



**MPM Products**



# **SMPC**

**SMPC CORPORATION BHD.**  
(79082-V)

## **ANNUAL REPORT 2014**



**Dexon Products**





# CONTENTS



2	Corporate Information
3	Corporate Structure
4	Financial Highlights
5	Chairman's Statement
7	Profile of the Board of Directors
10	Corporate Governance Statement
17	Audit Committee Report
20	Statement on Risk Management and Internal Control
23	Additional Compliance Information
25	Corporate Social Responsibility
26	Directors' Report
32	Directors' Statement
32	Statutory Declaration
33	Independent Auditors' Report to the Members
35	Statements of Financial Position
36	Statements of Comprehensive Income
37	Consolidated Statement of Changes in Equity
39	Statement of Changes in Equity
41	Statements of Cash Flows
44	Notes to the Financial Statements
112	Supplementary Information
113	Properties owned by the Group
114	Analysis of Shareholdings
117	Analysis of Warrant Holdings
119	Analysis of ICULS Holdings
121	Notice of Annual General Meeting
126	Statement Accompanying the Notice of Annual General Meeting
127	Form of Proxy

# Corporate Information

<b>Board of Directors</b>	<ul style="list-style-type: none"><li>• Sudesh a/l K. V. Sankaran <i>(Independent Non-Executive Director/Chairman)</i></li><li>• Ooi Chieng Sim <i>(Executive Director/Vice Chairman)</i></li><li>• Mohd Shahril Fitri Bin Hashim <i>(Executive Director)</i></li><li>• Ng Chin Nam <i>(Executive Director)</i></li><li>• Dato' Dennis Chuah <i>(Independent Non-Executive Director)</i></li><li>• Dato' Lee Hean Guan <i>(Non-Independent Non-Executive Director)</i></li></ul>
<b>Company Secretaries</b>	<ul style="list-style-type: none"><li>• Chan Yoke Yin (MAICSA 7043743)</li><li>• Chan Eoi Leng (MAICSA 7030866)</li></ul>
<b>Registered Office</b>	<ul style="list-style-type: none"><li>• 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak. Tel No. : 605-5474833 Fax No. : 605-5474363</li></ul>
<b>Auditors</b>	<ul style="list-style-type: none"><li>• Grant Thornton Chartered Accountants 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.</li></ul>
<b>Principal Bankers</b>	<ul style="list-style-type: none"><li>• Ambank (M) Berhad</li><li>• AmIslamic Bank Berhad</li><li>• Affin Bank Berhad</li><li>• Hong Leong Bank Berhad</li><li>• Malayan Banking Berhad</li><li>• HSBC Bank Malaysia Berhad</li></ul>
<b>Share Registrar</b>	<ul style="list-style-type: none"><li>• Symphony Share Registrars Sdn. Bhd. Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor. Tel No. : 603-7841800 Fax No. : 603-78418151</li></ul>
<b>Stock Exchange Listing</b>	<ul style="list-style-type: none"><li>• Main Market of Bursa Malaysia Securities Berhad Stock Name : SMPC Stock Code : 7099</li></ul>



# Corporate Structure



**SMPC INDUSTRIES SDN. BHD. (100%)**

- Shearing
- Slitting
- Trading
- Reshearing
- Slitted Flat Bars



**DURO METAL INDUSTRIAL (M) SDN. BHD. (100%)**

- Steel Roofing
- Wall Cladding
- Structural Floor Decking

**DURO MARKETING (M) SDN. BHD. (100%)**

- Dormant

**DURO STRUCTURAL PRODUCTS (M) SDN. BHD. (70%)**

- Dormant



**SMPC MARKETING SDN. BHD. (100%)**

- Trading in Steel Furniture

**PROGEREX SDN. BHD. (100%)**

(Ferrous and Non-Ferrous)

- Compressed Scrap
- Shearing
- Shredding



**METAL PERFORATORS (MALAYSIA) SDN. BHD. (100%)**

- Manufacturing & Marketing of Perforated metal, Cables support systems & screen plates
- Hardware Items



**SMPC DEXON SDN. BHD. (100%)**

- Manufacturing Steel Furniture
- Trading Steel Furniture



**SYARIKAT PERKILANGAN BESI GAYA SDN. BHD. (100%)**

- Dormant



**EDIT SYSTEMS (M) SDN. BHD. (70%)**

- Dormant



**PARK AVENUE CONSTRUCTION SDN. BHD. (100%)**

- Investment holding

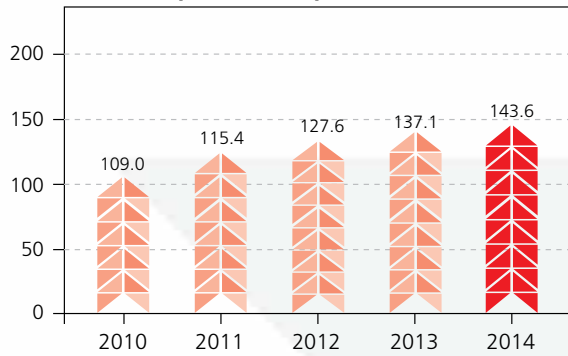


**KEMBANG KARTIKA SDN. BHD. (50.01%)**

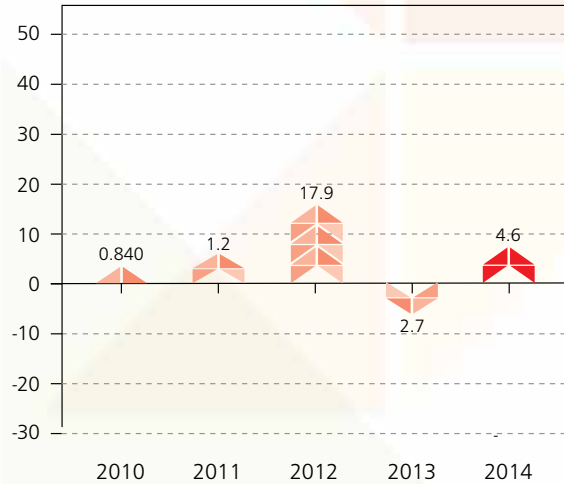
- Property Development

# Financial Highlights

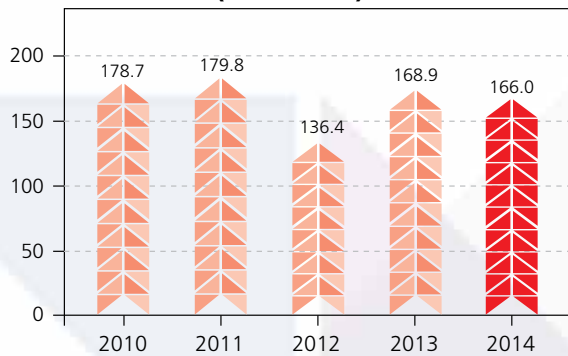
**Revenue (RM Million)**



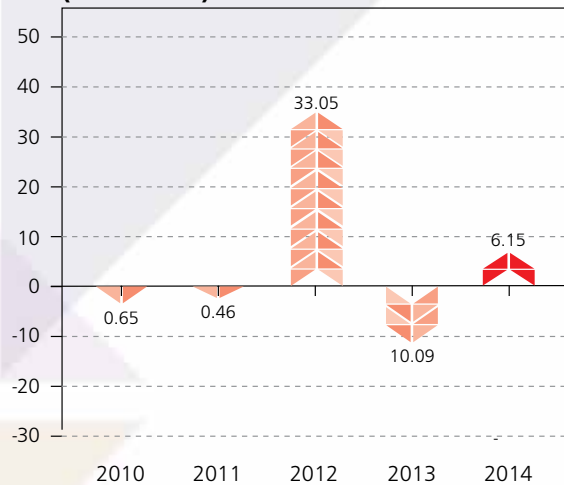
**Profit / (Loss) Before Tax (RM Million)**



**Total Assets (RM Million)**



**Basic Earnings / (Loss) Per Share (RM Million)**







## Chairman's Statement

### Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), it is my pleasure to present to you the Annual Report of SMPC Corporation Bhd ("SMPC") and the Group for the financial year ended 31 March 2014.

### FINANCIAL PERFORMANCE

For the financial year ended ("FYE") 31 March 2014, the Group registered a total revenue of RM143.6 million, which was 4.7% higher than previous financial year. The Group has recorded profit before tax of RM4.6million against loss before tax of RM2.8million in the previous financial year which is very encouraging after a decade of loss making results. Our improved financial performance in FYE 2014 materialised as a result of new management in placed and successfully implemented restructuring initiatives. We will continue to work on improving our weaknesses in key result areas which we are confident that we can improve this positive result for FYE 2015 and beyond.

### DIVIDEND

The Company paid the following dividends during FYE 31 March 2014:

- i. First interim single tier dividend of 2 sen per share amounting to RM911,737;
- ii. Second interim single tier dividend of 2 sen per share amounting to RM953,740; and
- iii. Share dividend distribution on the basis of one treasury share for every twelve ordinary shares held.

### INDUSTRY TREND

In 2014, the steel industry will continue to face challenges due to the highly cyclical nature of the global steel industry, dragging in the Euro Zone debt problem, slowdown in the Chinese economy.

The recent increase in local electricity tariff by 14.9% will effectively affect our production cost and profit margin.

### PROSPECT

The roll out various high impact infrastructure projects by the Government such as Mass Rapid Transit (MRT), Light Rail Transit (LRT) extension and Petrochemical Integrated Development (RAPID) will stimulate the industry and economy in general.

In this relation, we anticipate that our metal roofing, perforated cable support systems and recycling divisions will be the major contributors to the Group's profitability in 2015.

## Chairman's Statement (cont'd)

### CORPORATE GOVERNANCE

The Board is committed to observing the Malaysian Code of Corporate Governance 2012 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and has ensured that a high standard of corporate governance is practiced throughout the whole Group to safeguard the Group's operations, assets and stakeholder value. Our statement on corporate governance can be found on page 10 to 16.

There were no sanctions or penalties imposed on the Group, Directors or management by the relevant regulatory bodies in 2014.

### WORDS OF APPRECIATION

On behalf of the Board, I would like to express my appreciation and thanks to the Directors, Management and all employees of the Group for their dedicated services, commitment, loyalty and contribution during 2014. The year 2015 will continue to be very challenging but I have no doubt in the Group's ability to overcome whatever possibilities and difficulties that may present themselves.

I would also like to take this opportunity to thank the Regulatory Authorities, shareholders, customers, business associates, bankers, sub-contractors and suppliers for their continuing support, trust and confidence to the Group.

I look forward to your continuous support in the years ahead.

**Sudesh a/l K.V. Sankaran**

Chairman

Date: 3 September 2014



## Profile of the Board of Directors

### **SUDESH A/L K.V. SANKARAN**

*Chairman/Independent Non-Executive Director*

Sudesh a/l K.V. Sankaran, aged 64, a Malaysian citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 20 December 2004 and was appointed as Chairman of the Board on 29 July 2014. He is also a member of the Audit, Remuneration and Nomination Committees of the Company.

Sudesh a/l K.V. Sankaran 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.

### **OUI CHIENG SIM**

*Vice Chairman/Executive Director*

Ooi Chieng Sim, aged 45, a Malaysian citizen, is the Vice Chairman and Executive Director of SMPC. He was appointed to the Board of SMPC on 1 June 2012.

Ooi Chieng Sim did his secondary education at Chung Ling High School and has more than twenty years of experience in plantation, trading in foodstuff, construction and engineering sector. His immense experience had led him to manage his companies successfully over the years. He was the founder of Hock Lok Siew Realty Sdn. Bhd. and Skylitech Resources Sdn. Bhd. which were set up by him in 1989.

He is a substantial shareholder of SMPC by virtue of his deemed interest held through Hock Lok Siew Realty Sdn. Bhd. and Skylitech Resources Sdn. Bhd. in the Company.

### **MOHD SHAHRIL FITRI BIN HASHIM**

*Executive Director*

Mohd Shahril Fitri Bin Hashim, aged 39, 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 re-designated as Executive Director on 3 January 2006. In conjunction with the withdrawal of his appointment as a nominee by Perbadanan Nasional Berhad ("PNS"), a substantial shareholder of the Company on 7 August 2007, he 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 an Executive Director on 27 September 2007 after receiving an offer from the Company for the said position.

Mohd Shahril Fitri Bin Hashim 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.



## Profile of the Board of Directors (cont'd)

### **NG CHIN NAM**

*Executive Director*

Ng Chin Nam, age 44, a Malaysian citizen, is an Executive Director of the Company through his re-designation effective 1 June 2012. He was appointed to the Board of SMPC on 29 January 2012. He was previously an Independent Non-Executive Director and a member of the Company's Audit Committee till his re-designation in June 2012.

Ng Chin Nam has more than 20 years of experience in the fields of accounting, auditing, taxation and corporate finance. He started his career in 1992, in a manufacturing environment. He joined an international audit firm as an Audit Senior in 1997 after obtaining his professional qualification from Chartered Institute of Management Accountants (CIMA). He then left the audit firm as Assistant Manager in 2000 to join a listed company as Finance Manager. In 2007, he left to assume the role as Head of MIS, Human Resource and Finance in another listed company. Presently, he also sits on the Board of Luster Industries Berhad, Niche Capital Emas Holdings Berhad and Asia File Corporation Bhd.

### **DATO' DENNIS CHUAH**

*Independent Non-Executive Director*

Dato' Dennis Chuah, aged 41, a Malaysian citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 25 September 2013. He was also appointed as Chairman of the Audit Committee of the Company on 30 September 2013.

After completing his secondary education, he joined Tako Astatic Technology Sdn Bhd in 1992 as a sales executive in charge of the sales of electrostatic discharge protective material for the semiconductor and electronics industries in Malaysia and Singapore. He left in 1996 to set up Zapstat Sdn Bhd, a manufacturer of electrostatic discharge packaging material, and was its Marketing Director until 2002. He helped to set up ETI Tech Corporation Berhad in 2002 and was appointed as Business Development Director in the same year.



## Profile of the Board of Directors (cont'd)

### **DATO' LEE HEAN GUAN**

*Non Independent Non-Executive Director*

Dato' Lee Hean Guan, aged 72, a Malaysian citizen is a Non-Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 3 March 2011. He joined See Hup Group in 1965 after completing his secondary education. He formed the pioneer management team of See Hup and was 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 Securities 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. He is also actively involved in various businesses, communities and charitable organisations and holds honorary positions in various committees.

#### **Notes:**

- i. **Family Relationships with any Director and/or major shareholders**  
All Directors of the Company do not have any family relationships with any Director and/or major shareholders 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”) in 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 six (6) Directors, two (2) of whom are Independent Non-Executive Directors, three (3) Executive Directors and one (1) Non-Independent Non-Executive Director. 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 2014, a total of seven (7) meetings, 2 April 2013, 29 May 2013, 29 July 2013, 29 August 2013, 25 September 2013, 19 November 2013 and 20 February 2014 were held. Details of each Director’s attendance at the Board Meetings are as follows:

Name of Director		No. of Meetings Attended
Sudesh a/l K.V. Sankaran	- Independent Non-Executive Director/Chairman	7 out of 7
Ooi Chieng Sim	- Executive Director/Vice Chairman	7 out of 7
Mohd Shahril Fitri Bin Hashim	- Executive Director	6 out of 7
Ng Chin Nam	- Executive Director	7 out of 7
Dato’ Lee Hean Guan	- Non-Independent Non-Executive Director	7 out of 7
* Sanmarkan a/l T S Ganapathi	- Independent Non-Executive Director	4 out of 4
* Machendran a/l Pitchai Chetty	- Group Managing Director	4 out of 4
* Lim Ghim Chai	- Independent Non-Executive Director	2 out of 2
** Dato’ Dennis Chuah	- Independent Non-Executive Director	3 out of 3
*** Yap Chi Keong	- Independent Non-Executive Director	1 out of 1

\* Sanmarkan a/l TS Ganapathi, Machendran a/l Pitchai Chetty and Lim Ghim Chai retired at the Annual General Meeting held on 25 September 2013

\*\* Dato’ Dennis Chuah was appointed as Director and Audit Committee Chairman of the Company with effect from 25 September 2013 and 30 September 2013 respectively

\*\*\* Yap Chi Keong was appointed as Director and Audit Committee Member of the Company on 20 December 2013 but resigned from both positions on 2 June 2014.





## Corporate Governance Statement (cont'd)

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 17 to 19 of this Annual Report.

- Nomination Committee

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

Sudesh a/l K.V. Sankaran (Independent Non-Executive Director/Chairman)	- Chairman
Dato' Dennis Chuah (Independent Non-Executive Director)	- Member

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

- 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.
- 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;
- To recommend to the Board, directors to fill the seats on Board committees;
- To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies which Directors of the Company should bring to the Board;
- 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 the discharge of all its functions shall be properly documented.
- To consider and examine such other matters as the Nomination Committee considers appropriate.

## Corporate Governance Statement (cont'd)

- Remuneration Committee

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

Sudesh a/l K. V. Sankaran <i>(Independent Non-Executive Director/Chairman)</i>	- Chairman
Dato' Dennis Chuah <i>(Independent Non-Executive Director)</i>	- Member
Ooi Chieng Sim <i>(Executive Director/Vice Chairman)</i>	- Member

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

- To review, deliberate and recommend the annual salaries, incentive arrangements, service arrangements and other employment condition for the executive directors;
- To determine the company's remuneration policy and arrangements on executive directors;
- 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;
- 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;
- 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
- To consider and examine such other matters as the Board and Remuneration Committee considers as appropriate.

- Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established on 18 October 2012. The ESOS Committee comprises the following:

Ooi Chieng Sim <i>(Executive Director/Vice Chairman)</i>	- Chairman
Ng Chin Nam <i>(Executive Director)</i>	- Member
Siva Raman a/l S. Ramasamy <i>(Group Financial Controller)</i>	- Member
Parimala Devi a/p Mailvaganam <i>(Group Finance Manager)</i>	- Member



## Corporate Governance Statement (cont'd)

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

- To determine the entitlement and grant options to the eligible employees;
- To allot share to the employees on exercise of the option;
- To maintain the register of options as required by law;
- To grant variations as allowed by the By-Laws;
- To recommend to the Board, correction of any defects or inconsistencies in the scheme; and
- To recommend to the Board, and amendments to the By-Laws governing the scheme.

### ***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 the Listing Requirements. The following courses were attended by the Directors during the financial year ended 31 March 2014:

- Enhancing Corporate Governance Seminar
- Audit Committee Conferences 2014
- Malaysia Goods and Services Tax

### ***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 may also 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.



## Corporate Governance Statement (cont'd)

### DIRECTORS' REMUNERATION

The remuneration of Directors is reviewed periodically giving 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	45,000	33,000
Salaries and allowances	428,000	-
Bonus	-	-
Other benefits	51,360	11,294

The analysis of remuneration is as follows:

Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM100,000 – RM200,000	2	-
RM200,000 – RM300,000	1	-
RM350,000 – RM400,000	-	-
RM450,000 – RM500,000	-	-
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](http://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.



## Corporate Governance Statement (cont'd)

### 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.

#### *Risk Management and 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 Risk Management and Internal Control is set out on pages 20 to 22 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 17 to 19 of the Annual Report.

### COMPLIANCE STATEMENT

The Board is satisfied that the Company has complied with the Best Practices in Corporate Governance and relevant principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") save for those exceptions set out below:

- a) 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.
- b) The tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Sudesh a/l K V Sankaran, who has served on the Board for more than nine (9) years, has remained objective and independent in expressing his views and in participating in the deliberations and decision making of the Board and the Board Committees. The length of his service on the Board does not in any way interfere with the exercising of his independent judgement and his ability to act in the best interests of the Group.

