Annual Report
2011

SMPC

SMPC CORPORATION BHD.
(79082-V)

Contents

Corporate Information

Board of Directors	Dato' Seri Ismail Bin Shahudin	*(Non-Independent Non-Executive Chairman)*
	Machendran a/l Pitchai Chetty	*(Group Managing Director)*
	Mohd Shahril Fitri Bin Hashim	*(Executive Director)*
	Sanmarkan a/l T S Ganapathi	*(Independent Non-Executive Director)*
	Sudesh a/l K. V. Sankaran	*(Independent Non-Executive Director)*
	Ng Chin Nam	*(Independent Non-Executive Director)*
	Dato' Lee Hean Guan	*(Non-Independent Non-Executive Director)*
Company Secretaries	Chan Yoke Yin (MAICSA 7043743) Chiew Cindy (MAICSA 7057923)	
Registered Office	B-5-9, Block B, 5th Floor Unit 9, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur. Tel No. : 03-2710 3937 Fax No. : 03-2710 2937	
Auditors	Grant Thornton Chartered Accountants 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.	
Principal Bankers	AmBank (M) Berhad CIMB Bank Berhad RHB Bank Berhad Affin Bank Berhad United Overseas Bank (Malaysia) Bhd. EON Bank Berhad Malayan Banking Berhad Bank Muamalat Berhad	
Share Registrars	Symphony Share Registrars Sdn. Bhd. 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak. Tel No. : 605-5474833 Fax No. : 605-5474363	
Stock Exchange Listing	Bursa Malaysia Securities Berhad Main Market Stock Name : SMPC Stock Code : 7099	

Corporate Structure

SMPC CORPORATION BHD.

(79082-V)

SMPC INDUSTRIES SDN. BHD.
- Shearing
- Reshearing
- Slitting
- Slitted Flat Bars
- Trading

DURO METAL INDUSTRIAL (M) SDN. BHD.
DURO STRUCTURAL PRODUCTS (M) SDN. BHD.
DURO MARKETING (M) SDN. BHD.
- Steel Roofing
- Wall Cladding
- Structural Floor Decking

PROGEREX SDN. BHD. (Ferrous and Non-Ferrous)
- Compressed Scrap
- Shearing
- Shredding

SMPC MARKETING SDN. BHD.
- Trading in Steel Furniture

METAL PERFORATORS (MALAYSIA) SDN. BHD.
- Manufacturing & Marketing of perforated metal, cables support systems & screen plates

SMPC DEXON SDN. BHD.
- Manufacturing Steel Furniture
- Trading Steel Furniture

SMPC INDUSTRIES (INDIA) PRIVATE LIMITED
- Shearing
- Reshearing
- Slitting

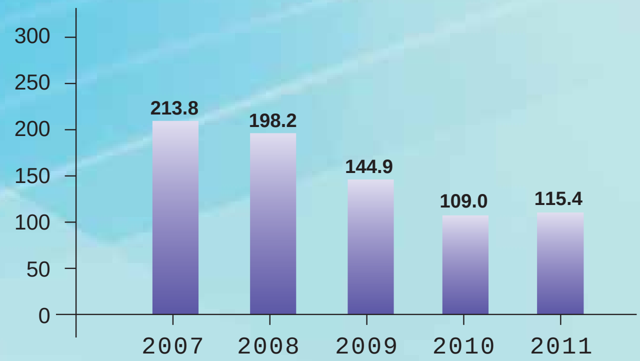
SYARIKAT PERKILANGAN BESI GAYA SDN. BHD. (Dormant)

EDIT SYSTEMS (M) SDN. BHD. (Dormant)

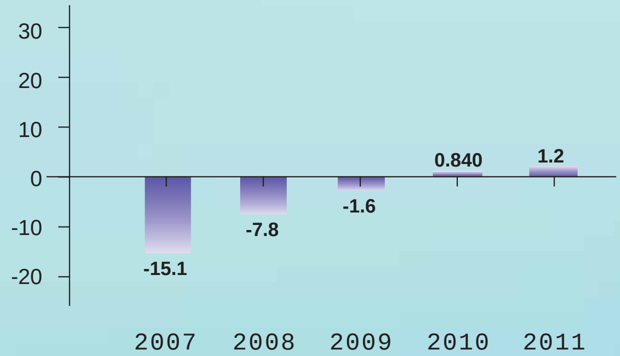
PARK AVENUE CONSTRUCTION SDN. BHD. (Dormant)

SMPC STEEL MILL SDN. BHD. (Dormant)

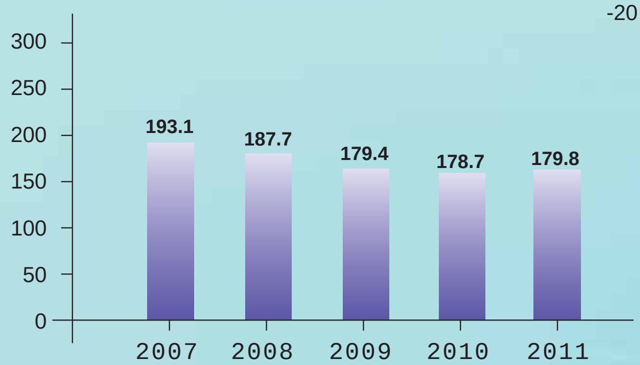
Financial Highlights



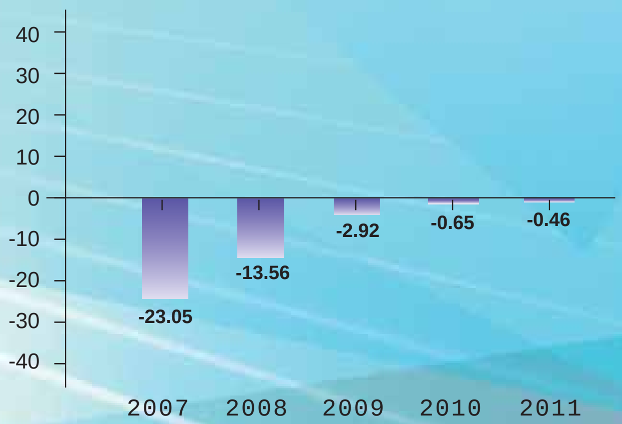
Revenue (RM Million)



Profit / (Loss) Before Tax (RM Million)



Total Assets (RM Million)



Earnings / (Loss) Per Share (RM Million)

Chairman's Statement

Overview

The financial year ended 31 March 2011 was very challenging for the Group. The fluctuating steel prices and inadequate working capital throughout the financial year had severely impeded the Management in growing the business in a most robust way for the Group satisfactorily.

Financial results

The Group recorded revenue of RM115 million for the financial year ended 31 March 2011 compared to RM109 million for the year ended 31 March 2010. In correlation to the increase in revenue, the Group posted profit before tax of RM1.2 million as at 31 March 2011 as compared to profit before tax of RM0.84 million as at 31 March 2010. This was mainly due to the on-going prudent measures taken by the Management in all areas of operation.

Proposed Restructuring Exercise

The Company had received the approvals from Bank Negara Malaysia, Ministry of International Trade and Industry (MITI) and Malaysian Industrial Development Authority (MIDA) for the Proposed Restructuring Exercise. The Company is currently finalising certain material items within the Proposed Restructuring Exercise for further submission to Securities Commission Malaysia and Bursa Malaysia Securities Berhad accordingly.

Prospects and Outlook for the Coming Financial Year

The global steel market is expected to be weak for the financial year ending 31 March 2012. The demand for steel is mainly to be driven by the local economy stimulus package which was introduced by the Government. In relation to this, we are hopeful that the projects identified under the Economic Transformation Programme (ETP) will be fully implemented in the coming years which will stimulate the economy of Malaysia thus creating more demand for steel and its products.

We are cautiously optimistic that with the successful implementation of the Proposed Restructuring Exercise, which will address the excessive gearing and inadequate working capital, the Group should do better in the near future.

Appreciation

I wish to thank my fellow Directors and record my appreciation to the Management and staff of SMPC Group for their continuous commitment and dedication in their Endeavour to deliver especially during such challenging times.

We would also like to extend our appreciation to our shareholders, valued customers, financial institutions, business partners, government and other regulatory authorities for their continued support and cooperation.

Dato' Seri Ismail Bin Shahudin
Chairman

Profile of the Board of Directors

DATO' SERI ISMAIL BIN SHAHUDIN
Non-Independent Non-Executive Chairman

Dato' Seri Ismail Bin Shahudin, aged 60, a Malaysian citizen, is the Non-Independent Non-Executive Chairman of SMPC Corporation Bhd ("SMPC" or "the Company"). He was appointed to the Board of SMPC on 12 August 2008.

He graduated in 1974 with a Bachelor of Economics (Honours) degree majoring in Business Administration from University Malaya. In the same year, he joined ESSO Malaysia Berhad and worked in its Finance department for 5 years. In 1979, he joined Citibank Malaysia and in 1984, he served the Bank's headquarters in New York as part of the team in Asia Pacific division. On his return he was promoted as Vice President & Group Head of the Public Sector and Financial Institutions Group in Malaysia. In 1988, he was appointed as Deputy General Manager of United Asian Bank Berhad and in 1992, he joined Maybank as General Manager of Corporate Banking and in 1997, was appointed as Executive Director of Maybank, the post he held until his retirement in July 2002 to assume the position of Group Chief Executive of MMC Corporation Berhad. He was then appointed to the Board of Bank Muamalat Malaysia Berhad and the Chairmanship in March 2004 until his retirement in July 2008.

He is currently Chairman of Maybank Islamic Berhad and a director of Maybank Berhad, Cement Industries of Malaysia Berhad, EP Manufacturing Berhad, Nadayu Properties Sdn Bhd (formerly known as Mutiara Goodyear Development Berhad), PLUS Expressways Berhad, UEM Group Berhad and Opus Group Berhad, of which he is a Chairman. He is also a Board member of Aseana Properties Limited, a company listed on the Main Market of the London Stock Exchange and Opus International Consultants Ltd, a company listed on the New Zealand Stock Exchange and MCB Bank Ltd, a bank listed on the Karachi Stock Exchange.

MACHENDRAN A/L PITCHAI CHETTY
Group Managing Director

Machendran a/l Pitchai Chetty, aged 52, a Malaysian citizen, is the Group Managing Director of SMPC. He was appointed to the Board of SMPC on 14 December 1981.

He holds a Malaysian Certificate of Education. He started his career with the Company and over the years he has gained wide knowledge and experience in the management of steel business.

He is a substantial shareholder of SMPC by virtue of his deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn Bhd in the Company.

Profile of the Board of Directors (cont'd)

MOHD SHAHRIL FITRI BIN HASHIM
Executive Director

Mohd Shahril Fitri Bin Hashim, aged 36, a Malaysian citizen. He was appointed as an Executive Director of SMPC on 27 September 2007. He was appointed as Non-Independent Non-Executive Director of the Company on 20 December 2004 and subsequently redesignated as Executive Director on 3 January 2006. In conjunction with the withdrawal of his appointment as nominee by PNS, a substantial shareholder of the Company on 7 August 2007, Mohd Shahril Fitri Bin Hashim had resigned as an Executive Director and member of the Audit Committee of the Company with effect thereof. However, he has subsequently left PNS and joined SMPC as Executive Director on 27 September 2007 after receiving an offer from the Company for the said position.

He holds a Diploma in Accountancy from Universiti Teknologi Mara and a Bachelor in Accountancy (Hons) from University of Stirling. He started his career with Messrs. Shamsir Jasani Grant Thornton in 1997. In 2000, he joined PNS until he was seconded to SMPC in January 2006.

SANMARKAN A/L T S GANAPATHI
Independent Non-Executive Director

Sanmarkan a/l T S Ganapathi, aged 73, a Malaysian Citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board on 18 January 2002. He is also the Chairman of Audit, Remuneration and Nomination Committees of the Company.

He graduated from Malayan Teachers College in 1958 and was conferred the Barrister-at-Law Middle Temple London in 1977. He joined Karpal Singh & Co. in 1978 and in the following year became a partner of Farid Ariffin & Associates. He started his own legal practice, SAN & Associates in 1995 and was the Consultant of this firm until 31 December 2006 and with effect from 1 January 2007, he was appointed as the Consultant with Messrs. Mohd. Hussain Ibrahim & Co., a legal firm in Penang. He is an associate member of the Chartered Institute of Arbitrators London and was appointed as a Notary Public in 2002. He was an Independent Non-Executive Director of Modular Techcorp Holdings Berhad, a company listed on ACE Market of Bursa Securities prior to his retirement at their Annual General Meeting held on 24 June 2008.

He was appointed as a member of the Penang State Land Appeals Board effective 1 March 2011 for a term of three years.

SUDESH A/L K.V. SANKARAN
Independent Non-Executive Director

Sudesh a/l K.V. Sankaran, aged 61, a Malaysian citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 20 December 2004. He is also the member of the Audit, Remuneration and Nomination Committees of the Company.

He graduated with a Bachelor of Arts (Economics) from University of Madras in 1973. He started his career as an Executive in New Zealand Insurance Ltd in 1974. He was appointed as an Assistant Manager in United Oriental Assurance Bhd in 1977. He then held a managerial position from 1982 until 1992 when he was promoted as Regional Manager. Currently, he is a consultant with Sterling Insurance Brokers Sdn. Bhd.

NG CHIN NAM
Independent Non-Executive Director

Ng Chin Nam, aged 41, was appointed as an Independent Non-Executive Director of SMPC on 29 January 2009. He is also a member of the Audit Committee of the Company. He started his career with Soon Soon Oilmills Sdn Bhd in 1992. After obtaining his professional qualification in Chartered Institute of Management Accountants, he joined JB Lau & Associates as Audit Senior in 1997 and was subsequently promoted as Assistant Audit Manager. He left JB Lau & Associates in 2000 and was appointed as Finance Manager of Luster Industries Berhad and served the company until 2005.

Ng Chin Nam is currently heading the Finance, Human Resources and Management Information System departments of Hock Lock Siew Corporation Berhad. He is also an Independent Non-Executive Director and member of the Audit Committees of Luster Industries Berhad and Niche Capital Emas Holdings Berhad (formerly known as Yikon Corporation Berhad).

He has over 18 years of experience in the field of accounting, auditing, taxation and corporate finance.

DATO' LEE HEAN GUAN
Non Independent Non-Executive Director

Dato' Lee Hean Guan aged 69, was appointed as a Non-Independent Non-Executive Director of SMPC on 3 March 2011. He joined See Hup Group in 1965 after completing his secondary education. Dato Lee Hean Guan formed the pioneer management team of See Hup and is the person responsible for the growth of the Group through strategic business planning, executive management and operational review.

Dato' Lee Hean Guan was the former Group Managing Director of See Hup Consolidated Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad from 18 November 1997 till 29 May 2007. Presently, he is the advisor to See Hup Consolidated Berhad and sits on the Board of Directors for the subsidiaries of See Hup Group.

Dato' Lee Hean Guan is also actively involved in various businesses, communities and charitable organisations and holds honorary positions in various committees.

Notes:

i. Family Relationships and Substantial Shareholders

Machendran A/L Pitchai Chetty is a director and shareholder in Kumpulan Pitchai Sdn. Bhd., a Major shareholder of the Company.

ii. Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

iii. Non-conviction of Offences

All the Directors have not been convicted of any offences within the past 10 years.

