

# SEACERA

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**TILES BERHAD** (163751-H)

**annual  
report  
2009**



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# Corporate Information

## BOARD OF DIRECTORS

**YBHG. DATUK YUSOF @ MOHD YUSOFF BIN ABD HAMID**  
*Non-Executive Non-Independent Chairman*

**ENCIK HJ. BASAR BIN JURAIMI**  
*Senior Independent Non-Executive Director*

**CIK NORHANUM BINTI NORDIN**  
*Independent Non-Executive Director*

**YBHG. DATO' HJ SHAMSUL NAJMI BIN HJ SHAMSUDDIN**  
*Independent Non-Executive Director*

**YBHG. DATUK MANSOR BIN MASIKON**  
*Independent Non-Executive Director (Appointed w.e.f. 24 May 2010)*

**ENCIK HALIM @ AB HALIM BIN ISMAIL**  
*Independent Non-Executive Director (Appointed w.e.f. 24 May 2010)*

### COMPANY SECRETARIES

**Ms Seow Fei San** (MAICSA 7009732)  
**Ms Loh Lai Ling** (MAICSA 7015412)

### AUDIT COMMITTEE

**Cik Norhanum Binti Nordin (Chairman)**  
 Independent Non-Executive Director

**Encik Hj. Basar Bin Juraimi (Member)**  
 Senior Independent  
 Non-Executive Director

**YBhg. Dato' Hj Shamsul Najmi  
 Bin Hj Shamsuddin (Member)**  
 Independent Non-Executive Director

### NOMINATION COMMITTEE

**Encik Hj. Basar Bin Juraimi (Chairman)**  
 Senior Independent  
 Non-Executive Director

**Cik Norhanum Binti Nordin (Member)**  
 Independent Non-Executive Director

**YBhg. Dato' Hj Shamsul Najmi  
 Bin Hj Shamsuddin (Member)**  
 Independent Non-Executive Director

### REMUNERATION COMMITTEE

**Cik Norhanum Binti Nordin (Chairman)**  
 Independent Non-Executive Director

**Encik Hj. Basar Bin Juraimi (Member)**  
 Senior Independent  
 Non-Executive Director

**YBhg. Dato' Hj Shamsul Najmi  
 Bin Hj Shamsuddin (Member)**  
 Independent Non-Executive Director

### REGISTERED OFFICE

312, 3rd Floor, Block C  
 Kelana Square  
 17, Jalan SS7/26  
 47301 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: 603 - 7803 1126  
 Fax: 603 - 7806 1387

### SHARE REGISTRAR

**Tricor Investor Services Sdn. Bhd.**<sup>(629261-T)</sup>  
 Level 17, The Gardens North Tower  
 Mid Valley City, Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel: 603 - 2264 3883  
 Fax: 603 - 2282 1886

### PRINCIPAL PLACE OF BUSINESS

Lot 16428 14KM Jalan Ipoh  
 Kawasan Perindustrian Selayang  
 68100 Batu Caves, Selangor Darul Ehsan  
 Tel : 603 - 6136 2494  
 Fax : 603 - 6136 2495  
 Website: www.seacera.com.my

### AUDITORS

**Afrizan Tarmili Khairul Azhar (AF 1300)**  
 No. 2, Jalan Rampai Niaga 2  
 Rampai Business Park  
 53300 Kuala Lumpur  
 Tel: 03- 4143 9330  
 Fax: 03- 4142 9330

### INTERNAL AUDITORS

**MAC & Associates**  
 Lot 29, 2nd Floor  
 Pandan Safari Shopping Complex  
 No. 1 Jalan Pandan Perdana 6/10A  
 53300 Kuala Lumpur  
 Tel/Fax: 03-9274 8110

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
 CIMB Bank Berhad  
 Malayan Banking Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
 Main Market - Industrial Products  
 (Syariah Approved Shares)

**STOCK NAME :** SEACERA

**STOCK CODE :** 7073

# Corporate Structure

## SEACERA GROUP OF COMPANIES

### TILES DIVISION

Business Address

Lot 16428 14KM Jalan Ipoh, Kawasan Perindustrian Selayang  
68100 Batu Caves, Selangor Darul Ehsan  
Tel : 603 - 6136 2494 Fax : 603 - 6136 2495

— **Seacera Ceramics Sdn. Bhd.**

— **Seacera Porcelain Sdn. Bhd.**

— **Seacera Tiles Marketing Sdn. Bhd.**

### BOPP FILMS DIVISION

Business Address

Lot 132, Lingkaran Taman Industri Integrasi Rawang 2  
Taman Industri Integrasi Rawang,  
48000 Rawang, Selangor Darul Ehsan  
Tel : 603 - 6091 3860 Fax : 603 - 6091 3873

— **Seacera Polyfilms Sdn. Bhd.**

— **Seacera Polymer Sdn. Bhd.**

— **Seacera Chemicals Sdn. Bhd.**

*(Formerly known as Seacera Multimedia Sdn. Bhd.)*

### PROPERTIES & CONSTRUCTION DIVISIONS

Business Address

No. 32, Jalan SS19/1D  
47500 Subang Jaya, Selangor Darul Ehsan  
Tel : 603 - 5632 0088 Fax : 603 - 5632 2299

— **Seacera Development Sdn. Bhd.**

— **Seacera Properties Sdn. Bhd.**

— **Seacera Land Sdn. Bhd.**

— **Seacera Builders Sdn. Bhd.**

— **Seacera Tech Sdn. Bhd.**

*(Formerly known as Indosys Holdings Sdn. Bhd.)*

# Directors' Profiles

**YBHG. DATUK YUSOF @ MOHD YUSOFF BIN ABD HAMID**  
Malaysian, age 62  
Non-Executive Non-Independent Chairman

YBhg. Datuk Yusof @ Mohd Yusoff Bin Abd Hamid was appointed as an Executive Director of Seacera Tiles Berhad on 14 July 2005 and had been re-designated as Non-Executive Non-Independent Chairman on 1 September 2007. He is currently the Managing Director of Viz Holiday Sdn. Bhd. and YS Prima Sdn. Bhd. He is also a Director of Mahajaya Management Sdn. Bhd., Milik Perusahaan Sdn. Bhd., Chamber Dev. Sdn. Bhd. and Board member of International Islamic College. He had served as an Officer in Dewan Bandaraya Kuala Lumpur for 30 years.

Datuk Yusof does not hold any directorships in other public listed companies. He does not have any family relationship with any director and/or substantial shareholder(s), nor has he any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

**ENCIK HJ. BASAR BIN JURAIMI**  
Malaysian, age 62  
Senior Independent Non-Executive Director

Encik Hj. Basar Bin Juraimi was appointed as Independent Non-Executive Director of Seacera Tiles Berhad on 2 November 2007. He holds a Diploma in Building Economics from Institut Teknologi MARA, Bachelor of Science in Building Economics from University of Southbank and Master of Science in Building Maintenance Management from University of Reading, Berkshire, UK.

He had served in various organizations. He started his career in 1971 as Assistant Quantity Surveyor in Juruukur Bahan Bersekutu. He left to join Gordon Harris & Barton in London as Trainee Quantity Surveyor. In 1972, he worked as Lecturer in School of Architecture, Planning & Surveying, ITM Shah Alam and was appointed as Head of Quantity Surveying Department in 1980. He was a partner of Basar & Harun Sdn, Chartered Quantity Surveyors, Kuala Lumpur from 1982 to 1985 and presently the director of Basar & Harun Sdn, Chartered Quantity Surveyors, Petaling Jaya. He was President of the Institute of Surveyors Malaysia from 1994 to 1995 and served as Member of the Board of Quantity Surveyors Malaysia, from 1994 till February 2009. He is currently appointed as an Adjunct Professor in Quantity Surveying in the University of Malaya. He also sits on the Board of Directors of Grand Hoover Berhad.

He does not have any family relationship with any director and/or substantial shareholder(s), nor has he any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

# Directors' Profiles *(continue)*

**YBHG. DATO' HJ SHAMSUL NAJMI BIN HJ SHAMSUDDIN**  
**Malaysian, age 43**  
**Independent Non-Executive Director**

YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin was appointed as an Independent Non-Executive Director of Seacera Tiles Berhad on 16 April 2008. He holds B.A. Hons. (Shahadah 'Aliyah-Hadis) Usuluddin, Al-Azhar and Master of Science (HRD) from University Putra Malaysia.

He was on the Panel Pemikir Jabatan Hal Ehwal Khas of Kementerian Penerangan Malaysia and Setiausaha Akhbar for Menteri in Jabatan Perdana Menteri. He also worked as Pengelola Agama Bahagian Hal Ehwal Khas at Kementerian Penerangan Malaysia and Pegawai Khas Agama at Bahagian Hal Ehwal Khas Pahang.

Dato' Hj Shamsul Najmi does not hold any directorships in other public companies. He does not have any family relationship with any director and/or substantial shareholder(s), nor has he any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

**CIK NORHANUM BINTI NORDIN**  
**Malaysian, age 55**  
**Independent Non-Executive Director**

Cik Norhanum Binti Nordin was appointed as an Independent Non-Executive Director of Seacera Tiles Berhad on 2 November 2007. She holds Chartered Association of Certified Accountants, UK (ACCA) from Emile Woolf College of Accountancy, London, United Kingdom.

She started her career in London as an Auditor at JohnCummings & Partners, Certified Accountants, London and was a Senior Auditor before she returned to Malaysia in 1992. She was a Management Accountant and Administration Manager of Magna Resources Sdn Bhd from 1993 to 1997. In 1997, she assumed the position of Finance and Admin Manager of Magna Park Sdn Bhd (a subsidiary of Magna Prima Berhad) and from then on, she has held position as Executive Director - Finance and Administration, between 2001 to 2006.

Cik Norhanum does not hold any directorship in other public companies. She does not have any family relationship with any director and/or substantial shareholder(s), nor has she any conflict of interest with the Company. She has no convictions for any offences within the past ten (10) years.

# Directors' Profiles *(continue)*

**YBHG. DATUK MANSOR BIN MASIKON**  
**Malaysian, age 66**  
**Independent Non-Executive Director**

Datuk Mansor bin Masikon was appointed as Independent Non-Executive Director of Seacera Tiles Berhad on 24 May 2010. He is an associate member of Chartered Insurance Institute (London) and associate member of Chartered Institute of Secretaries (London). Datuk Mansor obtained his Master of Business Administration from University of California at Berkeley, USA in 2005.

Datuk Mansor has extensive experience in the insurance industry and has been an advisor to Cullis Reggett International Ltd, Lloyds Insurance Brokers, London since 1995. He served as Chief Executive Officer of several insurance companies. He was appointed as Chairman of the General Insurance Association of Malaysia (1981 – 1985) and Deputy Chairman of ASEAN Insurance Council (1981 – 1985). He was a member of Parliament Malaysia from 1995 till 1999. He also sits on the Board of Directors of KYM Holdings Berhad.

He does not have any family relationship with any director and/or substantial shareholder(s), nor has he any conflict of interest with the Company. He has no convictions for any offences within the past 10 years.

**ENCIK HALIM @ AB HALIM BIN ISMAIL**  
**Malaysian, age 45**  
**Independent Non-Executive Director**

Encik Halim @ Ab Halim Bin Ismail was appointed as an Independent Non-Executive Director of Seacera Tiles Berhad on 24 May 2010. He holds a Degree Syariah (Hons) from University Malaya.

Encik Halim is currently a General Manager at Yayasan Dakwah Islamiah Malaysia (YADIM). He is also a Chairman of Islamic Bureau at UMNO Kelantan and Deputy Head of UMNO Machang Division.

Encik Halim does not hold any directorships in other public listed companies. He does not have any family relationship with any director and/or substantial shareholder(s), nor has he any conflict of interest with the Company. He has no convictions for any offences within the past 10 years.

# Chairman's *Statement*

*Dear Valued  
Shareholders,*

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2009.



## FINANCIAL REVIEW

The Group has again able to achieve a better performance despite challenging market conditions by registering a profit after tax of RM8.18 million for the financial year ended 2009 compared to a lower profit after tax of RM4.03 million for the year ended 2008. The Group registered revenue of RM78.00 million or 15.71% lower compared to RM92.54 million achieved in the previous year. Despite competitive business environment, the Group managed to keep both Tiles and BOPP at optimal production capacities. Earnings per share in year 2009 have also risen to 15.33 sen per share as compared to year 2008's earnings per share of 7.58 sen.

## PERFORMANCE REVIEW

### Tiles

The manufacturing and marketing of tiles remained as one of the core activities of the Group. Despite the slow down in global and domestic economy in 2009, Tiles division still managed to secure revenue of RM37.50 million, a slight reduction by 2.95% as compared to RM38.64 million registered in the previous financial year. Commitment to cost improvement and increased in efficiency as well as ability to sell slow moving inventories were the key factors for tiles division to achieve net operating income of RM6.5 million in 2009 compared to only RM346,234 in the previous year.

On the project section of the Tiles division, our main focus would be the government's projects and reputable property development projects. For year 2010, the tiles division has so far managed to enter into a few major supply contracts for period of 1 to 2 years with total contract value of RM23.30 million.

### BOPP Film

The Group's BOPP division faced challenging business conditions and stiff competition in the plastic film packaging industry. Among the main reasons are implementation of Free Trade Agreement (FTA) between Malaysia and countries in the emerging economies such as China, Korea, Japan, etc.; fluctuation in international BOPP film price and more wait-and-see approach taken by some of the customers in the industry. The above had resulted in reduction in revenue in Year 2009 compared to the previous year by 24.86% from RM53.90 million to RM40.50 million. This is also in line with the reduction in operating profit by 23.61% from RM6.36 million (in Year 2008) to RM4.86 million (in Year 2009).

However, given the nature of the BOPP film industry, the Group expects to achieve a satisfactory performance in 2010. The BOPP film division has taken advantage of the FTA to explore and tap new market segment which previously was not attractive such as Australia and the Philippines.

# Chairman's *Statement* (continue)

## OUTLOOK

Malaysia's economy probably grew the most in recent time, an acceleration that may convince the central bank to normalise the interest rates. This is backed by Malaysian ringgit being the Asia's best performing currency in 2010 and has gained 6.7 percent against the U.S. dollar. The government is confident that business in Malaysia can adjust to further interest-rate increase as the nation's recovery gathers speed. Malaysia's economy expanded 4.5 percent in the final quarter of 2009, rebounding from preceding nine months of contraction. Supported by increased external and domestic demands, timely monetary and fiscal stimuli as well as restored consumers, business and investors' confidence, the GDP in 2010 is expected to be between 5.5% to 6%.

The Board and Management acknowledge the present status and prospect of the economy and the Board believes that there are opportunities to be leveraged in this situation and will focus its efforts on developing its core strengths. We hope the positive domestic economic momentum and the expected global economic recovery will spur in increasing demand for the local and export markets.

The underlying demand for homogeneous tiles and BOPP Film remains in spite of the current challenging industry condition, which is related to increase in raw material prices, intense competition from local and China tiles, lack of government mega projects and also cautious consumer spending in the retail market. Therefore, the management will continue to seek to maximize returns and profits through optimizing productions and containing costs.

