

The existing FRS 1, FRS 3 and FRS 127 will be withdrawn upon the adoption of the revised Standards which will take effect on or after 1 July 2010. FRS 201₂₀₀₄ Property Development Activities shall be withdrawn on application of IC Interpretation 15. The effects of FRS 7 and FRS 139, if any, upon their initial recognition are exempted from disclosure.

The directors anticipate that the other FRSs, amendments to FRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company for the financial year commencing 1 January 2010 and 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 :

FRS 3 Business Combination

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 the income statement. 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 7 Financial Instruments : Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and 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.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114₂₀₀₄ 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. Currently, the Group presents segment information in respect of its business and geographical segments. As a result, the identification of the Group's reportable segments may change upon the adoption of FRS 8.

FRS 117 Leases

The amendments clarify the classification of lease of land and require 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.

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.

FRS 127 Consolidated and Separate Financial Statements

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. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

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. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as require by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

2010

	At valuation/cost						Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Reclassified to non-current assets held for sale RM	Reclassification RM	Exchange differences RM	
At valuation :							
Buildings	10,250,019	-	-	-	-	-	10,250,019
At cost :							
Freehold land and buildings	44,334,325	233,746	-	-	-	-	44,568,071
Buildings	13,204,287	6,000	-	(1,515,009)	4,918,823	41,862	16,655,963
Plant and machinery	62,104,592	792,106	(306,300)	-	979,980	187,556	63,757,934
Fittings, equipment, office equipment, motor vehicles and renovation	16,075,219	104,220	(597,417)	-	1,079,649	6,057	16,667,728
Capital work-in-progress	7,800,877	832,019	-	-	(6,978,452)	278,052	1,932,496
	<u>153,769,319</u>	<u>1,968,091</u>	<u>(903,717)</u>	<u>(1,515,009)</u>	<u>-</u>	<u>513,527</u>	<u>153,832,211</u>

	Accumulated depreciation						Balance at end RM
	Balance at beginning RM	Current charge RM	Disposals RM	Reclassified to non-current assets held for sale RM	Reclassification RM	Exchange differences RM	
At valuation :							
Buildings	1,554,032	205,000	-	-	-	-	1,759,032
At cost :							
Freehold land and buildings	5,671,719	769,281	-	-	-	-	6,441,000
Buildings	2,727,785	308,625	-	(677,710)	-	7,381	2,366,081
Plant and machinery	38,514,895	3,062,910	(293,298)	-	-	40,144	41,324,651
Fittings, equipment, office equipment, motor vehicles and renovation	13,624,437	747,163	(596,549)	-	-	4,096	13,779,147
Capital work-in-progress	-	-	-	-	-	-	-
	<u>62,092,868</u>	<u>5,092,979</u>	<u>(889,847)</u>	<u>(677,710)</u>	<u>-</u>	<u>51,621</u>	<u>65,669,911</u>

	Net carrying amount at end RM
At valuation :	
Buildings	8,490,987
At cost :	
Freehold land and buildings	38,127,071
Buildings	14,289,882
Plant and machinery	22,433,283
Fittings, equipment, office equipment motor vehicles and renovation	2,888,581
Capital work-in-progress	1,932,496
	<u>88,162,300</u>

2009

	At valuation/cost					Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Exchange differences RM	
At valuation :						
Buildings	10,250,019	-	-	-	-	10,250,019
At cost :						
Freehold land and buildings	44,220,906	113,419	-	-	-	44,334,325
Buildings	13,247,500	122,741	-	(128,599)	(37,355)	13,204,287
Plant and machinery	65,087,630	1,933,477	(4,761,554)	-	(154,961)	62,104,592
Fittings, equipment, office equipment, motor vehicles and renovation	16,040,020	256,945	(154,354)	(57,699)	(9,693)	16,075,219
Capital work-in-progress	1,456,233	6,409,300	-	-	(64,656)	7,800,877
	<u>150,302,308</u>	<u>8,835,882</u>	<u>(4,915,908)</u>	<u>(186,298)</u>	<u>(266,665)</u>	<u>153,769,319</u>
	----- Accumulated depreciation -----					
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Exchange differences RM	Balance at end RM
At valuation :						
Buildings	1,349,032	205,000	-	-	-	1,554,032
At cost :						
Freehold land and buildings	4,905,466	766,253	-	-	-	5,671,719
Buildings	2,707,198	152,131	-	(128,552)	(2,992)	2,727,785
Plant and machinery	39,819,098	2,939,396	(4,227,950)	-	(15,649)	38,514,895
Fittings, equipment, office equipment, motor vehicles and renovation	12,972,128	859,526	(148,016)	(57,677)	(1,524)	13,624,437
Capital work-in-progress	-	-	-	-	-	-
	<u>61,752,922</u>	<u>4,922,306</u>	<u>(4,375,966)</u>	<u>(186,229)</u>	<u>(20,165)</u>	<u>62,092,868</u>
						Net carrying amount at end RM
At valuation :						8,695,987
Buildings						
At cost :						
Freehold land and buildings						38,662,606
Buildings						10,476,502
Plant and machinery						23,589,697
Fittings, equipment, office equipment, motor vehicles and renovation						2,450,782
Capital work-in-progress						<u>7,800,877</u>
						<u>91,676,451</u>