Corporate Governance Statement

The Board of Directors ("the Board") of SMPC Corporation Bhd. ("SMPC" or "the Company") recognises the importance of good corporate governance and is committed to ensure that the Principles and Best Practices in Corporate Governance, as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code") pursuant to Paragraph 15.25 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("the Listing Requirements") are practised by the Company and its subsidiaries ("the Group") as part of discharging its responsibilities to protect and enhance shareholder value. This statement also provides investors with an insight into the Corporate Governance practices of the Company under the leadership of the Board.

THE BOARD OF DIRECTORS

Principal Responsibilities

The Board assumes full responsibilities for the Group's overall performance with its strategic plans, business performance, succession planning, risk management, investor relations, internal control and management information systems. All Board members bring an independent judgment to bear on issues of strategy, performance resources and standards of conduct.

Board Balance

The Board of the Company comprises seven (7) Directors, three (3) of whom are Independent Non-Executive Directors, two Executive Directors and a balance of two (2) Non-Independent Directors. The composition of the Board was maintained so that not less than one-third (1/3) are Independent Directors. The Directors contributed greatly to the Company through their business acumen, a wide range of functional knowledge and skills from their long-standing experience, drawn from differing backgrounds in business, accountancy, regulatory and technical experience.

The profile of each Director is set out in the Board of Directors' Profile on pages 7 to 9 of the Annual Report.

Board Committee Meetings

During the financial year ended 31 March 2011, a total of six (6) meetings, 26 May 2010, 22 July 2010, 28 August 2010, 7 October 2010, 27 November 2010 and 24 February 2011 were held. Details of attendance of the Directors at the Board Meetings are as follows:

Name of Director		**No. of Meetings Attended**
Dato' Seri Ismail Bin Shahudin	*Non-Independent Non-Executive Chairman*	5 / 6
Machendran A/L Pitchai Chetty	*Group Managing Director*	6 / 6
*Vijayan A/L O.M.V. Devan	*Executive Director*	0 / 1
Mohd Shahril Fitri Bin Hashim	*Executive Director*	6 / 6
Sanmarkan A/L T S Ganapathi	*Independent Non-Executive Director*	5 / 6
Sudesh A/L K.V. Sankaran	*Independent Non-Executive Director*	6 / 6
Ng Chin Nam	*Independent Non-Executive Director*	4 / 6
Dato Lee Hean Guan	*Non-Independent Non-Executive Director*	**

* Vijayan A/L O.M.V. Devan resigned as a Director with effect from 1 June 2010.

** Dato Lee Hean Guan was appointed as Non-Independent Non-Executive Director with effect from 3 March 2011 and subsequent to his appointment there was no Board Meeting held.

At each meeting, the Board reviews the Group's financial and business performance against budgets, corporate exercises (if any), draft announcement on the quarterly results and any other matters raised for the concern of the Board. At Board meetings, the Management also presents the papers and consultants may be invited to provide further insight. All Directors are given the chance to freely express their views. All Board members bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

Board Committees

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

- Audit Committee

  The Audit Committee provides a forum for effective communication between the Board, internal auditors and the external auditors. The terms of reference of the Committee had been revised on 25 May 2009 to conform to the revamped Listing Requirements. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 16 to 19 of this Annual Report.

- Nomination Committee

  The Nomination Committee was established on 18 January 2002. The Nomination Committee comprises the following:

Sanmarkan A/L T S Ganapathi *(Independent Non-Executive Director)*	-	Chairman
Sudesh A/L K.V. Sankaran *(Independent Non-Executive Director)*	-	Member

  The terms of reference of the Nomination Committee include the following:

  a) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the following would be considered by the Committee:

     - Skills, knowledge, expertise and experience;
     - Professionalism;
     - Integrity; and
     - In the case of candidates for the position of independent non-executive, the Committee evaluates the candidates' ability to discharge such responsibilities/functions.

  b) To consider, in making recommendations, candidates for directorships proposed by Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder;

  c) To recommend to the Board, directors to fill the seats on Board committees;

  d) To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies which Directors of the Company should bring to the Board;

  e) To assess the effectiveness of the Board as a whole, the committees of the Board and assess the contribution of each individual director, including the independent non-executive directors, as well as the chief executive officer. All assessment and evaluations carried out by the Nomination Committee in discharge of all its functions shall be properly documented; and

  f) To consider and examine such other matters as the Nomination Committee considers appropriate.

- Remuneration Committee

  The Remuneration Committee was established on 18 January 2002. The Remuneration Committee comprises the following:

Sanmarkan A/L T S Ganapathi *(Independent Non-Executive Director)*	-	Chairman
Sudesh A/L K. V. Sankaran *(Independent Non-Executive Director)*	-	Member

  The terms of reference of the Remuneration Committee include the following:

  a) To review, deliberate and recommend the annual salaries, incentive arrangements, service arrangements and other employment condition for the executive directors;

  b) To determine the company's remuneration policy and arrangements on executive directors;

  c) To review such a policy on a yearly basis and make any adjustments as deemed necessary to ensure the Group can attract and retain executives of the necessary quality in a highly and increasingly marketplace;

  d) To review, with the executive directors if necessary, their job functions and to ensure that any remuneration commensurate with performance and the executive director does not participate in decisions in his own remuneration packages;

  e) To review the remuneration arrangements of the executive directors to be in line with the Group's overall practice on pay and benefits in order to reward them competitively after taking into account performance, market comparisons and competitive pressures in the industry; and

  f) To consider and examine such other matters as the Board and Remuneration Committee considers as appropriate.

Training for Directors

The Company provides a dedicated training budget for Directors' continuing education. Relevant training programmes are arranged by the Company Secretary and Management. All the Directors of the Company have completed the Mandatory Accreditation Programme as prescribed by Listing Requirements. The following courses were attended by the Directors during the financial year ended 31 March 2011:

- ISO 9001:2008 Awareness Training
- FRS Update 2009
- Forum on FRS 139 Financial Instruments: Recognition and Measurement
- Tax scheduler and EA Form
- Budget 2010
- E-Soft ERP system
- Discharging the audit committee and internal audit function in compliance with risk management best practices

Supply of Information

The Directors have individual and independent access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Directors also may seek advice from the senior management on issues under their respective purview. All Directors are provided with reports and other relevant information pertaining to the Group's operations and performance on a timely basis. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors.

Appointments to the Board

The Nomination Committee reviews the composition of the Board annually and makes recommendations to the Board where considered necessary to ensure the Board comprises an appropriate mix of skills and experience. The Committee evaluates the candidates' ability to discharge his responsibilities as expected from an independent non-executive director and whether the test of independence under the Listing Requirements is satisfied, taking into account his character, integrity and professionalism.

Re-election of Directors

Pursuant to Article 29.1 of the Articles of Association of the Company, an election of Directors shall take place each year at the Annual General Meeting (AGM) of the Company where one third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to 1/3 shall retire provided always that all Directors shall retire from office once in every three (3) years and shall be eligible for re-election.

DIRECTORS' REMUNERATION

The remuneration of Directors is reviewed periodically given due recognition to performance, industry norms and competitive pressures so as to ensure that the Group can attract and retain executives of the necessary quality.

The remuneration and fee structure for the Directors for the financial year is as follows:

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM
Fee	-	135,000
Salaries	603,000	-
Bonus	-	-
Other benefits	72,360	-

The analysis of remuneration as follows:

	Number of Directors	
Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	1	5
RM200,000 – RM250,000	1	-
RM350,000 – RM400,000	-	-
RM450,000 – RM500,000	1	-
RM600,000 – RM650,000	-	-

SHAREHOLDERS

Dialogue between the Company and Investors

The Board believes that shareholders should be informed of all material business matters which influence the Group. Besides the key channels of communication through the Annual Report, general meetings and announcements to Bursa Securities, there is also continuous effort to enhance the Group's website at www.smpccorp.com.my as a channel of communication and information dissemination.

The Group welcomes dialogue with investors and financial analysts from time to time as a means of effective communication that enables the Board and Management to convey permissible information about the Group's performance, corporate strategy and major development plans.

Annual General Meeting

The Annual General Meeting serves as an ideal opportunity for dialogue and interaction with both institutional and individual shareholders. Shareholders will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance at the AGM and all Directors are available to provide responses.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In addition to providing financial reports on an annual basis, the Board also ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's performance and future prospects through the quarterly financial results and corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements.

Internal Control

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Statement on Internal Control is set out on pages 20 to 21 of this Annual Report.

Relationship with Auditors

The Company's relationship with its external auditors is primarily maintained through the Audit Committee and the Board where formal and transparent arrangement with them to meet their professional requirements is established. Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 16 to 19 of the Annual Report.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has complied with the Best Practices in Corporate Governance Code save for the disclosure of Directors' remuneration which has not been made in detail for each Director. However, the remuneration are categorised into the appropriate components and in compliance with the Listing Requirements.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which 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 their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to 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. They are responsible for taking reasonable steps in safeguard the assets of the Company and Group for the prevention and detection of fraud and other irregularities.

Audit Committee Report

COMPOSITION

Sanmarkan A/L T. S. Ganapathi – Chairman
(Independent Non-Executive Director)
Sudesh A/L K. V. Sankaran – Member
(Independent Non-Executive Director)
Ng Chin Nam – Member
(Independent Non-Executive Director)

TERMS OF REFERENCE

1. Composition

– The Audit Committee members shall be appointed by the Board of Directors from amongst the directors who fulfil the following requirements:

(i) the Audit Committee shall consist of not less than three (3) members;
(ii) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
(iii) at least one member of the Audit Committee:-
  (a) must be a member of the Malaysian Institute of Accountants; or
  (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and:-
    • he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    • he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
  (c) fulfills such other requirements as prescribed or approved by the Exchange.

The definition of "independent directors" shall have the meaning given in Chapter 1.01 of the Listing Requirements of Bursa Securities.

– No alternate director shall be appointed as a member of the Audit Committee.

– The members of the Audit Committee shall select a Chairman from among their members who shall be an independent director.

– If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors 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.

– The term of office of Audit Committee members should be reviewed by the Board not less than every three (3) years.

2. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

(a) have explicit authority to investigate any matters within its terms of reference;

(b) have full and unrestricted access to any information it seeks as relevant to its activities from any employee of the Company or the Group and all employee are directed to co-operate with any request by the member of the Audit Committee;

(c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities (if any);

(d) be able to obtain independent professional or other advice in the performance of its duties; and

(e) where the Audit Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactory resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

3. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

(a) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

(b) To discuss with the external auditors before the audit commences the nature and scope of the audit, ensure co-ordination where more than one audit firm is involved;

(c) To review with the external auditors their evaluation of the system of internal controls and their audit report;

(d) To review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
- any changes in accounting policies and practices
- significant adjustments resulting from the audit
- the going concern assumption
- compliance with accounting standards and other legal requirements

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);

(f) To review the external auditors' management letter and management's response;

(g) To do the following, in relation to the internal audit function:
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that is has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) To report its findings on the financial and management performance, and other material matters to the Board;

(j) To consider the major findings of internal investigations and management's response;

(k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

(l) To consider any other functions as may be agreed between the Audit Committee and the Board.

4. Meetings & Quorum

– In order to form a quorum, the majority of members present must be independent directors. Meetings shall be held not less than four times a year with a due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities.

– The Company Secretary shall be the secretary of the Audit Committee.

– The presence of the external auditors will be requested if required.

– Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

– The Finance Manager, the head of internal audit and representatives of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors, the internal auditors or both, without other Board members and management present at least twice a year and whenever deemed necessary.

– Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Reporting Procedures

– The Secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Audit Committee. Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board.

– The Chairman of the Audit Committee shall report on each meeting to the Board of Directors.

– The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

MEETINGS

During the financial year ended 31 March 2011, five (5) Audit Committee meetings were held on 26 May 2010, 22 July 2010, 28 August 2010, 27 November 2010 and 24 February 2011.

The details of the attendance of the Committee meetings are as follows:

Name of Director		**No. of Meetings Attended**
Sanmarkan A/L T. S. Ganapathi	*Independent Non-Executive Director*	5 / 5
Sudesh A/L K. V. Sankaran	*Independent Non- Executive Director*	5 / 5
Ng Chin Nam	*Independent Non-Executive Director*	4 / 5

SUMMARY OF ACTIVITIES

During the financial year ended 31 March 2011, the Audit Committee's activities encompassed the following:

– Reviewed the financial statements before the quarterly announcements to Bursa Securities;
– Reviewed the yearend financial statements together with the external auditors' management letter and management responses;
– Discussed with external auditors the audit plan and scope for the year of which included the audit procedures;
– Reviewed the reports prepared by the credit controller;
– Reviewed the internal audit plan prepared by internal auditors;
– Recommended to the Board on the appointment of external auditors; and
– Reviewed the related party transactions.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function. The Audit Committee determines the adequacy of the scope, function and resources of the Internal Audit function. Therefore the role of the Internal Audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control. The cost incurred in the year ended 31 March 2011 for the Internal Audit function was approximately RM15,000.

The main activities of the Internal Audit function include:

– Reviewing results and recommendations for improvement tabled at the Audit Committee meetings;
– Performing follow up reviews to ensure recommendations for improvement were carried out; and
– Reviewing the existing systems being carried out by the Group mainly on the credit control and collection for the subsidiaries.

The Internal Audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors ("the Board") of SMPC Corporation Berhad ("SMPC" or "the Group") is pleased to provide a statement on the Group's state of internal control for financial year ended 31 March 2011.

BOARD'S RESPONSIBILITY

The Board acknowledges that it is ultimately responsible for the Group's system of internal control and for reviewing its adequacy and integrity so as to ensure that shareholders' interests and the Group's assets are safeguarded.

However, as there are inherent limitations in any system on internal control, such a system put into effect by Management can only manage rather than eliminate the risks that may impede the achievement of the Group's business objectives or goals. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. In addition to devising internal control procedures, due consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of new internal controls.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT MECHANISM

The Audit Committee and Board currently obtains regular assurance on the adequacy and effectiveness of the internal control system through independent reviews performed by the internal audit function, which is outsourced to a professional service provider firm.

The internal audit function conducted a review in accordance with the internal audit plan approved by the Audit Committee. Based on the internal audit review carried out, the results and recommendations for improvement were presented to the Audit Committee. None of the internal control weaknesses noted have resulted in material losses, contingencies or uncertainties that would require a separate disclosure in the annual report for the financial year under review.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system are:

- The Group's strategic direction is reviewed annually after taking into account changes in market conditions and significant business risks.

- An organizational structure with clearly defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented audit trail of accountability.

- Certain Subsidiaries within the Group are ISO9001:2008 certified. With such certification, external parties periodically conduct audits to ensure compliance with the terms and conditions of the certification.

- The Executive Directors are closely involved in the daily operations and are responsible for the business performance of the various entities. The daily operations are monitored through appraisal of reports, attendance at management meetings and informal discussions on operational issues. Significant issues are brought to the attention of the Board where necessary.

- Executive Directors and Management practices "open-door" policy and meet with staff regularly to discuss and resolve operational, financial, corporate, human resource, strategic and management issues arising.

- Regular management meetings are held to deliberate on the Group's operations, business development, financial performance and risk related management matters.

- The Group performs an annual budgeting and forecasting exercise including development of annual business strategies and the establishment of performance targets. Variances between actual and budget are analysed and reported internally in the monthly management meetings. On a quarterly basis, the variances are reported to the Board.

