SMPC CORPORATION BHD.
(79082-V)

Annual Report 2012

Better Steel Greener Future

Contents

2	Corporate Information
3	Corporate Structure
4	Financial Highlights
5	Chairman's Statement
7	Profile of the Board of Directors
10	Corporate Governance Statement
15	Audit Committee Report
17	Statement on Internal Control
19	Additional Compliance Information
21	Corporate Social Responsibility
22	Directors' Report
26	Directors' Statement
26	Statutory Declaration
27	Independent Auditors' Report to the Members
29	Consolidated Statements of Financial Position
31	Consolidated Statements of Comprehensive Income
32	Consolidated Statement of Changes in Equity
33	Statement of Changes in Equity
34	Consolidated Statements of Cash Flows
36	Notes to the Financial Statements
93	Supplementary Information
94	Properties owned by the Group
95	Analysis of Shareholdings
98	Analysis of Warrant Holdings
100	Analysis of ICULS Holdings
102	Notice of Annual General Meeting
105	Statement Accompanying the Notice of Annual General Meeting
107	Form of Proxy

Corporate Information

Board of Directors

Dato' Seri Ismail Bin Shahudin	*(Chairman/Independent Non-Executive Director)*
Ooi Chieng Sim	*(Vice Chairman/ Executive Director)*
Machendran a/l Pitchai Chetty	*(Group Managing Director)*
Mohd Shahril Fitri Bin Hashim	*(Executive Director)*
Ng Chin Nam	*(Executive Director)*
Sanmarkan a/l T S Ganapathi	*(Independent Non-Executive Director)*
Sudesh a/l K. V. Sankaran	*(Independent Non-Executive Director)*
Dato' Lee Hean Guan	*(Non-Independent Non-Executive Director)*

Company Secretaries

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

Registered Office

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

Auditors

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

Principal Bankers

Ambank (M) Berhad
CIMB Bank Berhad
RHB Bank Berhad
Affin Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Bank Muamalat Malaysia Berhad

Share Registrars

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

Stock Exchange Listing

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

Corporate Structure

SMPC CORPORATION BHD.
(79082-V)

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

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

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

SMPC STEEL MILL SDN. BHD.
(Dormant)

SMPC MARKETING SDN. BHD.
- Trading in Steel Furniture

METAL PERFORATORS (MALAYSIA) SDN. BHD.
- Manufacturing & Marketing of Perforated metal, Cables support systems & screen plates

PARK AVENUE CONSTRUCTION SDN. BHD.
(Dormant)

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

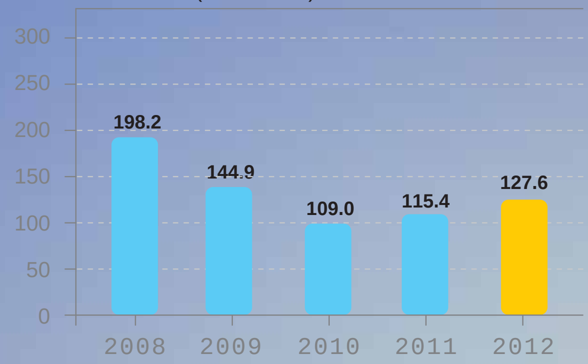
SMPC DEXON SDN. BHD.
- Manufacturing Steel Furniture
- Trading Steel Furniture

SYARIKAT PERKILANGAN BESI GAYA SDN. BHD.
(Dormant)

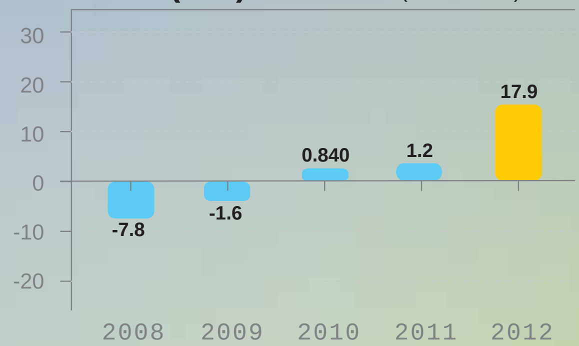
SMPC INDUSTRIES (INDIA) PRIVATE LIMITED
- Shearing
- Reshearing
- Slitting

Financial Highlights

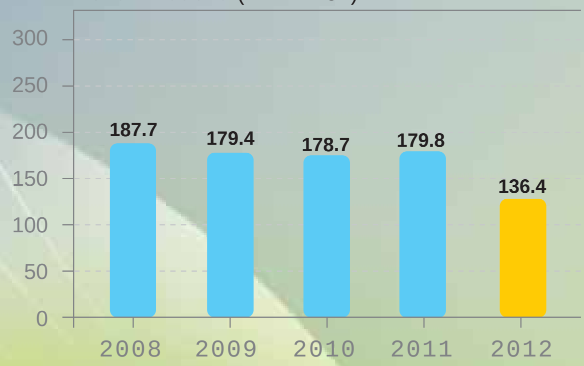
Revenue (RM Million)



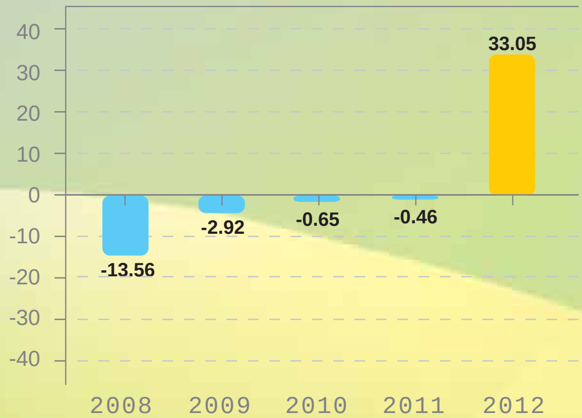
Profit / (Loss) Before Tax (RM Million)



Total Assets (RM Million)



Earnings / (Loss) Per Share (RM Million)



Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements of SMPC Corporation Bhd. ("SMPC") and the Group for the financial year ended 31 March 2012.

FINANCIAL REVIEW

The Group recorded a turnover of RM127.6 million for the financial year under review, representing an increase of 10.62% over the previous financial year's turnover of RM115.3 million.

For the financial year under review, the Group registered a pre-tax profit of RM17.9 million as against a pre-tax profit of RM1.2 million for the previous financial year.

PROPOSED RESTRUCTURING SCHEME

On 16 May 2012, Public Investment Bank Berhad announced, on behalf of the Board of Directors, the completion of the Proposed Restructuring Scheme, following the admission of:

(i) 20,338,186 Warrants issued pursuant to the Rights Issue of Shares with Warrants, the Rights Issue of ICULS with Warrants and the Restricted Issue of Warrants; and

(ii) RM23,093,488 nominal value of ICULS issued pursuant to the Rights Issue of ICULS with Warrants and the Creditor Settlement,

to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the aforesaid securities together with:

(i) 13,228,877 Rights Shares issued pursuant to the Rights Issue of Shares with Warrants;

(ii) 7,500,000 new SMPC Shares issued pursuant to the Creditor Settlement; and

(iii) 19,134,575 new SMPC Shares issued pursuant to the Debt Restructuring

on the Main Market of Bursa Securities.

OUTLOOK

Developing economies in Asia continue to remain robust yet cautious with moderating domestic demand and rising inflationary pressures and with the advanced economies lagging behind. The global economy will continue to be influenced by the European debt crisis and volatile commodity prices. Malaysia will be affected by these adverse developments and the economic growth is expected to be slower in 2012 and 2013.

Faced with the global financial, political and environment disasters, we at SMPC are fortunate to have completed the Proposed Restructuring Scheme ("PRS") which reduced our debts level to a more manageable level and provide adequate working capital to the Group to perform better. Besides, our Group is also aptly diversified to withstand the challenges with much resilience and forth-thought planning.

The Group will remain disciplined, focused and innovative while adopting proactive measures to manage costs enhance revenue and further improve operational efficiencies and productivity.

The Government's Economic Transformation Program with Entry Point Projects and Initiatives and the Mass Rapid Transit project will help spur and spread the demand for building material [steel] in the domestic market. Working congruently with the Government's initiatives, our turnover should thrive well in the next financial year.

Our service centre operations in India have shown some improvements. We anticipate better revenue from this overseas operation as plans for more aggressive capacity expansion are being put in place.

Locally, innovative sales strategies and production capability upgrades in our roofing & metal perforations division will certainly play a vital role in improving productivity and enhance profitability in this division.

The Board of Directors and Management of SMPC will continue to do its best as done in the past and place our valued shareholders' interest and value foremost in the manner we do things in the Group.

HUMAN RESOURCE DEVELOPMENT

At SMPC, the performance of the Group is closely linked to the dedication and contribution of our employees. We recognise and value employees' strengths and are committed to providing the motivation for our employees and satisfaction in the working environment. Performance Management Systems are continually used to align organisational goals and objectives. Our Corporate & Quality Training department is dedicated to developing and enhancing training for employees at all levels to acquire the necessary skills and knowledge to achieve career development and personal growth. The Group and the subsidiary companies also organise various activities for employees to enhance teamwork, employee morale, foster interactions and cohesiveness amongst staff and inculcate the SMPC family culture.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my appreciation and thanks to the Management and staff for their commendable efforts and contributions in achieving the results for the Group. Our appreciation and thanks also to our esteemed shareholders, customers, business associates, bankers and the relevant authorities for their confidence and support.

We also wish to extend a warm welcome to Mr Ooi Chieng Sim who joined the Board as Vice Chairman on 1 June 2012.

Dato' Seri Ismail bin Shahudin
Chairman

5 September 2012

Profile of the Board of Directors

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

Dato' Seri Ismail Bin Shahudin, aged 61, a Malaysian citizen, is the Chairman of SMPC Corporation Bhd ("SMPC" or "the Company") and had been re-designated from Non-Independent Non-Executive Director to an Independent Non-Executive Director of SMPC Corporation Bhd with effect from 1 June 2012. He was appointed to the Board of SMPC on 12 August 2008. Subsequently, he was appointed as a member to the Company's Audit Committee on 8 August 2012.

A graduate from University of Malaya's Bachelor of Economic (Honours), he started his career with Esso Malaysia Berhad in 1974 and worked in its Finance department for 5 years. In 1979, he joined Citibank Malaysia and in 1984, he served the Bank's headquarters in New York as part of the team in Asia Pacific division. He was promoted as Vice President & Group Head of the Public Sector and Financial Institutions Group in Malaysia. In 1988, he was appointed as Deputy General Manager of United Asian Bank Berhad and in 1992, he joined Maybank as General Manager of Corporate Banking and in 1997, was appointed as Executive Director of Maybank, the post he held until his retirement in July 2002 to assume the position of Group Chief Executive of MMC Corporation Berhad. He was then appointed to the Board of Bank Muamalat Malaysia Berhad and the Chairmanship in March 2004 until his retirement in July 2008.

He is currently the Chairman of Maybank Islamic Berhad and a director of Malayan Banking Berhad, EP Manufacturing Berhad, Nadayu Properties Berhad, PROPEL Berhad, UEM Group Berhad and Opus Group Berhad, of which he is a Chairman. He is also a Board member of Aseana Properties Limited, a company listed on the Main Market of the London Stock Exchange and Opus International Consultants Ltd, a company listed on the New Zealand Stock Exchange and MCB Bank Ltd, a bank listed on the Karachi Stock Exchange.

OOI CHIENG SIM
Vice Chairman/Executive Director

Mr. Ooi Chieng Sim, aged 43, a Malaysian citizen, is the Vice Chairman and Executive Director of SMPC. He was appointed to the Board of SMPC on 1 June 2012.

He was the founder of Hock Lok Siew Realty Sdn. Bhd. and Skylitech Resources Sdn. Bhd. which were set up by him in 1989. He had served as a Chairman and Executive Director of Hock Lock Siew Corporation from 2006 till his resignation in 2012.

He did his secondary education at Chung Ling High School and has more than twenty years of experience in plantation, trading in foodstuff, construction and engineering sector. His immense experience had led him to manage his companies successfully over the years.

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

MACHENDRAN A/L PITCHAI CHETTY
Group Managing Director

Machendran a/l Pitchai Chetty, aged 53, a Malaysian citizen, is the Group Managing Director of SMPC. He was appointed to the Board of SMPC on 14 December 1981.

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

He is a substantial shareholder of SMPC by virtue of his direct and deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn Bhd in the Company.

MOHD SHAHRIL FITRI BIN HASHIM
Executive Director

Mohd Shahril Fitri Bin Hashim, aged 37, a Malaysian citizen. He was appointed as an Executive Director of SMPC on 27 September 2007. He was appointed as Non-Independent Non-Executive Director of the Company on 20 December 2004 and subsequently redesignated as Executive Director on 3 January 2006. In conjunction with the withdrawal of his appointment as nominee by PNS, a substantial shareholder of the Company on 7 August 2007, Mohd Shahril Fitri Bin Hashim had resigned as an Executive Director and member of the Audit Committee of the Company with effect thereof. However, he has subsequently left PNS and joined SMPC as Executive Director on 27 September 2007 after receiving an offer from the Company for the said position.

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

NG CHIN NAM
Executive Director

Ng Chin Nam, age 42, a Malaysian citizen, is an Executive Director of the Company through his re-designation effective 1 June 2012. He was appointed to the Board of SMPC on 29 January 2012. He was previously an Independent Non-Executive Director and a member of the Company's Audit Committee till his re-designation in June 2012.

He is a member of the Chartered Institute of Management Accountants (CIMA). He has more than 19 years of experience in the fields of accounting, auditing, taxation and corporate finance. He started his career in 1992, in a manufacturing environment. He joined an international audit firm as an Audit Senior in 1997 after obtaining his professional qualification from CIMA. He then left the audit firm as Assistant Manager in 2000 to join a listed company as Finance Manager. In 2007, he left to assume role as Head of MIS, Human Resource and Finance in another listed company.

Presently, he also sits on the Board of Luster Industries Berhad, Niche Capital Emas Holdings Berhad and Asia File Corporation Bhd.

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

Sanmarkan a/l T S Ganapathi, aged 74, a Malaysian Citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board on 18 January 2002. He is also the Chairman of Audit, Remuneration and Nomination Committees of the Company.

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

He was appointed as a member of the Penang State Land Appeals Board effective 1 March 2011 for a term of three years.

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

Sudesh a/l K.V. Sankaran, aged 62, a Malaysian citizen, is an Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 20 December 2004. He is also the member of the Audit, Remuneration and Nomination Committees of the Company.

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

DATO' LEE HEAN GUAN
Non Independent Non-Executive Director

Dato' Lee Hean Guan, aged 70, a Malaysian citizen is a Non-Independent Non-Executive Director of SMPC. He was appointed to the Board of SMPC on 3 March 2011. He joined See Hup Group in 1965 after completing his secondary education. He formed the pioneer management team of See Hup and was the person responsible for the growth of the Group through strategic business planning, executive management and operational review.

He was the former Group Managing Director of See Hup Consolidated Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad from 18 November 1997 till 29 May 2007. Presently, he is the advisor to See Hup Consolidated Berhad and sits on the Board of Directors for the subsidiaries of See Hup Group.

He is also actively involved in various businesses, communities and charitable organisations and holds honorary positions in various committees.