In October 2009, the Board has approved for the purchase of new production line for the Tiles division. The expansion programme will create an additional 50% output from the present capacity. The additional output is expected to place the Company in a better position in terms of pricing and product development.

BOPP division will continue its strategy to provide a quality products and reliable delivery and service. Efforts are ongoing to ensure manufacturing and other costs are contained at the lowest levels.

The Group will continue to pursue property development as its effort to seek out opportunities for income diversification. Various plans are being firmed up involving activities that are expected to contribute positively to Group earnings in the future primarily being focused on developing existing as well as increasing the size of the Group's land bank. The projects on hand

constitute of 305 units of Medium Cost Apartments and 29 units of three-storey link houses in Pekan Kayu Ara, Petaling Jaya, Selangor. The Group is taking steps to ensure the revenue from property project will come on stream in the immediate future. At the same time, we will explore opportunity to acquire potential development land in good location and market.

## CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of Seacera Tiles Berhad recognises the importance of practicing the Corporate Social Responsibility (CSR) as it brings value to the Company's business operations and at the same time, delivers sustainable value to the society at large. The Group is committed to undertake its CSR practices, with the belief that these initiatives will have positive impact on the Environment, Workplace, Community and Marketplace. The CSR initiatives undertaken by the Group are summarized below:-

### Workplace

The Company recognised the importance of its human capital as its valuable asset. Both external and in-house training program were provided or conducted on a regular basis to enhance the skill and knowledge of employees. We believe continuous learning and training will improve competencies and job performance of the employees and ultimately contributes positively to the Company. The Group is always improving its efforts towards providing safe and healthy working conditions for its employees. Protective gears and equipments were given to its factory and production staffs/workers. A Safety and Health Committee was in place to oversee the safety and occupational health issues in the workplace. Preventive actions and mitigation measures such as fire drills and safety briefing were conducted on site.



# Chairman's *Statement* (continue)

## **The Community**

The Group offered practical industrial and management training to universities undergraduates and polytechnic students so as to equip them with sufficient and relevant knowledge on the job training when they enter the job market.

Employment and job opportunities were created and priority is given to the local people particularly the fresh graduates, school leavers and unskilled workers. This will partly assist the government in overcoming unemployment and reduce social ills of the youth and improve the standard of living of the people.

Donations and contributions were also made to various NGOs and the unfortunate members of the public.

## **The Environment**

The Company has been pro-active in playing its role in preserving the environment on the site in which it operates. Measures were taken to ensure compliance with existing laws and regulations. Initiatives taken so far include the following: investing on relevant equipments, recycling of certain discarded raw materials to reduce waste; reusing and recycling of paper and stationery; setting appropriate temperature for using air-conditioners and switching off lighting whenever possible.

In caring for the environment also means that the Group's would increase its operation efficiency and effectiveness. This is to ensure that its productivity could be kept at high level all the time and hence reduce wastage of limited valuable sources such as gas, electricity, raw materials, etc.

## **Market Place**

The Company strives to operate with good governance and sound management in order to enhance stakeholders' value. It believes in working in partnership with major customers and suppliers to create better value for both organizations in the long run. Additionally, the Group operates in tandem with its vision through sound business practices, effective management and good corporate governance with the aim of enhancing the stakeholders' value.

## **CORPORATE GOVERNANCE**

The Board acknowledges the Malaysian Code on Corporate Governance issued by the Finance Committee on Corporate Governance which sets out the principles, best practices and guidelines that may be applied in the operations of a company, so as to enhance the transparency and accountability of public listed companies in Malaysia. Steps have been taken to ensure the Group's commitment to the Corporate Governance procedures so as to enhance shareholders' value and to safeguard the assets of the Group.

## **DIVIDEND**

The Board of Directors is pleased to recommend a final tax-exempt dividend of one (1) sen subject to the approval by the shareholders at the forthcoming Annual General Meeting.

## **ACKNOWLEDGEMENT**

The Group's continuing success is the culmination of the hard work and cooperation of many individuals and entities that, together, ensure that we are able to achieve our goals. On behalf of the Board, I would like to take this opportunity to extend my heartiest thanks and appreciation to our Management Team, staffs, shareholders, business partners, and associates, customers, suppliers, bankers, authorities for their continued support and valuable contributions to the Group.

Finally, I also like to take this opportunity to express my gratitude to the Board of Directors for their professionalism, dedication and valuable contribution to steer the Group's performance to a greater heights. At the same time, I wish to welcome YBhg. Dato Mansor Masikon and Encik Ab Halim Ismail on their recent appointments as Board members.

*YBhg. Datuk Yusof @ Mohd Yusoff  
Bin Abd Hamid*  
Chairman

# Statement on Corporate Governance

The Board of Directors ("Board") is committed to ensure the principles and best practices on corporate governance are observed and practiced throughout the Group as the fundamental part of discharging its responsibilities while protecting and enhancing shareholders' value.

The prescriptions set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance ("the Code") is used as the guidelines for the Board to implement and maintain high standards of corporate governance. The Code sets out the principles and best practices on structures and processes that the Group may use towards achieving its optimal governance framework.

## (A) BOARD OF DIRECTORS

The Board effectively controls the direction and provides leaderships for the Group by setting appropriate objectives and strategic directions and is responsible for the overall operations and management of the Group.

This Board's spectrum of skills and experience gives added strength to the leadership, thus ensuring the Group is under the guidance of an accountable and competent Board. The Directors operate within a robust set of governance as set out below:-

### 1. Composition of the Board

The Board currently has six (6) members comprising six (6) non-executive members of which five (5) are independent. This complies with Paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements that at least 2 directors or one-third (1/3) of the Board are Independent Directors. The presence of Independent Directors would ensure that the interest of the minority shareholders and other stakeholders are given due considerations in the deliberation of the various issues and matters affecting the Group. The role of the Independent Directors is particularly important as they provide unbiased and independent views, advice and judgement.

The profiles of the Board members are as set out on pages 4 to 6 of this Annual Report.

### 2. Board Meetings

During the financial year ended 2009, a total of eight (8) board meetings were held and all Directors fulfilled the requirements stipulated by Bursa Securities in relation to their attendance at the board meetings. The details of the Directors' attendance at the Board Meeting are as follows:

Director	Total Attendance
Datuk Yusof @ Mohd Yusoff Bin Abd Hamid	8/8
Cik Norhanum Binti Nordin	8/8
Encik Hj. Basar Bin Juraimi	7/8
Dato' Hj Shamsul Najmi Bin Hj Shamsuddin	8/8

During the course of a meeting, the Board deliberated and considered on matters including the Group's financial performance, business review, operating performance to date against the annual budget and the business strategies. The Audit Committee also reports the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his or her interest and abstain from the decision making process.

### 3. Supply of and Access to Information and Advice

Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors in time to enable the Directors to effectively discharge their responsibilities.

Senior management staff may be invited to attend the Board Meetings to provide the Board with detailed explanations and clarifications on issues that are considered during the Board meetings.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. Towards this end, there is an agreed procedure in place for Directors to acquire independent professional advice to ensure the Board functions effectively. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are met and advises the Board on compliance issues.

### 4. Directors' Training

All Directors except Encik Halim @ Ab Halim Bin Ismail have attended and successfully completed the Mandatory Accreditation Programme.

The Board assumes the onus of determining or overseeing the training needs of the Directors. The Directors are encouraged to attend relevant seminars and courses to keep themselves updated on the various issues facing the changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations.

# Statement on Corporate Governance *(continue)*

During the financial year ended 31 December 2009, the Directors have attended the following conference/seminars/training:-

Director	Name of conferences / seminars and training programmes attended
Datuk Yusof @ Mohd Yusoff Bin Abd Hamid	- High Level Forum for Directors of Listed Issuers in enhancing corporate governance organised by Bursa Malaysia Securities Berhad.
Encik Hj. Basar Bin Juraimi	- The All New 2010 Additional Quarterly Interim Financial Report and Various New Standards Interpretation and Amendments organised by Bursa Malaysia Securities Berhad.  - ESQ Basic Training.  - The Law of Domestic Inquiry : Procedure and Practice.
Cik Norhanum Binti Nordin	- Corporate Governance Revisited organised by The Institute of Internal Auditors Malaysia.  - Risk Action Planning : The Missing Element in an ERM Framework organised by The Institute of Internal Auditors Malaysia.
Dato' Hj Shamsul Najmi Bin Hj Shamsuddin	- Cabaran ICT Global organised by Jabatan Perdana Menteri, Malaysia.

The Board is also regularly updated by the Company Secretary on the latest updates and major amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad and Companies (Amendment) Act 2007 and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

## 5. Appointment to the Board

The Board had formed a Nominating Committee comprised exclusively of non-executive directors, majority of whom are independent with the responsibility for identifying and proposing new candidates for the Board and for assessing directors on an on-going basis. Any new appointment to the Board must be upon recommendation by the Nominating Committee after assessment is done with the consideration of mix skills and experience and other qualities that the new candidate should bring to the Board.

## 6. Re-election

In accordance with the Company's Articles of Association, every director must retire from office at least once every three (3) years and can offer himself for re-election at the Annual General Meeting. Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

## 7. Board Committees

The Board has established the following Committees to delegate specific powers and responsibilities to support the role of the Board to provide assurance and accountability to its shareholders, all of which have their own terms of reference:

### a. Audit Committee

The Company has in place an Audit Committee which comprises all independent non-executive directors.

The members of the Audit Committee are:-

Name Of Audit Committee	Designation
Cik Norhanum Binti Nordin (Chairman)	Independent Non-Executive Director
Encik Hj. Basar Bin Juraimi (Member)	Senior Independent Non-Executive Director
Dato' Hj Shamsul Najmi Bin Hj Shamsuddin (Member)	Independent Non-Executive Director

The role of the Audit Committee is to oversee the processes for production of the financial data, review of financial reports, related party transactions, potential conflict of interests' situations and the internal controls of the Company.

The Audit Committee members and the Audit Committee Report for the financial year ended 31 December 2009 pursuant to Paragraph 15.16 of Bursa Malaysia Securities Berhad Main Market Listing Requirements is contained on page 15 - 17 of the Annual Report.

# Statement on Corporate Governance *(continue)*

## b. Remuneration Committee

The Remuneration Committee was established with the objective of providing a transparent and formal procedure for formulating and determining the remuneration policies for the Directors.

The members are:

Name of Remuneration Committee	Designation
Cik Norhanum Binti Nordin (Chairman)	Independent Non-Executive Director
Encik Hj. Basar Bin Juraimi (Member)	Senior Independent Non-Executive Director
Dato' Hj Shamsul Najmi Bin Hj Shamsuddin (Member)	Independent Non-Executive Director

The Remuneration Committee is to provide assistance and guidance to the Board in determining and recommending the remuneration package of the Directors. The Board as a whole determines the remuneration package of the Directors with the Director concerned abstaining from participating in decisions in respect of his individual package.

With the annually approval from the shareholders, the Company pays its directors an annual fee.

The aggregate remuneration of the Directors for the financial year ended 31 December 2009 is as follows: -

Category	Fees	Salaries & Allowance
Executive	-	-
Non-Executive	RM182,500	-

The number of Directors who served during the financial year whose remuneration falls into the following bands:-

Range of Remuneration	Executive	Non-Executive
RM50,000 and below	-	3
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-

## c. Nominating Committee

The committee comprises three (3) independent directors. The members are:

Name of Nominating Committee	Designation
Encik Hj. Basar Bin Juraimi (Chairman)	Senior Independent Non-Executive Director
Cik Norhanum Binti Nordin (Member)	Independent Non-Executive Director
Dato' Hj Shamsul Najmi Bin Hj Shamsuddin (Member)	Independent Non-Executive Director

The committee is responsible for proposing or reviewing new nominees for the Board and Board Committees, assessing the effectiveness of the Board as a whole and reviewing the required skills and core competencies of non-executive director. The committee also ensures that an orientation and education programme is in place for new Board members.

## d. Employees Share Option Scheme ("ESOS") Committee

The committee comprises two (2) directors, both of whom are independent. The members are:-

Name of ESOS Committee	Designation
Cik Norhanum Binti Nordin (Chairman)	Independent Non-Executive Director
Encik Hj. Basar Bin Juraimi (Member)	Senior Independent Non-Executive Director

The committee was formed on 16 December 2003 to administer the Company's ESOS. The Company had extended the duration of the ESOS which expired on 31 August 2009 for another 5 years to 31 August 2014. There were no options granted and/or exercised during the said financial year.

## (B) SHAREHOLDERS

### 1. Dialogue between the Company and Investors

The Group is fully aware of the importance of effective and timely communication with shareholders and investors and the Board endeavours to make timely release of annual reports, quarterly reports and any announcements on material corporate exercises which are the primary mode of disseminating information on Group's business activities and financial performance.

The Company also maintains a website ([www.seacera.com.my](http://www.seacera.com.my)) through which shareholders and the general public can obtain up-to-date information.

# Statement on Corporate Governance *(continue)*

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

## 2. General Meeting

The Annual General Meeting ("AGM") represents the principal communication channel and dialogue with shareholders. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. AGM is held yearly to consider the ordinary business of the Company and any other special businesses. Each item of special businesses included in the notice is accompanied by a full explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

A press conference is normally held immediately after the meeting to facilitate media queries on the Group's financial performance and operations.

## (C) ACCOUNTABILITY AND AUDIT

### 1. Financial Reporting

The Board ensures annual financial statements and quarterly financial results are drawn up in accordance with applicable approved accounting standards in Malaysia and provisions of Companies Act, in order to present a balanced and understandable assessment of the Group's performance and prospects. The Audit Committee assists the Board to review the information disclosed to ensure its accuracy and adequacy.

### 2. Relationship with the Auditors

The Company has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's auditors, both external and internal. The Audit Committee seeks regular assurance on the effectiveness of the internal control systems through independent appraisal by the auditors. Liaison and unrestricted communication exists between the Audit Committee and the external auditors.

## 3. Internal Control

The Board has undertaken the responsibility of identifying and reviewing the adequacy integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Internal Control is presented on page 14 of this Annual Report and the Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit Committee.

## (D) RESPONSIBILITY STATEMENT BY DIRECTORS

The Board is responsible for ensuring that the financial statements for each financial year 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 period.

In preparation of the financial statements, the Board has ensured that:-

1. Suitable accounting policies have been adopted and applied consistently.
2. Judgements and statements made are reasonable and prudent.
3. Suitable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Board confirms that the financial statements have been prepared on a going concern basis.

The Board is responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board has overall responsibilities for taking steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

## (E) COMPLIANCE WITH THE CODE

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance the procedures from time to time. The Group has complied with the Best Practices of the Code.

# Statement *on Internal Control*

The Board of Directors of Seacera Tiles Berhad recognises and accepts its responsibility in ensuring and maintaining a sound system of internal control to safeguard shareholders' investment and assets of the Company and the Group as stipulated in the Malaysian Code on Corporate Governance.

