	276,527,882	139,941,526
Less : Consolidation adjustments	(19,902,415)	-
	256,625,467	139,941,526

List of Group's Properties

as at 31 December 2010

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Metal Industries Berhad							
1) Lot 70076 District of Kinta, Perak Darul Ridzuan	*1981	Industrial land with single-storey factory	4.25 acres	Leasehold 99 years expiring on 29.12.2076	39	2,318,428	Factory
2) PT 133826,133827, 133828, 133829 Kawasan Perusahaan Pengkalan 1 Perak Darul Ridzuan	1996	Industrial land with single-storey factory	29.11 acres	Leasehold 60 years expiring on 13.02.2056	17.5	27,337,127	Factory
3) Geran 26343 Mukim of Kuala Lumpur	*2006	Freehold land with a semi-detached double-storey house	10,200 sq.ft.	Freehold	30	1,850,000	Let out
4) HS(D) 86887 PT 74 Mukim Damansara, Daerah Petaling Selangor Darul Ehsan	1999	Condominium	1,668 sq.ft.	Freehold	12	297,111	Staff use
5) PT 64386 Mukim of Kapar, District of Klang, State of Selangor	*	Industrial land with single-storey warehouse	407,721.60 sq.ft	Freehold	1	16,686,591	Let out
						48,489,257	

* The freehold land was revalued partially in 2010 where area occupied by warehouse.



List of Group's Properties

as at 31 December 2010 (cont'd)

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE RM	USAGE
Choo Bee Hardwares Sdn. Berhad							
1) Lots 18001 and 22970, Mukim of Ulu Kinta, District of Ulu Kinta, Perak Darul Ridzuan	1972	Land with no specific zoning; has a steel portal framework building used as a warehouse on Lot 18001 and a single-storey detached house which is owner occupied on Lot 22970	Lot 18001 131,499 sq.ft. Lot 22970 117,886.5 sq.ft.	Long-term leasehold 999 years expiring on 5.8.2895	N/A 39	1,282,504	Warehouse
2) Lot P.T. 23017 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan (619 & 619A Jalan Tasek, Taman Seri Tasek, Ipoh)	*2006	Commercial land with two-storey shophouse	1,540 sq.ft.	Leasehold 99 years expiring on 11.3.2079	23	150,000	Let out
3) PM No. 12735 Lot No. 66108 Mukim Ulu Kinta Perak Darul Ridzuan	1995	Commercial land	1,320 sq.ft.	Leasehold 60 years expiring on 21.8.2055	N/A	27,403	Vacant
4) Lots 5592S and 5593S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No. 46 and 48 Lebu Raya Bendahara, Ipoh)	1981	Commercial land with three-storey shophouse	Lot 5592S 1,916.6 sq.ft. Lot 5593S 1,829.5 sq.ft.	Freehold Freehold	30 30	319,469	Office
5) Lot 5594S Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No. 44 Lebu Raya Bendahara Ipoh)	1981	Commercial land with three-storey shophouse	1,829.5 sq.ft.	Freehold	30	67,245	Office
6) Lots 2874S and 2875S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (No. 42 and 44 Jalan Bendahara Ipoh)	*2009	Commercial land with double-storey shophouse	Lot 2874S 2,400 sq.ft. Lot 2875S 1,742 sq.ft.	Freehold Freehold	49 49	280,000	Let out
7) Lot 5595S Town of Ipoh District of Kinta, Perak Darul Ridzuan	1962	Commercial land with a temporary shed constructed on the land for cars and motorcycles	1,829.5 sq.ft.	Freehold	N/A	12,500	Car Park
8) Lot 19493 & Lot 6969, Mukim of Kinta, Perak Darul Ridzuan	1993	Commercial land	Lot 19493 4,356 sq.ft. Lot 6969 20,963.25 sq.ft.	Freehold Freehold	N/A N/A	67,027	Stockyard
						2,206,149	

List of Group's Properties

as at 31 December 2010 (cont'd)

LOCATION	YEAR OF ACQUISITION/ REVALUATION*	DESCRIPTION	AREA	TENURE	AGE OF BUILDING (YEARS)	NET BOOK VALUE 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	14	4,327,378	Warehouse
						<u>4,327,378</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	19	2,936,593	Factory
						<u>2,936,593</u>	
Grand total						<u>57,959,366</u>	

* The industrial land is registered in the name of PAMC and was revalued in 2006 while the building is owned by TBH.