Notes:

i. **Family Relationships and Substantial Shareholders**
Machendran A/L Pitchai Chetty is a director and shareholder in Kumpulan Pitchai Sdn. Bhd., a substantial shareholder of the Company.

ii. **Conflict of Interest**
All Directors of the Company do not have any conflict of interest with the Company.

iii. **Non-conviction of Offences**
All the Directors have not been convicted of any offences within the past 10 years.

Corporate Governance Statement

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

THE BOARD OF DIRECTORS

Principal Responsibilities

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

Board Balance

The Board of the Company comprises eight (8) Directors, three (3) of whom are Independent Non-Executive Directors, four (4) Executive Directors and a balance of one (1) Non-Independent Non-Executive Director. The composition of the Board was maintained so that not less than one-third (1/3) are Independent Directors. The Directors contributed greatly to the Company through their business acumen, a wide range of functional knowledge and skills from their long-standing experience, drawn from differing backgrounds in business, accountancy, regulatory and technical experience.

The profile of each Director is set out in the Board of Directors' Profile on pages 7 to 9 of the Annual Report.

Board Committee Meetings

During the financial year ended 31 March 2012, a total of five (5) meetings, 31 May 2011, 27 July 2011, 22 August 2011, 24 November 2011 and 24 February 2012 were held. Details of attendance of the Directors at the Board Meetings are as follows:

Name of Director		No. of Meetings Attended
Dato' Seri Ismail Bin Shahudin	*Independent Non-Executive Director/ Chairman*	5 / 5
* Ooi Chieng Sim	*Executive Director/ Vice Chairman*	–
Machendran A/L Pitchai Chetty	*Group Managing Director*	5 / 5
Mohd Shahril Fitri Bin Hashim	*Executive Director*	4 / 5
Sanmarkan A/L T S Ganapathi	*Independent Non-Executive Director*	5 / 5
Sudesh A/L K.V. Sankaran	*Independent Non-Executive Director*	5 / 5
Ng Chin Nam	*Executive Director*	5 / 5
Dato' Lee Hean Guan	*Non-Independent Non-Executive Director*	5 / 5

* Mr Ooi Chieng Sim was appointed as an Executive Director/Vice Chairman with effect from 1 June 2012 and subsequent to his appointment, there was no Board Meeting held.

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

Board Committees

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

- Audit Committee

  The Audit Committee provides a forum for effective communication between the Board, internal auditors and the external auditors. The terms of reference of the Committee had been revised on 25 May 2009 to conform to the revamped Listing Requirements. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 15 to 16 of this Annual Report.

- Nomination Committee

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

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

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

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

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

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

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

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

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

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

- Remuneration Committee

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

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

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

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

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

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

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

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

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

Training for Directors

The Company provides a dedicated training budget for Directors' continuing education. Relevant training programmes are arranged by the Company Secretary and Management. All the Directors of the Company have completed the Mandatory Accreditation Programme as prescribed by Listing Requirements. The following courses were attended by the Directors during the financial year ended 31 March 2012:

- Preparing for Transition from "FRS Framework" to "MFRS Framework" Seminar
- Directors' and shareholders' dealing with the Company Securities for borrowing, charges and debentures

Supply of Information

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

Appointments to the Board

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

Re-election of Directors

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

DIRECTORS' REMUNERATION

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

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

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM
Fee	-	168,000
Salaries and allowances	582,000	234,000
Bonus	-	-
Other benefits	69,840	-

The analysis of remuneration as follows:

	Number of Directors	
Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM200,000 – RM250,000	1	-
RM350,000 – RM400,000	-	-
RM450,000 – RM500,000	1	-
RM600,000 – RM650,000	-	-

SHAREHOLDERS

Dialogue between the Company and Investors

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

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

Annual General Meeting

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Statement on Internal Control is set out on pages 17 to 18 of this Annual Report.

Relationship with Auditors

The Company's relationship with its external auditors is primarily maintained through the Audit Committee and the Board where formal and transparent arrangement with them to meet their professional requirements is established. Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 15 to 16 of the Annual Report.

COMPLIANCE STATEMENT

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

In preparing the financial statements, the Directors have:

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

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

Audit Committee Report

TERMS OF REFERENCE

Compositions and Meetings

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

During the financial year ended 31 March 2012, the Audit Committee convened five meetings. The members of the Audit Committee, and their attendance at the meetings, were as follows:

Name of Member		No. of Meetings Attended
Sanmarkan A/L T. S. Ganapathi	*Independent Non-Executive Director (Chairman)*	5 / 5
Sudesh A/L K. V. Sankaran	*Independent Non- Executive Director*	5 / 5
Ng Chin Nam	**Executive Director*	4 / 5
Dato' Seri Ismail Bin Shahudin	Independent Non-Executive Director	**

* *Mr Ng Chin Nam was re-designated from an Independent Non-Executive Director to an Executive Director of the Company on 1 June 2012 and subsequent to his re-designation, he resigned as a Member of the Audit Committee.*

** *Dato' Seri Ismail Bin Shahudin was appointed on 8 August 2012 as a Member of the Audit Committee and subsequent to his appointment there was no meeting held.*

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

Dato' Seri Ismail bin Shahudin who was appointed on 8 August 2012 as a Member of the Audit Committee meets the requirement of paragraph 15.09 (c)(iii) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

Functions

The functions of the Audit Committee shall include the following:

(a) to review the audit plan, evaluation of the system of internal controls and audit report with the external auditors and report the same to the Board;

(b) to review the assistance given by the employees of the Company to the external auditors;

(c) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(d) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(e) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
   (i) changes in or implementation of major accounting policy changes;
   (ii) significant and unusual events; and
   (iii) compliance with accounting standards and other legal requirements;
(f) to monitor any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
(g) to review resignation (if any) and re-appointments of external auditors and recommend the nomination of a person/persons as external auditors.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 March 2012 in the discharge of its duties and responsibilities:

- Reviewed and approved the Internal Audit plan, strategy and scope of work;
- Reviewed and deliberated on the Internal Audit reports, recommendations and management responses;
- Reviewed the audit strategy and scope for the statutory audits of the Group accounts for the financial year ended 31 March 2012 with the external auditors prior to the commencement of audit;
- Reviewed and discussed the external auditors' management letter for issues noted in the course of the audit;
- Reviewed the annual audited financial statements of the Group prior to submission to the Board for consideration and approval;
- Reviewed the unaudited quarterly reports to Bursa Malaysia Securities Berhad before recommending to the Board for approval; and
- Reviewed the related party transactions and conflict of interest situations which arose within the Group during the year.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group was outsourced to a professional internal audit service provider firm which undertakes independent, objective and systematic reviews of the risk management, internal controls system and corporate governance. The outsourced internal auditors reports directly to the Audit Committee and assists the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group. The functions and responsibilities of the Internal Audit function are embodied in the Internal Audit Charter which has been revised and approved by the Board during the financial year. The costs incurred by the Group in relation to the Internal Audit functions for the financial year ended 31 March 2012 amounted to approximately RM15,000.

During the financial year ended 31 March 2012, the following activities were carried out by the Internal Audit function:

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

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors ("the Board") of SMPC Corporation Berhad ("SMPC" or "the Group") is pleased to provide a statement on the Group's state of internal control for the financial year ended 31 March 2012.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibilities and recognises the importance of ensuring a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board is aware that ultimately, the responsibility for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity, rests with the Board.

As there are limitations inherent in any system of internal control, the system put into effect by Management is therefore designed to manage rather than eliminate risks that may impede the Group in achieving its business objectives or goals. The Board acknowledges that such internal control system can only provide reasonable and not absolute assurance against any material misstatement, losses or errors. In addition to devising internal control procedures, due consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of new internal controls.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly if there is any proposed major transactions, changes in nature of activities and/or operating environment, or new ventures which may entail different risks. The Board shall endeavors to put in place the appropriate risk response strategies and controls until those risks are managed to, or maintained at, a level acceptable to the Board.

INTERNAL AUDIT MECHANISM

The Group's internal audit function is outsourced to a professional internal audit firm to provide the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's system of internal control.

During the financial year ended 31 March 2012, the outsourced internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee. The results of their review were presented to the Audit Committee. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system are summarized as follows:

- The Group's strategic direction is reviewed annually after taking into account changes in market conditions and significant business risks.
- The Group maintains a defined organisation structure with clear lines of reporting that includes proper delegation of authority to facilitate internal checks and balances.
- Certain subsidiaries within the Group are ISO9001:2008 certified. With such certification, external parties periodically conduct audits to ensure compliance with the terms and conditions of the certification.
- The Executive Directors are closely involved in the daily operations and are responsible for the business performance of the various entities. The daily operations are monitored through appraisal of reports, attendance at management meetings and informal discussions on operational issues. Significant issues are brought to the attention of the Board where necessary.
- Executive Directors and Management practises "open-door" policy and meet with staff regularly to discuss and resolve operational, financial, corporate, human resource, strategic and management issues arising.
- Regular management meetings are held to deliberate on the Group's operations, business development, financial performance and risk related management matters.
- The Group performs an annual budgeting and forecasting exercise including development of annual business strategies and the establishment of performance targets. Variances between actual and budget are analysed and reported internally in the monthly management meetings. On a quarterly basis, the variances are reported to the Board.
- The Board meets as least quarterly and has a schedule of matters which is required to be brought to its attention for discussion and decision. Thus, this ensures that the Board maintains full and effective supervision over the appropriate key controls. In arriving at any decision a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. Nevertheless, the Board is aware that the internal control system and risk management practices of the Group must be evaluated periodically to ensure its continued effectiveness to meet the dynamic changes in the Group's business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

This Statement is made in accordance with the resolution of the Board of Directors dated 10 August 2012.

Additional Compliance Information

UTILISATION OF PROCEEDS

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

During the financial year ended 31 March 2012, there was no utilization of proceeds raised from the approved PRS other than as disclosed in Note 37 to the Financial Statements.

SHARE BUY-BACKS

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were exercised during the financial year as disclosed in pages 24 to 25 of this Annual Report.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEES

During the financial year ended 31 March 2012, no non-audit fees were paid to the External Auditors other than the taxation fees amounting to RM18,200 paid to a company in which certain parties of the audit firm are shareholders and directors.

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 March 2012 and unaudited results previously released for the financial quarter ended 31 March 2012.

PROFIT GUARANTEE

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

MATERIAL CONTRACTS

Other than contracts entered into and disclosed as Related Party Transactions in Note 30 to the Financial Statements, there are no other material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

REVALUATION POLICY ON LANDED PROPERTIES

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

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

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

Name of Related Party	Relationship with Company — Interested Director, Major Shareholder and Person Connected	Type of Recurrent Related Party Transaction	Actual value transaction from 25 January 2012 to 31 March 2012 (RM)
SHPioneer	Dato' Lee Hean Guan *(being Interested Director)*	Rental of warehouse, at a monthly rental of RM55,000 (approximately 80,000 sq ft) to SHPioneer at No. 2521 Tingkat Perusahaan 6, Kawasan Perusahaan Perai, 13600 Seberang Perai Tengah	RM22,220
Limsa	Dato' Lee Hean Guan *(being Interested Director)*	Rental of warehouse and open yard, at a monthly rental of RM30,000 (approximately 217,800 sq ft) from Limsa at No. 1702 MK 14 Kampung Tok Suboh, Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Selatan	RM60,000
		Aggregate Value	RM82,220

Corporate Social Responsibility

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

From a workplace perspective, CSR principles are shared with our employees to ensure their duties are performed with an awareness of social responsibilities. In addition to our ongoing CSR initiatives undertaken within the organization, we are committed to developing and supporting the initiatives, which will have a positive impact on the local communities. As part of our commitment to staff development we had conducted various learning and development programs throughout the year.

The Group provided assistance to charitable organization, Schools and temples in Penang, donations of company manufactured furniture to orphanages and the enrolment of students from polytechnic and universities for the purpose of industrial trainings are some of our initiatives that demonstrate our commitment towards the community. With reference to the industrial training, our industry experts have been, more than willingly, sharing their years of experience in various filed with the young aspiring students with a hope of providing them with a better pathway to the corporate industrial world.

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

Directors' Report
for the financial year ended 31 March 2012

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended **31 March 2012**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding, letting of industrial and commercial assets and management consultancy. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) after taxation for the year	**17,304,427**	**(6,283,808)**
Attributable to:		
Owners of the parent	**17,886,088**	**(6,283,808)**
Non-controlling interests	**66,122**	**-**
	17,952,210	**(6,283,808)**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 March 2012** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report other than the following items which have been recognised in the profit or loss for the financial year under review:

	GROUP RM	COMPANY RM
Impairment loss on goodwill	**(1,875,643)**	**-**
Impairment loss on investment in subsidiaries	**-**	**(2,533,837)**
Impairment loss on plant and equipment	**(1,248,801)**	**-**
Impairment loss on trade receivables	**(3,925,096)**	**-**
Impairment loss on other receivables	**(1,305,029)**	**-**
Impairment loss on other investment	**(582,223)**	**-**
Inventories written down	**(1,871,282)**	**-**
Inventories written off	**(12,006,064)**	**-**
Waiver of debts	**64,541,524**	**-**

DIVIDENDS

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

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

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company undertook the following:

Capital reduction and consolidation

(i) The issued and paid-up share capital of the Company of RM64,644,965 comprising 64,644,965 ordinary shares of RM1.00 each was reduced by RM58,180,469 via the cancellation of RM0.90 of the par value of each ordinary shares of the Company, to RM6,464,496 comprising 64,644,965 ordinary shares of RM0.10 each. The credit of RM58,180,469 arising from the share capital reduction of the Company was applied to eliminate the accumulated losses of the Company.

(ii) Subsequent to the aforementioned share capital reduction, the issued and paid-up share capital of the Company was consolidated on the basis of 10 ordinary shares of RM0.10 each into 1 ordinary share of RM1.00 each, thereby consolidating 64,644,965 ordinary shares of RM0.10 each into 6,464,496 ordinary shares of RM1.00 each.

Increase in authorised share capital

The authorised share capital of the Company was increased from RM100,000,000 to RM800,000,000 by the creation of an additional 700,000,000 ordinary shares of RM1.00 each.

Other than the foregoing, the Company did not issue any other share or debenture during the financial year.

DIRECTORS

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

Y. Bhg. Dato' Seri Ismail Bin Shahudin
Machendran a/l Pitchai Chetty
Mohd Shahril Fitri Bin Hashim
Ng Chin Nam
Sanmarkan a/l T S Ganapathi
Sudesh a/l K.V. Sankaran
Dato' Lee Hean Guan
Ooi Chieng Sim (appointed on 1.6.12)

DIRECTORS' INTERESTS

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

	|---------------- Number of ordinary shares of RM1 each			---------------|	
	Balance at 1.4.11	Bought	Sold	Effect of capital reduction and consolidation	Balance at 31.3.12	
The Company						
Direct Interest:						
Machendran a/l Pitchai Chetty	347,447	-	-	(312,703)	34,744	
Ng Chin Nam	60,000	-	-	(54,000)	6,000	
Dato' Lee Hean Guan	322,700	-	-	(290,430)	32,270	
Deemed Interest:						
Machendran a/l Pitchai Chetty	8,277,696	-	-	(7,449,927)	827,769	*
Dato' Lee Hean Guan	101,200	6,025,074	-	(5,513,647)	612,627	**
Other Interest:						
Ng Chin Nam	30,000	-	-	(27,000)	3,000	***
Dato' Lee Hean Guan	2,008,000	-	-	(1,807,200)	200,800	***

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

** By virtue of his interest in Hean Brothers Holdings Sdn. Bhd. ("HBHSB"), he is deemed to have interest in the shares of the Company that are held by HBHSB. The company is incorporated in Malaysia.

