

SMPC METAL INDUSTRIES BHD

79082-V

ANNUAL REPORT 2002

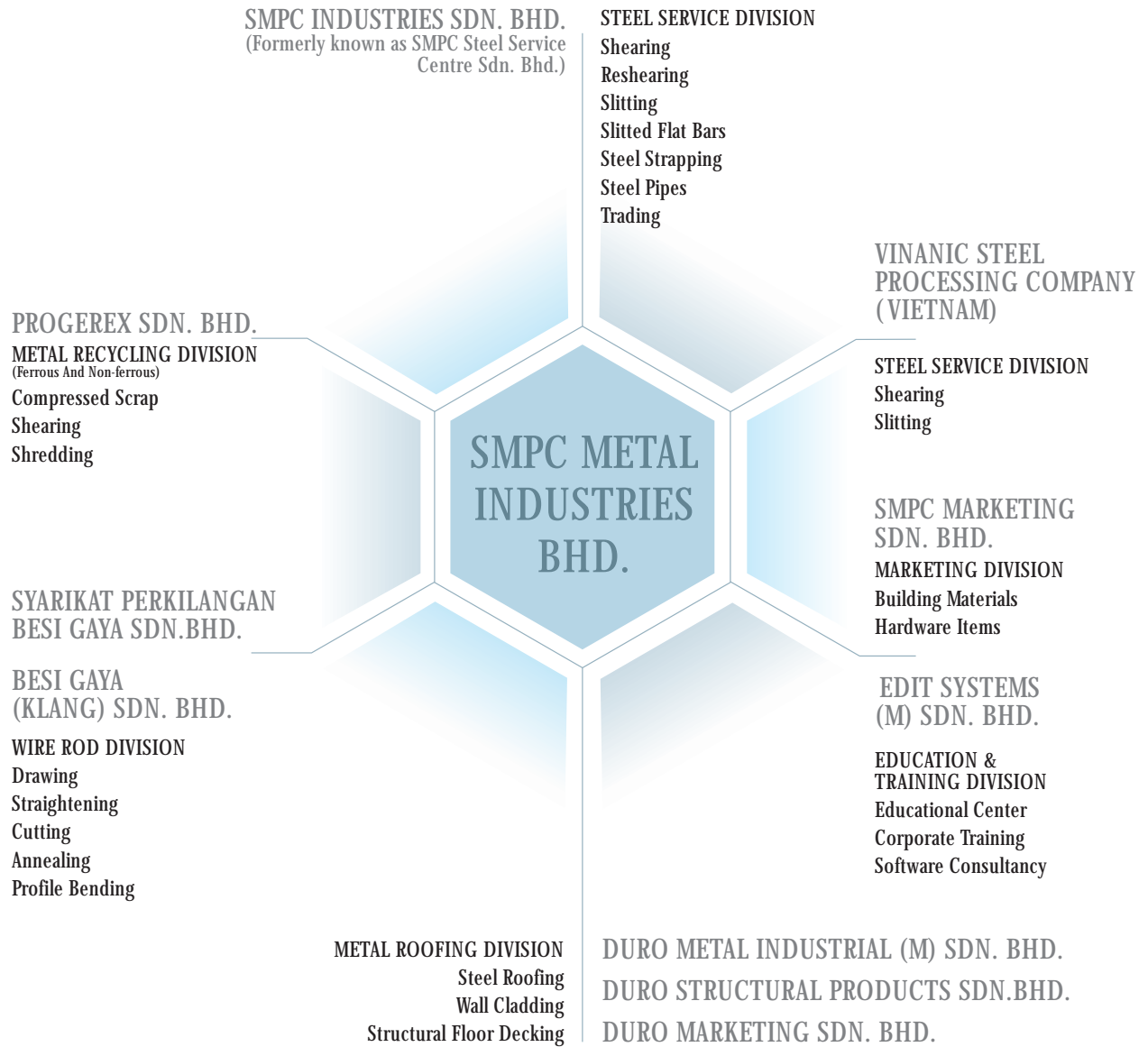
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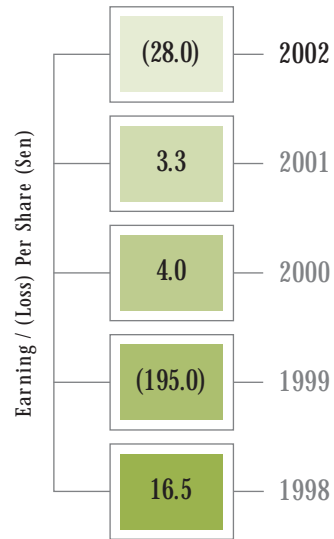
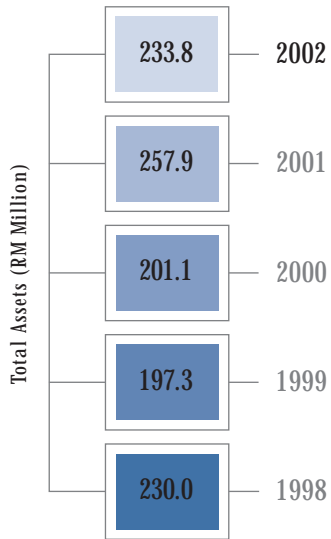
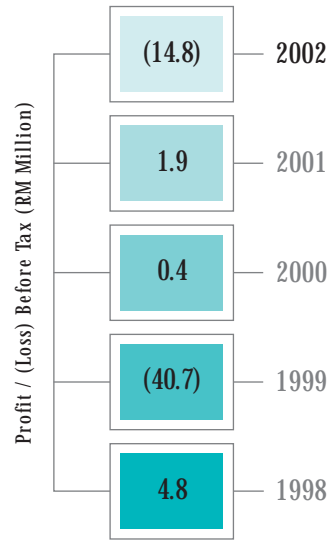
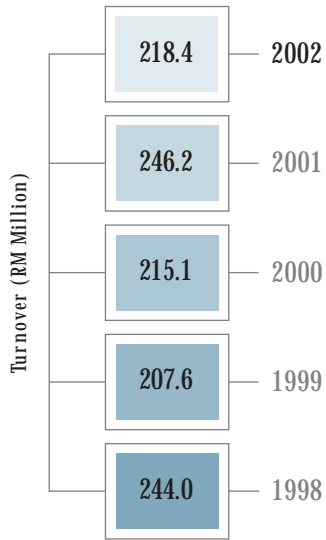
CORPORATE INFORMATION