COMPANY

2010

----- At valuation/cost -----					
	Balance at beginning RM	Additions RM	Disposals RM	Reclassification RM	Balance at end RM
At valuation :					
Buildings	10,250,019	-	-	-	10,250,019
At cost :					
Buildings	8,130,805	-	-	3,176,654	11,307,459
Fittings, equipment and office equipment	4,200,699	7,015	-	-	4,207,714
Motor vehicles	2,348,918	-	(210,120)	-	2,138,798
Capital expenditure in progress	3,045,390	131,264	-	(3,176,654)	-
	<u>27,975,831</u>	<u>138,279</u>	<u>(210,120)</u>	<u>-</u>	<u>27,903,990</u>
----- Accumulated depreciation -----					
	Balance at beginning RM	Current charge RM	Disposals RM	Reclassification RM	Balance at end RM
At valuation :					
Buildings	1,554,032	205,000	-	-	1,759,032
At cost :					
Buildings	2,239,753	195,580	-	-	2,435,333
Fittings, equipment and office equipment	3,942,148	58,200	-	-	4,000,348
Motor vehicles	1,947,534	234,216	(210,117)	-	1,971,633
	<u>9,683,467</u>	<u>692,996</u>	<u>(210,117)</u>	<u>-</u>	<u>10,166,346</u>
					Net carrying amount at end RM
At valuation :					
Buildings					8,490,987
At cost :					
Buildings					8,872,126
Fittings, equipment and office equipment					207,366
Motor vehicles					167,165
Capital expenditure in progress					-
					<u>17,737,644</u>

2009

	----- At valuation/cost -----		
	Balance at beginning RM	Additions RM	Balance at end RM
At valuation :			
Buildings	10,250,019	-	10,250,019
At cost :			
Buildings	8,094,267	36,538	8,130,805
Fittings, equipment and office equipment	4,060,193	140,506	4,200,699
Motor vehicles	2,348,918	-	2,348,918
Capital expenditure in progress	-	3,045,390	3,045,390
	<u>24,753,397</u>	<u>3,222,434</u>	<u>27,975,831</u>
	----- Accumulated depreciation -----		
	Balance at beginning RM	Current charge RM	Balance at end RM
At valuation :			
Buildings	1,349,032	205,000	1,554,032
At cost :			
Buildings	2,202,319	37,434	2,239,753
Fittings, equipment and office equipment	3,876,253	65,895	3,942,148
Motor vehicles	1,621,186	326,348	1,947,534
	<u>9,048,790</u>	<u>634,677</u>	<u>9,683,467</u>
			Net carrying amount at end RM
At valuation :			
Buildings			8,695,987
At cost :			
Buildings			5,891,052
Fittings, equipment and office equipment			258,551
Motor vehicles			401,384
Capital expenditure in progress			<u>3,045,390</u>
			<u>18,292,364</u>

- (i) Certain freehold 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Freehold land	4,865,381	4,865,381	-	-
Buildings	3,959,036	4,106,019	3,959,036	4,106,019
	<u>8,824,417</u>	<u>8,971,400</u>	<u>3,959,036</u>	<u>4,106,019</u>

- (ii) The freehold land and buildings are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.
- (iii) The net carrying amount of property, plant and equipment acquired under hire purchase loans are as follows :

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Plant and machinery	424,972	2,141,136	-	-
Motor vehicles	284,570	864,863	167,158	401,374
	<u>709,542</u>	<u>3,005,999</u>	<u>167,158</u>	<u>401,374</u>

5. PREPAID LAND LEASE PAYMENTS

GROUP

2010

	At valuation RM	At cost RM	Total RM
Long leasehold land :			
Balance at beginning/end	2,100,000	8,209,804	10,309,804
Less : Amortisation			
Balance at beginning	80,566	3,389,301	3,469,867
Current charge	16,925	136,281	153,206
Balance at end	(97,491)	(3,525,582)	(3,623,073)
Net carrying amount	<u>2,002,509</u>	<u>4,684,222</u>	<u>6,686,731</u>

2009

	At valuation RM	At cost RM	Total RM
Long leasehold land :			
Balance at beginning/end	2,100,000	8,209,804	10,309,804
Less : Amortisation			
Balance at beginning	63,641	3,253,020	3,316,661
Current charge	16,925	136,281	153,206
Balance at end	(80,566)	(3,389,301)	(3,469,867)
Net carrying amount	<u>2,019,434</u>	<u>4,820,503</u>	<u>6,839,937</u>

COMPANY

	2010 RM	2009 RM
Long leasehold land, at cost	8,209,804	8,209,804
Less : Amortisation		
Balance at beginning	3,389,301	3,253,020
Current charge	136,281	136,281
Balance at end	(3,525,582)	(3,389,301)
Net carrying amount	<u>4,684,222</u>	<u>4,820,503</u>

The long leasehold land was revalued in the year 1994 and updated in the year 2005 by an independent professional valuer based on the open market value method.