*** By virtue of the spouse's interest.

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

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

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person other than those disclosed in the notes to the financial statements, and

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

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

AUDITORS

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

Signed in accordance with a resolution of the directors:

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

Penang,

Date: 27 July 2012

Directors' Statement

We, **Machendran a/l Pitchai Chetty** and **Mohd Shahril Fitri Bin Hashim**, being two of the directors of **SMPC Corporation Bhd.** state that in the opinion of the directors, the financial statements set out on pages 29 to 92 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2012** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

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

Date: 27 July 2012

Statutory Declaration

I, **Mohd Shahril Fitri Bin Hashim**, the director primarily responsible for the financial management of **SMPC Corporation Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 29 to 92 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **27th**)
day of **July 2012**.)

Mohd Shahril Fitri Bin Hashim

Before me,

Goh Suan Bee
(No: P125)
Commissioner for Oaths

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of **SMPC Corporation Bhd.**, which comprise the statements of financial position as at **31 March 2012** of the Group and of the Company, and their statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 92.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2012** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 5 to the financial statements,

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

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 on page 93 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Grant Thornton
No. AF : 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/14 (J)
Chartered Accountant

Date: 27 July 2012

Penang

Consolidated Statements of Financial Position
as at 31 March 2012

		GROUP		COMPANY	
	NOTE	**2012 RM**	2011 RM	**2012 RM**	2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	67,802,073	91,938,152	378,785	21,737,647
Investment properties	4	21,278,083	334,567	20,943,516	-
Investment in subsidiaries	5	-	-	21,227,955	23,761,792
Other investments	6	2,117,777	-	-	-
Goodwill	7	-	1,875,643	-	-
		91,197,933	94,148,362	42,550,256	45,499,439
Current assets					
Inventories	8	12,646,697	26,601,094	-	-
Trade receivables	9	20,741,404	25,517,177	-	-
Other receivables, deposits and prepayments	10	7,035,339	11,639,139	2,601,252	2,049,507
Amount due from subsidiaries	11	-	-	22,844,142	19,259,767
Tax recoverable		383,233	457,023	23,951	32,565
Other investments	6	47,844	54,236	-	-
Fixed deposit with a licensed bank	12	453,000	42,000	453,000	-
Cash and bank balances	13	3,926,379	9,321,376	265,714	50,081
		45,233,896	73,632,045	26,188,059	21,391,920
Non-current assets held for sale	14	-	12,068,914	-	-
		45,233,896	85,700,959	26,188,059	21,391,920
TOTAL ASSETS		136,431,829	179,849,321	68,738,315	66,891,359
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	6,464,496	64,644,965	6,464,496	64,644,965
Share premium		23,751,705	23,751,705	23,751,705	23,751,705
Reserves	16	5,251,445	5,680,370	13,379,344	13,379,344
Retained profits/ (Accumulated losses)		14,577,955	(61,488,602)	(4,657,167)	(56,553,828)
		50,045,601	32,588,438	38,938,378	45,222,186
Non-controlling interests		751,629	904,365	-	-
Total equity		50,797,230	33,492,803	38,938,378	45,222,186

The notes set out on pages 36 to 92 form an integral part of these financial statements.

Consolidated Statements of Financial Position
as at 31 March 2012 (cont'd)

		GROUP		COMPANY	
	NOTE	**2012 RM**	2011 RM	**2012 RM**	2011 RM
Non-current liabilities					
Retirement benefit obligations	17	1,409,398	-	327,096	-
Borrowings	18	12,717,036	2,302,132	10,932,616	611,050
Deferred tax liabilities	19	3,826,643	4,233,085	1,199,890	928,451
		17,953,077	6,535,217	12,459,602	1,539,501
Current liabilities					
Trade payables	20	12,059,600	8,400,704	-	-
Other payables and accruals	21	21,367,259	34,786,983	3,912,562	1,354,714
Amount due to subsidiaries	11	-	-	11,622,540	18,437,997
Retirement benefit obligations	17	101,487	-	59,988	-
Borrowings	18	33,881,966	96,306,014	1,745,245	336,961
Provision for taxation		271,210	327,600	-	-
		67,681,522	139,821,301	17,340,335	20,129,672
Total liabilities		85,634,599	146,356,518	29,799,937	21,669,173
TOTAL EQUITY AND LIABILITIES		136,431,829	179,849,321	68,738,315	66,891,359

The notes set out on pages 36 to 92 form an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

for the financial year ended 31 March 2012

		GROUP		COMPANY	
	NOTE	**2012 RM**	2011 RM	**2012 RM**	2011 RM
Revenue	22	127,607,713	115,352,632	3,153,756	3,233,531
Other income	23	65,510,046	1,269,245	-	226,023
Changes in inventories of work in progress, trading inventories and finished goods		(13,778,722)	764,633	-	-
Raw materials and consumables used		(47,820,875)	(45,756,817)	-	-
Trading goods purchased		(60,569,975)	(35,236,621)	-	-
Employee benefits expense	24	(12,510,687)	(10,434,402)	(1,537,640)	(1,394,855)
Depreciation		(4,592,316)	(4,890,961)	(708,164)	(782,635)
Other operating expenses		(29,158,052)	(11,985,112)	(6,449,855)	(1,337,056)
Operating profit/(loss)		24,687,132	9,082,597	(5,541,903)	(54,992)
Finance costs	25	(6,767,018)	(7,880,205)	(470,466)	(4,383)
Profit/(Loss) before taxation	26	17,920,114	1,202,392	(6,012,369)	(59,375)
Taxation	27	32,096	(1,455,357)	(271,439)	48,561
Profit/(Loss) for the year		17,952,210	(252,965)	(6,283,808)	(10,814)
Other comprehensive loss, net of tax:					
Foreign currency translation differences for foreign operation		(641,391)	(393,774)	-	-
Fair value adjustment on available-for-sale financial assets		(6,392)	4,830	-	-
Other comprehensive loss for the year		(647,783)	(388,944)	-	-
Total comprehensive income/(loss) for the year		17,304,427	(641,909)	(6,283,808)	(10,814)
Profit/(Loss) attributable to:					
Owners of the parent		17,886,088	(297,112)		
Non-controlling interests		66,122	44,147		
		17,952,210	(252,965)		
Total comprehensive income/(loss) attributable to:					
Owners of the parent		17,457,163	(686,056)		
Non-controlling interests		(152,736)	44,147		
		17,304,427	(641,909)		
Earnings/(Loss) per share attributable to owners of the parent					
- Basic (sen)	28	33.05	(0.46)		

The notes set out on pages 36 to 92 form an integral part of these financial statements.

SMPC
SMPC CORPORATION BHD.
(79082-V)

Consolidated Statement of Changes in Equity
for the financial year ended 31 March 2012

		Attributable to Owners of the Parent					Non-controlling interests	Total Equity
			Non-distributable		Distributable Retained Profits/ (Accumulated Losses)			
	NOTE	Share Capital RM	Share Premium RM	Reserves RM	RM	Total RM	RM	RM
2012								
Balance at beginning		64,644,965	23,751,705	5,680,370	(61,488,602)	32,588,438	904,365	33,492,803
Capital reduction and consolidation	15	(58,180,469)	-	-	58,180,469	-	-	-
Total comprehensive income for the year		-	-	(428,925)	17,886,088	17,457,163	(152,736)	17,304,427
Balance at end		6,464,496	23,751,705	5,251,445	14,577,955	50,045,601	751,629	50,797,230
2011								
Balance at beginning		64,644,965	23,751,705	6,069,314	(61,191,490)	33,274,494	860,218	34,134,712
Total comprehensive loss for the year		-	-	(388,944)	(297,112)	(686,056)	44,147	(641,909)
Balance at end		64,644,965	23,751,705	5,680,370	(61,488,602)	32,588,438	904,365	33,492,803

The notes set out on pages 36 to 92 form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 31 March 2012

	NOTE	Share Capital RM	|----- Non-distributable -----| Share Premium RM	Reserves RM	Accumulated Losses RM	Total Equity RM
2012						
Balance at beginning		64,644,965	23,751,705	13,379,344	(56,553,828)	45,222,186
Capital reduction and consolidation	15	(58,180,469)	-	-	58,180,469	-
Total comprehensive loss for the year		-	-	-	(6,283,808)	(6,283,808)
Balance at end		6,464,496	23,751,705	13,379,344	(4,657,167)	38,938,378
2011						
Balance at beginning		64,644,965	23,751,705	13,379,344	(56,543,014)	45,233,000
Total comprehensive loss for the year		-	-	-	(10,814)	(10,814)
Balance at end		64,644,965	23,751,705	13,379,344	(56,553,828)	45,222,186

The notes set out on pages 36 to 92 form an integral part of these financial statements.

Consolidated Statements of Cash Flows

for the financial year ended 31 March 2012

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	17,920,114	1,202,392	(6,012,369)	(59,375)
Adjustments for:				
Bad debts	101,540	20,744	-	8,440
Depreciation	4,592,316	4,890,961	708,164	782,635
Dividend income	(1,560)	(4,680)	-	-
Gain on disposal of non-current assets held for sale	(141,328)	(62,701)	-	-
Gain on disposal of property, plant and equipment	(328,486)	(376,731)	-	(226,023)
Goodwill written off	1,875,643	-	-	-
Impairment loss on investment in subsidiaries	-	-	2,533,837	-
Impairment loss on other investment	582,223	-	-	-
Impairment loss on property, plant and equipment	1,248,801	-	-	-
Impairment loss on receivables	5,213,788	272,169	-	-
Interest expense	6,735,234	7,829,812	470,466	4,383
Interest income	(17,253)	-	-	-
Inventories written down	1,871,282	-	-	-
Inventories written off	12,006,064	-	-	-
Property, plant and equipment written off	136,317	21	-	-
Unrealised (gain)/loss on foreign exchange	(125,229)	5,125	-	5,125
Waiver of debts	(64,541,524)	-	-	-
Operating (loss)/profit before working capital changes	(12,872,058)	13,777,112	(2,299,902)	515,185
Decrease in inventories	63,032	1,238,290	-	-
Decrease/(Increase) in receivables	2,182,508	(3,570,831)	(551,745)	(995,600)
Increase in payables	15,242,703	676,456	2,557,848	392,933
Increase in retirement benefit obligations	1,510,885	-	387,084	-
Cash generated from/(used in) operations	6,127,070	12,121,027	93,285	(87,482)
Income tax paid	(284,978)	(452,675)	(11,451)	-
Income tax refund	20,065	111,124	20,065	56,503
Interest paid	(2,729,338)	(5,181,948)	(470,466)	(4,383)
Net cash from/(used in) operating activities/ Balance carried forward	3,132,819	6,597,528	(368,567)	(35,362)

Consolidated Statements of Cash Flows

for the financial year ended 31 March 2012 (cont'd)

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Net cash from/(used in) operating activities/ Balance brought forward	3,132,819	6,597,528	(368,567)	(35,362)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received	1,560	4,680	-	-
Interest received	17,253	-	-	-
Placement of fixed deposit	(411,000)	(42,000)	(453,000)	-
Proceeds from disposal of non-current assets held for sale	12,210,242	771,549	-	-
Proceeds from disposal of property, plant and equipment	351,585	499,704	-	262,000
Subsequent expenditure on investment properties	(87,003)	-	(87,003)	-
* Purchase of property, plant and equipment	(4,161,626)	(2,735,863)	(205,815)	(134,393)
Net cash from/(used in) investing activities	7,921,011	(1,501,930)	(745,818)	127,607
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(305,484)	-	-	-
Proceeds from term loans	13,500,000	-	12,000,000	-
Repayment of bankers acceptance	(16,103,000)	(1,890,000)	-	-
Repayment to subsidiaries	-	-	(10,399,832)	(271,835)
Repayment of finance lease	(84,761)	(341,600)	(22,361)	(136,189)
Repayment of term loans	(6,231,971)	(845,591)	(247,789)	-
Net cash (used in)/from financing activities	(9,225,216)	(3,077,191)	1,330,018	(408,024)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,828,614	2,018,407	215,633	(315,779)
Effects of exchange rate changes	(9,978)	369,013	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	(507,676)	(2,895,096)	50,081	365,860
CASH AND CASH EQUIVALENTS AT END	1,310,960	(507,676)	265,714	50,081
Represented by:				
Cash and bank balances	3,926,379	9,321,376	265,714	50,081
Bank overdrafts	(2,615,419)	(9,829,052)	-	-
	1,310,960	(507,676)	265,714	50,081
*** Purchase of property, plant and equipment**				
Total acquisition cost	4,161,626	2,865,863	205,815	134,393
Acquired under finance lease	-	(130,000)	-	-
Total cash acquisition	4,161,626	2,735,863	205,815	134,393

The notes set out on pages 36 to 92 form an integral part of these financial statements.

1. CORPORATE INFORMATION

General

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

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

The principal place of business of the Company is located at No. 1702, Mukim 14, Kampung Tok Suboh, Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Selatan, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 July 2012.

Principal Activities

The principal activities of the Company consist of investment holding, letting of industrial and commercial assets and management consultancy. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

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

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

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

2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

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

(a) **Critical judgements made in accounting policies**

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

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

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

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

(b) **Key sources of estimation uncertainty**

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

(i) **Impairment of goodwill**

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

(ii) **Impairment of property, plant and equipment**

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

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

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

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

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

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

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

(iv) **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 the 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.

(vi) **Impairment of loans and receivables**

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

2.3 **Adoption of Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for the current financial year:

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

2.3 **Adoption of Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

Revised FRSs

FRS 1	First-time adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

FRS 1	Limited Exemption from Comparative FRS 7. Disclosure for First-time Adopters
FRS 2	Group Cash-settled Share-based Payment Transactions
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Improving Disclosures about Financial Instruments
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement

IC Int

IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 12	Services Concession Arrangements
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Loyalty Programmes

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

FRS 3 Business Combinations (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2011. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

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

2.4 **Standards Issued But Not Yet Effective**

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities are given the option to either apply the MFRS Framework or the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

The Group and the Company have not early adopted the MFRS Framework.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits/accumulated losses.

The Group and the Company have not completed its quantification of the financial effects of the differences between Financial Reporting Standards ("FRS") and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

2.5 **Subsidiaries and Basis of Consolidation**

Subsidiaries

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

Investment in subsidiaries which is eliminated on consolidation is stated at cost less any impairment losses in the Company's financial statements.

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

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

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

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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.

Change in accounting policy

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business Combinations" and FRS 127 "Consolidated and Separate Financial Statements".

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Acquisition on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date at fair value and the resulting gain or loss is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Subsidiaries and Basis of Consolidation (cont'd)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combination and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity.

Accounting for changes in non-controlling interest

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

2.6 Property, Plant and Equipment

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

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

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is included in profit or loss.