Chairman	Dato' Mohd Taufik Bin Abdullah
Executive Vice-Chairman	Machendran a/l Pitchai Chetty
Managing Director	Ibrahim Hussain
Directors	Dhanabalan a/l M. Pitchai Chetty Vijayan a/l O.M.V. Devan Makhtar Bin Mohamed Daisuke Kadono Sanmarkan a/l T S Ganapathi Nagarajan a/l Thambiah Mustaffa Kamil Bin Md. Ismail Ramakrishnan a/l Thangasamy Chettiar <i>(Alternate Director to Machendran a/l Pitchai Chetty)</i>
Company Secretary	Thum Sook Fun <i>(MAICSA 7025619)</i>
Registered Office	Suite 18.05 MWE Plaza No. 8 Lebu Farquhar 10200 Penang Tel: 604-2631966 / 2614680 Fax: 604-2628544
Auditors	Arthur Andersen & Co. Chartered Accountants 21st Floor MWE Plaza No. 8 Lebu Farquhar 10200 Penang
Principal Bankers	Bumiputra-Commerce Bank Berhad HSBC Bank Malaysia Berhad United Overseas Bank (Malaysia) Bhd RHB Bank Berhad Southern Bank Berhad Bank Muamalat Malaysia Berhad Malayan Banking Berhad
Share Registrars	Securities Services (Holdings) Sdn Bhd <i>(36869 T)</i> Suite 18.05 MWE Plaza No. 8 Lebu Farquhar 10200 Penang Tel: 04-2631966 / 2614680 Fax: 04-2628544
Stock Exchange	The Second Board Of The Kuala Lumpur Stock Exchange

CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS



PROFILE OF THE BOARD OF DIRECTORS

DATO' MOHD TAUFIK BIN ABDULLAH
Chairman

Dato' Mohd Taufik Bin Abdullah, aged 59, a Malaysian citizen, is an Independent Non-Executive Director and Chairman of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 25 October 1994. He is also a Member of the Audit Committee since 8 February 2002.

He graduated in 1966 from University of Malaya with a Bachelor of Science and in 1969 he received Masters of Science (Statistics and Operational Research) from Essex University, United Kingdom.

In 1970 he joined Bank Negara and served the Bank for 15 years in various capacities and also held the position of adviser. In 1985 he took up the post of Executive Director in Bank Bumiputra Malaysia Berhad and in 1989 he was appointed as Chief Executive Director of United Asian Bank Berhad (UAB). He left UAB in 1991 and in 1995 he was appointed as Executive Chairman of Johor Port Berhad.

He also sits on the Board of other public limited companies namely Malaysian National Reinsurance Berhad and Minply Holdings (M) Berhad, as well as several private limited companies.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has attended two (2) of the four (4) Board Meetings held in the financial year ended 31 January 2002.

MACHENDRAN A/L PITCHAI CHETTY
Executive Vice-Chairman

Machendran a/l Pitchai Chetty, aged 43, a Malaysian citizen, was appointed to the Board of SMPC Metal Industries Bhd (SMPC) on 14 December 1981.

He started his career with SMPC and has a wide knowledge and experience in the steel business. He keeps abreast of the latest developments in the iron and steel industry and under his guidance the production efficiency of the Group has improved tremendously.

He is a major shareholder of the Company by virtue of his deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn Bhd. He is also brother to Mr. Dhanabalan a/l M. Pitchai Chetty, who is an Executive Director of the Company and brother-in-law to Mr. Ramakrishnan a/l Thangasamy Chettiar, who is his alternate Director in the Company.

Save as above disclosed relationship, he has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has attended all the Board Meetings held in the financial year ended 31 January 2002.

PROFILE OF THE BOARD OF DIRECTORS (continued)

IBRAHIM HUSSAIN Managing Director

Ibrahim Hussain, aged 38, a British citizen, is the Managing Director of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 27 September 2001. He is also a member of the Nomination Committee.

He started his career in 1986 with Arthur Andersen & Co. as a trainee Chartered Accountant specialising in tax after graduating from the University of Birmingham with a Bachelor in Commerce (Accounting) (Hons). In 1989 he became a member of the Association of Chartered Accountant of England and Wales and in the same year, he was promoted as Manager of Banking / Finance and Tax division of Arthur Andersen. During his tenure of service with Arthur Andersen & Co., he has gained vast experience in Corporate Finance.

In 1991, he joined Sterling Devereux Financial Services Ltd as its Managing Director and in 1997 he incorporated Alpha Resources Technologies Sdn Bhd which was renamed Alpha Resource Capital Sdn Bhd for providing corporate advisory services.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has attended all of the Board Meetings held during his tenure in office for the financial year ended 31 January 2002.

DHANABALAN A/L M. PITCHAI CHETTY Executive Director

Dhanabalan a/l M. Pitchai Chetty, aged 34, a Malaysian citizen, was appointed to the Board of SMPC Metal Industries Bhd (SMPC) on 12 March 1989.

After completing his secondary education he joined SMPC. Apart from overseeing the operations at Kapar, he also coordinates the material procurement for the Group.