Sudesh a/l K V Sankaran has demonstrated his independence in carrying out his roles as Chairman of the Board and Board Committees, notably in fulfilling his role as the Chairman of the Board, the Nomination Committee and the Remuneration Committee respectively.

The Board has also determined not to seek shareholders' approval and retained Sudesh a/l K V Sankaran to continue to act as an Independent Non-Executive Director of the Company in that he fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements, and thus he would be able to function as check and balance, to provide a broader view and brings an element of objectivity to the Board. He has performed his duty diligently and in the best interest of the Company as required by the Code as an Independent Director and his vast experience as a qualified lawyer enable him to provide good advise to the Board and Board Committees on legal matters in addition to providing a broader view, independent and balanced assessment of proposals from the management.

## Corporate Governance Statement (cont'd)

### 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 safeguarding the assets of the Company and Group for the prevention and detection of fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board dated 27 August 2014.





## Audit Committee Report

### TERMS OF REFERENCE

#### Compositions and Meetings

The Audit Committee comprises two members, all of whom are Independent Non-Executive Directors.

During the financial year ended 31 March 2014, a total of five (5) Audit Committee Meetings were held on 29 May 2013, 29 July 2013, 29 August 2013, 19 November 2013 and 20 February 2014 respectively. The details of the Audit Committee members and their attendance at the meetings were as follows:

Name of Member		No. of Meetings Attended
Sudesh a/I K. V. Sankaran	<i>Independent Non- Executive Director</i>	5 out of 5
* Sanmarkan a/I T. S. Ganapathi	<i>Independent Non-Executive Director/Chairman</i>	3 out of 3
* Lim Ghim Chai	<i>Independent Non-Executive Director</i>	2 out of 2
** Dato' Dennis Chuah	<i>Independent Non-Executive Director/Chairman</i>	2 out of 2
** Yap Chi Keong	<i>Independent Non-Executive Director</i>	1 out of 1
* <i>Both Sanmarkan a/I T.S. Ganapathi and Lim Ghim Chai retired as Directors of the Company at the Annual General Meeting held on 25 September 2013 and consequently ceased as Audit Committee Members.</i>		
** <i>Dato' Dennis Chuah was appointed as Director of the Company on 25 September 2013 and subsequently appointed as Audit Committee Chairman on 30 September 2013.</i>		
*** <i>Yap Chi Keong was appointed as Director and Audit Committee Member of the Company on 20 December 2013 but resigned from both positions on 2 June 2014.</i>		

With the resignation of Yap Chi Keong on 2 June 2014, the Company is not in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") as the number of Audit Committee members has dropped below the minimum 3 and none of the other Audit Committee members fulfil the requirements of Paragraph 15.09(1)(c). The Board is given a period of three months from the date of non-compliance to admit an additional independent director to meet the requirements of Paragraph 15.09(1) of the Listing Requirements.

The Audit Committee Chairman meets regularly with senior management to be kept informed of matters affecting the Group. The Group's external auditors were in attendance at two (2) meetings during the financial year. Discussions between the Audit Committee and the external auditors were held in two (2) of the said meetings without the presence of any Group executives.

Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation. The Company Secretary shall be the Secretary of the Audit Committee. The Secretary shall maintain minutes of the proceedings of the meetings of the Audit Committee and circulate such minutes to all members of the Board.

## Audit Committee Report (cont'd)

### Functions

The functions of the Audit Committee shall include the following:

- (a) to review the audit plan, evaluation of the system of internal controls and audit report with the external auditors and report the same to the Board;
- (b) to review the assistance given by the employees of the Company to the external auditors;
- (c) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (d) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (e) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant and unusual events; and
  - (iii) compliance with accounting standards and other legal requirements;
- (f) to monitor any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (g) to review resignation (if any) and re-appointments of external auditors and recommend the nomination of a person/persons as external auditors.

### SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 March 2014 in the discharge of its duties and responsibilities:

- Reviewed and deliberated on the Internal Audit reports, recommendations and management responses;
- Reviewed the audit objectives, audit approach and areas of audit emphasis for the audit of the Group accounts for the financial year ended 31 March 2014 with the external auditors prior to the commencement of audit;
- Reviewed and discussed the external auditors' management letter for issues noted in the course of the audit;
- Reviewed the annual audited financial statements of the Group prior to submission to the Board for consideration and approval;
- Reviewed the unaudited quarterly reports to Bursa Malaysia Securities Berhad before recommending to the Board for approval;
- Reviewed the related party transactions of the Group; and
- Verified that the allocation of options pursuant to the Employees' Shares Option Scheme is in accordance with the criteria set out in the ESOS by-laws.



## Audit Committee Report (cont'd)

### INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group was outsourced to a professional internal audit service provider firm which undertakes independent, objective and systematic reviews of the risk management, internal controls system and corporate governance. The outsourced internal auditors reports directly to the Audit Committee and assists the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group. The functions and responsibilities of the Internal Audit function are embodied in the Internal Audit Charter which has been revised and approved by the Board during the financial year. The costs incurred by the Group in relation to the Internal Audit functions for the financial year ended 31 March 2014 amounted to approximately RM17,450.

During the financial year ended 31 March 2014, the following activities were carried out by the Internal Audit function:

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



## Statement on Risk Management and Internal Control

### INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Listing Requirements (“LR”) of Bursa Securities for the MAIN Market and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), the Board of Directors of SMPC Corporation Bhd (“SMPC” or “the Group”) is pleased to include a statement on the state of the Group’s internal controls in this annual report.

### BOARD’S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Executive Directors and Group Financial Controller, who are primarily responsible for the management of the Group’s financial affairs, that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group’s business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

### KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group’s risk management and internal control system that facilitates the proper conduct of the Group’s businesses are described below:

#### 1. RISK MANAGEMENT SYSTEM

The Board is dedicated to strengthening the Group’s risk management to manage its key business risks within the Group and to implement appropriate controls to manage its key risks. The Risk Management Committee which is made up of key management staff and Executive Directors meet up to review the risk profiles of the Group. During the year, the Risk Management Committee reviews the existence of new risks and assesses the relevance of the Group’s existing risk profile. Risks that may affect the Group’s business objectives are continually monitored, and any new significant risk identified are subsequently evaluated and managed.

Whilst the Board maintains ultimate control over risk and control issues, it has been delegated to the executive management the implementation of the risk management and internal control within an established framework. The responsibility of managing the risks of each department lies with the respective Heads of Department and it is during the monthly management meetings, implemented risk management activities that manage the significant risks identified are communicated to Executive Directors and Senior Management.

Management Meetings are held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Group’s strategic and business plans are escalated to the Board at their scheduled meetings.



## Statement on Risk Management and Internal Control (cont'd)

### 2. INTERNAL CONTROL SYSTEM

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organizational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

- Periodical and/or Annual Budget

An annual budget is prepared by management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

- Group Policies and Procedures

Documented policies and procedures are in place and are regularly reviewed and updated so as to ensure that they maintain their effectiveness and continues to support the Group's business activities as the Group continues to grow.

Certain subsidiaries within the Group are ISO 9001 certified. With this certification, reviews are conducted by independent external ISO auditors particularly to ensure compliance with terms and conditions of the respective certifications.

- Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

The Executive Directors are closely involved in the daily operations and are responsible for the business performances of the respective businesses. The daily operations are monitored through attendance of management meetings and informal discussions. Significant issues are brought to the attention of the Board, where necessary.

The quarterly financial statements are presented to the Board for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

## Statement on Risk Management and Internal Control (cont'd)

### 3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 31 March 2014, an internal audit was carried out and the findings of the internal audit, including the recommended corrective actions, were presented directly to the Audit Committee.

### **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. However, the Board is also cognizant 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 system of internal control and risk management framework.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements and pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2014, and the external auditors has reported to the Board and believe that the statement is consistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the risk management and internal control systems within the Group.

This statement was approved by the Board of Directors on 27 August 2014.



## Additional Compliance Information

### UTILISATION OF PROCEEDS

On 25 January 2012, the Company's Proposed Restructuring Scheme ("PRS") was approved by the shareholders at the Extraordinary General Meeting held on even date.

The status of utilisation of proceeds from the PRS is as follows:

	RM
<b>Proceeds raised from PRS</b>	<b>32,702,905</b>
<b>Less: Amount Utilised</b>	
Fixed Assets	(30,139,667)
Expenses in relation to PRS	(2,563,283)
<b>Total amount utilised</b>	<b>-</b>

### SHARE BUY BACK

The Company's Share Buy Back Authority was renewed via an Ordinary Resolution passed by the shareholders at the Thirty-Second Annual General Meeting of the Company held on 25 September 2013. The information on share buy back for the financial year is presented under page 27 in the Directors' Report.

### EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The amount of options granted and exercised in respect of the financial year is presented under page 27 in the Directors' Report.

The Audit Committee has verified that the allocation of options pursuant to the Employees' Shares Option Scheme during the year is in accordance with the criteria set out in the ESOS by-laws.

### WARRANTS OR CONVERTIBLE SECURITIES

Other than as disclosed in Note 13 and 14.3 respectively to the Financial Statements, there were no warrants or convertible securities exercised.

### DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt 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

The amount of non-audit fees paid to the external auditors, Messrs Grant Thornton, by the Company for the financial year ended 31 March 2014 amounted to RM22,500.



## Additional Compliance Information (cont'd)

### VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 March 2014 and unaudited results previously released for the financial quarter ended 31 March 2014.

### PROFIT GUARANTEE

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

### MATERIAL CONTRACTS

Other than contracts entered into and disclosed as Related Party Transactions in Note 28 to the Financial Statements, there are no other material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

### REVALUATION POLICY ON LANDED PROPERTIES

There was no revaluation of landed properties during the financial year.

### RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE

The aggregate value of the RRPT conducted between the Company and its subsidiaries with the related parties during the financial year is as follows:

Name of Related Party	Relationship with Company – Interested Director, Major Shareholder and Person Connected	Type of Recurrent Related Party Transaction	Actual value transacted from 25 September 2013 to 31 March 2014 (RM)	Aggregate Value (RM)
See Hup Pioneer Logistics Sdn. Bhd. ("SHPIO-neer")	Dato' Lee Hean Guan ( <i>being Interested Director</i> )	Rental of warehouse, at a monthly rental of RM55,000 (approximately 80,000 sq ft) to SHPIO-neer at No. 2521 Tingkat Perusahaan 6, Kawasan Perusahaan Perai, 13600 Seberang Perai Tengah	157,754	660,000
Limsa Ekuiti Sdn. Bhd. ("Limsa")	Dato' Lee Hean Guan ( <i>being Interested Director</i> )	Rental of warehouse and open yard, at a monthly rental of RM30,000 (approximately 217,800 sq ft) from Limsa at No. 1702 MK 14 Kampung Tok Suboh, Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Selatan	210,000	360,000
See Hup Transport Company Sdn. Bhd. ("SHTCSB")	Dato' Lee Hean Guan ( <i>being Interested Director</i> )	Rental of its plant and equipment for transportation of goods and services, at a monthly rental of RM42,000	195,742	504,000



## Corporate Social Responsibility

SMPC believes that good management of corporate social responsibility (“CSR”) 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’s CSR framework covers three areas namely the workplace, community and environment.

From a workplace perspective, SMPC recognizes the importance of employees as its most valuable assets. CSR principles are shared with our employees to ensure their duties are performed with an awareness of social responsibilities. In addition to our ongoing CSR initiatives undertaken within the organization, we are committed to developing and supporting the initiatives, which will have a positive impact on the local communities. As part of our commitment to staff development we had conducted various learning and development programs throughout the year. Through our Sports and Recreation Club, we encourage our employees to lead healthy lifestyles.

Being a caring Corporate Organization, SMPC provided assistance to charitable organizations, schools and temples in Penang, donations of company manufactured furniture to orphanages and the enrolment of students from polytechnic and universities for the purpose of industrial trainings are some of our initiatives that demonstrate our commitment towards the community. With reference to the industrial training, our industry experts have been, more than willingly, sharing their years of experience in various field 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 audit 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 2014

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

### 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.

### RESULTS

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Profit after taxation for the year	<u>2,987,161</u>	<u>19,369,846</u>
Attributable to:		
Owners of the parent	2,925,420	19,369,846
Non-controlling interests	<u>61,741</u>	<u>-</u>
	<u>2,987,161</u>	<u>19,369,846</u>

In the opinion of the directors, except for those disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 March 2014 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

Since the end of the previous financial year, the Company paid the following dividends in respect of the financial year ended 31 March 2014:

- (i) First interim single tier dividend of 2 sen per share amounting to RM911,737, paid on 13 December 2013;
- (ii) Second interim single tier dividend of 2 sen per share amounting to RM953,740, paid on 3 January 2014; and
- (iii) Share dividend distribution on the basis of one treasury share for every twelve ordinary shares held.

The directors do not recommend any final dividend payment for the financial year.

### 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.



## Directors' Report

for the financial year ended 31 March 2014 (cont'd)

### SHARE CAPITAL AND DEBENTURE

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM48,489,059 to RM54,704,859 by:

- (i) allotment of 385,000 new ordinary shares of RM1 each at an exercise price of RM1 per share for cash pursuant to the employees' share option scheme; and
- (ii) issuance of 5,830,800 ordinary shares of RM1 each arising from the conversion of 5,830,800 10-year 0% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM0.10 nominal value each by surrendering for cancellation one ICULS of RM0.10 each and paying the difference between the nominal value of ICULS and conversion price of RM1 each.

The proceeds were used for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

### TREASURY SHARES

The shareholders of the Company, by a special resolution passed in a general meeting held on 28 September 2012, approved the Company's plan to repurchase its own shares.

During the financial year ended 31 March 2014, the Company repurchased 6,407,900 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.90 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 19 November 2013, the Company declared and approved a share dividend in respect of financial year ended 31 March 2014 via distribution of 3,973,232 treasury shares on the basis of one treasury share for every twelve ordinary shares held. The share dividend was distributed on 3 January 2014.

As at 31 March 2014, the Company held a total of 2,434,668 treasury shares out of its 54,704,859 issued ordinary shares. The treasury shares are held at a carrying amount of RM2,572,935 and further relevant details are disclosed in Note 14.2 to the financial statements.

### 10-YEAR 0% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AND WARRANTS

The salient features of the ICULS and Warrants are disclosed in Notes 13 and 14.3 to the financial statements respectively.

Details of ICULS and Warrants issued to directors are disclosed in the section on directors' interest in this report.

### EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2012. The ESOS came into effect on 19 November 2012 and will be in force for duration of three years expiring on 18 October 2015.



## Directors' Report

for the financial year ended 31 March 2014 (cont'd)

The details of options over unissued ordinary shares granted to eligible employees and directors of the Group during the financial year are as follows:

Grant date	Exercise price RM	Number of Share Options				Balance at 31.3.14
		Balance at 1.4.13	Granted and accepted	Exercised	Lapsed	
9.10.13	1.00	-	3,257,500	(385,000)	(480,000)	2,392,500

The salient features of the ESOS are disclosed in Note 34 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors who have been granted options to subscribe for less than 50,000 ordinary shares of RM1 each. The names of option holders granted options to subscribe for 50,000 or more ordinary shares of RM1 each during the financial year are as follows:

Name	Number of Share Options			Balance at 31.3.14
	Granted and accepted	Exercised	Lapsed	
Ramakrishnan a/l Thangasamy Chettiar	90,000	-	-	90,000
Siva Raman a/l S. Ramasamy Pattar	75,000	-	-	75,000
Mahendra Kumar a/l S. Balakrishnan	75,000	-	-	75,000
Chong Kam Yean	75,000	-	(75,000)	-

Details of options granted to directors are disclosed in the section on directors' interests in this report.

### DIRECTORS

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

**Ooi Chieng Sim**  
**Ng Chin Nam**  
**Mohd Shahril Fitri Bin Hashim**  
**Dato' Lee Hean Guan**  
**Sudesh a/l K.V. Sankaran**  
**Dato' Dennis Chuah (appointed on 25.9.13)**  
**Yap Chi Keong (appointed on 20.12.13 and resigned on 2.6.14)**  
**Machendran a/l Pitchai Chetty (retired on 25.9.13)**  
**Sanmarkan a/l T S Ganapathi (retired on 25.9.13)**  
**Lim Ghim Chai (retired on 25.9.13)**

## Directors' Report

for the financial year ended 31 March 2014 (cont'd)

### 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 31.3.14
	Balance at 1.4.13	Bought	Share Dividend +	Sold	
<b>The Company</b>					
<b>Direct Interest:</b>					
Ooi Chieng Sim	-	1,325,000	110,416	-	1,435,416
Ng Chin Nam	24,000	10,000	2,833	-	36,833
Dato' Lee Hean Guan	489,080	50,000	44,923	-	584,003
<b>Deemed Interest:</b>					
* Ooi Chieng Sim	9,600,000	-	800,000	-	10,400,000
# Dato' Lee Hean Guan	844,319	-	70,359	-	914,678
<b>Other Interest:</b>					
^ Ng Chin Nam	3,000	-	250	-	3,250
^ Dato' Lee Hean Guan	803,200	-	66,933	-	870,133

	Number of 10-year 0% ICULS of RM0.10 nominal value each			Balance at 31.3.14
	Balance at 1.4.13	Bought	Sold	
<b>The Company</b>				
<b>Direct Interest:</b>				
Ng Chin Nam	320,000	-	-	320,000
Dato' Lee Hean Guan	968,100	-	-	968,100
<b>Deemed Interest:</b>				
* Ooi Chieng Sim	37,000,000	3,000,000	-	40,000,000
# Dato' Lee Hean Guan	1,359,300	-	(1,055,700)	303,600
<b>Other Interest:</b>				
^ Dato' Lee Hean Guan	6,024,000	-	-	6,024,000

	Number of Warrants			Balance at 31.3.14
	Balance at 1.4.13	Bought	Sold	
<b>The Company</b>				
<b>Direct Interest:</b>				
Ng Chin Nam	25,000	-	-	25,000
Dato' Lee Hean Guan	276,810	-	-	276,810
<b>Deemed Interest:</b>				
* Ooi Chieng Sim	149,968	-	(149,900)	68
# Dato' Lee Hean Guan	183,811	-	(153,451)	30,360
<b>Other Interest:</b>				
^ Dato' Lee Hean Guan	602,400	-	-	602,400

## Directors' Report

for the financial year ended 31 March 2014 (cont'd)

	Number of options over ordinary shares of RM1 each			Balance at 31.3.14
	Balance at 1.4.13	Granted and accepted	Exercised	
Ooi Chieng Sim	-	325,000	(325,000)	-
Ng Chin Nam	-	150,000	(10,000)	140,000
Mohd Shahril Fitri Bin Hashim	-	150,000	-	150,000
Dato' Lee Hean Guan	-	50,000	(50,000)	-
Sudesh a/l K.V. Sankaran	-	50,000	-	50,000

Notes:

+ Share dividend distribution on the basis of one (1) treasury share for every twelve (12) ordinary shares held on 3 January 2014.

\* By virtue of his interest in Hock Lok Siew Realty Sdn. Bhd. ("HLSR") and Skylitech Resources Sdn. Bhd. ("SRSB"), he is deemed to have interest in the shares of the Company that are held by HLSR and SRSB.