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

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Long leasehold land	Amortised over lease period of 99 years
Buildings	2%
Plant and machinery	5% to 15%
Fittings, equipment, office equipment, motor vehicles and renovation	2% to 33%

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

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

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

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

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

2.7 **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.

2.8 **Investment Properties**

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

Building is depreciated on the straight line method to write off the cost to its residual value over its estimated useful life at 2% per annum while the long leasehold land is amortised over the lease period of 60 years.

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

Upon the disposal of an item of an investment property, the difference between the net disposal proceeds and its carrying amount is included in profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits/accumulated losses.

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

2.9 **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) **Finance Lease**

A finance lease which includes hire purchase agreement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the leasee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

(ii) **Operating Lease**

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight line basis over the period of the lease.

2.10 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

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

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

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

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

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

2.12 **Financial Instruments**

2.12.1 **Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

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

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

2.12.2 **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) **Loans and receivables**

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

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

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

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

2.12 **Financial Instruments** (cont'd)

2.12.2 **Financial instrument categories and subsequent measurement** (cont'd)

Financial assets (cont'd)

(b) **Available-for-sale financial assets**

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, except for trading liabilities and liabilities designated at fair value which are held at fair value through profit or loss.

(a) **Financial liabilities at fair value through profit or loss**

This category comprises two sub-categories : financial liabilities classified as held-for-trading, and financial liabilities designated at fair value through profit or loss upon initial recognition. The Group and the Company do not have any non-derivative financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedging instruments.

(b) **Financial liabilities at amortised cost**

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.

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

2.12 **Financial Instruments** (cont'd)

2.12.3 **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2.12.4 **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.12.5 **Derecognition**

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

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

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

2.13 Impairment of Financial Assets

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

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

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

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

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

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of trading inventories of building materials, hardware items and scrap materials is determined using the weighted average basis. Cost of other inventories is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.15 **Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value against which bank overdraft balances, if any, are deducted.

2.16 **Provisions**

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.17 **Income Recognition**

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

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

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

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

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

2.18 **Borrowing Costs**

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

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

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

2.19 **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 of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

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

(iii) **Defined benefit plans**

The Company and certain subsidiaries have unfunded Retirement Benefit Schemes ("the Schemes") for their eligible employees. Benefits are determined based on the length of service and last drawn wages and are payable to employees upon retirement.

The Schemes are described as follows:

Scheme I

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

Scheme II

Provision for retirement benefits is computed at half a month's salary for each year of service for the first seven years. Upon completion of seven years of service by an employee, the subsidiary remits this provision to EPF. Thereafter, on subsequent years until retirement, the subsidiary continues to contribute a certain percentage of the employees' half a month's salaries to EPF.

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

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

(iv) **Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal of providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

2.20 **Income Tax**

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

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

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

2.21 **Foreign Currency Translations**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Foreign Currency Translations (cont'd)

The financial statements of the foreign subsidiary are translated into Ringgit Malaysia at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange for the reporting period, for income and expenses. Exchange differences due to such currency translations are taken directly to foreign currency translation reserve.

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

2.22 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.24 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

	At Valuation		At Cost					
	Long leasehold land RM	Buildings RM	Long leasehold land RM	Buildings RM	Plant and machinery RM	Fittings, equipment office equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
2012								
At cost/valuation								
Balance at beginning	2,100,000	10,250,019	8,209,804	62,201,214	63,848,436	14,891,671	2,193,142	163,694,286
Additions	-	-	-	472,082	2,421,065	892,500	375,979	4,161,626
Disposals	-	-	-	-	(744,298)	(390,720)	-	(1,135,018)
Written off	-	-	-	-	(223,907)	(20,250)	-	(244,157)
Reclassified to investment properties (Note 4)	-	(10,250,019)	(8,209,804)	(11,307,459)	-	-	-	(29,767,282)
Reclassification	-	-	-	1,515,009	-	8,431	(1,523,440)	-
Exchange differences	-	-	-	(718,034)	(865,666)	(36,450)	(93,492)	(1,713,642)
Balance at end	2,100,000	-	-	52,162,812	64,435,630	15,345,182	952,189	134,995,813
Accumulated depreciation								
Balance at beginning	123,702	1,964,032	3,661,863	9,973,643	43,571,846	12,461,048	-	71,756,134
Current charge	26,210	205,000	136,281	1,245,279	2,400,989	578,557	-	4,592,316
Disposals	-	-	-	-	(722,320)	(389,599)	-	(1,111,919)
Written off	-	-	-	-	(87,597)	(20,243)	-	(107,840)
Reclassified to investment properties (Note 4)	-	(2,169,032)	(3,798,144)	(2,943,593)	-	-	-	(8,910,769)
Exchange differences	-	-	-	(55,041)	(205,330)	(12,612)	-	(272,983)
Balance at end	149,912	-	-	8,220,288	44,957,588	12,617,151	-	65,944,939
Accumulated impairment losses								
Addition/Balance at end	-	-	-	-	1,248,801	-	-	1,248,801
Carrying amount	1,950,088	-	-	43,942,524	18,229,241	2,728,031	952,189	67,802,073

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

	At Valuation		At Cost					
	Long leasehold land RM	Buildings RM	Long leasehold land RM	Buildings RM	Plant and machinery RM	Fittings, equipment office equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
2011								
At cost/valuation								
Balance at beginning	2,100,000	10,250,019	8,209,804	61,224,034	63,757,934	16,667,728	1,932,496	164,142,015
Additions	-	-	-	1,408,385	673,512	374,503	409,463	2,865,863
Disposals	-	-	-	-	(308,054)	(1,862,646)	-	(2,170,700)
Written off	-	-	-	-	-	(264,496)	-	(264,496)
Reclassification	-	-	-	-	137,321	-	(137,321)	-
Exchange differences	-	-	-	(431,205)	(412,277)	(23,418)	(11,496)	(878,396)
Balance at end	2,100,000	10,250,019	8,209,804	62,201,214	63,848,436	14,891,671	2,193,142	163,694,286
Accumulated depreciation								
Balance at beginning	97,491	1,759,032	3,525,582	8,807,081	41,324,651	13,779,147	-	69,292,984
Current charge	26,211	205,000	136,281	1,183,466	2,620,483	719,520	-	4,890,961
Disposals	-	-	-	-	(282,786)	(1,764,941)	-	(2,047,727)
Written off	-	-	-	-	-	(264,475)	-	(264,475)
Exchange differences	-	-	-	(16,904)	(90,502)	(8,203)	-	(115,609)
Balance at end	123,702	1,964,032	3,661,863	9,973,643	43,571,846	12,461,048	-	71,756,134
Carrying amount	1,976,298	8,285,987	4,547,941	52,227,571	20,276,590	2,430,623	2,193,142	91,938,152

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

COMPANY

	At Valuation	At Cost				
	Buildings RM	**Long leasehold land RM**	**Buildings RM**	**Fittings, equipment, and office equipment RM**	**Motor vehicles RM**	**Total RM**
2012						
At cost/valuation						
Balance at beginning	10,250,019	8,209,804	11,396,824	3,907,506	1,399,172	35,163,325
Additions	-	-	-	43,544	162,271	205,815
Reclassified to investment properties (Note 4)	(10,250,019)	(8,209,804)	(11,307,459)	-	-	(29,767,282)
Balance at end	-	-	89,365	3,951,050	1,561,443	5,601,858
Accumulated depreciation						
Balance at beginning	1,964,032	3,661,863	2,689,152	3,716,245	1,394,386	13,425,678
Current charge	205,000	136,281	256,228	76,125	34,530	708,164
Reclassified to investment properties (Note 4)	(2,169,032)	(3,798,144)	(2,943,593)	-	-	(8,910,769)
Balance at end	-	-	1,787	3,792,370	1,428,916	5,223,073
Carrying amount	-	-	87,578	158,680	132,527	378,785
2011						
At cost/valuation						
Balance at beginning	10,250,019	8,209,804	11,307,459	4,207,714	2,138,798	36,113,794
Additions	-	-	89,365	45,028	-	134,393
Disposals	-	-	-	(345,236)	(739,626)	(1,084,862)
Balance at end	10,250,019	8,209,804	11,396,824	3,907,506	1,399,172	35,163,325
Accumulated depreciation						
Balance at beginning	1,759,032	3,525,582	2,435,333	4,000,348	1,971,633	13,691,928
Current charge	205,000	136,281	253,819	61,132	126,403	782,635
Disposals	-	-	-	(345,235)	(703,650)	(1,048,885)
Balance at end	1,964,032	3,661,863	2,689,152	3,716,245	1,394,386	13,425,678
Carrying amount	8,285,987	4,547,941	8,707,672	191,261	4,786	21,737,647

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

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

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Long leasehold land	267,430	272,109	-	-
Buildings	-	3,812,053	-	3,812,053
	267,430	4,084,162	-	3,812,053

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
At valuation:				
Long leasehold land	1,950,088	1,976,298	-	-
Buildings	-	8,285,987	-	8,285,987
At cost:				
Long leasehold land	-	4,547,941	-	4,547,941
Buildings	43,582,470	52,099,571	85,578	8,707,672
	45,532,558	66,909,797	85,578	21,541,600

(iii) The carrying amount of motor vehicles acquired under finance lease are as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Motor vehicles	127,114	187,857	-	4,782

The leased assets are pledged as security for the related finance lease liabilities (Note 18).

(iv) The strata titles for certain buildings of the Group have yet to be issued by the relevant authorities.

4. INVESTMENT PROPERTIES

	Freehold land RM	Long leasehold land RM	Buildings RM	Total RM
GROUP				
2012				
At fair value				
Balance at beginning	334,567	-	-	334,567
Reclassified from property, plant and equipment (Note 3)	-	4,411,660	16,444,853	20,856,513
Additions	-	-	87,003	87,003
Balance at end	334,567	4,411,660	16,531,856	21,278,083
2011				
Balance at beginning/end	334,567	-	-	334,567
COMPANY				
2012				
At fair value				
Reclassified from property, plant and equipment (Note 3)	-	4,411,660	16,444,853	20,856,513
Additions	-	-	87,003	87,003
Balance at end	-	4,411,660	16,531,856	20,943,516

There are no comparative figures as the leasehold land and buildings of the Company are reclassified from property, plant and equipment during the financial year.

(i) The investment properties are pledged to licensed banks for banking facilities granted to the Company and certain subsidiaries.

(ii) The freehold land and buildings were revalued in 1994 by an independent professional valuer based on the open market value basis.

(iii) The carrying amount of investment properties at the end of the reporting period approximate their fair value based on directors' valuation by reference to the existing market condition.

4. **INVESTMENT PROPERTIES** (cont'd)

(iv) The amounts recognised in the profit or loss are as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Rental income from investment properties	1,741,105	60,348	1,680,757	-
Direct operating expenses arising from investment properties that generated rental income during the financial year	230,648	4,042	222,141	-

5. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2012 RM	2011 RM
Unquoted shares, at cost	78,013,643	78,013,643
Less: Accumulated impairment loss		
Balance at beginning	(54,251,851)	(54,251,851)
Current year	(2,533,837)	-
Balance at end	(56,785,688)	(54,251,851)
	21,227,955	23,761,792

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal Activities
Direct				
SMPC Industries Sdn. Bhd.	Malaysia	100%	100%	Metal sheet and coil processing centre with main services in shearing and reshearing.
SMPC Marketing Sdn. Bhd.	Malaysia	100%	100%	Trading in steel furniture.
Edit Systems (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Duro Metal Industrial (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services.

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

Name of Company	Place of Incorporation	Effective Equity Interest 2012	2011	Principal Activities
Direct				
* SMPC Industries (India) Private Limited	India	74%	74%	Manufacturing of steel products.
Park Avenue Construction Sdn. Bhd.	Malaysia	100%	100%	Dormant.
SMPC Dexon Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and trading of steel and other types of furniture and the provision of related services.
Metal Perforators (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of perforated metals, cable support systems and screen plates.
SMPC Steel Mill Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Indirect - held through SMPC Marketing Sdn. Bhd.				
Progerex Sdn. Bhd.	Malaysia	100%	100%	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.				
Duro Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Duro Structural Products (M) Sdn. Bhd.	Malaysia	70%	70%	Dormant.

* Not audited by Grant Thornton.

6. **OTHER INVESTMENTS**

GROUP

	Unquoted shares RM	Shares quoted in Malaysia RM	Unit Trusts quoted in Malaysia RM	Total RM
2012				
Non-current				
Available-for-sale financial assets	2,999,838	-	-	2,999,838
Less: Accumulated impairment loss				
Balance at beginning	(299,838)	-	-	(299,838)
Current year	(582,223)	-	-	(582,223)
Balance at end	(882,061)	-	-	(882,061)
Balance carried forward	2,117,777	-	-	2,117,777

6. **OTHER INVESTMENTS** (cont'd)

	Unquoted shares RM	Shares quoted in Malaysia RM	Unit Trusts quoted in Malaysia RM	Total RM
Balance brought forward	2,117,777	-	-	2,117,777
Current				
Available-for-sale financial assets	-	46,160	8,076	54,236
Fair value adjustments	-	(14,960)	8,568	(6,392)
	-	31,200	16,644	47,844
Total	2,117,777	31,200	16,644	2,165,621
Representing items:				
At cost	2,117,777	-	-	2,117,777
At fair value	-	31,200	16,644	47,844
	2,117,777	31,200	16,644	2,165,621
Market value of quoted investments	-	31,200	16,644	47,844
2011				
Non-current				
Available-for-sale financial assets	299,838	-	-	299,838
Less: Accumulated impairment loss	(299,838)	-	-	(299,838)
	-	-	-	-
Current				
Available-for-sale financial assets	-	42,200	7,206	49,406
Fair value adjustments	-	3,960	870	4,830
	-	46,160	8,076	54,236
Total	-	46,160	8,076	54,236
Representing items:				
At cost	-	-	-	-
At fair value	-	46,160	8,076	54,236
	-	46,160	8,076	54,236
Market value of quoted investments	-	46,160	8,076	54,236

7. **GOODWILL**

	GROUP	
	2012	2011
	RM	RM
At cost:		
Balance at beginning	1,875,643	1,875,643
Less: Impairment loss	(1,875,643)	-
Balance at end	-	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:

	2012	2011
	RM	RM
Manufacturing of steel roofing and related products	-	957,154
Manufacturing of perforated materials	-	918,489
	-	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 follow:

(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.

7. **GOODWILL** (cont'd)

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

With regards 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.

During the financial year, the goodwill is fully impaired as the carrying value of the units is less than its recoverable amount.

8. **INVENTORIES**

	GROUP	
	2012 RM	2011 RM
At cost:		
Raw materials	7,535,770	8,368,093
Work-in-progress	71,134	40,107
Finished goods	1,817,092	2,905,579
Trading goods	2,084,987	15,199,357
Consumables	-	87,958
	11,508,983	26,601,094
At net realisable value:		
Raw materials	862,978	-
Finished goods	274,736	-
	1,137,714	-
	12,646,697	26,601,094
Analysis by currencies:		
Ringgit Malaysia	12,603,881	26,518,526
Indian Rupee	42,816	82,568
	12,646,697	26,601,094
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	121,971,816	83,299,044
Inventories written down	1,871,282	-
Inventories written off	12,006,064	-

9. TRADE RECEIVABLES

	GROUP	
	2012 **RM**	2011 RM
Trade receivables	25,269,657	26,150,105
Less: Accumulated impairment loss		
Balance at beginning	(632,928)	(534,105)
Current year	(3,925,096)	(186,236)
Recovered	13,434	87,413
Over provision in prior year	16,337	-
Balance at end	(4,528,253)	(632,928)
	20,741,404	25,517,177
Analysis by currencies:		
Ringgit Malaysia	21,414,678	23,492,722
Singapore Dollar	96,881	53,812
US Dollar	3,156,042	2,191,722
Euro	34,146	38,488
Australian Dollar	1,174	27,256
Indian Rupee	566,736	346,105
	25,269,657	26,150,105

The trade receivables are non-interest bearing and are generally on **14 to 90** days (2011 : 14 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is retention sum amounting to **RM251,906** (2011 : RM364,286).

