SMPC CORPORATION BHD.

(79082 V)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements For The Fourteen-Month Period Ended 31 March 2008

Ernst & Young
AF : 0039

79082 V

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Contents **Pages**

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the fourteen-month period ended 31 March 2008.

Principal activities

The principal activities of the Company are investment holding, letting of industrial and commercial assets and management consultancy.

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

Change of financial year end

The financial year end of the Company was changed from 31 January to 31 March.

Accordingly, comparative amounts for the income statements, statements of changes in equity, cash flow statements and the related notes are not entirely comparable.

Results

	Group RM	Company RM
Loss for the period	(8,976,088)	(7,243,048)
Attributable to:		
Equity holders of the Company	(8,934,872)	(7,243,048)
Minority interests	(41,216)	-
	(8,976,088)	(7,243,048)

There were no material transfers to or from reserves or provisions during the period other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the period were not substantially affected by any item, transaction or event of a material and unusual nature other than disclosed in the notes to the financial statements.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Machendran a/l Pitchai Chetty	
Dhanabalan a/l M. Pitchai Chetty	
Sanmarkan a/l T.S. Ganapathi	
Sudesh a/l K.V. Sankaran	
Vijayan a/l O.M.V. Devan	(appointed on 29 February 2008)
Mohd Shahril Fitri Bin Hashim	(resigned on 7 August 2007 and appointed on 27 September 2007)
Ahmad Bin Darus	(resigned on 6 November 2007)
Ibrahim Hussain	(resigned on 26 December 2007)

Directors' benefits

Neither at the end of the period, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the directors might 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 Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 33 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interest of directors in office at the end of the period in shares, warrants and options over shares in the Company and its related corporations during the period were as follows:

	← Number of ordinary shares of RM1 each →			
The Company	**1 February 2007**	**Bought**	**Sold**	**31 March 2008**
Direct interest				
Machendran a/l Pitchai Chetty	347,447	-	-	347,447
Sudesh a/l K.V. Sankaran	2,000	-	(2,000)	-
Deemed interest				
Machendran a/l Pitchai Chetty*	15,056,829	87,100	(4,964,868)	10,179,061
Dhanabalan a/l M. Pitchai Chetty*	15,056,829	87,100	(4,964,868)	10,179,061

Directors' interests (contd.)

	Number of warrants			
The Company	**1 February 2007**	**Bought**	**Exercised**	**31 March 2008**
Direct interest				
Machendran a/l Pitchai Chetty	95,000	-	-	95,000
Deemed interest				
Machendran a/l Pitchai Chetty*	1,324,666	637,000	-	1,961,666
Dhanabalan a/l M. Pitchai Chetty*	1,324,666	637,000	-	1,961,666

	Number of options over ordinary shares of RM1 each			
The Company	**1 February 2007**	**Granted**	**Exercised**	**31 March 2008**
Machendran a/l Pitchai Chetty	403,560	-	-	403,560
Dhanabalan a/l M. Pitchai Chetty	358,720	-	-	358,720

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

Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty by virtue of their interests in shares of the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the period had any interest in shares, warrants and options over shares in the Company or its related corporations during the period.

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 express provision to extend the exercise period of the warrants. The exercise price of 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.

Warrants (contd.)

As at 31 March 2008, the details of the warrants are as follows:

Year Issued	Warrant Price	Balance as at 1 February 2007	Exercised	Balance as at 31 March 2008
2000	RM1.75	14,924,500	-	14,924,500

There were no warrants issued during the period.

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 salient features and other terms of the ESOS are disclosed in Note 25(b) to the financial statements.

There were no share options granted during the period.

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

Other statutory information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts in the financial statements of the Group. The director have also satisfied that there were no known bad debts and that no provision for doubtful debts was necessary in the financial statements of the Company; 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.

Other statutory information (contd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent or require any debts to be written off as bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the period which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the period.

(f) In the opinion of the directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the period which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the period in which this report is made.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 14(b) to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 36 and Note 37 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 July 2008.

Machendran a/l Pitchai Chetty

Mohd Shahril Fitri Bin Hashim

Penang, Malaysia

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Machendran a/l Pitchai Chetty and Mohd Shahril Fitri Bin Hashim, being two of the directors of SMPC Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 78 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2008 and of the results and the cash flows of the Group and of the Company for the fourteen-month period ended 31 March 2008.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 July 2008.

Machendran a/l Pitchai Chetty

Mohd Shahril Fitri Bin Hashim

Penang, Malaysia

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Mohd Shahril Fitri Bin Hashim, being the Director primarily responsible for the financial management of SMPC Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 78 are in my opinion 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 Mohd Shahril Fitri Bin Hashim
at Georgetown in the State of Penang
on 24 July 2008 :

Mohd Shahril Fitri Bin Hashim

Before me,

CHAI CHOON KIAT, PJM
No. P 073
Commissioner for Oaths

79082 V

Independent auditors' report to the members of SMPC Corporation Bhd.
(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 2008 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 fourteen-month period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 78.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the 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.

Independent auditors' report to the members of
SMPC Corporation Bhd. (contd.)
(Incorporated in Malaysia)

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 Company as of 31 March 2008 and of its financial performance and cash flows for the fourteen-month period ended 31 March 2008.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in Note 2 and Note 36 to the financial statements. The disclosures indicate the existence of a material uncertainty that may raise doubt about the ability of the Group and the Company to continue as going concerns. The preparation of the financial statements of the Group and of the Company on a going concern basis is dependent on the approval of the Proposed Restructuring Scheme by shareholders and relevant authorities and its successful implementation. The financial statements of the Group and the Company do not include any adjustments that may be required to the amounts and classification of assets and liabilities that might be necessary should the Proposed Restructuring Scheme be not approved and implemented successfully.

Report on other legal and regulatory requirements

In accordance with the requirement 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 all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

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

Independent auditors' report to the members of
SMPC Corporation Bhd. (contd.)
(Incorporated in Malaysia)

(d) The auditors' report on the account of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Ernst & Young	Lim Foo Chew
AF: 0039	No. 1748/01/10(J)
Chartered Accountants	Partner

Penang, Malaysia
Date: 24 July 2008

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Income statements
For the fourteen-month period ended 31 March 2008

	Note	Group 1.2.2007 to 31.3.2008 RM	Group 1.2.2006 to 31.1.2007 RM	Company 1.2.2007 to 31.3.2008 RM	Company 1.2.2006 to 31.1.2007 RM
Revenue	4	198,251,532	213,814,928	4,047,627	4,095,870
Other income	5	1,588,890	2,695,689	67,727	-
Changes in inventories of work in progress, trading inventories and finished goods		(1,670,231)	(4,842,280)	-	-
Raw materials and consumables used		(79,443,203)	(86,068,998)	-	-
Trading goods purchased		(83,097,355)	(95,810,629)	-	-
Employee benefits expense	6	(15,190,326)	(13,860,671)	(3,431,834)	(2,664,556)
Depreciation of property, plant and equipment		(6,211,940)	(6,476,036)	(1,036,533)	(861,816)
Other expenses		(10,981,409)	(15,033,083)	(6,468,125)	(14,683,905)
Operating profit/(loss)		3,245,958	(5,581,080)	(6,821,138)	(14,114,407)
Finance costs	8	(11,095,734)	(9,555,791)	(61,454)	(68,192)
Loss before tax	9	(7,849,776)	(15,136,871)	(6,882,592)	(14,182,599)
Income tax expense	10	(1,126,312)	350,205	(360,456)	44,826
Loss for the period/ year		(8,976,088)	(14,786,666)	(7,243,048)	(14,137,773)
Attributable to:					
Equity holders of the Company		(8,934,872)	(14,898,097)	(7,243,048)	(14,137,773)
Minority interests		(41,216)	111,431	-	-
		(8,976,088)	(14,786,666)	(7,243,048)	(14,137,773)
Loss per share attributable to equity holders of the Company (sen):					
- Basic, for loss for the period/year	11	(13.82)	(23.05)		
- Diluted, for loss for the period/year	11	(13.82)	(23.05)		

The accompanying notes form an integral part of the financial statements.

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Balance sheets as at 31 March 2008

	Note	Group 31.3.2008 RM	Group 31.1.2007 RM	Company 31.3.2008 RM	Company 31.1.2007 RM
Assets					
Non-current assets					
Property, plant and equipment	12	88,883,953	108,503,247	15,704,607	16,686,585
Prepaid land lease payments	13	6,993,143	7,149,170	4,956,784	5,093,065
Investments in subsidiaries	14	-	-	28,341,692	33,120,575
Other investment	15	-	-	-	-
Goodwill	16	1,875,643	1,875,643	-	-
		97,752,739	117,528,060	49,003,083	54,900,225
Current assets					
Inventories	17	19,875,331	18,764,380	-	-
Trade receivables	18	36,073,166	43,316,022	8,420,276	7,929,259
Other receivables	19	11,386,951	6,493,558	2,688,882	3,910,906
Tax recoverable		1,088,847	1,782,709	241,936	608,454
Short term investments	20	190,971	190,971	-	-
Cash and bank balances	21	9,406,027	5,025,379	487,949	543,852
		78,021,293	75,573,019	11,839,043	12,992,471
Asset held for sale	22	11,940,463	-	-	-
		89,961,756	75,573,019	11,839,043	12,992,471
Total assets		187,714,495	193,101,079	60,842,126	67,892,696
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	64,644,965	64,644,965	64,644,965	64,644,965
Share premium	23	23,751,705	23,751,705	23,751,705	23,751,705
Other reserves	24	5,875,909	5,930,612	13,379,344	13,323,579
Accumulated losses		(59,174,707)	(51,882,653)	(52,319,749)	(45,076,701)
		35,097,872	42,444,629	49,456,265	56,643,548
Minority interests		888,615	86,169	-	-
Total equity		35,986,487	42,530,798	49,456,265	56,643,548

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Balance sheets as at 31 March 2008 (contd.)