He is a major shareholder of the Company by virtue of his deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn Bhd. He is also brother to Mr. Machendran a/l Pitchai Chetty, who is an Executive Vice-Chairman of the Company and brother-in-law to Mr. Ramakrishnan a/l Thangasamy Chettiar, who is the alternate Director to Mr. Machendran a/l Pitchai Chetty in the Company.

Save as above disclosed relationship, he has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has attended three (3) of the four (4) Board Meetings held in the financial year ended 31 January 2002.

PROFILE OF THE BOARD OF DIRECTORS (continued)

VIJAYAN A/L O.M.V. DEVAN

Executive Director, ESOS Committee Member

Vijayan A/L O.M.V. Devan, aged 52, a Malaysian citizen, was appointed to the Board of SMPC Metal Industries Bhd (SMPC) as an Executive Director on 31 March 2000. He is also a member of the Audit Committee and ESOS Committee.

He joined SMPC Group in 1988 as the Administration Manager and was promoted to Senior Manager in 1997 in charge of Corporate Administration. He has a Certificate in Matriculation. Prior to joining SMPC he was attached to a company manufacturing automotive components in a similar position for 16 years and has more than 25 years of management experience in various corporate and commercial matters.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He attended all the Board Meetings held in the financial year ended 31 January 2002.

MAKHTAR BIN MOHAMED

Executive Director

Makhtar Bin Mohamed, aged 49, a Malaysian citizen, is an Executive Director of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 26 April 2000.

He graduated from University of Malaya in 1977 with a degree in Economics majoring in Accounting and completed the post-graduate diploma in Accounting from the University of Malaya. He joined Bank Bumiputra (M) Berhad as an Officer in March 1977 and in July 1979 he joined South Kelantan Land Development Authority (KESEDAR) as an Accountant. In August 1980, he became the Finance Manager of Kelantan State Land Development and Rehabilitation Corporation (TAKDIR) and in May 1983, he joined University Sains Malaysia as Deputy Treasurer. In March 1999, he joined FELCRA as a General Manager -Business Development. On 1 August 1999, he was appointed as the Financial Consultant to SMPC Group.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He attended all the Board Meetings held in the financial year ended 31 January 2002.

DAISUKE KADONO

Independent Non-Executive Director

Daisuke Kadono, aged 45, a Japanese, is an Independent Non-Executive Director of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 11 November 1999. He also serves as the Chairman of the Audit Committee and as a member of the Nomination Committee and Remuneration Committee.

He is an engineer and is attached with Nissho Iwai Corporation since 1980.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He attended all of the Board Meetings held in the financial year ended 31 January 2002.

PROFILE OF THE BOARD OF DIRECTORS (continued)

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

Sanmarkan a/l T S Ganapathi, aged 64, a Malaysian citizen, is an Independent Non-Executive Director of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 18 January 2002. He is also the Chairman of Remuneration and Nomination Committees and a Member of the Audit Committee.

He graduated from Malayan Teachers College in 1958 and has been 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 is currently the consultant of this firm. He is an associate member of the Chartered Institute of Arbitrators London and was appointed a Notary Public on 23 March 2002.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has not attended any Board Meeting held in the financial year ended 31 January 2002 by virtue of his recent appointment to the Board.

NAGARAJAN A/L THAMBIAH Non-Independent Non-Executive Director

Nagarajan a/l Thambiah, aged 49, a Malaysian citizen, is a Non-Independent Non Executive Director of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 25 October 1994. He is also a member of the Audit Committee and Remuneration Committee.

He is a practicing Chartered Accountant, who is a member of Malaysian Institute of Accountants, Fellow of the Chartered Certified Accountants (UK), and Malaysian Institute of Taxation and an Associate of Institute of Cooperative Auditors. He was attached to Lembaga Padi & Beras Negara before starting his own practice in 1983.

He has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has attended all the Board Meetings held in the financial year ended 31 January 2002.

