ANNUAL REPORT 2010

SMPC

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Corporate Information

Board of Directors	Y. Bhg. Dato' Seri Ismail Bin Shahudin	*(Non-Independent Non-Executive Director/ Chairman)*
	Machendran a/l Pitchai Chetty	*(Group Managing Director)*
	Mohd Shahril Fitri Bin Hashim	*(Executive Director)*
	Sanmarkan a/l T S Ganapathi	*(Independent Non-Executive Director)*
	Sudesh a/l K. V. Sankaran	*(Independent Non-Executive Director)*
	Ng Chin Nam	*(Independent Non-Executive Director)*

Company Secretaries

Chan Yoke Yin (MAICSA 7043743)
Chiew Cindy (MAICSA 7057923)

Registered Office

55, Medan Ipoh 1A,
Medan Ipoh Bistari,
31400 Ipoh, Perak.
Tel No. : 605-5474833
Fax No. : 605-5474363

Auditors

Grant Thornton
Chartered Accountants
51-8-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.

Principal Bankers

CIMB Bank Berhad
RHB Bank Berhad
Affin Bank Berhad
United Overseas Bank (Malaysia) Bhd.
EON Bank Berhad
Malayan Banking Berhad
Bank Muamalat Malaysia Berhad
AmBank (M) Berhad

Share Registrars

Symphony Share Registrars Sdn. Bhd.
55, Medan Ipoh 1A,
Medan Ipoh Bistari,
31400 Ipoh, Perak.
Tel No. : 605-5474833
Fax No. : 605-5474363

Stock Exchange Listing

Bursa Malaysia Securities Berhad Main Market
Stock Name : SMPC
Stock Code : 7099

Corporate Structure

SMPC CORPORATION BHD.
(79082-V)

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

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

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

SMPC MARKETING SDN. BHD.
- Trading in Steel Furniture

METAL PERFORATORS (MALAYSIA) SDN. BHD.
- Building Materials
- Hardware Items

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

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

SYARIKAT PERKILANGAN BESI GAYA SDN. BHD. (Dormant)

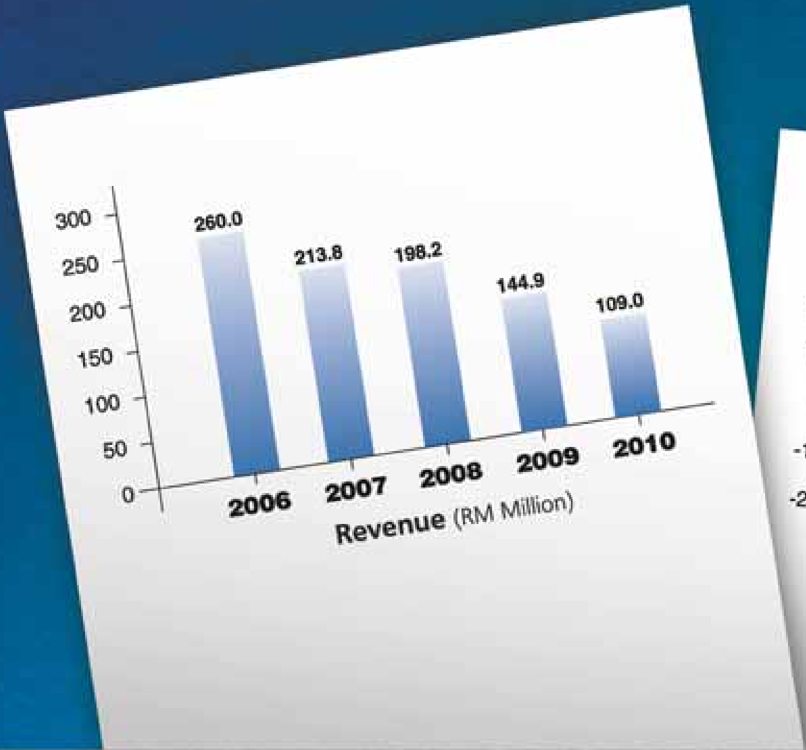
EDIT SYSTEMS (M) SDN. BHD. (Dormant)

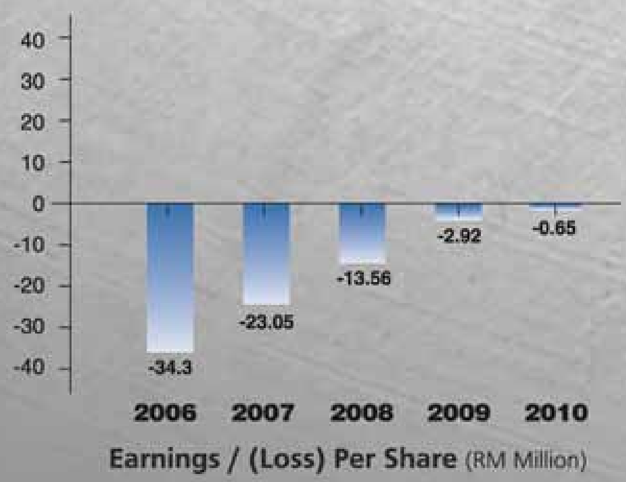
PARK AVENUE CONSTRUCTION SDN. BHD. (Dormant)

SMPC STEEL MILL SDN. BHD. (Dormant)

SMPC CORPORATION BHD.
(79082-V)

Financial Highlights





Chairman's Statement

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF SMPC CORPORATION BHD. AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010.

Overview

The financial year ended 31 March 2010 was very challenging for the Group. The fluctuating steel prices and inadequate working capital throughout the financial year had severely impeded management in carrying out the day to day operations of the Group satisfactorily.

Financial results

The Group recorded revenue of RM 109.04 million for the financial year ended 31 March 2010 compared to RM 144.85 million for the financial year ended 31 March 2009. Despite the decline in revenue, the Group posted profit before tax of RM 0.84 million as compared to loss before tax of RM 1.6 million. This was mainly due to the prudent measures taken by the Management in all areas of operation especially in areas of cost control.

Proposed Restructuring Exercise

On 20 April 2010 and 15 June 2010, the Company has announced that the two major creditor banks have agreed to the Company's Proposed Debt Restructuring Scheme. However, there are various details that need to be finalized which are being attended to. Accordingly, the Company has yet to submit its Proposed Restructuring Scheme to the Securities Commission and other relevant authorities for approval pending the finalisation of certain material items within the Proposed Restructuring Scheme.

Prospects and Outlook for the Coming Financial Year

The global steel market is expected to be challenging for the current financial year ending 31 March 2011.The key question for 2011 is whether the raising steel prices could dampen real demand and hence economic development, especially in the real estate and construction sector. In relation to this, we are hopeful that the projects identified under the 10th National Economic Plan will be fully implemented in the coming years which will stimulate the Malaysian economy thus creating demand for steel & its products.

I am cautiously optimistic that with the successful implementation of the Proposed Restructuring Scheme, which will address the excessive gearing & inadequate working capital, the Group should return to profitability in the near future.

Appreciation

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

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

Y. Bhg. Dato' Seri Ismail Bin Shahudin
Chairman

Profile of the Board of Directors

Y. BHG. DATO' SERI ISMAIL BIN SHAHUDIN
Non-Independent Non-Executive Director/Chairman

Y. Bhg. Dato' Seri Ismail Bin Shahudin, aged 59, a Malaysian citizen, is the Non-Independent Non-Executive Chairman of SMPC Corporation Bhd. ("SMPC" or "the Company"). He was appointed to the Board of SMPC on 12 August 2008.

He graduated in 1974 with a Bachelor of Economics (Honours) degree majoring in Business Administration from University Malaya. In the same year, he joined ESSO Malaysia Berhad and worked in its Finance department for 5 years. In 1979, he joined Citibank Malaysia and in 1984 he served the Bank's headquarters in New York as part of the team in Asia Pacific division. On his return he was promoted as Vice President & Group Head of the Public Sector and Financial Institutions Group in Malaysia. In 1988, he was appointed as Deputy General Manager of United Asian Bank Berhad and in 1992 he joined Maybank as General Manager of Corporate Banking and in 1997, was appointed as Executive Director of Maybank, the post he held until his retirement in July 2002 to assume the position of Group Chief Executive of MMC Corporation Berhad. He was then appointed to the Board of Bank Muamalat Malaysia Berhad and the Chairmanship in March 2004 until his retirement in July 2008. He is currently a director of Malayan Banking Berhad, Cement Industries of Malaysia Berhad, EP Manufacturing Berhad, Mutiara Goodyear Development Berhad, PLUS Expressways Berhad, UEM Group Berhad and Aseana Properties Limited, a company listed on the London Stock Exchange. He was recently appointed as a Chairman to the Board of Maybank Islamic Berhad and as a Director of Opus Group Berhad.

MACHENDRAN A/L PITCHAI CHETTY
Group Managing Director

Machendran a/l Pitchai Chetty, aged 51, a Malaysian citizen, is the Group Managing Director of SMPC. He was appointed to the Board of SMPC on 14 December 1981.

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

He is a substantial shareholder of SMPC by virtue of his deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn. Bhd. in the Company. He is also a brother to Dhanabalan a/l M. Pitchai Chetty, who is a substantial shareholder of the Company by virtue of his deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn. Bhd.