	Note	Group 31.3.2008 RM	Group 31.1.2007 RM	Company 31.3.2008 RM	Company 31.1.2007 RM
Non-current liabilities					
Retirement benefit obligations	25(a)	-	239,374	-	-
Borrowings	26	3,425,279	30,984,301	1,026,774	1,489,433
Trade payables	28	-	12,186,557	-	-
Deferred tax liabilities	29	2,938,461	3,018,402	1,074,134	1,178,460
		6,363,740	46,428,634	2,100,908	2,667,893
Current liabilities					
Borrowings	26	101,024,398	77,850,293	827,553	1,044,510
Trade payables	28	31,026,865	18,960,799	-	-
Other payables	30	12,451,131	6,665,280	8,457,400	7,536,745
Current tax payable		861,874	665,275	-	-
		145,364,268	104,141,647	9,284,953	8,581,255
Total liabilities		151,728,008	150,570,281	11,385,861	11,249,148
Total equity and liabilities		187,714,495	193,101,079	60,842,126	67,892,696

The accompanying notes form an integral part of the financial statements.

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the fourteen-month period ended 31 March 2008

	Attributable to equity holders of the Company						Minority interests	Total equity
		Non-distributable						
			Other reserves					
	Share capital (Note 23)	Share premium (Note 23)	Asset revaluation reserve (Note 24)	Foreign currency translation reserve (Note 24)	Accumulated losses	Total		
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2006	64,644,965	23,751,705	5,763,313	(49,266)	(36,984,556)	57,126,161	1,048,186	58,174,347
Effect of changes in tax rates on deferred tax	-	-	115,266	-	-	115,266	-	115,266
Foreign currency translation	-	-	-	101,299	-	101,299	-	101,299
Net income recognised directly in equity	-	-	115,266	101,299	-	216,565	-	216,565
Disposal of a subsidiary	-	-	-	-	-	-	(1,073,448)	(1,073,448)
Loss for the year	-	-	-	-	(14,898,097)	(14,898,097)	111,431	(14,786,666)
Total recognised income and expense for the year	-	-	115,266	101,299	(14,898,097)	(14,681,532)	(962,017)	(15,643,549)
At 31 January 2007	64,644,965	23,751,705	5,878,579	52,033	(51,882,653)	42,444,629	86,169	42,530,798

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Consolidated statement of changes in equity (contd.)
For the fourteen-month period ended 31 March 2008

	← Attributable to equity holders of the Company →						Minority interests	Total equity
		← Non-distributable →						
			← Other reserves →					
	Share capital (Note 23) RM	Share premium (Note 23) RM	Asset revaluation reserve (Note 24) RM	Foreign currency translation reserve (Note 24) RM	Accumulated losses RM	Total RM	RM	RM
At 1 February 2007	64,644,965	23,751,705	5,878,579	52,033	(51,882,653)	42,444,629	86,169	42,530,798
Effect of changes in tax rates on deferred tax	-	-	130,474	-	-	130,474	-	130,474
Foreign currency translation	-	-	-	(185,177)	-	(185,177)	(46,780)	(231,957)
Net loss recognised directly in equity	-	-	130,474	(185,177)	-	(54,703)	(46,780)	(101,483)
Loss for the period	-	-	-	-	(8,934,872)	(8,934,872)	(41,216)	(8,976,088)
Total recognised income and expense for the period	-	-	130,474	(185,177)	(8,934,872)	(8,989,575)	(87,996)	(9,077,571)
Contribution to share capital of a subsidiary by minority interest	-	-	-	-	-	-	2,533,260	2,533,260
Gain on dilution of interest in a subsidiary	-	-	-	-	1,642,818	1,642,818	(1,642,818)	-
At 31 March 2008	64,644,965	23,751,705	6,009,053	(133,144)	(59,174,707)	35,097,872	888,615	35,986,487

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the fourteen-month period ended 31 March 2008

	← Non-distributable		→			
		← Other reserves		→		
	Share capital (Note 23) RM	Share premium (Note 23) RM	Capital reserve (Note 24) RM	Asset revaluation reserve (Note 24) RM	Accumulated losses RM	Total equity RM
At 1 February 2006	64,644,965	23,751,705	7,445,000	5,763,313	(30,938,928)	70,666,055
Effect of changes in tax rates on deferred tax, representing net income recognised directly in equity	-	-	-	115,266	-	115,266
Loss for the year	-	-	-	-	(14,137,773)	(14,137,773)
Total recognised income and expense for the year	-	-	-	115,266	(14,137,773)	(14,022,507)
At 31 January 2007	64,644,965	23,751,705	7,445,000	5,878,579	(45,076,701)	56,643,548
At 1 February 2007	64,644,965	23,751,705	7,445,000	5,878,579	(45,076,701)	56,643,548
Effect of changes in tax rates on deferred tax, representing net income recognised directly in equity	-	-	-	55,765	-	55,765
Loss for the period	-	-	-	-	(7,243,048)	(7,243,048)
Total recognised income and expense for the period	-	-	-	55,765	(7,243,048)	(7,187,283)
At 31 March 2008	64,644,965	23,751,705	7,445,000	5,934,344	(52,319,749)	49,456,265

The accompanying notes form an integral part of the financial statements.

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Cash flow statements
For the fourteen-month period ended 31 March 2008

		Group		Company	
	Note	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Cash flows from operating activities					
Loss before tax		(7,849,776)	(15,136,871)	(6,882,592)	(14,182,599)
Adjustments for:					
Amortisation of prepaid land lease payments	9	156,027	154,801	136,281	136,281
Depreciation of property, plant and equipment	12	6,211,940	6,476,036	1,036,533	861,816
Deposits written off	9	-	8,200	-	-
Increase in liability for defined benefit plan	6	-	222,664	-	-
Interest expense	8	10,456,365	8,771,113	61,454	60,602
Impairment loss on investments in subsidiaries	9	-	-	4,778,883	13,206,967
Interest income	5	(290,179)	(60,448)	(67,727)	-
(Gain)/loss on disposal of property, plant and equipment	9	(379,612)	(101,643)	(35,438)	965
Loss on disposal of a subsidiary	9	-	122,762	-	-
Property, plant and equipment written off	9	-	629,154	-	-
Provision for doubtful debts, net	9	124,444	1,936,986	-	-
Reversal of impairment losses on other investment	9	-	(28,649)	-	-
Reversal of provision for retirement benefits	6	(225,947)	-	-	-
Unrealised foreign exchange (gain)/loss		(284,470)	71,641	(216,232)	-
Write down of inventories	9	156,001	158,357	-	-
Operating profit/(loss) before working capital changes carried forward		8,074,793	3,224,103	(1,188,838)	84,032

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Cash flow statements (contd.)
For the fourteen-month period ended 31 March 2008

	Note	Group 1.2.2007 to 31.3.2008 RM	Group 1.2.2006 to 31.1.2007 RM	Company 1.2.2007 to 31.3.2008 RM	Company 1.2.2006 to 31.1.2007 RM
Cash flows from operating activities (contd.)					
Operating profit/(loss) before working capital changes brought forward		8,074,793	3,224,103	(1,188,838)	84,032
Decrease in receivables		2,306,206	13,655,479	731,006	6,058,402
(Increase)/Decrease in inventories		(1,266,952)	8,667,360	-	-
(Decrease)/Increase in payables		1,873,914	(5,474,464)	920,655	3,954,895
Cash generated from operations		10,987,961	20,072,478	462,823	10,097,329
Retirement benefits paid		(13,427)	(145,258)	-	-
Taxes paid		(185,318)	(298,277)	(42,498)	(115,834)
Net cash generated from operating activities		10,789,216	19,628,943	420,325	9,981,495
Cash flows from investing activities					
Acquisition of subsidiaries		-	(10,069,103)	-	(9,000,000)
Additional investments in subsidiaries		-	-	-	(99,998)
Interest received		290,179	60,448	67,727	-
Proceeds from disposal of a subsidiary		-	574,161	-	-
Proceeds from disposal of property, plant and equipment		6,648,764	834,618	57,872	8,181
Purchase of property, plant and equipment		(4,148,335)	(4,333,380)	(76,989)	(156,577)
Net cash generated from/(used in) investing activities		2,790,608	(12,933,256)	48,610	(9,248,394)

SMPC Corporation Bhd.
(Incorporated in Malaysia)