The Board takes cognizance that in a dynamic business environment, a system of internal control, in ensuring its relevancy, is a continuous process of risk, identification and risk management and evolution of integrity and adequacy of systems that are in place. As such, the Board's philosophy towards internal control systems per se is one of continuous improvement. However, the Board notes that internal control systems will not provide absolute assurance against all risks or any one risk but it serves to provide reasonable assurances and is designed to manage the likelihood and consequences of risk to acceptable levels.

The Board and its committees, monitor the performance of the Group at regular periods during the financial year. The Board is duly informed and updated by the Executive Committee ("Exco") on issues of significance and on matters requiring Board consideration.

In addition to reviewing the Group's performance, the Board via its Audit Committee, receives feedback and reports from the internal auditor in line with the internal audit plan as well as on any significant issues pertaining to risk and control. External auditors, also presents their external audit plan to the Audit Committee. For the financial year under review, a meeting was held between the external auditors and independent directors of the Audit Committee on the external audit plan.

The Exco and key management staff are responsible for the daily running of the Group. In monitoring Group performance, the Exco and management team attend monthly scheduled meetings and review key performance indicators. These meetings allow for timely identification of risks and proactive management decisions in line with changes in the business environment. Counter measures and action plans are correspondingly formulated to address such risks that may arise.

Key elements of internal control are as follows :-

- Clear terms of references of Board Committees.
- Internal control procedures as set out in standard operating manuals.
- The approval of Group budget by the Board and the explanations are sought for variances against actual performance.
- Monthly performance reports provided by management to Exco and Quarterly reports to Board members.
- Internal audit plan and findings prepared by the internal auditor and forwarded to the Audit Committee for review.

The Board is strongly committed to an effective internal control system to further raise the level of transparency and accountability of Group's operations.



# Audit Committee Report

## MEMBERSHIP AND ATTENDANCE

During the financial year 1 January 2009 to 31 December 2009, a total of six (6) Audit Committee meetings were held. The Committee comprises the following members and details of attendance of each member at the Committee meetings held during the financial year are as follows:-

Member of the Audit Committee	Number of Committee Meetings Attended
Cik Norhanum Binti Nordin (Chairman) Independent Non-Executive Director	6/6
Encik Hj. Basar Bin Juraimi (Member) Senior Independent Non Executive Director	5/6
YBhg. Dato' Shamsul Najmi Bin Haji Shamsuddin (Member) Independent Non Executive Director	6/6

## TERMS OF REFERENCE

### 1. Objectives

- a. To assist the Board to discharge its responsibilities by reviewing the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- b. To reinforce the independence of the external auditors and thereby help assure autonomy in the audit process.
- c. To provide, by way of regular meetings, a line of communication between the Board and the external auditors.
- d. To provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is independent of the management.
- e. To review the quality of the audits conducted by the internal and external auditors of the Company.
- f. To enhance the perceptions held by stakeholders (including shareholders, regulator, creditors and employees) of the credibility and objectivity of financial reports.

### 2. Duties and Responsibilities

- a. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval whilst ensuring that they are prepared in a timely

and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published.

- b. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course or conduct that raises questions of management integrity.
- c. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
- d. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- e. To review the internal audit plan and processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.
- f. To appraise the performance of staff members of the internal audit function.
- g. To approve any appointment or termination of the staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.
- h. To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
- i. To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
- j. To discuss and review with the external auditors any proposal from them to resign as auditors.
- k. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.
- l. To perform any other functions as authorised by the Board.
- m. To review allocation of share options to eligible employees as being in compliance with the by-laws approved by the Board of Directors and shareholders of the Company.

# Audit Committee Report *(continue)*

## 3. Authority

- a. The Committee is authorised by the Board to investigate any matter within its terms of reference, to obtain the resources, which it needs, and to have full and unrestricted access to information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
- b. The Committee shall have direct communication channels with the external and internal auditors.
- c. The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.
- d. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Committee shall promptly report such matter to Bursa Securities.

## 4. Meetings

- a. Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be independent non-executive directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
- b. The head of internal audit shall be in attendance at the meeting of the Committee. The Committee may invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberation.
- c. At least twice a year, the Committee shall meet with the external auditors without any executive Board member present and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter, which the external auditors believe, should be brought to the attention of the Board or shareholders.
- d. The Company Secretary shall be the Secretary of the Committee.
- e. The minutes of each Committee meeting shall be circulated to all members of the Board.

## 5. Membership

- a. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, all members must be non-executive directors, with a majority of whom should be independent directors.
- b. The Chairman of the Committee shall be an independent non-executive Director appointed by the Board.
- c. No alternate director shall be appointed as a member of the Committee.
- d. At least one member of the Committee:
  - i. Shall be a member of the Malaysian Institute of Accountants; or
  - ii. If he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years' working experience and:
    - (1) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;
    - (2) 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
    - (3) fulfils such other requirements as prescribed or approved by the Exchange.
- e. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.
- f. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the main activities carried out by the Audit Committee during the financial year under review is as follows:

- Reviewed and recommended for the Board's approval the quarterly financial results;
- Reviewed the audited financial statements before recommending for the Board's approval;
- Reviewed the management follow-ups arising from Internal Audit of the Group;

# Audit Committee Report *(continue)*

- Reviewed and discussed with the external auditors on their audit plan, their scope of work, the results of their examination, the auditors' report and management letters in relation to the audit and accounting issues arising from the audit;
- Reviewed with the external auditors, the new developments on accounting standards and regulatory requirement as well as the Company's compliance with Financial Reporting Standards and other relevant legal and regulatory requirements;
- Reviewed with the internal auditors their audit plan, discussed on their audit finding reports, response and the actions of the management on their findings.
- Reviewed the Company's status of compliance with the Listing Requirements of the Bursa Securities and with the Malaysian Code on Corporate Governance for the purpose of issuing a Corporate Governance Statement pursuant to the requirement of paragraph 15.25 of the Bursa Securities Listing Requirements;
- Reviewed the related party transactions arising within the Group;
- Met on the quarterly basis with the senior management executives to listen to their briefings on business operations; and
- Met with the external auditors to discuss various issues on the Company, excluding the attendance of the executive Board members.

## ESOS ALLOCATION

Seacera Tiles Berhad has implemented an Employees Share Option Scheme since year 2004.

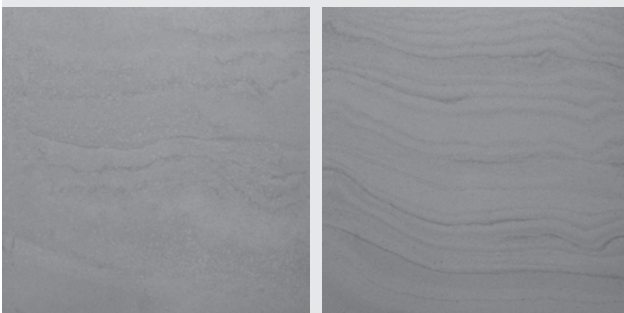
The Audit Committee is satisfied with the implementation of the scheme and the allocation of share options to eligible employees complied with the by-laws approved by the Board and Shareholders of the Company.

## INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit functions to a professional services firm, which is tasked with the aim of assisting the Committee to discharge its duties and responsibilities.

The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control. Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's financial statement.

The Group incurred RM8,000.00 of internal audit fees during the financial year ended 31 December 2009.



# Other Corporate Disclosure

## 1. Utilisation of Proceeds

No proceeds were raised by the Company for any corporate exercise during the financial year.

## 2. Share Buybacks

The details of shares bought back during the financial year are as follows:-

Monthly Breakdown Bought Back	No. of shares purchased and retained as Treasury shares	Purchase Price per share (RM)		Average Cost per share (RM)	Total Cost (RM)
		Lowest	Highest		
July 2009	5,000	0.32	0.32	0.32	1,600
August 2009	30,900	0.305	0.31	0.3075	9,524
September 2009	5,000	0.32	0.32	0.32	1,600
October 2009	5,000	0.32	0.32	0.32	1,600
December 2009	69,400	0.32	0.33	0.325	22,583

All the shares purchased by the Company during the financial year were retained as treasury shares.

## 3. Options, Warrants or Convertible Securities

Details of the ESOS is disclosed in the Financial Statements in note 26 of this Annual Report. The Company did not issue any warrants or convertibles securities during the financial year.

## 4. Depository Receipt (DR) Programme

The Company did not sponsor any DR programme during the financial year.

## 5. Non-Audit Fees

There was no non-audit fee paid to the external auditors for the financial year.

## 6. Profit Estimate, Forecast, Projection or Unaudited Results

There was no profit forecast issued by Company and its subsidiary companies during the financial year.

## 7. Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

## 8. Material Contracts

During the financial year, there was no material contracts entered into by the Company and/or its subsidiaries involving Directors' and substantial shareholders' interests.

## 9. Revaluation Policy on Landed Properties

The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 December 2009.

## 10. Recurrent Related Party Transaction of a Revenue or Trading Nature

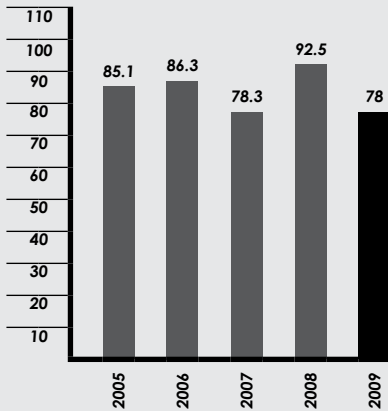
During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which requires shareholders' mandate.

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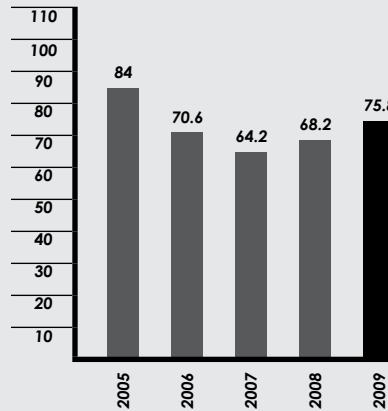
# financial statements

25 Income Statements  
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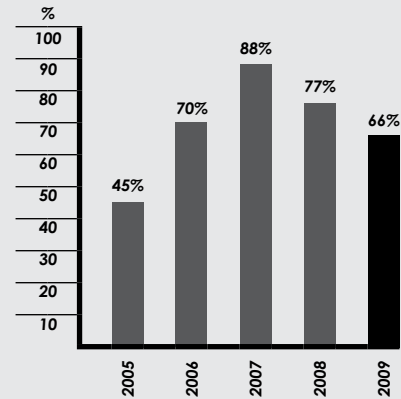
## Financial Highlights



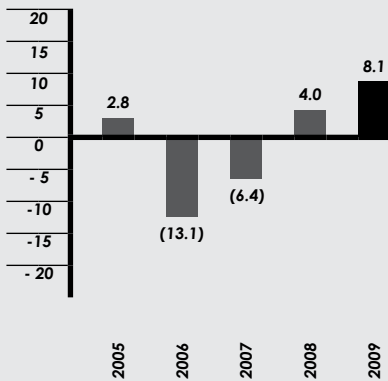
Sales Revenue (RM million)



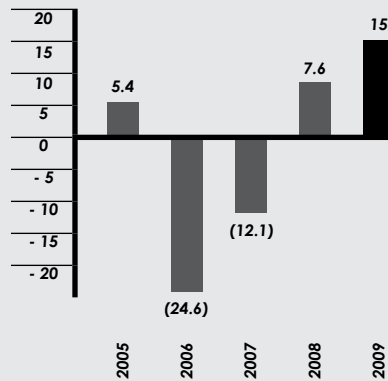
Shareholders' Funds (RM million)



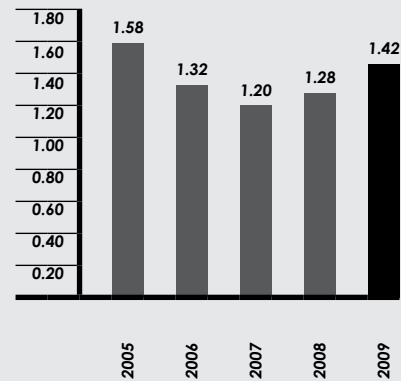
Gearing Ratio (%)



Net Profit/(Loss) (RM million)



Earnings/(Loss) Per Share (SEN)



Net Assets Per Share (RM)

# Directors' Report

for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

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

## PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacturing and trading of homogeneous and ceramic tiles. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	8,176,642	6,597,826

## DIVIDENDS

In respect of the year ended 31 December 2008, a final dividend of 1 sen tax exempt per share was paid on 28 August 2009.

The Directors recommend a final dividend of 1 sen tax exempt per share for the financial year ended 31 December 2009. The proposed final dividend is subjected to the approval of shareholders at forthcoming Annual General Meeting to be held at the date to be announced later. The said final dividend will be paid on a date to be announced in due course.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

## SHARE CAPITAL

No new shares were issued during the financial year.

## SHARES BUY BACK

On 30 June 2009, the Company had obtained approval from its shareholders to buy back its own shares.

During the financial year, the Company bought back from the open market of 115,300 (2008 : NIL) of its issued ordinary shares listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM0.32 (2008 : NIL) per share.

The total consideration paid for the share buy-back during the financial year, including transaction costs, was RM37,399 (2008 : NIL) and was financed by internally generated funds. The Company bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act 1965.

None of the treasury shares held were resold or cancelled during the financial year. Further information is disclosed in Note 23 to the financial statements.

## DIRECTORS

The Directors in office since the date of the last report are :-

Datuk Yusof @ Mohd Yusoff Bin Abd Hamid

Basar Bin Juraimi

Dato' Hj Shamsul Najmi Bin Hj Shamsuddin

Norhanum Binti Nordin

# Directors' Report (continue)

for the financial year ended 31 December 2009

## DIRECTORS' INTEREST

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

	Number of ordinary shares of RM1 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
<b>Shareholdings in which Directors have indirect interests</b>				
Datuk Yusof @ Mohd Yusoff Bin Abd Hamid	13,000,000	-	-	13,000,000

Datuk Yusof @ Mohd Yusoff bin Abd Hamid is deemed to have interest in 13,000,000 shares in the Company by virtue of his interest in Synergy Platform Sdn. Bhd., a shareholder of the Company.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company or its related corporations during the year.

## DIRECTORS' BENEFITS

During and at the end of the financial year, there is no arrangements subsisted to which the Company or its related corporations is a party with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of the last report, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in Note 6 of the notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 13 to the financial statements.

## OTHER STATUTORY INFORMATION

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

- to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

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

- which would render the amounts written-off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet its obligations as and when they fall due.

# Directors' Report (continue)

for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

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

- a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:-

- a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to effect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## AUDITORS

The auditors, AFRIZAN TARMILI KHAIRUL AZHAR, have expressed their willingness to continue in office.