The historical cost of the long leasehold land is as follows :

	GROUP	
	2010	2009
	RM	RM
Cost	371,155	371,155
Less : Amortisation	(94,367)	(89,688)
Net carrying amount	<u>276,788</u>	<u>281,467</u>

The long leasehold land is pledged to licensed banks for banking facilities granted to certain subsidiaries.

Long leasehold land refers to land with an unexpired lease period of more than fifty years, determined as at balance sheet date.

6. INVESTMENT PROPERTIES

	GROUP	
	2010	2009
	RM	RM
Freehold land, at valuation	<u>334,567</u>	<u>334,567</u>

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.

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2010	2009
	RM	RM
Unquoted shares, at cost	78,013,643	78,013,643
Less: Impairment loss		
Balance at beginning	49,671,851	49,671,851
Additional impairment	4,580,000	-
Balance at end	(54,251,851)	(49,671,851)
	<u>23,761,792</u>	<u>28,341,792</u>

Details of the subsidiaries which are all incorporated in Malaysia are as follows :

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2010	2009	
<u>Direct</u>				
SMPC Industries Sdn. Bhd. *	Malaysia	100%	100%	Metal sheet and coil processing centre with main services in shearing and reshearing.
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.
SMPC Marketing Sdn. Bhd.	Malaysia	100%	100%	Trading in steel furniture.
Edit Systems (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.
Duro Metal Industrial (M) Sdn. Bhd. *	Malaysia	100%	100%	Manufacture of steel roofing, wall cladding sheets and other steel related products and provision of related services.
SMPC Industries (India) Private Limited #	India	74%	74%	Manufacture of steel products.
Park Avenue Construction Sdn. Bhd.	Malaysia	100%	100%	Dormant.
SMPC Dexon Sdn. Bhd.	Malaysia	100%	100%	Manufacture of and trade in steels and other types of furniture and the provision of related services.

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2010	2009	
Metal Perforators (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of perforated screen plates, perforated materials, G-Loc splices and industrial chains.
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.
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Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.

Duro Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Duro Structural Products 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 proposed restructuring scheme.

Not audited by Grant Thornton.

2009

On 30 May 2008, the Company acquired 100 ordinary shares of RM1 each, which represents 100% equity interest in SMPC Steel Mill Sdn. Bhd., for a total cash consideration of RM100.

8. **GOODWILL**

	GROUP	
	2010	2009
	RM	RM
Cost		
Balance at beginning/end	1,875,643	1,875,643

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 :

	2010	2009
	RM	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 follows:

(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 regard 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.

9. INVENTORIES

	GROUP	
	2010	2009
	RM	RM
At cost :		
Raw materials	11,092,075	8,172,107
Work-in-progress	788,234	248,346
Finished goods	3,187,292	2,358,538
Trading goods	12,375,940	10,151,310
Consumables	156,956	222,416
	<hr/> 27,600,497	<hr/> 21,152,717
At net realisable value :		
Raw materials	238,887	238,887
	<hr/> 27,839,384	<hr/> 21,391,604
	<hr/> 27,839,384	<hr/> 21,391,604
Analysis by currencies :		
Ringgit Malaysia	27,811,611	21,377,738
Indian Rupee	27,773	13,866
	<hr/> 27,839,384	<hr/> 21,391,604
	<hr/> 27,839,384	<hr/> 21,391,604

10. TRADE RECEIVABLES

	GROUP	
	2010	2009
	RM	RM
Trade receivables	25,273,947	26,442,372
Less : Allowance for doubtful debts		
Balance at beginning	540,441	17,301,732
Additional allowance	-	12,654
Doubtful debts recovered	(6,336)	-
Written off	-	(16,773,945)
Balance at end	(534,105)	(540,441)
	24,739,842	25,901,931
Analysis by currencies :		
Ringgit Malaysia	22,048,005	24,018,103
Singapore Dollar	58,905	211,507
US Dollar	2,596,224	1,875,187
Euro	38,488	38,080
Australian Dollar	76,032	-
Indian Rupee	456,293	299,495
	25,273,947	26,442,372

Included herein is an amount of **RM Nil** (2009 : RM6,414) due from a company in which certain directors of the Group have substantial interests.