Cash flow statements (contd.)
For the fourteen-month period ended 31 March 2008

	Group		Company	
	1.2.2007 to 31.3.2008 RM	**1.2.2006 to 31.1.2007 RM**	**1.2.2007 to 31.3.2008 RM**	**1.2.2006 to 31.1.2007 RM**
Cash flows from financing activities				
Interest paid	(6,677,868)	(8,771,113)	(61,454)	(60,602)
Net changes in short term borrowings	3,400,639	(13,587,558)	-	-
Drawdown of term loans	-	18,050,773	-	-
Proceeds from issuance of shares to minority interest	2,533,260	-	-	-
Repayment of term loans	(6,065,287)	(3,178,952)	(88,268)	(92,066)
Repayment of hire purchase	(1,684,668)	(1,576,873)	(402,325)	(434,473)
Bank overdraft restructured to term loan	2,837,647	-	-	-
Net cash used in financing activities	(5,656,277)	(9,063,723)	(552,047)	(587,141)
Net increase/(decrease) in cash and cash equivalents	7,923,547	(2,368,036)	(83,112)	145,960
Effect of foreign exchange rate changes	(41,910)	183,579	-	-
Cash and cash equivalents at beginning of financial period/year	(14,226,909)	(12,042,452)	543,852	397,892
Cash and cash equivalents at end of financial period/year	(6,345,272)	(14,226,909)	460,740	543,852

Cash and cash equivalents comprise:

	Note	**31.3.2008 RM**	**31.1.2007 RM**	**31.3.2008 RM**	**31.1.2007 RM**
Cash and bank balances	21	9,406,027	5,025,379	487,949	543,852
Bank overdrafts	26	(15,751,299)	(19,252,288)	(27,209)	-
Cash and cash equivalents		(6,345,272)	(14,226,909)	460,740	543,852

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 March 2008

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 2521, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Penang.

The principal activities of the Company are investment holding, letting of industrial and commercial assets and management consultancy. The principal activities of the subsidiaries are described in Note 14. There have been no significant changes in the nature of the principal activities during the period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 July 2008.

2. Going concern assumption

The financial statements of the Group and of the Company for the year ended 31 March 2008 have been prepared on a going concern basis. For the year ended 31 March 2008, the Group and the Company incurred net losses of RM8,976,088 and RM7,243,048 respectively and as at that date, the Group's current liabilities exceeded the current assets by RM55,402,512. In addition, certain subsidiaries were in arrears of payment to the banks and the management has negotiated with the banks for deferred payments. These conditions indicate that the ability of the Group and the Company to continue as going concern is dependent on the successful implementation of the Proposed Restructuring Scheme and the support of its bankers and creditors.

The Group and the Company have formulated the Proposed Restructuring Scheme which has been announced to Bursa Malaysia Securities Berhad on 3 July 2008 as disclosed in Note 36. The Proposed Restructuring Scheme is mainly undertaken to address the Group's gearing position to a manageable level which will substantially reduce interest expenses on borrowings. The directors are of the view that the Proposed Restructuring Scheme will be approved and implemented on a timely and successful manner.

During the financial year, the management has commenced the re-organisation of the Group's business units. This has resulted in the re-allocation of resources to more value added segments. The expansion of its operation in India coupled with the commissioning of its steel strapping plant in Thailand subsequent to the year end will further enhance the growth of the Group. The future improvement in the financial performance of the Group will also depend on the implementation of its business strategies.

2. Going concern assumption (contd.)

The Group has also implemented tighter management control which resulted in a reduction in overall operating and administrative costs. During the financial year, a subsidiary has entered into a conditional Sale and Purchase Agreement for the disposal of nine (9) pieces of land for a total consideration of approximately RM12.2million as disclosed in Note 22 to reduce the current debt obligations of the Group.

The preparation of the financial statements of the Group and of the Company on a going concern basis is dependent on the approval of the Proposed Restructuring Scheme by shareholders and relevant authorities and its successful implementation. The financial statements of the Group and the Company do not include any adjustments 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

3.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current period, the Group and the Company had adopted revised FRSs as described fully in Note 3.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for the revaluation of certain land and buildings included within property, plant and equipment.

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

3.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries′ equity since then.

(b) 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. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(c) Property, plant and equipment, and depreciation

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

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

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.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	5% to 15%
Fittings and equipment	15% to 25%
Office equipment	15%
Motor vehicles	20%
Renovation	2% to 33%

The residual values, useful life and depreciation method are reviewed at each financial year end 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.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(c) Property, plant and equipment, and depreciation (contd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's 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 groups of units.

An asset's recoverable amount is the higher of an asset's or 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 asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses 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 group 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 profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(d) Impairment of non-financial assets (contd.)

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

(e) Inventories

Inventories are stated at 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 in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) 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 and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in 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.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(f) Financial instruments (contd.)

i. Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

ii. Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

iii. 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 or loss. On disposal of short term investments, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

iv. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

v. Payables

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

vi. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(f) Financial instruments (contd.)

vii. Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

viii. Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(g) 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.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(g) Leases (contd.)

ii. Finance leases (contd.)

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.

Leasehold land are depreciated over the remaining period of the respective leases which range from 60 years to 99 years.

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 expense over the lease term on a straight-line basis.

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 element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

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 recognised on a straight-line basis over the term of the relevant lease (Note 3.2(m)(ii)). 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.

(h) Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(i) Income tax

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

Deferred tax is provided for, using the liability method. 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 not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 as income or an expense and included in the profit or loss for the period, 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 is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provisions for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Cost relating to ongoing activities are not provided for.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(k) Employee benefits

i. 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. 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").

iii. Defined benefit plans

The Group operates unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. Benefits are determined based on the length of service and last drawn wages and are payable to employees upon retirement.

The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(k) Employee benefits (contd.)

iv. 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.

v. Termination benefits

Termination benefits are payable when employment is terminate 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 or 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.

(l) Foreign currencies

i. Functional and presentation currency

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 (contd.)

3.2 Summary of significant accounting policies (contd.)

(l) Foreign currencies (contd.)

ii. Foreign currency transactions

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, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

iii. Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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.

3. Significant accounting policies (contd.)

3.2 Summary of significant accounting policies (contd.)

(m) Revenue recognition (contd.)

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 Group's right to receive payment is established.

(n) 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 or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

3. Significant accounting policies (contd.)

3.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 February 2007, the Group and the Company adopted the following revised FRS and amendment to FRS:

FRS 117: Leases
FRS 124: Related Party Disclosures
Amendment to FRS 119_{2004}: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which is effective for financial periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group or the Company.

The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) Leasehold land held for own use

Prior to 1 February 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and any accumulated impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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 of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

3. Significant accounting policies (contd.)

3.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (contd.)

(a) Leasehold land held for own use (contd.)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note 3.3(b), certain comparatives have been restated. The effects on the consolidated balance sheet and the Company's balance sheet as at 31 March 2008 are set out below:

	Group 2008 RM	Company 2008 RM
Decrease in property, plant and equipment	(6,993,143)	(4,956,784)
Increase in prepaid land lease payments	6,993,143	4,956,784

There were no effects on the consolidated income statement and the Company's separate financial statements for the period ended 31 March 2008.

(b) Restatement of comparatives

The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

Group	Previously stated RM	Increase/ (decrease) RM	Restated RM
Prepaid land lease payments	-	7,149,170	7,149,170
Property, plant and equipment	115,652,417	(7,149,170)	108,503,247
Company			
Prepaid land lease payments	-	5,093,065	5,093,065
Property, plant and equipment	21,779,650	(5,093,065)	16,686,585

3. Significant accounting policies (contd.)

3.4 Standards and interpretations issued but not yet effective

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

FRS, Amendment to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above new and revised FRS, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

FRS 112 : Income Taxes

The Group does not recognise deferred tax assets on unused reinvestment allowances as required by paragraph 36 of FRS 112_{2004} Income Taxes. Under the revised FRS 112 Income Taxes, the Group will have to recognise deferred tax asset on such unused reinvestment allowances to the extent that it is probable that future taxable profit will be available against which the unused reinvestment allowances can be utilised. The directors are unable to determine if the initial adoption of this revised FRS will have a material on the financial statements for the year ending 31 March 2009.

3. Significant accounting policies (contd.)

3.4 Standards and interpretations issued but not yet effective (contd.)

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS139.

3.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that has 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 a finance lease), the Group would account for the portion separately. If the portions could note 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 a 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. The carrying amounts of goodwill as at 31 March 2008 was RM1,875,643 (31 January 2007: RM1,875,643). Further details are disclosed in Note 16.

3. Significant accounting policies (contd.)

3.5 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty (contd.)

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 Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions and other available information.

iii. Impairment of investments in subsidiaries

During the current period, the Company has recognised impairment losses in respect of investment in a subsidiary. The Company carried out the impairment test based on the estimate of the higher of the 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. The carrying amount of investments in subsidiaries of the Company as at 31 March 2008 was RM28,341,692 (31 January 2007: RM33,120,575). Further details of the impairment losses recognised are disclosed in Note 14.

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 29.

3. Significant accounting policies (contd.)

3.5 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty (contd.)

vi. Provision 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.

