

4. PROPERTY, PLANT AND EQUIPMENT

GROUP
2009

| | At valuation/cost | | | | Balance at 31.3.09 RM |
|--|--------------------------------------|-------------------------|---------------------------------|-------------------------------|--|
| | Balance at 1.4.08 RM | Additions RM | Disposals/ Written off RM | Exchange differences RM | |
| At valuation | | | | | |
| Buildings | 10,250,019 | - | - | - | 10,250,019 |
| At cost | | | | | |
| Freehold land and buildings | 44,220,906 | 113,419 | - | - | 44,334,325 |
| Buildings | 13,247,500 | 122,741 | (128,599) | (37,355) | 13,204,287 |
| Plant and machinery | 65,087,630 | 1,933,477 | (4,761,554) | (154,961) | 62,104,592 |
| Fittings, equipment, office equipment, motor vehicles and renovation | 16,040,020 | 256,945 | (212,053) | (9,693) | 16,075,219 |
| Capital work-in-progress | 1,456,233 | 6,409,300 | - | (64,656) | 7,800,877 |
| | <u>150,302,308</u> | <u>8,835,882</u> | <u>(5,102,206)</u> | <u>(266,665)</u> | <u>153,769,319</u> |
| | ----- Accumulated depreciation ----- | | | | |
| | Balance at 1.4.08 RM | Current charge RM | Disposals/ Written off RM | Exchange differences RM | Balance at 31.3.09 RM |
| At valuation | | | | | |
| Buildings | 1,349,032 | 205,000 | - | - | 1,554,032 |
| At cost | | | | | |
| Freehold land and buildings | 4,905,466 | 766,253 | - | - | 5,671,719 |
| Buildings | 2,707,198 | 152,131 | (128,552) | (2,992) | 2,727,785 |
| Plant and machinery | 39,819,098 | 2,939,396 | (4,227,950) | (15,649) | 38,514,895 |
| Fittings, equipment, office equipment, motor vehicles and renovation | 12,972,128 | 859,526 | (205,693) | (1,524) | 13,624,437 |
| Capital work-in-progress | - | - | - | - | - |
| | <u>61,752,922</u> | <u>4,922,306</u> | <u>(4,562,195)</u> | <u>(20,165)</u> | <u>62,092,868</u> |
| | | | | | Net carrying amount at 31.3.09 RM |
| At valuation | | | | | 8,695,987 |
| Buildings | | | | | |
| At cost | | | | | |
| Freehold land and buildings | | | | | 38,662,606 |
| Buildings | | | | | 10,476,502 |
| Plant and machinery | | | | | 23,589,697 |
| Fittings, equipment, office equipment motor vehicles and renovation | | | | | 2,450,782 |
| Capital work-in-progress | | | | | 7,800,877 |
| | | | | | <u>91,676,451</u> |

GROUP
(Restated)
2008

| | At valuation/cost | | | | | | |
|--|--------------------------------------|-------------------|---------------------------|---|--|-------------------------|-----------------------------------|
| | Balance at 1.2.07 RM | Additions RM | Disposals/ Written off RM | Reclassified to assets held for sale RM | Reclassified to investment properties RM | Exchange differences RM | Balance at 31.3.08 RM |
| At valuation | | | | | | | |
| Freehold land and buildings | 5,800,000 | - | - | (5,465,433) | (334,567) | - | - |
| Buildings | 10,250,019 | - | - | - | - | - | 10,250,019 |
| At cost | | | | | | | |
| Freehold land and buildings | 51,534,262 | 77,519 | (97,900) | (7,249,863) | - | (43,112) | 44,220,906 |
| Buildings | 13,210,540 | 36,960 | - | - | - | - | 13,247,500 |
| Plant and machinery | 72,696,514 | 2,673,829 | (10,146,179) | - | - | (136,534) | 65,087,630 |
| Fittings, equipment, office equipment, motor vehicles and renovation | 16,052,021 | 720,037 | (710,095) | - | - | (21,943) | 16,040,020 |
| Capital work-in-progress | 240,637 | 1,483,963 | (268,367) | - | - | - | 1,456,233 |
| | <u>169,783,993</u> | <u>4,992,308</u> | <u>(11,222,541)</u> | <u>(12,715,296)</u> | <u>-</u> | <u>(201,589)</u> | <u>150,302,308</u> |
| | ----- Accumulated depreciation ----- | | | | | | |
| | Balance at 1.2.07 RM | Current charge RM | Disposals/ Written off RM | Reclassified to assets held for sale RM | Reclassified to investment properties RM | Exchange differences RM | Balance at 31.3.08 RM |
| At valuation | | | | | | | |
| Freehold land and buildings | - | - | - | - | - | - | - |
| Buildings | 1,097,578 | 251,454 | - | - | - | - | 1,349,032 |
| At cost | | | | | | | |
| Freehold land and buildings | 4,797,287 | 900,078 | (15,282) | (774,833) | - | (1,784) | 4,905,466 |
| Buildings | 2,478,191 | 229,007 | - | - | - | - | 2,707,198 |
| Plant and machinery | 40,748,767 | 3,375,489 | (4,297,199) | - | - | (7,959) | 39,819,098 |
| Fittings, equipment, office equipment, motor vehicles and renovation | 12,158,923 | 1,455,912 | (640,908) | - | - | (1,799) | 12,972,128 |
| Capital work-in-progress | - | - | - | - | - | - | - |
| | <u>61,280,746</u> | <u>6,211,940</u> | <u>(4,953,389)</u> | <u>(774,833)</u> | <u>-</u> | <u>(11,542)</u> | <u>61,752,922</u> |
| | | | | | | | Net carrying amount at 31.3.08 RM |
| At valuation | | | | | | | - |
| Freehold land and buildings | | | | | | | 8,900,987 |
| Buildings | | | | | | | |
| At cost | | | | | | | 39,315,440 |
| Freehold land and buildings | | | | | | | 10,540,302 |
| Buildings | | | | | | | 25,268,532 |
| Plant and machinery | | | | | | | 3,067,892 |
| Fittings, equipment, office equipment, motor vehicles and renovation | | | | | | | 1,456,233 |
| Capital work-in-progress | | | | | | | <u>88,549,386</u> |