The normal credit terms granted to trade receivables range from **14 to 90** days (2009 : 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables				
Total amount	6,689,731	8,236,726	64,028	172,582
Less : Allowance for doubtful debts				
Balance at beginning	-	94,275	-	-
Written off	-	(94,275)	-	-
Balance at end	-	-	-	-
	6,689,731	8,236,726	64,028	172,582
Deposits	895,756	3,990,379	649,419	425,400
Prepayments	1,630,869	939,812	426,700	433,386
	9,216,356	13,166,917	1,140,147	1,031,368

Analysis by currencies :

Ringgit Malaysia	8,640,189	12,696,101	1,140,147	1,031,368
Indian Rupee	576,167	470,816	-	-
	9,216,356	13,166,917	1,140,147	1,031,368

Included in other receivables of the Group is an amount of **RM5,312,597** (2009 : **RM5,428,018**) due from buyers of a subsidiary's plant and machinery.

Included in the deposits of the Group and of the Company is a deposit amounting to **RM380,300** (2009 : **RM380,300**) held by a lender as security for a term loan.

12. AMOUNT DUE FROM/TO SUBSIDIARIES

COMPANY

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

13. SHORT TERM INVESTMENTS

GROUP

	2010		2009	
	Fair value RM	Cost RM	Fair value RM	Cost RM
Quoted :				
Unit trusts in Malaysia	7,206	15,000	109,563	182,034
Shares in Malaysia	42,200	46,000	28,840	46,000
	<u>49,406</u>	<u>61,000</u>	<u>138,403</u>	<u>228,034</u>

As disclosed in Note 19, unit trusts amounting to RM Nil (2009 : RM100,592) are pledged to a licensed bank for banking facilities granted to a subsidiary.

14. FIXED DEPOSIT WITH A LICENSED BANK

GROUP

The fixed deposit is pledged to a licensed bank for banking facilities granted to a subsidiary.

The effective interest rate and maturity of fixed deposit as at balance sheet date is 2.20% (2009 : 1.75%) per annum and 1 month (2009 : 1 month) respectively.

15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Analysis by currencies :				
Ringgit Malaysia	6,403,361	4,294,654	365,860	216,821
Indian Rupee	5,777	6,669	-	-
	<u>6,409,138</u>	<u>4,301,323</u>	<u>365,860</u>	<u>216,821</u>

16. NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2010 RM	2009 RM
Freehold land and buildings, at cost		
Balance at beginning	11,940,463 *	11,940,463
Reclassified from property, plant and equipment	837,299 #	-
Balance at end	<u>12,777,762</u>	<u>11,940,463</u>

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

- * On 28 September 2009, 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 subsidiary has submitted the conversion of the land and is awaiting for 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. As at 31 March 2009, the subsidiary and the purchaser have mutually agreed to extend the completion of the SPA to 27 September 2009. The completion of the SPA is further extended to 27 September 2010 via a Third Supplemental Agreement.

- # On 30 September and 3 December 2009, another subsidiary has entered into two SPA with a third party for the sale of its freehold land and factory buildings. The sale was completed on 27 May 2010.

17. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised :				
Balance at beginning/end	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid :				
Balance at beginning/end	<u>64,644,965</u>	<u>64,644,965</u>	<u>64,644,965</u>	<u>64,644,965</u>

18. OTHER RESERVES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 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	(217,276)	(133,144)	-	-
Current year	277,537	(84,132)	-	-
Balance at end	60,261	(217,276)	-	-
	6,069,314	5,791,777	13,379,344	13,379,344

19. BORROWINGS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-current liabilities				
Hire purchase payables	73,116	391,106	22,392	158,550
Term loans	2,001,419	1,827,815	659,025	357,219
	2,074,535	2,218,921	681,417	515,769
Current liabilities				
Bank overdrafts	9,321,889	8,659,350	-	-
Bankers acceptance	36,409,302	36,092,000	-	-
Revolving credits	12,250,000	12,250,000	-	-
Trust receipts	129,350	129,350	-	-
Hire purchase payables	323,949	894,580	136,158	212,424
Term loans *	40,611,824	40,671,661	339,300	758,179
	99,046,314	98,696,941	475,458	970,603

* Included herein is an amount of **RM5,430,402** (2009 : RM5,430,402) which has been converted from bank overdraft arising from restructuring of the bank facilities.

The borrowings (except for hire purchase payables) of the Group are secured by way of :

- (i) Legal charges and deed of assignment over freehold and leasehold land and buildings,
- (ii) Negative pledge on assets of the Company and certain subsidiaries,
- (iii) Deposit of RM380,300 held in trust by a lender,
- (iv) Corporate guarantee of the Company and its subsidiaries,
- (v) Pledge of fixed deposits and unit trusts with interest retention, and
- (vi) Joint and several guarantee by certain directors of the Company.