MOHD SHAHRIL FITRI BIN HASHIM
Executive Director

Mohd Shahril Fitri Bin Hashim, aged 35, a Malaysian citizen. He was appointed as an Executive Director of SMPC on 27 September 2007. He was appointed as Non-Independent Non-Executive Director of the Company on 20 December 2004 and subsequently redesignated as Executive Director on 3 January 2006. In conjunction with the withdrawal of his appointment as nominee by Perbadanan Nasional Berhad ("PNS"), a substantial shareholder of the Company on 7 August 2007, Mohd Shahril Fitri Bin Hashim had resigned as an Executive Director and member of the Audit Committee of the Company with effect thereof. However, he has subsequently left PNS and joined SMPC as Executive Director on 27 September 2007 after receiving an offer from the Company for the said position.

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

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

Sanmarkan a/l T S Ganapathi, aged 72, a Malaysian citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 18 January 2002. He is also the Chairman of Audit, Remuneration and Nomination Committees of the Company.

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

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

Sudesh a/l K.V. Sankaran, aged 60, a Malaysian citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 20 December 2004. He is also the member of the Audit, Remuneration and Nomination Committees of the Company.

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

Profile of the Board of Directors (cont'd)

NG CHIN NAM
Independent Non-Executive Director

Ng Chin Nam, aged 40, was appointed as Independent Non-Executive Director of SMPC on 29 January 2009. He is also a member of the Audit Committee of the Company. He started his career with Soon Soon Oilmills Sdn Bhd in 1992. After obtaining his professional qualification in Chartered Institute of Management Accountants (CIMA) he joined JB Lau & Associates as Audit Senior in 1997 and was subsequently promoted as Assistant Audit Manager. He left JB Lau & Associates in 2000 and was appointed as Finance Manager of Luster Industries Berhad and served the company until 2005.

Ng Chin Nam is currently heading the Finance, Human Resources and Management Information System departments of Hock Lok Siew Corporation Berhad. He is also an Independent Non-Executive Director and member of the Audit Committees of Luster Industries Berhad and Yikon Corporation Berhad.

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

Notes:

i. Family Relationships and Substantial Shareholders

Machendran a/l Pitchai Chetty is a director and shareholder in Kumpulan Pitchai Sdn. Bhd., a major shareholder of the Company.

ii. Conflict of Interest

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

iii. Non-conviction of Offences

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

Corporate Governance Statement

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

THE BOARD OF DIRECTORS

Principal Responsibilities

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

Board Balance

The Board of the Company comprises six (6) Directors, three (3) of whom are Independent Non-Executive Directors, two Executive Directors and a balance of a 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 2010, a total of five (5) meetings, 25 May 2009, 20 July 2009, 26 August 2009, 25 November 2009 and 24 February 2010 were held. Details of attendance of the Directors at the Board Meetings are as follows:

Name of Director		**No. of Meetings Attended**
Y. Bhg. Dato' Seri Ismail Bin Shahudin	*Non-Independent Non-Executive Director/Chairman*	5 / 5
Machendran a/l Pitchai Chetty	*Group Managing Director*	4 / 5
Vijayan a/l O.M.V. Devan	*Executive Director*	5 / 5
Mohd Shahril Fitri Bin Hashim	*Executive Director*	5 / 5
Sanmarkan a/l T S Ganapathi	*Independent Non-Executive Director*	5 / 5
Sudesh a/l K.V. Sankaran	*Independent Non-Executive Director*	5 / 5
Ng Chin Nam	*Independent Non-Executive Director*	4 / 5
* Dhanbalan a/l Pitchai Chetty	*Executive Director*	1 / 5

* Dhanabalan a/l Pitchai Chetty resigned as a Director with effect from 30 June 2009.

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

Board Committees

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

- Audit Committee

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

- Nomination Committee

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

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

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

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

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

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

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

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

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

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

- Remuneration Committee

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

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

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

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

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

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

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

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

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

Training for Directors

The Company provides a dedicated training budget for Directors' continuing education. Relevant training programmes are arranged by the Company Secretary and Management. All the Directors of the Company have completed the Mandatory Accreditation Programme as prescribed by Listing Requirements. The following courses were attended by the Directors during the financial year ended 31 March 2010:

– KPI Conference for Public Sectors, Statutory Bodies and Governmental Agencies
– Effective Board Governance Frameworks
– Financial Industry Conference
– MASB Conference : Accounting Challenges in turbulent times and Development
– Investment and business opportunities for suppliers
– ISO 9001:2008 Awareness Training
– FRS Update 2009
– Forum on FRS 139 Financial Instruments: Recognition and Measurement and Tax scheduler and EA form

Supply of Information

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

Appointments to the Board

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

Re-election of Directors

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

DIRECTORS' REMUNERATION

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

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

Type of Remuneration	**Executive Directors RM**	**Non-Executive Directors RM**
Fee	–	132,000
Salaries	798,000	–
Bonus	–	–
Other benefits	95,760	–

The analysis of remuneration as follows:

	Number of Directors	
Remuneration	**Executive Directors**	**Non-Executive Directors**
Below RM50,000	–	4
RM200,000 – RM250,000	3	–
RM350,000 – RM400,000	–	–
RM450,000 – RM500,000	1	–
RM600,000 – RM650,000	–	–

SHAREHOLDERS

Dialogue between the Company and Investors

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

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

Annual General Meeting

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

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

Relationship with Auditors

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

COMPLIANCE STATEMENT

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

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

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps in safeguard the assets of the Company and Group for the prevention and detection of fraud and other irregularities.

Audit Committee Report

COMPOSITION

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

TERMS OF REFERENCE

1. Composition

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

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

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

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

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

– If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

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

2. Authority

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

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

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

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

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

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

3. Duties and Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Meetings & Quorum

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

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

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

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

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

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

5. Reporting Procedures

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

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

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

MEETINGS

During the financial year ended 31 March 2010, five (5) Audit Committee meetings were held on 25 May 2009, 20 July 2009, 26 August 2009, 25 November 2009 and 24 February 2010.

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

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

SUMMARY OF ACTIVITIES

During the financial year ended 31 March 2010, the Audit Committee's activities encompassed the following:

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

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function. The Audit Committee determines the adequacy of the scope, function and resources of the Internal Audit function. Therefore the role of the Internal Audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control. The cost incurred in the year ended 31 March 2010 for the Internal Audit function was approximately RM28,000.

The main activities of the Internal Audit function include:

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

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

Statement on Internal Control

INTRODUCTION

The Board of Directors ("the Board") of SMPC Corporation Bhd ("SMPC" or "the Group") is pleased to present its Statement on Internal Control for the financial year ended 31 March 2010, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance").

BOARD'S RESPONSIBILITY

The Board recognizes its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets as well as for reviewing the adequacy and integrity of such a system of internal control. However, due to the inherent limitations in any system of internal control, the system put in place within the Group can only manage rather than eliminate all risks that may impede the achievement of the Group's business objectives. As such, the internal control system established can only provide reasonable rather than absolute assurance against material misstatement, error or loss.

RISK MANAGEMENT

Risk Management is viewed by the Board to be an important element of business operations. Key Management staff and Head of Departments are assigned with the responsibility to manage identified risks within defined parameters and standards.

The Board will continue to review the adequacy and effectiveness of the risk management frameworks across the various operating subsidiaries of the Group. Periodic reviews will also be conducted to determine the existence of new risk and whether risks previously identified remain relevant.

The abovementioned risk management practices of the Group will serve as the ongoing process to identify, assess and manage key risks faced by the Group.

INTERNAL AUDIT MECHANISM

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

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- The Group's strategic direction is reviewed annually after taking into account changes in market conditions and significant business risks.
- An organizational structure with clearly defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- Certain subsidiaries within the Group are ISO9001:2008 certified. With such certification, external parties periodically conduct audits to ensure compliance with the terms and conditions of the certification;
- The Executive Directors are closely involved in the daily operations and are responsible for the business performance of the various entities. The daily operations are monitored through appraisal of reports, attendance at management meetings and informal discussions on operational issues. Significant issues are brought to the attention of the Board where necessary;
- Executive Directors and Management practices "open-door" policy and meet with staff regularly to discuss and resolve operational, financial, corporate, human resource, strategic and management issues arising.
- Regular management meetings are held to deliberate on the Group's operations, business development, financial performance and risk related management matters.
- The Group performs an annual budgeting and forecasting exercise including development of annual business strategies and the establishment of performance targets. Variances between actual and budget are analysed and reported internally in the monthly management meetings. On a quarterly basis, the variances are reported to the Board.

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

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also conscious 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 controls and risk management practices.

Additional Compliance Information

UTILISATION OF PROCEEDS
During the financial year ended 31 March 2010, there was no utilization of proceeds raised from any corporate proposal as there was no corporate exercise/proposal implemented.

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
No options, warrants or convertible securities were exercised during the financial year as disclosed in pages 25 to 26 of this Annual Report.

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

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

NON-AUDIT FEES PAID TO EXTERNAL AUDITORS
Non-audit fees paid to the External Auditors for the financial year amounted to RM1,000.

VARIATION IN RESULTS
There was a 16.67% variance between the audited loss after tax attributable to equity holders and unaudited loss after tax attributable to equity holders. The variance is mainly due to the under provision for taxation of certain subsidiaries in prior years being taken up in the audited financial results.