COMPANY
2008

| | | ----- At valuation/cost ----- | | | |
|--------------|---|--------------------------------------|-------------------------|------------------|--|
| | | Balance at 1.2.07 RM | Additions RM | Disposals RM | Balance at 31.3.08 RM |
| At valuation | Buildings | 10,250,019 | - | - | 10,250,019 |
| At cost | Buildings | 8,057,307 | 36,960 | - | 8,094,267 |
| | Fittings, equipment and office equipment | 4,023,754 | 40,029 | (3,590) | 4,060,193 |
| | Motor vehicles | 2,506,503 | - | (157,585) | 2,348,918 |
| | | <u>24,837,583</u> | <u>76,989</u> | <u>(161,175)</u> | <u>24,753,397</u> |
| | | ----- Accumulated depreciation ----- | | | |
| | | Balance at 1.2.07 RM | Current charge RM | Disposals RM | Balance at 31.3.08 RM |
| At valuation | Buildings | 1,097,578 | 251,454 | - | 1,349,032 |
| At cost | Buildings | 2,038,545 | 163,774 | - | 2,202,319 |
| | Fittings, equipment and office equipment | 3,789,703 | 88,869 | (2,319) | 3,876,253 |
| | Motor vehicles | 1,225,172 | 532,436 | (136,422) | 1,621,186 |
| | | <u>8,150,998</u> | <u>1,036,533</u> | <u>(138,741)</u> | <u>9,048,790</u> |
| | | | | | Net carrying amount at 31.3.08 RM |
| At valuation | Buildings | | | | 8,900,987 |
| At cost | Buildings | | | | 5,891,948 |
| | Fittings, equipment and office equipment | | | | 183,940 |
| | Motor vehicles | | | | <u>727,732</u> |
| | | | | | <u>15,704,607</u> |

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

The historical costs of the freehold land and buildings are as follows :

| | GROUP | | COMPANY | |
|---------------------|------------------|------------------|------------------|------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Net carrying amount | <u>8,971,400</u> | <u>9,118,383</u> | <u>4,106,019</u> | <u>4,253,002</u> |

- (ii) The net carrying amount of property, plant and equipment pledged to licensed banks as securities for credit facilities granted to certain subsidiaries are as follows :

| | GROUP | | COMPANY | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Freehold land and buildings | <u>57,274,359</u> | <u>58,707,235</u> | <u>14,587,039</u> | <u>14,792,935</u> |

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

| | GROUP | | COMPANY | |
|---------------------|------------------|------------------|----------------|----------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Motor vehicles | 864,863 | 1,952,126 | 401,374 | 719,241 |
| Plant and machinery | 2,141,136 | 1,964,125 | - | - |
| Net carrying amount | <u>3,005,999</u> | <u>3,916,251</u> | <u>401,374</u> | <u>719,241</u> |

5. **PREPAID LAND LEASE PAYMENTS**

| | GROUP | | COMPANY | |
|--|------------------|-------------|------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Long leasehold land : | | | | |
| Balance at beginning | 6,993,143 | 7,149,170 | 4,956,784 | 5,093,065 |
| Less : Amortisation for year/period | (153,206) | (156,027) | (136,281) | (136,281) |
| Balance at end | 6,839,937 | 6,993,143 | 4,820,503 | 4,956,784 |

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

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

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

6. **INVESTMENT PROPERTIES**

| | GROUP | |
|-----------------------------|----------------|-------------------|
| | 2009 | (Restated) |
| | RM | 2008 |
| | | RM |
| Freehold land, at valuation | 334,567 | 334,567 |

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

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

7. **INVESTMENT IN SUBSIDIARIES**

| | COMPANY | |
|-------------------------------|---------------------|--------------|
| | 2009 | 2008 |
| | RM | RM |
| Unquoted shares, at cost | 78,013,643 | 78,013,543 |
| Accumulated impairment losses | (49,671,851) | (49,671,851) |
| | 28,341,792 | 28,341,692 |

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

| Name of Company | Place of Incorporation | Effective Equity Interest | | Principal Activities |
|---|------------------------|---------------------------|------|---|
| | | 2009 | 2008 | |
| <u>Direct</u> | | | | |
| SMPC Industries Sdn. Bhd. * | Malaysia | 100% | 100% | Metal sheet and coil processing centre with main services in shearing and reshearing. |
| Syarikat Perkilangan Besi Gaya Sdn. Bhd. | Malaysia | 100% | 100% | Drawing, straightening and cutting of iron rods and wire related products. The company has temporarily ceased its operations. |
| SMPC Marketing Sdn. Bhd. | Malaysia | 100% | 100% | Trading in steel furniture. |
| Edit Systems (M) Sdn. Bhd. | Malaysia | 70% | 70% | Dormant. |
| Duro Metal Industrial (M) Sdn. Bhd. * | Malaysia | 100% | 100% | Manufacture of steel roofing, wall cladding sheets and other steel related products and provision of related services. |
| SMPC Industries (India) Private Limited # | India | 74% | 74% | Manufacture of steel products. |
| Park Avenue Construction Sdn. Bhd. | Malaysia | 100% | 100% | Dormant. |
| SMPC Dexon Sdn. Bhd. | Malaysia | 100% | 100% | Manufacture of and trade in steels and other types of furniture and the provision of related services. |

| Name of Company | Place of Incorporation | Effective Equity Interest | | Principal Activities |
|--|------------------------|---------------------------|------|---|
| | | 2009 | 2008 | |
| Metal Perforators (Malaysia) Sdn. Bhd. | Malaysia | 100% | 100% | Manufacturing and marketing of perforated screen plates, perforated materials, G-Loc splices and industrial chains. |
| SMPC Steel Mill Sdn. Bhd. | Malaysia | 100% | - | Dormant. |
| <u>Indirect - held through SMPC Marketing Sdn. Bhd.</u> | | | | |
| Progerex Sdn. Bhd. * | Malaysia | 100% | 100% | Shredding, processing and trading of ferrous and non-ferrous scrap metals. |
| <u>Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.</u> | | | | |
| Duro Marketing Sdn. Bhd. | Malaysia | 100% | 100% | Dormant. |
| Duro Structural Products Sdn. Bhd. | Malaysia | 70% | 70% | Dormant. |

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

Not audited by Grant Thornton.