Two major creditor banks have given their approval on 16 April 2010 and 1 June 2010 to the Company to restructure their total outstanding facilities (principals and interest) amounting to RM79,092,622 (“debt restructuring”). The Company is presently working out the details of the debt restructuring.

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 five years RM
GROUP				
2010				
Bank overdraft	7.05 - 8.50	9,321,889	9,321,889	-
Bankers acceptance	2.22 - 6.80	36,409,302	36,409,302	-
Revolving credits	8.00 - 8.50	12,250,000	12,250,000	-
Trust receipts	3.00	129,350	129,350	-
Hire purchase payables	2.23 - 4.50	397,065	323,949	73,116
Term loans	1.84 - 9.05	42,613,243	40,611,824	2,001,419
2009				
Bank overdraft	7.05 - 8.50	8,659,350	8,659,350	-
Bankers acceptance	3.00 - 6.80	36,092,000	36,092,000	-
Revolving credits	8.00 - 8.50	12,250,000	12,250,000	-
Trust receipts	3.00	129,350	129,350	-
Hire purchase payables	2.20 - 8.70	1,285,686	894,580	391,106
Term loans	5.30 - 9.90	42,499,476	40,671,661	1,827,815

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than five years RM
COMPANY				
2010				
Hire purchase payables	2.50 - 4.10	158,550	136,158	22,392
Term loans	1.84	998,325	339,300	659,025
2009				
Hire purchase payables	2.50 - 4.10	370,974	212,424	158,550
Term loans	4.92	1,115,398	758,179	357,219

20. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Revaluation surplus				
Balance at beginning	2,774,267	2,867,279	1,345,573	1,394,134
Transfer to income statement	(93,012)	(93,012)	(48,561)	(48,561)
Balance at end	2,681,255	2,774,267	1,297,012	1,345,573
Excess of capital allowances over depreciation on property, plant and equipment				
Balance at beginning	(121,945)	(219,558)	(320,000)	(320,000)
Transfer from income statement	155,389	97,600	-	-
Under provision in prior year	33,444	(121,958)	(320,000)	(320,000)
Balance at end	332,636	13	-	-
Balance at end	366,080	(121,945)	(320,000)	(320,000)
	3,047,335	2,652,322	977,012	1,025,573

Represented by temporary differences arising from :

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Revaluation surplus	2,681,255	2,774,267	1,297,012	1,345,573
Property, plant and equipment	686,080	198,055	-	-
Unabsorbed capital allowances	(320,000)	(320,000)	(320,000)	(320,000)
	3,047,335	2,652,322	977,012	1,025,573

21. TRADE PAYABLES

	GROUP	
	2010 RM	2009 RM
Analysis by currencies :		
Ringgit Malaysia	9,519,271	8,490,260
Indian Rupee	151,955	178,490
	9,671,226	8,668,750

The normal credit terms granted by trade payables range from 14 to 90 days (2009 : 30 to 90 days).

22. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables				
- Interest bearing at 6.20% to 6.50% (2009 : 6.20% to 6.50%) per annum	13,776,557	13,776,557	-	-
- Non-interest bearing	2,998,096	4,271,966	227,036	-
Balance carried forward	16,774,653	18,048,523	227,036	-

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Balance brought forward	16,774,653	18,048,523	227,036	-
Accruals	12,502,104	13,145,786	734,745	862,048
Prepayment of lease rental	915,384	975,732	-	-
	30,192,141	32,170,041	961,781	862,048
Analysis by currencies :				
Ringgit Malaysia	30,075,711	31,369,545	961,781	862,048
Indian Rupee	116,430	800,496	-	-
	30,192,141	32,170,041	961,781	862,048

GROUP

- (i) The interest bearing other payable is secured by corporate guarantee given by the Company amounting to **RM13,776,557** (2009 : **RM13,776,557**) and a debenture on the fixed and floating charge over the present and future assets of a subsidiary.
- (ii) The prepayment of lease rental is received from a third party, for lease of part of the freehold land as disclosed in Note 6 to the financial statements.

23. REVENUE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	107,185,512	143,695,027	-	-
Rental of industrial and commercial assets	1,853,567	1,158,147	1,973,567	1,148,101
Management fee from subsidiaries	-	-	1,680,000	3,038,400
	109,039,079	144,853,174	3,653,567	4,186,501

24. OTHER INCOME

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Bad debts recovered	-	16,796	-	-
Doubtful debts recovered	6,336	-	-	-
Adjustment to fair value of short term investments	13,360	-	-	-
Gain on disposal of short term investments	33,111	-	-	-
Gain on disposal of property, plant and equipment	63,231	370,244	14,997	-
Gross dividend from investment quoted in Malaysia	180	2,190	-	-
Interest income	47,237	36,843	-	7,308
Realised gain on foreign exchange	18,445	482,364	-	-
Rental receivable from operating leases	203,845	88,985	-	-
Scrap sales	385,026	536,911	-	-
Unrealised gain on foreign exchange	117,073	139,115	117,073	-
Miscellaneous	5,285	97,348	-	-
	893,129	1,770,796	132,070	7,308

25. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages and salaries	8,608,236	9,482,511	1,129,764	1,531,391
EPF	715,590	663,052	122,951	68,548
SOCSSO	77,158	80,454	9,504	9,182
Other benefits	554,780	585,698	95,334	39,914
	9,955,764	10,811,715	1,357,553	1,649,035

Directors' emoluments

Included in the employee benefits expense of the Group and of the Company are executive directors' emoluments amounting to **RM1,085,180** (2009 : RM1,424,989) and **RM383,040** (2009 : RM1,243,769) respectively. The breakdown is as follows :

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors of the Company :				
- Salaries, allowance and bonus	798,000	1,110,501	342,000	1,110,501
- EPF	95,760	133,268	41,040	133,268
	893,760	1,243,769	383,040	1,243,769
Executive directors of the subsidiaries :				
- Salaries, allowance and bonus	172,700	162,500	-	-
- EPF	18,720	18,720	-	-
	191,420	181,220	-	-
	1,085,180	1,424,989	383,040	1,243,769
Non-executive directors of the Company :				
- Directors' fee (Note 27)	132,000	92,000	132,000	92,000
	1,217,180	1,516,989	515,040	1,335,769
Represented by :				
- Present directors	1,116,380	1,516,989	414,240	1,335,769
- Past director	100,800	-	100,800	-
	1,217,180	1,516,989	515,040	1,335,769

26. FINANCE COSTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on :				
- Bank borrowings and payables	7,975,429	9,822,996	-	7,503
- Hire purchase	57,536	125,379	13,692	26,116
	8,032,965	9,948,375	13,692	33,619
Bank charges	90,094	63,717	-	-
Others	(5,532)	7,788	-	-
	8,117,527	10,019,880	13,692	33,619

27. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at :

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging :				
Allowance for doubtful debts	-	12,654	-	-
Amortisation of prepaid land lease payments	153,206	153,206	136,281	136,281
Audit fee				
- current year	86,250	85,649	18,000	18,000
- under/(over) provision in prior years	42,000	-	-	(7,000)
Depreciation	5,092,979	4,922,306	692,996	634,677
Adjustment to fair value of short term investments	-	52,568	-	-
Impairment loss on investment in subsidiaries	-	-	4,580,000	-
Non-executive directors' remuneration (Note 25)	132,000	92,000	132,000	92,000

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense				
- bank charges and others	84,562	71,505	-	-
- borrowing costs	8,032,965	9,948,375	13,692	33,619
Preliminary expenses	-	4,830	-	-
Realised loss on foreign exchange	2,358	-	-	-
Rental of bin and equipment	30,750	-	-	-
Rental of buildings	394,500	155,695	15,500	18,600
Rental of plant and machinery	51,000	20,000	-	-
Unrealised loss on foreign exchange	-	133,146	-	133,146
And crediting :				
Doubtful debts recovered	6,336	-	-	-
Adjustment to fair value of short term investments	11,595	-	-	-
Gain on disposal of property, plant and equipment	63,231	308,060	14,997	-
Gain on disposal of short term investments	33,111	-	-	-
Gross dividend from investment quoted in Malaysia	180	2,190	-	-
Interest income	47,237	36,843	-	7,308
Realised gain on foreign exchange	18,445	-	-	-
Rental income	203,845	1,247,132	1,973,567	1,148,101
Unrealised gain on foreign exchange	117,073	139,115	117,073	-

28. TAXATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysian income tax : Based on results for the year				
- Current tax	(323,000)	(330,567)	-	-
- Deferred tax relating to origination and reversal of temporary differences	(62,377)	(4,588)	48,561	48,561
	<u>(385,377)</u>	<u>(335,155)</u>	<u>48,561</u>	<u>48,561</u>
(Under)/Over provision in prior years				
- Current tax	(558,005)	57,280	11,402	-
- Deferred tax	(332,636)	(13)	-	-
	<u>(890,641)</u>	<u>57,267</u>	<u>11,402</u>	<u>-</u>
	<u>(1,276,018)</u>	<u>(277,888)</u>	<u>59,963</u>	<u>48,561</u>