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

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

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

Corporate Responsibility

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

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

Our contributions to temples in Penang, donations of company manufactured furniture to orphanages and the enrolment of students from polytechnics 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 fields with the young aspiring students with a hope of providing them with a better pathway to the corporate industrial world.

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

Directors' Report
for the year ended 31 March 2010

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2010.

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 7 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Loss after taxation for the year	(435,833)	(4,332,301)
Atributable to:		
Equity holders of the Company	(420,091)	(4,332,301)
Minority interests	(15,742)	-
	(435,833)	(4,332,301)

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2010 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 except for the impairment loss on investment in subsidiaries amounting to RM4,580,000 recognised by the Company.

DIVIDENDS

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

The directors do not recommend any 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.

SHARE CAPITAL AND DEBENTURE

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

DIRECTORS

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

Y. Bhg. Dato' Seri Ismail Bin Shahudin
Machendran a/l Pitchai Chetty
Mohd Shahril Fitri Bin Hashim
Sanmarkan a/l T S Ganapathi
Sudesh a/l K.V. Sankaran
Ng Chin Nam
Vijayan a/l O.M.V. Devan *(resigned on 1.6.10)*

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	Balance at 1.4.09	**Bought**	**Sold**	**Balance at 31.3.10**
The Company				
Direct Interest:				
Machendran a/l Pitchai Chetty	347,447	-	-	347,447
Ng Chin Nam	60,000	-	-	60,000
Deemed Interest:				
Machendran a/l Pitchai Chetty	8,277,696	-	-	8,277,696 *
Other Interest:				
Ng Chin Nam	30,000	-	-	30,000 **

	Number of warrants			
	Balance at 1.4.09	**Bought**	**Exercised**	**Balance at 31.3.10**
Direct Interest:				
Machendran a/l Pitchai Chetty	95,000	-	-	95,000
Deemed Interest:				
Machendran a/l Pitchai Chetty	1,961,666	-	-	1,961,666 *

DIRECTORS' INTERESTS (cont'd)

	Number of options over ordinary shares of RM 1 each			
	Balance at 1.4.09	Granted	Exercised	Balance at 31.3.10
Machendran a/l Pitchai Chetty	403,560	-	-	403,560

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

** By virtue of the spouse's interest.

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

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

WARRANTS

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

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

Year issued	Exercise price	Balance as at 1.4.09	Exercised	Balance as at 31.3.10
2000	RM1.75	14,924,500	-	14,924,500

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

EMPLOYEE SHARE OPTIONS SCHEME

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

The salient features and other terms of the ESOS are disclosed in Note 37 to the financial statements.

There were no share options granted during the year.

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

DIRECTORS' BENEFITS

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

During and at the end of the 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 than those arising from the warrants and share options granted under the Employees Share Options Scheme.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 38 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:

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

Penang,

Date: 22 July 2010

Directors' Statement

We, **Machendran a/l Pitchai Chetty** and **Mohd Shahril Fitri Bin Hashim**, being two of the directors of **SMPC Corporation Bhd.** state that in the opinion of the directors, the financial statements set out on pages 32 to 87 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

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

Date: 22 July 2010

Statutory Declaration

I, **Mohd Shahril Fitri Bin Hashim**, the director primarily responsible for the financial management of **SMPC Corporation Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 32 to 87 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 **22nd**)
day of **July 2010**.)

Mohd Shahril Fitri Bin Hashim

Before me,

Karupayee Kamalam A/P R. Mottai
No. P015
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 balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 87.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to the disclosures made in Note 2 and Note 35 to the financial statements. The financial statements of the Group and of the Company have been prepared on a going concern basis as it is the intention of the Company to carry on with the business activities of the Group. However, for the year ended 31 March 2010, the Group was still making losses of RM435,833 and had net current liabilities of RM57,802,659. Further, the Proposed Restructuring Scheme ("PRS") which was announced on 3 July 2008, has yet to be submitted to the Securities Commission and other relevant authorities pending the finalisation of certain material items within the PRS. As at the date of this report, the Group's two major creditor banks have agreed to restructure their debts owing by the Group.

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

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 7 to the financial statements,

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

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except as disclosed in Note 7 to the financial statements.

Other Matters

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

Grant Thornton
No. AF : 0042
Chartered Accountants

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

Date: 22 July 2010

Penang

Consolidated Balance Sheet

at 31 March 2010

	NOTE	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	88,162,300	91,676,451
Prepaid land lease payments	5	6,686,731	6,839,937
Investment properties	6	334,567	334,567
Goodwill	8	1,875,643	1,875,643
		97,059,241	100,726,598
Current assets			
Inventories	9	27,839,384	21,391,604
Trade receivables	10	24,739,842	25,901,931
Other receivables, deposits and prepayments	11	9,216,356	13,166,917
Tax recoverable		615,355	1,799,264
Short term investments	13	49,406	138,403
Fixed deposit with a licensed bank	14	17,655	17,323
Cash and bank balances	15	6,409,138	4,301,323
		68,887,136	66,716,765
Non-current assets held for sale	16	12,777,762	11,940,463
		81,664,898	78,657,228
TOTAL ASSETS		178,724,139	179,383,826
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	64,644,965	64,644,965
Share premium		23,751,705	23,751,705
Other reserves	18	6,069,314	5,791,777
Accumulated losses		(61,191,490)	(60,771,399)
		33,274,494	33,417,048
Minority interests		860,218	875,960
Total equity		34,134,712	34,293,008
Non-current liabilities			
Borrowings	19	2,074,535	2,218,921
Deferred tax liabilities	20	3,047,335	2,652,322
		5,121,870	4,871,243
Current liabilities			
Trade payables	21	9,671,226	8,668,750
Other payables and accruals	22	30,192,141	32,170,041
Borrowings	19	99,046,314	98,696,941
Provision for taxation		557,876	683,843
		139,467,557	140,219,575
Total liabilities		144,589,427	145,090,818
TOTAL EQUITY AND LIABILITIES		178,724,139	179,383,826

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Consolidated Income Statement
for the year ended 31 March 2010

	NOTE	2010 RM	2009 RM
Revenue	23	109,039,079	144,853,174
Other income	24	893,129	1,770,796
Changes in inventories of work in progress, trading inventories and finished goods		4,185,733	3,612,272
Raw materials and consumables used		(47,105,266)	(57,268,673)
Trading goods purchased		(34,100,834)	(58,007,227)
Employee benefits expense	25	(9,955,764)	(10,811,715)
Depreciation of property, plant and equipment		(5,092,979)	(4,922,306)
Other expenses		(8,905,386)	(10,828,640)
Operating profit		8,957,712	8,397,681
Finance costs	26	(8,117,527)	(10,019,880)
Profit/(Loss) before taxation	27	840,185	(1,622,199)
Taxation	28	(1,276,018)	(277,888)
Loss for the year		(435,833)	(1,900,087)
Attributable to:			
Equity holders of the Company		(420,091)	(1,887,432)
Minority interests		(15,742)	(12,655)
		(435,833)	(1,900,087)
Loss per share attributable to equity holders of the Company			
- Basic (sen)	29	(0.65)	(2.92)

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2010

	Attributable to Equity Holders of the Company						Minority Interests	Total Equity
		Non-distributable						
	Share capital RM	Share premium RM	Asset revaluation reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	RM	RM
2010								
Balance at beginning	64,644,965	23,751,705	6,009,053	(217,276)	(60,771,399)	33,417,048	875,960	34,293,008
Foreign currency translation	-	-	-	277,537	-	277,537	-	277,537
Loss for the year	-	-	-	-	(420,091)	(420,091)	(15,742)	(435,833)
Balance at end	64,644,965	23,751,705	6,009,053	60,261	(61,191,490)	33,274,494	860,218	34,134,712
2009								
Balance at beginning	64,644,965	23,751,705	6,009,053	(133,144)	(58,883,967)	35,388,612	888,615	36,277,227
Foreign currency translation	-	-	-	(84,132)	-	(84,132)	-	(84,132)
Loss for the year	-	-	-	-	(1,887,432)	(1,887,432)	(12,655)	(1,900,087)
Balance at end	64,644,965	23,751,705	6,009,053	(217,276)	(60,771,399)	33,417,048	875,960	34,293,008

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 March 2010

	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	840,185	(1,622,199)
Adjustments for:		
Allowance for doubtful debts	-	12,654
Amortisation of prepaid land lease payments	153,206	153,206
Depreciation	5,092,979	4,922,306
Dividend income	(180)	(2,190)
Fair value of short term investments	(11,595)	52,568
Gain on disposal of property, plant and equipment	(63,231)	(308,060)
Gain on disposal of short term investments	(33,111)	-
Interest expense	8,032,965	9,948,375
Interest income	(47,237)	(36,843)
Unrealised gain on foreign exchange	(117,073)	(5,969)
Operating profit before working capital changes	13,846,908	13,113,848
Increase in inventories	(6,447,780)	(1,516,273)
Decrease in receivables	5,112,650	8,517,730
Decrease in payables	(7,149,336)	(8,209,248)
Cash generated from operations	5,362,442	11,906,057
Income tax paid	(530,380)	(1,161,735)
Income tax refund	707,317	-
Interest paid	(1,859,053)	(4,378,332)
Net cash from operating activities	3,680,326	6,365,990
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	180	2,190
Interest received	47,237	36,843
Proceeds from disposal of property, plant and equipment	77,101	848,071
Proceeds from short term investments	133,703	-
Purchase of property, plant and equipment	(1,968,091)	(8,835,882)
Net cash used in investing activities	(1,709,870)	(7,948,778)
Balance carried forward	1,970,456	(1,582,788)