# By virtue of his interest in Hean Brothers Holdings Sdn. Bhd. ("HBHSB") and Lagenda Perdana Sdn. Bhd. ("LPSB"), he is deemed to have interest in the shares of the Company that are held by HBHSB and LPSB.

^ By virtue of the spouse's interest.

By virtue of his interest in the shares of the Company, Mr. Ooi Chieng Sim 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.

### 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 those 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.



## Directors' Report

for the financial year ended 31 March 2014 (cont'd)

### OTHER STATUTORY INFORMATION (cont'd)

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, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (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 other than those disclosed in the notes to the financial statements, and
- (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.

### SIGNIFICANT EVENT

The details of significant event are disclosed in Note 35 to the financial statements.

### SUBSEQUENT EVENT

The details of subsequent event are disclosed in Note 36 to the financial statements.

### AUDITORS

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

Signed in accordance with a resolution of the directors:

.....  
**Ooi Chieng Sim**

.....  
**Ng Chin Nam**

Penang,

Date: 23 July 2014



## Directors' Statement

In the opinion of the directors, the financial statements set out on pages 35 to 111 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 112 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

.....  
**Ooi Chieng Sim**

.....  
**Ng Chin Nam**

**Date: 23 July 2014**

## Statutory Declaration

I, **Ng Chin Nam**, 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 35 to 111 and the supplementary information set out on page 112 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 **23rd** )  
day of **July 2014**. )

.....  
**Ng Chin Nam**

Before me,

.....  
**Goh Suan Bee (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 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 111.

### **Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 about 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 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 give a true and fair view of the financial position of the Group and of the Company as at **31 March 2014** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Independent Auditors' Report

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

### 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 the 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.

### Other Reporting Responsibilities

The supplementary information set out on page 112 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**

**Yap Soon Hin**  
**No. 947/03/15 (J)**  
**Chartered Accountant**

**Date: 23 July 2014**

**Penang**

## Statements of Financial Position

as at 31 March 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	67,848,850	74,801,719	477,683	306,692
Investment properties	5	36,211,800	28,904,102	24,727,698	20,943,516
Investment in subsidiaries	6	-	-	24,228,855	26,228,955
Other investments	7	6,682,428	5,864,125	-	-
		110,743,078	109,569,946	49,434,236	47,479,163
<b>Current assets</b>					
Inventories	8	13,445,014	11,251,033	-	-
Trade and other receivables	9	37,302,620	34,261,371	79,992,903	65,731,740
Tax recoverable		-	386,167	-	23,951
Fixed deposits with licensed banks	10	506,183	9,506,183	506,183	506,183
Cash and bank balances	11	4,038,026	3,920,135	308,104	177,751
		55,291,843	59,324,889	80,807,190	66,439,625
<b>TOTAL ASSETS</b>		<b>166,034,921</b>	<b>168,894,835</b>	<b>130,241,426</b>	<b>113,918,788</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	12	54,704,859	48,489,059	54,704,859	48,489,059
Irredeemable Convertible Unsecured Loan Stocks	13	22,249,297	22,832,377	22,249,297	22,832,377
Other reserves	14	33,371,404	36,583,560	40,562,742	28,949,053
		110,325,560	107,904,996	117,516,898	100,270,489
<b>Non-controlling interests</b>		<b>7,613,713</b>	<b>8,516,471</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>117,939,273</b>	<b>116,421,467</b>	<b>117,516,898</b>	<b>100,270,489</b>
<b>Non-current liabilities</b>					
Trade and other payables	15	1,304,211	1,197,268	377,402	358,272
Borrowings	16	10,373,431	23,319,482	9,304,197	10,009,933
Deferred tax liabilities	17	3,991,207	4,163,469	1,339,768	1,151,329
		15,668,849	28,680,219	11,021,367	11,519,534
<b>Current liabilities</b>					
Trade and other payables	15	15,999,482	20,232,563	661,887	1,239,727
Borrowings	16	15,333,298	2,919,553	1,015,521	889,038
Provision for taxation		1,094,019	641,033	25,753	-
		32,426,799	23,793,149	1,703,161	2,128,765
<b>Total liabilities</b>		<b>48,095,648</b>	<b>52,473,368</b>	<b>12,724,528</b>	<b>13,648,299</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>166,034,921</b>	<b>168,894,835</b>	<b>130,241,426</b>	<b>113,918,788</b>

The notes set out on pages 44 to 111 form an integral part of these financial statements.



## Statements of Comprehensive Income

for the financial year ended 31 March 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	18	143,601,686	137,074,391	21,539,977	3,344,913
Other income	19	3,226,666	3,686,346	1,513,891	243,315
Changes in inventories of work in progress, trading inventories and finished goods		(46,794)	(831,196)	-	-
Raw materials and consumables used		(53,557,836)	(56,511,922)	-	-
Trading goods purchased		(54,312,693)	(50,410,209)	-	-
Employee benefits expense	20	(11,525,555)	(11,989,990)	(1,395,010)	(2,102,308)
Depreciation		(3,469,100)	(3,588,229)	(133,836)	(90,191)
Other operating expenses		(17,289,350)	(17,861,306)	(1,081,392)	(1,833,388)
<b>Operating profit/(loss)</b>		<b>6,627,024</b>	<b>(432,115)</b>	<b>20,443,630</b>	<b>(437,659)</b>
Finance costs	22	(2,006,974)	(2,321,873)	(846,345)	(882,054)
<b>Profit/(Loss) before taxation</b>	23	<b>4,620,050</b>	<b>(2,753,988)</b>	<b>19,597,285</b>	<b>(1,319,713)</b>
Taxation	24	(1,632,889)	(1,595,226)	(227,439)	20,094
<b>Profit/(Loss) for the year</b>		<b>2,987,161</b>	<b>(4,349,214)</b>	<b>19,369,846</b>	<b>(1,299,619)</b>
<b>Other comprehensive income/ (loss), net of tax</b>					
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operation		(214,551)	(160,958)	-	-
Realisation of foreign translation reserve upon disposal of a foreign subsidiary		700,410	-	-	-
Fair value adjustment on available-for-sale financial assets		818,303	(237,933)	-	-
<b>Other comprehensive income/(loss) for the year</b>		<b>1,304,162</b>	<b>(398,891)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>4,291,323</b>	<b>(4,748,105)</b>	<b>19,369,846</b>	<b>(1,299,619)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		2,925,420	(4,415,293)	19,369,846	(1,299,619)
Non-controlling interests		61,741	66,079	-	-
		<b>2,987,161</b>	<b>(4,349,214)</b>	<b>19,369,846</b>	<b>(1,299,619)</b>
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the parent		4,285,365	(4,772,335)	19,369,846	(1,299,619)
Non-controlling interests		5,958	24,230	-	-
		<b>4,291,323</b>	<b>(4,748,105)</b>	<b>19,369,846</b>	<b>(1,299,619)</b>
<b>Earnings/(Loss) per share attributable to owners of the parent (sen)</b>					
- Basic	25	6.15	(10.09)		
- Diluted	25	5.89	(9.59)		

The notes set out on pages 44 to 111 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity  
for the financial year ended 31 March 2014

NOTE	Attributable to Owners of the Parent										Non-Controlling Interests RM	Total Equity RM	
	Non-distributable												
	Share Capital RM	ICULS RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Fair Value Reserve RM	Exchange Translation Reserve RM	ESOS Reserve RM	Retained Profits RM	Total RM		
<b>2014</b>													
Balance at beginning	48,489,059	22,832,377	21,445,955	-	3,186,005	(3,105,465)	(239,495)	(541,642)	-	15,838,202	107,904,996	8,516,471	116,421,467
Foreign currency translation differences	-	-	-	-	-	-	-	(158,768)	-	-	(158,768)	(55,783)	(214,551)
Realisation of foreign currency translation differences upon disposal	-	-	-	-	-	-	-	700,410	-	-	700,410	-	700,410
Fair value of available-for-sale financial assets	-	-	-	-	-	-	818,303	-	-	-	818,303	-	818,303
Total other comprehensive income	-	-	-	-	-	-	818,303	541,642	-	-	1,359,945	(55,783)	1,304,162
Profit for the year	-	-	-	-	-	-	-	-	-	2,925,420	2,925,420	61,741	2,987,161
<b>Total comprehensive income</b>	-	-	-	-	-	-	818,303	541,642	-	2,925,420	4,285,365	5,958	4,291,323
<b>Transactions with owners:</b>													
Issuance of shares pursuant to:													
- ESOS	385,000	-	-	-	-	-	-	-	-	-	385,000	-	385,000
- Conversion of ICULS	5,830,800	(583,080)	-	-	-	-	-	-	-	-	5,247,720	-	5,247,720
Purchase of treasury shares	-	-	-	(6,000,120)	-	-	-	-	-	-	(6,000,120)	-	(6,000,120)
Pursuant to ESOS granted:													
- Share-based-payment compensation	-	-	-	-	-	-	-	-	368,076	-	368,076	-	368,076
- Transfer of reserves	-	-	44,275	-	-	-	-	-	(66,470)	22,195	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(1,865,477)	(1,865,477)	-	(1,865,477)
Share dividend	-	-	(3,427,185)	3,427,185	-	-	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(908,716)	(908,716)
<b>Total transactions with owners</b>	6,215,800	(583,080)	(3,382,910)	(2,572,935)	-	-	-	-	301,606	(1,843,282)	(1,864,801)	(908,716)	(2,773,517)
Balance at end	54,704,859	22,249,297	18,063,045	(2,572,935)	3,186,005	(3,105,465)	578,808	-	301,606	16,920,340	110,325,560	7,613,713	117,939,273

The notes set out on pages 44 to 111 form an integral part of these financial statements.



**Consolidated Statement of Changes in Equity**  
for the financial year ended 31 March 2014 (cont'd)

NOTE	Attributable to Owners of the Parent										Non-Controlling Interests RM	Total Equity RM	
	Share Capital RM	ICULS RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Fair Value Reserve RM	Exchange Translation Reserve RM	ESOS Reserve RM	Retained Profits RM			Total RM
<b>2013</b>													
Balance at beginning	6,464,496	-	23,751,705	-	-	-	(1,562)	(422,533)	-	20,253,495	50,045,601	751,629	50,797,230
Foreign currency translation differences	-	-	-	-	-	-	-	(119,109)	-	-	(119,109)	(41,849)	(160,958)
Fair value of available-for-sale financial assets	-	-	-	-	-	-	(237,933)	-	-	-	(237,933)	-	(237,933)
Total other comprehensive income	-	-	-	-	-	-	(237,933)	(119,109)	-	-	(357,042)	(41,849)	(398,891)
Loss for the year	-	-	-	-	-	-	-	-	-	(4,415,293)	(4,415,293)	66,079	(4,349,214)
<b>Total comprehensive loss</b>	-	-	-	-	-	-	(237,933)	(119,109)	-	(4,415,293)	(4,772,335)	24,230	(4,748,105)
<i>Transactions with owners:</i>													
<i>Issuance of shares pursuant to:</i>													
- Rights issue	13,228,877	-	-	-	-	-	-	-	-	-	13,228,877	-	13,228,877
- Creditor settlement	7,500,000	-	-	-	-	-	-	-	-	-	7,500,000	-	7,500,000
- Debt restructuring	19,134,575	-	-	-	-	-	-	-	-	-	19,134,575	-	19,134,575
- Conversion of ICULS	2,161,111	(261,111)	-	-	-	-	-	-	-	-	1,900,000	-	1,900,000
<i>Issuance of ICULS pursuant to:</i>													
- Rights issue	-	19,393,488	-	-	-	-	-	-	-	-	19,393,488	-	1,900,000
- Creditor settlement	-	3,700,000	-	-	-	-	-	-	-	-	3,700,000	-	3,700,000
<i>Issuance of warrants</i>	-	-	-	-	3,186,005	(3,105,465)	-	-	-	-	80,540	-	80,540
<i>Restructuring expenses</i>	-	-	(2,305,750)	-	-	-	-	-	-	-	(2,305,750)	-	(2,305,750)
<i>Acquisition of a subsidiary</i>	-	-	-	-	-	-	-	-	-	-	-	7,740,612	7,740,612
<b>Total transactions with owners</b>	<b>42,024,563</b>	<b>22,832,377</b>	<b>(2,305,750)</b>	<b>-</b>	<b>3,186,005</b>	<b>(3,105,465)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,631,730</b>	<b>7,740,612</b>	<b>70,372,342</b>
<b>Balance at end</b>	<b>48,489,059</b>	<b>22,832,377</b>	<b>21,445,955</b>	<b>-</b>	<b>3,186,005</b>	<b>(3,105,465)</b>	<b>(239,495)</b>	<b>(541,642)</b>	<b>-</b>	<b>15,838,202</b>	<b>107,904,996</b>	<b>8,516,471</b>	<b>116,421,467</b>

The notes set out on pages 44 to 111 form an integral part of these financial statements.

Statement of Changes in Equity  
for the financial year ended 31 March 2014

	NOTE	Non-distributable							Distributable Retained Profits RM	Total Equity RM	
		Share Capital RM	ICULS RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM			ESOS Reserve RM
<b>2014</b>											
Balance at beginning		48,489,059	22,832,377	21,445,955	-	3,186,005	(3,105,465)	7,445,000	-	(22,442)	100,270,489
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	19,369,846	19,369,846
<b>Transactions with owners:</b>											
Issuance of shares pursuant to:	<b>12</b>										
- ESOS		385,000	-	-	-	-	-	-	-	-	385,000
- Conversion of ICULS		5,830,800	(583,080)	-	-	-	-	-	-	-	5,247,720
Purchase of treasury shares	<b>14.2</b>	-	-	-	(6,000,120)	-	-	-	-	-	(6,000,120)
Pursuant to ESOS granted:	<b>14.7</b>										
- Share-based-payment compensation		-	-	-	-	-	-	-	109,440	-	109,440
- Transfer of reserves		-	-	44,275	-	-	-	-	(66,470)	22,195	-
Dividends	<b>26</b>	-	-	-	-	-	-	-	-	(1,865,477)	(1,865,477)
Share dividend	<b>26</b>	-	-	(3,427,185)	3,427,185	-	-	-	-	-	-
Total transactions with owners		6,215,800	(583,080)	(3,382,910)	(2,572,935)	-	-	-	42,970	(1,843,282)	(2,123,437)
Balance at end		54,704,859	22,249,297	18,063,045	(2,572,935)	3,186,005	(3,105,465)	7,445,000	42,970	17,504,122	117,516,898

The notes set out on pages 44 to 111 form an integral part of these financial statements.





**Statement of Changes in Equity**  
for the financial year ended 31 March 2014 (cont'd)

NOTE	Share Capital RM	ICULS RM	Share Premium RM	Non-distributable				ESOS Reserve RM	Accumulated Losses RM	Total Equity RM
				Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM			
2013										
Balance at beginning	6,464,496	-	23,751,705	-	-	-	7,445,000	-	1,277,177	38,938,378
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(1,299,619)	(1,299,619)
<i>Transactions with owners:</i>										
Issuance of shares pursuant to:										
- Rights issue	13,228,877	-	-	-	-	-	-	-	-	13,228,877
- Creditor settlement	7,500,000	-	-	-	-	-	-	-	-	7,500,000
- Debt restructuring	-	19,134,575	-	-	-	-	-	-	-	19,134,575
- Conversion of ICULS	2,161,111	(261,111)	-	-	-	-	-	-	-	1,900,000
Issuance of ICULS pursuant to:										
- Rights issue	19,393,488	-	-	-	-	-	-	-	-	19,393,488
- Creditor settlement	-	3,700,000	-	-	-	-	-	-	-	3,700,000
Issuance of warrants	-	-	-	-	3,186,005	(3,105,465)	-	-	-	80,540
Restructuring expenses	-	-	(2,305,750)	-	-	-	-	-	-	(2,305,750)
Total transactions with owners	42,024,563	22,832,377	(2,305,750)	-	3,186,005	(3,105,465)	-	-	-	62,631,730
Balance at end	48,489,059	22,832,377	21,445,955	-	3,186,005	(3,105,465)	7,445,000	-	(22,442)	100,270,489

The notes set out on pages 44 to 111 form an integral part of these financial statements.

## Statements of Cash Flows

for the financial year ended 31 March 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>CASH FLOWS</b>				
<b>FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	4,620,050	(2,753,988)	19,597,285	(1,319,713)
Adjustments for:				
Bad debts	2,023,938	226,936	56,565	-
Bargain purchase on a subsidiary	-	(2,742,709)	-	-
Depreciation	3,469,100	3,588,229	133,836	90,191
Dividend income	(97,433)	(45,916)	(18,000,000)	-
Change in fair value of investment properties	(776,976)	-	(225,802)	-
Gain on disposal of investment in a subsidiary	(55,630)	-	(1,000,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(1,297,540)	(112,463)	(232,879)	45
Impairment loss on receivables	396,945	943,135	-	-
Reversal of impairment loss on receivables	(326,196)	(41,859)	-	-
Interest expense	2,006,974	2,294,961	846,345	882,054
Interest income	(320,609)	(231,460)	-	(224,233)
Inventories written down	175,032	9,738	-	-
Inventories written off	-	754,122	-	-
Loss on disposal of other investments	-	25,490	-	-
Property, plant and equipment written off	106,904	2,092,816	-	774
Equity-settled share-based payment transactions	368,076	-	109,440	-
Unrealised (gain)/loss on foreign exchange	(9,695)	9,513	-	-
Operating profit/(loss) before working capital changes	10,282,940	4,016,545	1,284,790	(570,882)
(Increase)/Decrease in inventories	(2,201,747)	629,456	-	-
(Increase)/Decrease in receivables	(5,260,452)	(7,050,679)	(6,367,857)	242,772
Decrease in payables	(1,091,119)	(1,974,348)	(148,380)	(3,102,295)
Increase/(Decrease) in retirement benefit obligations	6,912	(177,390)	(30,870)	21,188
Cash generated from/(used in) operations	1,736,534	(4,556,416)	(5,262,317)	(3,409,217)
Income tax paid	(537,243)	(957,415)	(12,500)	(28,467)
Income tax refund	158,937	112,174	23,203	-
Interest received	-	6,488	-	-
Interest paid	(1,363,368)	(1,540,803)	(846,345)	(882,054)
Net cash used in operating activities/ Balance carried forward	(5,140)	(6,935,972)	(6,097,959)	(4,319,738)

The notes set out on pages 44 to 111 form an integral part of these financial statements.