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before taxation	<u>840,185</u>	<u>(1,622,199)</u>	<u>(4,392,264)</u>	<u>60,475</u>
Income tax at Malaysian statutory tax rate of 25%	(210,046)	405,550	1,098,066	(15,119)
Effects of :				
- Tax rates differences in foreign jurisdiction	(8,079)	(4,506)	-	-
- Income not subject to tax	<u>101,485</u>	<u>623,968</u>	<u>29,268</u>	<u>-</u>
Balance carried forward	(116,640)	1,025,012	1,127,334	(15,119)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Balance brought forward	(116,640)	1,025,012	1,127,334	(15,119)
- Expenses not deductible for tax purposes	(2,338,362)	(957,265)	(1,315,880)	(213,671)
- Utilisation of unabsorbed tax losses and capital allowances	(2,231,706)	(403,786)	-	-
- Deferred tax movements not recognised	4,208,319	(92,128)	188,546	228,790
- Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
	(385,377)	(335,155)	48,561	48,561
(Under)/Over provision in prior years	(890,641)	57,267	11,402	-
	(1,276,018)	(277,888)	59,963	48,561

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Unabsorbed tax losses	73,395,000	75,620,000	899,000	1,179,000
Unabsorbed capital allowances	11,349,000	16,667,000	3,919,000	3,876,000
Unabsorbed reinvestment allowance	30,455,000	30,455,000	-	-
Unabsorbed allowance for increase in exports	1,979,000	1,979,000	-	-

29. **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 year by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares as follow :

	2010	2009
Loss attributable to equity holders of the Company (RM)	<u>(420,091)</u>	<u>(1,887,432)</u>
Number of shares in issue	<u>64,644,965</u>	<u>64,644,965</u>
Basic loss per share for the year (sen)	<u>(0.65)</u>	<u>(2.92)</u>

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.

30. **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 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.

By business segments
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	<u>58,039,745</u>	<u>50,618,634</u>	<u>3,653,567</u>	<u>(3,272,867)</u>	<u>109,039,079</u>
Results					
Segment results	3,151,982	5,721,945	83,785	-	8,957,712
Finance costs					(8,117,527)
Income tax expense					(1,276,018)
Loss for the year					<u>(435,833)</u>
Assets					
Segment assets	97,888,712	53,661,271	26,558,801	-	178,108,784
Unallocated assets					615,355
Total assets					<u>178,724,139</u>
Liabilities					
Segment liabilities	18,031,379	120,781,098	2,171,739	-	140,984,216
Unallocated liabilities					3,605,211
Total liabilities					<u>144,589,427</u>
Other segment information					
Capital expenditure	1,450,270	379,542	138,279	-	1,968,091
Depreciation of property, plant and equipment	3,134,706	1,166,742	791,531	-	5,092,979
Amortisation of prepaid land lease payment	16,925	-	136,281	-	153,206
Other significant non- cash expenses other than depreciation and amortisation	(72,108)	(22,597)	(130,305)	-	(225,010)

By business segments
2009

	Manufacturing RM	Trading RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	71,410,859	72,176,083	1,266,232	-	144,853,174
Inter-segment sales	<u>73,564</u>	<u>1,210,401</u>	<u>2,920,269</u>	<u>(4,204,234)</u>	<u>-</u>
Total revenue	<u>71,484,423</u>	<u>73,386,484</u>	<u>4,186,501</u>	<u>(4,204,234)</u>	<u>144,853,174</u>
Results					
Segment results	9,969,840	1,452,981	(3,025,140)	-	8,397,681
Finance costs					(10,019,880)
Income tax expense					<u>(277,888)</u>
Loss for the year					<u>(1,900,087)</u>
Assets					
Segment assets	88,935,145	61,462,051	27,187,366	-	177,584,562
Unallocated assets					<u>1,799,264</u>
Total assets					<u>179,383,826</u>
Liabilities					
Segment liabilities	18,256,278	121,095,372	2,403,003	-	141,754,653
Unallocated assets					<u>3,336,165</u>
Total liabilities					<u>145,090,818</u>
Other segment information					
Capital expenditure	4,965,146	648,302	3,222,434	-	8,835,882
Depreciation of property, plant and equipment	2,745,034	1,444,060	733,212	-	4,922,306
Amortisation of prepaid land lease payment	16,925	-	136,281	-	153,206
Other significant non- cash expenses other than depreciation and amortisation	<u>(125,915)</u>	<u>50,947</u>	<u>134,221</u>	<u>-</u>	<u>59,253</u>

(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.

	----- 2010 -----		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	101,365,157	165,021,699	1,156,174
India	2,312,029	13,702,440	811,917
Others	5,361,893	-	-
	<u>109,039,079</u>	<u>178,724,139</u>	<u>1,968,091</u>
	----- 2009 -----		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	125,780,196	170,929,530	6,304,221
India	1,784,471	8,454,296	2,531,661
Others	17,288,507	-	-
	<u>144,853,174</u>	<u>179,383,826</u>	<u>8,835,882</u>

31. RELATED PARTY DISCLOSURES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
(a) Related party transactions				
Rental expenses paid to a director of the Company	39,500	40,000	15,500	16,000
Rental income from subsidiaries	-	-	120,000	9,954
Management fee received from subsidiaries	-	-	<u>1,680,000</u>	<u>3,038,400</u>

(b) Compensation of key management personnel

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

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Salaries and other short-term employee benefits (Note 25)	1,217,180	1,516,989	515,040	1,335,769

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	
	2010	2009
	RM	RM
Balance at beginning/end	762,280	762,280

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 37 to the financial statements.