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 March 2010 (cont'd)

	2010 RM	2009 RM
Balance brought forward	1,970,456	(1,582,788)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of bankers acceptance	317,302	(68,604)
Bank overdraft restructured to term loan	-	5,430,402
Repayment of hire purchase payables	(537,985)	(1,315,147)
Repayment of term loans	(119,796)	(621,663)
Net cash (used in)/from financing activities	(340,479)	3,424,988
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,629,977	1,842,200
Effects of exchange rate changes	(184,369)	162,368
CASH AND CASH EQUIVALENTS AT BEGINNING	(4,340,704)	(6,345,272)
CASH AND CASH EQUIVALENTS AT END	(2,895,096)	(4,340,704)
Represented by:		
Fixed deposits with licensed banks	17,655	17,323
Cash and bank balances	6,409,138	4,301,323
Bank overdrafts	(9,321,889)	(8,659,350)
	(2,895,096)	(4,340,704)

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Balance Sheet
at 31 March 2010

	NOTE	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,737,644	18,292,364
Prepaid land lease payment	5	4,684,222	4,820,503
Investment in subsidiaries	7	23,761,792	28,341,792
		46,183,658	51,454,659
Current assets			
Other receivables, deposits and prepayments	11	1,140,147	1,031,368
Amount due from subsidiaries	12	19,157,565	10,610,743
Tax recoverable		89,068	279,712
Cash and bank balances	15	365,860	216,821
		20,752,640	12,138,644
TOTAL ASSETS		66,936,298	63,593,303
EQUITY AND LIABILITIES			
Share capital	17	64,644,965	64,644,965
Share premium		23,751,705	23,751,705
Other reserves	18	13,379,344	13,379,344
Accumulated losses		(56,543,014)	(52,210,713)
Total equity		45,233,000	49,565,301
Non-current liabilities			
Borrowings	19	681,417	515,769
Deferred tax liabilities	20	977,012	1,025,573
		1,658,429	1,541,342
Current liabilities			
Other payables and accruals	22	961,781	862,048
Amount due to subsidiaries	12	18,607,630	10,654,009
Borrowings	19	475,458	970,603
		20,044,869	12,486,660
Total liabilities		21,703,298	14,028,002
TOTAL EQUITY AND LIABILITIES		66,936,298	63,593,303

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Income Statement
for the year ended 31 March 2010

	NOTE	2010 RM	2009 RM
Revenue	23	3,653,567	4,186,501
Other income	24	132,070	7,308
Employee benefits expenses	25	(1,357,553)	(1,649,035)
Depreciation of property, plant and equipment		(692,996)	(634,677)
Other expenses		(6,113,660)	(1,816,003)
Operating (loss)/profit		(4,378,572)	94,094
Finance costs	26	(13,692)	(33,619)
(Loss)/Profit before taxation	27	(4,392,264)	60,475
Taxation	28	59,963	48,561
(Loss)/Profit for the year		(4,332,301)	109,036

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2010

		Non-distributable				
	Share capital RM	Share premium RM	Capital reserves RM	Asset revaluation reserves RM	Accumulated losses RM	Total equity RM
2010						
Balance at beginning	64,644,965	23,751,705	7,445,000	5,934,344	(52,210,713)	49,565,301
Loss for the year	-	-	-	-	(4,332,301)	(4,332,301)
Balance at end	64,644,965	23,751,705	7,445,000	5,934,344	(56,543,014)	45,233,000
2009						
Balance at beginning	64,644,965	23,751,705	7,445,000	5,934,344	(52,319,749)	49,456,265
Profit for the year	-	-	-	-	109,036	109,036
Balance at end	64,644,965	23,751,705	7,445,000	5,934,344	(52,210,713)	49,565,301

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Cash Flow Statement
for the year ended 31 March 2010

	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(4,392,264)	60,475
Adjustments for:		
Amortisation of prepaid land lease payment	136,281	136,281
Depreciation	692,996	634,677
Gain on disposal of property, plant and equipment	(14,997)	-
Impairment loss on investment in subsidiaries	4,580,000	-
Interest expense	13,692	33,619
Interest income	-	(7,308)
Unrealised (gain)/loss on foreign exchange	(117,073)	133,146
Operating profit before working capital changes	898,635	990,890
Increase in receivables	(108,779)	(311,716)
Increase in payables	99,733	535,345
Cash generated from operations	889,589	1,214,519
Interest paid	(13,692)	(33,619)
Income tax paid	-	(37,776)
Income tax refund	202,046	-
Net cash from operating activities	1,077,943	1,143,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	7,308
Investment in a subsidiary	-	(100)
Proceeds from disposal of property, plant and equipment	15,000	-
Purchase of property, plant and equipment	(138,279)	(3,222,434)
Net cash used in investing activities	(123,279)	(3,215,226)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in subsidiaries balances	(593,201)	2,302,075
Repayment of hire purchase payable	(212,424)	(295,122)
Repayment of term loans	-	(178,770)
Net cash (used in)/from financing activities	(805,625)	1,828,183
NET INCREASE/(DECREASE) IN CASH	149,039	(243,919)
CASH AT BEGINNING	216,821	460,740
CASH AT END	365,860	216,821

The notes set out on pages 41 to 87 form an integral part of these financial statements.

Notes to the Financial Statements
– 31 March 2010

1. CORPORATE INFORMATION

General

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 July 2010.

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 7 to the financial statements.

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

2. GOING CONCERN ASSUMPTION

The financial statements of the Group and of the Company have been prepared on a going concern basis as it is the intention of the Company to carry on with the business activities of the Group. However for the year ended 31 March 2010, the Group was still incurring losses of RM435,833 and as at that date, the Group's current liabilities has exceeded its current assets by RM57,802,659. In addition, certain subsidiaries have defaulted on the repayment of certain bank borrowing obligations and the management has negotiated with the banks to restructure the debts. On 20 April 2010 and 15 June 2010, the Company has announced that the two major creditor banks have agreed to the Company's proposed debt restructuring. As at the date of this report, the Company has yet to submit its Proposed Restructuring Scheme ("PRS") to the Securities Commission and other relevant authorities for approval pending the finalisation of certain material items within the PRS.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Preparation

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

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

3.2 **Significant Accounting Estimates and Judgements**

(a) Critical judgements made in accounting policies

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

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

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

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

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

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

(ii) Impairment of property, plant and equipment

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

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

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

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

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

(iii) Impairment of investments in subsidiaries

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

(iv) Depreciation of plant and machinery

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

(v) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of the recognised and unrecognised deferred tax assets are disclosed in Note 20.

(vi) Allowance for doubtful debts

The Group assesses at each balance sheet date whether there is objective evidence that trade receivables have been impaired. Provisions are applied to receivables when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

3.3 **Subsidiaries and Basis of Consolidation**

Subsidiaries

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

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses.

Upon the disposal of investment in subsidiaries, the difference between net disposal proceeds and their carrying amount is charged or credited to the income statement.

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

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

Basis of Consolidation

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

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

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

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

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

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

3.4 **Short Term Investments**

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of short term investments are recognised in profit and loss. On disposal of short term investments, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

3.5 **Property, Plant and Equipment**

All items or 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 charged to the income statement during the financial year in which they are incurred.

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

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

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

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

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:

Buildings	2 %
Plant and machinery	5% - 15%
Fittings, equipment, office equipment, motor vehicles and renovation	2% - 33%

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

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

The residual value, useful life and depreciation method are reviewed at each balance sheet date 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 and retirement of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

3.6 **Goodwill**

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

3.7 **Investment Properties**

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

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

Upon the disposal of an item of investment properties, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

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 **Leases**

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

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

3.9 **Leases** (cont'd)

(iii) Operating leases - the Group as lessee (cont'd)

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land elements and buildings elements of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Leasehold land are amortised over the lease terms of the land which range from 60 years to 99 years.

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is reocgnised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.10 **Receivables**

Receivables are stated at their anticipated realisable values.

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

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

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

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

3.12 **Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

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

3.13 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 each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.14 Impairment of Assets

Goodwill

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

The Group reviews the carrying amount of its CGU at each balance sheet date to determine whether there is any indication of impairment or more frequently when indicators of impairment are identified. If any such indication exists, impairment is measured by comparing the carrying amount of the CGU with its recoverable amount.

CGU's recoverable amount is the higher of CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Where the carrying amount of CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. Impairment loss recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period.

Other assets

At each balance sheet date, the Group reviews the carrying amounts of its assets other than investment properties, prepaid land lease payments, non-current assets held for sale, inventories and financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

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

3.15 **Borrowing Costs**

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

3.16 **Revenue Recognition**

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

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

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

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

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

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

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

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

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

Share-based compensation
The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. As permitted under the transitional provisions of FRS 2: Share-based Payment, no compensation expense is recognised by the Group. When the options are exercised, equity is increased by the amount of the proceeds received.

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 recognises 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 balance sheet date are discounted to present value.

3.18 **Income Tax**

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

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

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

3.19 **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.

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

3.19 **Foreign Currency Translations** (cont'd)

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

The financial statements of the foreign subsidiary are translated into Ringgit Malaysia at the approximate rate of exchange ruling on the balance sheet date for balance sheet items and at the approximate average rate of exchange ruling on transaction dates for income statement items. Exchange differences due to such currency translations are taken directly to foreign currency translation reserve.