4. Revenue

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Sale of goods	198,251,532	213,814,928	-	-
Rental of industrial and commercial assets	-	-	147,627	735,870
Management consultancy fees	-	-	3,900,000	3,360,000
	198,251,532	213,814,928	4,047,627	4,095,870

5. Other income

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Dividend income on equity investment, quoted in Malaysia	600	800	-	-
Interest income	290,179	60,448	67,727	-
Rental receivable from operating leases	103,128	276,767	-	-
Sales incentives earned	534,248	1,637,988	-	-
Scrap sales	576,429	511,344	-	-
Miscellaneous	84,306	208,342	-	-
	1,588,890	2,695,689	67,727	-

6. Employee benefits expense

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Wages and salaries	12,613,203	11,790,045	3,184,180	2,452,865
Social security contributions	164,939	89,317	11,851	10,177
Contributions to defined contribution plan	825,002	758,443	213,622	92,971
(Reversal of provision for retirement benefits)/increase in liability for defined benefit plan (Note 25(a))	(225,947)	222,664	-	-
Termination benefits	644,702	-	-	-
Other benefits	1,168,427	1,000,202	22,181	108,543
	15,190,326	13,860,671	3,431,834	2,664,556

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,843,850 (2007: RM1,783,572) and RM1,615,730 (2007: RM1,545,012) respectively as further disclosed in Note 7.

7. Directors' remuneration

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,459,270	1,320,000	1,442,270	1,320,000
Bonus	37,500	108,216	37,500	108,216
Defined contribution plans	135,960	116,796	135,960	116,796
	1,632,730	1,545,012	1,615,730	1,545,012
Non-executive :				
Fees	76,000	72,000	76,000	72,000
Other directors				
Executive:				
Salaries and other emoluments	182,000	200,000	-	-
Bonus	6,500	13,000	-	-
Defined contribution plans	22,620	25,560	-	-
	211,120	238,560	-	-
Total directors' remuneration	1,919,850	1,855,572	1,691,730	1,617,012

7. Directors' remuneration (contd.)

	Group		Company	
	1.2.2007 to 31.3.2008 RM	**1.2.2006 to 31.1.2007 RM**	**1.2.2007 to 31.3.2008 RM**	**1.2.2006 to 31.1.2007 RM**
Analysed as:				
Total executive directors' remuneration (Note 6)	1,843,850	1,783,572	1,615,730	1,545,012
Total non-executive directors' remuneration (Note 9)	76,000	72,000	76,000	72,000
Total directors' remuneration	1,919,850	1,855,572	1,691,730	1,617,012

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	1.2.2007 to 31.3.2008 RM	**1.2.2006 to 31.1.2007 RM**
Executive directors:		
Below RM50,000	1	-
RM50,001 - RM100,000	-	1
RM100,001 – RM200,000	1	-
RM300,001 – RM400,000	1	-
RM400,001 – RM450,000	-	1
RM450,001 – RM500,000	1	1
RM550,001 – RM600,000	-	1
RM600,001 – RM650,000	1	-
Non-executive directors:		
Below RM50,000	3	3

8. Finance costs

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Interest expense on:				
- bank borrowings and payables	10,222,046	8,499,146	8,400	-
- hire purchase and finance lease liabilities	234,319	271,967	53,054	60,602
	10,456,365	8,771,113	61,454	60,602
Bank charges	639,369	754,405	-	-
Others	-	30,273	-	7,590
	11,095,734	9,555,791	61,454	68,192

9. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Amortisation of prepaid land lease payments (Note 13)	156,027	154,801	136,281	136,281
Auditors' remuneration				
- statutory audits	185,485	210,338	33,000	34,000
- (over)/underprovision in prior year	(29,737)	2,000	7,903	-
Carriage inwards	619,021	345,542	-	-
Carriage outwards	967,013	967,013	-	-
Deposits written off	-	8,200	-	-
Fuel charges	527,574	510,820	-	-
Impairment losses on investments in subsidiaries (Note 14(c))	-	-	4,778,883	13,206,967
(Gain)/loss on disposal of property, plant and equipment	(379,612)	(101,643)	(35,438)	965
Loss on disposal of a subsidiary	-	122,762	-	-
Non-executive directors' remuneration (Note 7)	76,000	72,000	76,000	72,000

9. Loss before tax (contd.)

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Operating leases:				
- minimum lease payments for buildings	200,190	169,444	6,600	98,069
- minimum lease payments for plant and machinery	35,213	559,795	-	-
Property, plant and equipment written off	-	629,154	-	-
Provision for doubtful debts, net	124,444	1,936,986	-	-
Reversal of impairment losses on other investment	-	(28,649)	-	-
Travelling expenses	652,176	680,285	289,085	359,574
Net foreign exchange (gains)/losses	(484,381)	101,914	(216,232)	-
Write-down of inventories	156,001	158,357	-	-

10. Income tax expense

	Group		Company	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Current income tax:				
Malaysian income tax	796,273	553,184	-	-
Under/(over)provision in prior years	279,506	(395,843)	409,017	-
	1,075,779	157,341	409,017	-
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	55,510	(253,995)	(48,561)	(44,826)
Relating to changes in tax rates	(4,977)	(12,124)	-	-
Overprovision in prior year	-	(241,427)	-	-
	50,533	(507,546)	(48,561)	(44,826)
Total income tax expense for the period/year	1,126,312	(350,205)	360,456	(44,826)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory rate will be reduced to 25% from current year's rate of 26% in the subsequent year. The computation of deferred tax as at 31 March 2008 has reflected these changes.

10. Income tax expense (contd.)

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of the income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Loss before tax	(7,849,776)	(15,136,871)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(2,040,942)	(4,086,955)
Effect of income subject to tax rate of 20%	(60,000)	(70,000)
Income not subject to tax	(29,479)	(49,864)
Expenses not deductible for tax purposes	1,809,118	808,639
Effect of changes in tax rates on deferred tax	(14,147)	(12,124)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other temporarily differences	(11,128)	(70,884)
Deferred tax assets not recognised in respect of current period/year's tax losses, unabsorbed capital allowances and other temporarily differences	1,257,175	3,768,253
Reinvestment allowance claimed during the period	(63,791)	-
Under/(over)provision of income tax expense in prior years	279,506	(395,843)
Overprovision of deferred tax in prior year	-	(241,427)
Income tax expense for the period/year	1,126,312	(350,205)

Company	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Loss before tax	(6,882,592)	(14,182,599)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(1,789,474)	(3,829,302)
Expenses not deductible for tax purposes	1,577,078	3,776,780
Deferred tax assets not recognised in respect of current period/year's tax losses	163,837	7,696
Underprovision of tax expense in prior year	409,015	-
Income tax expense for the period/year	360,456	(44,826)

11. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing the net loss for the period/year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the period.

	GROUP	
	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Loss attributable to ordinary equity holders of the Company	(8,934,872)	(14,898,097)
Number of ordinary shares in issue	64,644,965	64,644,965
Basic loss per share for loss for the period/year (sen)	(13.82)	(23.05)

(b) Diluted

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.

12. Property, plant and equipment

Group	Freehold land and buildings RM	Buildings RM	Plant and machinery RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Capital work-in-progress RM	Total RM
At 31 March 2008						
Cost or valuation						
At 1 February 2007						
At cost	51,534,262	13,210,540	72,696,514	16,052,021	240,637	153,733,974
At valuation	5,800,000	10,250,019	-	-	-	16,050,019
	57,334,262	23,460,559	72,696,514	16,052,021	240,637	169,783,993
Additions	77,519	36,960	2,673,829	720,037	1,483,963	4,992,308
Disposals/written-off	(97,900)	-	(10,146,179)	(710,095)	(268,367)	(11,222,541)
Reclassified as asset held for sale (Note 22)	(12,715,296)	-	-	-	-	(12,715,296)
Exchange differences	(43,112)	-	(136,534)	(21,943)	-	(201,589)
At 31 March 2008	44,555,473	23,497,519	65,087,630	16,040,020	1,456,233	150,636,875