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

.....  
**DATUK YUSOF @ MOHD YUSOFF BIN ABD HAMID**  
Director

.....  
**NORHANUM BINTI NORDIN**  
Director

Kuala Lumpur, Malaysia

Date: 20 APRIL 2010

**Seacera Tiles Berhad**  
 (Company No. 163751-H)  
 Incorporated in Malaysia  
 and its subsidiaries

# Statement by Directors

*pursuant to section 169(15) of the Companies Act, 1965*

We, DATUK YUSOF @ MOHD YUSOFF BIN ABD HAMID and NORHANUM BINTI NORDIN, being two of the Directors of SEACERA TILES BERHAD, do hereby state that, in our opinion of the Directors, the accompanying financial statements together with the notes thereto, are properly drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and of the changes in equity, the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

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

.....  
**DATUK YUSOF @ MOHD YUSOFF BIN ABD HAMID**  
 Director

.....  
**NORHANUM BINTI NORDIN**  
 Director

Kuala Lumpur, Malaysia

Date: 20 APRIL 2010

# Statutory Declaration

*pursuant to section 169(16) of the Companies Act, 1965*

I, ZULKARNIN BIN ARIFFIN, being the Officer primarily responsible for the financial management of SEACERA TILES BERHAD, do solemnly and sincerely declare that the accompanying financial statements are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
 above named ZULKARNIN BIN ARIFFIN  
 at Kuala Lumpur in the Federal Territory  
 on 20 APRIL 2010

}  
 }  
 }  
 }

ZULKARNIN BIN ARIFFIN

Before me:

MOHD RADZI BIN YASIN  
 W 327

Commissioner for Oaths

Kuala Lumpur, Malaysia

# Independent Auditors' Report

to the members of Seacera Tiles Berhad

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

## Report on the Financial Statements

We have audited the financial statements of SEACERA TILES BERHAD., comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 62.

### 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 applicable Financial Reporting Standards in Malaysia 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 judgment, 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

## Report on Other Legal and Regulatory Requirements

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

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

### Other Matters

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

AFRIZAN TARMILI KHAIRUL AZHAR  
AF : 1300  
Chartered Accountants (Malaysia)

MOHD AFRIZAN HUSAIN  
Chartered Accountant (M)  
1805/11/10 (J)  
Partner

Kuala Lumpur, Malaysia  
Date: 20 APRIL 2010

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

# Income Statements

for the financial year ended 31 December 2009

Note	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Revenue</b>	<b>78,003,544</b>	92,542,893	<b>28,134,572</b>	28,384,558
Cost of sales	<b>(56,395,131)</b>	(72,560,382)	<b>(22,273,682)</b>	(24,155,436)
<b>Gross profit</b>	<b>21,608,413</b>	19,982,511	<b>5,860,890</b>	4,229,122
Other income	<b>266,058</b>	355,360	<b>7,819,437</b>	7,277,715
Distribution costs	<b>(2,475,905)</b>	(2,875,711)	<b>(100,724)</b>	(125,474)
Administration expenses	<b>(2,467,246)</b>	(2,284,541)	<b>(1,125,871)</b>	(1,066,817)
Other operating expenses	<b>(5,569,932)</b>	(8,409,592)	<b>(3,726,361)</b>	(6,653,745)
<b>Operating profit</b>	<b>11,361,388</b>	6,768,027	<b>8,727,371</b>	3,660,801
Interest income	<b>64,493</b>	170,094	<b>8,771</b>	99,402
Interest expense	5 <b>(3,056,006)</b>	(3,361,187)	<b>(2,188,042)</b>	(2,149,896)
<b>Profit before taxation</b>	6 <b>8,369,875</b>	3,576,934	<b>6,548,100</b>	1,610,307
Taxation	7 <b>(193,233)</b>	455,734	<b>49,726</b>	939,101
<b>Net profit for the financial year</b>	<b>8,176,642</b>	4,032,668	<b>6,597,826</b>	2,549,408
<b>Attributable to:</b>				
Equity holders of the Company	<b>8,176,642</b>	4,032,668	<b>6,597,826</b>	2,549,408
<b>Earnings per share:</b>				
- Basic	8 <b>15.33</b>	7.56		
- Diluted	8 <b>15.33</b>	7.56		

The accompanying notes form an integral part of these financial statements

# Balance Sheets

as at 31 December 2009

Seacera Tiles Berhad  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Non-current assets</b>					
Property, plant and equipment	10	73,794,949	71,214,834	58,538,962	59,287,541
Prepaid lease payments	11	-	2,523,886	-	-
Land held for development	12	2,523,886	-	-	-
Investment in subsidiaries	13	-	-	41,361,174	28,861,178
Goodwill	14	3,495,896	3,495,896	-	-
Other investments	15	122,000	75,000	-	-
		<b>79,936,731</b>	<b>77,309,616</b>	<b>99,900,136</b>	<b>88,148,719</b>
<b>Current assets</b>					
Property development costs	16	228,960	228,960	-	-
Inventories	17	17,459,071	16,809,655	12,424,449	13,217,936
Receivables, deposits and prepayments	18	45,263,790	39,794,245	30,226,731	21,741,593
Tax recoverable		1,210,691	4,353,456	-	3,182,701
Cash and cash equivalents	19	2,358,281	4,475,452	31,683	1,504,735
		<b>66,520,793</b>	<b>65,661,768</b>	<b>42,682,863</b>	<b>39,646,965</b>
<b>Current liabilities</b>					
Payables and accruals	20	16,941,321	15,269,299	44,842,844	28,587,948
Tax payable		151,399	-	123,106	-
Loans and borrowings	21	46,587,635	48,639,723	28,365,708	31,607,469
		<b>63,680,355</b>	<b>63,909,022</b>	<b>73,331,658</b>	<b>60,195,417</b>
<b>Net current assets/(liabilities)</b>		<b>2,840,438</b>	<b>1,752,746</b>	<b>(30,648,795)</b>	<b>(20,548,452)</b>
		<b>82,777,169</b>	<b>79,062,362</b>	<b>69,251,341</b>	<b>67,600,267</b>
<b>Capital and reserves</b>					
Share capital	22	53,332,000	53,332,000	53,332,000	53,332,000
Reserves		22,546,564	14,903,093	12,416,854	6,352,199
Treasury shares	23	(37,399)	-	(37,399)	-
Total equity attributable to shareholders of the Company		<b>75,841,165</b>	<b>68,235,093</b>	<b>65,711,455</b>	<b>59,684,199</b>
<b>Long term liabilities</b>					
Loans and borrowings	21	3,400,362	4,148,390	1,069,098	2,353,228
Deferred tax liabilities	24	2,552,596	5,787,936	2,203,533	5,318,000
Provision for retirement benefits	25	983,046	890,943	267,255	244,840
		<b>6,936,004</b>	<b>10,827,269</b>	<b>3,539,886</b>	<b>7,916,068</b>
		<b>82,777,169</b>	<b>79,062,362</b>	<b>69,251,341</b>	<b>67,600,267</b>

The accompanying notes form an integral part of these financial statements

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

# Statements of Changes in Equity

for the financial year ended 31 December 2009

Group	← Reserve →		Retained profits	Total reserves	Treasury Shares	Grand total
	<--Non-distributable--> Distributable					
	Share capital	Share premium				
RM	RM	RM	RM	RM	RM	
As at 1 January 2008	53,332,000	2,513,734	8,356,691	10,870,425	-	64,202,425
Profit for the financial year	-	-	4,032,668	4,032,668	-	4,032,668
As at 31 December 2008	53,332,000	2,513,734	12,389,359	14,903,093	-	68,235,093
As at 1 January 2009	<b>53,332,000</b>	<b>2,513,734</b>	<b>12,389,359</b>	<b>14,903,093</b>	-	<b>68,235,093</b>
Profit for the financial year	-	-	<b>8,176,642</b>	<b>8,176,642</b>	-	<b>8,176,642</b>
Buy-back of shares	-	-	-	-	<b>(37,399)</b>	<b>(37,399)</b>
Dividends to shareholders 27	-	-	<b>(533,171)</b>	<b>(533,171)</b>	-	<b>(533,171)</b>
As at 31 December 2009	<b>53,332,000</b>	<b>2,513,734</b>	<b>20,032,830</b>	<b>22,546,564</b>	<b>(37,399)</b>	<b>75,841,165</b>
<b>Company</b>						
As at 1 January 2008	53,332,000	2,513,734	1,289,057	3,802,791	-	57,134,791
Profit for the financial year	-	-	2,549,408	2,549,408	-	2,549,408
As at 31 December 2008	53,332,000	2,513,734	3,838,465	6,352,199	-	59,684,199
As at 1 January 2009	<b>53,332,000</b>	<b>2,513,734</b>	<b>3,838,465</b>	<b>6,352,199</b>	-	<b>59,684,199</b>
Profit for the financial year	-	-	<b>6,597,826</b>	<b>6,597,826</b>	-	<b>6,597,826</b>
Buy-back of shares	-	-	-	-	<b>(37,399)</b>	<b>(37,399)</b>
Dividends to shareholders 27	-	-	<b>(533,171)</b>	<b>(533,171)</b>	-	<b>(533,171)</b>
As at 31 December 2009	<b>53,332,000</b>	<b>2,513,734</b>	<b>9,903,120</b>	<b>12,416,854</b>	<b>(37,399)</b>	<b>65,711,455</b>

The accompanying notes form an integral part of these financial statements

# Statements of Cashflows

for the financial year ended 31 December 2009

Seacera Tiles Berhad  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from /(used in) operating activities</b>					
Profit before taxation		8,369,875	3,576,934	6,548,100	1,610,307
Adjustments for:					
Gross dividend from unquoted subsidiaries		-	-	(3,590,000)	(2,205,405)
Gross dividend income from quoted investment		-	(3,000)	-	-
Provision for retirement benefits		103,373	97,493	22,415	22,415
Depreciation	10	4,157,813	5,033,144	3,651,505	4,552,177
(Write back)/Write down of inventories		(3,533,594)	309,451	(3,533,594)	303,177
Interest expense		3,056,006	3,361,187	2,188,042	2,149,896
Interest income		(64,493)	(170,094)	(8,771)	(99,402)
Gain from disposal of property, plant and equipment		(19,877)	(34,200)	(19,877)	(34,200)
Allowance for doubtful debts		480,671	4,981,286	480,671	4,973,320
(Write back of) Allowance for diminution in value of investment		(47,000)	59,000	-	-
<b>Operating profit before changes in working capital</b>		<b>12,502,774</b>	<b>17,211,201</b>	<b>5,738,491</b>	<b>11,272,285</b>
Changes in working capital					
(Increase)/Decrease in inventories		(649,416)	1,814,484	793,487	282,072
Increase in receivables		(5,469,545)	(4,010,420)	(3,305,516)	(6,838,194)
Increase/(Decrease) in payables		5,996,432	716,087	15,686,803	(1,093,903)
<b>Cash flows from operations</b>		<b>12,380,245</b>	<b>15,731,352</b>	<b>18,913,265</b>	<b>3,622,260</b>
Income taxes paid		(1,443,899)	(1,455,278)	(27,269)	-
Income taxes refund		1,178,599	361,522	1,165,835	-
Interest paid		(3,056,006)	(3,361,187)	(2,188,042)	(2,149,896)
Interest received		64,493	170,094	8,771	99,402
Retirement benefits paid		(11,270)	(13,413)	-	-
<b>Net cash generated from operating activities</b>		<b>9,112,162</b>	<b>11,433,090</b>	<b>17,872,560</b>	<b>1,571,766</b>

The accompanying notes form an integral part of these financial statements

## statements of cashflows (continue)

for the financial year ended 31 December 2009

Note	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from/(used in) investing activities</b>				
Dividend received	-	3,000	-	1,632,000
Proceeds from disposal of property, plant and equipment	127,407	34,200	127,407	34,200
Purchase of property, plant and equipment	(6,845,452)	(3,659,790)	(3,010,450)	(1,181,838)
Investment in a subsidiary	-	-	(12,499,998)	-
Proceeds from disposal of a subsidiary	-	-	2	-
<b>Net cash used in investing activities</b>	<b>(6,718,045)</b>	<b>(3,622,590)</b>	<b>(15,383,039)</b>	<b>484,362</b>
<b>Cash flows from /(used in) financing activities</b>				
Dividen paid	(533,172)	-	(533,172)	-
Proceeds from hire purchase	2,014,736	-	1,096,490	-
Repayment from hire purchase	(3,029,912)	(2,619,135)	(1,776,547)	(2,481,997)
Proceeds from/(Repayment of) bankers' acceptances	(589,000)	(4,213,000)	(241,000)	682,000
Drawdown of revolving credit	4,532,795	-	-	-
Repayment of revolving credit	(4,862,248)	-	(489,470)	-
Repayment of revolving loan	(825,344)	-	(825,344)	-
Repayment of term loans	(25,613)	(1,428,543)	-	-
<b>Net cash used in financing activities</b>	<b>(3,317,758)</b>	<b>(8,260,678)</b>	<b>(2,769,043)</b>	<b>(1,799,997)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(923,641)</b>	<b>(450,178)</b>	<b>(279,522)</b>	<b>256,131</b>
<b>Cash and cash equivalents brought forward</b>	<b>675,452</b>	<b>1,125,630</b>	<b>(2,295,265)</b>	<b>(2,551,396)</b>
<b>Cash and cash equivalents carried forward</b>	<b>(248,189)</b>	<b>675,452</b>	<b>(2,574,787)</b>	<b>(2,295,265)</b>

The accompanying notes form an integral part of these financial statements

# Notes to the Financial Statements

for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

## 1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal activities of the Company are the manufacturing and trading of homogeneous and ceramic tiles. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes to these principal activities during the financial year.

The registered office of the Company and its principal place of business is located at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan and Lot 16428, Kawasan Perindustrian Selayang, 14KM Jalan Ipoh, 68100 Batu Caves, Selangor Darul Ehsan respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation of financial statements

The financial statements of the Group and of the Company expressed in Ringgit Malaysia ("RM") are prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

### (b) Basis of consolidation

#### (i) Subsidiaries

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

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### (c) Foreign currency

#### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in Ringgit Malaysia, the currency of the primary economic environment in which the entities operate (its functional currency). The consolidated financial statements of the Group are presented in Ringgit Malaysia, which is also the functional currency.

#### (ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

The principal closing rates used in translation of foreign currency amount are as follows:-

	<b>2009</b>	2008
	<b>RM</b>	RM
1 US Dollar	<b>3.42</b>	3.46
1 Singapore Dollar	<b>2.44</b>	2.41
1 Australian Dollar	<b>3.06</b>	2.40
1 Euro	<b>4.92</b>	4.88
100 Japanese Yen	<b>3.71</b>	3.83

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

The last valuation performed by the Group was in 2003.

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
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Incorporated in Malaysia  
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### (ii) Subsequent costs

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

### (iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

• Buildings	40 - 50 years
• Plant and equipment	5 - 10 years
• Furnitures and fittings	5 - 10 years
• Motor vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

### (e) Leased assets

#### (i) Finance lease

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

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

#### (ii) Operating lease

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### (f) Land held for property development

Land Held for development is defined as land on which development is not expected to be completed within the normal operating cycle. Accordingly land held for property development is classified as non-current assets on balance sheet and is stated at cost plus its related expenditure incurred to put the land in a condition ready for development. Cost associated with the acquisition of land includes the purchase price of land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

When significant development work have been undertaken and are expected to be completed within the normal operating cycle, the assets are classified as property development costs under current assets.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development including its related expenditure are transferred to property development costs when development activities have commenced and where the development activities can be completed.