2009

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

2008

During the financial period, SMPC Industries (India) Private Limited ("SMPCI") issued 806,152 new ordinary shares of Rupee 37 (approximately RM0.08493) each to 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 was diluted to 74%.

8. GOODWILL

| | GROUP | |
|--------------------------|------------------|-------------|
| | 2009 | 2008 |
| | RM | RM |
| Cost | | |
| Balance at beginning/end | 1,875,643 | 1,875,643 |

Impairment tests for goodwill

(a) Allocation of goodwill

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

| | 2009 | 2008 |
|---|------------------|-------------|
| | RM | RM |
| Manufacturing of steel roofing and related products | 957,154 | 957,154 |
| Manufacturing of perforated materials | 918,489 | 918,489 |
| | 1,875,643 | 1,875,643 |

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

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

(i) Budgeted gross margin

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

(ii) Growth rate

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

(iii) Discount rate

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

(c) Sensitivity to changes in assumptions

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

9. INVENTORIES

| | GROUP | |
|---------------------------|-------------------|-------------------|
| | 2009 | 2008 |
| | RM | RM |
| At cost : | | |
| Raw materials | 8,172,107 | 9,875,693 |
| Work-in-progress | 248,346 | 203,188 |
| Finished goods | 2,358,538 | 3,732,048 |
| Trading goods | 10,151,310 | 5,913,292 |
| Consumables | 222,416 | 120,186 |
| | <u>21,152,717</u> | <u>19,844,407</u> |
| At net realisable value : | | |
| Raw materials | 238,887 | 30,924 |
| | <u>21,391,604</u> | <u>19,875,331</u> |
| Analysis by currencies : | | |
| Ringgit Malaysia | 21,377,738 | 19,849,948 |
| Indian Rupee | 13,866 | 25,383 |
| | <u>21,391,604</u> | <u>19,875,331</u> |

10. TRADE RECEIVABLES

| | GROUP | |
|-------------------------------------|-------------------|-------------------|
| | 2009 | 2008 |
| | RM | RM |
| Trade receivables | 26,442,372 | 53,374,898 |
| Less : Allowance for doubtful debts | | |
| Balance at beginning | 17,301,732 | 16,618,043 |
| Current year | 12,654 | 683,689 |
| Written off | (16,773,945) | - |
| Balance at end | (540,441) | (17,301,732) |
| | <u>25,901,931</u> | <u>36,073,166</u> |

| | GROUP | |
|--------------------------|-------------------|-------------------|
| | 2009 | 2008 |
| | RM | RM |
| Analysis by currencies : | | |
| Ringgit Malaysia | 24,018,103 | 51,702,436 |
| Singapore Dollar | 211,507 | 169,797 |
| US Dollar | 1,875,187 | 929,181 |
| Euro | 38,080 | 38,487 |
| Indian Rupee | 299,495 | 534,997 |
| | 26,442,372 | 53,374,898 |

Included herein is an amount of **RM6,414** (2008 : RM5,557,659) due from a company in which certain directors of the Group have substantial interests.

The normal credit terms granted to trade receivables range from **30 to 90** days (2008 : 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|-------------------------------------|-------------------|-------------|------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Other receivables | | | | |
| Total amount | 8,236,726 | 8,431,247 | 172,582 | 142,789 |
| Less : Allowance for doubtful debts | | | | |
| Balance at beginning | 94,275 | 94,275 | - | - |
| Written off | (94,275) | - | - | - |
| Balance at end | - | (94,275) | - | - |
| | 8,236,726 | 8,336,972 | 172,582 | 142,789 |
| Deposits | 3,990,379 | 2,201,122 | 425,400 | 426,017 |
| Prepayments | 939,812 | 848,857 | 433,386 | 150,846 |
| | 13,166,917 | 11,386,951 | 1,031,368 | 719,652 |

Included in other receivables of the Group is an amount of **RM5,428,018** (2008 : RM6,710,876) due from buyers of a subsidiary's plant and machinery.

Included in the deposits of the Group and of the Company is a deposit amounting to **RM380,300** (2008 : RM380,300) held by a lender as security for a term loan as referred to in Note 19 to the financial statements.

12. AMOUNT DUE FROM/TO SUBSIDIARIES

COMPANY

The amount due from/to subsidiaries is non-trade related, unsecured, interest free and has no fixed terms of repayment.

13. SHORT TERM INVESTMENTS

| | GROUP | |
|------------------------------------|-----------------|-------------|
| | 2009 | 2008 |
| | RM | RM |
| Quoted : | | |
| Unit trusts, at cost | 148,931 | 148,931 |
| Shares in Malaysia, at cost | 42,040 | 42,040 |
| | 190,971 | 190,971 |
| Less : Diminution in value | (52,568) | - |
| | 138,403 | 190,971 |
| Market value of quoted investments | 138,403 | 216,421 |

As disclosed in Note 19, unit trusts amounting to **RM138,885** (2008 : RM138,885) are pledged to a licensed bank for banking facilities granted to a subsidiary.

14. **FIXED DEPOSITS WITH LICENSED BANKS****GROUP AND COMPANY**

The fixed deposits with licensed banks of the Group and of the Company amounting to **RM17,323** (2008 : RM1,018,722) and **RM Nil** (2008 : RM453,227) respectively, are pledged to banks for bank borrowings granted to certain subsidiaries as disclosed in Note 19 to the financial statements.

The interest rates and maturities of fixed deposits at balance sheet date is **1.75%** (2008 : 2.80% to 3.00%) per annum and **1 month** (2008 : 1 to 12 months) respectively.