12. Property, plant and equipment (contd.)

	Freehold land and buildings RM	Buildings RM	Plant and machinery RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Capital work-in-progress RM	Total RM
Representing:						
At cost	44,220,906	13,247,500	65,087,630	16,040,020	1,456,233	140,052,289
At valuation	334,567	10,250,019	-	-	-	10,584,586
At 31 March 2008	44,555,473	23,497,519	65,087,630	16,040,020	1,456,233	150,636,875
Accumulated depreciation and impairment						
At 1 February 2007	4,797,287	3,575,769	40,748,767	12,158,923	-	61,280,746
Depreciation charge for the period	900,078	480,461	3,375,489	1,455,912	-	6,211,940
Disposals/written off	(15,282)	-	(4,297,199)	(640,908)	-	(4,953,389)
Reclassified as asset held for sale (Note 22)	(774,833)	-	-	-	-	(774,833)
Exchange differences	(1,784)	-	(7,959)	(1,799)	-	(11,542)
At 31 March 2008	4,905,466	4,056,230	39,819,098	12,972,128	-	61,752,922
Net carrying amount						
At cost	39,315,440	10,540,302	25,268,532	3,067,892	1,456,233	79,648,399
At valuation	334,567	8,900,987	-	-	-	9,235,554
At 31 March 2008	39,650,007	19,441,289	25,268,532	3,067,892	1,456,233	88,883,953
At 31 January 2007						
Cost or valuation						
At 1 February 2006						
At cost	48,609,747	12,110,540	68,515,482	14,828,439	211,443	144,275,651
At valuation	5,800,000	10,250,019	-	-	-	16,050,019
	54,409,747	22,360,559	68,515,482	14,828,439	211,443	160,325,670
Additions	475,922	-	912,567	1,287,094	2,640,177	5,315,760
Disposals/written-off	-	-	(2,767,923)	(877,625)	-	(3,645,548)
Reclassification	2,466,996	-	143,987	-	(2,610,983)	-
Acquisition of a subsidiary	-	1,100,000	7,214,095	1,286,352	-	9,600,447
Disposal of a subsidiary	-	-	(1,265,767)	(463,199)	-	(1,728,966)
Exchange differences	(18,403)	-	(55,927)	(9,040)	-	(83,370)
At 31 January 2007	57,334,262	23,460,559	72,696,514	16,052,021	240,637	169,783,993
Representing:						
At cost	51,534,262	13,210,540	72,696,514	16,052,021	240,637	153,733,974
At valuation	5,800,000	10,250,019	-	-	-	16,050,019
At 31 January 2007	57,334,262	23,460,559	72,696,514	16,052,021	240,637	169,783,993

12. Property, plant and equipment (contd.)

	Freehold land and buildings RM	Buildings RM	Plant and machinery RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and impairment						
At 1 February 2006	4,005,604	3,164,925	37,575,213	11,285,386	-	56,031,128
Depreciation charge for the year	791,837	386,685	3,959,204	1,338,310	-	6,476,036
Disposals/written off	-	-	(1,418,655)	(864,764)	-	(2,283,419)
Acquisition of a subsidiary	-	24,159	1,171,835	649,612	-	1,845,606
Disposal of a subsidiary	-	-	(538,166)	(249,350)	-	(787,516)
Exchange differences	(154)	-	(664)	(271)	-	(1,089)
At 31 January 2007	4,797,287	3,575,769	40,748,767	12,158,923	-	61,280,746
Net carrying amount						
At cost	46,736,975	10,732,349	31,947,747	3,893,098	240,637	93,550,806
At valuation	5,800,000	9,152,441	-	-	-	14,952,441
At 31 January 2007	52,536,975	19,884,790	31,947,747	3,893,098	240,637	108,503,247

Company	Buildings RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Total RM
At 31 March 2008			
Cost or valuation			
At 1 February 2007			
At cost	8,057,307	6,530,257	14,587,564
At valuation	10,250,019	-	10,250,019
	18,307,326	6,530,257	24,837,583
Additions	36,960	40,029	76,989
Disposal	-	(161,175)	(161,175)
At 31 March 2008	18,344,286	6,409,111	24,753,397
Representing:			
At cost	8,094,267	6,409,111	14,503,378
At valuation	10,250,019	-	10,250,019
At 31 March 2008	18,344,286	6,409,111	24,753,397

12. Property, plant and equipment (contd.)

	Buildings RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Total RM
Accumulated depreciation			
At 1 February 2007	3,136,123	5,014,875	8,150,998
Depreciation charge for the period	415,228	621,305	1,036,533
Disposal	-	(138,741)	(138,741)
At 31 March 2008	3,551,351	5,497,439	9,048,790
Net carrying amount			
At cost	5,891,948	911,672	6,803,620
At valuation	8,900,987	-	8,900,987
At 31 March 2008	14,792,935	911,672	15,704,607

Company

At 31 January 2007

	Buildings RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Total RM
Cost or valuation			
At 1 February 2006			
At cost	8,057,307	5,792,388	13,849,695
At valuation	10,250,019	-	10,250,019
	18,307,326	5,792,388	24,099,714
Additions	-	750,488	750,488
Disposal	-	(12,619)	(12,619)
At 31 January 2007	18,307,326	6,530,257	24,837,583
Representing:			
At cost	8,057,307	6,530,257	14,587,564
At valuation	10,250,019	-	10,250,019
At 31 January 2007	18,307,326	6,530,257	24,837,583
Accumulated depreciation			
At 1 February 2006	2,798,258	4,494,399	7,292,657
Depreciation charge for the year	337,865	523,951	861,816
Disposal	-	(3,475)	(3,475)
At 31 January 2007	3,136,123	5,014,875	8,150,998

12. Property, plant and equipment (contd.)

	Buildings RM	Fittings, equipment, office equipment, motor vehicles and renovation RM	Total RM
Net carrying amount			
At cost	6,018,762	1,515,382	7,534,144
At valuation	9,152,441	-	9,152,441
At 31 January 2007	15,171,203	1,515,382	16,686,585

(a) Certain land and buildings of the Group and of the Company were last revalued in 1994 by a professional valuer using the open market value basis.

Details of independent professional valuations of the properties of the Group and of the Company are as follows:

Year of valuation	Description of property	Valuation amount RM	Basis of valuation
1994	Freehold land at Bukit Minyak, Seberang Prai Selatan, Penang	5,800,000	Open market value
1994	Industrial leasehold land and buildings at Seberang Prai Tengah, Penang	15,500,000	Open market value
		21,300,000	

Had the revalued freehold land and buildings been carried at cost model, the net carrying amounts that would have been included in the financial statements of the Group and of the Company as at 31 March/31 January would be as follows:

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Freehold land	4,865,381	4,865,381	-	-
Buildings	4,253,002	4,399,985	4,253,002	4,399,985
	9,118,383	9,265,366	4,253,002	4,399,985

12. Property, plant and equipment (contd.)

(b) During the period, the Group and the Company acquired property, plant and equipment at aggregate costs of RM4,992,308 (2007: RM5,315,760) and RM76,989 (2007: RM750,488) respectively of which RM843,973 (2007: RM982,380) and RMNil (2007: RM593,911) respectively were acquired by means of hire purchase and finance lease arrangements. Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Motor vehicle	1,952,126	1,856,574	719,241	1,281,331
Plant and Machinery	1,964,125	1,995,577	-	-
	3,916,251	3,852,151	719,241	1,281,321

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 27.

(c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 26) are as follows:

	Group	
	31.3.2008 RM	31.1.2007 RM
Freehold land and buildings	39,453,902	52,339,015
Buildings	19,253,333	19,691,687
	58,707,235	72,030,702

(d) Included in property, plant and equipment of the Group is a freehold land and building amounting to RM1,288,485 (2007: RM1,298,402) that has been leased to a third party as disclosed in Note 30.

13. Prepaid land lease payments

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
At 1 February	7,149,170	5,229,346	5,093,065	5,229,346
Additions	-	2,074,625	-	-
Amortisation for the period/year (Note 9)	(156,027)	(154,801)	(136,281)	(136,281)
At 31 March/January	6,993,143	7,149,170	4,956,784	5,093,065
Analysed as:				
Long term leasehold land	6,993,143	7,149,170	4,956,784	5,093,065

The above leasehold land are pledged as securities for borrowings as disclosed in Note 26.

14. Investments in subsidiaries

	Company 31.3.2008 RM	Company 31.1.2007 RM
Unquoted shares at cost	78,013,543	78,013,543
Accumulated impairment losses	(49,671,851)	(44,892,968)
	28,341,692	33,120,575

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %	Principal activities
SMPC Industries Sdn. Bhd.*	Malaysia	100	100	Metal sheet and coil processing centre with main services in shearing and reshearing. During last financial year, the company has transferred its manufacturing of steel furniture to SMPC Dexon Sdn. Bhd. and ceased its slitting and strapping services.
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.
Progerex Sdn. Bhd.* (wholly owned by SMPC Marketing Sdn. Bhd.)	Malaysia	100	100	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Edit Systems (M) Sdn. Bhd.*	Malaysia	70	70	Operation of an educational institution. The company has become dormant.

14. Investments in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows (contd.):

Name of subsidiaries	Country of incorporation	Proportion of ownership interest 2008 %	2007 %	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.
Duro Structural Products Sdn. Bhd. (a subsidiary of Duro Metal Industrial (M) Sdn. Bhd.)	Malaysia	70	70	Trading in steel roofing and manufacturing of floor decks and structures for steel roofing and wall cladding. The company has ceased its operations and become dormant during the period.
Duro Marketing Sdn. Bhd. (wholly owned by Duro Metal Industrial (M) Sdn. Bhd.)	Malaysia	100	100	Trading in steel roofing, construction material and provision of related services. The company has ceased its operations and become dormant during the period.
SMPC Industries (India) Private Limited **	India	74	100	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.

* The auditors' reports of the financial statements of these subsidiaries for the period ended 31 March 2008 contain emphasis of matter on uncertainties over their ability to continue as going concerns.