Statement of Shareholdings

as at 18 April 2011

Authorised Capital	:	RM500,000,000.00
Issued and Fully Paid-up Capital	:	RM109,160,375.00 (Excluding 742,625 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	76	2.05	3,469	0.00
100 – 1,000	240	6.47	131,836	0.12
1,001 – 10,000	2,882	77.68	8,124,575	7.44
10,001 – 100,000	464	12.51	10,151,201	9.30
100,001 – 5,458,017 (*)	44	1.18	19,210,574	17.60
5,458,018 and above (**)	4	0.11	71,538,720	65.54
TOTAL	3,710	100.00	109,160,375	100.00

Note: * - Less than 5% of issued holdings
 ** - 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS AS AT 18.04.2011

Name of Holder	Holdings	% of Issued Capital
1. Choo Bee Holdings Sdn. Bhd.	44,928,000	41.16
2. Soon Lian Huat Holdings Sdn. Berhad	12,280,700	11.25
3. Lembaga Tabung Haji	7,798,440	7.14
4. AmanahRaya Trustees Berhad		
- Skim Amanah Saham Bumiputera	6,531,580	5.98
5. Soon Hean Hooi	2,969,049	2.72
6. DB (Malaysia) Nominee (Asing) Sdn. Bhd.		
- Exempt An for British and Malayan Trustees Limited (Yeoman 3-Rights)	2,775,000	2.54
7. Yeo Lee Hong Betty	1,101,360	1.01
8. Malaysia Nominees (Tempatan) Sendirian Berhad		
- Great Eastern Life Assurance (Malaysia) Berhad (LPF)	999,232	0.92
9. Soon Siew Leh	780,000	0.71
10. Soon Cheng Hai	754,000	0.69
11. Soon Cheng Boon	728,000	0.67
12. Lee See Jin	655,148	0.60
13. Lee Sieng Tzi @ Vincent Lee	614,640	0.56
14. RHB Capital Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Fong Siling (CEB)	469,000	0.43
15. Soon Ah Khun @ Soon Lian Huat	467,584	0.43
16. Soon Lian Lim	444,990	0.41
17. Tan Peng Soon	404,560	0.37
18. Tan Peng Sum	312,000	0.29
19. Tan Peng Nam	312,000	0.29
20. HDM Nominees (Asing) Sdn. Bhd.		
- DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa	310,000	0.28

Statement of Shareholdings

as at 18 April 2011 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 18.04.2011 (cont/d)

Name of Holder	Holdings	% of Issued Capital
21. CIMSEC Nominees (Asing) Sdn. Bhd. - Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	306,512	0.28
22. Lee Soon Hian	303,160	0.28
23. DB (Malaysia) Nominee (Asing) Sdn. Bhd. - Exempt An for British and Malayan Trustees Limited (Yeoman CL2)	300,000	0.27
24. M & A Nominee (Tempatan) Sdn. Bhd. - M&A Securities Sdn. Bhd.	291,658	0.27
25. Siong Go Pok	271,440	0.25
26. Yeoh Kean Hua	270,400	0.25
27. Tan Goh Mee	236,600	0.22
28. Leong Fook @ Leong Kim San	234,624	0.21
29. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Soon Lian Lim (20-00134-000)	233,591	0.21
30. JF Apex Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Teo Siew Lai (Margin)	228,400	0.21
TOTAL	88,311,668	80.90

SUBSTANTIAL SHAREHOLDERS AS AT 18.04.2011

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	6,531,580	5.98	-	-	6,531,580	5.98
Choo Bee Holdings Sdn. Bhd.	44,928,000	41.16	-	-	44,928,000	41.16
Lembaga Tabung Haji	7,798,440	7.14	-	-	7,798,440	7.14
Soon Ah Khun @ Soon Lian Huat	467,584	0.43	62,731,406	57.47	63,198,990	57.90
Soon Lian Huat Holdings Sdn. Berhad	12,280,700	11.25	44,928,000	41.16	57,208,700	52.41
Tang Kim Heok	-	-	57,208,700	52.41	57,208,700	52.41



Statement of Shareholdings

as at 18 April 2011 (cont'd)

DIRECTORS' INTEREST AS AT 18.04.2011

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	467,584	0.43	62,731,406	57.47	63,198,990	57.90
Soon Cheng Hai	754,000	0.69	-	-	754,000	0.69
Soon Cheng Boon	728,000	0.67	15,600	0.01	743,600	0.68
Soon Hean Hooi	2,969,049	2.72	-	-	2,969,049	2.72
Leong Keng Yuen	27,040	0.02	-	-	27,040	0.02
Lee Sieng Tzi @ Vincent Lee	614,640	0.56	291,657	0.27	906,297	0.83
Khoo Choon Yam	-	-	-	-	-	-
Datin Seri Shahrizan Binti Abdullah	47,840	0.04	-	-	47,840	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.

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Form of Proxy

I/We, _____

of _____

being a member of Choo Bee Metal Industries Berhad hereby appoint _____

_____ of _____ or

failing him _____ of _____ or

failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the 2011 Annual General Meeting of the Company to be held on 24 June 2011 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: Khoo Choon Yam Datin Seri Shahrizan binti Abdullah		
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 1 – Proposed Renewal of Share Buy Back Authority		
7. Ordinary Resolution 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.

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.



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80 SEN
STAMP
(Within
Malaysia).

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)

Wisma Soon Teik Aun,

Jalan Bendahara,

31650 Ipoh,

Perak Darul Ridzuan, Malaysia.

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