3.20 **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.

3.21 **Equity Instruments**

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

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

3.22 Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of the financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

3.23 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised Financial Reporting Standards ("FRSs") and Interpretations were issued but not yet effective and have not been early adopted by the Group and the Company:

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

FRS 8	Operating Segments

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

	Amendment to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
	Amendment to FRS 2	Share-based Payment. Amendments relating to vesting conditions and cancellations
*	FRS 4	Insurance Contracts
	Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
	FRS 7	Financial Instruments : Disclosures
	Amendment to FRS 7	Financial Instruments : Disclosures. Amendments relating to financial assets
	Amendment to FRS 8	Operating Segments. Amendment relating to disclosure information about segment assets
	FRS 101 (Revised 2010)	Presentation of Financial Statements
	Amendment to FRS 107	Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets
	Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies

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

3.23 **Standards and Interpretations Issued but Not Yet Effective** (cont'd)

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

	Amendment to FRS 110	Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period
	Amendment to FRS 116	Property, Plant and Equipment. Amendment relating to derecognition of asset
	Amendment to FRS 117	Leases. Amendment relating to classification of leases
	Amendment to FRS 118	Revenue. Amendment relating to Appendix of this standard and recognition and measurement
	Amendment to FRS 119	Employee Benefits. Amendment relating to definition, curtailment and settlements
*	Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan with a below market rate of interest
	FRS 123 (Revised 2010)	Borrowing Costs
	Amendment to FRS 123	Borrowing Costs. Amendment relating to components of borrowing costs
	Amendment FRS 127	Consolidated and Separate Financial Statements. Amendment relating to cost of an investment in a subsidiary, jointly controlled entity or associate
*	Amendment to FRS 128	Investment in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard
*	Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used
*	Amendment to FRS 131	Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131
	Amendment to FRS 132	Financial Instruments : Presentation. Amendment relating to puttable financial instruments
	Amendment to FRS 134	Interim Financial Reporting. Amendment relating to disclosure of earnings per share
	Amendment to FRS 136	Impairment of Assets. Amendment relating to the disclosure of recoverable amount
	Amendment to FRS 138	Intangible Assets. Amendment relating to recognition of an expense
	FRS 139	Financial Instruments : Recognition and Measurement
	Amendments to FRS 139	Financial Instruments : Recognition and Measurements. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives
	Amendment to FRS 140	Investment Property. Amendment relating to inability to determine fair value reliably
*	IC Interpretation 9	Reassessment of Embedded Derivatives
	IC Interpretation 10	Interim Financial Reporting and Impairment

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

3.23 **Standards and Interpretations Issued but Not Yet Effective** (cont'd)

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

IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
* IC Interpretation 13	Customer Loyalty Programmes
* IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

Amendment to FRS 132	Financial Instruments : Presentation. Amendments related to Classification of Rights Issues

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

FRS 1 (Revised 2010)	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment. Amendments relating to the scope of the Standard
FRS 3 (Revised 2010)	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners
FRS127 (Revised 2010)	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets. Amendments relating to the revision to FRS 3
* Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
* IC Interpretation 12	Service Concession Arrangements
* IC Interpretation 15	Agreements for the Construction of Real Estate
* IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
* IC Interpretation 17	Distributions of Non-cash Assets to Owners

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

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendment to FRS 7	Improving Disclosures about Financial Instruments

* Not relevant to the Group and to the Company as at the reporting date.

The existing FRS 1, FRS 3 and FRS 127 will be withdrawn upon the adoption of the revised Standards which will take effect on or after 1 July 2010. FRS 201_{2004} Property Development Activities shall be withdrawn on application of IC interpretation 15. The effects of FRS 7 and FRS 139, if any, upon their initial recognition are exempted from disclosure.

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

3.23 **Standards and Interpretations Issued but Not Yet Effective** (cont'd)

The directors anticipate that the other FRSs, amendments to FRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company for the financial year commencing 1 April 2010 and that the adoption of these new/revised FRSs, amendments to FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following:

FRS 3 Business Combination

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

FRS 7 Financial Instruments : Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Group presents segment information in respect of its business and geographical segments. As a result, the identification of the Group's reportable segments may change upon the adoption of FRS 8.

FRS 117 Leases

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

FRS 123 Borrowing Costs (Revised)

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

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

3.23 **Standards and Interpretations Issued but Not Yet Effective** (cont'd)

FRS 127 Consolidated and Separate Financial Statements

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

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as require by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

4. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

2010

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

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

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

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

2009

	At valuation/cost					
	Balance at beginning RM	**Additions RM**	**Disposals RM**	**Written off RM**	**Exchange differences RM**	**Balance at end RM**
At valuation:						
Buildings	10,250,019	-	-	-	-	10,250,019
At cost:						
Freehold land and buildings	44,220,906	113,419	-	-	-	44,334,325
Buildings	13,247,500	122,741	-	(128,599)	(37,355)	13,204,287
Plant and machinery	65,087,630	1,933,477	(4,761,554)	-	(154,961)	62,104,592
Fittings, equipment, office equipment, motor vehicles and renovation	16,040,020	256,945	(154,354)	(57,699)	(9,693)	16,075,219
Capital expenditure in progress	1,456,233	6,409,300	-	-	(64,656)	7,800,877
	150,302,308	8,835,882	(4,915,908)	(186,298)	(266,665)	153,769,319

	Accumulated depreciation					
	Balance at beginning RM	**Current charge RM**	**Disposals RM**	**Written off RM**	**Exchange differences RM**	**Balance at end RM**
At valuation:						
Buildings	1,349,032	205,000	-	-	-	1,554,032
At cost:						
Freehold land and buildings	4,905,466	766,253	-	-	-	5,671,719
Buildings	2,707,198	152,131	-	(128,552)	(2,992)	2,727,785
Plant and machinery	39,819,098	2,939,396	(4,227,950)	-	(15,649)	38,514,895
Fittings, equipment, office equipment, motor vehicles and renovation	12,972,128	859,526	(148,016)	(57,677)	(1,524)	13,624,437
Capital expenditure in progress	-	-	-	-	-	-
	61,752,922	4,922,306	(4,375,966)	(186,229)	(20,165)	62,092,868

	Net carrying amount at end RM
At valuation:	
Buildings	8,695,987
At cost:	
Freehold land and buildings	38,662,606
Buildings	10,476,502
Plant and machinery	23,589,697
Fittings, equipment, office equipment, motor vehicles and renovation	2,450,782
Capital expenditure in progress	7,800,877
	91,676,451

Notes to the Financial Statements
– 31 March 2010 (cont'd)

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

COMPANY

2010

	At valuation/cost				
	Balance at beginning RM	**Additions RM**	**Disposals RM**	**Reclassification RM**	**Balance at end RM**
At valuation:					
Buildings	10,250,019	-	-	-	10,250,019
At cost:					
Buildings	8,130,805	-	-	3,176,654	11,307,459
Fittings, equipment and office equipment	4,200,699	7,015	-	-	4,207,714
Motor vehicles	2,348,918	-	(210,120)	-	2,138,798
Capital expenditure in progress	3,045,390	131,264	-	(3,176,654)	-
	27,975,831	138,279	(210,120)	-	27,903,990

	Accumulated depreciation				
	Balance at beginning RM	**Current charge RM**	**Disposals RM**	**Reclassification RM**	**Balance at end RM**
At valuation:					
Buildings	1,554,032	205,000	-	-	1,759,032
At cost:					
Buildings	2,239,753	195,580	-	-	2,435,333
Fittings, equipment and office equipment	3,942,148	58,200	-	-	4,000,348
Motor vehicles	1,947,534	234,216	(210,117)	-	1,971,633
	9,683,467	692,996	(210,117)	-	10,166,346

	Net carrying amount at end RM
At valuation:	
Buildings	8,490,987
At cost:	
Buildings	8,872,126
Fittings, equipment and office equipment	207,366
Motor vehicles	167,165
Capital expenditure in progress	-
	17,737,644

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

2009

	At valuation/cost		
	Balance at beginning RM	**Additions RM**	**Balance at end RM**
At valuation:			
Buildings	10,250,019	-	10,250,019
At cost:			
Buildings	8,094,267	36,538	8,130,805
Fittings, equipment and office equipment	4,060,193	140,506	4,200,699
Motor vehicles	2,348,918	-	2,348,918
Capital expenditure in progress	-	3,045,390	3,045,390
	24,753,397	3,222,434	27,975,831

	Accumulated depreciation		
	Balance at beginning RM	**Current charge RM**	**Balance at end RM**
At valuation:			
Buildings	1,349,032	205,000	1,554,032
At cost:			
Buildings	2,202,319	37,434	2,239,753
Fittings, equipment and office equipment	3,876,253	65,895	3,942,148
Motor vehicles	1,621,186	326,348	1,947,534
	9,048,790	634,677	9,683,467

	Net carrying amount at end RM
At valuation:	
Buildings	8,695,987
At cost:	
Buildings	5,891,052
Fittings, equipment and office equipment	258,551
Motor vehicles	401,384
Capital expenditure in progress	3,045,390
	18,292,364

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

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

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

	GROUP		COMPANY	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Freehold land	4,865,381	4,865,381	-	-
Buildings	3,959,036	4,106,019	3,959,036	4,106,019
	8,824,417	8,971,400	3,959,036	4,106,019

(ii) The freehold land and buildings are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries.