** Audited by firm of auditors other than Ernst & Young.

14. Investments in subsidiaries (contd.)

(b) Dilution of equity interest in a subsidiary

During the period, SMPC Industries (India) Private Limited ("SMPCI") issued 806,152 new ordinary shares of Rupee 37 (approximately RM0.08493) each, which was subscribed by its minority interest for a consideration of Rupee 29,827,624 (approximately RM2,533,260). The Group's equity interest in SMPCI after the said issuance is diluted to 74%.

(c) Impairment loss recognised

The management of the Company has carried out a review of the recoverable amount of its investments in subsidiaries during the period. The review has led to the recognition of an impairment loss of RM4,778,883 as disclosed in Note 9. The recoverable amount was based on the fair value less cost to sell and was determined at the cash generating unit ("CGU") which consists of the assets of all investments in subsidiaries. In determining fair value less cost to sell for the CGU, the discount rate applied to cash flow projections is the Group's internal rate of return.

15. Other investment

	Group and Company	
	31.3.2008	**31.1.2007**
Unquoted shares, at cost	299,838	299,838
Accumulated impairment losses	(299,838)	(299,838)
	-	-

16. Goodwill

	Group	
	31.3.2008 RM	**31.1.2007 RM**
Cost		
At 1 February	1,875,643	957,154
Acquisition of a subsidiary	-	918,489
At 31 January/March	1,875,643	1,875,643

16. Goodwill (contd.)

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:

	1.2.2007 to 31.3.2008	1.2.2006 to 31.1.2007
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 increased for expected efficiency improvements.

(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 materially exceed their recoverable amounts.

17. Inventories

	Group 31.3.2008 RM	Group 31.1.2007 RM
Raw materials	9,906,617	6,671,857
Work-in-progress	203,188	1,529,945
Finished goods	3,732,048	4,335,567
Trading goods	5,913,292	6,106,825
Consumables	120,186	120,186
	19,875,331	18,764,380

18. Trade receivables

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Third parties	47,817,239	50,556,828	-	-
Subsidiaries	-	-	8,420,276	7,907,526
Related parties	5,557,659	9,377,237	-	21,733
	53,374,898	59,934,065	8,420,276	7,929,259
Provision for doubtful debts	(17,301,732)	(16,618,043)	-	-
Trade receivables, net	36,073,166	43,316,022	8,420,276	7,929,259
Due from related parties:				
Pitchai Metal Sdn. Bhd.*	5,557,659	9,304,504	-	-
Kumpulan Pitchai Sdn. Bhd.**	-	72,733	-	21,733
	5,557,659	9,377,237	-	21,733

* Companies in which certain directors of the Company i.e. Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty have substantial interests.

** A corporate shareholder and a company in which certain directors of the Company i.e. Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty have substantial interests.

18. Trade receivables (contd.)

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month to three months. Each customer has a maximum credit limit. The Group has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

(b) Amount due from related parties and subsidiaries

Amount due from related parties and subsidiaries are non-interest bearing and are repayable on demand. All related parties and subsidiaries receivable are unsecured and are to be settled in cash.

Further on related party transactions are disclosed in Note 33.

Other information on financial risk of trade receivables are disclosed in Note 34.

19. Other receivables

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Subsidiaries	-	-	1,969,230	1,952,906
Deposits	2,201,122	1,080,478	426,017	431,339
Prepayments	848,857	675,449	150,846	-
Sundry receivables	8,431,247	4,831,906	142,789	1,526,661
	11,481,226	6,587,833	2,688,882	3,910,906
Provision for doubtful debts	(94,275)	(94,275)	-	-
	11,386,951	6,493,558	2,688,882	3,910,906

The amounts due from subsidiaries are unsecured, non-interest bearing, have no fixed terms of repayment and are to be settled in cash.

Included in the deposits of the Group and of the Company is a deposit amounting to RM380,300 (2007: RM380,000) held by a lender as security for a term loan as referred to in Note 26.

Included in sundry receivables of the Group at 31 March 2008 was RM6,710,876 (2007: RM1,287,270) which arose from the disposal of plant and machinery.

19. Other receivables (contd.)

Included in previous financial year's sundry receivables of the Group and of the Company was an amount of RM1,319,435 receivable from the previous shareholders (vendors) of Duro Metal Industrial (M) Sdn. Bhd. The amount receivable is secured and is in relation to the shortfall between the profit guaranteed by the vendors and the actual consolidated results of the subsidiary for the prior financial year. The vendors are Kumpulan Pitchai Sdn. Bhd., a substantial corporate shareholder of the Company, Machendran a/l Pitchai Chetty, a director and shareholder of the Company; and two other individuals.

Further detail on related party transactions are disclosed in Note 33.

Other information on financial risks of other receivables are disclosed in Note 34.

20. Short term investments

	Group	
	31.3.2008	**31.1.2007**
	RM	**RM**
Quoted:		
Unit trusts in Malaysia	148,931	148,931
Shares in Malaysia	42,040	42,040
	190,971	190,971
Market value of quoted investments	216,421	204,149

21. Cash and bank balances

	Group		Company	
	31.3.2008	**31.1.2007**	**31.3.2008**	**31.1.2007**
	RM	**RM**	**RM**	**RM**
Cash on hand and at banks	8,387,305	3,630,930	34,722	208,352
Deposits with licensed banks	1,018,722	1,394,449	453,227	335,500
Cash and bank balances	9,406,027	5,025,379	487,949	543,852

Deposits with licensed banks of the Group and of the Company amounting to RM1,001,903 (2007: RM1,344,664) and RM453,227 (2007: RM335,000) respectively, are pledged to banks for bank borrowings granted to certain subsidiaries as referred to in Note 26.

Other information on financial risks of cash and bank balances are disclosed in Note 34.

22. Assets held for sale

Assets held for sale comprise freehold land of a subsidiary. During the period, the subsidiary has entered into a sales and purchase agreements with a third party for the sale of the freehold land. 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 land and is awaiting for the approval from land office.

23. Share capital and share premium

Group and Company	Number of ordinary shares of RM1 each Share capital (issued and fully paid)	← Amount → Share capital (issued and fully paid) RM	Non-distributable share premium RM	Total share capital and share premium RM
At 31 January 2007 and 31 March 2008	64,644,965	64,644,965	23,751,705	88,396,670

	Number of ordinary shares of RM1 each 31.3.2008	31.1.2007	← Amount → 31.3.2008 RM	31.1.2007 RM
Authorised share capital				
At 31 January 2007 and 31 March 2008	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. Other reserves

	Group 31.3.2008 RM	31.1.2007 RM	Company 31.3.2008 RM	31.1.2007 RM
Asset revaluation reserve	6,009,053	5,878,579	5,934,344	5,878,579
Foreign currency translation reserve	(133,144)	52,033	-	-
Capital reserve	-	-	7,445,000	7,445,000
	5,875,909	5,930,612	13,379,344	13,323,579

24. Other reserves (contd.)

The nature and purpose of each category of reserve are as follows:

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of freehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reserve

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

25. Employee benefits

(a) Retirement benefit obligations

The Group has terminated the defined Retirement Benefits Scheme during the period. Below is the unfunded, defined Retirement Benefits Scheme for its eligible employees.

	Group	
	31.3.2008 RM	31.1.2007 RM
At beginning of period/year	239,374	161,968
Recognised in income statement (Note 6)	(225,947)	222,664
Utilised during the period/year	(13,427)	(145,258)
At end of period/year	-	239,374
At 31 January		
Current	-	-
Non-current:		
Later than 1 year but not later than 2 years	-	60,900
Later than 2 years but not later than 5 years	-	64,266
Later than 5 years	-	114,208
	-	239,374
	-	239,374

25. Employee benefits (contd.)

(a) Retirement benefit obligations (contd.)

The amounts recognised in the income statement are as follows:

	1.2.2007 to 31.3.2008 RM	1.2.2006 To 31.1.2007 RM
Current service cost	-	192,813
Interest cost	-	29,476
Net actuarial losses recognised during the year	(225,947)	375
Total, included in employee benefits expense (Note 6)	(225,947)	222,664

Principal actuarial assumptions used:

	2008 %	2007 %
Discount rate	-	6.5
Expected rate of salary increases	-	5.0

(b) Employee share options scheme (ESOS)

The Company's Employee Share Option 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 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% of the shares in the Company available under the ESOS.

25. Employee benefits (contd.)

(b) Employee share options scheme (ESOS) (contd.)

(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 2008, the details of the share options are as follows:

Year Granted	Option Price	Balance as at 1 February 2007	Granted	Exercised	Balance as at 31 March 2008	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 period.