15. **CASH AND BANK BALANCES**

| | GROUP | | COMPANY | |
|--------------------------|------------------|-------------|----------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Analysis by currencies : | | | | |
| Ringgit Malaysia | 4,294,654 | 8,376,364 | 216,821 | 34,722 |
| Indian Rupee | 6,669 | 10,941 | - | - |
| | 4,301,323 | 8,387,305 | 216,821 | 34,722 |

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

Non-current assets held for sale comprise freehold land and buildings of a subsidiary. During the previous financial period, the subsidiary has entered into a sales and purchase agreement ("SPA") with a third party for the sale of the freehold land and buildings. The completion of the agreement is subject to the conversion of the land from commercial status to residential status. The subsidiary has submitted the conversion of the land and is awaiting for the approval from land office.

As at the date of this report, the application for the conversion is still pending the approval from the land office. The subsidiary and the purchaser have mutually agreed to extend the completion of the SPA to 27 September 2009.

17. SHARE CAPITAL

| | Number of ordinary shares of RM1 each | | Amount | |
|-----------------------------|--|-------------|--------------------|-------------|
| | 2009 | 2008 | 2009 RM | 2008 RM |
| Authorised : | | | | |
| Balance at beginning/end | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| Issued and fully paid : | | | | |
| Balance at beginning/end | 64,644,965 | 64,644,965 | 64,644,965 | 64,644,965 |

18. OTHER RESERVES

| | GROUP | | COMPANY | |
|--|------------------|------------|-------------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Capital reserve | | | | |
| Balance at beginning/end | - | - | 7,445,000 | 7,445,000 |
| Revaluation reserve | | | | |
| Balance at beginning | 6,009,053 | 5,878,579 | 5,934,344 | 5,878,579 |
| Effect of changes in tax rates on deferred tax | - | 130,474 | - | 55,765 |
| Balance at end | 6,009,053 | 6,009,053 | 5,934,344 | 5,934,344 |
| Foreign currency translation reserve | | | | |
| Balance at beginning | (133,144) | 52,033 | - | - |
| Current year | (84,132) | (185,177) | - | - |
| Balance at end | (217,276) | (133,144) | - | - |
| | 5,791,777 | 5,875,909 | 13,379,344 | 13,379,344 |

19. **BORROWINGS**

| | GROUP | | COMPANY | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Non-current liabilities | | | | |
| Term loans | | | | |
| Total amount repayable | 37,069,074 | 37,557,591 | 1,115,398 | 1,161,022 |
| Less : Repayable within one year included under current liabilities | (35,241,259) | (35,393,492) | (758,179) | (506,570) |
| | 1,827,815 | 2,164,099 | 357,219 | 654,452 |
| Hire purchase payables | | | | |
| Total amount payable | 1,355,775 | 2,796,200 | 393,523 | 714,761 |
| Less : Interest in suspense | (70,089) | (195,367) | (22,549) | (48,665) |
| | 1,285,686 | 2,600,833 | 370,974 | 666,096 |
| Less : Payable within one year included under current liabilities | (894,580) | (1,339,653) | (212,424) | (293,774) |
| | 391,106 | 1,261,180 | 158,550 | 372,322 |
| | 2,218,921 | 3,425,279 | 515,769 | 1,026,774 |
| Current liabilities | | | | |
| Bank overdrafts | 8,659,350 | 15,751,299 | - | 27,209 |
| Bankers acceptance | 36,092,000 | 36,160,604 | - | - |
| Revolving credits | 12,250,000 | 12,250,000 | - | - |
| Trust receipts | 129,350 | 129,350 | - | - |
| Hire purchase payable | 894,580 | 1,339,653 | 212,424 | 293,774 |
| Term loans * | 40,671,661 | 35,393,492 | 758,179 | 506,570 |
| | 98,696,941 | 101,024,398 | 970,603 | 827,553 |

* Included herein is an amount of **RM5,430,402** (2008 : RM2,837,646) which has been converted from bank overdraft arising from restructuring of the bank facilities.

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

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

Included in borrowings is RM70,905,216 payable to certain financial institutions which will be repaid as per the Proposed Restructuring Scheme as disclosed in Note 35 to the financial statements.

The interest rates per annum of the borrowings at balance sheet date are as follows :

| | GROUP | | COMPANY | |
|-----------------------|-------------|-------------|-------------|-------------|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| Bank overdrafts | 7.05 - 8.50 | 8.50 - 9.90 | - | 8.50 - 9.90 |
| Bankers acceptance | 3.00 - 6.80 | 5.20 - 6.40 | - | - |
| Revolving credits | 8.00 - 8.50 | 5.30 - 5.60 | - | - |
| Trust receipt | 3.00 | 8.30 - 9.90 | - | - |
| Hire purchase payable | 2.20 - 8.70 | 3.00 - 4.20 | 2.50 - 4.10 | 2.70 - 3.90 |
| Term loans | 5.30 - 9.90 | 5.30 - 9.90 | 4.92 | 5.30 - 9.90 |

The maturities of term loan and hire purchase payables are as follows :

| | GROUP | | COMPANY | |
|--|-------------------|-------------------|------------------|------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Within one year | 36,358,834 | 36,865,000 | 984,295 | 827,807 |
| More than one year and less than five years | 2,066,016 | 3,074,168 | 524,626 | 1,387,138 |
| More than five years | - | 414,623 | - | 167,408 |
| | 38,424,850 | 40,353,791 | 1,508,921 | 2,382,353 |
| Less : Unexpired interest | (70,089) | (195,367) | (22,549) | (48,665) |
| | 38,354,761 | 40,158,424 | 1,486,372 | 2,333,688 |