- The Board meets as least quarterly and has a schedule of matters which is required to be brought to its attention for discussion and decision. Thus, it ensures that the Board maintains full and effective supervision over the appropriate key controls. In arriving at any decision a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. Nevertheless, the Board is cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control.

This Statement is made in accordance with the resolution of the Board of Directors on 27 July 2011.

Additional Compliance Information

UTILISATION OF PROCEEDS
During the financial year ended 31 March 2011, there was no utilization of proceeds raised from any corporate proposal as there was no corporate exercise/proposal implemented.

SHARE BUY-BACKS
The Company did not enter into any share buy-back transactions.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
No options, warrants or convertible securities were exercised during the financial year as disclosed in page 26 of this Annual Report.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMMED
The Company did not sponsor any ADR or GDR programme during the financial year.

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

NON-AUDIT FEES
Non-audit fees paid to the external Auditors for the financial year amounted to RM1,000.

VARIATION IN RESULTS
There was no material variance between the audited results for the financial year ended 31March 2011 and unaudited results previously released for the financial quarter ended 31 March 2011.

PROFIT GUARANTEE
There was no profit guarantee given by the Company during the financial year.

MATERIAL CONTRACTS
There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year.

REVALUATION POLICY ON LANDED PROPERTIES
There was no revaluation of landed properties during the financial year.

Corporate Responsibility

SMPC Group believes that good management of corporate responsibility ("CR") is considered a mandatory requirement to meet the evolving needs in a fast-paced business environment. The rising expectations for a sustainable business practices from our stakeholders always propel us to ensure social responsibilities are not being ignored in the course of pursuing business growth. We use economic, social and environmental criterion as the basis for our action. In line with these expectations, SMPC CR framework covers three areas namely the workplace, community and environment.

From the perspective of a workplace, CR principles are shared with our employees to ensure their duties are performed with an awareness of social responsibilities. In addition to our ongoing CR initiatives undertaken within the organization, we are committed in developing and supporting the initiatives, which will have a positive impact on the local communities.

The Group provided assistance to charitable organization, schools and temples in Penang, donations to company which manufacture furnitures to orphanages and the enrolment of students from polytechnic and universities for the purpose of industrial trainings. These are some of our initiatives to demonstrate our commitment towards the community. With reference to the industrial training, our industry experts have been, more than willingly, to share their years of experience in various fields with the young aspiring students with a hope of providing them with a better pathway to the corporate industrial world.

From an environmental point of view, we devote resources to conduct periodical environmental audits to minimize environmental impact arising from our operations, thus increasing our social leadership towards environmental responsibility.

Directors' Report
for the financial year ended 31 March 2011

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended **31 March 2011**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding, letting of industrial and commercial assets and management consultancy. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the reporting period.

RESULTS

	GROUP RM	COMPANY RM
Loss after taxation for the year	**(252,965)**	**(10,814)**
Atributable to:		
Owners of the parent	**(297,112)**	**(10,814)**
Minority interests	**44,147**	**-**
	(252,965)	**(10,814)**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 March 2011** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The Company is not in a position to pay any dividend in view of the current year loss and the accumulated losses as at the end of the reporting period.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS

The directors who served since the date of the last report are as follows :

Machendran a/l Pitchai Chetty
Mohd Shahril Fitri Bin Hashim
Sanmarkan a/l T S Ganapathi
Sudesh a/l K.V. Sankaran
Dato' Seri Ismail Bin Shahudin
Ng Chin Nam
Dato' Lee Hean Guan *(appointed on 3.3.11)*

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

	------------- Number of ordinary shares of RM1 each ------------			
	Balance at 1.4.10	**Bought**	**Sold**	**Balance at 31.3.11**
The Company				
Direct Interest:				
Machendran a/l Pitchai Chetty	347,447	-	-	347,447
Ng Chin Nam	60,000	-	-	60,000
Dato' Lee Hean Guan	322,700	-	-	322,700 *
Deemed Interest:				
Machendran a/l Pitchai Chetty	8,277,696	-	-	8,277,696 **
Dato' Lee Hean Guan	101,200	-	-	101,200 *
Other Interest:				
Ng Chin Nam	30,000	-	-	30,000 ***
Dato' Lee Hean Guan	2,008,000	-	-	2,008,000 ***

* At date of appointment.
By virtue of his interest in Hean Brothers Holdings Sdn. Bhd. ("HBHSB"), he is deemed to have interest in the shares of the Company that are held by HBHSB. The company is incorporated in Malaysia.

** By virtue of his interest in Kumpulan Pitchai Sdn. Bhd. ("KPSB") and S.M. Pitchai Chettiar Sdn. Bhd. ("SMPCSB"), he is deemed to have interest in the shares of the Company that are held by KPSB and SMPCSB. Both companies are incorporated in Malaysia.

*** By virtue of the spouse's interest.

By virtue of his interest in the shares of the Company, **Mr. Machendran a/l Pitchai Chetty** is also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.

Other than the above, none of the other directors have any interest in shares in the Company or its related corporations during the financial year.

WARRANTS

The Company had on 28 August 2000 executed a Deed Poll in relation to the creation and issuance of up to 14,999,500 Warrants ("Warrants"), each of such warrant giving the Warrant Holder an option to subscribe for one (1) new ordinary share of RM1.00 in the share capital of the Company. The said Deed Poll contains an expressed provision to extend the exercise period of the Warrants. The exercise price of the Warrants is RM1.75 and is subject to adjustment under the terms and conditions as set out in the Deed Poll. The existing exercise period is 5 years commencing from and including the date of issue of Warrants, i.e. 22 November 2000 and ending on and inclusive of 21 November 2005 and falling on a Market Day. The warrants has expired on 19 November 2010.

EMPLOYEE SHARE OPTIONS SCHEME

The Company's Employee Share Options Scheme ("ESOS") consisting of up to 4,552,000 share options with rights to subscribe for the same number of new ordinary shares of RM1.00 each was implemented in April 2001 and amended in October 2003. The ESOS has expired on 6 July 2010.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than the related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the 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.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

Machendran a/l Pitchai Chetty **Mohd Shahril Fitri Bin Hashim**

Penang,

Date: 27 July 2011

Directors' Statement

We, **Machendran a/l Pitchai Chetty** and **Mohd Shahril Fitri Bin Hashim**, being two of the directors of **SMPC Corporation Bhd.** state that in the opinion of the directors, the financial statements set out on pages 31 to 98 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2011** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

Machendran a/l Pitchai Chetty **Mohd Shahril Fitri Bin Hashim**

Date: 27 July 2011

Statutory Declaration

I, **Mohd Shahril Fitri Bin Hashim**, the director primarily responsible for the financial management of **SMPC Corporation Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 31 to 98 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 abovenamed at Penang, this **27th**)
day of **July 2011**.)

Mohd Shahril Fitri Bin Hashim

Before me,

Goh Suan Bee
(No. P125)
Commissioner for Oaths

Independent Auditors' Report

to the Members of SMPC Corporation Bhd. Company No. 79082-V
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **SMPC Corporation Bhd.**, which comprise the statements of financial position as at **31 March 2011** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 98.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2011 and of their financial performance and cash flows for the financial year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the disclosures made in Note 2 and Note 36 to the financial statements. The financial statements of the Group and of the Company have been prepared on a going concern basis as it is the intention of the Company to carry on with the business activities of the Group. However, for the financial year ended 31 March 2011, the Group was still making losses of RM252,965 and had net current liabilities of RM54,120,342. Further, the revised Proposed Restructuring Scheme ("PRS") which was announced on 22 December 2010, has yet to be submitted to the Securities Commission and other relevant authorities. As at the date of this report, the Group's two major creditor banks have given their approval to the proposed debt restructuring.

Independent Auditors' Report

to the Members of SMPC Corporation Bhd. (cont'd)
Company No. 79082-V
(Incorporated in Malaysia)

The going concern of the Company and of the Group is therefore dependent on the approval of the revised PRS by the Company's shareholders, the Securities Commission and other relevant authorities and the successful implementation of the revised PRS and debt restructuring with the Group's two major creditor banks.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,

(b) We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except as disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 39 on page 89 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Grant Thornton
No. AF : 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/12 (J)
Chartered Accountant

Date: 27 July 2011

Penang

Consolidated Statement of Financial Position

as at 31 March 2011

	NOTE	31.3.11 RM	(Restated) 31.3.10 RM	(Restated) 1.4.09 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	91,938,152	94,849,031	98,516,388
Investment properties	5	334,567	334,567	334,567
Goodwill	7	1,875,643	1,875,643	1,875,643
		94,148,362	97,059,241	100,726,598
Current assets				
Inventories	8	26,601,094	27,839,384	21,391,604
Trade receivables	9	25,517,177	24,739,842	25,901,931
Other receivables, deposits and prepayments	10	11,639,139	9,216,356	13,166,917
Tax recoverable		457,023	615,355	1,799,264
Short term investments	12	54,236	49,406	138,403
Fixed deposit with a licensed bank	13	42,000	17,655	17,323
Cash and bank balances	14	9,321,376	6,409,138	4,301,323
		73,632,045	68,887,136	66,716,765
Non-current assets held for sale	15	12,068,914	12,777,762	11,940,463
		85,700,959	81,664,898	78,657,228
TOTAL ASSETS		179,849,321	178,724,139	179,383,826
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	16	64,644,965	64,644,965	64,644,965
Share premium		23,751,705	23,751,705	23,751,705
Reserves	17	5,680,370	6,069,314	5,791,777
Accumulated losses		(61,488,602)	(61,191,490)	(60,771,399)
		32,588,438	33,274,494	33,417,048
Minority interests		904,365	860,218	875,960
Total equity		33,492,803	34,134,712	34,293,008
Non-current liabilities				
Borrowings	18	2,302,132	2,074,535	2,218,921
Deferred tax liabilities	19	4,233,085	3,047,335	2,652,322
		6,535,217	5,121,870	4,871,243
Current liabilities				
Trade payables	20	8,400,704	9,671,226	8,668,750
Other payables and accruals	21	34,786,983	30,192,141	32,170,041
Borrowings	18	96,306,014	99,046,314	98,696,941
Provision for taxation		327,600	557,876	683,843
		139,821,301	139,467,557	140,219,575
Total liabilities		146,356,518	144,589,427	145,090,818
TOTAL EQUITY AND LIABILITIES		179,849,321	178,724,139	179,383,826

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2011

	NOTE	2011 RM	(Restated) 2010 RM
Revenue	22	115,352,632	109,039,079
Other income	23	1,269,245	893,129
Changes in inventories of work in progress, trading inventories and finished goods		764,633	4,185,733
Raw materials and consumables used		(45,756,817)	(47,105,266)
Trading goods purchased		(35,236,621)	(34,100,834)
Employee benefits expenses	24	(10,434,402)	(9,955,764)
Depreciation		(4,890,961)	(5,246,185)
Other expenses		(11,985,112)	(8,752,180)
Operating profit		9,082,597	8,957,712
Finance costs	25	(7,880,205)	(8,117,527)
Profit before taxation	26	1,202,392	840,185
Taxation	27	(1,455,357)	(1,276,018)
Loss for the year		(252,965)	(435,833)
Other comprehensive (loss)/income:			
Foreign currency translation differences for foreign operation		(393,774)	277,537
Fair value adjustment on available-for-sale financial assets		4,830	-
Other comprehensive (loss)/income for the year		(388,944)	277,537
Total comprehensive loss for the year		(641,909)	(158,296)
(Loss)/Profit attributable to:			
Owners of the parent		(297,112)	(420,091)
Minority interests		44,147	(15,742)
		(252,965)	(435,833)
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(686,056)	(142,554)
Minority interests		44,147	(15,742)
		(641,909)	(158,296)
Loss per share attributable to owners of the parent			
- Basic (sen)	28	(0.46)	(0.65)

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 March 2011

	|--- Attributable to Owners of the Parent ---|					Minority Interests	Total Equity
		|-----Non-distributable----|					
	Share Capital RM	Share Premium RM	Reserves RM	Accumulated Losses RM	Total RM	RM	RM
2011							
Balance at beginning	64,644,965	23,751,705	6,069,314	(61,191,490)	33,274,494	860,218	34,134,712
Total comprehensive (loss)/ income for the year	-	-	(388,944)	(297,112)	(686,056)	44,147	(641,909)
Balance at end	64,644,965	23,751,705	5,680,370	(61,488,602)	32,588,438	904,365	33,492,803
2010							
Balance at beginning	64,644,965	23,751,705	5,791,777	(60,771,399)	33,417,048	875,960	34,293,008
Total comprehensive income/ (loss) for the year	-	-	277,537	(420,091)	(142,554)	(15,742)	(158,296)
Balance at end	64,644,965	23,751,705	6,069,314	(61,191,490)	33,274,494	860,218	34,134,712

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,202,392	840,185
Adjustments for:		
Bad debts	20,744	-
Depreciation	4,890,961	5,246,185
Dividend income	(4,680)	(180)
Fair value adjustment of short term investments	-	(11,595)
Gain on disposal of non-current assets held for sale	(62,701)	-
Gain on disposal of property, plant and equipment	(376,731)	(63,231)
Gain on disposal of short term investment	-	(33,111)
Impairment loss on receivables	272,169	-
Interest expense	7,829,812	8,032,965
Interest income	-	(47,237)
Property, plant and equipment written off	21	-
Unrealised loss/(gain) on foreign exchange	5,125	(117,073)
Operating profit before working capital changes	13,777,112	13,846,908
Decrease/(Increase) in inventories	1,238,290	(6,447,780)
(Increase)/Decrease in receivables	(3,570,831)	5,112,650
Increase/(Decrease) in payables	676,456	(7,149,336)
Cash generated from operations	12,121,027	5,362,442
Income tax paid	(452,675)	(530,380)
Income tax refund	111,124	707,317
Interest paid	(5,181,948)	(1,859,053)
Net cash from operating activities	6,597,528	3,680,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	4,680	180
Interest received	-	47,237
Placement of fixed deposit	(42,000)	-
Proceeds from disposal of non-current assets held for sale	771,549	-
Proceeds from disposal of property, plant and equipment	499,704	77,101
Proceeds from disposal of short term investments	-	133,703
* Purchase of property, plant and equipment	(2,735,863)	(1,968,091)
Net cash used in investing activities	(1,501,930)	(1,709,870)
Balance carried forward	5,095,598	1,970,456

Consolidated Statement of Cash Flows
for the financial year ended 31 March 2011 (cont'd)

	2011 RM	2010 RM
Balance brought forward	5,095,598	1,970,456
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of bankers acceptance	(1,890,000)	317,302
Repayment of finance lease	(341,600)	(537,985)
Repayment of term loans	(845,591)	(119,796)
Net cash used in financing activities	(3,077,191)	(340,479)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,018,407	1,629,977
Effects of exchange rate changes	369,013	(184,369)
CASH AND CASH EQUIVALENTS AT BEGINNING	(2,895,096)	(4,340,704)
CASH AND CASH EQUIVALENTS AT END	(507,676)	(2,895,096)
Represented by:		
Fixed deposit with a licensed bank	-	17,655
Cash and bank balances	9,321,376	6,409,138
Bank overdrafts	(9,829,052)	(9,321,889)
	(507,676)	(2,895,096)
* **Purchase of property, plant and equipment**		
Total acquisition cost	2,865,863	1,968,091
Acquired under finance lease	(130,000)	-
Total cash acquisition	2,735,863	1,968,091