PROFILE OF THE BOARD OF DIRECTORS (continued)

MUSTAFFA KAMIL BIN MD. ISMAIL Non-Independent Non-Executive Director

Mustaffa Kamil Bin Md. Ismail aged 57, a Malaysian citizen, is a Non-Independent Non-Executive Director of SMPC Metal Industries Bhd (SMPC). He was appointed to the Board of SMPC on 3 May 2001.

He graduated from University of Malaya with a Bachelor of Arts (Hons) in 1968 and in the same year, he was appointed to the Malaysian Civil Service as an Assistant District Officer and later as an Assistant Director, State Lands and Mines, Perak. In 1972 he obtained a Diploma in Public Administration from University of Malaya and was seconded as Director, National Registration Department, Sabah and in 1975 as a Principal Assistant Secretary, Ministry of Public Enterprise. From 1978 to 1988 he had served as Director, Corporate Planning UDA, Deputy Director General (Services) UDA and Managing Director of Peremba Bhd. He has attended workshop for Public Enterprise in developing countries and East Asian Leadership Seminar both conducted by Harvard University in 1982 and 1996 respectively.

He is currently a director and acting chief executive officer of Perbadanan Nasional Berhad, a substantial shareholder of SMPC.

Save as above disclosed relationship with the major shareholder, he has no family relationship with any director and / or other major shareholder of the Company, nor any conflict of interests with the Company.

He has attended two (2) of the three (3) Board Meetings held during the financial year ended 31 January 2002.

RAMAKRISHNAN A/L THANGASAMY CHETTIAR Alternate Director to Machendran a/l Pichai Chetty

Ramakrishnan a/l Thangasamy Chettiar, aged 42, a Malaysian citizen is an alternate director to Mr. Machendran a/l Pitchai Chetty. He was appointed to the Board of SMPC Metal Industries Bhd (SMPC) as Executive Director on 12 March 1989. On 18 January 2002, he resigned as Executive Director and on the same date was appointed as Alternate Director to Mr. Machendran a/l Pitchai Chetty.

He has attended various professional marketing courses conducted by prestigious international bodies such as the Marketing Confederation of Australia in 1990. His duties include overseeing the marketing activities of the SMPC Group.

He is a major shareholder of the Company by virtue of his deemed interest held through Kumpulan Pitchai Sdn Bhd and S.M. Pitchai Chettiar Sdn Bhd. He is also brother-in-law to Mr. Machendran a/l Pitchai Chetty and Mr. Dhanabalan a/l M. Pitchai Chetty, who are Executive Directors of the Company.

Save as above disclosed relationship, he has no family relationship with any director and / or major shareholder of the Company, nor any conflict of interests with the Company.

He has attended three (3) of the four (4) Board Meetings held in the financial year ended 31 January 2002.

BOARD OF DIRECTORS' STATEMENT

We, the Board of Directors, are pleased to present the Annual Report and Financial Statements of SMPC Metal Industries Bhd for the financial year ended 31 January 2002.

FINANCIAL RESULTS

The Group registered an operating loss before tax of RM14.80 million compared with an operating profit before tax of RM0.75 million for the previous period. The adverse result is attributed to lower selling prices due to keen competition and also because of the import restrictions, a bulk of the raw materials were procured locally which increased the cost of sales.

Turnover also declined to RM218 million compared with RM246 million during the proceeding period as a result of the weak market for steel products. In addition, the export sales also decreased sharply.

The total assets of the Group stood at RM234 million compared with RM258 million in the preceding year.

DIVIDENDS

In view of the adverse financial results, the Board of Directors recommends that no dividend be paid for this financial year.

SECTORAL PERFORMANCE

Steel Service Division

SMPC Steel Service Centre Sdn Bhd incurred a pretax loss of RM15.60 million for the current financial year compared with a pretax loss of RM0.58 million. The revenue also decreased to RM80 million from RM91 million in the previous year. The regulatory controls for the import of steel coils which resulted in the acquisition of locally procured material at higher cost is the main reason for the higher losses.