## Statements of Cash Flows

for the financial year ended 31 March 2014 (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Net cash used in operating activities/ Balance brought forward	(5,140)	(6,935,972)	(6,097,959)	(4,319,738)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(i) Cash flows on acquisition of a subsidiary	-	(4,902,272)	-	-
(ii) Cash flows on disposal of subsidiaries	2,929,636	-	-	-
Dividends received	97,433	45,916	18,000,000	-
Interest received	320,609	201,789	-	201,050
Investment in a subsidiary	-	-	-	(5,001,000)
Proceeds from disposal of investment in subsidiaries	-	-	3,000,100	-
Placement of fixed deposits	-	(24,530,000)	-	(30,000)
Withdrawal of fixed deposits	-	24,500,000	-	-
Proceeds from disposal of other investments	-	402,899	-	-
Proceeds from disposal of property, plant and equipment	1,559,469	331,056	303,200	1,986
Purchase of equity investments	-	(4,364,826)	-	-
(iii) Purchase of property, plant and equipment	(3,095,043)	(5,317,146)	(70,148)	(20,903)
Purchase of investment properties	(1,011,800)	-	-	-
Subsequent expenditure on investment properties	(5,518,922)	-	(3,558,380)	-
Net cash (used in)/from investing activities	(4,718,618)	(13,632,584)	17,674,772	(4,848,867)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(1,865,477)	-	(1,865,477)	-
Net change in subsidiaries' balances	-	-	(8,329,331)	(23,585,303)
Payment of restructuring expenses	-	(158,070)	-	(158,070)
Proceeds from rights issue	-	13,228,877	-	13,228,877
Proceeds from issuance of ICULS	-	19,393,488	-	19,393,488
Proceeds from issuance of shares pursuant to conversion of ICULS, net of transaction costs	5,247,720	1,900,000	5,247,720	1,900,000
Proceeds from issuance of shares pursuant to ESOS	385,000	-	385,000	-
Proceeds from issuance of warrants	-	80,540	-	80,540
Repurchase of treasury shares	(6,000,120)	-	(6,000,120)	-
Repayment of bankers acceptance	(327,000)	(219,000)	-	-
Repayment of finance lease	(224,801)	(37,767)	(32,060)	-
Repayment of term loans	(1,363,964)	(2,496,270)	(852,192)	(1,778,890)
Net cash (used in)/from financing activities	(4,148,642)	31,691,798	(11,446,460)	9,080,642
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(8,872,400)	11,123,242	130,353	(87,963)
<b>Effects of exchange rate changes</b>	-	(157)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	12,434,045	1,310,960	177,751	265,714
<b>CASH AND CASH EQUIVALENTS AT END</b>	3,561,645	12,434,045	308,104	177,751

The notes set out on pages 44 to 111 form an integral part of these financial statements.

## Statements of Cash Flows

for the financial year ended 31 March 2014 (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Represented by:</b>				
Cash and bank balances	4,038,026	3,920,135	308,104	177,751
Fixed deposits with a licensed bank	-	9,000,000	-	-
Bank overdrafts	(476,381)	(486,090)	-	-
	<u>3,561,645</u>	<u>12,434,045</u>	<u>308,104</u>	<u>177,751</u>
<b>(i) Cash flows on acquisition of a subsidiary</b>				
Property, plant and equipment	-	15,500,000	-	-
Cash and bank balances	-	98,728	-	-
Payables	-	(114,407)	-	-
	<u>-</u>	<u>15,484,321</u>	<u>-</u>	<u>-</u>
Fair value of net assets	-	15,484,321	-	-
Non-controlling interest	-	(7,740,612)	-	-
	<u>-</u>	<u>7,743,709</u>	<u>-</u>	<u>-</u>
Share of net assets acquired	-	7,743,709	-	-
Bargain purchase gain	-	(2,742,709)	-	-
	<u>-</u>	<u>5,001,000</u>	<u>-</u>	<u>-</u>
Total acquisition cost	-	5,001,000	-	-
Less: Cash and bank balances	-	(98,728)	-	-
	<u>-</u>	<u>4,902,272</u>	<u>-</u>	<u>-</u>
Net cash outflow on acquisition of a subsidiary	-	4,902,272	-	-
<b>(ii) Cash flows on disposal of subsidiaries</b>				
Property, plant and equipment	6,309,651	-	-	-
Inventories	7,766	-	-	-
Receivables	1,059,644	-	-	-
Cash and bank balances	70,464	-	-	-
Borrowings	(692,460)	-	-	-
Deferred tax liabilities	(560,358)	-	-	-
Retirement benefit obligations	(22,522)	-	-	-
Payables	(3,019,409)	-	-	-
Non-controlling interests	(908,716)	-	-	-
	<u>2,244,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Share of net assets disposed	2,244,060	-	-	-
Realisation of foreign exchange reserve	700,410	-	-	-
Gain on disposal	55,630	-	-	-
	<u>3,000,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disposal consideration	3,000,100	-	-	-
Less: Cash and bank balances	(70,464)	-	-	-
	<u>2,929,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from disposal of subsidiaries	2,929,636	-	-	-
<b>(iii) Purchase of property, plant and equipment</b>				
Total acquisition cost	5,194,193	5,377,198	375,148	20,903
Acquired under finance lease	(2,099,150)	(60,052)	(305,000)	-
	<u>3,095,043</u>	<u>5,317,146</u>	<u>70,148</u>	<u>20,903</u>
Total cash acquisition	3,095,043	5,317,146	70,148	20,903

The notes set out on pages 44 to 111 form an integral part of these financial statements.



## Notes to the Financial Statements

– 31 March 2014

### 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 registered office of the Company is located at 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak.

The principal place of business of the Company is located at 2521, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 July 2014.

#### 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. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

#### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.2 Basis of Measurement (cont'd)

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

#### 2.3 Functional and Presentation Currency

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

#### 2.4 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations ("IC Int") and Amendments to IC Int

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 MFRSs, amendments/improvements to MFRSs, IC Int and amendments to IC Int that are mandatory for the current financial year:

##### **Amendments to MFRSs effective 1 July 2012**

MFRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

##### **MFRSs and IC Int effective 1 January 2013**

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production of A Surface Mine

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.4 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations (“IC Int”) and Amendments to IC Int (cont'd)

##### **Amendments to MFRSs effective 1 January 2013**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
	Annual Improvements 2009 – 2011 Cycle issued in July 2012

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company except for the following:

##### **MFRS 13 Fair Value Measurement**

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS 13. In accordance with these transitional provisions, the Group has not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 did not have any material impact on the amounts recognised in the Group’s and in the Company’s financial statements.

##### **Amendments to MFRS 101 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income**

The Group and the Company adopted amendments to MFRS 101 on 1 April 2013. The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified or recycled to profit or loss at a future point in time have to be presented separately from items that will not be reclassified or recycled to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Group’s and the Company’s financial position or performance.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

#### **Amendments to MFRSs and IC Int effective for financial periods beginning on or after 1 January 2014**

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

#### **Effective for financial periods beginning on or after 1 July 2014**

Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

#### **Effective date yet to be confirmed**

Amendments to MFRS 7	Financial Instrument: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (2009,2010)
MFRS 9	Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon adoption.

#### 2.6 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.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant Accounting Estimates and Judgements (cont'd)

##### 2.6.1 Critical judgements made in applying 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.

##### **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 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.

##### 2.6.2 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) Useful lives of depreciable assets

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of the plant and equipment to be within 3 to 50 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.

###### (ii) Impairment of non-financial assets

The Group and the Company perform an impairment review as and when there are impairment indicators to ensure that the carrying value of the non-financial assets does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### 2.6 Significant Accounting Estimates and Judgements (cont'd)

##### 2.6.2 Key sources of estimation uncertainty (cont'd)

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

The Company carries out 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) Inventories

The management reviews for damaged, obsolete and slow-moving inventories. This review requires judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

###### (v) 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. 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 Consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.1 Basis of Consolidation (cont'd)

##### (i) Subsidiaries (cont'd)

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. However, the adoption of MFRS 10 has no significant impact to the financial statements of the Group for the current financial year.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

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

##### (ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.1 Basis of Consolidation (cont'd)

##### (ii) Business combination (cont'd)

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

##### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (vi) Transactions eliminated on consolidation

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

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



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.2 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.

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 99 years
Buildings	2%
Plant and machinery	5% to 15%
Fittings, 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.

Long leasehold land refers to land with remaining lease period of more than 50 years determined as at the end of the reporting period.

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.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.3 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at using market-based approach undertaken by external independent qualified valuers.

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

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

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

#### 3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

##### Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.4 Leases (cont'd)

##### Operating leases

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

#### 3.5 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.

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.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.6 Financial Instruments

##### 3.6.1 Initial recognition and measurement

A financial asset or a financial liability is 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 instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### 3.6.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

#### Financial assets

##### (a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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 category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.6 Financial Instruments (cont'd)

##### 3.6.2 Financial instrument categories and subsequent measurement (cont'd)

###### Financial assets

###### (c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. The Group's investment in loan stocks is designated into this category with a maturity period of five years.

Subsequent to initial recognition, held-to-maturity investments 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 held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

All financial assets are subject to review for impairment.

###### Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

##### 3.6.3 Financial guarantee contracts

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

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



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.6 Financial Instruments (cont'd)

##### 3.6.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 3.7 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.8 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.

#### 3.9 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.

#### 3.10 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.

#### 3.11 Income Recognition

##### **Sale of goods**

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer.

##### **Rental income**

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

##### **Dividend income**

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

##### **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

##### **Management consultancy fees**

Management consultancy fees are recognised when services are rendered.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.12 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").

The Group's foreign subsidiary also makes contribution to its country's statutory pension scheme.

##### Employee share options scheme

Employees of certain subsidiaries of the Group received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the subsidiaries' best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained profits/accumulated losses upon expiry of the share options.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.12 Employee Benefits (cont'd)

##### Defined benefit plans

The Company and certain subsidiaries have an unfunded non-contributory defined contribution plan for eligible employees. Benefits are determined based on the length of service and last drawn wages and are payable to employees upon retirement.

The Schemes are described as follows:

##### (i) Scheme I

The Company's and certain subsidiaries' obligation under Scheme 1, calculated using the Projected Unit Credit Method, is determined internally based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. Based on this assumption, the directors are of the opinion that the present value of the benefits will not be materially different from the amount of provision made in the financial statements.

##### (ii) Scheme II

Provision for retirement benefits is computed at half a month's salary for each year of service for the first seven years of service. On the seventh year of service, the subsidiary makes a contribution of the provision to EPF and thereafter provides for retirement benefits annually based on a certain percentage of annual salaries of the employees.

##### 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.

#### 3.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.14 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### 3.15 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 currency") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency on the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

The financial statements of the foreign subsidiary are translated into RM 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 ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

Upon disposal of a foreign operation which resulted in a loss of control, the cumulative translation differences recognised in equity (the foreign translation reserve) are reclassified to profit or loss and recognised as part of the gain or loss on disposal. On partial disposal of a foreign operation, the proportionate share of the cumulative translation differences recognised in equity shall be re-attributed to the non-controlling interests in that foreign operation.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### 3.16 Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS which were issued after the effective date of MFRS 132: Financial Instruments: Disclosure and Presentation are regarded as compound instruments, consisting of an equity component and a liability component.

ICULS which have a 0% coupon rate are considered to have only the equity component, as there is no obligation for payment of interest, principal or for re-purchase.

#### 3.17 Warrants

Warrants are classified as equity instruments and its value is allocated based on the Black-Scholes model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital and share premium. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

#### 3.18 Share Capital, Share Issuance Expenses and Dividends

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.

Share capital represents the nominal value of shares that have been issued.

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

#### 3.19 Segment Reporting

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 are the Executive Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### 3.20 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT

#### GROUP

	Freehold land and buildings RM	Long leasehold land and buildings RM	Plant and machinery RM	Fittings, equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
<b>2014</b>						
<b>At cost</b>						
Balance at beginning	58,947,831	3,200,000	60,528,357	12,971,843	449,302	136,097,333
Additions	218,020	-	4,068,716	907,457	-	5,194,193
Disposals	(1,123,090)	-	(4,837,908)	(1,696,609)	-	(7,657,607)
Disposal of a subsidiary	(2,796,730)	-	(5,120,776)	(194,750)	(256,132)	(8,368,388)
Written off	-	-	(885,246)	(487,349)	(81,004)	(1,453,599)
Reclassification	-	-	4,500	-	(4,500)	-
Exchange differences	(208,652)	-	(314,123)	(72,849)	(26,681)	(622,305)
Balance at end	55,037,379	3,200,000	53,443,520	11,427,743	80,985	123,189,627
<b>Accumulated depreciation</b>						
Balance at beginning	6,934,058	477,078	42,228,079	10,442,323	-	60,081,538
Current charge	765,617	48,210	2,080,746	574,527	-	3,469,100
Disposals	(51,856)	-	(4,252,516)	(1,591,306)	-	(5,895,678)
Disposal of a subsidiary	(442,076)	-	(1,521,224)	(95,437)	-	(2,058,737)
Written off	-	-	(885,210)	(461,485)	-	(1,346,695)
Exchange differences	(27,289)	-	(70,656)	(24,882)	-	(122,827)
Balance at end	7,178,454	525,288	37,579,219	8,843,740	-	54,126,701
<b>Accumulated impairment loss</b>						
	-	-	-	1,214,076	-	1,214,076
<b>Carrying amount</b>	<b>47,858,925</b>	<b>2,674,712</b>	<b>15,864,301</b>	<b>1,369,927</b>	<b>80,985</b>	<b>67,848,850</b>



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

	Freehold land and buildings RM	Long leasehold land and buildings RM	Plant and machinery RM	Fittings, equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
2013						
At cost						
Balance at beginning	51,062,812	3,200,000	64,435,630	15,345,182	952,189	134,995,813
Acquisition of a subsidiary	15,500,000	-	-	-	-	15,500,000
Additions	2,040,102	-	2,476,964	855,632	4,500	5,377,198
Disposals	-	-	(1,275,427)	(251,641)	(32,161)	(1,559,229)
Written off	-	-	(5,230,619)	(3,056,279)	(102,544)	(8,389,442)
Transfer to investment properties						
- Offset of accumulated depreciation	(1,770,122)	-	-	-	-	(1,770,122)
- Transfer of carrying amount	(7,626,019)	-	-	-	-	(7,626,019)
Reclassification	(89,365)	-	350,998	89,365	(350,998)	-
Exchange differences	(169,577)	-	(229,189)	(10,416)	(21,684)	(430,866)
Balance at end	<b>58,947,831</b>	<b>3,200,000</b>	<b>60,528,357</b>	<b>12,971,843</b>	<b>449,302</b>	<b>136,097,333</b>
Accumulated depreciation						
Balance at beginning	7,941,332	428,868	44,957,588	12,617,151	-	65,944,939
Current charge	783,032	48,210	2,213,545	543,442	-	3,588,229
Disposals	-	-	(1,085,294)	(220,617)	-	(1,305,911)
Written off	-	-	(3,799,067)	(2,497,559)	-	(6,296,626)
Offset of accumulated depreciation on property transferred to investment properties	(1,770,122)	-	-	-	-	(1,770,122)
Reclassification	(3,426)	-	-	3,426	-	-
Exchange differences	(16,758)	-	(58,693)	(3,520)	-	(78,971)
Balance at end	<b>6,934,058</b>	<b>477,078</b>	<b>42,228,079</b>	<b>10,442,323</b>	<b>-</b>	<b>60,081,538</b>
Accumulated impairment loss						
Balance at beginning	-	-	-	1,248,801	-	1,248,801
Disposals	-	-	-	(34,725)	-	(34,725)
Balance at end	-	-	-	1,214,076	-	1,214,076
Carrying amount	<b>52,013,773</b>	<b>2,722,922</b>	<b>18,300,278</b>	<b>1,315,444</b>	<b>449,302</b>	<b>74,801,719</b>

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

#### COMPANY

	Buildings RM	Fittings, equipment, and office equipment RM	Motor vehicles RM	Total RM
<b>2014</b>				
<b>At cost</b>				
Balance at beginning	-	3,516,562	1,561,443	5,078,005
Additions	-	17,148	358,000	375,148
Disposals	-	-	(1,334,978)	(1,334,978)
Balance at end	-	3,533,710	584,465	4,118,175
<b>Accumulated depreciation</b>				
Balance at beginning	-	3,286,299	1,485,014	4,771,313
Current charge	-	56,353	77,483	133,836
Disposals	-	-	(1,264,657)	(1,264,657)
Balance at end	-	3,342,652	297,840	3,640,492
<b>Carrying amount</b>	-	191,058	286,625	477,683
<b>2013</b>				
<b>At cost</b>				
Balance at beginning	89,365	3,951,050	1,561,443	5,601,858
Additions	-	20,903	-	20,903
Disposals	-	(2,166)	-	(2,166)
Reclassification	(89,365)	89,365	-	-
Written off	-	(542,590)	-	(542,590)
Balance at end	-	3,516,562	1,561,443	5,078,005
<b>Accumulated depreciation</b>				
Balance at beginning	1,787	3,792,370	1,428,916	5,223,073
Current charge	1,639	32,454	56,098	90,191
Disposals	-	(135)	-	(135)
Reclassification	(3,426)	3,426	-	-
Written off	-	(541,816)	-	(541,816)
Balance at end	-	3,286,299	1,485,014	4,771,313
Carrying amount	-	230,263	76,429	306,692

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

- (i) The carrying amount of land and buildings which are pledged to licensed banks as security for banking facilities granted to the Company and certain subsidiaries are as follows:

	<b>GROUP</b>	
	<b>2014 RM</b>	2013 RM
Long leasehold land and building	2,674,712	2,722,922
Freehold land and buildings	29,855,947	31,165,749
	<b>32,530,659</b>	<b>33,888,671</b>

- (ii) Included in the carrying amount are the following property, plant and equipment being acquired under finance lease liabilities:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2014 RM</b>	2013 RM	<b>2014 RM</b>	2013 RM
Plant and machinery	2,324,238	-	-	-
Motor vehicles	615,794	62,464	286,622	-
	<b>2,940,032</b>	<b>62,464</b>	<b>286,622</b>	-

The leased assets are pledged as security for the related finance lease liabilities (Note 16).

- (iii) On 29 November 2013, the Group disposed a warehouse erected on a leased land to a related party, Limsa Ekuiti Sdn. Bhd. (see Note 28(i)) for a total consideration of RM2,000,000 which is received/receivable in the following manner:

- RM200,000 upon acceptance of the offer; and
- RM1,800,000 in twelve monthly instalments of RM150,000 each.

The balance consideration receivable is disclosed in Note 9.2 (iii).



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 5. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>At fair value</b>				
Balance at beginning	28,904,102	21,278,083	20,943,516	20,943,516
Reclassified from property, plant and equipment	-	7,626,019	-	-
Additions	6,530,722	-	3,558,380	-
Change in fair value recognised in profit or loss	776,976	-	225,802	-
Balance at end	36,211,800	28,904,102	24,727,698	20,943,516

Included in the above are:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold land	2,671,800	334,567	-	-
Long leasehold land and buildings	33,540,000	28,569,535	24,727,698	20,943,516
	36,211,800	28,904,102	24,727,698	20,943,516

- (i) The carrying amount of the Group's and the Company's investment properties which are pledged to licensed banks for banking facilities granted to the Company and certain subsidiaries is RM33,000,000 (2013: RM28,569,535) and RM24,727,698 (2013: RM20,943,516) respectively.
- (ii) The amount recognised in profit or loss are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental income from rental generating properties	2,377,646	1,645,356	2,314,178	1,585,008
Direct operating expenses arising from rental generating properties	259,714	265,847	259,714	251,435



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 5. INVESTMENT PROPERTIES (cont'd)

(iii) Fair values of investment properties for disclosure purpose are recognised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
<b>2014</b>			
<b>GROUP</b>			
Freehold land	-	2,671,800	-
Long leasehold land and buildings	-	33,540,000	-
<hr/>			
<b>COMPANY</b>			
Long leasehold land and buildings	-	24,727,698	-
<hr/>			

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

#### Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of freehold land and buildings have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

### 6. INVESTMENT IN SUBSIDIARIES

	<b>COMPANY</b>	
	<b>2014</b> RM	2013 RM
Unquoted shares, at cost	81,014,543	83,014,643
Less: Allowance for impairment	(56,785,688)	(56,785,688)
	<hr/> 24,228,855	<hr/> 26,228,955

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

The details of the subsidiaries, all of which are incorporated in Malaysia, except where indicated are as follows:

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2014	2013	
<b>Direct subsidiaries</b>			
SMPC Industries Sdn. Bhd.	100%	100%	Metal sheet and coil processing centre with main services in shearing and reshearing.
SMPC Marketing Sdn. Bhd.	100%	100%	Trading in steel furniture.
Edit Systems (M) Sdn. Bhd.	70%	70%	Dormant.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	100%	100%	Dormant.
Duro Metal Industrial (M) Sdn. Bhd.	100%	100%	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services.
* SMPC Industries (India) Private Limited (Incorporated in India)	-	74%	Metal sheet and coil processing centre with main services in shearing and reshearing.
Park Avenue Construction Sdn. Bhd.	100%	100%	Investment holding.
SMPC Dexon Sdn. Bhd.	100%	100%	Manufacturing and trading of steel and other types of furniture and the provision of related services.
SMPC Steel Mill Sdn. Bhd.	-	100%	Dormant.
Metal Perforators (Malaysia) Sdn. Bhd.	100%	100%	Manufacturing and marketing of perforated metals, cable support systems and screen plates.
* Kembang Kartika Sdn. Bhd.	50.01%	50.01%	Property development. The subsidiary has not commenced operations.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2014	2013	
<b>Indirect - held through SMPC Marketing Sdn. Bhd.</b>			
Progerex Sdn. Bhd.	100%	100%	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
<b>Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.</b>			
Duro Marketing (M) Sdn. Bhd.	100%	100%	Dormant.
Duro Structural Products (M) Sdn. Bhd.	70%	70%	Dormant.