26. Borrowings

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Short term borrowings				
Secured:				
Bank overdrafts	15,751,299	19,252,288	27,209	-
Bankers' acceptances	36,160,604	30,674,952	-	-
Letter of credits	-	1,367,132	-	-
Revolving credits	12,250,000	12,250,000	-	-
Trust receipts	129,350	847,231	-	-
Term loans	35,393,492	12,112,747	506,570	698,123
Hire purchase and finance lease liabilities (Note 27)	1,339,653	1,345,943	293,774	346,387
	101,024,398	77,850,293	827,553	1,044,510
Long term borrowings				
Secured:				
Term loans	2,164,099	28,888,716	654,452	767,399
Hire purchase and finance lease liabilities (Note 27)	1,261,180	2,095,585	372,322	722,034
	3,425,279	30,984,301	1,026,774	1,489,433

26. Borrowings (contd.)

	Group 31.3.2008 RM	Group 31.1.2007 RM	Company 31.3.2008 RM	Company 31.1.2007 RM
Total borrowings				
Bank overdrafts	15,751,299	19,252,288	27,209	-
Bankers' acceptances	36,160,604	30,674,952	-	-
Letter of credits	-	1,367,132	-	-
Revolving credits	12,250,000	12,250,000	-	-
Trust receipts	129,350	847,231	-	-
Term loans	37,557,591	41,001,463	1,161,022	1,465,522
	101,848,844	105,393,066	1,188,231	1,465,522
Hire purchase and finance lease liabilities (Note 27)	2,600,833	3,441,528	666,096	1,068,421
	104,449,677	108,834,594	1,854,327	2,533,943

(a) The secured borrowings of the Group and the Company are secured by:

i) Legal charges and deed of assignment over freehold and leasehold land and buildings as referred in Notes 12(c) and 13;

ii) Negative pledge on assets of the Company and certain subsidiaries;

iii) A deposit of RM380,300 held in trust by a lender as referred in Note 19;

iv) Deposits with licensed banks of the Group and of the Company as referred in Note 21; and

v) Corporate guarantee of the Company and its subsidiaries.

(b) The Group have arrears of payments amounting to RM865,106 as at 31 March 2008, as such the balance outstanding due has been reclassified to short term borrowings. Subsequent to the financial period, the management has negotiated with the banks for deferred payments.

(c) Included in borrowings are RM71,176,000 payable to certain financial institutions which will be repaid from the proceeds from the Debt Restructuring Scheme as disclosed in Note 36.

Other information on financial risks of borrowings is disclosed in Note 34.

27. Hire purchase and finance lease liabilities

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Future minimum lease payments:				
Not later than 1 year	1,471,508	1,511,077	321,237	393,788
Later than 1 year and not later than 2 years	910,069	1,214,598	226,116	335,960
Later than 2 years and not later than 5 years	414,623	1,029,096	167,408	440,392
Total future minimum lease payments	2,796,200	3,754,771	714,761	1,170,140
Less: Future finance charges	(195,367)	(313,243)	(48,665)	(101,719)
Present value of finance lease liabilities (Note 26)	2,600,833	3,441,528	666,096	1,068,421
Analysis of present value of finance lease liabilities				
Not later than 1 year	1,339,653	1,345,943	293,774	346,387
Later than 1 year and not later than 2 years	862,939	1,111,807	212,695	306,606
Later than 2 years and not later than 5 years	398,241	983,778	159,627	415,428
	2,600,833	3,441,528	666,096	1,068,421
Less: Amount due within 12 months (Note 26)	(1,339,653)	(1,345,943)	(293,774)	(346,387)
Amount due after 12 months (Note 26)	1,261,180	2,095,585	372,322	722,034

The Group has finance leases and hire purchase contracts for various items of property, plant and equipment (see Note 12(b)). There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 34.

28. Trade payables

	Group	
	31.3.2008 RM	31.1.2007 RM
Third parties:		
- Interest bearing	13,776,557	14,226,557
- Non-interest bearing	17,250,308	16,920,799
	31,026,865	31,147,356
Analysed as:		
- Non-current	-	12,186,557
- Current	31,026,865	18,960,799
	31,026,865	31,147,356

The normal trade credit terms granted by the non-interest bearing trade payables to the Group range from one month to three months.

The interest bearing trade payables relates to amount payable to a vendor which is secured by corporate guarantee given by the Company amounting to RM13,776,557 and a debenture on the fixed and floating charge over the present and future assets of a subsidiary. Pursuant to the Debt Restructuring Scheme as disclosed in Note 36, this amount has been classified as current. As at 31 January 2007, the amount due to the vendor amounted to RM14,226,557 was payable in 60 equal monthly instalments of RM170,000 and a final instalment of RM5,946,557.

Other information on financial risks of trade payables are disclosed in Note 34.

29. Deferred tax

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
At 1 February	3,018,402	2,047,762	1,178,460	1,338,552
Recognised in income statement (Note 10)	50,533	(507,546)	(48,561)	(44,826)
Recognised in equity	(130,474)	(115,266)	(55,765)	(115,266)
Acquisition of a subsidiary	-	1,731,352	-	-
Disposal of a subsidiary	-	(137,900)	-	-
At 31 March/31 January	2,938,461	3,018,402	1,074,134	1,178,460

29. Deferred tax (contd.)

The components and movements of deferred tax liabilities and assets during the period prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Revaluation of land and buildings RM	Others RM	Total RM
At 1 February 2007	1,080,812	2,965,905	(3,517)	4,043,200
Recognised in income statement	(658,756)	31,848	3,517	(623,391)
Recognised in equity	-	(130,474)	-	(130,474)
At 31 March 2008	422,056	2,867,279	-	3,289,335
At 1 February 2006	1,420,961	1,777,552	(3,517)	3,194,996
Recognised in income statement	(518,550)	(100,704)	-	(619,254)
Recognised in equity	-	(115,266)	-	(115,266)
Acquisition of a subsidiary	327,029	1,404,323	-	1,731,352
Disposal of a subsidiary	(148,628)	-	-	(148,628)
At 31 January 2007	1,080,812	2,965,905	(3,517)	4,043,200

Deferred tax assets of the Group:

	Provisions RM	Unabsorbed capital allowances RM	Payables RM	Total RM
At 1 February 2007	(638,636)	(320,000)	(66,162)	(1,024,798)
Recognised in income statement	608,051	-	65,873	673,924
At 31 March 2008	(30,585)	(320,000)	(289)	(350,874)
At 1 February 2006	(761,072)	(320,000)	(66,162)	(1,147,234)
Recognised in income statement	111,708	-	-	111,708
Disposal of subsidiary	10,728	-	-	10,728
At 31 January 2007	(638,636)	(320,000)	(66,162)	(1,024,798)

29. Deferred tax (contd.)

Deferred tax liabilities/(assets) of the Company:

	Revaluation of leasehold land RM	Unabsorbed capital allowances RM	Total RM
At 1 February 2007	1,498,460	(320,000)	1,178,460
Recognised in income statement	(48,561)	-	(48,561)
Recognised in equity	(55,765)	-	(55,765)
At 31 January 2008	1,394,134	(320,000)	1,074,134
At 1 February 2006	1,658,552	(320,000)	1,338,552
Recognised in income statement	(44,826)	-	(44,826)
Recognised in equity	(115,266)	-	(115,266)
At 31 January 2007	1,498,460	(320,000)	1,178,460

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Unutilised tax losses	74,438,000	70,530,000	1,078,000	448,000
Unabsorbed capital allowances	16,463,000	20,427,000	-	-

The unutilised tax losses and unabsorbed capital allowances of the Group and of the Company are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

30. Other payables

	Group		Company	
	31.3.2008 RM	31.1.2007 RM	31.3.2008 RM	31.1.2007 RM
Subsidiaries	-	-	8,130,697	7,178,282
Prepayment of lease rental	1,036,080	1,106,486	-	-
Accrued interest	5,219,432	1,440,935	-	-
Other accruals	2,040,519	1,475,366	326,703	251,567
Sundry payables	4,155,100	2,642,493	-	106,896
	12,451,131	6,665,280	8,457,400	7,536,745

30. Other payables (contd.)

The prepayment of lease rental is received from a third party, for lease of part of the freehold land as disclosed in Note 12(d).

The amount due to subsidiaries represents advances, which are unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

Further details on related party transactions are disclosed in Note 33.

Other information on financial risks of other payables are disclosed in Note 34.

31. Capital commitment

	Group	
	31.3.2008	**31.1.2007**
	RM	**RM**
Property, plant and equipment, approved and contracted for	-	145,900

32. Contingent liabilities (unsecured)

	31.3.2008	**31.1.2007**
	RM	**RM**
Group and Company		
Guarantee for loan facilities given to Vinanic Steel Processing Company (Vietnam), an investee company	825,531	944,000
Company		
Guarantee for banking facilities given to subsidiaries	100,660,613	103,927,544
Guarantee for trade payables of subsidiaries	21,139,264	20,283,189

33. Related party disclosures

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the period:

		1.2.2007 to 31.3.2008	**1.2.2006 to 31.1.2007**
Group		**RM**	**RM**
Rental expense paid to Pitchai Metal Sdn. Bhd.*	(i)	-	360,000

33. Related party disclosures (contd.)

Company		1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Subsidiaries			
Rental income receivable	(i)	147,627	735,870
Management consultancy fees receivable	(ii)	3,900,000	3,360,000

* Companies in which certain directors i.e. Machendran a/l Pitchai Chetty and Dhanabalan a/l M. Pitchai Chetty have substantial interests.

(i) The rentals were charged at prices mutually agreed between the respective parties.

(ii) The management consultancy fees were charged at prices mutually agreed between the respective parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2008 is disclosed in Notes 18, 19 and 30.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Short-term employee benefits	2,031,270	1,944,216
Post-employment benefits:		
Defined contribution plan	190,980	170,076
	2,222,250	2,114,292

Included in the total key management personnel are:

	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
Directors' remuneration (Note 7)	1,919,850	1,855,572

33. Related party disclosures (contd.)

(b) Compensation of key management personnel (contd.)