20. DEFERRED TAX LIABILITIES

| | GROUP | | COMPANY | |
|--|------------------|--------------------|------------------|------------------|
| | 2009 | (Restated) 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Revaluation surplus | | | | |
| Balance at beginning | 2,867,279 | 2,965,905 | 1,394,134 | 1,498,460 |
| Recognised in equity | - | (130,474) | - | (55,765) |
| Transfer to income statement | (93,012) | 31,848 | (48,561) | (48,561) |
| Balance at end | 2,774,267 | 2,867,279 | 1,345,573 | 1,394,134 |
| Excess of capital allowances over depreciation on property, plant and equipment | | | | |
| Balance at beginning | (219,558) | (66,503) | (320,000) | (320,000) |
| Transfer from income statement | 97,600 | (153,055) | - | - |
| Over provision in prior year | (121,958) | (219,558) | (320,000) | (320,000) |
| Balance at end | (121,945) | (219,558) | (320,000) | (320,000) |
| | 2,652,322 | 2,647,721 | 1,025,573 | 1,074,134 |

Represented by temporary differences arising from :

| | GROUP | | COMPANY | |
|-------------------------------|------------------|--------------------|------------------|------------------|
| | 2009 | (Restated) 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Revaluation surplus | 2,774,267 | 2,867,279 | 1,345,573 | 1,394,134 |
| Property, plant and equipment | 198,055 | 166,458 | - | - |
| Unabsorbed capital allowances | (320,000) | (386,016) | (320,000) | (320,000) |
| | 2,652,322 | 2,647,721 | 1,025,573 | 1,074,134 |

21. TRADE PAYABLES

| | GROUP | |
|--|-------------------|-------------------|
| | 2009 RM | 2008 RM |
| Interest bearing at 6.20% to 6.50% per annum | - | 13,776,557 |
| Non-interest bearing | 8,668,750 | 17,250,308 |
| | 8,668,750 | 31,026,865 |
| Analysis by currencies : | | |
| Ringgit Malaysia | 8,490,260 | 31,026,865 |
| Indian Rupee | 178,490 | - |
| | 8,668,750 | 31,026,865 |

The normal credit terms granted by trade payables range from **30 to 90 days** (2008 : 30 to 90 days).

The interest bearing trade payable of RM13,776,557 was assigned to a third party pursuant to an Assignment of Debt dated 30 December 2008 together with the securities attached to the debt. Accordingly, this amount had been reclassified to other payables as disclosed in Note 22 to the financial statements.

22. OTHER PAYABLES AND ACCRUALS

| | GROUP | | COMPANY | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Other payables | | | | |
| - Interest bearing at 6.20% to 6.50% (2008 : Nil) per annum | 13,776,557 | - | - | - |
| - Non-interest bearing | 4,271,966 | 4,155,100 | - | - |
| | 18,048,523 | 4,155,100 | - | - |
| Accruals | 13,145,786 | 7,259,951 | 862,048 | 326,703 |
| Prepayment of lease rental | 975,732 | 1,036,080 | - | - |
| | 32,170,041 | 12,451,131 | 862,048 | 326,703 |

| | GROUP | | COMPANY | |
|--------------------------|-------------------|------------|----------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Analysis by currencies : | | | | |
| Ringgit Malaysia | 31,369,545 | 12,171,890 | 862,048 | 326,703 |
| Indian Rupee | 800,496 | 279,241 | - | - |
| | 32,170,041 | 12,451,131 | 862,048 | 326,703 |

GROUP

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

23. **REVENUE**

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Sale of goods | 144,853,174 | 198,251,532 | - | - |
| Rental of industrial and commercial assets | - | - | 1,148,101 | 147,627 |
| Management fee from subsidiaries | - | - | 3,038,400 | 3,900,000 |
| | 144,853,174 | 198,251,532 | 4,186,501 | 4,047,627 |

24. OTHER INCOME

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Gross dividend from investment quoted in Malaysia | 2,190 | 600 | - | - |
| Bad debts recovered | 16,796 | - | - | - |
| Gain on disposal of property, plant and equipment | 370,244 | - | - | - |
| Interest income | 36,843 | 290,179 | 7,308 | 67,727 |
| Realised gain on foreign exchange | 482,364 | - | - | - |
| Rental receivable from operating leases | 88,985 | 103,128 | - | - |
| Sales incentives earned | - | 534,248 | - | - |
| Scrap sales | 536,911 | 576,429 | - | - |
| Unrealised gain on foreign exchange | 139,115 | - | - | - |
| Miscellaneous | 97,348 | 84,306 | - | - |
| | 1,770,796 | 1,588,890 | 7,308 | 67,727 |

25. EMPLOYEE BENEFITS EXPENSE

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Wages and salaries | 9,482,511 | 12,613,203 | 1,531,391 | 3,184,180 |
| EPF | 663,052 | 825,002 | 68,548 | 213,622 |
| SOCSSO | 80,454 | 164,939 | 9,182 | 11,851 |
| Reversal of provision for retirement benefits | - | (225,947) | - | - |
| Termination benefits | - | 644,702 | - | - |
| Other benefits | 585,698 | 1,168,427 | 39,914 | 22,181 |
| | 10,811,715 | 15,190,326 | 1,649,035 | 3,431,834 |

Included in the staff costs of the Group and of the Company are executive directors' emoluments amounting to **RM1,424,989** (2008 : RM1,843,850) and **RM1,243,769** (2008 : RM1,615,730) respectively. Director's remuneration is further disclosed below :

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Directors' emoluments | | | | |
| Executive directors of the Company | | | | |
| - Salaries, allowances and bonus | 1,110,501 | 1,496,770 | 1,110,501 | 1,479,770 |
| - EPF | 133,268 | 135,960 | 133,268 | 135,960 |
| | 1,243,769 | 1,632,730 | 1,243,769 | 1,615,730 |
| Non-executive directors of the Company | | | | |
| - Fee | 92,000 | 76,000 | 92,000 | 76,000 |
| Executive directors of the subsidiaries | | | | |
| - Salaries, allowances and bonus | 162,500 | 188,500 | - | - |
| - EPF | 18,720 | 22,620 | - | - |
| | 181,220 | 211,120 | - | - |
| | 1,516,989 | 1,919,850 | 1,335,769 | 1,691,730 |
| Analysed as : | | | | |
| Total executive directors' remuneration | 1,424,989 | 1,843,850 | 1,243,769 | 1,615,730 |
| Total non-executive directors' remuneration (Note 27) | 92,000 | 76,000 | 92,000 | 76,000 |
| | 1,516,989 | 1,919,850 | 1,335,769 | 1,691,730 |