(iii) The net carrying amount of property, plant and equipment acquired under hire purchase loans are as follows:

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

5. **PREPAID LAND LEASE PAYMENTS**

GROUP

2010

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

5. **PREPAID LAND LEASE PAYMENTS** (cont'd)

2009

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

COMPANY

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

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

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

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

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

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

6. **INVESTMENT PROPERTIES**

	GROUP	
	2010 RM	**2009 RM**
Freehold land, at valuation	334,567	334,567

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

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

7. **INVESTMENT IN SUBSIDIARIES**

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

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

Name of Company	Place of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Direct				
SMPC Industries Sdn. Bhd. *	Malaysia	100%	100%	Metal sheet and coil processing centre with main services in shearing and reshearing.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	Malaysia	100%	100%	Drawing, straightening and cutting of iron rods and wire related products. The company has temporarily ceased its operations.
SMPC Marketing Sdn. Bhd.	Malaysia	100%	100%	Trading in steel furniture.
Edit Systems (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.

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

Name of Company	Place of Incorporation	Effective Equity Interest 2010	2009	Principal Activities
Duro Metal Industrial (M) Sdn. Bhd. *	Malaysia	100%	100%	Manufacture of steel roofing, wall cladding sheets and other steel related products and provision of related services.
SMPC Industries (India) Private Limited #	India	74%	74%	Manufacture of steel products.
Park Avenue Construction Sdn. Bhd.	Malaysia	100%	100%	Dormant.
SMPC Dexon Sdn. Bhd.	Malaysia	100%	100%	Manufacture of and trade in steels and other types of furniture and the provision of related services.
Metal Perforators (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of perforated screen plates, perforated materials, G-Loc splices and industrial chains.
SMPC Steel Mill Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Indirect - held through SMPC Marketing Sdn. Bhd.				
Progerex Sdn. Bhd. *	Malaysia	100%	100%	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.				
Duro Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Duro Structural Products (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.

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

\# Not audited by Grant Thornton.

2009

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

8. GOODWILL

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

Impairment tests for goodwill

(a) **Allocation of goodwill**

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

	2010 RM	2009 RM
Manufacturing of steel roofing and related products	957,154	957,154
Manufacturing of perforated materials	918,489	918,489
	1,875,643	1,875,643

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

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

(i) Budgeted gross margin

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

(ii) Growth rate

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

(iii) Discount rate

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

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

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

9. INVENTORIES

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

10. TRADE RECEIVABLES

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

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

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

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables				
Total amount	6,689,731	8,236,726	64,028	172,582
Less: Allowance for doubtful debts				
Balance at beginning	-	94,275	-	-
Written off	-	(94,275)	-	-
Balance at end	-	-	-	-
	6,689,731	8,236,726	64,028	172,582
Deposits	895,756	3,990,379	649,419	425,400
Prepayments	1,630,869	939,812	426,700	433,386
	9,216,356	13,166,917	1,140,147	1,031,368
Analysis by currencies:				
Ringgit Malaysia	8,640,189	12,696,101	1,140,147	1,031,368
Indian Rupee	576,167	470,816	-	-
	9,216,356	13,166,917	1,140,147	1,031,368

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

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

12. AMOUNT DUE FROM/TO SUBSIDIARIES

COMPANY

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

13. SHORT TERM INVESTMENTS

GROUP

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

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

14. FIXED DEPOSIT WITH A LICENSED BANK

GROUP

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

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

15. CASH AND BANK BALANCES

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

16. NON-CURRENT ASSETS HELD FOR SALE

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

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

* On 28 September 2009, a subsidiary has entered into a sales and purchase agreement ("SPA") with a third party for the sale of its freehold land and buildings. The completion of the agreement is subject to the conversion of the land from commercial status to residential status. The subsidiary has submitted the conversion of the land and is awaiting for the approval from land office.

As at the date of this report, the application for the conversion is still pending the approval from the land office. As at 31 March 2009, the subsidiary and the purchaser have mutually agreed to extend the completion of the SPA to 27 September 2009. The completion of the SPA is further extended to 27 September 2010 via a Third Supplemental Agreement.

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

17. SHARE CAPITAL

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

18. OTHER RESERVES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Capital reserve				
Balance at beginning/end	-	-	7,445,000	7,445,000
Asset revaluation reserve				
Balance at beginning/end	6,009,053	6,009,053	5,934,344	5,934,344
Foreign currency translation reserve				
Balance at beginning	(217,276)	(133,144)	-	-
Current year	277,537	(84,132)	-	-
Balance at end	60,261	(217,276)	-	-
	6,069,314	5,791,777	13,379,344	13,379,344

19. BORROWINGS

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

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

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

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

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

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

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

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than five years RM
GROUP				
2010				
Bank overdraft	7.05 - 8.50	9,321,889	9,321,889	-
Bankers acceptance	2.22 - 6.80	36,409,302	36,409,302	-
Revolving credits	8.00 - 8.50	12,250,000	12,250,000	-
Trust receipts	3.00	129,350	129,350	-
Hire purchase payables	2.23 - 4.50	397,065	323,949	73,116
Term loans	1.84 - 9.05	42,613,243	40,611,824	2,001,419
2009				
Bank overdraft	7.05 - 8.50	8,659,350	8,659,350	-
Bankers acceptance	3.00 - 6.80	36,092,000	36,092,000	-
Revolving credits	8.00 - 8.50	12,250,000	12,250,000	-
Trust receipts	3.00	129,350	129,350	-
Hire purchase payables	2.20 - 8.70	1,285,686	894,580	391,106
Term loans	5.30 - 9.90	42,499,476	40,671,661	1,827,815
COMPANY				
2010				
Hire purchase payables	2.50 - 4.10	158,550	136,158	22,392
Term loans	1.84	998,325	339,300	659,025
2009				
Hire purchase payables	2.50 - 4.10	370,974	212,424	158,550
Term loans	4.92	1,115,398	758,179	357,219

20. DEFERRED TAX LIABILITIES

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

Represented by temporary differences arising from:

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

21. TRADE PAYABLES

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

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

22. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables				
- Interest bearing at 6.20% to 6.50% (2009 : 6.20% to 6.50%) per annum	13,776,557	13,776,557	-	-
- Non-interest bearing	2,998,096	4,271,966	227,036	-
	16,774,653	18,048,523	227,036	-
Accruals	12,502,104	13,145,786	734,745	862,048
Prepayment of lease rental	915,384	975,732	-	-
	30,192,141	32,170,041	961,781	862,048
Analysis by currencies:				
Ringgit Malaysia	30,075,711	31,369,545	961,781	862,048
Indian Rupee	116,430	800,496	-	-
	30,192,141	32,170,041	961,781	862,048

GROUP

(i) The interest bearing other payable is secured by corporate guarantee given by the Company amounting to RM13,776,557 (2009 : RM13,776,557) and a debenture on the fixed and floating charge over the present and future assets of a subsidiary.

(ii) The prepayment of lease rental is received from a third party, for lease of part of the freehold land as disclosed in Note 6 to the financial statements.

23. REVENUE

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

24. OTHER INCOME

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

25. EMPLOYEE BENEFITS EXPENSE

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

25. **EMPLOYEE BENEFITS EXPENSE** (cont'd)

Directors' emoluments

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

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

26. **FINANCE COSTS**

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

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

This is arrived at:

	GROUP		COMPANY	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
After charging:				
Allowance for doubtful debts	-	12,654	-	-
Amortisation of prepaid land lease payments	153,206	153,206	136,281	136,281
Audit fee				
- current year	86,250	85,649	18,000	18,000
- under/(over) provision in prior years	42,000	-	-	(7,000)
Depreciation	5,092,979	4,922,306	692,996	634,677
Adjustment to fair value of short term investments	-	52,568	-	-
Impairment loss on investment in subsidiaries	-	-	4,580,000	-
Non-executive directors' remuneration (Note 25)	132,000	92,000	132,000	92,000
Interest expense				
- bank charges and others	84,562	71,505	-	-
- borrowing costs	8,032,965	9,948,375	13,692	33,619
Preliminary expenses	-	4,830	-	-
Realised loss on foreign exchange	2,358	-	-	-
Rental of bin and equipment	30,750	-	-	-
Rental of buildings	394,500	155,695	15,500	18,600
Rental of plant and machinery	51,000	20,000	-	-
Unrealised loss on foreign exchange	-	133,146	-	133,146
And crediting:				
Doubtful debts recovered	6,336	-	-	-
Adjustment to fair value of short term investments	11,595	-	-	-
Gain on disposal of property, plant and equipment	63,231	308,060	14,997	-
Gain on disposal of short term investments	33,111	-	-	-
Gross dividend from investment quoted in Malaysia	180	2,190	-	-
Interest income	47,237	36,843	-	7,308
Realised gain on foreign exchange	18,445	-	-	-
Rental income	203,845	1,247,132	1,973,567	1,148,101
Unrealised gain on foreign exchange	117,073	139,115	117,073	-