\* Not audited by Grant Thornton.

#### 2014

##### Disposal of subsidiaries

- (i) On 27 September 2013, the Company disposed of its entire equity interest in SMPC Steel Mill Sdn. Bhd. for a cash consideration of RM100.
- (ii) On 26 March 2014, the Company has entered into a Share Purchase Agreement ("the Agreement") with Select Galva India Private Limited ("Select Galva") to sell its entire 74% equity interest in SMPC Industries (India) Private Limited ("SMPC India") according to the terms below:
  - RM3,000,000 as full purchase consideration. Select Galva has already paid the sum to the Company upon acceptance of the Agreement; and
  - Select Galva shall settle RM2,000,000 owing by SMPC India to the Company in two equal payments of RM1,000,000 each. The first payment will due on or before 15 April 2014 and the balance is to be settled on or before 18 March 2015.

The effects of the disposals on the financial position of the Group as at the end of the financial year are disclosed in Note (ii) in the consolidated statement of cash flows.

#### 2013

##### Acquisition of a subsidiary

In the previous financial year, the Company acquired 5,001 ordinary shares of RM1 each, which represents 50.01% equity interest in Kembang Kartika Sdn. Bhd. for a total cash consideration of RM5,001,000.

The acquired subsidiary which qualified as business combination did not have a material effect on the Group's results for the financial year ended 31 March 2013.

The effects of the acquisition on the financial position of the Group as at the end of the financial year are disclosed in Note (i) in the consolidated statement of cash flows.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

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

The Group's subsidiary, Kembang Kartika Sdn. Bhd., has material non-controlling interests ("NCI"), details of which are disclosed as follows:

	<b>2014 RM</b>	2013 RM
NCI percentage of ownership interest and voting interest	49.99%	49.99%
Carrying amount of NCI	7,736,913	7,739,757
Loss allocated to NCI	(2,844)	(855)

Summarised financial information before intragroup elimination:

	<b>2014 RM</b>	2013 RM
<b>At 31 March</b>		
Total assets	15,509,722	15,598,156
Total liabilities	(32,801)	(115,545)
Net assets	15,476,921	15,482,611
<b>Year ended 31 March</b>		
Revenue	-	-
Net loss, representing total comprehensive loss for the year/period	(5,690)	(1,710)
Cash flows from operating activities	(88,434)	-
Cash flows from financing activities	-	98,156

\* From the date of acquisition and control commences.

### 7. OTHER INVESTMENTS

	<b>GROUP</b>	
	<b>2014 RM</b>	2013 RM
<b>Available-for-sale financial assets</b>		
- Shares quoted in Malaysia, at fair value	3,035,040	2,226,970
- Quoted unit trusts in Malaysia, at fair value	29,611	19,378
- Unquoted shares, at cost	2,999,838	2,999,838
Less: Allowance for impairment	(882,061)	(882,061)
	2,117,777	2,117,777
<b>Held-to-maturity investments</b>		
- Loan stocks quoted in Malaysia, at cost	5,182,428	4,364,125
	1,500,000	1,500,000
	6,682,428	5,864,125



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 7. OTHER INVESTMENTS (cont'd)

	<b>GROUP</b>	
	<b>2014</b>	2013
	<b>RM</b>	RM
Market value of:		
- Quoted shares	3,035,040	2,226,970
- Quoted unit trusts	29,611	19,378
- Loan stocks ^	2,550,017	900,006

^ There was no impairment to the loan stocks quoted in Malaysia in the previous financial year as the market value has appreciated prior to the signing of this report.

### 8. INVENTORIES

	<b>GROUP</b>	
	<b>2014</b>	2013
	<b>RM</b>	RM
Raw materials	9,943,170	7,682,968
Work-in-progress	334,813	96,623
Finished goods	1,996,641	2,104,414
Trading goods	1,170,390	1,367,028
	<b>13,445,014</b>	<b>11,251,033</b>

The cost of inventories recognised in profit or loss during the financial year is as follows:

	<b>GROUP</b>	
	<b>2014</b>	2013
	<b>RM</b>	RM
Inventories recognised as cost of sales	107,917,323	107,753,327
Inventories written down	175,032	9,738
Inventories written off	-	754,122

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 9. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Trade receivables</b>					
Third parties	9.1	28,248,682	34,614,856	-	-
Less: Allowance for impairment		(4,239,397)	(4,694,766)	-	-
Trade receivables, net		24,009,285	29,920,090	-	-
<b>Other receivables</b>					
Third parties	9.2	9,565,537	4,495,928	2,278,560	150,183
Less: Allowance for impairment		(2,453,725)	(2,125,725)	-	-
Sundry receivables, net		7,111,812	2,370,203	2,278,560	150,183
Deposits	9.3	583,759	722,994	31,001	17,832
Prepayments	9.4	5,597,764	1,248,084	4,269,096	42,785
Amount due from subsidiaries	9.5	-	-	73,414,246	65,520,940
		13,293,335	4,341,281	79,992,903	65,731,740
<b>Total trade and other receivables</b>		37,302,620	34,261,371	79,992,903	65,731,740

The currency profile of trade and other receivables is as follows:

		GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia		36,213,301	32,831,679	79,992,093	65,731,740
US Dollar		963,890	719,886	-	-
Indian Rupee		-	708,120	-	-
Singapore Dollar		125,429	1,686	-	-
		37,302,620	34,261,371	79,992,093	65,731,740

#### 9.1 Trade receivables

Included in the Group's trade receivables is retention sum of RM560,022 (2013: RM595,210) relating to the supply of steel roofing, cable support system and its related accessories.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 9. TRADE AND OTHER RECEIVABLES (cont'd)

#### 9.1 Trade receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2013: 14 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movement of allowance for impairment is as follows:

	GROUP	
	2014 RM	2013 RM
Balance at beginning	4,694,766	4,528,253
Current year	68,945	208,372
Written off	(198,118)	-
Recovered	(326,196)	(41,859)
Balance at end	4,239,397	4,694,766

#### 9.2 Other receivables

Included herein are the following:

- (i) An amount of RM2,610,057 (2013: RM2,610,057) due from a buyer of a subsidiary's plant and machinery. The subsidiary has cumulatively provided an allowance for impairment of RM2,283,028 (2013: RM1,955,028).
- (ii) An amount of RM1,412,978 (2013: RM29,111) which is interest bearing at 2% (2013: 2%) per month. Interest is computed on the month end outstanding balance.
- (iii) Disposal consideration amounting to RM1,500,000 (2013: RM Nil) due from a related party, Limsa Ekuiti Sdn. Bhd. from the disposal of a warehouse as disclosed in Note 4(iii).
- (iv) An amount of RM2,000,000 (2013: RM Nil) receivable from Select Galva arising from disposal of SMPC India, as disclosed in Note 6(ii).

The movement of allowance for impairment is as follows:

	GROUP	
	2014 RM	2013 RM
Balance at beginning	2,125,725	1,390,962
Current year	328,000	734,763
Balance at end	2,453,725	2,125,725

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 9. INVENTORIES (cont'd)

#### 9.3 Deposits

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Refundable	493,759	722,994	31,001	17,832
Non-refundable *	90,000	-	-	-
	<b>583,759</b>	<b>722,994</b>	<b>31,001</b>	<b>17,832</b>

\* This deposit is paid for the acquisition of an investment property. The balance purchase consideration is disclosed as capital commitment in Note 30(i).

#### 9.4 Prepayments

Included herein are the following:

- (i) Prepaid settlement interest to a bank amounting to RM107,265 (2013: RM750,873). See Note 16.
- (ii) On 10 February 2014, the Company entered into an agreement with the vendor of Kembang Kartika Sdn. Bhd. ("KKSb") to acquire the remaining 49.99% equity interest of KKSb for a cash consideration of RM8,000,000. The acquisition is deemed complete upon full payment of the consideration.

At the execution of the agreement, the Company paid RM4,000,000 (out of RM8,000,000) to the vendor of KKSb as part of the consideration and has recorded it as prepayment. The balance consideration is disclosed as a commitment in Note 30(i). In the event that the Company fails to pay the balance consideration within 6 months from the date of the said agreement, 10% of the total consideration (equivalent to RM800,000) will be forfeited and the balance will be refunded to the Company.

#### 9.5 Amount due from subsidiaries

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

### 10. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Unencumbered	-	9,000,000	-	-
Pledged for term loan and bank guarantee facilities granted to the Company and a subsidiary	506,183	506,183	506,183	506,183
	<b>506,183</b>	<b>9,506,183</b>	<b>506,183</b>	<b>506,183</b>



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 10. FIXED DEPOSITS WITH LICENSED BANKS (cont'd)

The effective interest rates per annum and maturities of the fixed deposits as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest rate	3.00% - 3.15%	3.00% - 3.31%	3.00% - 3.15%	3.00% - 3.15%
Maturity	1 - 12 months	1 - 12 months	1 - 12 months	1 - 12 months

### 11. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	4,038,026	3,899,873	308,104	177,751
Indian Rupee	-	20,262	-	-
	<b>4,038,026</b>	<b>3,920,135</b>	<b>308,104</b>	<b>177,751</b>

### 12. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
<b>Authorised</b>	800,000,000	800,000,000	800,000,000	800,000,000
<b>Issued and fully paid</b>				
Balance at beginning	48,489,059	6,464,496	48,489,059	6,464,496
Issuance pursuant to:				
Rights issue	-	13,228,877	-	13,228,877
Creditor settlement	-	7,500,000	-	7,500,000
Debt restructuring	-	19,134,575	-	19,134,575
Exercise of ESOS	385,000	-	385,000	-
Conversion of ICULS	5,830,800	2,161,111	5,830,800	2,161,111
Balance at end	<b>54,704,859</b>	<b>48,489,059</b>	<b>54,704,859</b>	<b>48,489,059</b>

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM48,489,059 to RM54,704,859 by:

- (i) allotment of 385,000 new ordinary shares of RM1 each at an exercise price of RM1 per share for cash pursuant to the employees share option scheme; and
- (ii) issuance of 5,830,800 ordinary shares of RM1 each arising from the conversion of 5,830,800 10-year 0% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM0.10 nominal value each by surrendering for cancellation one ICULS of RM0.10 each and paying the difference between the nominal value of ICULS and conversion price of RM1 each.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 13. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Number of ICULS of of RM0.10 each		Amount	
	2014	2013	2014 RM	2013 RM
Balance at beginning	228,323,769	-	22,832,377	-
Issuance pursuant to:				
Rights issue with warrants	-	193,934,880	-	19,393,448
Creditor settlement	-	37,000,000	-	3,700,000
Converted to ordinary shares	(5,830,800)	(2,611,111)	(583,080)	(261,111)
Balance at end	222,492,969	228,323,769	22,249,297	22,832,377

The 10-year 0% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at nominal value of RM0.10 each were constituted by a Trust Deed dated 28 March 2012 made between the Company and the Trustee for the holders of the ICULS.

The salient features of the ICULS are as follows:

- (i) The ICULS shall be convertible into fully paid-up ordinary shares at any time during the tenure of the ICULS from the date of issue of the ICULS up to and including the maturity date of 15 April 2022 by surrendering ten ICULS of RM0.10 each for one new ordinary share or by surrendering for cancellation one ICULS of RM0.10 each and paying the difference between the nominal value of ICULS and conversion price of RM1.00 each.
- (ii) The ICULS have a tenure period of 10 years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM1.00 each on the maturity date, with any fractional new shares arising from the mandatory conversion of the ICULS and the maturity date shall be disregarded.
- (iii) Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date is before the new shares allotment.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 14. OTHER RESERVES

Note	GROUP		COMPANY		
	2014 RM	2013 RM	2014 RM	2013 RM	
<b>Distributable</b>					
Retained profits/ (Accumulated losses)	14.1	16,920,340	15,838,202	17,504,122	(22,442)
<b>Non-distributable</b>					
Share premium		18,063,045	21,445,955	18,063,045	21,445,955
Treasury shares	14.2	(2,572,935)	-	(2,572,935)	-
Warrants reserve	14.3	3,186,005	3,186,005	3,186,005	3,186,005
Discount on shares	14.3	(3,105,465)	(3,105,465)	(3,105,465)	(3,105,465)
Fair value reserve	14.4	578,808	(239,495)	-	-
Foreign exchange translation reserve	14.5	-	(541,642)	-	-
Capital reserve	14.6	-	-	7,445,000	7,445,000
ESOS reserve	14.7	301,606	-	42,970	-
		16,451,064	20,745,358	23,058,620	28,971,495
		33,371,404	36,583,560	40,562,742	28,949,053

#### 14.1 Retained profits

The Company is able to pay out all the retained profits as dividends to its shareholders under the single tier system.

#### 14.2 Treasury shares

The movement of treasury shares is as follows:

	Number of shares	Amount RM
Shares repurchased during the year	6,407,900	6,000,120
Distributed as share dividend (Note 26)	(3,973,232)	(3,427,185)
	2,434,668	2,572,935

The shareholders of the Company, by a special resolution passed in a general meeting held on 28 September 2012, approved the Company's plan to repurchase its own shares up to 10% of its issued and paid up share capital with par value of RM1 each.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 14. OTHER RESERVES (cont'd)

#### 14.2 Treasury shares

During the financial year ended 31 March 2014, the Company repurchased 6,407,900 shares from the open market.

Number of shares	Purchase price RM	Consideration RM	Transaction cost RM	Total consideration RM
100	0.79	79	41	120
295,000	0.80	235,897	1,722	237,619
2,402,100	0.81	1,996,640	7,876	2,004,516
550,000	0.81	442,750	1,904	444,654
290,000	0.74	213,788	93	213,881
954,800	1.20	1,147,370	4,186	1,151,556
600,900	1.03	620,910	2,257	623,167
1,315,000	1.00	1,320,050	4,557	1,324,607
<b>6,407,900</b>		<b>5,977,484</b>	<b>22,636</b>	<b>6,000,120</b>

The shares repurchased were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 19 November 2013, the Company declared and approved a share dividend in respect of financial year ended 31 March 2014 via distribution of 3,973,232 treasury shares on the basis of one treasury share for every twelve ordinary shares held. The share dividend was distributed on 3 January 2014.

Of the total 54,704,859 issued and paid-up ordinary shares of RM1 each as at 31 March 2014, 2,434,668 ordinary shares are held as treasury shares by the Company. The number of outstanding ordinary shares in issue is therefore 52,270,191 ordinary shares of RM1 each.

#### 14.3 Warrants reserve and Discount on shares

Each warrant entitles the registered holder of warrant to subscribe for one new ordinary share in the Company at any time on or after 16 May 2012 up to the date of expiry on 15 May 2022, at an exercise price of RM1 per share or such adjusted price in accordance with the provisions in the Deed Poll dated 28 March 2012.

During the financial year ended 31 March 2014, no warrants were exercised. As at end of reporting period, 20,338,186 warrants remain unexercised.

The discount on shares is a reserve account that is created to preserve the par value of the ordinary shares.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 14. OTHER RESERVES (cont'd)

#### 14.4 Fair value reserve

	GROUP	
	2014 RM	2013 RM
Balance at beginning	(239,495)	(1,562)
Gain/(Loss) on fair value through comprehensive income	818,303	(237,933)
Balance at end	578,808	(239,495)

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

#### 14.5 Foreign exchange translation reserve

	GROUP	
	2014 RM	2013 RM
Balance at beginning	(541,642)	(422,533)
Currency translation through comprehensive income	(158,768)	(119,109)
Transfer to profit or loss upon disposal	700,410	-
Balance at end	-	(541,642)

The foreign exchange translation reserve was in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiary.

#### 14.6 Capital reserve

Capital reserve represents the excess of sales consideration over the carrying amount of the net assets transferred to a subsidiary.

#### 14.7 ESOS reserve

	GROUP	COMPANY
	2014 RM	2014 RM
Share based compensation pursuant to ESOS granted	368,076	109,440
Transfer to share premium upon exercise of ESOS	(44,275)	(44,275)
Transfer to retained profits upon resignation	(22,195)	(22,195)
	301,606	42,970

The ESOS reserve represents the equity-settled share options granted to employees of certain subsidiaries and the Company's directors. The share option reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options and is reduced by the expiry or exercise of the share options.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 15. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current</b>					
Retirement benefit obligations	15.1	1,304,211	1,197,268	377,402	358,272
<b>Current</b>					
<b>Trade</b>					
Trade payables	15.2	11,537,679	14,774,303	-	-
<b>Non-trade</b>					
Retirement benefit obligations	15.1	12,301	134,854	-	50,000
Other payables	15.3	1,680,419	2,253,543	6,000	20,111
Accruals		1,703,528	1,564,940	292,515	541,648
Prepayment and deposits received for letting of properties		1,037,364	1,258,615	363,372	248,508
Advances from customers		28,191	246,308	-	-
Amount due to subsidiaries	15.4	-	-	-	379,460
		4,461,803	5,458,260	661,887	1,239,727
		15,999,482	20,232,563	661,887	1,239,727
<b>Total trade and other payables</b>		<b>17,303,693</b>	<b>21,429,831</b>	<b>1,039,289</b>	<b>1,597,999</b>

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	17,275,502	20,115,563	1,039,289	1,597,999
US Dollar	28,191	260,223	-	-
Indian Rupee	-	1,054,045	-	-
	17,303,693	21,429,831	1,039,289	1,597,999

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 15. TRADE AND OTHER PAYABLES (cont'd)

#### 15.1 Retirement benefit obligations

The unfunded defined Retirement Benefits Scheme for its eligible employees is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance at beginning	1,332,122	1,510,885	408,272	387,084
Foreign currency translation	-	(1,373)	-	-
Additional provision during the year	230,639	398,684	30,267	212,885
Lapse due to resignation	(142,165)	(355,083)	(8,544)	(24,909)
Utilised during the year	(79,878)	(220,991)	(52,593)	(166,788)
Disposal of a subsidiary	(24,206)	-	-	-
Balance at end	1,316,512	1,332,122	377,402	408,272

The payment of the retirement benefits are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current</b>				
Within one year	12,301	134,854	-	50,000
<b>Non-current</b>				
Later than one year but not later than two years	-	104,964	-	-
Later than two years but not later than five years	80,867	185,158	15,300	147,762
Later than five years	1,223,344	907,146	362,102	210,510
	1,304,211	1,197,268	377,402	358,272
<b>Total retirement benefit obligations</b>	1,316,512	1,332,122	377,402	408,272

#### 15.2 Trade payables

The trade payables are non-interest bearing and are normally settled within 14 to 60 days (2013: 14 to 90 days) credit terms.