Wire Rod Division

Syarikat Perkilangan Besi Gaya Sdn Bhd recorded a pretax loss of RM0.91 million compared with RM0.40 million in the previous year. The loss is mainly due to interest cost. However, its subsidiary Besi Gaya (Klang) Sdn Bhd registered a profit before tax of RM0.30 million at the back of a turnover of RM11 million for this financial year.

Metal Recycling Division

Progerex Sdn Bhd recorded a pretax profit of RM0.12 million compared with pretax loss of RM0.67 million for the previous period. The turnover of the company for this financial year was RM79 million compared with RM111 million for the proceeding period. The drop in turnover is due to lower export sales.

Education Training Division

Edit Systems Sdn Bhd posted a turnover of RM0.88 million as against RM0.73 million previously. The pretax loss for the current financial year was RM17,500 compared with a pretax loss of RM43,000 in the preceding year.

Metal Roofing Division

Duro Metal Industrial (M) Sdn Bhd ('Duro') recorded a consolidated pretax profit of RM1.00 million on a turnover of RM34.30 million compared with a pretax profit and turnover of RM3.50 million and RM35.50 million respectively for the preceding period. Duro's consolidated profit after tax and minority interest of RM0.65 million was lower compared with the forecast of RM3.90 million because of the continuous slowdown in the construction industry in particular commercial development.

BOARD OF DIRECTORS' STATEMENT (continued)

Marketing Division

SMPC Marketing Sdn Bhd registered a turnover of RM35 million compared with RM32 million for the previous financial year. The pretax profit was RM0.12 million compared with RM0.37 million for the preceding year. The reduced profit is attributed to lower selling prices due to keen competition and provision for doubtful debts.

FUTURE OUTLOOK

In the later part of the financial year ended 31 January 2002, the Group implemented a major re-engineering of its business process by consolidating its existing activities as well as moving into downstream manufacturing based activities, with a primary focus on the export market.

The Group has implemented changes at the Board and management levels to spearhead the future direction of the Group. The objective of such measures is to create a professional management set-up, which is fully equipped to enhance the existing and future value of the SMPC Group of Companies.

The Directors are of the opinion that the recent imposition of 50% tariff by the Government on flat products may not have any material effect on the performance of the Group. This is due to the fact that the Group has been placed in the category that would be exempted from import tax as informed by MIDA.

Barring any unforeseen circumstances, the Group is confident that the successful implementation of the business strategy will result in a significant improvement in its performance for the financial year ending 31 January 2003.

APPRECIATION

The Board wishes to thank the management and staff for their diligence, dedication and commitment in their work and extend its appreciation to the shareholders, customers, financial institutions and government authorities for their continuing support and confidence in the Group.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of SMPC Metal Industries Bhd (SMPC) welcomes the Malaysian Code of Corporate Governance, which sets out the broad principles of good corporate governance and best practices to enhance the transparency and accountability for listed companies. The Board of Directors views this as an integral part of their responsibilities to protect and enhance shareholders value and the financial performance of the Group.

As a mandatory disclosure item under the Kuala Lumpur Stock Exchange Listing Requirements, listed entities are required to disclose on how they have applied the principles of best practices. Steps are currently being taken to evaluate the status of the Group's corporate governance procedures and to implement the Code's best practices.

BOARD OF DIRECTORS

The SMPC Board has overall responsibility on the strategic direction of the SMPC Group. The Board currently comprises eleven members. Five are non-executive directors, of whom three are independent directors, four directors representing major shareholders and two directors representing the management.

Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements, major capital expenditures, budgets, long range plans and succession planning are reserved for the Board. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

A Corporate Committee comprising key management personnel to assist the Board in the day-to-day operation of the Group has been set up. The Managing Director and / or an Executive Director will attend the management meeting. The Corporate Committee deals with a wide range of matters, including review of monthly financial results, proposal for capital expenditure and major operating issues. The Committee also reviews acquisitions, disposals and budgets before they are submitted to the Board.