32. CONTINGENT LIABILITIES (UNSECURED)**GROUP AND COMPANY**

	2010		2009	
	Limit	Utilised	Limit	Utilised
	RM	RM	RM	RM
Corporate guarantee for loan facilities given to Vinanic Steel Processing Company (Vietnam), an investee company	870,543	870,543	972,633	972,633

COMPANY

	2010		2009	
	Limit RM	Utilised RM	Limit RM	Utilised RM
Corporate guarantee for banking facilities given to subsidiaries	112,465,794	75,026,514	112,765,794	101,019,808
Corporate guarantee to trade payables of subsidiaries	<u>24,436,557</u>	<u>14,471,913</u>	<u>24,336,557</u>	<u>14,763,442</u>

33. **CAPITAL COMMITMENTS**

	GROUP	
	2010 RM	2009 RM
Authorised but not contracted for :		
- Property, plant and equipment	<u>295,000</u>	<u>343,552</u>

34. **FINANCIAL INSTRUMENTS****Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit risk, interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is the Group's policy that no trading in derivative financial instruments shall be undertaken.

Credit risk

Credit risk, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are monitored on an ongoing basis via Group management report procedures. Known bad debts are written off and specific allowance for doubtful debts is made for any debts considered to be doubtful of collection, based on the recommendation by the credit controller and approved by the Board of Directors. In addition, a general allowance for doubtful debts is made to cover possible losses which are not specifically identified.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

Interest rate risk

Notwithstanding that the Group's banking facilities have been frozen by the lending banks pending the approval of its Proposed Restructuring Scheme, the Group is still exposed to the movement of the base lending rates ("BLR") as all their borrowings are tied up to the BLR except for hire purchase loans interest which is fixed.

The information on repricing or maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Foreign currency risk

The Group incurs foreign currency risk on purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this are Singapore Dollar and US Dollar. The Group does not hedge its foreign currency exposure.

Liquidity risk

Pending the approval and successful implementation of its Proposed Restructuring Scheme as disclosed in Note 35, the Group actively manages its cashflow by ensuring sufficient levels of cash are maintained to meet its obligations as and when they fall due.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at balance sheet date approximate their fair value.

The methods and assumptions are used to determine the fair values of financial instruments other than those whose carrying amount reasonable approximate their fair values are as follows :

(i) Cash and cash equivalents, receivables/payables and short term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

It is not practical to estimate the fair values of amounts due to/from subsidiaries and related parties due principally to a lack of fixed repayment term entered by the parties involved.

(ii) Borrowings and non-current payables

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.

35. 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 2009 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").

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;
- (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.

As at the date of this report, the Company has yet to submit the PRS to the Bursa Securities and other relevant authorities for approval pending the finalisation of certain material items within the PRS.

36. OTHER INVESTMENTS

	GROUP AND COMPANY	
	2010	2009
	RM	RM
Unquoted shares, at cost	299,838	299,838
Less : Impairment loss	(299,838)	(299,838)
	<hr/>	<hr/>
	-	-
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37. EMPLOYEE SHARE OPTIONS SCHEME (“ESOS”)

The Company’s 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.

The main features of the ESOS are as follows :

- (i) The ESOS's Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.
- (ii) The eligible persons are employees and executive directors of the Group having at least one (1) year of service with the Group. The eligibility for participation in the ESOS shall be at absolute discretion of the ESOS's Committee.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.
- (iv) The option shall be for a minimum of 1,000 ordinary shares and shall not exceed the maximum allowable allotment of 9% per employee of the total number of shares in the Company available under the ESOS.
- (v) The option price shall be determined based on the 5-day weighted average market prices of the shares of the Company as shown in the Daily Official List issued by the Bursa Malaysia for the five (5) market days immediately preceding the Date of Offer or at par, whichever is higher.
- (vi) The shares to be allotted upon any exercise of the option will upon allotment, rank pari passu in all respects with the existing shares of the Company.

As at 31 March 2010, the details of the share options are as follows :

Year Granted	Option price	Balance as at 1.4.09	Granted	Exercised	Balance as at 31.3.10	Exercisable period
2002	RM1.00	4,484,000	-	-	4,484,000	11.7.2001 - 6.7.2010

There was no share option granted and exercised during the year.

38. SUBSEQUENT EVENT

On 20 April 2010 and 15 June 2010, the Group has announced that the Group's two major creditor banks have given their approval to restructure their outstanding facilities (principals and interest) amounting to RM79,092,622 subject to certain terms and conditions.

The remaining banks have also given their consent for the implementation of the PRS.

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