### (g) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

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

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

### (h) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property developments costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

Seacera Tiles Berhad  
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### (i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (j) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written-off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end.

### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (l) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investment in subsidiaries) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

### (m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### (n) Employee benefits

#### (i) Short term employee 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 of the Group. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

The Group and the Company are required by law to make monthly contributions to the Employees' Provident Fund (EPF), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' applicable remuneration. The Group's contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value

Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial valuation of the Funds is conducted by independent actuaries at regular intervals. The last valuation performed by the Group was on 31 December 2005.

#### (iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee stock options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### (o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

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### (p) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (q) Treasury shares

When the Company re-acquires its own equity shares, the amount of the consideration paid, including directly attributable costs, is recognized in equity. Shares re-acquired are held as treasury shares and presented as a deduction from equity. No gain or loss is recognized in the income statement on the sale, re-issuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount are shown as a movement in equity, as appropriate. Where treasury shares are distributed as share dividends, the cost of the treasury shares are applied in the reduction of the share premium reserve or distributable retained profits or both.

### (r) Revenue recognition

#### (i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (ii) Dividend income

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

### (s) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

### (t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

## notes to the financial statements (continue)

### for the financial year ended 31 December 2009

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

#### (u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (v) Financial instruments

##### (i) Description

A financial instruments is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual obligation to deliver cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

##### (ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

##### (iii) Fair value estimation for disclosure purposes

The face values, less any estimated credit adjustments, for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of financial assets with a maturity of more than one year such as publicly traded securities are based on quoted market prices at the balance sheet date. The fair values of financial liabilities with a maturity of more than one year are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

#### (w) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

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### 3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

FRS, Amendment to FRS and IC Interpretations Effective	Effective for financial periods beginning on or after
(i) FRS 4 : Insurance Contracts	1 January 2010
(ii) FRS 7 : Financial Instruments: Disclosures	1 January 2010
(iii) FRS 8 : Operating Segments	1 July 2009
(iv) FRS 101 : Presentation of Financial Statements	1 January 2010
(v) FRS 123 : Borrowing Costs	1 January 2010
(vi) FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
(vii) IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
(viii) IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010
(ix) IC Interpretation 11: FRS 2- Group and Treasury Share Transactions	1 January 2010
(x) IC Interpretation 13 : Customer Loyalty Programmes	1 January 2010
(xi) IC Interpretation 14: FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
(xii) 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	1 January 2010
(xiii) Amendments to FRS 2 Share-based Payment : Vesting Conditions and Cancellations	1 January 2010
(xiv) Amendments to FRS 132 Financial Instruments : Presentation and FRS 101 Presentation of Financial Statements- Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
(xv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
(xvi) Amendments to FRS 140 : Investment Property	1 January 2010

The new FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for changes in disclosures arising from the adoption of FRS 7 and FRS 8.

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

Subsequent to the end of the financial year, on 8 January 2010, the MASB issued the following revised FRSs, new IC Interpretations and Amendments to FRSs:

FRSs / Interpretations	Effective for financial periods beginning on or after
(i) FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
(ii) FRS 3 : Business Combinations	1 July 2010
(iii) FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
(iv) IC Interpretation 12 : Service Concession Arrangements	1 July 2010
(v) IC Interpretation 15 : Agreements for the Construction of Real Estate	1 July 2010
(vi) IC Interpretation 16 : Hedges of a Net Investment in a Foreign	1 July 2010
(vii) IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
(viii) Amendments to FRS 2 : Share-based Payment	1 July 2010
(ix) Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
(x) Amendments to FRS 138 : Intangible Assets	1 July 2010
(xi) Amendments to FRS 139 : Financial Instruments : Recognition and Measurement	1 January 2010
(xii) Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010

The Group and the Company plan to apply the relevant Standards, Amendments and interpretation only when they become effective in the respective financial period although earlier application is permitted. The Group and the Company expect to have no significant impact on its financial statements upon their initial application except for the changes discussed below:

#### FRS 7: Financial Instruments: Disclosures

This new Standard requires new disclosures in relation to financial instruments. The standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Group and Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 in accordance with the transitional provision.

#### FRS 139: Financial Instruments; Recognition and Measurement

This Standard established principles for recognizing and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.

The Group and Company are exempted from disclosing the possible impact, if any the financial statements upon the initial application of FRS 139.

#### Improvements to FRSs (2009):

The improvements project contains numerous amendments to several FRSs that result in accounting changes for presentation, recognition of measurement purposes, as well as terminology or editorial amendments related to a variety of individual FRSs. These amendments are effective for annual periods beginning on or after 1 January 2010, with earlier application permitted. No material effects to the Group's and Company's financial positions are expected as a result of these amendments.

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

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#### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### (i) Key Sources of Estimation Uncertainty

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

##### (a) Income taxes

Judgement is involved in determining the provision for income taxes. These are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

##### (b) Impairment of goodwill

The Group determines whether goodwill is impaired at least once annually. This requires an estimation of the value-in-use of the cash-generating-units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating-unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

#### 5. INTEREST EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loans	117,296	23,975	-	23,975
Bankers' acceptances	801,102	1,274,217	130,712	127,840
Revolving loan	871,688	972,434	871,688	972,434
Revolving credits	517,059	513,742	464,264	491,425
Hire purchase	444,116	348,465	425,058	315,569
Others	304,745	228,354	296,320	218,653
	<b>3,056,006</b>	<b>3,361,187</b>	<b>2,188,042</b>	<b>2,149,896</b>

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging and (crediting) the following items:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration				
- current year	<b>80,700</b>	80,700	<b>30,000</b>	30,000
- audit related fees	-	68,158	-	68,158
Depreciation	<b>4,157,813</b>	5,033,144	<b>3,651,505</b>	4,552,177
Write down/(write back) of inventories	<b>(3,533,594)</b>	309,451	<b>(3,533,594)</b>	303,177
Directors' remuneration (Note 9)				
- fees	<b>206,500</b>	216,000	<b>182,500</b>	192,000
- other emoluments	<b>12,500</b>	285,056	<b>12,500</b>	88,234
(Write back of)/Allowance for diminution in value of investment	<b>(47,000)</b>	59,000	-	-
Allowance for doubtful debts	<b>480,671</b>	4,981,286	<b>480,761</b>	4,973,320
Rental of plant and machinery	-	107,041	-	107,041
Gross dividend income from unquoted subsidiaries	-	-	<b>(3,590,000)</b>	(2,205,405)
Gain from disposal of property, plant and equipment	<b>(19,877)</b>	(34,200)	<b>(19,877)</b>	(34,200)
Gross dividend income from quoted investment	-	(3,000)	-	-
Realised loss/(gain) from foreign exchange	<b>215,201</b>	(262,732)	<b>246,924</b>	(90,390)
Interest income	<b>(64,493)</b>	(170,094)	<b>(8,771)</b>	(99,402)
Employees benefits				
- Contribution to Employees Provident Fund	<b>783,831</b>	942,401	<b>481,064</b>	580,682
- Wages, salaries and others	<b>10,022,361</b>	10,159,147	<b>5,678,181</b>	5,737,988
- Provision for retirement benefits (Note 25)	<b>103,373</b>	97,493	<b>22,415</b>	22,415

# notes to the financial statements (continue)

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## 7. TAXATION

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>Taxation based on profit before taxation for the financial year:-</b>				
Malaysian income tax	1,261,329	1,114,500	897,500	573,405
Deferred taxation	(532,376)	1,935,726	(532,376)	1,943,791
	<b>728,953</b>	<b>3,050,226</b>	<b>365,124</b>	<b>2,517,196</b>
<b>Under/(Over) provision in prior years</b>				
Malaysian income tax	2,167,241	(3,031,860)	2,167,241	(2,912,506)
Deferred taxation	(2,702,961)	(474,100)	(2,582,091)	(543,791)
	<b>(535,720)</b>	<b>(3,505,960)</b>	<b>(414,850)</b>	<b>(3,456,297)</b>
	<b>193,233</b>	<b>(455,734)</b>	<b>(49,726)</b>	<b>(939,101)</b>

Income tax is calculated at the Malaysian statutory tax rate of 25% (2008:26%) of the estimated assessable result for the year.

The reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Profit before taxation	8,369,875	3,576,934	6,548,100	1,610,307
Taxation at Malaysia statutory tax rate of 25% (2008:26%)	2,092,469	930,003	1,637,025	418,680
Tax effects on:-				
Effect of changes in tax rate	(5,923)	5,483	(5,324)	12,820
Effect of tax losses not recognised	169,247	11,499	-	-
Utilisation of previously unrecognised capital allowances & tax losses	(2,755,907)	(155,736)	(2,524,564)	-
Income not subject to tax	(38,644)	(50,464)	(7,162)	(49,684)
Expenses disallowed during the year	1,276,625	2,309,441	1,265,149	2,135,380
Deferred tax not recognised during the year	(8,914)	-	-	-
Over provision of deferred tax in prior year	(2,702,961)	(474,100)	(2,582,091)	(543,791)
Under/(Over) provision of tax expenses in prior year	2,167,241	(3,031,860)	2,167,241	(2,912,506)
Tax expenses for the year	<b>193,233</b>	<b>(455,734)</b>	<b>(49,726)</b>	<b>(939,101)</b>

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 8. EARNINGS PER SHARE

#### a) Basic earnings per share

The basic earnings per share for the year has been calculated based on the consolidated profit after taxation and minority interests of RM8,176,642 (2008: RM4,032,668) and the weighted number of ordinary shares issued and paid up during the year of 53,332,000 (2008 : 53,332,000).

#### b) Diluted earnings per share

The fully diluted earnings per share is calculated based on the consolidated profit after taxation and minority interests of RM8,176,642 (2008: RM4,032,668) and the weighted number of ordinary shares issued and paid up during the year of 53,332,000 (2008 : 53,332,000). The number of shares that would have been issued arising from the exercise of the share options is anti-dilutive.

### 9. KEY MANAGEMENT PERSONNELS' COMPENSATION

The key management personnels' compensation are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors				
- Fees	<b>206,500</b>	216,000	<b>182,500</b>	192,000
- Remuneration	-	285,056	-	88,234
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	<b>12,500</b>	17,600	<b>12,500</b>	11,100
Total compensation	<b>219,000</b>	518,656	<b>195,000</b>	291,334

# notes to the financial statements (continue)

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## 10. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land	Buildings	Motor vehicles	Plant and machinery	Fixtures, fittings and equipment	Total
	RM	RM	RM	RM	RM	RM
<b>Net Book Value</b>						
As at 1 January 2009	20,491,857	23,876,287	1,086,130	23,801,922	1,958,638	71,214,834
Additions	-	-	321,521	5,736,518	787,413	6,845,452
Disposal	-	-	(107,524)	-	-	(107,524)
Depreciation	-	(624,700)	(207,537)	(3,124,816)	(200,760)	(4,157,813)
As at 31 December 2009	20,491,857	23,251,587	1,092,590	26,413,624	2,545,291	73,794,949
<b>As at 31 December 2009</b>						
Cost	20,491,857	30,300,638	3,594,688	81,711,643	5,307,604	141,406,430
Accumulated depreciation	-	(7,049,051)	(2,502,098)	(55,298,019)	(2,762,313)	(67,611,481)
Net book value	20,491,857	23,251,587	1,092,590	26,413,624	2,545,291	73,794,949
<b>As at 31 December 2008</b>						
Cost	20,491,857	30,300,638	3,380,691	75,975,125	4,520,191	134,668,502
Accumulated depreciation	-	(6,424,351)	(2,294,561)	(52,173,203)	(2,561,553)	(63,453,668)
Net book value	20,491,857	23,876,287	1,086,130	23,801,922	1,958,638	71,214,834
<b>COMPANY</b>						
	Freehold land	Buildings	Motor vehicles	Plant and machinery	Fixtures, fittings and equipment	Total
	RM	RM	RM	RM	RM	RM
<b>Net Book Value</b>						
As at 1 January 2009	15,097,553	16,812,578	668,500	24,840,408	1,868,502	59,287,541
Additions	-	-	112,721	2,880,210	17,519	3,010,450
Disposal	-	-	(107,524)	-	-	(107,524)
Depreciation	-	(471,583)	(114,975)	(2,863,520)	(201,427)	(3,651,505)
As at 31 December 2009	15,097,553	16,340,995	558,722	24,857,098	1,684,594	58,538,962
<b>As at 31 December 2009</b>						
Cost	15,097,553	22,078,442	1,740,194	41,249,487	3,165,612	83,331,288
Accumulated depreciation	-	(5,737,447)	(1,181,472)	(16,392,389)	(1,481,018)	(24,792,326)
Net book value	15,097,553	16,340,995	558,722	24,857,098	1,684,594	58,538,962
<b>As at 31 December 2008</b>						
Cost	15,097,553	22,078,442	1,734,997	38,369,277	3,148,093	80,428,362
Accumulated depreciation	-	(5,265,864)	(1,066,497)	(13,528,869)	(1,279,591)	(21,140,821)
Net book value	15,097,553	16,812,578	668,500	24,840,408	1,868,502	59,287,541

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

Included under property, plant and equipment is the following:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Net book value of property plant and equipment acquired under hire purchase contracts	<b>4,928,675</b>	421,600	<b>3,439,375</b>	5,734,088
Net book value of freehold land and buildings pledged with the licensed banks for facilities granted as disclosed in Note 21	<b>43,788,301</b>	38,244,377	<b>31,439,390</b>	31,910,131

The title for the freehold land and building with net book value of RM4,940,686 (2008: RM3,653,187) is registered in the name of a subsidiary in trust for the Company.

### 11. PREPAID LEASE PAYMENTS

	Group Leasehold land unexpired period more than 50 years	
	2009	2008
	RM	RM
As at 1 January	<b>2,523,886</b>	2,523,886
Reclassified to land held for development (Note 12)	<b>(2,523,886)</b>	-
As at 31 December	<b>-</b>	2,523,886

### 12. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2009	2008
	RM	RM
As at 1 January	-	-
Reclassified from prepaid lease payment (Note 11)	<b>2,523,886</b>	-
As at 31 December	<b>2,523,886</b>	-

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
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### 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Shares in unquoted corporations, at cost	<b>41,361,174</b>	28,861,178

The subsidiaries, which were incorporated in Malaysia, are as follows:

Name of Company	Principal activities	Effective equity interest	
		2009	2008
Seacera Ceramics Sdn. Bhd.	Marketing of all kinds of ceramic tiles	100%	100%
Seacera Tiles Marketing Sdn. Bhd.	Marketing of all kinds of ceramic tiles	100%	100%
Seacera Properties Sdn. Bhd.	Property development activities	100%	100%
Seacera Development Sdn. Bhd.	Property development activities	100%	100%
Seacera Land Sdn. Bhd.	Property development activities	100%	100%
Seacera Polymer Sdn. Bhd.	Investment holding	100%	100%
Seacera Porcelain Sdn. Bhd.	Dormant	100%	100%
Seacera Chemicals Sdn Bhd (Formerly known as Seacera Multimedia Sdn. Bhd.)	Dormant	-	100%
Seacera Builders Sdn. Bhd.	Dormant	100%	100%

#### Subsidiary of Seacera Polymer Sdn Bhd

Name of Company	Principal activities	Effective equity interest	
		2009	2008
Seacera Polyfilms Sdn Bhd	Manufacturing of biaxially oriented polypropylene films for packing purposes	100%	100%

#### Subsidiary of Seacera Polyfilms Sdn Bhd

Name of Company	Principal activities	Effective equity interest	
		2009	2008
Seacera Chemicals Sdn Bhd (Formerly known as Seacera Multimedia Sdn. Bhd.)	Dormant	100%	-

All subsidiaries are audited by Messrs Afrizan Tarmili Khairul Azhar.