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2012 **RM**	2011 RM	**2012** **RM**	2011 RM
Other receivables	4,883,905	8,956,021	88,278	687,973
Less: Accumulated impairment loss				
Balance at beginning	(85,933)	-	-	-
Current year	(1,305,029)	(85,933)	-	-
Balance at end	(1,390,962)	(85,933)	-	-
	3,492,943	8,870,088	88,278	687,973
Deposits	976,793	1,378,514	317,441	318,671
Prepayments	2,565,603	1,390,537	2,195,533	1,042,863
	7,035,339	11,639,139	2,601,252	2,049,507

10. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS** (cont'd)

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Analysis by currencies:				
Ringgit Malaysia	6,184,473	8,732,434	2,298,752	1,747,007
US Dollar	417,571	302,500	302,500	302,500
Indian Rupee	1,824,257	2,690,138	-	-
	8,426,301	11,725,072	2,601,252	2,049,507

(i) Included in other receivables of the Group are the following:

(a) An amount of **RM2,610,057** (2011 : RM2,610,057) due from a buyer of a subsidiary's plant and machinery. The Group has provided an impairment loss of RM1,305,029 during the financial year ended 31 March 2012.

(b) In the previous financial year, there was an amount of RM2,700,000 contributed by the Group pursuant to a proposed joint venture between a subsidiary and High Q Pack Industries Co. Ltd. ("HQPI"). On 3 March 2007, the subsidiary had entered into a Shareholders' Agreement with HQPI for the purpose of setting up a new company under the name of Thai Strapping Ltd. ("TSL") as the joint venture vehicle to undertake the manufacturing and sale of metal/steel strapping and steel component activities in Thailand. The shares were allocated to the Group during the financial year and the said amount has been transferred to other investment.

(ii) Included in deposits of the Group and of the Company is a deposit amounting to **USD100,000** (2011 : USD100,000) held by a lender as security for a term loan.

11. **AMOUNT DUE FROM/TO SUBSIDIARIES**

COMPANY

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

12. **FIXED DEPOSIT WITH A LICENSED BANK**

GROUP AND COMPANY

The fixed deposit is pledged to a licensed bank as security for bank guarantee facilities granted to the Company and a subsidiary.

12. **FIXED DEPOSIT WITH A LICENSED BANK** (cont'd)

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Interest rate per annum	3.00%	3.00%	3.00%	-
Maturities	1 month	12 months	1 month	-

13. **CASH AND BANK BALANCES**

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Analysis by currencies:				
Ringgit Malaysia	3,922,710	9,251,030	265,714	50,081
Indian Rupee	3,669	70,346	-	-
	3,926,379	9,321,376	265,714	50,081

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

	GROUP	
	2012 RM	2011 RM
Freehold land and buildings, at cost		
Balance at beginning	12,068,914	12,777,762
Additions	-	128,451
Disposals	(12,068,914)	(837,299)
Balance at end	-	12,068,914

Non-current assets held for sale comprise freehold land and buildings. On 28 September 2007, a subsidiary had entered into a sales and purchase agreement with a third party for the sale of the freehold land and buildings. This transaction was completed on 31 October 2011.

The freehold land and buildings were pledged to a licensed bank for banking facilities granted to a subsidiary.

15. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	**2012 RM**	2011 RM
Authorised:				
Balance at beginning	100,000,000	100,000,000	100,000,000	100,000,000
Creation	700,000,000	-	700,000,000	-
Balance at end	800,000,000	100,000,000	800,000,000	100,000,000
Issued and fully paid:				
Balance at beginning	64,644,965	64,644,965	64,644,965	64,644,965
Adjustment due to capital reduction and consolidation	(58,180,469)	-	(58,180,469)	-
Balance at end	6,464,496	64,644,965	6,464,496	64,644,965

During the financial year, the Company undertook the following:

Capital reduction and consolidation

(i) The issued and paid-up share capital of the Company of RM64,644,965 comprising 64,644,965 ordinary shares of RM1.00 each was reduced by RM58,180,469 via the cancellation of RM0.90 of the par value of each existing ordinary shares of the Company, to RM6,464,496 comprising 64,644,965 ordinary shares of RM0.10 each. The credit of RM58,180,469 arising from the share capital reduction of the Company was applied to eliminate the accumulated losses of the Company.

(ii) Subsequent to the aforementioned share capital reduction, the issued and paid-up share capital of the Company was consolidated on the basis of 10 ordinary shares of RM0.10 each into 1 ordinary share of RM1.00 each, thereby consolidating 64,644,965 ordinary shares of RM0.10 each into 6,464,496 ordinary shares of RM1.00 each.

Increase in authorised share capital

The authorised share capital of the Company was increased from RM100,000,000 to RM800,000,000 by the creation of an additional 700,000,000 ordinary shares of RM1.00 each.

16. RESERVES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Capital reserve				
Balance at beginning/end	-	-	7,445,000	7,445,000
Asset revaluation reserve				
Balance at beginning/end	6,009,053	6,009,053	5,934,344	5,934,344
Foreign currency translation reserve				
Balance at beginning	(333,513)	60,261	-	-
Current year	(422,533)	(393,774)	-	-
Balance at end	(756,046)	(333,513)	-	-
Fair value adjustments reserve				
Balance at beginning	4,830	-	-	-
Current year	(6,392)	4,830	-	-
Balance at end	(1,562)	4,830	-	-
	5,251,445	5,680,370	13,379,344	13,379,344

17. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Recognised in profit or loss (Note 24)	1,822,023	-	531,707	-
Utilised during the year	(311,138)	-	(144,623)	-
	1,510,885	-	387,084	-
Analysed as:				
Current liabilities	101,487	-	59,988	-
Non-current liabilities				
Later than 1 year but not later than 2 years	58,821	-	8,068	-
Later than 2 years but not later than 5 years	110,966	-	-	-
Later than 5 years	1,239,611	-	319,028	-
	1,409,398	-	327,096	-
	1,510,885	-	387,084	-

18. **BORROWINGS**

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Non-current liabilities				
Finance lease liabilities				
Minimum payments:				
Within 1 year	42,278	99,993	-	26,835
Later than 1 year but not later than 2 years	29,904	38,569	-	-
Later than 2 years but not later than 5 years	37,360	67,264	-	-
	109,542	205,826	-	26,835
Finance charges	(8,838)	(20,361)	-	(4,474)
Carrying amount at end	100,704	185,465	-	22,361
Amount due within 1 year included under current liabilities	(37,468)	(87,944)	-	(22,361)
	63,236	97,521	-	-
Term loans				
Total amount payable	27,808,043	43,083,279	12,677,861	925,650
Amount due within 1 year included under current liabilities	(15,154,243)	(40,878,668)	(1,745,245)	(314,600)
Carrying amount at end	12,653,800	2,204,611	10,932,616	611,050
	12,717,036	2,302,132	10,932,616	611,050
Current liabilities				
Bank overdrafts	2,615,419	9,829,052	-	-
Bankers acceptance	12,078,340	33,131,000	-	-
Revolving credits	3,996,496	12,250,000	-	-
Trust receipts	-	129,350	-	-
Finance lease liabilities	37,468	87,944	-	22,361
Term loans	15,154,243	40,878,668	1,745,245	314,600
	33,881,966	96,306,014	1,745,245	336,961
Total borrowings	46,599,002	98,608,146	12,677,861	948,011
Analysis by currencies:				
Ringgit Malaysia	46,403,785	98,311,850	12,677,861	948,011
Indian Rupee	195,217	296,296	-	-
	46,599,002	98,608,146	12,677,861	948,011

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

The repayment of term loans are as follows:

Term loan	Principal sum RM	Repayment terms	Commencement date
I	1,258,000	12 equal monthly instalments of RM25,000 each for the first year, 24 equal monthly instalments of RM29,000 each for the second and third year, 24 equal monthly instalments of RM11,000 each for the fourth and fifth year and a final instalment of RM9,000.	December 2010
II	12,000,000	120 equal monthly instalments of RM142,756 each.	September 2011
III	1,500,000	36 equal monthly instalments of RM46,901 each.	February 2012

During the financial year, the Company's revised Proposed Restructuring Scheme has been approved by the relevant authorities. As a result, the amount of RM59,741,524 (principal and interest) owing to the affected banks are waived and the balance due will be settled via issuance of the Company's shares which will take place after the reporting period.

The borrowings (except for finance lease liabilities) of the Group are secured by way of:

(i) Legal charges and deed of assignment over certain land and buildings of the Company and subsidiaries,
(ii) Negative pledge on assets of the Company and certain subsidiaries,
(iii) Deposit of USD100,000 held in trust by a lender (Note 10),
(iv) Corporate guarantee of the Company and its subsidiaries,
(v) Pledge of fixed deposits, and
(vi) Joint and several guarantee by certain directors of the Company.

A summary of the effective interest rates and the maturities of the borrowings at the end of the reporting period are as follows:

GROUP	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
2012						
Bank overdrafts	8.10 to 8.60	2,615,419	2,615,419	-	-	-
Bankers acceptance	5.50 to 7.00	12,078,340	12,078,340	-	-	-
Revolving credits	8.00 to 8.50	3,996,496	3,996,496	-	-	-
Finance lease liabilities	2.33 to 4.10	100,704	37,468	27,155	36,081	-
Term loans	2.06 to 8.60	27,808,043	15,154,243	1,833,045	3,890,097	6,930,658

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

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
2011						
Bank overdrafts	7.30 to 8.00	9,829,052	9,829,052	-	-	-
Bankers acceptance	3.00 to 7.80	33,131,000	33,131,000	-	-	-
Revolving credits	8.00 to 8.50	12,250,000	12,250,000	-	-	-
Trust receipts	3.00	129,350	129,350	-	-	-
Finance lease liabilities	2.33 to 4.10	185,465	87,944	34,285	63,236	-
Term loans	1.79 to 9.05	43,083,279	40,878,668	1,417,553	787,058	-
COMPANY						
2012						
Term loans	2.06 to 7.85	12,677,861	1,745,245	886,300	3,115,658	6,930,658
2011						
Finance lease liabilities	2.55 to 4.10	22,361	22,361	-	-	-
Term loan	1.79	925,650	314,600	314,600	296,450	-

19. **DEFERRED TAX LIABILITIES**

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Revaluation surplus				
Balance at beginning	2,588,243	2,681,255	1,248,451	1,297,012
Transfer to profit or loss	(93,012)	(93,012)	(48,561)	(48,561)
Balance at end	2,495,231	2,588,243	1,199,890	1,248,451
Excess of capital allowances over depreciation on property, plant and equipment				
Balance at beginning	1,644,842	366,080	(320,000)	(320,000)
Transfer (to)/from profit or loss	(1,084,150)	693,131	92,000	-
Exchange difference	(92,280)	(51,214)	-	-
	468,412	1,007,997	(228,000)	(320,000)
Under provision in prior year	863,000	636,845	228,000	-
Balance at end	1,331,412	1,644,842	-	(320,000)
	3,826,643	4,233,085	1,199,890	928,451

19. DEFERRED TAX LIABILITIES (cont'd)

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Revaluation surplus	2,495,231	2,588,243	1,199,890	1,248,451
Property, plant and equipment	1,331,412	2,740,842	-	-
Unabsorbed tax losses	-	(126,000)	-	-
Unabsorbed capital allowances	-	(476,000)	-	(320,000)
Unabsorbed allowance for increase in export	-	(494,000)	-	-
	3,826,643	4,233,085	1,199,890	928,451

20. TRADE PAYABLES

	GROUP	
	2012	2011
	RM	RM
Analysis by currencies:		
Ringgit Malaysia	11,840,169	6,733,169
Indian Rupee	219,431	1,667,535
	12,059,600	8,400,704

The trade payables are non-interest bearing and are normally settled on **14 to 90** days (2011 : 14 to 90 days) credit terms.

21. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
* Other payables				
- Interest bearing at **6.20%** to **18.00%** (2011 : 6.20% to 6.50%) per annum	12,430,415	16,000,000	-	-
- Non-interest bearing	3,660,807	3,168,796	372,734	339,960
Balance carried forward	16,091,222	19,168,796	372,734	339,960

21. **OTHER PAYABLES AND ACCRUALS** (cont'd)

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Balance brought forward	16,091,222	19,168,796	372,734	339,960
Accruals	4,122,246	14,086,840	3,180,725	338,443
Prepayment and deposits received for letting of properties	1,153,791	1,531,347	359,103	676,311
	21,367,259	34,786,983	3,912,562	1,354,714
Analysis by currencies:				
Ringgit Malaysia	21,247,797	34,303,473	3,912,562	1,354,714
Indian Rupee	119,462	478,753	-	-
US Dollar	-	4,757	-	-
	21,367,259	34,786,983	3,912,562	1,354,714

GROUP

* Included in other payables of the Group are the following:

(a) An amount of **RM11,200,000** (2011 : RM16,000,000) secured by corporate guarantee given by the Company and a debenture on the fixed and floating charge over the present and future assets of a subsidiary.

During the financial year, the Company's revised Proposed Restructuring Scheme has been approved by the relevant authorities. As such, the interest portion due to the creditor of RM4,800,000 is waived and the outstanding balance of RM11,200,000 will be settled via issuance of a combination of the Company's shares and zero coupon 10-year irredeemable convertible unsecured loan stocks which will take place after the reporting period.

(b) An amount of **RM523,000** (2011 : RM Nil) due to a company in which a director of the Company has interest and is non-interest bearing.

22. **REVENUE**

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Sale of goods	125,893,957	113,609,101	-	-
Rental of industrial and commercial assets	1,713,756	1,743,531	1,713,756	1,793,531
Management fee from subsidiaries	-	-	1,440,000	1,440,000
	127,607,713	115,352,632	3,153,756	3,233,531

23. OTHER INCOME

	GROUP		COMPANY	
	2012 **RM**	2011 RM	**2012** **RM**	2011 RM
Bad debts recovered	-	523,250	-	-
Gain on disposal of non-current assets held for sale	141,328	62,701	-	-
Gain on disposal of property, plant and equipment	328,486	376,731	-	226,023
Gross dividend from investments quoted in Malaysia	1,560	4,680	-	-
Impairment loss on trade receivables recovered	13,434	87,413	-	-
Interest income	17,253	-	-	-
Realised gain on foreign exchange	97,686	80,259	-	-
Rental receivable from operating leases	60,348	60,348	-	-
Scrap sales	182,948	20,091	-	-
Miscellaneous	250	53,772	-	-
Unrealised gain on foreign exchange	125,229	-	-	-
* Waiver of debts	64,541,524	-	-	-
	65,510,046	1,269,245	-	226,023

* Waiver of debts consists of principal and interest owing to the affected banks and a creditor amounting to RM59,741,524 and RM4,800,000 respectively which are waived subsequent to the approval of the Company's revised Proposed Restructuring Scheme by the relevant authorities. See Note 18 and 21.

24. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2012 **RM**	2011 RM	**2012** **RM**	2011 RM
Wages and salaries	9,428,999	9,023,205	848,247	1,183,363
EPF	729,098	725,232	87,888	96,240
SOCSO	112,956	84,759	9,353	9,725
Retirement benefit obligations (Note 17)	1,822,023	-	531,707	-
Other staff related expenses	427,611	601,206	60,445	105,527
	12,520,687	10,434,402	1,537,640	1,394,855

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

Directors' emoluments

Included in the employee benefits expense of the Group and of the Company are executive directors' emoluments amounting to **RM881,581** (2011 : RM1,080,593) and **RM Nil** (2011 : RM227,770) respectively. The breakdown is as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Executive directors of the Company:				
- Salaries and allowance	582,000	807,250	-	225,250
- EPF	69,840	72,360	-	2,520
	651,840	879,610	-	227,770
Executive directors of subsidiaries:				
- Salaries and allowance	234,021	182,263	-	-
- EPF	18,720	18,720	-	-
	252,741	200,983	-	-
	904,581	1,080,593	-	227,770
Non-executive directors of the Company:				
- Allowance	234,000	184,500	234,000	184,500
- Directors' fee	168,000	135,000	168,000	135,000
Non-executive directors' remuneration (Note 26)	402,000	319,500	402,000	319,500
	1,306,581	1,400,093	402,000	547,270
Represented by:				
- Present directors	1,306,581	1,376,573	402,000	523,750
- Past director	-	23,520	-	23,520
	1,306,581	1,400,093	402,000	547,270

25. FINANCE COSTS

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Interest expense on:				
- Borrowings	6,417,149	7,806,269	465,992	-
- Finance lease	11,523	16,908	4,474	4,383
- Loan from third parties (Note 21)	305,484	-	-	-
	6,734,156	7,823,177	470,466	4,383
Bank charges	32,862	50,393	-	-
Others	-	6,635	-	-
	6,767,018	7,880,205	470,466	4,383

26. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
After charging:				
Audit fee				
- current year	101,190	105,556	24,000	21,000
- over provision in prior years	(15,400)	(2,000)	-	-
Bad debts	101,540	20,744	-	8,440
Impairment loss on goodwill	1,875,643	-	-	-
Impairment loss on investment in subsidiaries	-	-	2,533,837	-
Impairment loss on plant and equipment	1,248,801	-	-	-
Impairment loss on trade receivables				
- current year	3,925,096	186,236	-	-
- over provision in prior year	(16,337)	-	-	-
Impairment loss on other receivables	1,305,029	85,933	-	-
Impairment loss on other investment	582,233	-	-	-
Inventories written down	1,871,282	-	-	-
Inventories written off	12,006,064	-	-	-
Non-executive directors' remunerations (Note 24)	402,000	319,500	402,000	319,500
Property, plant and equipment written off	136,317	21	-	-
Rental of bin and equipment	3,600	3,600	-	-
Rental of motor vehicle	12,000	-	-	-
Rental of premises	699,397	601,283	138,000	88,000
Rental of plant and machinery	3,614	13,683	-	-
Unrealised loss on foreign exchange	-	5,125	-	5,125

26. **PROFIT/(LOSS) BEFORE TAXATION** (cont'd)

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
And crediting:				
Bad debts recovered	-	523,250	-	-
Gain on disposal of non-current assets held for sale	141,328	62,701	-	-
Gain on disposal of property, plant and equipment	328,486	376,731	-	226,023
Gross dividend from investments quoted in Malaysia	1,560	4,680	-	-
Impairment loss on trade receivables recovered	13,434	87,413	-	-
Interest income	17,253	-	-	-
Realised gain on foreign exchange	97,686	80,259	-	-
Rental income	60,348	60,348	-	-
Unrealised gain on foreign exchange	125,229	-	-	-
Waiver of debts	64,541,524	-	-	-

27. **TAXATION**

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(247,761)	(375,481)	-	-
- Deferred tax relating to origination and reversal of temporary differences	1,177,162	(600,119)	(43,439)	48,561
	929,401	(975,600)	(43,439)	48,561
Under provision in prior years				
- Current tax	(34,305)	157,088	-	-
- Deferred tax	(863,000)	(636,845)	(228,000)	-
	(897,305)	(479,757)	(228,000)	-
	32,096	(1,455,357)	(271,439)	48,561

27. **TAXATION** (cont'd)

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Profit/(Loss) before taxation	17,920,114	1,202,392	(6,012,369)	(59,375)
Income tax at Malaysian statutory tax rate of 25%	(4,480,029)	(300,598)	1,503,092	14,844
Tax rates differences in foreign jurisdiction	(37,676)	(10,641)	-	-
Income not subject to tax	39,587	194,995	-	27,494
Waiver of debts received	16,135,381	-	-	-
Double deduction for promotion of exports	11,678	-	-	-
Expenses not deductible for tax purposes	(6,739,024)	(1,862,821)	(1,221,928)	(140,049)
Utilisation of unabsorbed tax losses and capital allowances	-	456,158	-	74,158
Deferred tax movements not recognised	(4,093,528)	454,295	(373,164)	23,553
Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
	929,401	(975,600)	(43,439)	48,561
Under provision in prior years	(897,305)	(479,757)	(228,000)	-
	32,096	(1,455,357)	(271,439)	48,561

The amount and future availability of unabsorbed tax losses and allowances of the Group and of the Company which are available to be carried forward for set off against future taxable income are as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Unabsorbed tax losses	88,495,000	72,707,000	1,434,000	601,000
Unabsorbed capital allowances	15,447,000	12,972,000	3,915,000	3,860,000
Unabsorbed reinvestment allowance	29,140,000	29,140,000	-	-
Unabsorbed allowance for increase in exports	1,979,000	1,979,000	-	-

27. **TAXATION** (cont'd)

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Property, plant and equipment	6,038,000	3,345,000	1,061,000	-
Unabsorbed tax losses	(20,824,000)	(16,656,000)	(359,000)	-
Unabsorbed reinvestment allowance	(6,411,000)	(6,411,000)	-	-
Unabsorbed capital allowances	(2,967,000)	(1,215,000)	(978,000)	-
Unabsorbed allowance for increase in exports	(495,000)	-	-	-
Retirement benefit obligations	(370,000)	-	(97,000)	-
	(25,029,000)	(20,937,000)	(373,000)	-

28. **EARNINGS/(LOSS) PER SHARE**

GROUP

Basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) attributable to owners of the parent for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2012	2011
Earnings/(Loss) attributable to owners of the parent (RM)	17,886,088	(297,112)
Weighted average number of shares of RM1.00 each	54,124,652	64,644,965
Basic earnings/(loss) per share for the year (sen)	33.05	(0.46)

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

29. **SEGMENTAL INFORMATION**

Reporting format

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

Business segments

The Group comprises the following main business segments:

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

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

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

By business segments

	Manufacturing		Trading		Others		Elimination			Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011		**2012**	2011
	RM	RM	**RM**	RM	**RM**	RM	**RM**	RM	**Note**	**RM**	RM
Revenue											
External sales	63,137,562	65,398,209	62,756,395	48,210,892	1,713,756	1,743,531	-	-		127,607,713	115,352,632
Inter-segment sales	1,332,133	1,465,811	312,068	117,487	1,440,000	1,490,000	(3,084,201)	(3,073,298)	A	-	-
Total revenue	64,469,695	66,864,020	63,068,463	48,328,379	3,153,756	3,233,531	(3,084,201)	(3,073,298)		127,607,713	115,352,632
Results											
Segment results	(5,771,221)	5,010,936	35,597,389	4,194,186	(5,156,289)	(122,525)	-	-		24,669,879	9,082,597
Interest income	2,595	-	14,658	-	-	-	-	-		17,253	-
Interest expense	(1,444,979)	(1,456,857)	(4,851,390)	(6,418,745)	(470,649)	(4,603)	-	-		(6,767,018)	(7,880,205)
Taxation	(355,661)	(786,376)	716,968	(723,058)	(329,211)	54,077	-	-		32,096	(1,455,357)
(Loss)/Profit for the year	(7,569,266)	2,767,703	31,477,625	(2,947,617)	(5,956,149)	(73,051)	-	-		17,952,210	(252,965)
Assets											
Segment assets	99,625,676	100,040,494	49,043,463	89,911,054	77,490,154	76,676,892	(94,490,076)	(96,599,518)		131,669,217	170,028,922
Tax recoverable	11,665	254,370	205,949	112,316	165,619	90,337	-	-		383,233	457,023
Fixed deposit with a licensed bank	-	42,000	-	-	453,000	-	-	-		453,000	42,000
Cash and bank balances	2,728,209	4,258,688	863,761	4,940,810	334,409	121,878	-	-		3,926,379	9,321,376
Total assets	102,365,550	104,595,552	50,113,173	94,964,180	78,443,182	76,889,107	(94,490,076)	(96,599,518)		136,431,829	179,849,321
Liabilities											
Segment liabilities	29,716,368	23,112,185	43,171,753	55,786,002	29,634,886	33,468,104	(67,585,263)	(69,178,604)		34,937,744	43,187,687
Deferred tax liabilities	2,626,753	2,614,634	-	690,000	1,199,890	928,451	-	-		3,826,643	4,233,085
Provision for taxation	271,210	327,600	-	-	-	-	-	-		271,210	327,600
Borrowings	4,978,792	5,824,341	28,942,349	91,835,794	12,677,861	948,011	-	-		46,599,002	98,608,146
Total liabilities	37,593,123	31,878,760	72,114,102	148,311,796	43,512,637	35,344,566	(67,585,263)	(69,178,604)		85,634,599	146,356,518
Other information											
Addition to non-current assets	3,535,852	1,882,128	419,959	849,342	292,818	134,393	-	-	B	4,248,629	2,865,863
Depreciation	2,960,274	3,093,925	825,343	915,866	806,699	881,170	-	-		4,592,316	4,890,961
Non-cash expenses/(income) other than depreciation	834,648	46,514	(44,953,240)	24,568	2,017,683	(212,455)	-	-	C	(42,100,909)	(141,373)

SMPC
SMPC CORPORATION BHD. (79082-V)

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

Notes to segment information:

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consists of property, plant and equipment and investment properties.

C Other material non-cash expenses/(income) consist of the following items as presented in Note 26 to the financial statements:

	2012 RM	2011 RM
Bad debts	101,540	20,744
Gain on disposal of non-current assets held for sale	(141,328)	(62,701)
Gain on disposal of property, plant and equipment	(328,486)	(376,731)
Impairment loss on goodwill	1,875,643	-
Impairment loss on plant and equipment	1,248,801	-
Impairment loss on trade receivables		
- current year	3,925,096	186,236
- over provision in prior year	(16,337)	-
Impairment loss on other receivables	1,305,029	85,933
Impairment loss on other investment	582,223	-
Inventories written down	1,871,282	-
Inventories written off	12,006,064	-
Property, plant and equipment written off	136,317	21
Unrealised (gain)/loss on foreign exchange	(125,229)	5,125
Waiver of debts	(64,541,524)	-
	(42,100,909)	(141,373)

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.

	Revenue		**Non-current assets**	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Malaysia	119,287,520	107,604,941	84,600,848	86,611,882
India	3,639,053	2,939,788	6,597,085	7,536,480
Others	4,681,140	4,807,903	-	-
	127,607,713	115,352,632	91,197,933	94,148,362

29. SEGMENTAL INFORMATION (cont'd)

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

	2012 RM	2011 RM
Property, plant and equipment	67,802,073	91,938,152
Investment properties	21,278,083	334,567
Other investment	2,117,777	-
Goodwill	-	1,875,643
	91,197,933	94,148,362

Information about major customers

Total revenue from major customers which individually contributed more than 10% of the Group's revenue amounted to **RM57,808,141** (2011 : RM35,451,259).

30. RELATED PARTY DISCLOSURES

	GROUP		**COMPANY**	
	2012 RM	2011 RM	**2012 RM**	2011 RM
(a) **Related party transactions**				
Commission paid to a director of a subsidiary	85,000	-	85,000	-
Rental expenses paid to a director of the Company	66,000	64,500	18,000	18,000
Rental expenses paid to a subsidiary	-	-	120,000	70,000
Rental income from a company in which a director of the Company has interest	254,760	138,240	254,760	138,240
Rental income from subsidiaries	-	-	-	50,000
Management fee received from subsidiaries	-	-	1,440,000	1,440,000

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

(b) **Compensation of key management personnel**

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Salaries and other short-term employee benefits (Note 24)	1,306,581	1,400,093	402,000	547,270

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

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

31. **CONTINGENT LIABILITIES**

GROUP AND COMPANY

	2012		2011	
	Limit RM	**Utilised RM**	Limit RM	Utilised RM
Corporate guarantee for loan facilities given to Vinanic Steel Processing Company (Vietnam), an investee company	817,043	817,043	807,322	807,322

COMPANY

	2012		2011	
	Limit RM	**Utilised RM**	Limit RM	Utilised RM
Corporate guarantee for banking facilities given to subsidiaries	116,152,654	32,382,335	116,152,654	96,937,387
Corporate guarantee to trade payables of subsidiaries	25,591,557	15,184,059	25,591,557	16,563,561
Banking facilities granted to a subsidiary secured by way of legal charges over the leasehold land and building	1,500,000	1,025,448	-	-

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to its subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by its subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

32. CAPITAL COMMITMENTS

	GROUP	
	2012	2011
	RM	RM
Authorised but not contracted for:		
- Property, plant and equipment	36,000	215,898

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale financial assets ("AFS") and other liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM	AFS RM	FL RM
GROUP				
2012				
Financial assets				
Other investments (Note 6)	2,165,621	-	2,165,621	-
Trade receivables (Note 9)	20,741,404	20,741,404	-	-
Other receivables and refundable deposits (Note 10)	4,378,183	4,378,183	-	-
Fixed deposit with a licensed bank (Note 12)	453,000	453,000	-	-
Cash and bank balances (Note 13)	3,926,379	3,926,379	-	-
	31,664,587	29,498,966	2,165,621	-
Financial liabilities				
Borrowings (Note 18)	46,599,002	-	-	46,599,002
Trade payables (Note 20)	12,059,600	-	-	12,059,600
Other payables and accruals (Note 21)	20,213,468	-	-	20,213,468
	78,872,070	-	-	78,872,070

33. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	Carrying amount RM	L&R RM	AFS RM	FL RM
2011				
Financial assets				
Other investments (Note 6)	54,236	-	54,236	-
Trade receivables (Note 9)	25,517,177	25,517,177	-	-
Other receivables and refundable deposits (Note 10)	9,758,818	9,758,818	-	-
Fixed deposit with a licensed bank (Note 12)	42,000	42,000	-	-
Cash and bank balances (Note 13)	9,321,376	9,321,376	-	-
	44,693,607	44,639,371	54,236	-
Financial liabilities				
Borrowings (Note 18)	98,608,146	-	-	98,608,146
Trade payables (Note 20)	8,400,704	-	-	8,400,704
Other payables and accruals (Note 21)	33,255,636	-	-	33,255,636
	140,264,486	-	-	140,264,486