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Statement of Financial Position
as at 31 March 2011

	NOTE	31.3.11 RM	(Restated) 31.3.10 RM	(Restated) 1.4.09 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	21,737,647	22,421,866	23,112,867
Investment in subsidiaries	6	23,761,792	23,761,792	28,341,792
		45,499,439	46,183,658	51,454,659
Current assets				
Other receivables, deposits and prepayments	10	2,049,507	1,140,147	1,031,368
Amount due from subsidiaries	11	19,259,767	19,157,565	10,610,743
Tax recoverable		32,565	89,068	279,712
Cash and bank balances	14	50,081	365,860	216,821
		21,391,920	20,752,640	12,138,644
TOTAL ASSETS		66,891,359	66,936,298	63,593,303
EQUITY AND LIABILITIES				
Share capital	16	64,644,965	64,644,965	64,644,965
Share premium		23,751,705	23,751,705	23,751,705
Reserves	17	13,379,344	13,379,344	13,379,344
Accumulated losses		(56,553,828)	(56,543,014)	(52,210,713)
Total equity		45,222,186	45,233,000	49,565,301
Non-current liabilities				
Borrowings	18	611,050	681,417	515,769
Deferred tax liabilities	19	928,451	977,012	1,025,573
		1,539,501	1,658,429	1,541,342
Current liabilities				
Other payables and accruals	21	1,354,714	961,781	862,048
Amount due to subsidiaries	11	18,437,997	18,607,630	10,654,009
Borrowings	18	336,961	475,458	970,603
		20,129,672	20,044,869	12,486,660
Total liabilities		21,669,173	21,703,298	14,028,002
TOTAL EQUITY AND LIABILITIES		66,891,359	66,936,298	63,593,303

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Statement of Comprehensive Income

for the financial year ended 31 March 2011

	NOTE	2011 RM	(Restated) 2010 RM
Revenue	22	3,233,531	3,653,567
Other income	23	226,023	132,070
Employee benefits expenses	24	(1,394,855)	(1,357,553)
Depreciation		(782,635)	(829,277)
Other expenses		(1,337,056)	(5,977,379)
Operating loss		(54,992)	(4,378,572)
Finance cost	25	(4,383)	(13,692)
Loss before taxation	26	(59,375)	(4,392,264)
Taxation	27	48,561	59,963
Net loss, representing total comprehensive loss for the year		(10,814)	(4,332,301)

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Statement of Changes in Equity

for the financial year ended 31 March 2011

	Share Capital RM	|---- Non-distributable ----| Share Premium RM	Reserves RM	Accumulated Losses RM	Total Equity RM
2011					
Balance at beginning	64,644,965	23,751,705	13,379,344	(56,543,014)	45,233,000
Total comprehensive loss for the year	-	-	-	(10,814)	(10,814)
Balance at end	64,644,965	23,751,705	13,379,344	(56,553,828)	45,222,186
2010					
Balance at beginning	64,644,965	23,751,705	13,379,344	(52,210,713)	49,565,301
Total comprehensive loss for the year	-	-	-	(4,332,301)	(4,332,301)
Balance at end	64,644,965	23,751,705	13,379,344	(56,543,014)	45,233,000

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 31 March 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(59,375)	(4,392,264)
Adjustments for:		
Bad debts	8,440	-
Depreciation	782,635	829,277
Gain on disposal of property, plant and equipment	(226,023)	(14,997)
Impairment loss on investment in subsidiaries	-	4,580,000
Interest expense	4,383	13,692
Unrealised loss/(gain) on foreign exchange	5,125	(117,073)
Operating profit before working capital changes	515,185	898,635
Increase in receivables	(995,600)	(108,779)
Increase in payables	392,933	99,733
Cash (used in)/generated from operations	(87,482)	889,589
Interest paid	(4,383)	(13,692)
Income tax refund	56,503	202,046
Net cash (used in)/from operating activities	(35,362)	1,077,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	262,000	15,000
Purchase of property, plant and equipment	(134,393)	(138,279)
Net cash from/(used in) investing activities	127,607	(123,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to subsidiaries	(271,835)	(593,201)
Repayment of finance lease	(136,189)	(212,424)
Net cash used in financing activities	(408,024)	(805,625)
NET (DECREASE)/INCREASE IN CASH	(315,779)	149,039
CASH AT BEGINNING	365,860	216,821
CASH AT END	50,081	365,860

The notes set out on pages 40 to 98 form an integral part of these financial statements.

Notes to the Financial Statements
– 31 March 2011

1. CORPORATE INFORMATION

General

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 July 2011.

Principal Activities

The principal activities of the Company consist of investment holding, letting of industrial and commercial assets and management consultancy. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. GOING CONCERN ASSUMPTION

The financial statements of the Group and of the Company have been prepared on a going concern basis as it is the intention of the Company to carry on with the business activities of the Group. However for the financial year ended 31 March 2011, the Group was still incurring losses of RM252,965 and as at that date, the Group's current liabilities has exceeded its current assets by RM54,120,342. In addition, certain subsidiaries have defaulted on the repayment of certain bank borrowing obligations and the management has negotiated with the banks to restructure the debts. On 1 November 2010, the Group's two major creditor banks have given their approval to the proposed debt restructuring. The Company has yet to submit its revised Proposed Restructuring Scheme to the Securities Commission and other relevant authorities for approval as at the date of this report.

The preparation of the financial statements of the Group and of the Company on a going concern basis is dependent on the approval and successful implementation of the revised PRS and the debt restructuring with the Group's two major creditor banks. The financial statements of the Group and of the Company do not include any adjustment to the amounts and classification of assets and liabilities that may arise should the Group and the Company be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 3.3.

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

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2 **Significant Accounting Estimates and Judgements**

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

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

(a) **Critical judgements made in accounting policies**

The following are the judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

(i) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation or for administrative purposes. If these portions could be sold separately (or lease out separately under finance lease), the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) **Key sources of estimation uncertainty**

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

(i) **Impairment of goodwill**

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill are allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2 **Significant Accounting Estimates and Judgements** (cont'd)

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

(ii) **Impairment of property, plant and equipment**

The Group assesses impairment of the property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for the asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from the asset discounted at an appropriate discount rate.

Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions and other available information.

(iii) **Impairment of investment in subsidiaries**

The Company carries out the impairment test based on the estimate of the higher of value-in-use or the fair value less cost to sell of the cash-generating unit ("CGU") to which the investment in the subsidiaries belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

(iv) **Depreciation of plant and machinery**

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 6 to 20 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) **Deferred tax assets**

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2 **Significant Accounting Estimates and Judgements** (cont'd)

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

(vi) **Impairment of loans and receivables**

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

3.3 **Adoption of New and Revised FRSs**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new and revised FRSs and IC Interpretations mandatory for the reporting period:

(a) **Mandatory for financial periods beginning on or after 1 July 2009**

FRS 8	Operating Segments

(b) **Mandatory for financial periods beginning on or after 1 January 2010**

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 2	Share Based Payment. Amendments relating to vesting conditions and cancellations
Amendments to FRS 132	Financial Instruments: Presentation. Amendments relating to puttable financial instruments and effective date and transition of the classification of compound instrument

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3 **Adoption of New and Revised FRSs** (cont'd)

(b) **Mandatory for financial periods beginning on or after 1 January 2010** (cont'd)

Amendments to FRS 139, FRS 132 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosure and Reassessment of Embedded Derivatives. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives

Improvements to FRSs issued in 2009 and mandatory for annual financial periods beginning on or after 1 January 2010.

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

(c) **Mandatory for financial periods beginning on or after 1 March 2010**

Amendment to FRS 132	Financial Instruments: Presentation. Amendments relating to classification of rights issues

The Group and the Company have adopted FRS 4 Insurance Contract and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions on 1 April 2010, however, they are not relevant to the operations of the Group and of the Company.

Initial application of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial statements of the Group and of the Company except for the following:

FRS 7 Financial Instruments: Disclosures

Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and for the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 March 2011.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3 **Adoption of New and Revised FRSs** (cont'd)

(c) **Mandatory for financial periods beginning on or after 1 March 2010** (cont'd)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

Prior to 1 April 2010, the Group identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Following the adoption of FRS 8, the Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114_{2004}.

FRS 101 Presentation of Financial Statements (Revised)

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

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

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

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

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group and the Company have adopted this as a prospective change in accounting policy.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3 **Adoption of New and Revised FRSs** (cont'd)

(c) **Mandatory for financial periods beginning on or after 1 March 2010** (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions. The details of the changes in accounting policies arising from the adoption of FRS 139 are discussed below:

- Equity instruments:

  Prior to 1 April 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 April 2010 as available-for-sale financial assets. Investment in equity instruments whose fair value cannot be reliably measured continued to be carried at cost less impairment losses.

- Impairment of receivables:

  Prior to 1 April 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that impairment has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

- Financial guarantee contracts:

  During the current period and prior years, the Company provided financial guarantees to banks in connection with bank borrowings granted to its subsidiaries and a third party. Prior to 1 April 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 April 2010.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3 **Adoption of New and Revised FRSs** (cont'd)

(c) **Mandatory for financial periods beginning on or after 1 March 2010** (cont'd)

Improvements to FRSs 2009

The adoption of Improvements to FRSs issued in 2009 and mandatory for annual financial periods beginning on or after 1 April 2010 will have the following impact on the financial statements:

- Amendment to FRS 117 Leases:

  The amendment clarifies the classification of lease of land and requires entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

  The effects of adoption on the financial statements are shown in Note 38 to the financial statements.

3.4 **Standards Issued But Not Yet Effective**

The following are Standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and by the Company:

(a) **Effective for financial periods beginning on or after 1 July 2010**

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 July 2010.

(b) **Effective for financial periods beginning on or after 1 January 2011**

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters. Amendment relating to transition provisions for first-time adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters. Amendment relating to transition provision for first-time adopters in the industry of oil and gas

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.4 **Standards Issued But Not Yet Effective** (cont'd)

(b) **Effective for financial periods beginning on or after 1 January 2011** (cont'd)

Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions. Amendments relating to the scope and accounting for group cash-settled share-based payments transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurement using fair value hierarchy and disclosure of liquidity risk
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers *

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 January 2011.

* During the reporting period, MASB approved and issued IC Interpretation 18 – Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

(c) **Effective for financial periods beginning on or after 1 July 2011**

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Amendment relating to the treatment of prepayments of future contributions when there is a minimum funding requirement

(d) **Effective for financial periods beginning on or after 1 January 2012**

IC Interpretation 15	Agreements for the Construction of Real Estate
FRS 124	Related Party Disclosures (Revised)

The existing FRS 1, FRS 3, FRS 127 and FRS 124 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 201_{2004}. IC Interpretation 8 and IC Interpretation 11 will be withdrawn upon the application of Amendments to FRS 2 - Group Cash-settled Share-based Payment Transactions. IC Interpretation 12 is not expected to be relevant to the operations of the Group.

The directors anticipate that the adoption of these new/revised FRSs, amendments to FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following:

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.4 **Standards Issued But Not Yet Effective** (cont'd)

FRS 3 Business Combination (Revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The revised standard requires losses to be allocated to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

3.5 **Subsidiaries and Basis of Consolidation**

Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

Upon the disposal of investment in subsidiaries, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the reporting period.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.5 **Subsidiaries and Basis of Consolidation** (cont'd)

Basis of Consolidation (cont'd)

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition and up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the statement of financial position.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the acquisition fair values of the identifiable assets and liabilities of the acquiree company. Separate disclosure is made of minority interest.

3.6 **Property, Plant and Equipment**

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

Subsequent to recognition, property, plant and equipment except for the freehold land are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

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

Certain freehold land and buildings of the Group have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluation of such assets and no later valuation has been recorded. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised) : Property, Plant and Equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.6 **Property, Plant and Equipment** (cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Long leasehold land	Amortised over lease period of 60 to 99 years
Buildings	2%
Plant and machinery	5% to 15%
Fittings, equipment, office equipment, motor vehicles and renovation	2% to 33%

Freehold land is not depreciated as it has an infinite life.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.7 **Goodwill**

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

3.8 **Investment Properties**

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Such properties are measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not amortised as it has an infinite life.

Upon the disposal of an item of investment properties, the difference between the net disposal proceeds and the carrying amount is included in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.9 **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Operating Leases

An operating lease is a lease other than finance lease.

Operating lease income or operating lease rental are credited or charged to profit or loss on a straight line basis over the period of the lease.

Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the leasee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

3.10 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.11 **Financial Assets**

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables and available-for-sale financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

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

(a) **Loans and receivables**

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

(b) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities, debentures and equity instruments.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit and loss. When the assets is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.11 **Financial Assets** (cont'd)

(b) **Available-for-sale financial assets** (cont'd)

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividend on an available-for-sale equity are recognised in profit or loss when the Group's right to receive payment is established.

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

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

3.12 **Impairment of Financial Assets**

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

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

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

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

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.12 **Impairment of Financial Assets** (cont'd)

(b) **Available-for-sale financial assets**

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

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

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

3.13 **Inventories**

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

Cost of trading inventories of building materials, hardware items and scrap materials is determined using the weighted average basis. Cost of other inventories is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

3.14 **Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value against which bank overdraft balances, if any, are deducted.

3.15 **Non-current Assets Held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.16 **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period 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.

3.17 **Financial Liabilities**

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classified their financial liabilities as other financial liabilities.

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

Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

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

3.18 **Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.19 **Revenue Recognition**

(i) **Sale of goods**
Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) **Rental income**
Rental income is recognised on a straight-line basis over the term of the lease.

(iii) **Interest income**
Interest income is recognised on an accrual basis using the effective interest method.

(iv) **Management consultancy fees**
Management consultancy fees are recognised when services are rendered.

(v) **Dividend income**
Dividend income is recognised when the right to receive payment is established.

3.20 **Employee Benefits**

Short term benefits
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. 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.

Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

Defined benefit plans
The Group also has an unfunded non-contributory defined contribution retirement plan for eligible employees. Provision for retirement benefit is computed at half a month's salary for each year of service for the first seven years of service. Upon completion of seven years of service by an employee, the Group makes a contribution of this provision to EPF and thereafter provides for retirement benefits annually based on a certain percentage of annual salaries of the employees.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.20 **Employee Benefits** (cont'd)

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal of providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

3.21 **Income Tax**

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

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

3.22 **Foreign Currency Translations**

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Foreign Currency Translations (cont'd)

The financial statements of the foreign subsidiary are translated into Ringgit Malaysia at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange for the reporting period, for income and expenses. Exchange differences due to such currency translations are taken directly to foreign currency translation reserve.