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

	1.2.2007 to 31.3.2008 RM	1.2.2006 to 31.1.2007 RM
At 1 January	1,121,000	1,121,000
Forfeited	(358,720)	-
At 31 December	762,280	1,121,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 25(b)).

34. Financial instruments

(a) 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 interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the period under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

34. Financial instruments (contd.)

(b) Interest rate risk (contd.)

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Interest rates of bank borrowings are mainly subject to fluctuations in the banks' base lending rates.

The following tables set out the carrying amounts, the range of interest rates per annum during the financial period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Interest rate (%) Highest	Interest rate (%) Lowest	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	Total RM
At 31 March 2008									
Group									
Fixed rate									
Hire purchase and finance lease liabilities	27	4.2	3.0	1,339,653	862,939	323,005	64,557	10,679	2,600,833
Floating rate									
Deposits with licensed banks	21	3.0	2.8	1,018,772	-	-	-	-	1,018,722
Bank overdrafts	26	9.9	8.5	15,751,299	-	-	-	-	15,751,299
Bankers' acceptances	26	6.4	5.2	36,160,604	-	-	-	-	36,160,604
Revolving credits	26	5.6	5.3	12,250,000	-	-	-	-	12,250,000
Trust receipts	26	9.9	8.3	129,350	-	-	-	-	129,350
Term loans	26	9.9	5.3	35,393,492	1,333,713	830,386	-	-	37,557,591
Trade payables	28	6.2	6.2	13,776,557	-	-	-	-	13,776,557
Company									
Fixed rate									
Hire purchase and finance lease liabilities	27	3.9	2.7	293,774	212,695	159,627	-	-	666,096
Floating rate									
Deposits with licensed banks	21	3.0	2.8	453,227	-	-	-	-	453,227
Bank overdrafts	26	9.9	8.5	27,209	-	-	-	-	27,209
Term loan	26	9.9	5.3	506,570	337,713	316,739	-	-	1,161,022
At 31 January 2007									
Group									
Fixed rate									
Hire purchase and finance lease liabilities	27	8.7	4.8	1,345,943	1,111,807	725,484	208,241	50,053	3,441,528

34. Financial instruments (contd.)

(b) Interest rate risk (contd.)

	Note	Interest rate (%) Highest	Lowest	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	Total RM
At 31 January 2007									
Group									
Floating rate									
Deposits with licensed banks	21	3.0	2.8	1,394,449	-	-	-	-	1,394,449
Trade payables	28	6.2	6.2	2,040,000	2,040,000	2,040,000	2,040,000	6,066,557	14,226,557
Bank overdrafts	26	9.9	8.5	19,252,288	-	-	-	-	19,252,288
Bankers' acceptances	26	9.9	5.2	30,674,952	-	-	-	-	30,674,952
Letter of credits	26	8.0	8.0	1,367,132	-	-	-	-	1,367,132
Revolving credits	26	8.5	5.3	12,250,000	-	-	-	-	12,250,000
Trust receipts	26	9.9	8.3	847,231	-	-	-	-	847,231
Term loans	26	9.9	5.3	12,112,747	21,217,014	7,671,702	-	-	41,001,463
Company									
Fixed rate									
Hire purchase and finance lease liabilities	27	4.8	4.8	346,387	306,606	218,630	152,323	44,475	1,068,421
Floating rate									
Deposits with licensed banks	21	3.0	2.8	335,500	-	-	-	-	335,500
Term loan	26	6.8	5.3	698,123	395,095	372,304	-	-	1,465,522

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of group Companies	Net financial assets held in non-functional currency: United States Dollar RM	Singapore Dollar RM	Total RM
At 31 March 2008			
Ringgit Malaysia	3,744,442	-	3,744,442

34. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

Functional currency of group Companies	Net financial assets held in non-functional currency United States Dollar RM	Singapore Dollar RM	Total RM
At 31 January 2007			
Ringgit Malaysia	4,273,269	389,049	4,662,318

As at balance sheet date, the Group had not entered into any forward foreign exchange contracts.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are monitored via the credit control function within the Group. Trade receivables are monitored on an ongoing basis via Group management report procedures. Known bad debts are written off and specific provision 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 provision 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 institution.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

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:

34. Financial instruments (contd.)

(f) Fair values (contd.)

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. Segment information

(a) Reporting format

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

(b) Business segments

The Group comprises the following main business segments:

(i) Manufacturing - manufacturing of metal related products; and

(ii) Trading - trading of metal related products

Other operations of the Group mainly comprise of letting of industrial and commercial assets and provisions of management consultancy and corporate services, neither of which constitutes a separately reportable segment.

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.

35. Segment information (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

2008	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Consolidated RM
Revenue and expenses					
Revenue					
External sales	83,297,045	114,954,487	-	-	198,251,532
Inter-segment sales	7,596,112	-	4,047,627	(11,643,739)	-
Total revenue	90,893,157	114,954,487	4,047,627	(11,643,739)	198,251,532
Results					
Segment results	3,330,577	1,740,889	1,191,787	-	6,263,253
Unallocated expenses					(3,017,295)
Finance costs					(11,095,734)
Income tax expense					(1,126,312)
Loss for the period					(8,976,088)
Assets					
Segment assets	124,290,032	42,602,362	19,733,254	-	186,625,648
Unallocated assets					1,088,847
Total assets					187,714,495
Liabilities					
Segment liabilities	109,061,567	36,638,193	2,227,913	-	147,927,673
Unallocated liabilities					3,800,335
Total liabilities					151,728,008
Other segment information					
Capital expenditure	3,694,671	1,220,648	76,989	-	4,992,308
Depreciation of property, plant and equipment	3,716,822	1,466,324	1,028,794	-	6,211,940
Amortisation of prepaid land lease payment	19,746	-	136,281	-	156,027
Other significant non-cash expenses other than depreciation and amortisation	(555,186)	197,272	(251,670)	-	(609,584)

35. Segment information (contd.)

	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Consolidated RM
2007					
Revenue and expenses					
Revenue					
External sales	113,439,153	100,375,775	-	-	213,814,928
Inter-segment sales	5,543,967	-	4,095,870	(9,639,837)	-
Total revenue	118,983,120	100,375,775	4,095,870	(9,639,837)	213,814,928
Results					
Segment results	(2,125,011)	(1,266,290)	(637,561)	-	(4,028,862)
Unallocated expenses					(1,552,218)
Finance costs					(9,555,791)
Income tax expense					350,205
Loss for the year					(14,786,666)
Assets					
Segment assets	122,924,833	43,388,913	26,787,333	-	193,101,079
Unallocated assets					-
Total assets					193,101,079
Liabilities					
Segment liabilities	105,646,820	38,003,676	3,236,109	-	146,886,605
Unallocated liabilities					3,683,676
Total liabilities					150,570,281
Other segment information					
Capital expenditure	4,141,687	423,585	750,488	-	5,315,760
Depreciation of property, plant and equipment	3,861,693	1,634,766	979,577	-	6,476,036
Amortisation of prepaid land lease payment	136,281	-	18,520	-	154,801
Other significant non-cash expenses other than depreciation and amortisation	3,398,951	612,715	964	-	4,012,630

35. Segment information (contd.)

(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 manufacture and trading of metal related products. In India, the Group is principally involved in manufacturing of metal related products.

	Revenue from external customers		Segment assets		Capital expenditure	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	177,502,862	194,927,205	179,517,947	188,244,195	2,960,522	5,135,323
India	2,436,157	1,095,550	7,107,701	4,856,884	2,031,786	180,437
Others	18,312,513	17,792,173	-	-	-	-
	198,251,532	213,814,928	186,625,648	193,101,079	4,992,308	5,315,760

36. Proposed restructuring scheme

On 3 July 2008, the Company has made an announcement 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 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

36. Proposed restructuring scheme (contd.)

ii) Proposed Rights Issue comprising: (contd.)

(b) Proposed renounceable rights issue of 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 500,000000 ordinary shares of RM1.00 each ('Proposed Increase in Authorised Share Capital')

The approvals required for the Proposals are as follows:

i) the Securities Commission ('SC') and the SC (Equity Compliance Unit, pursuant to the Foreign Investment Committee Guideline on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests), 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;

36. Proposed restructuring scheme (contd.)

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 Second Board of Bursa Securities; and

vii) Other relevant authorities, if any.

The Proposals are inter-conditional upon one another.

Barring any unforeseen circumstances and subject to all the required approvals, the Proposals are expected to be completed by the third (3^{rd}) quarter of 2009.

37. Subsequent event

On 2 June 2008, the Company had incorporated a subsidiary known as SMPC Steel Mill Sdn. Bhd. ("SSMSB"). The authorised share capital of SSMSB is RM100,000 divided in to 100,000 ordinary shares of RM1.00 each and its issued and paid-up capital is RM100.00 comprising 100 ordinary shares of RM1.00 each. The principal activity of SSMSB is to manufacture steel related products.