26. FINANCE COSTS

| | GROUP | | COMPANY | |
|-----------------------------------|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Interest expense on : | | | | |
| - Bank borrowings and payables | 9,822,996 | 10,222,046 | 7,503 | 8,400 |
| - Hire purchase | 125,379 | 234,319 | 26,116 | 53,054 |
| | 9,948,375 | 10,456,365 | 33,619 | 61,454 |
| Bank charges | 63,717 | 639,369 | - | - |
| Others | 7,788 | - | - | - |
| | 10,019,880 | 11,095,734 | 33,619 | 61,454 |

27. (LOSS)/PROFIT BEFORE TAXATION

This is arrived at :

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| After charging : | | | | |
| Allowance for doubtful debts | 12,654 | 124,444 | - | - |
| Amortisation of prepaid land lease payments | 153,206 | 156,027 | 136,281 | 136,281 |
| Audit fee | | | | |
| - current year | 85,649 | 185,485 | 18,000 | 33,000 |
| - (over)/under provision in prior years | - | (29,737) | (7,000) | 7,903 |
| Depreciation | 4,920,213 | 6,211,940 | 634,677 | 1,036,533 |
| Diminution in value of short term investments | 52,568 | - | - | - |
| Non-executive directors' remuneration (Note 25) | 92,000 | 76,000 | 92,000 | 76,000 |

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Impairment losses on investment in subsidiaries | - | - | - | 4,778,883 |
| Interest expense | 10,019,880 | 11,095,734 | 33,619 | 61,454 |
| Preliminary expenses | 4,830 | - | - | - |
| Rental of buildings | 155,695 | 200,190 | 18,600 | 6,600 |
| Rental of plant and machinery | 20,000 | 35,213 | - | - |
| Unrealised loss on foreign exchange | 133,146 | - | 133,146 | - |
| Write-down of inventories | - | 156,001 | - | - |
| And crediting : | | | | |
| Gross dividend from investment quoted in Malaysia | 2,190 | 600 | - | - |
| Gain on disposal of property, plant and equipment | 308,060 | 379,612 | - | 35,438 |
| Interest income | 36,843 | 290,179 | 7,308 | 67,727 |
| Rental income | 1,247,132 | 103,128 | 1,148,101 | 147,627 |
| Unrealised gain on foreign exchange | 139,115 | 484,381 | - | 216,232 |

28. TAXATION

| | GROUP | | COMPANY | |
|---|--|--|--|--|
| | 1.4.08 TO 31.3.09 (12 months) RM | (Restated) 1.2.07 TO 31.3.08 (14 months) RM | 1.4.08 TO 31.3.09 (12 months) RM | 1.2.07 TO 31.3.08 (14 months) RM |
| Malaysian income tax : | | | | |
| Based on results for the year | | | | |
| - Current tax | (330,567) | (796,273) | - | - |
| - Deferred tax | | | | |
| - relating to origination and reversal of temporary differences | (4,588) | 115,139 | 48,561 | 48,561 |
| - relating to changes in tax rates | - | 6,068 | - | - |
| | (4,588) | 121,207 | 48,561 | 48,561 |
| | (335,155) | (675,066) | 48,561 | 48,561 |
| Over/(Under) provision in prior years | | | | |
| - Current tax | 57,280 | (279,506) | - | (409,017) |
| - Deferred tax | (13) | - | - | - |
| | 57,267 | (279,506) | - | (409,017) |
| | (277,888) | (954,572) | 48,561 | (360,456) |

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

| | GROUP | | COMPANY | |
|---|--------------------|-----------------------------|--------------------|-------------|
| | 1.4.08 | (Restated) 1.2.07 | 1.4.08 | 1.2.07 |
| | TO | TO | TO | TO |
| | 31.3.09 | 31.3.08 | 31.3.09 | 31.3.08 |
| | (12 months) | (14 months) | (12 months) | (14 months) |
| | RM | RM | RM | RM |
| (Loss)/Profit before taxation | (1,622,199) | (7,849,776) | 60,475 | (6,882,592) |
| Income tax at Malaysian statutory tax rate of 25% (2008 : 26%) | 405,550 | 2,040,942 | (15,119) | 1,789,474 |
| Effects of : | | | | |
| - Income not subject to tax | 476,803 | 29,479 | - | - |
| - Expenses not deductible for tax purposes | (942,094) | (1,942,427) | (213,671) | (1,625,639) |
| - Deferred tax movements not recognised | (368,426) | (978,369) | 228,790 | (163,837) |
| - Reduced tax rate on first RM500,000 chargeable income | - | 60,000 | - | - |
| - Annual crystallisation of deferred tax on revaluation | 93,012 | 115,309 | 48,561 | 48,561 |
| | (335,155) | (675,066) | 48,561 | 48,559 |
| Over/(Under) provision in prior years | 57,267 | (279,506) | - | (409,015) |
| | (277,888) | (954,572) | 48,561 | (360,456) |

The amount and future availability of unabsorbed tax losses and allowances are as follows :

| | GROUP | | COMPANY | |
|-----------------------------------|-------------------|-------------|------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Unabsorbed tax losses | 15,877,000 | 16,483,000 | 996,000 | 1,216,000 |
| Unabsorbed capital allowances | 17,172,000 | 16,373,000 | 4,152,000 | 4,529,000 |
| Unabsorbed reinvestment allowance | 31,056,000 | 30,968,000 | - | - |