3.23 Share Capital and Share Issuance Expenses

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

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

3.24 Segment Reporting

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.25 Contingencies

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

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

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At Valuation			At Cost					
	Long leasehold land RM	Leasehold building RM	Freehold land and buildings RM	Long leasehold land RM	Buildings RM	Plant and machinery RM	Fittings, equipment office equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
At cost/valuation									
At 1 April 2009	-	10,250,019	44,220,906	-	13,317,706	62,104,592	16,075,219	7,800,877	153,769,319
Effect of adopting the amendment to FRS 117	2,100,000	-	-	8,209,804	-	-	-	-	10,309,804
At 1 April 2009, restated	2,100,000	10,250,019	44,220,906	8,209,804	13,317,706	62,104,592	16,075,219	7,800,877	164,079,123
Additions	-	-	-	-	239,746	792,106	104,220	832,019	1,968,091
Disposals	-	-	-	-	-	(306,300)	(597,417)	-	(903,717)
Reclassified to non-current assets held for sale	-	-	-	-	(1,515,009)	-	-	-	(1,515,009)
Reclassification	-	-	-	-	4,918,823	979,980	1,079,649	(6,978,452)	-
Exchange differences	-	-	-	-	41,862	187,556	6,057	278,052	513,527
At 31 March 2010, restated/At 1 April 2010	2,100,000	10,250,019	44,220,906	8,209,804	17,003,128	63,757,934	16,667,728	1,932,496	164,142,015
Additions	-	-	-	-	1,408,385	673,512	374,503	409,463	2,865,863
Disposals	-	-	-	-	-	(308,054)	(1,862,646)	-	(2,170,700)
Written off	-	-	-	-	-	-	(264,496)	-	(264,496)
Reclassification	-	-	-	-	-	137,321	-	(137,321)	-
Exchange differences	-	-	-	-	(431,205)	(412,277)	(23,418)	(11,496)	(878,396)
At 31 March 2011	2,100,000	10,250,019	44,220,906	8,209,804	17,980,308	63,848,436	14,891,671	2,193,142	163,694,286

4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

GROUP

	At Valuation			At Cost					
	Long leasehold land RM	Leasehold building RM	Freehold land and buildings RM	Long leasehold land RM	Buildings RM	Plant and machinery RM	Fittings, equipment office equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
Accumulated depreciation									
At 1 April 2009	-	1,554,032	5,671,719	-	2,727,785	38,514,895	13,624,437	-	62,092,868
Effect of adopting the amendment to FRS 117	80,566	-	-	3,389,301	-	-	-	-	3,469,867
At 1 April 2009, restated	80,566	1,554,032	5,671,719	3,389,301	2,727,785	38,514,895	13,624,437	-	65,562,735
Current charge	16,925	205,000	769,281	136,281	308,625	3,062,910	747,163	-	5,246,185
Disposals	-	-	-	-	-	(293,298)	(596,549)	-	(889,847)
Reclassified to non-current assets held for sale	-	-	-	-	(677,710)	-	-	-	(677,710)
Reclassification	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	7,381	40,144	4,096	-	51,621
At 31 March 2010, restated/At 1 April 2010	97,491	1,759,032	6,441,000	3,525,582	2,366,081	41,324,651	13,779,147	-	69,292,984
Current charge	26,211	205,000	742,736	136,281	440,730	2,620,483	719,520	-	4,890,961
Disposals	-	-	-	-	-	(282,786)	(1,764,941)	-	(2,047,727)
Written off	-	-	-	-	-	-	(264,475)	-	(264,475)
Reclassification	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	(16,904)	(90,502)	(8,203)	-	(115,609)
At 31 March 2011	123,702	1,964,032	7,183,736	3,661,863	2,789,907	43,571,846	12,461,048	-	71,756,134
Carrying amount									
At 31 March 2010	2,002,509	8,490,987	37,779,906	4,684,222	14,637,047	22,433,283	2,888,581	1,932,496	94,849,031
At 31 March 2011	1,976,298	8,285,987	37,037,170	4,547,941	15,190,401	20,276,590	2,430,623	2,193,142	91,938,152

4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

COMPANY

	At Valuation	At Cost					
	Leasehold buildings RM	**Long leasehold land RM**	**Buildings RM**	**Fittings, equipment, and office equipment RM**	**Motor vehicles RM**	**Capital expenditure in progress RM**	**Total RM**
At cost/valuation							
At 1 April 2010	10,250,019	-	8,130,805	4,200,699	2,348,918	3,045,390	27,975,831
Effect of adopting the amendment to FRS 117	-	8,209,804	-	-	-	-	8,209,804
At 1 April 2009, restated	10,250,019	8,209,804	8,130,805	4,200,699	2,348,918	3,045,390	36,185,635
Additions	-	-	-	7,015	-	131,264	138,279
Disposals	-	-	-	-	(210,120)	-	(210,120)
Reclassification	-	-	3,176,654	-	-	(3,176,654)	-
At 31 March 2010, restated/At 1 April 2010	10,250,019	8,209,804	11,307,459	4,207,714	2,138,798	-	36,113,794
Additions	-	-	89,365	45,028	-	-	134,393
Disposals	-	-	-	(345,236)	(739,626)	-	(1,084,862)
At 31 March 2011	10,250,019	8,209,804	11,396,824	3,907,506	1,399,172	-	35,163,325
Accumulated depreciation							
At 1 April 2010	1,554,032	-	2,239,753	3,942,148	1,947,534	-	9,683,467
Effect of adopting the amendment to FRS 117	-	3,389,301	-	-	-	-	3,389,301
At 1 April 2009, restated	1,554,032	3,389,301	2,239,753	3,942,148	1,947,534	-	13,072,768
Current charge	205,000	136,281	195,580	58,200	234,216	-	829,277
Disposals	-	-	-	-	(210,117)	-	(210,117)
At 31 March 2010, restated/At 1 April 2010	1,759,032	3,525,582	2,435,333	4,000,348	1,971,633	-	13,691,928
Current charge	205,000	136,281	253,819	61,132	126,403	-	782,635
Disposals	-	-	-	(345,235)	(703,650)	-	(1,048,885)
At 31 March 2011	1,964,032	3,661,863	2,689,152	3,716,245	1,394,386	-	13,425,678
Carrying amount							
At 31 March 2010	8,490,987	4,684,222	8,872,126	207,366	167,165	-	22,421,866
At 31 March 2011	8,285,987	4,547,941	8,707,672	191,261	4,786	-	21,737,647

4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

(i) Certain freehold land, long leasehold land and buildings of the Group and of the Company were last revalued in year 1994 by an independent professional valuer based on the open market value basis.

The historical costs of the properties stated at valuation are as follows:

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Freehold land	4,865,381	4,865,381	-	-
Long leasehold land	272,109	276,788	-	-
Leasehold buildings	3,812,053	3,959,036	3,812,053	3,959,036
	8,949,543	9,101,205	3,812,053	3,959,036

(ii) The freehold land, long leasehold land and buildings of the Group and of the Company are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

(iii) The carrying amount of property, plant and equipment acquired under finance lease are as follows:

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Plant and machinery	-	424,972	-	-
Motor vehicles	187,857	284,570	4,782	167,158
	187,857	709,542	4,782	167,158

The leased assets are pledged as security for the related finance lease liabilities (Note 18).

5. **INVESTMENT PROPERTIES**

	GROUP	
	2011 RM	**2010 RM**
Freehold land, at valuation	334,567	334,567

The freehold land is held to earn rental income and is pledged to licensed banks for banking facilities granted to a subsidiary.

The freehold land was revalued in 1994 by a professional valuer using the open market value basis.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost	78,013,643	78,013,643
Less: Impairment loss		
Balance at beginning	54,251,851	49,671,851
Additional impairment	-	4,580,000
Balance at end	(54,251,851)	(54,251,851)
	23,761,792	23,761,792

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest 2011	Effective Equity Interest 2010	Principal Activities
Direct				
SMPC Industries Sdn. Bhd. *	Malaysia	100%	100%	Metal sheet and coil processing centre with main services in shearing and reshearing.
SMPC Marketing Sdn. Bhd.	Malaysia	100%	100%	Trading in steel furniture.
Edit Systems (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	Malaysia	100%	100%	Drawing, straightening and cutting of iron rods and wire related products. The company has temporarily ceased its operations.
Duro Metal Industrial (M) Sdn. Bhd. *	Malaysia	100%	100%	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services.
SMPC Industries (India) Private Limited #	India	74%	74%	Manufacturing of steel products.
Park Avenue Construction Sdn. Bhd.	Malaysia	100%	100%	Dormant.
SMPC Dexon Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and trading of steel and other types of furniture and the provision of related services.

6. **INVESTMENT IN SUBSIDIARIES** (cont'd)

Name of Company	Place of Incorporation	Effective Equity Interest 2011	2010	Principal Activities
Direct				
Metal Perforators (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of perforated metals, cable support systems and screen plates.
SMPC Steel Mill Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Indirect - held through SMPC Marketing Sdn. Bhd.				
Progerex Sdn. Bhd. *	Malaysia	100%	100%	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.				
Duro Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Duro Structural Products (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.

* The auditors' report of these subsidiaries have been modified with an emphasis of matter on the going concerns of these companies which is dependent on the holding company obtaining approval to its revised proposed restructuring scheme.

\# Not audited by Grant Thornton.

7. **GOODWILL**

	GROUP 2011 RM	2010 RM
At cost:		
Balance at beginning/end	1,875,643	1,875,643

7. **GOODWILL** (cont'd)

Impairment tests for goodwill

(a) **Allocation of goodwill**

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to business operations as follows:

	2011 RM	2010 RM
Manufacturing of steel roofing and related products	957,154	957,154
Manufacturing of perforated materials	918,489	918,489
	1,875,643	1,875,643

(b) **Key assumptions used in value-in-use calculations**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of not more than 10 years. Key assumptions and management's approach to determine the values assigned to each key assumptions are as follow:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year revised for expected demand of their products.

(ii) Growth rate

The average growth rates used are based on management's estimate of average growth rate based on the past and current trends of the industry.

(iii) Discount rate

The discount rate used is pre-tax and reflect specific risks relating to the relevant business operations.

(c) **Sensitivity to changes in assumptions**

With regards to the assessment of value-in-use of all CGUs, management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

8. INVENTORIES

	GROUP 2011 RM	GROUP 2010 RM
At cost:		
Raw materials	8,368,093	11,092,075
Work-in-progress	40,107	788,234
Finished goods	2,905,579	3,187,292
Trading goods	15,199,357	12,375,940
Consumables	87,958	156,956
	26,601,094	27,600,497
At net realisable value:		
Raw materials	-	238,887
	26,601,094	27,839,384
Analysis by currencies:		
Ringgit Malaysia	26,518,526	27,811,611
Indian Rupee	82,568	27,773
	26,601,094	27,839,384

9. TRADE RECEIVABLES

	GROUP 2011 RM	GROUP 2010 RM
Trade receivables	26,150,105	25,273,947
Less: Allowance for impairment		
Balance at beginning	534,105	540,441
Charge for the financial year	186,236	-
Impairment loss recovered	(87,413)	(6,336)
Balance at end	(632,928)	(534,105)
	25,517,177	24,739,842
Analysis by currencies:		
Ringgit Malaysia	23,492,722	22,048,005
Singapore Dollar	53,812	58,905
US Dollar	2,191,722	2,596,224
Euro	38,488	38,488
Australian Dollar	27,256	76,032
Indian Rupee	346,105	456,293
	26,150,105	25,273,947

The trade receivables are non-interest bearing and are generally on **14 to 90** days (2010 : 14 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables				
Total amount	8,956,021	6,689,731	687,973	64,028
Less: Allowance for impairment	(85,933)	-	-	-
	8,870,088	6,689,731	687,973	64,028
Deposits	1,378,514	895,756	318,671	426,700
Prepayments	1,390,537	1,630,869	1,042,863	649,419
	11,639,139	9,216,356	2,049,507	1,140,147
Analysis by currencies:				
Ringgit Malaysia	8,732,434	8,259,889	1,747,000	759,847
US Dollar	302,500	380,300	302,500	380,300
Indian Rupee	2,690,138	576,167	-	-
	11,725,072	9,216,356	2,049,507	1,140,147

(i) Included in other receivables of the Group are the following:

(a) An amount of **RM2,610,057** (2010: RM2,610,057) due from a buyer of a subsidiary's plant and machinery.

(b) An amount of **RM2,700,000** (2010: RM2,700,000) arising from a proposed joint venture between a subsidiary and High Q Pack Industries Co. Ltd. ("HQPI"). On 3 March 2007, the Company had entered into a Shareholders' Agreement with HQPI for the purpose of setting up a new company under the name of Thai Strapping Ltd. ("TSL") as the joint venture vehicle to undertake the manufacturing and sale of metal/steel strapping and steel component activities in Thailand.

It is agreed that the subsidiary will transfer plant and machinery into TSL up to the value of RM2,700,000 (THB27,000,000) in consideration for the allotment of 2,700,000 shares by TSL to the subsidiary. Subsequent to this allotment, the equity participation in TSL shall be 50% from the subsidiary and 50% from HQPI.

As at the date of this report, the said plant and machinery have been transferred to TSL, pending the approval of allotment of shares by the relevant authorities in Thailand.

Upon the approval from the relevant authorities, this transaction will be treated as investment in an associate.

(ii) Included in the deposits of the Group and of the Company is a deposit amounting to **RM302,500** (2010: RM380,300) held by a lender as security for a term loan.

11. **AMOUNT DUE FROM/TO SUBSIDIARIES**

COMPANY

The amount due from/to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

12. **SHORT TERM INVESTMENTS**

	Quoted in Malaysia RM	Fair value adjustment RM	Carrying amount RM
GROUP			
2011			
Available-for-sale financial assets:			
Shares	42,200	3,960	46,160
Unit trusts	7,206	870	8,076
	49,406	4,830	54,236
Market value:			
Shares			46,160
Unit trusts			8,076
			54,236

	Quoted in Malaysia RM
2010	
Shares, at cost	46,000
Unit trusts, at cost	15,000
	61,000
Less: Allowance for diminution in value	
Balance at beginning	23,189
Current year	(11,595)
Balance at end	(11,594)
	49,406
Market value:	
Shares	42,200
Unit trusts	7,206
	49,406

12. **SHORT TERM INVESTMENTS** (cont'd)

The comparative figure as at 31 March 2010 has not been presented based on the new categorisation of financial assets resulting from the adoption of FRS139 by virtue of exemption given in Paragraph 44AA of FRS7.

Prior to 1 April 2010, the Group classified its investments in quoted shares and unit trusts as current investment which were carried at cost less allowance for diminution in value. With the adoption of FRS139, these investments are now classified as financial assets available-for-sale and measured at fair value.

13. **FIXED DEPOSIT WITH A LICENSED BANK**

GROUP

The fixed deposit is registered under the name of a director of the Company and is pledged to a licensed bank as security for bank guarantee facility granted to a subsidiary.

The effective interest rate and maturity of the fixed deposit as at the end of the reporting period is **3.00%** (2010: 2.20%) per annum and **12 months** (2010: 1 month) respectively.

14. **CASH AND BANK BALANCES**

	GROUP		**COMPANY**	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Analysis by currencies:				
Ringgit Malaysia	9,251,030	6,403,361	50,081	365,860
Indian Rupee	70,346	5,777	-	-
	9,321,376	6,409,138	50,081	365,860

15. **NON-CURRENT ASSETS HELD FOR SALE**

	GROUP	
	2011 RM	**2010 RM**
Freehold land and buildings, at cost		
Balance at beginning	12,777,762	11,940,463
Additions	128,451	-
Reclassified from property, plant and equipment	-	837,299
Disposals	(837,299)	-
Balance at end	12,068,914	12,777,762

The freehold land and buildings are pledged to licensed banks for banking facilities granted to certain subsidiaries.

15. NON-CURRENT ASSETS HELD FOR SALE (cont'd)

On 28 September 2007, a subsidiary has entered into a sales and purchase agreement ("SPA") with a third party for the sale of its freehold land and buildings. The completion of the agreement is subject to the conversion of the land from commercial status to residential status. The Company has submitted the conversion of the land and is awaiting the approval from land office.