#### 15.3 Other payables

Included herein is an amount of RM97,500 (2013: RM Nil) due to a related party, Limsa Ekuiti Sdn. Bhd. (see Note 28(i)).

#### 15.4 Amount due to subsidiaries

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

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 16. BORROWINGS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-current liabilities</b>				
Finance lease liabilities				
Minimum payment:				
Within one year	881,172	42,945	67,956	-
Later than one year but not later than two years	496,229	42,945	67,956	-
Later than two years but not later than five years	757,745	41,425	164,217	-
Later than five years	37,641	-	-	-
	2,172,787	127,315	300,129	-
Future finance charges	(235,501)	(4,326)	(27,189)	-
	1,937,286	122,989	272,940	-
Amount due within one year included under current liabilities	(759,387)	(39,897)	(57,126)	-
	1,177,899	83,092	215,814	-
Term loans				
Total amount repayable	22,867,062	24,876,956	10,046,778	10,898,971
Amount due within one year included under current liabilities	(13,671,530)	(1,640,566)	(958,395)	(898,038)
	9,195,532	23,236,390	9,088,383	10,009,933
	10,373,431	23,319,482	9,304,197	10,009,933
<b>Current liabilities</b>				
Bank overdrafts	476,381	486,090	-	-
Bankers acceptance	426,000	753,000	-	-
Finance lease liabilities	759,387	39,897	57,126	-
Term loans	13,671,530	1,640,566	958,395	889,038
	15,333,298	2,919,553	1,015,521	889,038
<b>Total borrowings</b>	25,706,729	26,239,035	10,319,718	10,898,971



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 16. BORROWINGS (cont'd)

The currency profile of the borrowings is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	25,706,729	25,994,243	10,319,718	10,898,971
Indian Rupee	-	244,792	-	-
	<u>25,706,729</u>	<u>26,239,035</u>	<u>10,319,718</u>	<u>10,898,971</u>

A subsidiary has defaulted on the repayment of a term loan amounting to RM12,209,976 (2013: RM12,209,976) (principal and interest) in prior years. The affected bank had vide a letter dated 29 June 2010 agreed for the subsidiary to pay in the following manner:

- (i) Issuance of 1,287,213 of the Company's shares of RM1 each to the bank as settlement of interests calculated at 5% per annum for two years upon implementation of the Company's revised Proposed Restructuring Scheme ("PRS") on 16 May 2012.
- (ii) Payment of 1.5% differential interest for two years, estimated to be RM299,966 payable by 24 monthly instalments of RM12,499 each commencing 16 May 2012.
- (iii) The outstanding term loan is to be settled at the end of the second year after the implementation of the Company's revised PRS in one lump sum. The settlement date has been extended to 15 August 2014 and will due in the next financial year. Therefore, the term loan of RM12,209,976 has been reclassified to current liabilities during the financial year.

The outstanding term loan will be settled with the proceeds from the Company's Proposed Rights Issue with Warrants (see Note 35). As at the date of this report the Proposed Rights Issue with Warrants is pending approval from the relevant authorities, failing which the outstanding term loan will be settled using internally generated funds.

The borrowings of the Group and of the Company are secured by way of:

- (i) Legal charges and deed of assignment over certain land and buildings of the Company and subsidiaries,
- (ii) Negative pledge on assets of the Company and certain subsidiaries,
- (iii) Corporate guarantee of the Company and its subsidiaries,
- (iv) Pledge of fixed deposits,
- (v) Joint and several guarantee by a director and a former director of the Company, and
- (vi) Leased assets as disclosed in Note 4(ii).

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 16. BORROWINGS (cont'd)

A summary of the effective interest rates and the maturities of the borrowings at the end of the reporting period 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	More than five years RM
<b>GROUP</b>						
<b>2014</b>						
Bank overdrafts	8.60	476,381	476,381	-	-	-
Bankers acceptance	5.44 to 5.49	426,000	426,000	-	-	-
Finance lease liabilities	2.28 to 4.00	1,937,286	759,387	433,821	706,836	37,242
Term loans	6.50 to 8.60	22,867,062	13,671,530	1,143,545	3,643,300	4,408,687
<b>2013</b>						
Bank overdrafts	8.60	486,090	486,090	-	-	-
Bankers acceptance	5.38	753,000	753,000	-	-	-
Finance lease liabilities	3.00	122,989	39,897	41,730	41,362	-
Term loans	2.06 to 8.60	24,876,956	1,640,566	14,038,030	3,529,462	5,668,898
<b>COMPANY</b>						
<b>2014</b>						
Finance lease liabilities	2.28	272,940	57,126	59,862	155,952	-
Term loans	7.85	10,046,778	958,395	1,036,396	3,643,300	4,408,687
<b>2013</b>						
Term loans	2.06 to 7.85	10,898,971	889,038	961,394	3,379,641	5,668,898

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 17. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Revaluation surplus</b>				
Balance at beginning	2,402,219	2,495,231	1,151,329	1,199,890
Transfer to profit or loss	(93,012)	(93,012)	(48,561)	(48,561)
Balance at end	2,309,207	2,402,219	1,102,768	1,151,329
<b>Other temporary differences</b>				
Balance at beginning	1,761,250	1,331,412	-	-
Exchange translation difference	(41,892)	(31,638)	-	-
Disposal of a subsidiary	(560,358)	-	-	-
Transfer from profit or loss	516,000	277,476	237,000	-
	1,675,000	1,577,250	237,000	-
Under provision in prior year	7,000	184,000	-	-
Balance at end	1,682,000	1,761,250	237,000	-
<b>Total deferred tax liabilities</b>	<b>3,991,207</b>	<b>4,163,469</b>	<b>1,339,768</b>	<b>1,151,329</b>

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Revaluation surplus	2,309,207	2,402,219	1,102,768	1,151,329
Property, plant and equipment	2,729,000	1,801,250	1,271,000	-
Fair value adjustment on investment properties	104,000	-	11,000	-
Unabsorbed capital allowances	(954,000)	-	(954,000)	-
Retirement benefit obligations	(197,000)	(40,000)	(91,000)	-
	3,991,207	4,163,469	1,339,768	1,151,329

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 18. REVENUE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	141,121,915	135,489,383	-	-
Rental of industrial and commercial assets	2,314,178	1,585,008	2,314,178	1,585,008
Gross dividend from subsidiaries	-	-	18,000,000	-
Gross dividend income from investment in quoted shares	96,593	-	-	-
Interest from investment in loan stocks	69,000	-	-	-
Management fee from subsidiaries				
- current year	-	-	1,380,000	1,759,905
- over provision in prior years	-	-	(154,201)	-
	<b>143,601,686</b>	<b>137,074,391</b>	<b>21,539,977</b>	<b>3,344,913</b>

### 19. OTHER INCOME

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Bad debt recovered	30,000	-	-	-
Dividend income	840	45,916	-	-
Fair value adjustment on investment properties	776,976	-	225,802	-
Gain on disposal of property, plant and equipment	1,297,540	149,074	232,879	-
Gain on bargain purchase of a subsidiary	-	2,742,709	-	-
Gain on disposal of investment in a subsidiary	55,630	-	1,000,000	-
Impairment loss on trade receivables recovered	326,196	41,859	-	-
Interest income	251,609	231,460	-	224,233
Miscellaneous	57,790	37,954	55,210	19,082
Realised gain on foreign exchange	151,252	105,717	-	-
Rental income	64,518	77,848	-	-
Scrap sales	204,620	253,809	-	-
Unrealised gain on foreign exchange	9,695	-	-	-
	<b>3,226,666</b>	<b>3,686,346</b>	<b>1,513,891</b>	<b>243,315</b>



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 20. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages and salaries	9,784,449	10,214,561	1,093,829	1,611,762
Contributions to defined contribution plan	702,506	812,696	128,567	197,063
Equity-settled share-based payment	368,076	-	109,440	-
Social security contributions	74,107	86,234	7,667	9,667
Increase in liability for defined benefit plan (Note 15.1)	88,474	43,601	21,723	187,976
Other benefits	507,943	832,898	33,784	95,840
	<b>11,525,555</b>	<b>11,989,990</b>	<b>1,395,010</b>	<b>2,102,308</b>

### 21. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	775,600	1,110,961	428,000	905,300
Equity-settled share-based payment	80,753	-	63,812	-
Defined contribution plans	93,072	108,636	51,360	108,636
	<b>949,425</b>	<b>1,219,597</b>	<b>543,172</b>	<b>1,013,936</b>
Non-executive:				
Other emoluments				
- current year	-	117,000	-	117,000
- over provision in prior year	(4,500)	-	(4,500)	-
Equity-settled share-based payment	11,294	-	11,294	-
Fee				
- current year	78,000	88,000	78,000	88,000
- over provision in prior year	(59,000)	-	(59,000)	-
	<b>25,794</b>	<b>205,000</b>	<b>25,794</b>	<b>205,000</b>
<b>Directors of subsidiaries:</b>				
Executive:				
Salaries and other emoluments	241,200	376,648	-	-
Equity-settled share-based payment	20,330	-	-	-
Defined contribution plans	27,504	32,112	-	-
	<b>289,034</b>	<b>408,760</b>	<b>-</b>	<b>-</b>
Non-executive:				
Fee	30,000	120,000	-	120,000
	<b>1,294,253</b>	<b>1,953,357</b>	<b>568,966</b>	<b>1,338,936</b>

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 21. DIRECTORS' REMUNERATION (cont'd)

**Analysed as:**

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total executive directors' remuneration (Note 20)	1,238,459	1,628,357	543,172	1,013,936
Total non-executive directors' remuneration (Note 23)	55,794	325,000	25,794	325,000
	<b>1,294,253</b>	<b>1,953,357</b>	<b>568,966</b>	<b>1,338,936</b>
<b>Represented by:</b>				
Present directors	1,019,688	1,803,357	463,766	1,248,936
Past directors	274,565	150,000	105,200	90,000
	<b>1,294,253</b>	<b>1,953,357</b>	<b>568,966</b>	<b>1,338,936</b>

### 22. FINANCE COSTS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expense on:				
Borrowings	1,914,202	2,218,283	838,764	882,054
Finance lease	72,772	11,176	7,581	-
Loan from a related party	20,000	-	-	-
Loan from third parties	-	65,502	-	-
	<b>2,006,974</b>	<b>2,294,961</b>	<b>846,345</b>	<b>882,054</b>
Others	-	26,912	-	-
	<b>2,006,974</b>	<b>2,321,873</b>	<b>846,345</b>	<b>882,054</b>

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 23. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
After charging:				
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	111,400	105,900	28,000	28,000
- over provision in prior year	(3,900)	(4,060)	-	(1,800)
Other auditors				
- statutory audit	3,000	7,183	-	-
Bad debts	2,023,938	226,936	56,565	-
Allowance for impairment on:				
- Trade receivables	68,945	208,372	-	-
- Other receivables	328,000	734,763	-	-
Inventories written off	-	754,122	-	-
Inventories written down	175,032	9,738	-	-
Loss on:				
- Disposal of property, plant and equipment	-	36,611	-	45
- Disposal of other investments	-	25,490	-	-
Non-executive directors' remuneration (Note 21)	55,794	325,000	25,794	325,000
Property, plant and equipment written off	106,904	2,092,816	-	774
Realised loss on foreign exchange	42	-	-	18,540
Rental expenses:				
- Premises	809,620	1,125,707	-	75,300
- Plant and machinery	23,158	35,872	-	-
- Others	5,053	5,823	-	-
Unrealised loss on foreign exchange	-	9,513	-	-

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 24. TAXATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax:				
Based on results for the year				
- Malaysian income tax	(1,239,000)	(250,000)	(39,000)	-
- Foreign tax	-	(71,752)	-	-
	(1,239,000)	(321,752)	(39,000)	-
Deferred tax:				
- Malaysia				
- Relating to the origination and reversal of temporary differences	(487,988)	(141,988)	(197,439)	48,561
- Changes in tax rates	65,000	-	9,000	-
- Foreign subsidiary	-	(42,476)	-	-
	(422,988)	(184,464)	(188,439)	48,561
	(1,661,988)	(506,216)	(227,439)	48,561
Over/(Under) provision in prior year				
- Current tax	36,099	(905,010)	-	(28,467)
- Deferred tax	(7,000)	(184,000)	-	-
	29,099	(1,089,010)	-	(28,467)
	(1,632,889)	(1,595,226)	(227,439)	20,094



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 24. TAXATION (cont'd)

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before taxation	4,620,050	(2,753,988)	19,597,285	(1,319,713)
Income tax at Malaysian statutory tax rate of 25%	(1,155,013)	688,497	(4,899,321)	329,928
Tax rate difference in foreign jurisdiction	-	(18,827)	-	-
Income not subject to tax	329,875	699,656	4,851,781	-
Double deduction for promotion of exports	8,251	11,529	-	-
Expenses not deductible for tax purposes	(893,626)	(1,091,503)	(330,731)	(310,381)
Deferred tax movements not recognised	(657,888)	(888,580)	(79,423)	(19,547)
Utilisation of unabsorbed tax losses and capital allowances	652,401	-	183,694	-
Fair value adjustment on investment properties	(104,000)	-	(11,000)	-
Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
Changes in tax rate	65,000	-	9,000	-
	(1,661,988)	(506,216)	(227,439)	48,561
Over/(Under) provision in prior years	29,099	(1,089,010)	-	(28,467)
	(1,632,889)	(1,595,226)	(227,439)	20,094

The following (deductible)/taxable temporary differences have not been recognised in the financial statements:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment	15,728,000	21,490,000	-	4,673,000
Unabsorbed tax losses	(65,621,000)	(67,689,000)	-	(735,000)
Unabsorbed capital allowances	(8,341,000)	(11,354,000)	-	(3,947,000)
Unabsorbed reinvestment allowance	(8,838,000)	(8,838,000)	-	-
Unabsorbed allowance for increase in exports	(1,979,000)	(1,979,000)	-	-
Retirement benefit obligations	(490,000)	(1,148,000)	-	(408,000)
	(69,541,000)	(69,518,000)	-	(417,000)

Deferred tax assets have not been recognised on the above temporary differences as the management is unable to determine whether the Group will have chargeable income in the foreseeable future to the extent that the above deductible temporary differences can be utilised in view of the uncertain business environment.

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 24. TAXATION (cont'd)

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Unabsorbed tax losses	65,621,000	67,689,000	-	735,000
Unabsorbed capital allowances	12,316,000	11,354,000	3,975,000	3,947,000
Unabsorbed reinvestment allowance	8,838,000	8,838,000	-	-
Unabsorbed allowance for increase in exports	1,979,000	1,979,000	-	-

### 25. EARNINGS/(LOSS) PER SHARE

#### 25.1 Basic

The calculation of basic earnings/loss per share was based on the profit/loss attributable to owners of the parent and on the weighted average number of shares in issue during the year as follows:

	GROUP	
	2014	2013
Profit/(Loss) for the year (RM)	2,925,420	(4,415,293)
Issued shares at beginning	48,489,059	6,464,496
Effects of:		
- Shares issued pursuant to the implementation of the Company's restructuring scheme	-	35,494,855
- Conversion of ICULS	1,430,844	1,782,983
- Exercise of ESOS	164,303	-
- Treasury shares held	(2,502,578)	-
Weighted average number of shares	47,581,628	43,742,334
Basic earnings/(loss) per share (sen)	6.15	(10.09)

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 25. EARNINGS/(LOSS) PER SHARE (cont'd)

#### 25.2 Diluted

The calculation of diluted earnings/loss per share was based on profit/loss attributable to owners of the parent and on the weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares as follows:

	<b>GROUP</b>	
	<b>2014</b>	2013
Profit/(Loss) for the year (RM)	2,925,420	(4,415,293)
Weighted average number of shares as above	47,581,628	43,742,334
Adjustment for dilutive effect of:		
- ICULS	1,019,054	2,309,349
- Warrants	931,522	-
- ESOS	152,142	-
Weighted average number of shares assumed to be in issue (diluted)	49,684,345	46,051,683
Diluted earnings/(loss) per share (sen)	5.89	(9.59)

### 26. DIVIDENDS

	<b>2014</b>	2013
In respect of the financial year ended 31 March 2014:		
First interim single tier dividend of 2 sen per share	911,737	-
Second interim single tier dividend of 2 sen per share	953,740	-
Share dividend *	-	-
	1,865,477	-

\* On 3 January 2014, the Company distributed share dividend via distribution of 3,973,232 treasury shares on the basis of one treasury share for every twelve ordinary shares held. The share dividend is equivalent to RM3,427,185 based on the treasury shares book cost.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 27. SEGMENTAL INFORMATION

#### 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.

#### 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.





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

**By business segments**

	Manufacturing		Trading		Others		Elimination		Note	Total	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM		2014 RM	2013 RM
<b>Revenue</b>											
External sales	72,228,512	78,733,792	69,274,937	56,755,591	2,325,570	1,585,008	-	-		143,829,019	137,074,391
Inter-segment sales	1,872,565	2,748,543	323,585	252,673	19,380,000	1,759,905	(21,803,483)	(4,761,121)	A	(227,333)	-
<b>Total revenue</b>	<b>74,101,077</b>	<b>81,482,335</b>	<b>69,598,522</b>	<b>57,008,264</b>	<b>21,705,570</b>	<b>3,344,913</b>	<b>(21,803,483)</b>	<b>(4,761,121)</b>		<b>143,601,686</b>	<b>137,074,391</b>
<b>Results</b>											
Segment results	3,010,499	72,250	1,687,802	(2,689,441)	20,565,123	(816,005)	(18,888,009)	2,742,709		6,375,415	(690,487)
Interest income	1,812	1,947	249,160	5,280	637	224,233	-	-		251,609	231,460
Interest expense	(1,107,577)	(1,309,844)	(53,052)	(103,063)	(846,345)	(882,054)	-	-		(2,006,974)	(2,294,961)
Taxation	(708,966)	(1,615,320)	(687,000)	-	(236,923)	20,094	-	-		(1,632,889)	(1,595,226)
<b>Profit/(Loss) for the year</b>	<b>1,195,768</b>	<b>(2,850,967)</b>	<b>1,196,910</b>	<b>(2,787,224)</b>	<b>19,482,492</b>	<b>(1,453,732)</b>	<b>(18,888,009)</b>	<b>2,742,709</b>		<b>2,987,161</b>	<b>(4,349,214)</b>
<b>Assets</b>											
Segment assets	89,878,608	100,805,848	40,152,219	38,080,123	162,388,378	133,804,594	(130,928,493)	(117,608,215)		161,490,712	155,082,350
Tax recoverable	-	190,112	-	172,104	13,247	23,951	-	-		13,247	386,167
Fixed deposits with licensed banks	-	-	-	9,000,000	506,183	506,183	-	-		506,183	9,506,183
Cash and bank balances	3,184,514	2,525,353	360,978	1,006,882	492,534	387,900	-	-		4,038,026	3,920,135
<b>Total assets</b>	<b>93,063,122</b>	<b>103,521,313</b>	<b>40,513,197</b>	<b>48,259,109</b>	<b>163,400,342</b>	<b>134,722,628</b>	<b>(130,928,493)</b>	<b>(117,608,215)</b>		<b>166,048,168</b>	<b>168,894,835</b>
<b>Liabilities</b>											
Segment liabilities	58,058,180	41,734,301	49,681,294	54,118,567	24,571,654	25,264,020	(115,007,435)	(99,687,057)		17,303,693	21,429,831
Deferred tax liabilities	2,307,439	3,012,140	344,000	-	1,339,768	1,151,329	-	-		3,991,207	4,163,469
Provision for taxation	844,372	641,033	208,894	-	54,000	-	-	-		1,107,266	641,033
Borrowings	2,086,139	3,130,088	13,300,872	12,209,976	10,319,718	10,898,971	-	-		25,706,729	26,239,035
<b>Total liabilities</b>	<b>63,296,130</b>	<b>48,517,562</b>	<b>63,535,060</b>	<b>66,328,543</b>	<b>36,285,140</b>	<b>37,314,320</b>	<b>(115,007,435)</b>	<b>(99,687,057)</b>		<b>48,108,895</b>	<b>52,473,368</b>
<b>Other information</b>											
Addition to non-current assets	1,614,429	2,549,165	3,204,616	1,157,130	6,905,870	1,670,903	-	-	B	11,724,915	5,377,198
Depreciation	2,724,754	3,066,724	595,852	383,842	148,494	137,663	-	-		3,469,100	3,588,229
Non-cash expenses/(income) other than depreciation	447,161	2,124,497	1,113,741	1,765,585	(1,914,708)	(2,683,504)	958,664	-	C	604,858	1,206,578