These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

29. LOSS PER SHARE

GROUP

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

| | 1.4.08 | (Restated) |
|---|--------------------|--------------------|
| | TO | TO |
| | 31.3.09 | 31.3.08 |
| | (12 months) | (14 months) |
| Loss attributable to equity holders of the Company (RM) | (1,887,432) | (8,763,132) |
| Number of shares in issue | 64,644,965 | 64,644,965 |
| Basic loss per share for the year/period (sen) | (2.92) | (13.56) |

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

30. SEGMENTAL INFORMATION

(a) Reporting format

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

(b) Business segments

The Group comprises the following main business segments :

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

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

By business segments
2009

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

By business segments
(Restated)
2008

| | Manufacturing RM | Trading RM | Others RM | Elimination RM | Total RM |
|--|---------------------|----------------|------------------|---------------------|--------------------|
| Revenue | | | | | |
| External sales | 83,297,045 | 114,954,487 | - | - | 198,251,532 |
| Inter-segment sales | <u>7,596,112</u> | <u>-</u> | <u>4,047,627</u> | <u>(11,643,739)</u> | <u>-</u> |
| Total revenue | 90,893,157 | 114,954,487 | 4,047,627 | (11,643,739) | <u>198,251,532</u> |
| 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 | | | | | <u>(954,572)</u> |
| Loss for the year | | | | | <u>(8,804,348)</u> |
| Assets | | | | | |
| Segment assets | 124,290,032 | 42,602,362 | 19,733,254 | - | 186,625,648 |
| Unallocated assets | | | | | <u>1,088,847</u> |
| Total assets | | | | | <u>187,714,495</u> |
| Liabilities | | | | | |
| Segment liabilities | 109,061,567 | 36,638,193 | 2,227,913 | - | 147,927,673 |
| Unallocated assets | | | | | <u>3,509,595</u> |
| Total liabilities | | | | | <u>151,437,268</u> |
| 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 | <u>(555,186)</u> | <u>197,272</u> | <u>(251,670)</u> | <u>-</u> | <u>(609,584)</u> |

(c) Geographical segments

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

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

| | 2008 | | |
|----------|--------------------|-----------------------|------------------------------|
| | Revenue RM | Total assets RM | Capital expenditure RM |
| Malaysia | 177,502,862 | 180,606,794 | 2,960,522 |
| India | 2,436,157 | 7,107,701 | 2,031,786 |
| Others | 18,312,513 | - | - |
| | 198,251,532 | 187,714,495 | 4,992,308 |

31. RELATED PARTY DISCLOSURES

| | GROUP | | COMPANY | |
|---|------------|------------|------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| (a) Related party transactions | | | | |
| Rental expenses paid to a director of the Company | 40,000 | - | 16,000 | - |
| Rental income from subsidiaries | - | - | 9,954 | 147,627 |
| Management fee received from subsidiaries | - | - | 3,038,400 | 3,900,000 |

(b) Compensation of key management personnel

| | GROUP | |
|--------------------------------|-------------------------|------------------|
| | 1.4.08 | 1.2.07 |
| | TO | TO |
| | 31.3.09 | 31.3.08 |
| | (12 months) | (14 months) |
| Salaries, allowances and bonus | 1,365,001 | 2,031,270 |
| EPF | 151,988 | 190,980 |
| | <u>1,516,989</u> | <u>2,222,250</u> |

Included in the total key management personnel are :

| | GROUP | |
|-----------------------------------|-------------------------|------------------|
| | 1.4.08 | 1.2.07 |
| | TO | TO |
| | 31.3.09 | 31.3.08 |
| | (12 months) | (14 months) |
| Directors' remuneration (Note 25) | <u>1,516,989</u> | <u>1,919,850</u> |

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

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

| | GROUP | |
|----------------------|-----------------------|----------------|
| | 1.4.08 | 1.2.07 |
| | TO | TO |
| | 31.3.09 | 31.3.08 |
| | (12 months) | (14 months) |
| | RM | RM |
| Balance at beginning | 762,280 | 1,121,000 |
| Forfeited | - | (358,720) |
| Balance at end | <u>762,280</u> | <u>762,280</u> |

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

32. CONTINGENT LIABILITIES (UNSECURED)

GROUP AND COMPANY

| | 2009 | | 2008 | |
|--|-------------|----------------|-------------|----------------|
| | Limit RM | Utilised RM | Limit RM | Utilised RM |
| Corporate guarantee for loan facilities given to Vinanic Steel Processing Company (Vietnam), an investee company | 972,633 | 972,633 | 825,531 | 825,531 |

COMPANY

| | 2009 | | 2008 | |
|--|-------------|----------------|-------------|----------------|
| | Limit RM | Utilised RM | Limit RM | Utilised RM |
| Corporate guarantee for banking facilities given to subsidiaries | 112,765,794 | 101,019,808 | 115,260,369 | 100,660,613 |
| Corporate guarantee to trade payables of subsidiaries | 24,336,557 | 14,763,442 | 24,336,557 | 21,139,264 |

33. COMMITMENTS

| | GROUP | |
|--|------------|------------|
| | 2009 RM | 2008 RM |
| Capital Commitments | | |
| Capital expenditure authorised and contracted for : | | |
| - Property, plant and equipment | 343,552 | 145,900 |

34. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Credit risk

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

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

Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rates of borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a current low interest rate environment and achieve a certain level of protection against interest rate hikes.

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

Foreign currency risk

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

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debts position.