- a) During the year, the Company has acquired additional shares in its wholly owned subsidiaries, Seacera Ceramics Sdn. Bhd. and Seacera Development Sdn. Bhd. for a consideration of RM12 million and RM499,998 respectively.
- b) In addition, the Company has disposed RM2 shares in Seacera Chemicals Sdn. Bhd. (formerly known as Seacera Multimedia Sdn. Bhd.) to its wholly owned subsidiary, Seacera Polyfilms Sdn. Bhd. for a total consideration of RM2 during the year.

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 14. GOODWILL

Cost	Group	
	2009	2008
	RM	RM
At 1 January/ 31 December	<b>7,495,896</b>	7,495,896
<b>Accumulated impairment loss</b>		
At 1 January/31 December	<b>(4,000,000)</b>	(4,000,000)
<b>Carrying amounts</b>	-	-
At at 31 December	<b>3,495,896</b>	3,495,896

#### Impairment testing for cash-generating units containing goodwill

The goodwill relates to the Group's film packing unit. The recoverable amount of the film packing unit was based on its value in use.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on expected future cash flows for a period up to 15 years and the assumption that cash flows remains constant from the year.
- A discount rate of 8% was used to calculate the present value of the cash flows.
- Terminal value is assumed to be RM20 million at year 2021.

The values assigned to the key assumptions represent management's assessment of future trends in the polyfilms industry and are based on both external and internal sources (historical data). Management has calculated value in use based on the assumptions above. As at 31 December 2009, the recoverable amount is higher than carrying value. Therefore, no impairment required.

### 15. OTHER INVESTMENTS

At cost :	Group	
	2009	2008
	RM	RM
Quoted shares	<b>177,000</b>	177,000
Less: Allowance for dimunition in value	<b>(55,000)</b>	(102,000)
	<b>122,000</b>	75,000
Market value of quoted shares	<b>122,000</b>	75,000

### 16. PROPERTY DEVELOPMENT COSTS

Development costs	Group	
	2009	2008
	RM	RM
	<b>228,960</b>	228,960

# notes to the financial statements (continue)

## for the financial year ended 31 December 2009

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### 17. INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>At cost</b>				
Raw materials	5,101,064	3,058,306	2,727,191	1,424,227
Work in progress	731,239	749,892	-	-
Finished goods	4,040,897	8,016,552	2,338,281	6,873,570
Consumables	768,231	-	768,231	-
	<b>10,641,431</b>	<b>11,824,750</b>	<b>5,833,703</b>	<b>8,297,797</b>
<b>At net realisable value:</b>				
Consumables	2,839,754	2,885,062	2,839,754	2,885,062
Finished goods	3,977,886	2,099,843	3,750,992	2,035,077
	<b>17,459,071</b>	<b>16,809,655</b>	<b>12,424,449</b>	<b>13,217,936</b>

During the financial year, the write-down of inventories to net realisable value amounted to NIL (2008:RM309,451) and NIL (2008:RM303,177) for the Group and the Company respectively.

As at 31 December 2009, the write back of inventory for the Group and Company are RM3,533,594.

### 18. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
<b>Trade</b>					
Trade receivables		20,504,358	22,136,305	2,121,511	3,175,746
Less: Allowance for doubtful debts		(112,349)	(55,766)	(102,349)	(37,800)
		<b>20,392,009</b>	<b>22,080,539</b>	<b>2,019,162</b>	<b>3,137,946</b>
<b>Non-trade</b>					
Other receivables		8,729,389	13,081,766	700,338	7,852,979
Less: Allowance for doubtful debts		(129,901)	(4,973,320)	(129,901)	(4,973,320)
		<b>8,599,488</b>	<b>8,108,446</b>	<b>570,437</b>	<b>2,879,659</b>
Deposits and prepayments		16,558,514	9,605,260	3,124,969	475,339
Less: Allowance for doubtful debts		(286,221)	-	(286,221)	-
		<b>16,272,293</b>	<b>9,605,260</b>	<b>2,838,748</b>	<b>475,339</b>
Amounts due from subsidiaries	a	-	-	24,798,384	15,248,649
		<b>24,871,781</b>	<b>17,713,706</b>	<b>28,207,569</b>	<b>18,603,647</b>
<b>Total</b>		<b>45,263,790</b>	<b>39,794,245</b>	<b>30,226,731</b>	<b>21,741,593</b>

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### Note a

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The Groups normal trade credit term range from 30 days to 120 days (2008: 30 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company are not exposed to major concentrations of credit risk due to the diversified customer base. The Group and the Company consider the allowance for doubtful debts at balance sheet date to be adequate to cover the potential financial loss.

The currency exposure profile of trade and other receivables after allowance for doubtful debts is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	<b>42,919,355</b>	36,597,505	<b>28,367,372</b>	20,468,779
US Dollar	<b>1,883,709</b>	2,007,604	<b>1,398,633</b>	83,678
Australian Dollar	<b>354,900</b>	35,539	<b>354,900</b>	35,539
Singapore Dollar	<b>105,826</b>	1,153,597	<b>105,826</b>	1,153,597
	<b>45,263,790</b>	39,794,245	<b>30,226,731</b>	21,741,593

### 19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	<b>704,669</b>	2,512,384	<b>31,683</b>	905,333
Deposits are placed with licensed banks	<b>1,653,612</b>	1,963,068	-	599,402
Cash and bank balances	<b>2,358,281</b>	4,475,452	<b>31,683</b>	1,504,735
Less:				
Bank overdrafts	<b>(2,606,470)</b>	(3,800,000)	<b>(2,606,470)</b>	(3,800,000)
Cash and cash equivalents	<b>(248,189)</b>	675,452	<b>(2,574,787)</b>	(2,295,265)

Included in the deposits placed with licensed banks is RM1,653,612 (2008 : RM1,963,008) and NIL (2008 : RM599,402) pledged for a bank facility granted to the Group and the Company, respectively. The average effective interest rate of deposits as at 31 December 2009 is 3% (2008: 3%) and 3% (2008: 3%) for the Group and the Company respectively.

The bank overdrafts limit granted to the Group and the Company is RM3,800,000.

# notes to the financial statements (continue)

for the financial year ended 31 December 2009

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## 20. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Trade</b>					
Trade payables		<b>7,947,815</b>	8,410,009	<b>3,141,718</b>	5,174,432
<b>Non-trade</b>					
Other payables		<b>8,087,787</b>	5,737,457	<b>6,940,248</b>	4,948,922
Accrued expenses		<b>905,719</b>	1,121,833	<b>335,203</b>	503,750
Amounts due to subsidiaries	a	-	-	<b>34,425,675</b>	17,960,844
		<b>8,993,506</b>	6,859,290	<b>41,701,126</b>	23,413,516
Total		<b>16,941,321</b>	15,269,299	<b>44,842,844</b>	28,587,948

### Note a

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The normal credit terms on trade and other payables vary from 30 days to 90 days (2008: 30 days to 90 days) from the invoice date.

The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	<b>16,055,417</b>	15,221,874	<b>43,956,940</b>	28,540,523
US Dollar	<b>539,061</b>	47,425	<b>539,061</b>	47,425
Euro	<b>218,044</b>	-	<b>218,044</b>	-
Japan Yen	<b>128,799</b>	-	<b>128,799</b>	-
	<b>16,941,321</b>	15,269,299	<b>44,842,844</b>	28,587,948

## 21. LOANS AND BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Long Term Borrowings</b>				
Secured:				
Term loans	<b>1,530,592</b>	1,556,205	-	-
Hire purchase liabilities	<b>1,869,770</b>	2,592,185	<b>1,069,098</b>	2,353,228
	<b>3,400,362</b>	4,148,390	<b>1,069,098</b>	2,353,228

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
<b>Short Term Borrowings</b>				
Secured:				
Term loans	<b>84,000</b>	84,000	-	-
Revolving credits	<b>9,382,334</b>	9,711,787	<b>7,700,000</b>	8,189,470
Revolving loan	<b>13,674,656</b>	14,500,000	<b>13,674,656</b>	14,500,000
Hire purchase liabilities	<b>2,355,175</b>	2,647,936	<b>1,989,582</b>	2,481,999
Bankers' acceptances	<b>18,485,000</b>	17,896,000	<b>2,395,000</b>	2,636,000
Bank overdrafts	<b>2,606,470</b>	3,800,000	<b>2,606,470</b>	3,800,000
	<b>46,587,635</b>	48,639,723	<b>28,365,708</b>	31,607,469

The term loans are secured as follows:

- (i) first charge over the subsidiary's freehold land and buildings;
- (ii) general security agreement relating to goods held; and
- (iii) general letter of pledge and a blanket counter indemnity.

The revolving loan is secured as follows:

- (i) first charge over 80% equity interest in a subsidiary;
- (ii) second charge over the Company's freehold land and buildings; and
- (iii) first charge on the fixed deposit of RM500,000.

The bank overdrafts, bankers' acceptances and revolving credit facilities are secured as follows:

- (i) first charge over subsidiaries and the Company's freehold land and buildings;
- (ii) general security agreement relating to goods held;
- (iii) general letter of pledge and a blanket counter indemnity; and
- (iv) corporate guarantee to subsidiaries .

### Terms and debt repayment schedule

Group	Carrying amount	Under 1 year	1 - 5 years	Over 5 years	Average effective interest rate
	RM	RM	RM	RM	(%)
<b>2009</b>					
Term loans	<b>1,614,592</b>	<b>1,530,592</b>	<b>84,000</b>	-	<b>7.75</b>
Revolving credits	<b>9,382,334</b>	<b>9,382,334</b>	-	-	<b>4.92 - 7.55</b>
Revolving loan	<b>13,674,656</b>	<b>13,674,656</b>	-	-	<b>6.60</b>
Bankers' acceptances	<b>18,485,000</b>	<b>18,485,000</b>	-	-	<b>3.5 - 4.5</b>
Bank overdrafts	<b>2,606,470</b>	<b>2,606,470</b>	-	-	<b>6.60</b>
	<b>45,763,052</b>	<b>45,679,052</b>	<b>84,000</b>	-	

# notes to the financial statements (continue)

for the financial year ended 31 December 2009

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<b>Group</b>	Carrying amount RM	Under 1 year RM	1 - 5 years RM	Over 5 years RM	Average effective interest rate (%)
<b>2008</b>					
Term loans	1,640,205	84,000	336,000	1,220,205	5.75
Revolving credits	9,711,787	9,711,787	-	-	5.91 - 7.50
Revolving loan	14,500,000	14,500,000	-	-	7.50 - 8.00
Bankers' acceptances	17,896,000	17,896,000	-	-	4.15 - 5.03
Bank overdrafts	3,800,000	3,800,000	-	-	7.40
	<b>47,547,992</b>	<b>45,991,787</b>	<b>336,000</b>	<b>1,220,205</b>	

<b>Company</b>	Carrying amount RM	Under 1 year RM	1 - 5 years RM	Average effective interest rate (%)
<b>2009</b>				
Revolving credits	<b>7,700,000</b>	<b>7,700,000</b>	-	<b>4.92 - 7.55</b>
Revolving loan	<b>13,674,656</b>	<b>13,674,656</b>	-	<b>6.60</b>
Bankers' acceptances	<b>2,395,000</b>	<b>2,395,000</b>	-	<b>3.5 - 4.5</b>
Bank overdrafts	<b>2,606,470</b>	<b>2,606,470</b>	-	<b>6.60</b>
	<b>26,376,126</b>	<b>26,376,126</b>	-	

<b>Company</b>	Carrying amount RM	Under 1 year RM	1 - 5 years RM	Average effective interest rate (%)
<b>2008</b>				
Revolving credits	8,189,470	8,189,470	-	5.91 - 7.50
Revolving loan	14,500,000	14,500,000	-	7.50
Bankers' acceptances	2,636,000	2,636,000	-	4.15 - 5.03
Bank overdrafts	3,800,000	3,800,000	-	7.40
	<b>29,125,470</b>	<b>29,125,470</b>	-	

## Hire purchase liabilities

Hire purchase liabilities are payable as follows:

<b>Group</b>	Payments 2009 RM	Interest 2009 RM	Principal 2009 RM	Payments 2008 RM	Interest 2008 RM	Principal 2008 RM
Less than 1 year	<b>2,644,060</b>	<b>268,485</b>	<b>2,375,575</b>	2,837,532	289,596	2,647,936
Between 1 and 5 years	<b>2,341,753</b>	<b>492,382</b>	<b>1,849,371</b>	2,902,620	310,435	2,592,185
	<b>4,985,813</b>	<b>760,867</b>	<b>4,224,946</b>	<b>5,740,152</b>	<b>600,031</b>	<b>5,240,121</b>
<b>Company</b>						
Less than 1 year	<b>2,270,698</b>	<b>281,116</b>	<b>1,989,582</b>	2,757,878	275,879	2,481,999
Between 1 and 5 years	<b>1,418,522</b>	<b>349,424</b>	<b>1,069,098</b>	2,629,357	276,129	2,353,228
	<b>3,689,220</b>	<b>630,540</b>	<b>3,058,680</b>	<b>5,387,235</b>	<b>552,008</b>	<b>4,835,227</b>

The effective interest rate was charged at rates ranging from 4.66% to 7.60% (2008: 3.16% to 4.00%).

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 22. SHARE CAPITAL

	Group	
	2009	2008
	RM	RM
<b>Authorised</b>		
100,000,000 Ordinary shares of RM1 each	<b>100,000,000</b>	100,000,000
<b>Issued and fully paid</b>		
53,332,000 Ordinary shares of RM1 each	<b>53,332,000</b>	53,332,000

#### Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2009 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier or if the Company elects for the single tier system.

### 23. TREASURY SHARES

The amount relates to the acquisition cost of treasury shares.

On 30 June 2009, the Company had obtained approval from its shareholders to buy back its own shares.

During the financial year, the Company bought back from the open market of 115,300 (2008 : NIL) of its issued ordinary shares listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM0.32 (2008 : NIL) per share. The total consideration paid for the share buy-back during the financial year, including transaction costs, was RM37,399 (2008 : NIL) and was financed by internally generated funds. The Company bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act 1965.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no voting rights to voting, dividends and participation in other distribution.