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 27. SEGMENTAL INFORMATION (cont'd)

Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of property, plant and equipment and investment properties.
- C Other non-cash expenses/(income) consist of the following items:

	<b>GROUP</b>	
	<b>2014 RM</b>	2013 RM
Bad debts	2,023,938	226,936
Bargain purchase gain	-	(2,742,709)
Equity-settled share-based payment	368,076	-
Fair value adjustments on investment properties	(776,976)	-
Gain on disposal of investment in a subsidiary	(55,630)	-
Gain on disposal of property, plant and equipment	(1,297,540)	(112,463)
Impairment loss on receivables	396,945	943,135
Impairment loss on trade receivables recovered	(326,196)	-
Inventories written down	175,032	9,738
Inventories written off	-	754,122
Loss on disposal of investment	-	25,490
Property, plant and equipment written off	106,904	2,092,816
Unrealised (gain)/loss on foreign exchange	(9,695)	9,513
	<b>604,858</b>	<b>1,206,578</b>

### 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.

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2014 RM</b>	2013 RM	<b>2014 RM</b>	2013 RM
Malaysia	137,361,070	131,194,855	104,060,650	96,561,927
India	2,542,828	3,418,099	-	7,143,894
Others	3,697,788	2,461,437	-	-
	<b>143,601,686</b>	<b>137,074,391</b>	<b>104,060,650</b>	<b>103,705,821</b>

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 27. SEGMENTAL INFORMATION (cont'd)

Non-current assets information presented above which excludes financial assets, consist of the following items as presented in the Group's statement of financial position.

	<b>2014 RM</b>	2013 RM
Property, plant and equipment	67,848,850	74,801,719
Investment properties	36,211,800	28,904,102
	<u>104,060,650</u>	<u>103,705,821</u>

#### Information about major customer

Total revenue from a major customer which contributed more than 10% of the Group's revenue amounted to **RM61,110,181** (2013: RM49,447,262).

### 28. RELATED PARTY DISCLOSURES

#### (i) Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The Group has related party relationship with its subsidiaries, key management personnel and the following companies:

#### Related party relationship:

<b>Related party</b>	<b>Relationship</b>
See Hup Consolidated Berhad	: A company in which a director of the Company, Dato' Lee Hean Guan is a major shareholder.
Limsa Ekuiti Sdn. Bhd., See Hup Transport Company Sdn. Bhd. and See Hup Pioneer Logistics Sdn. Bhd.	: Companies in which a director of the Company, Dato' Lee Hean Guan has deemed interest.
A1 Capital Sdn. Bhd.	: A company in which a director of the Company, Mr. Ng Chin Nam has interest

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 28. RELATED PARTY DISCLOSURES (cont'd)

#### (ii) Related party transactions

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Management fee received from subsidiaries:				
- Duro Metal Industrial (M) Sdn. Bhd.	-	-	540,000	660,000
- Metal Perforators (Malaysia) Sdn. Bhd.	-	-	300,000	420,000
- Progerex Sdn. Bhd.	-	-	180,000	300,000
- SMPC Industries Sdn. Bhd.	-	-	360,000	300,000
- SMPC Industries (India) Private Limited	-	-	-	79,905
Rental of premises paid to a subsidiary, Progerex Sdn. Bhd.	-	-	-	60,000
Rental of warehouse received from See Hup Pioneer Logistics Sdn. Bhd.	393,990	266,640	393,990	226,640
Rental of warehouse and open yard paid to Limsa Ekuiti Sdn. Bhd.	510,000	420,000	-	-
Rental of plant and equipment and transportation of goods and services paid to See Hup Transport Company Sdn. Bhd.	233,985	-	-	-
Rental of premises paid to a director of the Company	-	35,300	-	15,300
Management consultancy fee paid to a shareholder of a subsidiary, Ohmi Industries Limited	-	85,240	-	-
Logistics services and supply of scrap metal and other steel related products received from See Hup Pioneer Logistics Sdn. Bhd.	17,346	-	-	-



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 28. RELATED PARTY DISCLOSURES (cont'd)

#### (ii) Related party transactions (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Investments in shares and loan stocks of See Hup Consolidated Berhad	3,016,472	3,008,624	-	-
Sale of warehouse to Limsa Ekuiti Sdn. Bhd.	2,000,000	-	-	-
Purchase of investment properties from A1 Capital Sdn. Bhd.	240,000	-	-	-
* Interest charged by a former substantial shareholder	10,000	-	-	-

\* Mr. Lim Kean Wah ceased to be a substantial shareholder on 3 January 2014.

#### (iii) Compensation of key management personnel

Key management personnel comprise the Board of Directors of the Company and of its subsidiaries of which their remuneration is disclosed in Note 21.

### 29. CONTINGENT LIABILITIES

	COMPANY	
	2014 RM	2013 RM
<b>Unsecured:</b>		
(i) Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries - Limit	22,609,750	20,758,000
(ii) Corporate guarantee extended to suppliers of subsidiaries - Limit	11,815,000	11,815,000
<b>Secured:</b>		
(i) Banking facilities granted to a subsidiary secured by way of legal charges over the Company's leasehold land and building - Limit	1,500,000	1,500,000

The corporate guarantee does not have a determinable effect on the terms of the credit facilities due to the banks', financial institutions' and suppliers' requirement for parent guarantee as a pre-condition for approving the credit facilities granted to the 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 the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 30. COMMITMENTS

#### (i) Capital commitments

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Authorised and contracted for:				
- Property, plant and equipment	207,243	1,820,766	-	-
- Investment properties	360,000	-	-	-
- Acquisition of Kembang Kartika Sdn. Bhd.	4,000,000	-	4,000,000	-
	<b>4,567,243</b>	<b>1,820,766</b>	<b>4,000,000</b>	<b>-</b>

Details of the acquisition of subsidiary are disclosed in Note 9.3(ii).

#### (ii) Non-cancellable operating lease commitment as lessees

	2014 RM	2013 RM
Future minimum rental payable:		
Later than one year	600,000	360,000
Later than one year but not later than two years	-	300,000
	<b>600,000</b>	<b>660,000</b>

Operating lease commitments represent rental payable for use of open yard and warehouse. Leases are negotiated for terms of one and three years.

### 31. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as:

- (i) Available-for-sale financial assets ("AFS");
- (ii) Held-to-maturity investments ("HTM");
- (iii) Loans and receivables ("L&R"); and
- (iv) Other liabilities measured at amortised cost ("FL").

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 31. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

GROUP	Carrying amount RM	AFS RM	HTM RM	L&R RM	FL RM
<b>2014</b>					
<b>Financial assets</b>					
Other investments	6,682,428	5,182,428	1,500,000	-	-
Trade and other receivables	32,414,856	-	-	32,414,856	-
Fixed deposits with licensed banks	506,183	-	-	506,183	-
Cash and bank balances	4,038,026	-	-	4,038,026	-
	<b>43,641,493</b>	<b>5,182,428</b>	<b>1,500,000</b>	<b>36,959,065</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade and other payables	14,921,626	-	-	-	14,921,626
Borrowings	25,706,729	-	-	-	25,706,729
	<b>40,628,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,628,355</b>
<b>2013</b>					
<b>Financial assets</b>					
Other investments	5,864,125	4,364,125	1,500,000	-	-
Trade and other receivables	33,013,287	-	-	33,013,287	-
Fixed deposits with licensed banks	9,506,183	-	-	9,506,183	-
Cash and bank balances	3,920,135	-	-	3,920,135	-
	<b>52,303,730</b>	<b>4,364,125</b>	<b>1,500,000</b>	<b>46,439,605</b>	<b>-</b>
<b>Financial liabilities</b>					
Trade and other payables	18,592,786	-	-	-	18,592,786
Borrowings	26,239,035	-	-	-	26,239,035
	<b>44,831,821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,831,821</b>
<b>COMPANY</b>					
<b>2014</b>					
<b>Financial assets</b>					
Other receivables	76,523,807	-	-	76,523,807	-
Fixed deposits with licensed banks	506,183	-	-	506,183	-
Cash and bank balances	308,104	-	-	308,104	-
	<b>77,338,094</b>	<b>-</b>	<b>-</b>	<b>77,338,094</b>	<b>-</b>

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 31. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	Carrying amount RM	AFS RM	HTM RM	L&R RM	FL RM
<b>Financial liabilities</b>					
Other payables	298,515	-	-	-	298,515
Borrowings	10,319,718	-	-	-	10,319,718
	10,618,233	-	-	-	10,618,233
<b>2013</b>					
<b>Financial assets</b>					
Other receivables	65,688,955	-	-	65,688,955	-
Fixed deposits with licensed banks	506,183	-	-	506,183	-
Cash and bank balances	177,751	-	-	177,751	-
	66,372,889	-	-	66,372,889	-
<b>Financial liabilities</b>					
Other payables	941,219	-	-	-	941,219
Borrowings	10,898,971	-	-	-	10,898,971
	11,840,190	-	-	-	11,840,190

### 32. 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 risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

#### 32.1 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 whilst the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees given.

##### 32.1.1 Trade receivables

The Group extends to 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.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 32. FINANCIAL RISK MANAGEMENT (cont'd)

#### 32.1 Credit risk (cont'd)

##### 32.1.1 Trade receivables (cont'd)

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

	Gross RM	Individual impairment RM	Net RM
<b>2014</b>			
Not past due	12,002,811	-	12,002,811
Past due 1 - 30 days	5,054,576	-	5,054,576
Past due 31 - 60 days	3,755,083	-	3,755,083
Past due 61 - 90 days	2,885,338	-	2,885,338
Past due more than 90 days	4,550,874	(4,239,397)	311,477
	16,245,871	(4,239,397)	12,006,474
	<u>28,248,682</u>	<u>(4,239,397)</u>	<u>24,009,285</u>
<b>2013</b>			
Not past due	16,489,827	-	16,489,827
Past due 1 - 30 days	7,203,994	-	7,203,994
Past due 31 - 60 days	4,311,152	-	4,311,152
Past due 61 - 90 days	1,386,411	-	1,386,411
Past due more than 90 days	5,223,472	(4,694,766)	528,706
	18,125,029	(4,694,766)	13,430,263
	<u>34,614,856</u>	<u>(4,694,766)</u>	<u>29,920,090</u>

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 past due nor impaired has been renegotiated during the financial year.

The Group has trade receivables amounting to RM12,006,474 (2013: RM13,430,263) that are past due but not impaired as these customers have no recent history of default and the management is of the view that these debts will be recovered in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from 1 (2013: 1) customer representing 10% (2013: 10%) of the total trade receivables.



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 32. FINANCIAL RISK MANAGEMENT (cont'd)

#### 32.1 Credit risk (cont'd)

##### 32.1.2 Intercompany balances

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

The maximum exposure to credit risk is represented by their carrying amounts in the Company's 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 these advances.

##### 32.1.3 Financial guarantees

The Company provides unsecured corporate guarantee to banks, financial institutions and creditors in respect of credit facilities granted to certain subsidiaries as disclosed in Note 29.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

#### 32.2 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. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet their working capital requirements.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 32. FINANCIAL RISK MANAGEMENT (cont'd)

#### 32.2 Liquidity risk (cont'd)

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

	Carrying amount RM	Contractual cash flow 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	More than five years RM
<b>GROUP</b>						
<b>2014</b>						
Interest bearing borrowings	25,706,729	29,552,141	16,355,709	2,320,776	5,896,961	4,978,695
Trade and other payables	14,921,626	14,921,626	14,921,626	-	-	-
	<b>40,628,355</b>	<b>44,473,767</b>	<b>31,277,335</b>	<b>2,320,776</b>	<b>5,896,961</b>	<b>4,978,695</b>
<b>2013</b>						
Interest bearing borrowings	26,239,035	30,669,374	3,869,078	14,875,933	5,338,692	6,585,671
Trade and other payables	18,592,786	18,592,786	18,592,786	-	-	-
	<b>44,831,821</b>	<b>49,262,160</b>	<b>22,461,864</b>	<b>14,875,933</b>	<b>5,338,692</b>	<b>6,585,671</b>
<b>COMPANY</b>						
<b>2014</b>						
Interest bearing borrowings	10,319,718	13,806,543	1,781,028	1,781,028	5,303,433	4,941,054
Other payables	298,515	298,515	298,515	-	-	-
	<b>10,618,233</b>	<b>14,105,058</b>	<b>2,079,543</b>	<b>1,781,028</b>	<b>5,303,433</b>	<b>4,941,054</b>
<b>2013</b>						
Interest bearing borrowings	10,898,971	15,151,031	1,713,072	1,713,072	5,139,216	6,585,671
Other payables	941,219	941,219	941,219	-	-	-
	<b>11,840,190</b>	<b>16,092,250</b>	<b>2,654,291</b>	<b>1,713,072</b>	<b>5,139,216</b>	<b>6,585,671</b>

#### 32.3 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.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 32. FINANCIAL RISK MANAGEMENT (cont'd)

#### 32.3 Interest rate risk (cont'd)

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		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Fixed rate instruments</b>				
Financial assets	1,919,161	9,535,294	506,183	506,183
Financial liabilities	14,147,262	122,989	272,940	-
<b>Floating rate instruments</b>				
Financial liabilities	11,559,467	26,116,046	10,046,778	10,898,971

#### 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		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Decrease in profit before taxation	32,774	79,090	26,712	44,458



## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 32. FINANCIAL RISK MANAGEMENT (cont'd)

#### 32.4 Foreign currency risk (cont'd)

The Group is exposed to foreign currency risk on sales and purchases 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 Singapore Dollar ("SGD").

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

	2014		2013	
	USD RM	SGD RM	USD RM	SGD RM
Trade and other receivables	963,890	125,429	719,886	1,686
Trade and other payables	(28,191)	-	(260,223)	-
Net exposure	935,699	125,429	459,633	1,686

#### 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.

	2014 RM	2013 RM
USD	93,570	45,963
SGD	12,543	169
Reduce in profit before taxation	106,113	46,132

#### 32.5 Fair value information

The carrying amounts of the Group's and the Company's financial assets (except for investments in equity instruments) and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values 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 unquoted shares are carried at cost as it is not practicable to reasonably estimate its fair value due to lack of comparable quoted market prices and available market data for valuation. Therefore, the investment is carried at its original cost less impairment loss. The carrying amount of the non-current portion of the finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

The table below analyses financial instruments carried at fair value grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 32. FINANCIAL RISK MANAGEMENT (cont'd)

#### 32.5 Fair value information (cont'd)

##### Fair value hierarchy

##### GROUP

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2014</b>				
<b>Financial assets</b>				
Quoted shares and unit trusts	3,064,651	-	-	3,064,651
<b>2013</b>				
Financial assets				
Quoted shares and unit trusts	2,246,348	-	-	2,246,348

There were no transfers between Level 1 and Level 2 during the financial year.

### 33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial period.

### 34. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2012, and the ESOS will be in force for duration of three years expiring on 18 October 2015.

The salient features of the ESOS are as follows:

- (a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed fifteen percent (15%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.
- (b) Any employee or director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than six (6) months and must be a confirmed employee.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 34. EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") (cont'd)

- (c) The allocation of the options will be staggered over the duration of the ESOS and no further options shall be allocated after the first two (2) years of the ESOS. The maximum allocation available for each of the first two (2) years of the Scheme is 50% of the shares available under the ESOS.
- (d) The option price shall be determined at a discount of not more than 10% from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.
- (e) The shares under option shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.
- (f) The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further seven (7) years.

The details of the outstanding share options for ordinary shares of RM1 each granted to the Group's employees and directors and its related exercise price are as follows:

Grant date	Exercise price RM	Number of Share Option				Balance at 31.3.14
		Balance at 1.4.13	Granted and accepted	Exercised	Lapsed	
9.10.13	1.00	-	3,257,500	(385,000)	(480,000)	2,392,500

The fair value of the share options granted was RM0.12 and was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the Black Scholes model for the ESOS granted on 9 October 2013:

Weighted average share price (RM)	1.00
Expected volatility (%)	10.00
Risk-free interest rate (% p.a.)	3.37
Expected life of option (years)	2.02

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## Notes to the Financial Statements

– 31 March 2014 (cont'd)

### 35. SIGNIFICANT EVENT

On 27 February 2014, the Company has announced to Bursa Securities that it is proposing to undertake a renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1 each ("Rights Shares") together with up to 150,205,007 free new detachable warrants ("Warrants C") at an issue price of RM1 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing ordinary shares held on an entitlement date to be determined and announced later, of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C ("Proposed Rights Issue with Warrants").

As at the date of this report, the Proposed Rights Issue with Warrants is pending approval from the relevant authorities.

### 36. SUBSEQUENT EVENTS

36.1 On 13 June 2014, the Company together with SMPC Industries Sdn. Bhd. ("SMPC Industries"), Mr. Ooi Chieng Sim and Affin Bank Berhad ("Affin") ("the Defendants") was served with a writ of summons and statement of claim dated 22 May 2014 by a former director of the Company, Machendran a/l Pitchai Chetty ("the Plaintiff").

The Writ of Summons arose from the Plaintiff's claims on the following:

- (a) The Plaintiff seeks a declaration that he be relieved of his personal guarantee of RM18,000,000 issued in favour of Affin for a term loan granted to SMPC Industries (see Note 16),
- (b) In the alternative, the Company and SMPC Industries be ordered to make good/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to Affin,
- (c) Unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of the Company in August 2013 until the Plaintiff is relieved of the personal guarantee, and
- (d) General damages against the Defendants with interest of 5% per annum from the date of judgement to the date of realisation and costs.

Prior to the writ of summons and statement of claim, the Company has on 27 February 2014 announced that it proposes to undertake a Rights Issue with Warrants, pending approval from the relevant authorities. Upon approval, part of the proceeds will be utilised to settle the outstanding term loan.