COMPANY

	Carrying amount RM	L&R RM	AFS RM	FL RM
2012				
Financial assets				
Other receivables and refundable deposits (Note 10)	405,719	405,719	-	-
Amount due from subsidiaries (Note 11)	22,844,142	22,844,142	-	-
Fixed deposit with a licensed bank (Note 12)	453,000	453,000	-	-
Cash and bank balances (Note 13)	265,714	265,714	-	-
	23,968,575	23,968,575	-	-
Financial liabilities				
Borrowings (Note 18)	12,677,861	-	-	12,677,861
Other payables and accruals (Note 21)	3,553,459	-	-	3,553,459
Amount due to subsidiaries (Note 11)	11,622,540	-	-	11,622,540
	27,853,860	-	-	27,853,860

33. **CATEGORIES OF FINANCIAL INSTRUMENTS** (cont'd)

2011	Carrying amount RM	L&R RM	AFS RM	FL RM
Financial assets				
Other receivables and refundable deposits (Note 10)	1,006,644	1,006,644	-	-
Amount due from subsidiaries (Note 11)	19,259,767	19,259,767	-	-
Cash and bank balances (Note 13)	50,081	50,081	-	-
	20,316,492	20,316,492	-	-
Financial liabilities				
Borrowings (Note 18)	948,011	-	-	948,011
Other payables and accruals (Note 21)	678,403	-	-	678,403
Amount due to subsidiaries (Note 11)	18,437,997	-	-	18,437,997
	20,064,411	-	-	20,064,411

35. **FINANCIAL RISK MANAGEMENT**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

35.1 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

35.1.1 **Trade receivables**

The Group extends to existing customers credit terms that range between 14 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

35. **FINANCIAL RISK MANAGEMENT** (cont'd)

35.1.1 **Trade receivables**

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

	2012			2011		
	Gross RM	**Impairment RM**	**Net RM**	Gross RM	Impairment RM	Net RM
Not past due	13,703,033	-	13,703,033	16,320,885	-	16,320,885
1 to 30 days past due	4,628,570	-	4,628,570	2,921,384	-	2,921,384
31 to 60 days past due	1,563,126	-	1,563,126	2,836,594	-	2,836,594
61 to 90 days past due	466,602	-	466,602	182,007	-	182,007
Past due more than 91 days	4,908,326	(4,528,253)	380,073	3,889,235	(632,928)	3,256,307
	11,566,624	(4,528,253)	7,038,371	9,829,220	(632,928)	9,196,292
	25,269,657	(4,528,253)	20,741,404	26,150,105	(632,928)	25,517,177

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither pass due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM7,038,371** (2011 : RM9,196,292) that are past due as at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

35.1.2 **Intercompany balances**

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

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

35.1.3 **Financial guarantees**

The Company provides unsecured corporate guarantee to banks, financial institutions and creditors in respect of credit facilities granted to certain subsidiaries and an investee.

The maximum exposure to credit risk is disclosed in Note 31, representing the outstanding credit facilities of the said subsidiaries and the investee as at the end of the reporting period. The Company monitors on an ongoing basis the results of the subsidiaries and investee and repayments made by them.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

35. **FINANCIAL RISK MANAGEMENT** (cont'd)

35.2 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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 Company maintains sufficient level of cash and cash equivalents to meet its working capital requirements.

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
2012						
Interest bearing borrowings	46,599,002	52,156,227	34,990,271	2,807,107	5,992,510	8,366,339
Trade payables	12,059,600	12,059,600	12,059,600	-	-	-
Other payables and accruals	21,367,259	21,367,259	21,367,259	-	-	-
	80,025,861	85,583,086	68,417,130	2,807,107	5,992,510	8,366,339
2011						
Interest bearing borrowings	98,608,146	98,930,442	96,506,173	1,526,487	897,782	-
Trade payables	8,400,704	8,400,704	8,400,704	-	-	-
Other payables and accruals	34,786,983	34,786,983	34,786,983	-	-	-
	141,795,833	142,118,129	139,693,860	1,526,487	897,782	-
COMPANY						
2012						
Interest bearing borrowings	12,677,861	17,857,349	2,638,722	1,713,072	5,139,216	8,366,339
Other payables and accruals	3,912,562	3,912,562	3,912,562	-	-	-
Intercompany balances	11,655,540	11,655,540	11,655,540	-	-	-
	28,245,963	33,425,451	18,206,824	1,713,072	5,139,216	8,366,339
2011						
Interest bearing borrowings	948,011	952,485	341,435	314,600	296,450	-
Other payables and accruals	1,354,714	1,354,714	1,354,714	-	-	-
Intercompany balances	18,437,997	18,437,997	18,437,997	-	-	-
	20,740,722	20,745,196	20,134,146	314,600	296,450	-

35. **FINANCIAL RISK MANAGEMENT** (cont'd)

35.3 **Interest rate risk**

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates whilst the Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Fixed rate instruments				
Financial assets	453,000	42,000	453,000	-
Financial liabilities	12,531,119	16,481,761	-	22,361
Floating rate instruments				
Financial liabilities	46,498,298	98,126,385	12,677,861*	925,650*

* Included in the Company's floating rate borrowings is a term loan of **RM925,650** (2011 : RM925,650) which is not exposed to interest rate risk as the term loan is utilised by a subsidiary. The related interest expense is recognised in the subsidiary's accounts.

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased/increased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
(Decrease)/Increase in profit before taxation	(256,547)	(263,387)	14,841	-

35. **FINANCIAL RISK MANAGEMENT** (cont'd)

35.4 **Foreign currency risk**

The Group is exposed to foreign currency risk on sales that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk is US Dollar ("USD"), Euro ("EUR"), Australian Dollar ("AUD") and Singapore Dollar ("SGD").

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

	USD RM	EUR RM	AUD RM	SGD RM
GROUP				
2012				
Trade receivables	3,156,042	34,146	1,174	96,881
2011				
Trade receivables	2,191,722	38,488	27,256	53,812

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates (against Ringgit Malaysia), with all other variables held constant, of the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	GROUP	
	2012 RM	2011 RM
USD	315,604	219,172
Other currencies	13,220	11,956
Decrease in profit before taxation	328,824	231,128

35.5 **Capital Management**

The Company is in the process of restructuring its capital structure pursuant to the revised Proposed Restructuring Scheme as detailed in Note 37.

Post capital reconstruction, the primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value, and the Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts depending on its needs.

36. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

GROUP AND COMPANY

The carrying amounts of financial assets (other than investments in quoted equity instruments) and financial liabilities of the Group and of the Company approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair value of investment in quoted equity instruments is its quoted market price at 31 March 2012. The fair value of the instruments is disclosed in Note 6.

The carrying amount of the non-current portion of borrowings is reasonable approximation of fair values due to the insignificant impact of discounting.

36.1 **Fair value hierarchy**

The table below analyses financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2012				
Available-for-sale financial assets				
Investment in unquoted equity instruments	-	-	2,117,777	2,117,777
Investment in quoted equity instruments	47,844	-	-	47,844
	47,844	-	2,117,777	2,165,621
2011				
Available-for-sale financial assets				
Investment in quoted equity instruments	54,236	-	-	54,236

37. **PROPOSED RESTRUCTURING SCHEME**

The Company's revised Proposed Restructuring Scheme comprise of the following:

(i) Proposed reduction of RM58,180,469 from the issued and paid-up share capital of SMPC Corporation Bhd. ("SMPC") pursuant to Section 64(1) of the Companies Act, 1965, by way of cancellation of RM0.90 from the par value of the existing ordinary shares of RM1.00 each in SMPC and thereafter the consolidation of ten (10) ordinary shares of RM0.10 into one (1) new ordinary share of RM1.00 each ("new SMPC share") ("Proposed Capital Reduction and Consolidation");

(ii) Proposed increase in the authorised share capital of SMPC from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM800,000,000 comprising 800,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital");

(iii) Proposed amendments to the Memorandum and Articles of Association of SMPC ("M&A") to facilitate the increase in the authorised share capital of SMPC pursuant to the Proposed Increase in Authorised Share Capital ("Proposed M&A Amendments");

(iv) Proposed Rights Issue comprising:

(a) Renounceable Rights Issue of up to 19,393,488 new SMPC Shares ("Rights Share") together with up to 9,696,744 free Warrants at an issue price of RM1.00 per Rights Share on the basis of six (6) Rights Shares together with three (3) Free Warrants for every two (2) new SMPC Shares held after the Proposed Capital Reduction and Consolidation, based on a minimum subscription level of 10,000,000 Rights Shares together with 5,000,000 free Warrants ("Proposed Rights Issue of Shares with Warrants");

(b) Renounceable Rights Issue of up to RM19,393,488 nominal value of zero coupon 10-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS") ("Rights ICULS") at 100% of the nominal value of RM0.10 each together with up to 9,696,744 free Warrants on the basis of RM6.00 nominal value of Rights ICULS together with three (3) free Warrants for every two (2) new SMPC Shares held after the Proposed Capital Reduction and Consolidation on the entitlement date based on a minimum subscription level of RM2,000,000 nominal value of Rights ICULS together with 1,000,000 Free Warrants ("Proposed Rights Issue of ICULS with Warrants");

(v) Proposed restricted issue of up to 5,969,800 new Warrants ("Rights Warrants") to the holders of the unexercised 2000/2010 Warrants ("Unexercised Warrants") on 19 November 2010, being the market day immediately preceding the expiry date of the 2000/2010 Warrants ("Expiry Date") at an issue price of RM0.02 per Rights Warrant on the basis of two (2) Rights Warrants for every five (5) Unexercised Warrants held at the expiry date ("Proposed Restricted Issue of Warrants");

(vi) Proposed settlement to a creditor involving the issuance of 7,500,000 new SMPC Shares at an issue price of RM1.00 per new SMPC Share and RM3,700,000 nominal value of ICULS at 100% of the nominal value of RM0.10 each after the Proposed Capital Reduction and Consolidation ("Proposed Creditor Settlement"); and

(vii) Proposed Restructuring of debts owing to certain financial institution creditors by SMPC and its subsidiaries after the Proposed Capital Reduction and Consolidation ("Proposed Debt Restructuring") involving the issuance of 19,134,575 new SMPC Shares at an issue price of RM1.00 per new SMPC Share.

(collectively referred to as the Corporate Scheme).

On 16 May 2012, Public Investment Bank on behalf of the Company had announced that the Corporate Scheme has been completed.

38. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of retained profits/(accumulated losses) as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised	(31,075,420)	(106,285,556)	(3,457,277)	(55,625,377)
- Unrealised	(3,826,643)	(4,233,085)	(1,199,890)	(928,451)
	(34,902,063)	(110,518,641)	(4,657,167)	(56,553,828)
Less : Consolidation adjustments	49,480,018	49,030,039	-	-
Total retained profits/ (accumulated losses) as per statements of financial position	14,577,955	(61,488,602)	(4,657,167)	(56,553,828)

Properties owned by the Group
as at 31 March 2012

Location	Description	Tenure	Area	No. of Years Held	Age of Building	Carrying Value RM	Year of Valuation
P.T. No. 1451 H.S. (D) No. 4696 Mukim 1, Province Wellesley Central, Penang	Factory	60 years lease to 2044	6.22247 acres	29	26	14,328,473	1994
P.T. Nos. 1460 & 1444 H.S. (D) Nos. 2719 & 2706 Mukim 1, Province Wellesley Central, Penang	Factory Office	60 years lease to 2045	4.01338 acres	16	21	14,048,227	-
Lot 717, 5 1/2 Miles Jalan Kapar, Klang Selangor Darul Ehsan	Factory Office	Freehold	8.16875 acres	16	15	30,781,735	-
Lot 1501 & 1502, Mukim 14, Kampung To' Suboh, Bukit Minyak Simpang Ampat Seberang Perai Selatan, Penang	Warehouse Open Yard	Freehold	2.259 acres	18	16	1,250,278	1994
Lot 176, Tempat Macang Kudung Mukim Jabi Daerah Pokok Sena, Kedah	Vacant Land	Freehold	2.257 acres	11	-	128,000	-
2nd Floor Unit of 4 Storey Shop Office in Taman Kinrara, Puchong, HS (M) 22709, PT 19499 Mukim Petaling, Selangor	Office	99 years lease to 2098	1,114sf	12	12	170,308	-
Zone 5A, Parcel 2, Lot 5418, Mukim Senai-Kulai, Johor Darul Takzim	Apartment	Freehold	885sf	12	12	61,745	-
Lot 5 & 7 Jalan Tukang 16/4, P.O Box 7045, 40700 Shah Alam, Selangor	Leasehold land Factory Office	99 years lease to 2071 & 2069	32,000sf 24,500sf	40 & 42	30	3,558,364	2005
Plot No. D-10/N SIPCOT Industrial Complex Gummidipoondi - 601201 Chennai India	Factory/ Office	N/A	N/A	-	-	2,843,565	-

Analysis of Shareholdings
as at 31 July 2012

Authorised Capital	:	RM800,000,000.00
Issued and Fully Paid-up Capital	:	RM48,439,059.00
Class of Securities	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	105	5.32	1,906	0.00
100 – 1,000	1,347	68.31	427,012	0.88
1,001 – 10,000	354	17.95	1,354,610	2.80
10,001 – 100,000	131	6.65	3,861,410	7.97
100,001 – 2,421,951 (*)	32	1.62	19,840,872	40.96
2,421,952 and above (**)	3	0.15	22,953,249	47.39
Total	**1,972**	**100.00**	**48,439,059**	**100.00**

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

THIRTY LARGEST SHAREHOLDERS as at 31 JULY 2012

No.	Name	Holdings	%
1	Southeast Asia Special Asset Management Berhad	12,656,944	26.13
2	Skylitech Resources Sdn Bhd	7,500,000	15.48
3	RHB Capital Nominees (Tempatan) Sdn Bhd	2,796,305	5.77
4	S. M. Pitchai Chettiar Sdn Bhd	2,279,562	4.71
5	Hock Lok Siew Realty Sdn Bhd	2,100,000	4.34
6	Lim Kean Wah	1,849,326	3.82
7	Lim Seow Chin	1,832,400	3.78
8	Chee Sze Hsien @ Chee Ah Kow	1,260,000	2.60
9	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Kok Kheang)	1,070,580	2.21
10	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Teh Mooi Choo)	861,400	1.78
11	Lagenda Perdana Sdn Bhd	803,839	1.66
12	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	785,900	1.62
13	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Kumpulan Pitchai Sdn Bhd)	784,840	1.62
14	Wong Chok Chiw	594,000	1.23
15	Wong Ah Kum	516,000	1.07
16	Cheng Sook Fun	500,000	1.03
17	RHB Nominees (Tempatan) Sdn Bhd (RHB Islamic Asset Management Sdn Bhd For Perbadanan Nasional Berhad)	490,530	1.01

THIRTY LARGEST SHAREHOLDERS as at 31 JULY 2012 (cont'd)