28. TAXATION

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

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

	GROUP 2010 RM	GROUP 2009 RM	COMPANY 2010 RM	COMPANY 2009 RM
Profit/(Loss) before taxation	840,185	(1,622,199)	(4,392,264)	60,475
Income tax at Malaysian statutory tax rate of 25%	(210,046)	405,550	1,098,066	(15,119)
Effects of:				
- Tax rates differences in foreign jurisdiction	(8,079)	(4,506)	-	-
- Income not subject to tax	101,485	623,968	29,268	-
- Expenses not deductible for tax purposes	(2,338,362)	(957,265)	(1,315,880)	(213,671)
- Utilisation of unabsorbed tax losses and capital allowances	(2,231,706)	(403,786)	-	-
- Deferred tax movements not recognised	4,208,319	(92,128)	188,546	228,790
- Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
	(385,377)	(335,155)	48,561	48,561
(Under)/Over provision in prior years	(890,641)	57,267	11,402	-
	(1,276,018)	(277,888)	59,963	48,561

28. **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	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Unabsorbed tax losses	73,395,000	75,620,000	899,000	1,179,000
Unabsorbed capital allowances	11,349,000	16,667,000	3,919,000	3,876,000
Unabsorbed reinvestment allowance	30,455,000	30,455,000	-	-
Unabsorbed allowance for increase in exports	1,979,000	1,979,000	-	-

29. **LOSS PER SHARE**

GROUP

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

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

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

30. **SEGMENTAL INFORMATION**

(a) Reporting format

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

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

(b) Business segments

The Group comprises the following main business segments:

(i) Manufacturing — Manufacturing of metal related products,

(ii) Trading — Trading of metal related products, and

(iii) Others — Letting of industrial and commercial assets and provision of management consultancy and corporate services.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

By business segments
2010

	Manufacturing RM	Trading RM	Others RM	Elimination RM	Total RM
Revenue					
External sales	56,672,920	50,512,592	1,853,567	-	109,039,079
Inter-segment sales	1,366,825	106,042	1,800,000	(3,272,867)	-
Total revenue	58,039,745	50,618,634	3,653,567	(3,272,867)	109,039,079
Results					
Segment results	3,151,982	5,721,945	83,785	-	8,957,712
Finance costs					(8,117,527)
Income tax expense					(1,276,018)
Loss for the year					(435,833)
Assets					
Segment assets	97,888,712	53,661,271	26,558,801	-	178,108,784
Unallocated assets					615,355
Total assets					178,724,139
Liabilities					
Segment liabilities	18,031,379	120,781,098	2,171,739	-	140,984,216
Unallocated liabilities					3,605,211
Total liabilities					144,589,427
Other segment information					
Capital expenditure	1,450,270	379,542	138,279	-	1,968,091
Depreciation of property, plant and equipment	3,134,706	1,166,742	791,531	-	5,092,979
Amortisation of prepaid land lease payment	16,925	-	136,281	-	153,206
Other significant non-cash expenses other than depreciation and amortisation	(72,108)	(22,597)	(130,305)	-	(225,010)

30. SEGMENTAL INFORMATION (cont'd)

2009

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

30. SEGMENTAL INFORMATION (cont'd)

(c) Geographical segments

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

	2010		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	101,365,157	165,021,699	1,156,174
India	2,312,029	13,702,440	811,917
Others	5,361,893	-	-
	109,039,079	178,724,139	1,968,091

	2009		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	125,780,196	170,929,530	6,304,221
India	1,784,471	8,454,296	2,531,661
Others	17,288,507	-	-
	144,853,174	179,383,826	8,835,882

31. RELATED PARTY DISCLOSURES

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

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

(b) Compensation of key management personnel

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

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

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

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

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

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

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

32. **CONTINGENT LIABILITIES (UNSECURED)**

GROUP AND COMPANY

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

COMPANY

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

33. CAPITAL COMMITMENTS

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

34. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Credit risk

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

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

Interest rate risk

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

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

Foreign currency risk

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

Liquidity risk

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

34. **FINANCIAL INSTRUMENTS** (cont'd)

Fair values

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

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

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

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

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

(ii) Borrowings and non-current payables

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

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

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

The announcement made on 3 July 2009 is in relation to the following Proposals:

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

(ii) Proposed Rights Issue comprising:

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

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

(ii) Proposed Rights Issue comprising: (cont'd)

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

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

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

The approvals required for the Proposals are as follows:

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

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

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

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

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

(vi) Bursa Securities for the following:

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

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

(vii) Other relevant authorities, if any.

The Proposals are inter-conditional upon one another.

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

36. OTHER INVESTMENTS

	GROUP AND COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	299,838	299,838
Less : Impairment loss	(299,838)	(299,838)
	-	-

37. EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

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

The main features of the ESOS are as follows:

(i) The ESOS's Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.

(ii) The eligible persons are employees and executive directors of the Group having at least one (1) year of service with the Group. The eligibility for participation in the ESOS shall be at absolute discretion of the ESOS's Committee.

(iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.

(iv) The option shall be for a minimum of 1,000 ordinary shares and shall not exceed the maximum allowable allotment of 9% per employee of the total number of shares in the Company available under the ESOS.

(v) The option price shall be determined based on the 5-day weighted average market prices of the shares of the Company as shown in the Daily Official List issued by the Bursa Malaysia for the five (5) market days immediately preceding the Date of Offer or at par, whichever is higher.

(vi) The shares to be allotted upon any exercise of the option will upon allotment, rank pari passu in all respects with the existing shares of the Company.

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

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

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

38. **SUBSEQUENT EVENT**

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

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

Properties owned by the Group
as at 31 March 2010

Location	Description	Tenure	Area	No. of Years Held	Age of Building	Net Book Value RM	Year of Valuation
P.T. No. 1451 H.S. (D) No. 4696 Mukim 1, Province Wellesley Central, Penang	Factory	60 years lease to 2044	6.22247 acres	27	24	15,360,916	1994
P.T. Nos. 1460 & 1444 H.S. (D) Nos. 2719 & 2706 Mukim 1, Province Wellesley Central, Penang	Factory Office	60 years lease to 2045	4.01338 acres	14	19	12,892,821	-
Lot 717, 5 1/2 Miles Jalan Kapar, Klang Selangor Darul Ehsan	Factory Office	Freehold	8.16875 acres	14	13	31,840,994	-
Lot 324, 640, 642, 1501, 1502, 1504, 1505, 1664, 1667, 1669 and 1702, Mukim 14, Kampung To' Suboh, Bukit Minyak Simpang Ampat Seberang Perai Selatan, Penang	Warehouse Open Yard	Freehold	21.8614 acres	16	14	12,275,030	1994
Lot 176, Tempat Macang Kudung Mukim Jabi Daerah Pokok Sena, Kedah	Vacant Land	Freehold	2.257 acres	9	-	128,000	-
Units of 1 1/2 Storey Terrace Factories in Taman Balakong Jaya, No. 94 & 95, Taman Industri, Balakong Jaya, HS (D) 42510 & HS (D) 42511, PT No. 35310 & PT No. 35311 Mukim Kajang, Selangor	Factory	Freehold	3.250sf	11	11	487,367	-
Single Storey Terrace Industry Factory HS (D) 112771, PT No. 18455 Mukim of Setul, District of Seremban	Factory	Freehold	278.7sf	10	10	349,932	-
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	10	10	179,132	-
Zone 5A, Parcel 2, Lot 5418, Mukim Senai-Kulai, Johor Darul Takzim	Apartment	Freehold	885sf	10	10	64,925	-
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	38 & 40	28	3,147,201	2005
Plot No. D-10/N SIPCOT Industrial Complex Gummidipoondi - 601201 Chennai India	Factory/ Office	N/A	N/A	-	-	3,980,682	-

Analysis of Shareholdings
as at 16 August 2010

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

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	106	3.82	930	0.00
100 – 1,000	744	26.79	716,350	1.11
1,001 – 10,000	1,509	54.34	6,447,652	9.97
10,001 – 100,000	370	13.32	10,769,708	16.66
100,001 – 3,323,247 (*)	45	1.62	21,006,950	32.50
3,232,248 and above (**)	3	0.11	25,703,375	39.76
TOTAL	2,777	100.00	64,644,965	100.00

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

THIRTY LARGEST REGISTERED HOLDERS AS AT 16.08.2010

Name of Holder	Holdings	% of Issued Capital
1. RHB Nominees (Tempatan) Sdn. Bhd. - RHB Investment Management Sdn. Bhd. for Perbadanan Nasional Berhad	13,217,000	20.45
2. MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kumpulan Pitchai Sdn. Bhd.	7,461,301	11.54
3. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tema Sinaran Sdn. Bhd.	5,025,074	7.77
4. Norani Binti Hassim	3,230,000	5.00
5. A1 Capital Sdn. Bhd.	3,230,000	5.00
6. Yeap Yi Fong	1,464,700	2.27
7. Hock Lok Siew Realty Sdn. Bhd.	1,320,633	2.04
8. Chan Kwee Mooi	1,000,000	1.55
9. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chan Kooi Cheng	1,000,000	1.55
10. Chee Sze Hsien @ Chee Ah Kow	827,200	1.28
11. ABB Nominee (Tempatan) Sdn. Bhd. ABB Trustee Berhad for Cheng Kien Wing	800,000	1.24
12. Hamidah Binti Ismail	626,000	0.97
13. Chuah Tong Chin	506,000	0.78
14. Yong Hock Men	450,000	0.70
15. ABB Nominee (Tempatan) Sdn. Bhd. ABB Trustee Berhad for Kumpulan Pitchai Sdn. Bhd.	410,000	0.63