Fair values

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

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

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

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

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

(ii) Borrowings and non-current payables

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

35. PROPOSED RESTRUCTURING SCHEME (“PRS”)

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

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

- (i) Proposed reduction of RM51,715,972 from the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 (“Act”) by the cancellation of a corresponding amount from the par value of each existing ordinary share of RM1.00 each in SMPC and thereafter the consolidation of the required number of shares based on the resultant par value into one (1) ordinary share of RM1.00 each (“SMPC share”) on a date (“Entitlement Date”) to be determined by the Board and announced later (“Proposed Capital Reduction and Consolidation”);
- (ii) Proposed Rights Issue comprising :
 - (a) Proposed renounceable rights issue of up to 71,623,267 new ordinary shares of RM1.00 each (“Rights Share”) in SMPC at an indicative issue price of RM1.00 per Rights Share on the basis of eighteen (18) Rights Shares for every seven (7) SMPC Shares held after the Proposed Capital Reduction and Consolidation, at the Entitlement Date to be determined later based on a minimum subscription level of 33,245,982 Rights Shares (“Proposed Rights Issue of Shares”); and
 - (b) Proposed renounceable rights issue up to RM11,141,397 nominal value of 5% 10 year irredeemable convertible unsecured loan stocks (“ICUL”) at 100% of the nominal value of RM0.10 each (or equivalent of up to 111,413,972 ICULS) on the basis of RM2.80 nominal value of ICULS (or equivalent to 28 ICULS) for every seven (7) existing SMPC Shares held after the Proposed Capital Reduction and Consolidation, together with up to 15,916,281 free new detachable warrants (“Warrants”) on the basis of four (4) free new Warrants for every RM2.80 nominal value of ICULS subscribed, at the Entitlement Date to be determined later based on a minimum subscription level of RM5,171,597 nominal value of ICULS (or equivalent to 51,715,972 ICULS) together with 7,387,996 free new Warrants (“Proposed Rights Issue of ICULS and Warrants”);
- (iii) Proposed creditor settlement involving the issuance of RM13,000,000 nominal value of 5% 10 year ICULS at 100% of the nominal value of RM0.10 each (or equivalent to up to 130,000,000 ICULS) (“Proposed Creditor Settlement”); and
- (iv) Proposed increase in the authorised share capital of SMPC from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each (“Proposed Increase in Authorised Share Capital”).

The approvals required for the Proposals are as follows :

- (i) The Securities Commission for the Proposals save for the Proposed Increase in Authorised Share Capital;
- (ii) Ministry of International Trade and Industry for the Proposals save for the Proposed Increase in Authorised Share Capital;
- (iii) Bank Negara Malaysia for the issuance of the ICULS and free new Warrants to non-residents;
- (iv) The shareholders of SMPC at an Extraordinary General Meeting (“EGM”) to be convened for the Proposals;
- (v) The High Court of Malaya sanction for the Proposed Capital Reduction and Consolidation;
- (vi) Bursa Securities for the following :
 - (a) listing of and quotation for the new SMPC Shares, ICULS and free new Warrants to be issued pursuant to the Proposed Rights Issue and the Proposed Creditor Settlement; and
 - (b) listing of and quotation for the new SMPC Shares to be issued pursuant to the conversion of the ICULS and exercise of the free new Warrants, on the Second Board of Bursa Securities; and
- (vii) Other relevant authorities, if any.

The Proposals are inter-conditional upon one another.

As a result of the change in circumstances which affected the Group, a revised comprehensive PRS has been submitted to the major creditor banks for their approval. Upon their approval, the revised PRS will be announced accordingly.

36. **OTHER INVESTMENTS**

| | GROUP AND COMPANY | |
|-------------------------------|--------------------------|-------------|
| | 2009 | 2008 |
| | RM | RM |
| Unquoted shares, at cost | 299,838 | 299,838 |
| Accumulated impairment losses | (299,838) | (299,838) |
| | <hr/> | <hr/> |
| | - | - |
| | <hr/> | <hr/> |

37. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

During the financial period ended 31 March 2008, the Group had terminated the defined Retirement Benefits Scheme.

| | |
|--|-----------|
| | RM |
| Balance at beginning | 239,374 |
| Recognised in income statement, included in employee benefits expense | (225,947) |
| Utilised during the period | (13,427) |
| | <hr/> |
| Balance at end | - |
| | <hr/> |

(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% per employee of the total number of shares in the Company available under the ESOS.

- (v) The option price shall be determined based on the 5-day weighted average market prices of the shares of the Company as shown in the Daily Official List issued by the Bursa Malaysia for the five (5) market days immediately preceding the Date of Offer or at par, whichever is higher.
- (vi) The shares to be allotted upon any exercise of the option will upon allotment, rank pari passu in all respects with the existing shares of the Company.

As at 31 March 2009, the details of the share options are as follows :

| Year Granted | Option price | Balance as at | | Balance as at | | Exercisable period |
|-----------------|-----------------|-----------------|---------|------------------|-----------|-------------------------|
| | | 1 April 2008 | Granted | 31 March 2009 | Exercised | |
| 2002 | RM1.00 | 4,484,000 | - | 4,484,000 | - | 11.7.2001 - 6.7.2010 |

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

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows :

- (i) In prior year, the investment properties have been included under property, plant and equipment. These amounts have been reclassified as investment properties in this financial year, to conform with the adoption of FRS 140 : Investment Property.

| | Previously stated RM | Reclassification RM | Restated RM |
|----------------------------------|----------------------------|------------------------|----------------|
| Balance Sheet : | | | |
| Property, plant and equipment | 334,567 | (334,567) | - |
| Investment properties | - | 334,567 | 334,567 |

- (ii) In prior years, deferred tax asset in respect of unabsorbed reinvestment allowance was not allowed to be recognised in the financial statements. Effective this financial year, with the adoption of the revised FRS 112 : Income Taxes, the foregoing provision has been removed and unabsorbed reinvestment allowance is now recognised as deferred tax asset retrospectively.

| | Previously stated RM | Reclassification RM | Restated RM |
|---|----------------------------|------------------------|----------------|
| Balance Sheet : | | | |
| Accumulated losses | (59,174,707) | 290,740 | (58,883,967) |
| Deferred tax liabilities | 2,938,461 | (290,740) | 2,647,721 |
| Income Statement : | | | |
| Taxation | (1,126,312) | 171,740 | (954,572) |
| Loss for the period | (8,976,088) | 171,740 | (8,804,348) |
| Statement of Changes in Equity : | | | |
| Accumulated losses | | | |
| - at 1 February 2007 | (51,882,653) | 119,000 | (51,763,653) |
| - at 31 March 2008 | (59,174,707) | 290,740 | (58,883,967) |