### 24. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are disclosed in the balance sheets:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Subject to income tax:				
Deferred tax liabilities	<b>2,552,596</b>	5,787,936	<b>2,203,533</b>	5,318,000
<b>Total deferred tax</b>	<b>2,552,596</b>	5,787,936	<b>2,203,533</b>	5,318,000

# notes to the financial statements (continue)

for the financial year ended 31 December 2009

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	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
As at 1 January	5,787,936	4,326,310	5,318,000	3,918,000
Current year charged/(credited) to income statement arising from:				
- property, plant and equipment	(3,016,237)	1,200,297	(3,047,653)	1,124,686
- tax losses	-	287,972	-	287,972
- provision and others	(219,103)	(26,643)	(66,814)	(12,658)
	(3,235,340)	1,461,626	(3,114,467)	1,400,000
<b>As at 31 December</b>	<b>2,552,596</b>	<b>5,787,936</b>	<b>2,203,533</b>	<b>5,318,000</b>

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>(a) Deferred Tax Assets</b>				
Tax losses	-	419,028	-	419,028
Provisions and others	219,103	205,968	66,814	63,658
	219,103	624,996	66,814	482,686
Offsetting	(219,103)	(624,996)	(66,814)	(482,686)
<b>Total Deferred Tax Assets After Offsetting</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment	2,771,699	6,412,932	2,270,347	5,800,686
	2,771,699	6,412,932	2,270,347	5,800,686
Offsetting	(219,103)	(624,996)	(66,814)	(482,686)
<b>Total Deferred Tax Liabilities After Offsetting</b>	<b>2,552,596</b>	<b>5,787,936</b>	<b>2,203,533</b>	<b>5,318,000</b>

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 25. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Present value of unfunded obligation and net liability in balance sheet	<b>983,046</b>	890,943	<b>267,255</b>	244,840

Movement in net liability recognised in the balance sheets are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At 1 January	<b>890,943</b>	806,863	<b>244,840</b>	222,425
Expense recognised in the income statement	<b>103,373</b>	97,493	<b>22,415</b>	22,415
Benefit paid	<b>(11,270)</b>	(13,413)	-	-
At 31 December	<b>983,046</b>	890,943	<b>267,255</b>	244,840

The Group and Company have established a defined benefit plan that provides retirement benefits to eligible employees.

Under the plan, except for Seacera Polyfilms Sdn. Bhd., eligible employees who have completed 5 years continuous service with the respective companies at the date of retirement are entitled to benefits calculated at 3.38% on each year's total basic salary. The retirement age for male is 55 while for female is 50. In addition, for those who retire on the ground of ill health and have completed 3 years of continuous service with the companies at the date of retirement are also entitled to the retirement benefits mentioned above.

For Seacera Polyfilms Sdn. Bhd., eligible employees who have completed 5 years continuous service with the company at the date of retirement are entitled to benefits calculated at 8.33% on each year's total basic salary. The retirement age for male is 55 while female is 50. In addition, there is also an early retirement option at the age of 50 for male.

Principal actuarial assumptions used at the balance sheet date are:

	Group		Company	
	2009	2008	2009	2008
Discount rate	<b>7.00%</b>	7.00%	<b>7.00%</b>	7.00%
Future salary increases	<b>5.00% - 6.00%</b>	5.00%-6.00%	<b>5.00%</b>	5.00%

The expense is recognised in the following line items in the income statement:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cost of sales	<b>44,040</b>	40,800	-	-
Other operating expenses	<b>59,333</b>	56,693	<b>22,415</b>	22,415
	<b>103,373</b>	97,493	<b>22,415</b>	22,415

# notes to the financial statements (continue)

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### 26. EMPLOYEES' SHARE OPTION SCHEME (Scheme)

The main features of the Scheme are as follows:

- (a) Eligible employees are those full time and confirmed employees or executive directors, who have at least 3 continuous years of service in the Group.
- Eligible non-executive directors are those who have served on the Board of the Group for at least 3 continuous years of service;
- (b) A director is only eligible to participate in the Scheme if the specific allotment made to him/her has been approved by the shareholders of the Company in a general meeting;
- (c) The aggregate number of shares to be issued under the Scheme shall not exceed:
- (i) 10% of the shares available under the Scheme allocated to any individual director or employee of the Group who either singly or collectively through his/her associates holds 20% or more in the issued and paid up ordinary share of the Company; and
- (ii) 50% of the shares available under the Scheme allocated in aggregate to the Directors and senior management of the Group.
- (d) The options made be exercised in full or in lesser number of shares provided that the number shall be in multiples of 1,000 shares;
- (e) The price at which the options are to be exercised shall be subject to a discount of not more than 10% to the weighted average market price of the shares based on the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five Market days preceding date of offer and subject to the provision that the option price per share shall not in any event less than the par value of the shares;
- (f) Options shall be valid only from the date of acceptance of the offer or the earliest of any of the following event:
- (i) any of the termination events stipulated in bye-law 19;
- (ii) upon liquidation of the company; or
- (iii) upon expiration of the Scheme.
- (g) The person whom the options have been granted have no right to vote at any general meeting of the Company; and
- (h) Unexercised options granted under ESOS carry no dividend, rights or entitlement. Upon exercise of the option, shares issued rank pari-passu in all respects with existing ordinary shares of the Company.

The movement during the year in the number of options over the shares of the Company are as follows

	<b>2009</b>	2008
	<b>RM</b>	RM
As at 1 January	<b>1,531,000</b>	1,531,000
Lapsed	<b>(1,531,000)</b>	-
As at 31 December	<b>-</b>	1,531,000

### 27. DIVIDEND

Dividends declared in respect of ordinary shares are as follows:

	<b>Group and Company</b>	
	<b>2009</b>	2008
	<b>RM</b>	RM
Final dividend of 1 sen tax exempt per share for 2008	533,171	-

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 28. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. The business segments are based on the Group's management and internal reporting structure. Segment information by geographical segments is not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

#### Business segments

The Group is organised into the following segments:

- (i) Tiles - manufacturing, trading and marketing of all kinds of ceramic tiles and related products.
- (ii) BOPP Films - manufacturing of Biaxially Oriented Polypropylene films for packing purposes.
- (iii) Others - investment holding and property development.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are no materially different from those obtainable in transactions with unrelated parties.

#### Business segments

2009	Tiles RM	BOPP Films RM	Others RM	Eliminations RM	Consolidated RM
Revenue - external	60,498,843	40,501,464	-	(22,996,763)	78,003,544
Operating profit/(loss)	11,773,047	4,855,341	-	(5,267,000)	11,361,388
Interest expense					(3,056,006)
Interest income					64,493
Profit before taxation					8,369,875
Tax expense					(193,233)
Net profit for the year					8,176,642
Segment assets	189,494,394	41,241,812	23,653,846	(111,428,424)	142,961,628
Goodwill	-	3,495,896	-	-	3,495,896
Total assets					146,457,524
Segment liabilities	95,570,741	15,680,957	24,707,671	(65,343,010)	70,616,359
Depreciation and amortisation	3,711,444	446,369	-	-	4,157,813
Non-cash expenses other than depreciation and amortisation	(3,553,594)	-	-	-	(3,553,594)

# notes to the financial statements (continue)

for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
Incorporated in Malaysia  
and its subsidiaries

## Business segments

2008	Tiles RM	BOPP Films RM	Others RM	Eliminations RM	Consolidated RM
Revenue - external	61,750,065	53,900,332	-	(23,107,504)	<b>92,542,893</b>
Operating profit/(loss)	4,213,313	6,355,754	66,039	(3,867,079)	<b>6,768,027</b>
Interest expense					<b>(3,361,187)</b>
Interest income					<b>170,094</b>
Profit before taxation					<b>3,576,934</b>
Tax expense					<b>455,734</b>
Net profit for the year					<b>4,032,668</b>
Segment assets	170,422,034	37,717,985	15,074,504	(83,739,035)	<b>139,475,488</b>
Goodwill	-	3,495,896	-	-	<b>3,495,896</b>
Total assets					<b>142,971,384</b>
Segment liabilities	90,267,077	33,511,438	15,819,075	(64,861,299)	<b>74,736,291</b>
Depreciation and amortisation	4,616,277	416,867	-	-	<b>5,033,144</b>
Non-cash expenses other than depreciation and amortisation	309,451	-	-	-	<b>309,451</b>

## Geographical segments

The Group's production facilities are located in Malaysia only.

In determining the geographical segment of the Group, revenue is based on the geographical location of customers.

	Revenue	
	2009 RM	2008 RM
Malaysia	<b>63,455,582</b>	76,318,229
Asean countries	<b>8,780,969</b>	8,573,003
Others	<b>5,766,993</b>	7,651,661
	<b>78,003,544</b>	92,542,893

## notes to the financial statements (continue)

for the financial year ended 31 December 2009

### 29. RELATED PARTY TRANSACTIONS

#### Identity of related parties

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

The Group has a related party relationship with its subsidiaries, directors and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group. The significant related party transactions of the Group and the Company, other than key management personnel compensation as disclosed in Note 9, are as follows:

#### Related party transactions

	Company	
	2009	2008
	RM	RM
Sales to subsidiaries		
- Seacera Ceramics Sdn. Bhd.	<b>22,996,763</b>	23,107,503
Share of expenses with subsidiaries		
- Seacera Ceramics Sdn. Bhd.	<b>1,941,050</b>	1,320,000
- Seacera Polyfilms Sdn. Bhd.	<b>1,430,045</b>	2,330,188
- Seacera Tiles Marketing Sdn. Bhd.	<b>(72,104)</b>	120,000
Marketing services charged to a subsidiary		
- Seacera Polyfilms Sdn. Bhd.	<b>836,389</b>	1,166,795

Intercompany transactions have been eliminated during consolidation of Group financial statements.

#### Other related party transactions:

##### Puncak Damai Projects

On 5 April 2005, the Group entered into a joint venture development agreement with Duta Skyline Sdn. Bhd. to undertake the construction and development of a piece of land owned by Duta Skyline Sdn. Bhd. The agreement is conditional upon certain terms and conditions. Currently the fulfillments of the terms and conditions have been extended to 30 June 2010.

As at 31 December 2008, the Group made a deposits amounting to RM2,824,163 (2007: RM2,513,987) to Duta Skyline Sdn. Bhd. The deposit is classified under other receivables in the balance sheet as at 31 December 2009 (Note 18).

##### Acquisition of Kayu Ara Lands

In April 2006, the Group entered into a sale and purchase agreement with Antara Vista Sdn. Bhd. to acquire 2 pieces of land located in Pekan Kayu Ara, Negeri Selangor amounting to RM6,000,000. As at 31 December 2008, the Group has made deposits amounting to RM5,247,146 (2007: RM5,097,146) to Antara Vista Sdn. Bhd. The deposits is classified under other receivables in the balance sheet as at 31 December 2009 (Note 18).

# notes to the financial statements (continue)

for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
(Company No. 163751-H)  
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## 30. CONTINGENT LIABILITIES

	Company	
	2009	2008
	RM	RM
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<b>13,450,000</b>	13,450,000

## 31. CAPITAL COMMITMENTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Contracted but not provided for	<b>20,211,705</b>	621,670	-	621,670

## 32. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Group's activities are exposed to a variety of financial risks, including liquidity risk, foreign currency risk, interest rate risk and credit risk.

The Group's overall financial risk management objective is to ascertain, address and control the risks to which the Group is exposed so as to minimise the financial downside risk at reasonable costs.

### Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### Foreign currency risk

The Group is exposed to foreign currency risk as a result of transactions denominated in foreign currency entered into by the Group. The Group does not hedge against this foreign currency exposure as it does not form a significant portion of the Group's gross assets.

### Credit risk

Management monitors the exposure to credit risk on an ongoing basis. Informal credit evaluations are performed on credit sales with a view of setting appropriate credit terms and limits.

### Interest rate risk

The Group's and the Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rate.

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows: -

**notes to the financial statements** (continue)  
 for the financial year ended 31 December 2009

<b>Group</b>	<b>Carrying amount</b>	<b>Average effective interest rate</b>
<b>2009</b>	<b>RM</b>	<b>(%)</b>
<b>Financial asset</b>		
Deposits	1,653,612	3.00
<b>Financial liabilities</b>		
Term loans	1,614,592	5.75
Revolving credits	9,382,334	4.92 - 7.55
Revolving loan	13,674,656	6.60
Bankers' acceptances	18,485,000	3.5 - 4.5
Bank overdrafts	2,606,470	6.60
	<b>45,763,052</b>	
<b>2008</b>		
<b>Financial asset</b>		
Deposits	1,963,068	3.00
<b>Financial liabilities</b>		
Term loans	1,640,205	5.75
Revolving credits	9,711,787	5.91-7.50
Revolving loan	14,500,000	7.50-8.00
Bankers' acceptances	17,896,000	4.15-5.03
Bank overdrafts	3,800,000	7.40
	<b>47,547,992</b>	

# notes to the financial statements (continue)

for the financial year ended 31 December 2009

**Seacera Tiles Berhad**  
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Company	Carrying amount	Average effective interest rate
2009	RM	(%)
<b>Financial asset</b>		
Deposits	-	-
<b>Financial liabilities</b>		
Revolving credits	7,700,000	4.92 - 7.55
Revolving loan	13,674,656	6.60
Bankers' acceptances	2,395,000	3.5 - 4.5
Bank overdrafts	2,606,470	6.60
	<u>26,376,126</u>	
<b>2008</b>		
<b>Financial asset</b>		
Deposits	599,402	3.00
<b>Financial liabilities</b>		
Revolving credits	8,189,470	5.91-7.50
Revolving loan	14,500,000	7.50
Bankers' acceptances	2,636,000	4.15 - 5.03
Bank overdrafts	3,800,000	7.40
	<u>29,125,470</u>	

### Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, other payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments. The fair value of other investments which comprises of quoted securities is approximately RM 122,000 (2008: RM 75,000) at the balance sheet date.

### 33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issues in accordance with a resolution of the Boards of Directors on 20 April 2010.