36.2 On 17 June 2014, the Company together with a subsidiary of the Company, Park Avenue Construction Sdn. Bhd. have filed a civil suit against Machendran a/l Pitchai Chetty to recover the sum of RM279,696 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

The matter is fixed for case management on 24 July 2014.



## Supplementary Information

- Breakdown of Retained Profits Into Realised and Unrealised Profit or Loss

### 37. DISCLOSURE OF REALISED AND UNREALISED (LOSSES)/PROFITS

The breakdown of retained profits and accumulated losses of the Group and of the Company 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		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries				
- Realised	(25,182,070)	(26,586,870)	18,618,088	1,128,887
- Unrealised	(3,204,536)	(4,172,982)	(1,113,966)	(1,151,329)
	(28,386,606)	(30,759,852)	17,504,122	(22,442)
Less: Consolidation adjustments	45,306,946	46,598,054	-	-
	16,920,340	15,838,202	17,504,122	(22,442)

## Properties owned by the Group

as at 31 March 2014

Location	Description	Tenure	Area	No. of Years Held	Age of Building	Carrying Amount 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	31	28	16,251,078	1999
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	18	23	16,748,922	2011
Lot 717, 5 1/2 Miles Jalan Kapar, Klang Selangor Darul Ehsan	Factory/ Office	Freehold	8.16875 acres	18	17	29,543,126	2009
Lot 1501 & 1502, Mukim 14 Kampung Tok Suboh, Bukit Minyak Simpang Ampat Seberang Perai Selatan, Penang	Land/Rented	Freehold	2.259 acres	20	18	2,326,356	1994
Lot 176, Tempat Macang Kudung Mukim Jabi Daerah Pokok Sena, Kedah	Vacant Land	Freehold	2.257 acres	13	-	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	14	14	161,484	-
Zone 5A, Parcel 2, Lot 5418 Mukim Senai-Kulai Johor Darul Takzim	Apartment	Freehold	885sf	14	14	58,565	-
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	42 & 44	32	3,366,107	2005
Lot Nos.228 and 1697 Mukim of Pekula District of Kuala Muda State of Kedah	Vacant Land	Freehold	10.4444 4.444 hectares	1 yr	-	15,500,000	2012
Lot No.410, Mukim 2 Daerah Barat Daya, Penang	Vacant Land	Freehold	23,725sf	1 yr	-	1,650,000	2010
No.Lot 3793, Mukim 6, Daerah Seberang Perai Tengah, Penang	6 units of Apartment	Freehold		3 mths	-	240,000	-
HS(M) 6931 PT 1163 Mukim 14 – No. 12A Lorong Bukit Minyak Utama 6, Taman Bukit Minyak Utama, 14000 Bukit Mertajam, Pulau Pinang	House	Freehold	267 sf	5 mths		300,000	-
Lot No.4661, Mukim 07 Daerah Seberang Perai Utara, Pulau Pinang	Vacant Land	Freehold	0.5708 hectares	4 mths		233,400	-
Lot No.4707, Mukim 03 Daerah Seberang Perai Utara, Pulau Pinang	Vacant Land	Freehold	0.5837 hectares	4 mths		238,400	-

## Analysis of Shareholdings

as at 18 August 2014

Authorised Capital	:	RM800,000,000.00
Issued and Fully Paid-up Capital	:	RM54,704,859.00 (Excluding 2,434,668 Treasury Shares)
Class of Securities	:	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	138	7.69	3,143	0.01
100 – 1,000	1,109	61.78	310,449	0.59
1,001 – 10,000	349	19.44	1,121,625	2.15
10,001 – 100,000	152	8.47	4,500,636	8.61
100,001 – 2,613,508(*)	46	2.56	38,209,338	73.10
2,613,509 and above (**)	1	0.06	8,125,000	15.54
<b>Total</b>	<b>1,795</b>	<b>100.00</b>	<b>52,270,191</b>	<b>100.00</b>

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

### THIRTY LARGEST SHAREHOLDERS as at 18 AUGUST 2014

No.	Name	Holdings	%
1	Skylitech Resources Sdn Bhd	8,125,000	15.54
2	Lim Kean Wah	2,485,166	4.75
3	A1 Capital Sdn Bhd	2,333,933	4.47
4	Norani Binti Hassim	2,295,813	4.39
5	Hock Lok Siew Realty Sdn Bhd	2,275,000	4.35
6	HLS Properties Sdn Bhd	2,090,183	4.00
7	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	2,035,475	3.89
8	Siti Mariam Binti Hasan	1,964,400	3.76
9	Rajandran A/L Visvalingam	1,668,700	3.19
10	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Kok Kheang)	1,639,603	3.14
11	Ooi Chieng Sim	1,435,416	2.75
12	Siva Raman A/L S. Ramasamy Pattar	1,215,916	2.33
13	Ho Chu Chai	1,150,700	2.20
14	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Pooi Sang)	1,100,000	2.10
15	Mathavan Pillay A/L Kanasi	1,083,333	2.07
16	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Siva Raman A/L S. Ramasamy Pattar)	1,083,333	2.07
17	SMPC Steel Mill Sdn Bhd	1,083,333	2.07
18	Dhanabalan A/L M Pittchai Chetty	970,300	1.86

## Analysis of Shareholdings

as at 18 August 2014 (cont'd)

### THIRTY LARGEST SHAREHOLDERS as at 18 AUGUST 2014 (cont'd)

No.	Name	Holdings	%
19	Lagenda Perdana Sdn Bhd	870,825	1.67
20	Lee Hean Guan	584,003	1.12
21	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chee Sze Hsien @ Chee Ah Kow)	541,666	1.04
22	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Teh Mooi Choo)	533,400	1.02
23	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Teik Hoe)	500,000	0.96
24	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Helen Poon)	500,000	0.96
25	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Kah Fatt)	500,000	0.96
26	Tan Yu Wei	459,908	0.88
27	Ng Siew Fong	452,783	0.87
28	Chan Kooi Cheng	436,800	0.84
29	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For John Lim Kheng Poh)	433,333	0.82
30	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Kooi Cheng)	433,333	0.82
	<b>TOTAL</b>	<b>42,281,655</b>	<b>80.89</b>

### SUBSTANTIAL SHAREHOLDERS as at 18 AUGUST 2014

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)	%
Ooi Chieng Sim	1,435,416	2.75	10,400,000 <sup>1</sup>	19.90	11,835,416	22.64
Skylitech Resources Sdn Bhd	8,125,000	15.54	-	-	8,125,000	15.54

Notes:

<sup>1</sup> Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd and Skylitech Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.



## Analysis of Shareholdings

as at 18 August 2014 (cont'd)

### DIRECTORS' INTEREST IN SHARES as at 18 AUGUST 2014

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)	%
Sudesh a/l K. V. Sankaran	-	-	-	-	-	-
Ooi Chieng Sim	1,435,416	2.75	10,400,000 <sup>2</sup>	19.90	11,835,416	22.64
Mohd Shahril Fitri Bin Hashim	-	-	-	-	-	-
Ng Chin Nam	36,833	0.07	3,250 <sup>3</sup>	0.01	40,433	0.08
Dato' Lee Hean Guan	584,003	1.12	1,784,811 <sup>4</sup>	3.41	2,368,814	4.53
Dato' Dennis Chuah	-	-	-	-	-	-

Notes:

- 2 Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd and Skylitech Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- 3 Deemed interested by virtue of his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.
- 4 Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn Bhd and Lagenda Perdana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

## Analysis of Warrant Holdings

as at 18 August 2014

Class of Securities	:	Warrants 2012/2022
No. of Warrants Issued	:	20,338,186
Issued Price of Warrants	:	RM0.02 each
Conversion of Warrants	:	One (1) unit of Warrant for one (1) ordinary share of RM1.00 each
Voting Rights	:	1 vote per warrant holder (on a poll) and 1 vote per warrant holder (on show of hands) in respect of a meeting of warrant holders

### ANALYSIS OF WARRANT HOLDINGS as at 18 AUGUST 2014

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	21	4.55	920	0.00
100 to 1,000	119	25.76	61,480	0.30
1,001 to 10,000	163	35.28	688,811	3.39
10,001 to 100,000	128	27.70	4,662,896	22.93
100,001 to 1,016,908 (*)	27	5.84	7,484,480	36.8
1,016,909 and above (**)	4	0.87	7,439,599	36.58
<b>Total</b>	<b>499</b>	<b>100.00</b>	<b>20,338,186</b>	<b>100.00</b>

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

### DIRECTORS' INTERESTS as at 18 AUGUST 2014

Name of Directors	Direct		Deemed	
	No. of Warrants	%	No. of Warrants	%
Sudesh a/l K. V. Sankaran	-	-	-	-
Ooi Chieng Sim	-	-	68 <sup>1</sup>	0.00
Mohd Shahril Fitri Bin Hashim	-	-	-	-
Ng Chin Nam	25,000	0.12	-	-
Dato' Lee Hean Guan	276,810	1.36	632,760 <sup>2</sup>	3.11
Dato' Dennis Chuah	-	-	-	-

Notes:

- <sup>1</sup> Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- <sup>2</sup> Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn Bhd and Lagenda Perdana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12) (c) of the Companies Act, 1965.

## Analysis of Warrant Holdings

as at 18 August 2014 (cont'd)

### 30 LARGEST WARRANT HOLDERS as at 18 AUGUST 2014

No.	Name	No. of Warrants	%
1	Lim Seow Chin	2,806,771	13.80
2	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	2,084,200	10.25
3	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	1,508,265	7.42
4	A1 Capital Sdn Bhd	1,040,363	5.12
5	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Phuah Gaik Sim)	736,600	3.62
6	Tan Fook Chin	707,700	3.48
7	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Pooi Sang)	594,100	2.92
8	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Fook Chin)	520,000	2.56
9	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Fook Chin)	420,600	2.07
10	Ng Siew Fong	378,600	1.86
11	Affin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Thinagaran A/L Govindasamy)	347,660	1.71
12	Chan Kooi Cheng	302,400	1.49
13	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Kooi Cheng)	300,000	1.47
14	Siva Raman A/L S. Ramasamy Pattar	300,000	1.47
15	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Exempt An For UOB Kay Hian Pte Ltd)	292,600	1.44
16	Lee Hean Guan	276,810	1.36
17	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Kok Kheang)	250,000	1.23
18	Mercsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Yong Swee Koon)	228,000	1.12
19	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Pong Ching Keong)	223,000	1.10
20	Ang Soh Mui	200,100	0.98
21	Pang Choon Hua	186,800	0.92
22	Yong Ki Lin	155,000	0.76
23	Kang Yong Cheng	141,500	0.69
24	Kumpulan Pitchai Sdn Bhd	130,110	0.64
25	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Liang Tek Ling)	126,100	0.62
26	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank For Meerabai A/P R. Krishna Rao)	120,000	0.59
27	Yong Ki Lin	120,000	0.59
28	Chan Thye Thian	115,000	0.57
29	Low Chon	110,000	0.54
30	Tan Chui Gaik	101,500	0.50
	<b>TOTAL</b>	<b>14,823,779</b>	<b>72.89</b>

## Analysis of ICULS Holdings

as at 18 August 2014

Class of Securities	:	Zero Coupon, 10-Year, Irredeemable Convertible Unsecured Loan Stocks ("ICULS")
No. of ICULS Issued	:	230,934,880
No. of Outstanding ICULS	:	222,492,969
Issued Price of ICULS	:	RM0.10 each
Conversion of ICULS	:	One (1) unit of ICULS for one (1) ordinary share of RM1.00 each
Voting Rights	:	1 vote per ICULS holder (on a poll) and 1 vote per ICULS holder (on show of hands) in respect of a meeting of ICULS holders

### ANALYSIS OF ICULS HOLDINGS as at 18 AUGUST 2014

Size of ICULS Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS	% of ICULS Issued
Less than 100	2	0.46	11	0.00
100 to 1,000	9	2.05	5,090	0.00
1,001 to 10,000	104	23.74	595,500	0.27
10,001 to 100,000	215	49.09	9,748,909	4.38
100,001 to 11,416,187 (*)	104	23.75	100,044,720	44.97
11,416,188 and above (**)	4	0.91	112,098,739	50.38
<b>Total</b>	<b>438</b>	<b>100.00</b>	<b>222,492,969</b>	<b>100.00</b>

Note: \* - Less than 5% of issued holdings

\*\* - 5% and above of issued holdings

### DIRECTORS' INTERESTS as at 18 AUGUST 2014

Name of Directors	Direct		Deemed	
	No. of ICULS	%	No. of ICULS	%
Sudesh a/l K. V. Sankaran	-	-	-	-
Ooi Chieng Sim	-	-	40,000,000 <sup>1</sup>	17.98
Mohd Shahril Fitri Bin Hashim	-	-	-	-
Ng Chin Nam	320,000	0.14	-	-
Dato' Lee Hean Guan	968,100	0.44	6,327,600 <sup>2</sup>	2.84
Dato' Dennis Chuah	-	-	-	-

Notes:

- <sup>1</sup> Deemed interested by virtue of his interest in Skylitech Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
- <sup>2</sup> Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn. Bhd. and Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12) (c) of the Companies Act, 1965.



## Analysis of ICULS Holdings

as at 18 August 2014 (cont'd)

### 30 LARGEST ICULS HOLDERS as at 18 AUGUST 2014

No.	Name	No. of ICULS	%
1	Skylitech Resources Sdn Bhd	40,000,000	17.98
2	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	34,467,000	15.49
3	A1 Capital Sdn Bhd	19,907,489	8.95
4	HLS Properties Sdn Bhd	17,724,250	7.97
5	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Kok Kheang)	9,846,200	4.43
6	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Pooi Sang)	9,717,000	4.37
7	Tan Yu Wei	9,050,000	4.07
8	Wong Lee Peng	6,530,000	2.93
9	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Ing Kiong)	4,952,700	2.23
10	Ang Bon Huan	3,400,000	1.53
11	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	3,226,700	1.45
12	Chan Kooi Cheng	3,024,000	1.36
13	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Kooi Cheng)	3,000,000	1.35
14	Quek Phaik Im	2,950,000	1.33
15	Teh Bee Gaik	2,651,000	1.19
16	Lim Poh Fong	2,478,500	1.10
17	Toh Ean Hai	1,700,000	0.76
18	Ang Soh Mui	1,600,000	0.72
19	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lim Tien Hok)	1,585,900	0.71
20	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Kah Fatt)	1,200,900	0.54
21	Yeap Yi Fong	1,200,000	0.54
22	Yeap Yi Fong	1,150,000	0.52
23	Ng Siew Fong	1,019,920	0.46
24	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Pong Ching Keong)	1,000,000	0.45
25	Ganesan A/L Shanmugam	1,000,000	0.45
26	Lee Kian Kah	1,000,000	0.45
27	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Quek Phaik Im)	1,000,000	0.45
28	Affin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Thinagaran A/L Govindasamy)	975,000	0.43
29	Lee Hean Guan	968,100	0.43
30	Ooi Chee Min	955,000	0.43
	<b>TOTAL</b>	<b>189,279,659</b>	<b>85.07</b>



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirty-Third (33rd) Annual General Meeting of the Company will be held at Function Room 3, 1st Floor, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Friday, 26 September 2014 at 11.00 a.m.

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2014, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of the Directors' fee of RM78,000. **(Resolution 1)**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:  
  
Mohd Shahril Fitri Bin Hashim **(Resolution 2)**  
Dato' Dennis Chuah **(Resolution 3)**  
Maniam a/l Rajakeresnen **(Resolution 4)**
4. To consider and, if thought fit, pass a resolution pursuant to Section 129 (6) of the Companies Act, 1965 to appoint the following person as Director of the Company to hold office until the next Annual General Meeting of the Company:  
  
Dato' Lee Hean Guan **(Resolution 5)**
5. To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business appropriate to an Annual General Meeting.
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-  
  
**Ordinary Resolution 1 – (Resolution 7)**  
**Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deemed fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

## Notice of Annual General Meeting (cont'd)

### Ordinary Resolution 2 – Proposed Renewal of Share Buy Back Authority

(Resolution 8)

"That, subject to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorized, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:-

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits and/or the Share Premium Accounts of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. The Accumulated Losses/Retained Profits and Share Premium Account of the Company based on its audited financial statements and unaudited management accounts as at 31 March 2014 and 30 June 2014 respectively are as follows:

	As at 31 March 2014	As at 30 June 2014
Retained Profits/ (Accumulated Losses)	RM17,504,122	RM17,614,904
Share Premium	RM18,063,045	RM18,063,045

- ii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-
  - a) the shares so purchased may be cancelled; and/or
  - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or



## Notice of Annual General Meeting (cont'd)

- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities."

### **Ordinary Resolution 3 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

**(Resolution 9)**

"That, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 3 of Part B of the Circular to Shareholders dated 3 September 2014, provided that such arrangements and/or transactions are:

- i) recurrent transactions of a revenue or trading nature;
- ii) necessary for the day-to-day operations;
- iii) carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- iv) are not to the detriment of the minority shareholders.

And that the shareholders' mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:

- i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
- ii) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting

whichever is earlier.



## Notice of Annual General Meeting (cont'd)

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

And that the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

By Order of the Board

**CHAN YOKE YIN (MAICSA 7043743)**

**CHAN EOI LENG (MAICSA 7030866)**

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia

3 September 2014

### NOTES:

1. Only members whose names appear on the Record of Depositors as at 22 September 2014 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.



## Notice of Annual General Meeting (cont'd)

### EXPLANATORY NOTES TO SPECIAL BUSINESS

**1) Ordinary Resolution 1 -  
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution 1 proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 25 September 2013. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

**2) Ordinary Resolution 2 -  
Proposed Renewal of Share Buy Back Authority**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2014 Annual Report.

**3) Ordinary Resolution 3 -  
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2014 Annual Report.

## 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 individual standing for election as Director is set out in the Profile of Directors and Statement of Shareholdings on Pages 7, 8, 9, 116, 117 and 119 respectively of this Annual Report.

## FORM OF PROXY

I/We, \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a member of SMPC Corporation Bhd. hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares	%
1. _____	_____	_____
2. _____	_____	_____
or failing him/her		
1. _____	_____	_____
2. _____	_____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held on 26 September 2014 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
The payment of Directors' Fee	Resolution 1		
The re-election of Directors: Mohd Shahril Fitri Bin Hashim Dato' Dennis Chuah Maniam a/l Rajakeresnen	Resolution 2		
	Resolution 3		
	Resolution 4		
The re-appointment of the following Directors in accordance with Section 129 (6) of the Companies Act, 1965 Dato' Lee Hean Guan	Resolution 5		
The appointment of Auditors and their remuneration	Resolution 6		
Special Business			
Ordinary Resolution No.1 – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965	Resolution 7		
Ordinary Resolution No. 2 – Proposed Share Buy Back Authority	Resolution 8		
Ordinary Resolution No. 3 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 9		

Please indicate with (✓) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

No. of shares held	
CDS A/C No.	

.....  
Signature of Shareholder

### NOTES

- Only members whose names appear on the Record of Depositors as at 22 September 2014 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.





PLEASE FOLD HERE

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Affix 80 sen  
Stamp  
(within Malaysia)

The Company Secretary  
**SMPC CORPORATION BHD**  
55A, Medan Ipoh 1A,  
Medan Ipoh Bistari,  
31400 Ipoh,  
Perak.

PLEASE FOLD HERE

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# SMPC CORPORATION BHD.

(79082-V)

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13600 Pulau Pinang  
T: +604 390 7324 F: +604 399 7324