As at the date of this report, the application for the conversion is still pending the approval from the land office. On 27 September 2010, the subsidiary and the purchaser have agreed to extend the completion of the SPA for a further six months period from 27 September 2010 to 26 March 2011, via a Fourth Supplemental Agreement.

In furtherance to the Fourth Supplemental Agreement, the subsidiary has entered into a Fifth Supplemental Agreement on 29 March 2011 for waiver of two Conditions Precedent to the Principal Agreement dated 28 September 2007.

16. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	64,644,965	64,644,965	64,644,965	64,644,965

17. RESERVES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Capital reserve				
Balance at beginning/end	-	-	7,445,000	7,445,000
Asset revaluation reserve				
Balance at beginning/end	6,009,053	6,009,053	5,934,344	5,934,344
Foreign currency translation reserve				
Balance at beginning	60,261	(217,276)	-	-
Current year	(393,774)	277,537	-	-
Balance at end	(333,513)	60,261	-	-
Fair value adjustments reserve				
Current year/Balance at end	4,830	-	-	-
	5,680,370	6,069,314	13,379,344	13,379,344

18. BORROWINGS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-current liabilities				
Finance lease liabilities	97,521	73,116	-	22,392
Term loans	2,204,611	2,001,419	611,050	659,025
	2,302,132	2,074,535	611,050	681,417
Current liabilities				
Bank overdrafts	9,829,052	9,321,889	-	-
Bankers acceptance	33,131,000	36,409,302	-	-
Revolving credits	12,250,000	12,250,000	-	-
Trust receipts	129,350	129,350	-	-
Finance lease liabilities	87,944	323,949	22,361	136,158
* Term loans	40,878,668	40,611,824	314,600	339,300
	96,306,014	99,046,314	336,961	475,458

* Included in the term loans is a loan of RM2,148,000 converted from bankers acceptance arising from restructuring of the bank facility of a subsidiary during the financial year.

The term loan of RM1,258,000 is repayable as follows:

Instalments Principal Repayment	Monthly Principal Repayment RM	Total RM
1st to 12th	25,000	300,000
13th to 36th	29,000	696,000
37th to 59th	11,000	253,000
60th	9,000	9,000
		1,258,000

In prior years, the Group had defaulted on the repayment of certain bank borrowings (principals and interest) amounting to RM85,164,139, as such the balance outstanding was classified as current liabilities. On 1 November 2010, the Group has obtained approval from the two major creditor banks to its proposed debt restructuring. The debt restructuring will be implemented upon the approval of its revised Proposed Restructuring Scheme by the relevant authorities.

The borrowings (except for finance lease liabilities) of the Group are secured by way of:

(i) Legal charges and deed of assignment over freehold land, leasehold land and buildings of the Company and subsidiaries,
(ii) Negative pledge on assets of the Company and certain subsidiaries,
(iii) Deposit of RM302,500 held in trust by a lender,
(iv) Corporate guarantee of the Company and its subsidiaries, and
(v) Pledge of fixed deposit.

18. **BORROWINGS** (cont'd)

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2011					
Bank overdrafts	7.30 to 8.00	9,829,052	9,829,052	-	-
Bankers acceptance	3.00 to 7.80	33,131,000	33,131,000	-	-
Revolving credits	8.00 to 8.50	12,250,000	12,250,000	-	-
Trust receipts	3.00	129,350	129,350	-	-
Finance lease liabilities	2.33 to 4.10	185,465	87,944	34,285	63,236
Term loans	1.79 to 9.05	43,083,279	40,878,668	1,417,553	787,058
2010					
Bank overdrafts	7.05 to 8.50	9,321,889	9,321,889	-	-
Bankers acceptance	2.22 to 6.80	36,409,302	36,409,302	-	-
Revolving credits	8.00 to 8.50	12,250,000	12,250,000	-	-
Trust receipts	3.00	129,350	129,350	-	-
Finance lease liabilities	2.23 to 4.50	397,065	323,949	63,889	9,227
Term loans	1.84 to 9.05	42,613,243	40,611,824	1,681,694	319,725
COMPANY					
2011					
Finance lease liabilities	2.55 to 4.10	22,361	22,361	-	-
Term loans	1.79	925,650	314,600	314,600	296,450
2010					
Finance lease liabilities	2.50 to 4.10	158,550	136,158	22,392	-
Term loans	1.84	998,325	339,300	339,300	319,725

19. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Revaluation surplus				
Balance at beginning	2,681,255	2,774,267	1,297,012	1,345,573
Transfer to profit or loss	(93,012)	(93,012)	(48,561)	(48,561)
Balance at end	2,588,243	2,681,255	1,248,451	1,297,012
Excess of capital allowances over depreciation on property, plant and equipment				
Balance at beginning	366,080	(121,945)	(320,000)	(320,000)
Transfer from profit or loss	693,131	155,389	-	-
Exchange difference	(51,214)	-	-	-
	1,007,997	33,444	(320,000)	(320,000)
Under provision in prior year	636,845	332,636	-	-
Balance at end	1,644,842	366,080	(320,000)	(320,000)
	4,233,085	3,047,335	928,451	977,012

The deferred tax (assets)/liabilities are represented by temporary differences arising from:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Revaluation surplus	2,588,243	2,681,255	1,248,451	1,297,012
Property, plant and equipment	2,740,842	686,080	-	-
Unabsorbed tax losses	(126,000)	-	-	-
Unabsorbed capital allowances	(476,000)	(320,000)	(320,000)	(320,000)
Unabsorbed allowance for increase in export	(494,000)	-	-	-
	4,233,085	3,047,335	928,451	977,012

20. TRADE PAYABLES

	GROUP	
	2011 RM	2010 RM
Analysis by currencies:		
Ringgit Malaysia	6,733,169	9,519,271
Indian Rupee	1,667,535	151,955
	8,400,704	9,671,226

The trade payables are non-interest bearing and are normally settled on **14 to 90** days (2010: 14 to 90 days) credit terms.

21. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
* Other payables	16,945,353	16,774,653	339,960	227,036
Accruals	16,310,283	12,502,104	338,443	169,442
Prepayment and deposits received for letting of properties	1,531,347	915,384	676,311	565,303
	34,786,983	30,192,141	1,354,714	961,781
Analysis by currencies:				
Ringgit Malaysia	34,303,473	30,075,711	1,354,714	961,781
Indian Rupee	478,753	116,430	-	-
US Dollar	4,757	-	-	-
	34,786,983	30,192,141	1,354,714	961,781

GROUP

* Included in other payables is an amount of **RM13,776,557** (2010: RM13,776,557) secured by corporate guarantee given by the Company and a debenture on the fixed and floating charge over the present and future assets of a subsidiary.

22. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods	113,609,101	107,185,512	-	-
Rental of industrial and commercial assets	1,743,531	1,853,567	1,793,531	1,973,567
Management fee from subsidiaries	-	-	1,440,000	1,680,000
	115,352,632	109,039,079	3,233,531	3,653,567

23. OTHER INCOME

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Adjustment to fair value of short term investments	-	13,360	-	-
Bad debts recovered	523,250	-	-	-
Gain on disposal of non-current assets held for sale	62,701	-	-	-
Gain on disposal of property, plant and equipment	376,731	63,231	226,023	14,997
Gain on disposal of short term investments	-	33,111	-	-
Gross dividend from investments quoted in Malaysia	4,680	180	-	-
Impairment loss on trade receivables recovered	87,413	6,336	-	-
Interest income	-	47,237	-	-
Realised gain on foreign exchange	80,259	18,445	-	-
Rental receivable from operating leases	60,348	203,845	-	-
Scrap sales	20,091	385,026	-	-
Unrealised gain on foreign exchange	-	117,073	-	117,073
Miscellaneous	53,772	5,285	-	-
	1,269,245	893,129	226,023	132,070

24. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries	9,023,205	8,608,236	1,183,363	1,129,764
EPF	725,232	715,590	96,240	122,951
SOCSO	84,759	77,158	9,725	9,504
Other benefits	601,206	554,780	105,527	95,334
	10,434,402	9,955,764	1,394,855	1,357,553

Directors' emoluments

Included in the employee benefits expenses of the Group and of the Company are executive directors' emoluments amounting to **RM1,080,593** (2010: RM1,085,180) and **RM227,770** (2010: RM383,040) respectively. The breakdown is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive directors of the Company:				
- Salaries and allowance	807,250	798,000	225,250	342,000
- EPF	72,360	95,760	2,520	41,040
	879,610	893,760	227,770	383,040
Executive directors of the subsidiaries:				
- Salaries and allowance	182,263	172,700	-	-
- EPF	18,720	18,720	-	-
	200,983	191,420	-	-
	1,080,593	1,085,180	227,770	383,040
Non-executive directors of the Company:				
- Allowance	184,500	-	184,500	-
- Directors' fee	135,000	132,000	135,000	132,000
Non-executive directors' remuneration (Note 26)	319,500	132,000	319,500	132,000
	1,400,093	1,217,180	547,270	515,040
Represented by:				
- Present directors	1,376,573	1,116,380	523,750	414,240
- Past director	23,520	100,800	23,520	100,800
	1,400,093	1,217,180	547,270	515,040

25. **FINANCE COSTS**

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
- Borrowings and payables	7,812,904	7,975,429	-	-
- Finance lease	16,908	57,536	4,383	13,692
	7,829,812	8,032,965	4,383	13,692
Bank charges	50,393	90,094	-	-
Others	-	(5,532)	-	-
	7,880,205	8,117,527	4,383	13,692

26. **PROFIT/(LOSS) BEFORE TAXATION**

This is arrived at:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
After charging:				
Adjustment to fair value of short term investments	-	1,765	-	-
Audit fee				
- current year	105,556	86,250	21,000	18,000
- (over)/under provision in prior years	(2,000)	42,000	-	-
Bad debts	20,744	-	8,440	-
Impairment loss on investment in subsidiaries	-	-	-	4,580,000
Impairment loss on receivables	272,169	-	-	-
Non-executive directors' remunerations (Note 24)	319,500	132,000	319,500	132,000
Property, plant and equipment written off	21	-	-	-
Realised loss on foreign exchange	-	2,358	-	-
Rental of bin and equipment	3,600	30,750	-	-
Rental of premises	601,283	394,500	88,000	15,500
Rental of plant and machinery	13,638	51,000	-	-
Unrealised loss on foreign exchange	5,125	-	5,125	-

26. **PROFIT/(LOSS) BEFORE TAXATION** (cont'd)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
And crediting:				
Adjustment to fair value of short term investments	-	13,360	-	-
Bad debts recovered	523,250	-	-	-
Gain on disposal of non-current assets held for sale	62,701	-	-	-
Gain on disposal of property, plant and equipment	376,731	63,231	226,023	14,997
Gain on disposal of short term investments	-	33,111	-	-
Gross dividend from investments quoted in Malaysia	4,680	180	-	-
Impairment loss on trade receivables recovered	87,413	6,336	-	-
Interest income	-	47,237	-	-
Realised gain on foreign exchange	80,259	18,445	-	-
Rental income	1,803,879	2,057,412	1,793,531	1,973,567
Unrealised gain on foreign exchange	-	117,073	-	117,703

27. **TAXATION**

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(375,481)	(323,000)	-	-
- Deferred tax relating to origination and reversal of temporary differences	(600,119)	(62,377)	48,561	48,561
	(975,600)	(385,377)	48,561	48,561
(Under)/Over provision in prior years				
- Current tax	157,088	(558,005)	-	11,402
- Deferred tax	(636,845)	(332,636)	-	-
	(479,757)	(890,641)	-	11,402
	(1,455,357)	(1,276,018)	48,561	59,963

27. **TAXATION** (cont'd)

The reconciliation of income tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) before taxation	1,202,392	840,185	(59,375)	(4,392,264)
Income tax at Malaysian statutory tax rate of 25%	(300,598)	(210,046)	14,844	1,098,066
Tax rates differences in foreign jurisdiction	(10,641)	(8,079)	-	-
Income not subject to tax	194,995	101,485	27,494	29,268
Expenses not deductible for tax purposes	(1,862,821)	(2,338,362)	(140,049)	(1,315,880)
Utilisation of unabsorbed tax losses and capital allowances	456,158	2,231,706	74,158	-
Deferred tax movements not recognised	454,295	(255,093)	23,553	188,546
Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
	(975,600)	(385,377)	48,561	48,561
(Under)/Over provision in prior years	(479,757)	(890,641)	-	11,402
	(1,455,357)	(1,276,018)	48,561	59,963

The amount and future availability of unabsorbed tax losses and allowances of the Group and of the Company which are available to be carried forward for set off against future taxable income are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Unabsorbed tax losses	72,625,000	74,993,000	524,000	753,000
Unabsorbed capital allowances	10,270,000	13,741,000	3,849,000	3,916,000
Unabsorbed reinvestment allowance	25,645,000	25,821,000	-	-
Unabsorbed allowance for increase in exports	5,474,000	5,474,000	-	-

27. **TAXATION** (cont'd)

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from:

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Excess of capital allowances over depreciation of property, plant and equipment	4,350,000	4,355,000	1,013,000	989,000
Unabsorbed tax losses	(18,030,000)	(18,103,000)	(131,000)	(188,000)
Unabsorbed capital allowances	(2,092,000)	(2,935,000)	(962,000)	(979,000)
Unabsorbed reinvestment allowance	(6,411,000)	(6,411,000)	-	-
Unabsorbed allowance for increase in exports	(874,000)	(874,000)	-	-
	(23,057,000)	(23,968,000)	(80,000)	(178,000)

28. **LOSS PER SHARE**

GROUP

Basic loss per share of the Group is calculated by dividing the loss attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares as follow :

	2011	**2010**
Loss attributable to owners of the parent (RM)	(297,112)	(420,091)
Number of shares in issue	64,644,965	64,644,965
Basic loss per share for the year (sen)	(0.46)	(0.65)

The effect on the basic loss per share arising from the assumed conversion of the warrants and options over shares are anti-dilutive. Accordingly, the diluted loss per share is presented as equal to basic loss per share.

29. SEGMENTAL INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main business segments:

(i)	Manufacturing	Manufacturing of metal related products,
(ii)	Trading	Trading, shredding and processing of metal related products, and
(iii)	Others	Letting of industrial and commercial assets and provision of management consultancy and corporate services.

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 not materially different from that obtainable in transactions with unrelated parties.