No.	Name	Holdings	%
18	Lee Hean Guan	489,080	1.01
19	Chan Kooi Cheng	403,200	0.83
20	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Pooi Sang)	400,200	0.83
21	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Kooi Cheng)	400,000	0.83
22	Lim Mooi Tean	318,300	0.66
23	HLG Nominee (Tempatan) Sdn Bhd (Pledged Securities Account For Bek Thiam Hong)	310,000	0.64
24	Lim Che Chai	302,400	0.62
25	Chong Kay Lin	244,500	0.50
26	Tey Tong Sing	159,500	0.33
27	Tan Kim Teng	150,000	0.31
28	AIBB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Cheng Sook Fun)	150,000	0.31
29	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chew Wai Peng)	131,000	0.27
30	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Ing Kiong)	120,700	0.25
	TOTAL	**42,260,506**	**87.25**

SUBSTANTIAL SHAREHOLDERS as at 31 JULY 2012

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

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Ooi Chieng Sim	-	-	9,600,000 [1]	19.82	9,600,000	19.82
Machendran a/l Pitchai Chetty	39,556	0.08	3,108,002 [2]	6.42	3,147,558	6.50
Kumpulan Pitchai Sdn. Bhd.	828,440	1.71	2,279,562 [3]	4.71	3,108,002	6.42
Southeast Asia Special Asset Management Berhad	13,219,057	27.29	-	-	13,219,057	27.29
Skylitech Resources Sdn Bhd	7,500,000	15.48	-	-	7,500,000	15.48
RHB Bank Berhad	2,796,305	5.77	-	-	2,796,305	5.77
Khazanah Nasional Berhad	-	-	12,656,944 [4]	26.13	12,656,944	26.13

Notes:
1. *Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd and Skylitech Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
2. *Deemed interested by virtue of his interest in Kumpulan Pitchai Sdn Bhd and S. M. Pitchai Chettiar Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
3. *Deemed interested by virtue of its interest in S.M. Pitchai Chettiar Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
4. *Deemed interested by virtue of its interest in Southeast Asia Special Asset Management Berhad pursuant to Section 6A of the Companies Act, 1965*

DIRECTORS' INTEREST IN SHARES as at 31 JULY 2012

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

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Ismail Bin Shahudin	-	-	-	-	-	-
Ooi Chieng Sim	-	-	9,600,000 [5]	19.82	9,600,000	19.82
Machendran a/l Pitchai Chetty	39,556	0.08	3,108,002 [6]	6.42	3,147,558	6.50
Mohd Shahril Fitri Bin Hashim	-	-	-	-	-	-
Ng Chin Nam	24,000	0.05	3,000 [7]	0.01	27,000	0.06
Sanmarkan a/l T S Ganapathi	-	-	-	-	-	-
Sudesh a/l K. V. Sankaran	-	-	-	-	-	-
Dato' Lee Hean Guan	489,080	1.01	1,647,519 [8]	3.40	8,456,974	4.41

Notes:

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

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

7 *Deemed interested by virtue of his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.*

8 *Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn Bhd and Lagenda Perdana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.*

Analysis of Warrant Holdings
as at 31 July 2012

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

ANALYSIS OF WARRANT HOLDINGS as at 31 JULY 2012

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	11	2.05	615	0.01
100 to 1,000	142	26.44	77,690	0.38
1,001 to 10,000	244	45.44	1,006,864	4.95
10,001 to 100,000	110	20.48	3,642,930	17.91
100,001 to 1,016,908 (*)	26	4.84	6,565,839	32.28
1,016,909 and above (**)	4	0.74	9,044,248	44.47
Total	**537**	**100.00**	**20,338,186**	**100.00**

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

DIRECTORS' INTERESTS as at 31 JULY 2012

Name of Directors	Direct No. of Warrants	%	Deemed No. of Warrants	%
Dato' Seri Ismail Bin Shahudin	-	-	-	-
Ooi Chieng Sim	-	-	149,968 [1]	0.74
Machendran a/l Pitchai Chetty	42,812	0.21	2,078,927 [2]	10.22
Mohd Shahril Fitri Bin Hashim	-	-	-	-
Ng Chin Nam	25,000	0.12	-	-
Sanmarkan a/l T S Ganapathi	-	-	-	-
Sudesh a/l K. V. Sankaran	-	-	-	-
Dato' Lee Hean Guan	276,810	1.36	786,211 [3]	3.87

Notes:
1 *Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
2 *Deemed interested by virtue of his interest in Kumpulan Pitchai Sdn. Bhd. and S. M. Pitchai Chettiar Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
3 *Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn Bhd and Lagenda Perdana Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.*

30 LARGEST WARRANT HOLDERS as at 31 JULY 2012

No.	Name	No. of Warrants	%
1	Lim Seow Chin	3,077,571	15.13
2	A1 Capital Sdn Bhd	2,850,012	14.01
3	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	2,084,200	10.25
4	Tan Sun Ping	1,032,465	5.08
5	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Kumpulan Pitchai Sdn Bhd)	654,800	3.22
6	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Pooi Sang)	558,500	2.75
7	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Fook Chin)	505,000	2.48
8	Chee Sze Hsien @ Chee Ah Kow	400,000	1.97
9	Chan Kooi Cheng	302,400	1.49
10	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Kooi Cheng)	300,000	1.48
11	Wong Chok Chiw	292,000	1.44
12	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Phuah Gaik Sim)	280,000	1.38
13	Lee Hean Guan	276,810	1.36
14	Muniandy A/L R Krishnan	270,000	1.33
15	Koon Woh	264,800	1.30
16	Cheng Sook Fun	250,000	1.23
17	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Kok Kheang)	250,000	1.23
18	Mercsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Yong Swee Koon)	228,000	1.12
19	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chia Yoon Ling)	200,000	0.98
20	Stephen Lee @ Lee Poh Weng	185,000	0.91
21	Koon Woh	174,400	0.86
22	HLG Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Bek Thiam Hong)	155,000	0.76
23	Lagenda Perdana Sdn Bhd	153,451	0.75
24	Hock Lok Siew Realty Sdn Bhd	149,968	0.74
25	Quek Phaik Im	137,500	0.68
26	Kumpulan Pitchai Sdn Bhd	130,110	0.64
27	Than Poo Ling	120,000	0.59
28	Yong Ki Lin	120,000	0.59
29	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Bee Yook)	107,100	0.53
30	Chong Kay Lin	101,000	0.50
	TOTAL	**15,610,087**	**76.78**

SMPC
SMPC CORPORATION BHD.
(79082-V)

Analysis of ICULS Holdings
as at 31 July 2012

Class of Securities	:	Zero Coupon, 10-Year, Irredeemable Convertible Unsecured Loan Stocks ("ICULS")
No. of ICULS Issued	:	230,934,880
No. of Outstanding ICULS	:	228,823,769
Issued Price of ICULS	:	RM0.10 each
Conversion of ICULS	:	One (1) unit of ICULS for one (1) ordinary share of RM1.00 each
Voting Rights	:	1 vote per ICULS holder (on a poll) and 1 vote per ICULS holder (on show of hands) in respect of a meeting of ICULS holders

ANALYSIS OF ICULS HOLDINGS as at 31 JULY 2012

Size of ICULS Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS	% of ICULS Issued
Less than 100	1	0.29	30	0.00
100 to 1,000	8	2.34	5,870	0.01
1,001 to 10,000	100	29.24	544,600	0.24
10,001 to 100,000	133	38.89	5,172,230	2.26
100,001 to 11,441,187 (*)	94	27.49	90,557,600	39.57
11,441,188 and above (**)	6	1.75	132,543,439	57.92
Total	**342**	**100.00**	**228,823,769**	**100.00**

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

DIRECTORS' INTERESTS as at 31 JULY 2012

Name of Directors	Direct No. of IULS	%	Deemed No. of ICULS	%
Dato' Seri Ismail Bin Shahudin	-	-	-	-
Ooi Chieng Sim	-	-	37,000,000 [1]	16.17
Machendran a/l Pitchai Chetty	48,120	0.02	57,900 [2]	0.03
Mohd Shahril Fitri Bin Hashim	-	-	-	-
Ng Chin Nam	320,000	0.14	-	-
Sanmarkan a/l T S Ganapathi	-	-	-	-
Sudesh a/l K. V. Sankaran	-	-	-	-
Dato' Lee Hean Guan	968,100	0.42	16,884,600 [3]	7.38

Notes:
1 *Deemed interested by virtue of his interest in Skylitech Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
2 *Deemed interested by virtue of his interest in Kumpulan Pitchai Sdn. Bhd. and S. M. Pitchai Chettiar Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.*
3 *Deemed interested by virtue of his interest in Hean Brothers Holdings Sdn. Bhd. and Lagenda Perdana Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and through his spouse's interest pursuant to Section 134(12)(c) of the Companies Act, 1965.*

Analysis of ICULS Holdings
as at 31 July 2012 (cont'd)

30 LARGEST ICULS HOLDERS as at 31 JULY 2012

No.	Name	No. of ICULS	%
1	Skylitech Resources Sdn Bhd	37,000,000	16.17
2	HLS Properties Sdn Bhd	33,518,550	14.65
3	A1 Capital Sdn Bhd	19,927,289	8.71
4	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chai Kok Kheang)	15,812,200	6.91
5	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Sun Ping)	13,800,000	6.03
6	Tan Yu Wei	12,485,400	5.46
7	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Ing Kiong)	8,000,000	3.50
8	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Michelle Looi Poh Gaik (002))	6,940,000	3.03
9	Wong Lee Peng	6,210,000	2.71
10	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Pooi Sang (03MG00007))	5,002,500	2.19
11	Wong Ah Kum	4,770,000	2.08
12	Toh Ean Hai	4,239,300	1.85
13	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chia Yoon Ling (002))	4,000,000	1.75
14	Ang Bon Huan	3,400,000	1.49
15	Quek Phaik Im	3,099,000	1.35
16	Chan Kooi Cheng	3,024,000	1.32
17	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Kooi Cheng (E-TAI))	3,000,000	1.31
18	Than Poo Ling	2,400,000	1.05
19	Lim Poh Fong	2,063,300	0.90
20	Ang Choon Meng	1,800,000	0.79
21	Ang Soh Mui	1,400,000	0.61
22	Chia Yoon Mei	1,200,000	0.52
23	Kong Yin Ching	1,200,000	0.52
24	Leong Wai Seng	1,140,000	0.50
25	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Cheah Pak Foo (002))	1,120,000	0.49
26	Lagenda Perdana Sdn. Bhd.	1,055,700	0.46
27	Chong Kok Choy	1,020,000	0.45
28	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Quek Phaik Im (E-KLC))	1,000,000	0.44
29	Chia Yoon Kheng	1,000,000	0.44
30	Lee Hean Guan	968,100	0.42
	TOTAL	**201,595,339**	**88.10**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-First (31st) Annual General Meeting of the Company will be held at Function Room 4, 1st Floor, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Friday, 28 September 2012 at 3.00 p.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2012, together with the Directors' and Auditors' Reports thereon.

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

   Ng Chin Nam **(Resolution 1)**
   Mohd Shahril Fitri Bin Hashim **(Resolution 2)**
   Ooi Chieng Sim **(Resolution 3)**

3. To consider and, if thought fit, pass a resolution pursuant to Section 129 (6) of the Companies Act, 1965 to appoint the following Directors as Director of the Company to hold office until the next Annual General Meeting of the Company:

   Sanmarkan a/l TS Ganapathi **(Resolution 4)**
   Dato' Lee Hean Guan **(Resolution 5)**

4. To re-appoint Messrs Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration. **(Resolution 6)**

5. To approve payment of the Directors' fee of RM168,000. **(Resolution 7)**

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

7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-

   Ordinary Resolution No. 1 - **(Resolution 8)**
   Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

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

Ordinary Resolution No. 2 - **(Resolution 9)**
Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of A Revenue or Trading Nature

"That, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 3 of Part A of the Circular to Shareholders dated 5 September 2012, provided that such arrangements and/or transactions are:

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

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

i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;

ii) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting

whichever is earlier.

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

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

Special Resolution - **(Resolution 10)**
Proposed Amendments to the Company's Articles of Association

"That, the deletions, alteration, modifications and additions to the Company's Articles of Association as set out in Appendix II of the Circular to Shareholders dated 5 September 2012 be approved."

By Order of the Board

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

Ipoh, Perak Darul Ridzuan, Malaysia
5 September 2012

NOTE:- *A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.*

For the purpose of determining a member who shall be entitled to attend the Thirty-First Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 20.3 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 24 September 2012. Only a depositor whose name appears on the Record of Depositors as at 24 September 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) Ordinary Resolution No. 1-
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

Pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company may, subject to the approval of the shareholders of the Company, exercise any power to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment, projects, working capital and/or acquisitions.

2) Ordinary Resolution No. 2 -
Proposed Renewal of Shareholders' Mandate of A Revenue or Trading Nature

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

3) Special Resolution -
Proposed Amendments to the Articles of Association

Further information on the above Special Resolution is set out in the Circular to Shareholders of the Company.

Statement Accompanying the Notice of Annual General Meeting

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

Further details of individual standing for election as Director is set out in the Profile of Directors and Statement of Shareholdings on Pages 7, 8, 9, 96, 97, 98 and 100 respectively of this Annual Report.

This page is intentionally left blank.

SMPC

SMPC CORPORATION BHD.

(79082-V)

FORM OF PROXY

I/We, ______________________________ NRIC No./Company No. ______________

______________________________ of ______________________________

______________________________ being a member of SMPC Corporation Bhd. hereby appoint the following person(s):

	Name of proxy & NRIC No.	No. of Shares	%
1.			
2.			

or failing him/her

1.			
2.			

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-First Annual General Meeting of the Company, to be held on 28 September 2012 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
The re-election of Directors:			
Ng Chin Nam	Resolution 1		
Mohd Shahril Fitri Bin Hashim	Resolution 2		
Ooi Chieng Sim	Resolution 3		
The re-appointment of the following Directors in accordance with Section 129 (6) of the Companies Act, 1965:			
Sanmarkan a/l TS Ganapathi	Resolution 4		
Dato' Lee Hean Guan	Resolution 5		
The payment of Directors' fee	Resolution 6		
The appointment of Auditors and their remuneration	Resolution 7		
Special Business			
Ordinary Resolution No. 1 – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965	Resolution 8		
Ordinary Resolution No. 2 – Proposed Renewal of Shareholders' Mandate of a Revenue or Trading Nature	Resolution 9		
Special Resolution – Proposed Amendments to Articles of Association	Resolution 10		

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

Date:

No. of shares held	
CDS A/C No.	

____

Signature of Shareholder

NOTES:

A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If this Form is signed and returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorized officer.

For the purpose of determining a member who shall be entitled to attend the Thirty-First Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 20.3 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 24 September 2012. Only a depositor whose name appears on the Record of Depositors as at 24 September 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

PLEASE FOLD HERE

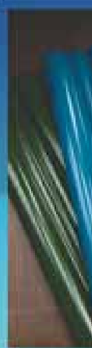
Affix 80 sen
Stamp
(within Malaysia)

The Company Secretary

SMPC CORPORATION BHD

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

PLEASE FOLD HERE



SMPC CORPORATION BHD. (79082-V)
1702, Mukim 14, Kampong Tok Suboh,
Bukit Minyak, 14100 Simpang Ampat,
Seberang Prai Selatan, Penang.

Tel: 04-5025017 **Fax:** 04-5025612