Analysis of Shareholdings
as at 16 August 2010 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 16.08.2010 (cont'd)

16. MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Zanor Sdn. Bhd.	393,100	0.61
17. TA Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Kumpulan Pitchai Sdn. Bhd.	387,100	0.60
18. Poh Hong Swee	340,000	0.53
19. Public Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Chee Sze Hsien @ Chee Ah Kow (E-SS2)	286,200	0.44
20. Citigroup Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Lee Hean Guan	281,300	0.44
21. Topvilla Sdn. Bhd.	265,517	0.41
22. Machendran a/l Pitchai Chetty	265,000	0.41
23. Mohd Taufik Bin Abdullah	250,000	0.39
24. Mayban Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Cheang Fook Sam	244,000	0.38
25. Low Ah Kou	211,000	0.33
26. HLB Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Goh Eng Thye	208,000	0.32
27. OSK Nominees (Tempatan) Sdn. Bhd.		
- OSK Capital Sdn. Bhd. for Mohd Taufik Bin Abdullah	188,100	0.29
28. Rosol Bin Wahid	181,300	0.28
29. Loh Nam Seng	170,800	0.26
30. Khor Ah An	166,000	0.26
TOTAL	44,405,325	68.69

Analysis of Shareholdings
as at 16 August 2010 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 16.08.2010

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

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Kumpulan Pitchai Sdn. Bhd.	8,264,901	12.78	12,795 *	0.02	8,277,696	12.80
Perbadanan Nasional Berhad	13,217,000	20.45	0	0.00	13,217,000	20.45
Tema Sinaran Sdn. Bhd.	6,025,074	9.32	0	0.00	6,025,074	9.32
Machendran a/l Pitchai Chetty	347,447	0.54	8,277,696 **	12.80	8,625,143	13.34
Dhanabalan a/l M. Pitchai Chetty	0	0.00	8,277,696 **	12.80	8,277,696	12.80

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

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

DIRECTORS' INTEREST IN SHARES AS AT 16.08.2010

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

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Ismail Bin Shahudin	0	0.00	0	0.00	0	0.00
Machendran a/l Pitchai Chetty	347,447	0.54	8,277,696 **	12.80	8,625,143	13.34
Mohd Shahril Fitri Bin Hashim	0	0.00	0	0.00	0	0.00
Sanmarkan a/l T S Ganapathi	0	0.00	0	0.00	0	0.00
Sudesh a/l K. V. Sankaran	0	0.00	0	0.00	0	0.00
Ng Chin Nam	60,000	0.93	30,000 ^	0.05	90,000	0.98

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

^ Deemed interested through his spouse.

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

Analysis of Warrant Holdings

as at 16 August 2010

Class of Securities	:	Warrants
Outstanding Warrants	:	14,924,500
Voting Rights	:	One (1) vote per warrant holder on a show of hands and one (1) vote per warrant holder on a poll in respect of a meeting of warrant holders

ANALYSIS OF WARRANT HOLDINGS

Range of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	3	0.41	101	0.00
100 – 1,000	175	23.84	158,845	1.06
1,001 – 10,000	332	45.23	1,630,753	10.93
10,001 – 100,000	206	28.07	6,681,700	44.77
100,001 – 746,224 (*)	16	2.18	3,981,501	26.68
746,225 and above (**)	2	0.27	2,471,600	16.56
TOTAL	734	100.00	14,924,500	100.00

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

THIRTY LARGEST WARRANT HOLDERS AS AT 16.08.2010

Name of Holder	Holdings	% of Issued Capital
1. TA Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kumpulan Pitchai Sdn. Bhd.	1,637,000	10.97
2. Lim Seow Chin	834,600	5.59
3. HLG Nominee (Tempatan) Sdn. Bhd. - Hong Leong Bank Bhd for Ngu Sung Ung	502,000	3.36
4. Hock Lok Siew Corporation Bhd.	434,200	2.91
5. Hamidah Binti Ismail	400,000	2.68
6. Lim Seow Chin	389,200	2.61
7. Kumpulan Pitchai Sdn. Bhd.	320,401	2.15
8. Lim Fok Chou	298,900	2.00
9. Suzana Bt Abdullah	254,000	1.70
10. Ling Sew Ping	206,000	1.38
11. Tan Liam Kwee	199,000	1.33
12. Nicholas Koh De Wei	192,600	1.29
13. Khoo Kim Seng	150,000	1.01
14. CIMSEC Nominees (Tempatan) Sdn. Bhd.	150,000	1.01
15. Niap Kim Lock @ Andrew Niap Kim Fook	131,000	0.88

Analysis of Warrant Holdings

as at 16 August 2010 (cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 16.08.2010 (cont'd)

Name of Holder	Holdings	% of Issued Capital
16. Public Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Abtar Singh A/L Gurdev Singh	125,200	0.84
17. Tang Kow @ Tang Wah	120,000	0.80
18. Kee Yaw Koon	109,000	0.73
19. RHB Capital Nominees (Tempatan) Sdn. Bhd.		
- Ngo Ho Giam @ Chui Her (T-LBU1016)	100,000	0.67
20. Chua Geok Lee	100,000	0.67
21. Public Nominees (Tempatan) Sdn. Bhd.		
- Pledged Securities Account for Pau Chiong Wo (E-BTL)	100,000	0.67
22. Lim Sang Heng	100,000	0.67
23. Mui Sen Woi	100,000	0.67
24. Machendran a/l Pitchai Chetty	95,000	0.64
25. Faizah Binti Mahmod	90,000	0.60
26. Lau Nai Ping	90,000	0.60
27. Ong Then Lin	79,900	0.54
28. Siow Shou Kiat	79,600	0.53
29. Tea Ta Boo @ Tee Chau Tik	75,000	0.50
30. Khaled Kamel Ahmad Khader	73,300	0.49
TOTAL	7,535,901	50.49

SUBSTANTIAL WARRANT HOLDERS AS AT 16.08.2010

Name of Substantial Warrant holder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Kumpulan Pitchai Sdn. Bhd.	1,957,401	13.11	4,265 *	0.03	1,961,666	13.14
Machendran a/l Pitchai Chetty	95,000	0.64	1,961,666 **	13.14	2,056,666	13.78
Dhanabalan a/l M. Pitchai Chetty	0	0.00	1,961,666 **	13.14	1,961,666	13.14

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

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

Analysis of Warrant Holdings
as at 00 August 2010 (cont'd)

DIRECTORS' INTEREST IN WARRANTS AS AT 16.08.2010

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Ismail Bin Shahudin	0	0.00	0	0.00	0	0.00
Machendran a/l Pitchai Chetty	95,000	0.64	1,961,666 **	13.14	2,056,666	13.78
Mohd Shahril Fitri Bin Hashim	0	0.00	0	0.00	0	0.00
Sanmarkan a/l T S Ganapathi	0	0.00	0	0.00	0	0.00
Sudesh a/l K. V. Sankaran	0	0.00	0	0.00	0	0.00
Ng Chin Nam	0	0.00	0	0.00	0	0.00

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

Other than as disclosed above, none of the directors have any direct or deemed interest in the warrants of the Company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Ninth (29th) Annual General Meeting of the Company will be held at Bilik Bunga Raya, Safira Country Club, Lot 2769 Jalan Todak, Bandar Seberang Jaya, 13700 Seberang Prai on Thursday, 30 September 2010 at 10.00 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2010, together with the Directors' and Auditors' Reports thereon.

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

   Dato' Seri Ismail Bin Shahudin **(Resolution 1)**
   Mohd Shahril Fitri Bin Hashim **(Resolution 2)**

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

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

5. To approve payment of the Directors' fee of RM132,000. **(Resolution 5)**

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

By Order of the Board

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

Ipoh, Perak
7 September 2010

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

Statement Accompanying the Notice of Annual General Meeting

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

Further details of individual standing for election as Directors are set out in the Profile of Directors and Statement of Shareholdings on pages 7, 8, 91 and 94 respectively of this Annual Report.

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FORM OF PROXY

I/We, ____

____

of ______________________ being a member of SMPC Corporation Bhd. hereby

appoint ____

______________________ of ______________________

or failing him, ______________________ of ______________________ or

+the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Twenty-Ninth (29th) Annual General Meeting of the Company, to be held on Thursday, 30 September 2010 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolution No.	Ordinary Business	For	Against
1	The re-election of Directors: Dato' Seri Ismail Bin Shahudin		
2	Mohd Shahril Fitri Bin Hashim		
3	The re-appointment of the following Director in accordance with Section 129 of the Companies Act, 1965: Sanmarkan a/l T S Ganapathi		
4	The appointment of Auditors and their remuneration		
5	The payment of Directors' fee		

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

No. of shares held	
CDS A/C No.	

Date:

____
Signature of Shareholder

NOTES:

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

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

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

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

+ If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted on block letters and the alteration should be initialed.

PLEASE FOLD HERE

Affix 50 sen
Stamp
(within Malaysia)

The Company Secretary

SMPC CORPORATION BHD

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

PLEASE FOLD HERE

SMPC CORPORATION BHD. (79082-V)
2521, Tingkat Perusahaan 6, Prai Industrial Estate,
13600 Prai, Penang, Malaysia.
Tel: 04-398 7560 Fax: 04-398 0376