# List of Properties

Location	Tenure	Description Of Existing Use	Acquisition/ Revaluation Date	Approximate Age Of Building (Years)	Total Area (Sq. Ft.)	Net Book Value (RM)
HS (D) 17361 PT No. 16428 (Lot 49615) Mukim Batu, Daerah Gombak Selangor Darul Ehsan	Freehold	Industrial land cum office and factory	23 May 1998	16 - 35	549,699	29,475,038
HS (D) 29518 PT No. 16429 (Lot 46916) Mukim Batu, Daerah Gombak Selangor Darul Ehsan	Freehold	Transmission land reserve	23 May 1998	Not Applicable	48,621	474,682
HS (D) 29506 PT No. 16430 (Lot 46917) Mukim Batu, Daerah Gombak Selangor Darul Ehsan	Freehold	Tenaga Nasional Bhd substation reserve	23 May 1998	Not Applicable	5,209	50,855
HS (D) 29507 PT No. 16431 (Lot 46918) Mukim Batu, Daerah Gombak Selangor Darul Ehsan	Freehold	Warehouse	19 July 1999	16	31,582	1,909,556
Lot No. 943 Mukim of Rawang Daerah Gombak Selangor Darul Ehsan	Freehold	Industrial land cum office and factory	20 August 2002	17	239,580	10,227,476
PT944, HS(M) 3776, Mukim Sungai Buloh, District of Petaling Selangor Darul Ehsan	Leasehold	Development land	7 September 2007	Not Applicable	49,596	2,523,886
Parcel No. A01-01, Ground Floor Kompleks Adorna Diamond Georgetown, Pulau Pinang. Held under Master Title Geran No. 62531, Lot 862, Section 10, Town of Georgetown, District of North East, State of Pulau Pinang.	Freehold	Pending Completion	21 August 2008	8	15,328	1,616,135
No. 32, Jalan SS19/1D, SS19, Subang Jaya, 47500 Subang Jaya, Selangor Darul Ehsan. Held under Individual Title H.S.(D) 6018, P.T. No. 326 Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan.	Freehold	Four storey shop for office	18 January 2008	31	4,065	2,121,434
<b>Total</b>						<b>48,399,062</b>

# Analysis of Shareholdings

as at 30 APRIL 2010

Authorised Share Capital	:	RM100,000,000
Issued and Paid-up Capital	:	RM 53,332,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One vote for one ordinary share

## 1. DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Total Holdings	% of Holdings
Less than 100 shares	248	10,401	0.02
100 – 1,000 shares	142	110,867	0.21
1,001 – 10,000 shares	1,199	3,876,704	7.28
10,001 – 100,000 shares	264	7,278,921	13.68
100,001 to less than 5% of issued shares	35	17,991,807	33.81
5% and above of issued shares	2	23,948,000	45.00
<b>Total</b>	<b>1,890</b>	<b>53,216,700</b>	<b>100.00</b>

Total issued shares as at 30 April 2010: 53,332,000

Treasury shares as per Record of Depositors dated 30 April 2010: 115,300

"Adjusted" capital after netting treasury shares as at 30 April 2010: 53,216,700

## 2. SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Synergy Platform Sdn. Bhd.	13,000,000	24.43	-	-
2.	Dato' Samsudin Bin Abu Hassan	11,080,000	20.82	-	-
3.	Datuk Yusof @ Mohd Yusoff Bin Abd Hamid	-	-	13,000,000 <sup>(a)</sup>	24.43

**Note:**

<sup>(a)</sup> Deemed interest by virtue of Section 6A of the Companies Act, 1965 pursuant to his substantial interest in Synergy Platform Sdn. Bhd.

## 3. DIRECTORS' SHAREHOLDINGS (as per register of directors' shareholdings)

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Yusof @ Mohd Yusoff Bin Abd Hamid	-	-	13,000,000 <sup>(a)</sup>	24.43
Encik Basar Bin Juraimi	-	-	-	-
Cik Norhanum Binti Nordin	-	-	-	-
Dato' Hj. Shamsul Najmi Bin Hj. Shamsuddin	-	-	-	-

**Note:**

<sup>(a)</sup> Deemed interest by virtue of Section 6A of the Companies Act, 1965 pursuant to his substantial interest in Synergy Platform Sdn. Bhd.

# Analysis of Shareholdings

as at 30 APRIL 2010

## 4. THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares	Percentage (%)
4.1	Synergy Platform Sdn Bhd	13,000,000	24.43
4.2	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Dato' Samsudin Bin Abu Hassan	10,948,000	20.57
4.3	Grand Monarch Corporation Sdn Bhd	2,277,821	4.28
4.4	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Azizi Bin Yom Ahmad	1,989,239	3.74
4.5	TA Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Khatijah Abdullah	1,962,200	3.69
4.6	Lau Kim Seng	1,000,000	1.88
4.7	BIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Asiah Binti Ismail	998,600	1.87
4.8	Tan Kim San & Sons Sdn Bhd	922,666	1.73
4.9	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Zulkarnin Bin Ariffin	817,000	1.54
4.10	Tan Kim San & Sons Sdn Bhd	736,077	1.38
4.11	Alliance Group Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Asiah Binti Ismail	704,000	1.32
4.12	Tan Chah Boh @ Tan Yoke Kee	675,396	1.27
4.13	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Azizi Bin Yom Ahmad for Abdul Haris Bin Muhammad Ali	524,933	0.99
4.14	Mary Ho	458,699	0.86
4.15	TA Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lim Seng Hee	446,613	0.84
4.16	Tan Kok Heng	411,500	0.77
4.17	Alliance Group Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lee Chen Ye	400,000	0.75
4.18	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lee Bu Yin	301,000	0.57
4.19	Ismail Bin Yusof	283,000	0.53
4.20	Seong Hoe Motors Sendirian Berhad	272,000	0.51
4.21	Asiah Binti Ismail	271,579	0.51
4.22	Lee Ha Moi	240,000	0.45
4.23	Lim Seng Hee	205,666	0.39
4.24	Khor Ang Ling	200,000	0.38
4.25	Chan Moi	179,998	0.34
4.26	Sze Gat Hong	171,888	0.32
4.27	Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chuah Swee Huat	171,500	0.32
4.28	Dora Dwihandajani Kauw	167,200	0.31
4.29	TA Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lim Geok Sem	159,966	0.30
4.30	Chua Liang Chuanh	150,666	0.28
	<b>Total</b>	<b>41,047,207</b>	<b>77.13</b>

# SEACERA TILES BERHAD (163751-H) Incorporated in Malaysia

## Notice of Twenty-Fifth Annual General Meeting

**NOTICE** IS HEREBY GIVEN THAT the **Twenty-Fifth Annual General Meeting** of Seacera Tiles Berhad ("Seacera" or "Company") will be held at **Room Templer 7, 1st Floor, Perangsang Templer Golf Club (PTGC), No. 1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan** on **Tuesday, 29 June 2010** at **10.00am** to transact the following businesses: -

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of Directors and Auditors thereon.
2. To approve the payment of final dividend for the financial year ended 31 December 2009.
3. To re-elect Cik Norhanum Binti Nordin who retires pursuant to Article 67(a) of the Company's Articles of Association.
4. To re-elect the following directors who retire pursuant to Article 68(b) of the Company's Articles of Association:-
  - 4.1 Datuk Mansor Bin Masikon
  - 4.2 Halim @ Ab Halim Bin Ismail
5. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and authorise the Directors to determine their remuneration.
6. Authority to Issue Shares

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

**Ordinary Resolution 6**

**Ordinary Resolution 7**

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

"THAT subject always to the Companies Act, 1965 ("the Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes that the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."

# SEACERA TILES BERHAD (163751-H) Incorporated in Malaysia

## Notice of Twenty-Fifth Annual General Meeting

### 7. Proposed Renewal of Share Buy-back Authority

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

"THAT subject to the Companies Act, 1965 ("the Act"), provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase its own shares through Bursa Securities, subject to the following:-

- (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company. As at the latest financial year ended 31 December 2009, the audited retained profits of the Company stood at RM9.9 million;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-
  - (i) the conclusion of the next Annual General Meeting ("AGM") at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
  - (i) cancel the shares so purchased;
  - (ii) retain the shares so purchased as treasury shares;
  - (iii) distribute the treasury shares as dividends to shareholders;
  - (iv) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
  - (v) any combination of the above (i), (ii), (iii) and (iv).

THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

### Ordinary Resolution 8

# SEACERA TILES BERHAD (163751-H) Incorporated in Malaysia

## Notice of Twenty-Fifth Annual General Meeting

8. Proposed Allocation to En Hj. Basar Bin Juraimi, Senior Independent Non-Executive Director

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

"THAT the Board of Directors of the Company be and is hereby authorised at any time, and from time to time to offer and grant to En Hj. Basar Bin Juraimi, the Senior Independent Non-Executive Director of Seacera, options to subscribe for new shares of the Company available under the Employees' Share Option Scheme ("ESOS") ("Seacera Shares") as determined by the ESOS Committee and if such options are accepted and exercised, to allot and issue such number of new Seacera Shares of the Company to him under the ESOS, subject always to :

- (i) not more than fifty percent (50%) of the new Seacera Shares under the ESOS shall be allocated, in aggregate, to Directors (including En Hj. Basar Bin Juraimi) and other senior management of the Seacera Group;
- (ii) not more than ten percent (10%) of the new Seacera Shares available under the ESOS would be allocated to any individual eligible employee and Directors of the Seacera Group (including En Hj. Basar Bin Juraimi) who singly or collectively through his associates holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company; and
- (iii) him meeting the eligibility criteria set out in Bye-Law 4.1 of the ESOS prior to such options being offered and granted to him."

9. Proposed Allocation to Cik Norhanum Binti Nordin, Independent Non-Executive Director

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

"THAT the Board of Directors of the Company be and is hereby authorised at any time, and from time to time to offer and grant to Cik Norhanum Binti Nordin, the Independent Non-Executive Director of Seacera, options to subscribe for new shares of the Company available under the Employees' Share Option Scheme ("ESOS") ("Seacera Shares") as determined by the ESOS Committee and if such options are accepted and exercised, to allot and issue such number of new Seacera Shares of the Company to her under the ESOS, subject always to :

- (i) not more than fifty percent (50%) of the new Seacera Shares under the ESOS shall be allocated, in aggregate, to Directors (including Cik Norhanum Binti Nordin) and other senior management of the Seacera Group;
- (ii) not more than ten percent (10%) of the new Seacera Shares available under the ESOS would be allocated to any individual eligible employee and Directors of the Seacera Group (including Cik Norhanum Binti Nordin) who singly or collectively through her associates holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company; and
- (iii) her meeting the eligibility criteria set out in Bye-Law 4.1 of the ESOS prior to such options being offered and granted to her."

### Ordinary Resolution 9

### Ordinary Resolution 10

# SEACERA TILES BERHAD (163751-H) Incorporated in Malaysia

## Notice of Twenty-Fifth Annual General Meeting

10. Proposed Allocation to YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin, Independent Non-Executive Director

As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -

"THAT the Board of Directors of the Company be and is hereby authorised at any time, and from time to time to offer and grant to YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin, the Independent Non-Executive Director of Seacera, options to subscribe for new shares of the Company available under the Employees' Share Option Scheme ("ESOS") ("Seacera Shares") as determined by the ESOS Committee and if such options are accepted and exercised, to allot and issue such number of new Seacera Shares of the Company to him under the ESOS, subject always to :

- (i) not more than fifty percent (50%) of the new Seacera Shares under the ESOS shall be allocated, in aggregate, to Directors (including YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin) and other senior management of the Seacera Group;
- (ii) not more than ten percent (10%) of the new Seacera Shares available under the ESOS would be allocated to any individual eligible employee and Directors of the Seacera Group (including YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin) who singly or collectively through his associates holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company; and
- (iii) him meeting the eligibility criteria set out in Bye-Law 4.1 of the ESOS prior to such options being offered and granted to him."

11. Proposed Change of Name

As Special Business to consider and if thought fit, to pass the following Special Resolution, with or without modifications: -

"THAT the name of the Company be and is hereby changed from "Seacera Tiles Berhad" to "Seacera Group Berhad" with effect from the date of the Certificate of Incorporation on Change of Name of Company issued by the Companies Commission of Malaysia and that the name of the Company wherever it appears in the Memorandum and Articles of Association be and is hereby amended accordingly.

AND THAT the Directors of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the change of name."

12. To transact any other business of which due notice shall have been received.

### Ordinary Resolution 11

### Special Resolution 1

#### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a Tax Exempt Final Dividend of 1 sen per ordinary share for the financial year ended 31 December 2009, if approved by the shareholders, will be paid on 29 September 2010 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 9 September 2010.

# SEACERA TILES BERHAD (163751-H) Incorporated in Malaysia

## Notice of Twenty-Fifth Annual General Meeting

A Depositor shall qualify for entitlement only in respect of:-

- (a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 9 September 2010 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

**SEOW FEI SAN**  
**LOH LAI LING**  
Secretaries

Petaling Jaya

Date: 7 June 2010

### NOTES:

1. An instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.
2. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
3. A member can appoint up to two (2) proxies and if a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.
5. Explanatory Notes on Special Business:

#### **Ordinary Resolution 7 : Authority to Issue Shares**

At last year's Annual General Meeting, mandate was given to Directors to issue and allot at no more than 10% of the issued share capital of the Company. The mandate if not utilised before the forthcoming Annual General Meeting, will accordingly lapse at the forthcoming Annual General Meeting. As such, the Board would like to seek for a renewal of the mandate.

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

#### **Ordinary Resolution 8 : Proposed Renewal of Share Buy-back Authority**

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-back") by utilizing the funds allocated which shall not exceed the profits of the Company. Further information on the Proposed Share Buy-back is set out in the Circular to Shareholders dated 7 June 2010, which is despatched together with Company's Annual Report 2009.

#### **Ordinary Resolutions 9 – 11 : Proposed Allocation of Employees' Share Option Scheme Options (ESOS) to En Hj. Basar Bin Juraimi, Cik Norhanum Binti Nordin and YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin, Independent Non-Executive Directors of the Company**

The proposed Ordinary Resolutions 9 - 11, if passed, will empower the Directors of the Company to allocate ESOS options to En Hj. Basar Bin Juraimi, Cik Norhanum Binti Nordin and YBhg. Dato' Hj Shamsul Najmi Bin Hj Shamsuddin, Independent Non-Executive Directors of the Company.

#### **Special Resolution 1: Proposed Change of Name**

The proposed Special Resolution 1, if passed, will result in the change of name of the Company from "Seacera Tiles Berhad" to "Seacera Group Berhad". Please refer to the Circular to Shareholders dated 7 June 2010 for further information.

# SEACERA TILES BERHAD

(163751-H) Incorporated in Malaysia

## PROXY FORM

I/We, \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(Full Name - Please Use Block Capitals)

of \_\_\_\_\_  
(Full Address)

being a member(s) of SEACERA TILES BERHAD, hereby appoint \_\_\_\_\_  
(Full Name)

of \_\_\_\_\_  
(Full Address)

or failing him/her \_\_\_\_\_  
(Full Name)

of \_\_\_\_\_  
(Full Address)

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at Room Templer 7, 1st Floor, Perangsang Templer Golf Club (PTGC), No. 1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Tuesday, 29 June 2010 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the Meeting.

	FOR	AGAINST
<b>Ordinary Resolution 1</b>		
<b>Ordinary Resolution 2</b>		
<b>Ordinary Resolution 3</b>		
<b>Ordinary Resolution 4</b>		
<b>Ordinary Resolution 5</b>		
<b>Ordinary Resolution 6</b>		
<b>Ordinary Resolution 7</b>		
<b>Ordinary Resolution 8</b>		
<b>Ordinary Resolution 9</b>		
<b>Ordinary Resolution 10</b>		
<b>Ordinary Resolution 11</b>		
<b>Special Resolution 1</b>		

Dated :

No. of Shares held

Signature(s)/Common Seal of Shareholder

Notes:-

1. An instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company.
2. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
3. A member can appoint up to two (2) proxies and if a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the Annual General Meeting or any adjournment thereof.



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**SEACERA TILES BERHAD** (163751-H)  
312, 3rd Floor, Block C  
Kelana Square  
17, Jalan SS7/26,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.

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Lot 16428, 14km, Jalan Ipoh,  
Kawasan Perindustrian Selayang,  
68100 Batu Caves,  
Selangor Darul Ehsan.  
Tel: 603 - 6136 2494  
Fax: 603 - 6136 2495

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[www.seacera.com.my](http://www.seacera.com.my)