29. **SEGMENTAL INFORMATION** (cont'd)

(b) **Business segments** (cont'd)

By business segments

2011

	Manufacturing RM	Trading RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	65,398,209	48,210,892	1,743,531	-	115,352,632
Inter-segment sales	1,465,811	117,487	1,490,000	(3,073,298)	-
Total revenue	66,864,020	48,328,379	3,233,531	(3,073,298)	115,352,632
Results					
Segment results	5,010,936	4,194,186	(122,525)	-	9,082,597
Finance costs					(7,880,205)
Taxation					(1,455,357)
Loss for the year					(252,965)
Assets					
Segment assets	97,128,439	56,129,435	26,134,424	-	179,392,298
Unallocated assets					457,023
Total assets					179,849,321
Liabilities					
Segment liabilities	14,474,817	125,007,691	2,313,325	-	141,795,833
Unallocated liabilities					4,560,685
Total liabilities					146,356,518
Other segment information					
Capital expenditure	1,882,128	849,342	134,393	-	2,865,863
Depreciation	3,093,925	915,866	881,170	-	4,890,961
Other significant non-cash expenses/(income) other than depreciation	46,514	24,568	(212,455)	-	(141,373)

29. **SEGMENTAL INFORMATION** (cont'd)

(b) **Business segments** (cont'd)

By business segments (cont'd)

2010

	Manufacturing RM	Trading RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	56,672,920	50,512,592	1,853,567	-	109,039,079
Inter-segment sales	1,366,825	106,042	1,800,000	(3,272,867)	-
Total revenue	58,039,745	50,618,634	3,653,567	(3,272,867)	109,039,079
Results					
Segment results	3,151,982	5,721,945	83,785	-	8,957,712
Finance costs					(8,117,527)
Taxation					(1,276,018)
Loss for the year					(435,833)
Assets					
Segment assets	97,888,712	53,661,271	26,558,801	-	178,108,784
Unallocated assets					615,355
Total assets					178,724,139
Liabilities					
Segment liabilities	18,031,379	120,781,098	2,171,739	-	140,984,216
Unallocated liabilities					3,605,211
Total liabilities					144,589,427
Other segment information					
Capital expenditure	1,450,270	379,542	138,279	-	1,968,091
Depreciation	3,151,631	1,166,742	927,812	-	5,246,185
Other significant non-cash income other than depreciation	(72,108)	(22,597)	(130,305)	-	(225,010)

29. SEGMENTAL INFORMATION (cont'd)

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on geographical location of its customers. In Malaysia, its home country, the Group's areas of operation are principally manufacturing and trading of metal related products. In India, the Group is principally involved in manufacturing of metal related products.

	Revenue		Non-current assets	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysia	107,604,941	101,365,157	86,611,882	88,882,714
India	2,939,788	2,312,029	7,536,480	8,176,527
Others	4,807,903	5,361,893	-	-
	115,352,632	109,039,079	94,148,362	97,059,241

Non-current assets information presented above consist of the following items are presented in the consolidated statement of financial position.

	2011 RM	2010 RM
Property, plant and equipment	91,938,152	94,849,031
Investment properties	334,567	334,567
Goodwill	1,875,643	1,875,643
	94,148,362	97,059,241

(d) Information about major customers

Revenue from major customers amount to RM35,451,250 (2009 : RM28,441,484), arising from sales by the trading segment.

30. RELATED PARTY DISCLOSURES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
(a) Related party transactions				
Rental expenses paid to a director of the Company	64,500	39,500	18,000	15,500
Rental expenses paid to a subsidiary	-	-	70,000	-

30. **RELATED PARTY DISCLOSURES** (cont'd)

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Rental income from a company in which a director of the Company has substantial financial interest	138,240	-	138,240	-
Rental income from subsidiaries	-	-	50,000	120,000
Management fee received from subsidiaries	-	-	1,440,000	1,680,000

(b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the year is as follows:

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Salaries and other short-term employee benefits (Note 24)	1,400,093	1,217,180	547,270	515,040

Key management personnel comprise the Board of Directors of the Company and of its subsidiaries.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

Executive directors of the Group and the Company and other members of the key management have been granted the following options under the Employee Share Options Scheme ("ESOS"):

	GROUP	
	2011 RM	**2010 RM**
Balance at beginning/end	- *	762,280

* The ESOS has expired on 19 November 2010.

31. **CONTINGENT LIABILITIES (UNSECURED)**

GROUP AND COMPANY

	2011		2010	
	Limit RM	Utilised RM	Limit RM	Utilised RM
Corporate guarantee for loan facilities given to Vinanic Steel Processing Company (Vietnam), an investee company	807,322	807,322	870,543	870,543

COMPANY

	2011		2010	
	Limit RM	Utilised RM	Limit RM	Utilised RM
Corporate guarantee for banking facilities given to subsidiaries	116,152,654	96,937,387	112,465,794	75,026,514
Corporate guarantee to trade payables of subsidiaries	25,591,557	16,563,561	24,436,557	14,471,913

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to its subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by its subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

32. **CAPITAL COMMITMENTS**

	GROUP	
	2011 RM	2010 RM
Authorised but not contracted for:		
- Property, plant and equipment	215,898	295,000

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale financial assets ("AFS") and other liabilities measured at amortised cost ("AC").

	Carrying amount RM	L&R RM	AFS RM	AC RM	Others RM
2011					
GROUP					
Financial assets					
Trade receivables (Note 9)	25,517,177	25,517,177	-	-	-
Other receivables and refundable deposits (Note 10)	4,374,091	4,374,091	-	-	-
Short term investments (Note 12)	54,236	-	54,236	-	-
Fixed deposit with a licensed bank (Note 13)	42,000	42,000	-	-	-
Cash and bank balances (Note 14)	9,321,376	9,321,376	-	-	-
	39,308,880	39,254,644	54,236	-	-
Financial liabilities					
Borrowings (Note 18)	98,608,146	-	-	98,422,681	185,465
Trade payables (Note 20)	8,400,704	-	-	8,400,704	-
Other payables and accruals (Note 21)	33,392,835	-	-	33,392,835	-
	140,401,685	-	-	140,216,220	185,465
COMPANY					
Financial assets					
Other receivables and refundable deposits (Note 10)	1,006,644	1,006,644	-	-	-
Amount due from subsidiaries (Note 11)	19,259,767	19,259,767	-	-	-
Cash and bank balances (Note 14)	50,081	50,081	-	-	-
	20,316,492	20,316,492	-	-	-

33. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	Carrying amount RM	L&R RM	AFS RM	AC RM	Others RM
2011					
COMPANY					
Financial liabilities					
Borrowings (Note 18)	948,011	-	-	925,650	22,361
Other payables and accruals (Note 21)	678,403	-	-	678,403	-
Amount due to subsidiaries (Note 11)	18,437,997	-	-	18,437,997	-
	20,064,411	-	-	20,042,050	22,361

Comparative figures have not been presented for 31 March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

34. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

34.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

34.1.1 Trade receivables

The Group typically gives its existing customers credit terms that range between 14 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by their carrying amount in the statement of financial position.

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

34.1.1 **Trade receivables** (cont'd)

The ageing of trade receivables and allowance for impairment of the Group is as follows:

	Gross RM	Impairment RM	Net RM
Not past due	16,320,885	-	16,320,885
1 to 30 days past due	2,921,384	-	2,921,384
31 to 60 days past due	2,836,594	-	2,836,594
61 to 90 days past due	182,007	-	182,007
Past due more than 91 days	3,889,235	(632,928)	3,256,307
	9,829,220	(632,928)	9,196,292
	26,150,105	(632,928)	25,517,177

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group.

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

The Group has trade receivables amounting to RM9,196,292 that are past due as at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

34.1.2 **Intercompany balances**

The Company obtains and provides advances to its subsidiaries. The Company monitors the result of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

34.1.3 **Financial guarantees**

The Company provides unsecured corporate guarantee to banks, financial institutions and creditors in respect of credit facilities granted to certain subsidiaries.

34. FINANCIAL RISK MANAGEMENT (cont'd)

34.1.3 Financial guarantees (cont'd)

The maximum exposure to credit risk is disclosed in Note 31, representing the outstanding credit facilities of the said subsidiaries as at the end of the reporting period. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

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

34.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. Pending the approval and successful implementation of its revised Proposed Restructuring Scheme as disclosed in Note 36, the Group and the Company actively manage its cashflow by ensuring sufficient levels of cash are maintained to meet their obligations as and when they fall due.

The Group and the Company are exposed to liquidity risk due to the default on bank borrowings obligation as disclosed in Note 18. This risk will be mitigated upon the approval and successful implementation of its revised Proposed Restructuring Scheme.

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
2011					
GROUP					
Interest bearing borrowings	98,608,146	98,930,442	96,506,173	1,526,487	897,782
Trade payables	8,400,704	8,400,704	8,400,704	-	-
Other payables and accruals	34,786,983	34,786,983	34,786,983	-	-
	141,795,833	142,118,129	139,693,860	1,526,487	897,782
COMPANY					
Interest bearing borrowings	948,011	952,485	341,435	314,600	296,450
Other payables and accruals	1,354,714	1,354,714	1,354,714	-	-
Intercompany balances	18,437,997	18,437,997	18,437,997	-	-
	20,740,722	20,745,196	20,134,146	314,600	296,450

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

34.3 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 rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	GROUP RM	COMPANY RM
Fixed rate instruments		
Financial assets	42,000	-
Financial liabilities	481,761	22,361
Floating rate instruments		
Financial liabilities	98,126,385	925,650 *

* The Company's floating rate borrowing is not exposed to interest rate risk as the term loan is utilised by a subsidiary, and as such interest is recognised in the subsidiary's accounts.

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	GROUP RM	COMPANY RM
Decrease in profit before taxation	263,387	-

34.4 Foreign currency risk

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

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

34.4 **Foreign currency risk** (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

GROUP	USD RM	EUR RM	AUD RM	SGD RM
Trade receivables	2,191,722	38,488	27,256	53,812

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates (against Ringgit Malaysia), with all other variables held constant, of the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	GROUP RM
USD	219,172
Other currencies	11,956
Decrease in profit before taxation	231,128

34.5 **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to support the Group's stability and growth so as to maximise shareholders' returns and stakeholders' benefits.

To achieve its objectives, the Group ensures an optimal capital structure is maintained. The Group actively and regularly reviews its capital structure by taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected operating cash flows, projected expenditures and projected strategic investment opportunities. As part of managing the capital structure, the Group may adjust the amount of dividend payment.

35. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

GROUP AND COMPANY

The carrying amounts of financial assets (other than investments in quoted equity instruments) and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair value of investments in quoted equity instruments is its quoted market price at 31 March 2011. The fair value of the investments is disclosed in Note 12.

36. **PROPOSED RESTRUCTURING SCHEME ("PRS")**

On 3 July 2008, the Company had made an announcement on the PRS as detailed below.

The announcement made on 3 July 2008 is in relation to the following Proposals:

(i) Proposed reduction of RM51,715,972 from the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 ("Act") by the cancellation of a corresponding amount from the par value of each existing ordinary share of RM1.00 each in SMPC and thereafter the consolidation of the required number of shares based on the resultant par value into one (1) ordinary share of RM1.00 each ("SMPC share") on a date ("Entitlement Date") to be determined by the Board and announced later ("Proposed Capital Reduction and Consolidation");

(ii) Proposed Rights Issue comprising:

  (a) Proposed renounceable rights issue of up to 71,623,267 new ordinary shares of RM1.00 each ("Rights Share") in SMPC at an indicative issue price of RM1.00 per Rights Share on the basis of the eighteen (18) Rights Shares for every seven (7) SMPC Shares held after the Proposed Capital Reduction and Consolidation, at the Entitlement Date to be determined later based on a minimum subscription level of 33,245,982 Rights Shares ("Proposed Rights Issue of Shares"); and

  (b) Proposed renounceable rights issue up to RM11,141,397 nominal value of 5% 10 year irredeemable convertible unsecured loan stocks ("ICUL") at 100% of the nominal value of RM0.10 each (or equivalent of up to 111,413,972 ICULS) on the basis of RM2.80 nominal value of ICULS (or equivalent to 28 ICULS) for every seven (7) existing SMPC Shares held after the Proposed Capital Reduction and Consolidation, together with up to 15,916,281 free new detachable warrants ("Warrants") on the basis of four (4) free new Warrants for every RM2.80 nominal value of ICULS subscribed, at the Entitlement Date to be determined later based on a minimum subscription level of RM5,171,597 nominal value of ICULS (or equivalent to 51,715,972 ICULS) together with 7,387,996 free new Warrants ("Proposed Rights Issue of ICULS and Warrants");

(iii) Proposed creditor settlement involving the issuance of RM13,000,000 nominal value of 5% 10 year ICULS at 100% of the nominal value of RM0.10 each (or equivalent to up to 130,000,000 ICULS) ("Proposed Creditor Settlement"); and

(iv) Proposed increase in the authorised share capital of SMPC from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital").

On 22 December 2010, the Company announced that, in view of the development that has taken place since the announcement of the initial proposals on 3 July 2008, the Company proposes to revise the initial proposals. The revised proposals to be undertaken by the Company are as follows:

(i) Proposed reduction of RM58,180,469 from the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 ("Act"), by way of cancellation of RM0.90 from each existing ordinary share of RM1.00 each in SMPC and thereafter the consolidation of ten (10) ordinary shares of RM0.10 each into one (1) ordinary share of RM1.00 each ("SMPC Share") on a date to be determined by the Board and announced later ("Entitlement Date") ("Proposed Revised Capital Reduction and Consolidation");

36. **PROPOSED RESTRUCTURING SCHEME ("PRS")** (cont'd)

(ii) Proposed renounceable rights issue of 6,464,496 new ordinary shares of RM1.00 each in SMPC ("Rights Shares") together with 12,928,992 free new detachable warrants ("Warrants") at an indicative issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share together with two (2) free new Warrants for every one (1) SMPC Share held after the Proposed Revised Capital Reduction and Consolidation, at the Entitlement Date ("Proposed Revised Rights Issue of Shares with Warrants");

(iii) Proposed renounceable rights issue of up to RM32,322,480 nominal value zero coupon 10-year irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of RM0.10 each on the basis of RM5.00 nominal value of ICULS for every one (1) existing SMPC Share held after the Proposed Revised Capital Reduction and Consolidation, at the Entitlement Date based on a minimum subscription level of RM15,535,505 nominal value of ICULS ("Proposed Revised Rights Issue of ICULS");

(iv) Proposed restricted issue of up to 2,984,900 Warrants to the holders of the unexercised 2000/2010 Warrants ("Unexercised Warrants") on 21 November 2010, being the expiry date of the 2000/2010 Warrants ("Expiry Date") at an indicative issue price of RM0.02 per Expiry Date ("Proposed Restricted Issue of Warrants");Warrant on the basis of one (1) new Warrant for every five (5) Unexercised Warrants held, at the Expiry Date ("Proposed Restricted Issue of Warrants");

(v) Proposed restructuring of debts owing to certain financial institution creditors ("FI Creditors") of the SMPC Group after the Proposed Revised Capital Reduction and Consolidation ("Proposed Debt Restructuring");

(vi) Proposed exemption under Practice Note 9 of the Malaysian Code of Take-Overs and Mergers 2010 ("Code") to Southeast Asia Special Assets Management Berhad ("SEASAM") from the obligation to extend a mandatory take-over offer for the remaining SMPC Shares and any other convertible securities not already owned by SEASAM upon the completion of the Proposed Debt Restructuring ("Proposed Exemption");

(vii) Proposed creditor settlement involving the issuance of RM10,000,000 nominal value zero coupon 10-year ICULS at 100% of the nominal value of RM0.10 each and 1,200,000 SMPC Shares after the Proposed Revised Capital Reduction and Consolidation ("Proposed Revised Creditor Settlement");

(viii) Proposed increase in the authorised share capital of SMPC from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM800,000,000 comprising 800,000,000 ordinary shares of RM1.00 each ("Proposed Revised Increase in Authorised Share Capital"); and

(ix) Proposed amendments to the Memorandum and Articles of Association of SMPC ("M&A") to facilitate the increase in the authorised share capital of SMPC pursuant to the Proposed Revised Increase in Authorised Share Capital ("Proposed M&A Amendments").

The approvals required for the Proposals are as follows:

(i) The Bursa Malaysia Securities Berhad ("Bursa Securities") for the Proposals save for the Proposed Increase in Authorised Share Capital;

(ii) Ministry of International Trade and Industry for the Proposals save for the Proposed Increase in Authorised Share Capital;

36. **PROPOSED RESTRUCTURING SCHEME ("PRS")** (cont'd)

(iii) Bank Negara Malaysia for the issuance of the ICULS and free new Warrants to non-residents;

(iv) The shareholders of SMPC at an Extraordinary General Meeting ("EGM") to be convened for the Proposals;

(v) The High Court of Malaya sanction for the Proposed Capital Reduction and Consolidation;

(vi) Bursa Securities for the following:

(a) listing of and quotation for the new SMPC Shares, ICULS and free new Warrants to be issued pursuant to the Proposed Rights Issue and the Proposed Creditor Settlement; and

(b) listing of and quotation for the new SMPC Shares to be issued pursuant to the conversion of the ICULS and exercise of the free new Warrants, on the Main Market of Bursa Securities; and

(vii) Other relevant authorities, if any.

The Proposals are inter-conditional upon one another.

The Company has received the approval from Bank Negara Malaysia and the Ministry of International Trade and Industry with a condition to seek approval from the Malaysian Industrial Development Authority ("MIDA") for waiver of compliance to the equity condition. On 7 July 2011, the Company has submitted the application to MIDA, pending its approval as at the date of this report.

37. **OTHER INVESTMENTS**

	GROUP AND COMPANY	
	2011	**2010**
	RM	**RM**
Unquoted shares, at cost	299,838	299,838
Less: Impairment loss	(299,838)	(299,838)
	-	-

38. **EFFECTS OF ADOPTING NEW OR REVISED FRSs**

Amendment to FRS 117 Leases

The amendment requires the Group and the Company to reassess the classification of leasehold land as finance lease or operating lease based on the extent of risks and rewards associated with the land. The Group and the Company have reassessed the risks and rewards of the leasehold land and concluded that they are finance leases. Consequently, leasehold land has been reclassified from prepaid land lease payments to property, plant and equipment.

38. **EFFECTS OF ADOPTING NEW OR REVISED FRSs** (cont'd)

Amendment to FRS 117 Leases (cont'd)

The reclassification has been made retrospectively and the comparatives have been restated as below:

	As previously reported RM	Reclassification RM	Restated RM
Consolidated Statement of Financial Position			
31 March 2010			
Property, plant and equipment	88,162,300	6,686,731	94,849,031
Prepaid land lease payments	6,686,731	(6,686,731)	-
1 April 2009			
Property, plant and equipment	91,676,451	6,839,937	98,516,388
Prepaid land lease payments	6,839,937	(6,839,937)	-
Consolidated Statement of Comprehensive Income			
31 March 2010			
Depreciation	5,092,979	153,206	5,246,185
Other expenses	8,905,386	(153,206)	8,752,180
Statement of Financial Position			
31 March 2010			
Property, plant and equipment	17,737,644	4,684,222	22,421,866
Prepaid land lease payments	4,684,222	(4,684,222)	-
1 April 2009			
Property, plant and equipment	18,292,364	4,820,503	23,112,867
Prepaid land lease payments	4,820,503	(4,820,503)	-
Statement of Comprehensive Income			
31 March 2010			
Depreciation	692,996	136,281	829,277
Other expenses	6,113,660	(136,281)	5,977,379

39. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of accumulated losses as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP RM	COMPANY RM
2011		
Total accumulated losses of the Company and its subsidiaries :		
- Realised	(109,276,552)	(56,597,264)
- Unrealised	(1,242,089)	43,436
	(110,518,641)	(56,553,828)
Less: Consolidation adjustments	49,030,039	-
Total accumulated losses as per statements of financial position	(61,488,602)	(56,553,828)

Properties owned by the Group
as at 31 March 2011

Location	Description	Tenure	Area	No. of Years Held	Age of Building	Net Book Value RM	Year of Valuation
P.T. No. 1451 H.S. (D) No. 4696 Mukim 1, Province Wellesley Central, Penang	Factory	60 years lease to 2044	6.22247 acres	28	25	15,066,591	1994
P.T. Nos. 1460 & 1444 H.S. (D) Nos. 2719 & 2706 Mukim 1, Province Wellesley Central, Penang	Factory Office	60 years lease to 2045	4.01338 acres	15	20	12,493,801	-
Lot 717, 5 1/2 Miles Jalan Kapar, Klang Selangor Darul Ehsan	Factory Office	Freehold	8.16875 acres	15	14	31,314,006	-
Lot 324, 640, 642, 1501, 1502, 1504, 1505, 1664, 1667, 1669 and 1702, Mukim 14, Kampung To' Suboh, Bukit Minyak Simpang Ampat Seberang Perai Selatan, Penang	Warehouse Open Yard	Freehold	21.8614 acres	17	15	12,994,345	1994
Lot 176, Tempat Macang Kudung Mukim Jabi Daerah Pokok Sena, Kedah	Vacant Land	Freehold	2.257 acres	10	-	128,000	-
2nd Floor Unit of 4 Storey Shop Office in Taman Kinrara, Puchong, HS (M) 22709, PT 19499 Mukim Petaling, Selangor	Office	99 years lease to 2098	1,114sf	11	11	174,720	-
Zone 5A, Parcel 2, Lot 5418, Mukim Senai-Kulai, Johor Darul Takzim	Apartment	Freehold	885sf	11	11	63,335	-
Lot 5 & 7 Jalan Tukang 16/4, P.O Box 7045, 40700 Shah Alam, Selangor	Leasehold land Factory Office	99 years lease to 2071 & 2069	32,000sf 24,500sf	39 & 41	29	3,655,101	2005
Plot No. D-10/N SIPCOT Industrial Complex Gummidipoondi - 601201 Chennai India	Factory/ Office	N/A	N/A	-	-	3,551,379	-

Analysis of Shareholdings
as at 29 July 2011

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM64,644,965.00
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	104	3.90	910	0.00
100 – 1,000	718	26.95	691,250	1.07
1,001 – 10,000	1,422	53.38	6,001,472	9.28
10,001 – 100,000	367	13.78	10,543,408	16.31
100,001 – 3,232,247 (*)	50	1.88	20,704,550	32.03
3,232,248 and above (**)	3	0.11	26,703,375	41.31
TOTAL	**2,664**	**100.00**	**64,644,965**	**100.00**

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

THIRTY LARGEST REGISTERED HOLDERS AS AT 29.07.2011

	Name of Holder	Holdings	% of Issued Capital
1.	RHB Nominees (Tempatan) Sdn. Bhd. - RHB Islamic Asset Management Sdn. Bhd. for Perbadanan Nasional Berhad	13,217,000	20.45
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kumpulan Pitchai Sdn. Bhd.	7,461,301	11.54
3.	Lagenda Perdana Sdn. Bhd.	6,025,074	9.32
4.	A1 Capital Sdn. Bhd.	3,230,000	4.99
5.	Norani Binti Hassim	3,227,000	4.99
6.	Hock Lok Siew Realty Sdn. Bhd.	1,320,633	2.04
7.	Chee Sze Hsien @ Chee Ah Kow	1,103,400	1.71
8.	Chan Kooi Cheng	1,000,000	1.55
9.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chan Kooi Cheng	1,000,000	1.55
10.	ABB Nominee (Tempatan) Sdn. Bhd. - ABB Trustee Berhad for Cheng Kien Wing	800,000	1.24
11.	Mohd Izhar Bin Abdullah	514,300	0.80
12.	Chuah Tong Chin	506,000	0.78
13.	Yeap Yi Fong	464,700	0.72
14.	Yong Hock Men	450,000	0.70
15.	ABB Nominee (Tempatan) Sdn. Bhd. - ABB Trustee Berhad for Kumpulan Pitchai Sdn. Bhd.	410,000	0.63

Analysis of Shareholdings
as at 29 July 2011 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 29.07.2011 (cont'd)

	Name of Holder	Holdings	% of Issued Capital
16.	TA Nominees (Tempatan) Sdn. Bhd.		
	- Pledged Securities Account for Kumpulan Pitchai Sdn. Bhd.	387,100	0.60
17.	Hamidah Binti Ismail	338,700	0.52
18.	Public Nominees (Tempatan) Sdn. Bhd.		
	- Pledged Securities Account for Chee Sze Hsien @ Chee Ah Kow	286,200	0.44
19.	Citigroup Nominees (Tempatan) Sdn. Bhd.		
	- Pledged Securities Account for Lee Hean Guan	281,300	0.44
20.	Poh Hong Swee	275,000	0.43
21.	Topvilla Sdn. Bhd.	265,517	0.41
22.	Machendran a/l Pitchai Chetty	265,000	0.41
23.	Rosol Bin Wahid	256,600	0.40
24.	Mayban Nominees (Tempatan) Sdn. Bhd.		
	- Pledged Securities Account for Cheang Fook Sam	244,000	0.38
25.	Suzana Bt Abdullah	216,000	0.33
26.	Low Ah Kou	211,000	0.33
27.	HLB Nominees (Tempatan) Sdn. Bhd.	208,000	0.32
	- Pledged Securities Account for Goh Eng Thye		
28.	OSK Nominees (Tempatan) Sdn. Berhad		
	- OSK Capital Sdn. Bhd. For Mohd Taufik Bin Abdullah	188,100	0.29
29.	Chee Sze Hsien @ Chee Ah Kow	180,000	0.28
30.	Soh Kok Heng	170,000	0.26
	TOTAL	**44,501,925**	**68.85**

Analysis of Shareholdings
as at 29 July 2011 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 29.07.2011

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

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Kumpulan Pitchai Sdn. Bhd.	8,264,901	12.78	12,795 *	0.02	8,277,696	12.80
Perbadanan Nasional Berhad	13,217,000	20.45	0	0.00	13,217,000	20.45
Lagenda Perdana Sdn. Bhd.	6,025,074	9.32	0	0.00	6,025,074	9.32
Machendran a/l Pitchai Chetty	347,447	0.54	8,277,696 **	12.80	8,625,143	13.34
Dhanabalan a/l M. Pitchai Chetty	0	0.00	8,277,696 **	12.80	8,277,696	12.80
Dato' Lee Hean Guan	322,700	0.49	8,134,274 #	12.58	8,456,974	13.08
Datin Chan Kooi Cheng	2,008,000	3.11	6,025,074 ##	9.32	8,033074	12.43
Maniam A/L Rajakeresnen	-	-	6,025,074 ##	9.32	6,025,074	9.32

* Deemed interested by virtue of its shareholdings in S.M. Pitchai Chettiar Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

** Deemed interested by virtue of their shareholdings in Kumpulan Pitchai Sdn. Bhd. and S. M. Pitchai Chettiar Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

Deemed interested by virtue of his shareholdings in Hean Brothers Holdings Sdn. Bhd. and Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his spouse.

Deemed interested by virtue of their shareholdings in Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

DIRECTORS' INTEREST IN SHARES AS AT 29.07.2011

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

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Ismail Bin Shahudin	0	0.00	0	0.00	0	0.00
Machendran a/l Pitchai Chetty	347,447	0.54	8,277,696 **	12.80	8,625,143	13.34
Mohd Shahril Fitri Bin Hashim	0	0.00	0	0.00	0	0.00
Sanmarkan a/l T S Ganapathi	0	0.00	0	0.00	0	0.00
Sudesh a/l K. V. Sankaran	0	0.00	0	0.00	0	0.00
Ng Chin Nam	60,000	0.09	30,000 ^	0.05	90,000	0.14
Dato' Lee Hean Guan	322,700	0.49	8,134,274 #	12.58	8,456,974	13.08

** Deemed interested by virtue of their shareholdings in Kumpulan Pitchai Sdn. Bhd. and S. M. Pitchai Chettiar Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

^ Deemed interested through his spouse.

Deemed interested by virtue of his shareholdings in Hean Brothers Holdings Sdn. Bhd. and Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his spouse.

Other than as disclosed above, none of the directors have any direct or deemed interest in the shares of the related companies.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth (30th) Annual General Meeting of the Company will be held at Terrace, Level 2, Sunway Hotel Seberang Jaya, 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya on Monday, 26 September 2011 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2011, together with the Directors' and Auditors' Reports thereon.

2. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

   Machendran a/l Pitchai Chetty **(Resolution 1)**
   Sudesh a/l K.V. Sankaran **(Resolution 2)**
   Dato' Lee Hean Guan **(Resolution 3)**

3. To consider and, if thought fit, pass a resolution pursuant to Section 129 of the Companies Act, 1965 to appoint Sanmarkan a/l T S Ganapathi as a Director of the Company to hold office until the next Annual General Meeting of the Company. **(Resolution 4)**

4. To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration. **(Resolution 5)**

5. To approve payment of the Directors' fee of RM135,000/-. **(Resolution 6)**

6. To transact any other business appropriate to an Annual General Meeting.

By Order of the Board

CHAN YOKE YIN (MAICSA 7043743)
CHIEW CINDY (MAICSA 7057923)
Company Secretaries

Ipoh, Perak
5 September 2011

NOTE: A member entitled to attend and vote at the Meeting is entitled to appoint two or more proxies to attend and vote on his behalf. A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy or proxies must be deposited with the Company Secretaries, 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh not less than 48 hours before the time set for holding the Meeting.

Statement Accompanying the Notice of Annual General Meeting

Statement Accompanying Notice of Annual General Meeting of SMPC Corporation Bhd. pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities)

Further details of individuals standing for election as Directors are set out in the Profile of Directors and Statement of Shareholdings on pages 7, 8, 9 and 102 respectively of this Annual Report.

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SMPC

SMPC CORPORATION BHD.
(79082-V)

FORM OF PROXY

I/We, ____

____

of ________________________ being a member of SMPC Corporation Bhd. hereby

appoint ____________________________________

________________________ of ________________________

or failing him, ____________________ of ____________________ or

the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Thirtieth (30th) Annual General Meeting of the Company, to be held on Monday, 26 September 2011 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolution No.	Ordinary Business	For	Against
1	The re-election of Directors: Machendran a/l Pitchai Chetty		
2	Sudesh a/l K.V. Sankaran		
3	Dato' Lee Hean Guan		
4	The re-appointment of the following Director in accordance with Section 129 of the Companies Act, 1965: Sanmarkan a/l T S Ganapathi		
5	The appointment of Auditors and their remuneration		
6	The payment of Directors' fee		

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

No. of shares held	
CDS A/C No.	

Date:

____

Signature of Shareholder

NOTES:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint two or more proxies to attend and vote on his behalf. A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing and in the case of an individual, shall be signed by the appointer or his attorney duly authorised, and in case of a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

The instrument appointing proxy or proxies must be deposited with the Company Secretaries, 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, Malaysia not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

PLEASE FOLD HERE

Affix 80 sen
Stamp
(within Malaysia)

The Company Secretary

SMPC CORPORATION BHD

55, Medan Ipoh 1A,
Medan Ipoh Bistari,
31400 Ipoh,
Perak.

PLEASE FOLD HERE

SMPC CORPORATION BHD. (79082-V)
1702, Mukim 14, Kampong Tok Suboh,
Bukit Minyak, 14100 Simpang Ampat,
Seberang Prai Selatan, Penang.
Tel: 04 - 5025017 **Fax:** 04 - 5025612