All Independent Non-Executive Directors are independent of management and free from any relationship which could interfere with their independent judgement.

The profiles of the directors are provided on pages 4 to 8 in the Annual Report. All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia ("RIIAM"), an affiliate of the Kuala Lumpur Stock Exchange.

The Board meets once in every quarter or at more frequent intervals as and when there is a need to convene a Board meeting. For the financial year 2002, the SMPC Board met 4 times. The record of attendance at the Board meetings for the financial year 2002 is as follows:

Directors	No. of Meetings attended	Percentage %
Dato' Mohd Taufik bin Abdullah	2	50
Machendran a/l Pitchai Chetty	4	100
Ibrahim Hussain (<i>appointed on 27 September 2001</i>)	1	100
Dhanabalan a/l M. Pitchai Chetty	3	75
Vijayan a/l O.M.V. Devan	4	100
Makhtar Bin Mohamed	4	100
Daisuke Kadono	4	100
Sanmarkan a/l T S Ganapathi (<i>appointed on 18 January 2002</i>)	N/A	N/A

STATEMENT ON CORPORATE GOVERNANCE (continued)

BOARD OF DIRECTORS (continued)

Directors	No. of Meetings attended	Percentage %
Nagarajan a/l Thambiah	4	100
Mustaffa Kamil Bin Md. Ismail (<i>appointed on 3 May 2001</i>)	2	50
Ramakrishnan a/l Thangasamy Chettiar (<i>alternate director to Machendran a/l Pitchai Chetty</i>)	3	75
Tye Lean Tee @ Tan Lean Tee (<i>resigned on 27 June 2001</i>)	2	100

During the meeting, the Board will review the Group's financial performance, business performance against budgets, any corporate exercise to be implemented, draft announcement on the quarterly results and any other matters raised in relation to the business of the Group.

The Board has also delegated certain responsibilities to other Board committees, which operate within defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out in pages 18 to 19), a Nomination Committee and a Remuneration Committee. The management functions have been delegated to the executive directors. The delegation of authority by the Board enables the Board to achieve operational efficiency and yet maintain control over major policies and decisions.

SUPPLY OF INFORMATION

As a general rule, papers on specific subjects are sent to the members of the Board in advance so as to ensure that there is sufficient time to enable the directors to obtain further explanations where necessary and to facilitate the decision making process.

All Directors have access to the advice and services of the Company Secretary. The Board have access to all information within the Company, whether as full board or in their individual capacity, in furtherance of their duties.

APPOINTMENT TO THE BOARD AND RE-ELECTION

As endorsed by the Malaysian Code on Corporate Governance, a Nomination Committee was formed on 18 January 2002. The members of the committee are as follows :-

Nomination Committee

Members

Sanmarkan a/l T S Ganapathi	Chairman of Nomination Committee
Daisuke Kadono	Member of Nomination Committee
Ibrahim Hussain	Member of Nomination Committee

The terms of reference with regards to the Nomination Committee are as follows :

- To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board
- To consider, in making recommendations, candidates for directorships or principal officers of the Company as proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder
- To recommend to the Board, directors to fill the seats on board committees

STATEMENT ON CORPORATE GOVERNANCE (continued)**APPOINTMENT TO THE BOARD AND RE-ELECTION (continued)**

- To review its required mix of skills and experience and other qualities, including core competencies, which Directors of the Company should bring to the Board and as principal officers to the Company.
- To assess the effectiveness of the Board as a whole and assess the contribution of each individual director.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board of Directors are subject to election by the shareholders at the first opportunity after their appointment.

With the proposed amendments to the Articles of Association, all directors (including the Managing Director) will be subject to the rotation for re-election once in every three years in accordance with paragraph 7.28 of the Kuala Lumpur Stock Exchange Listing Requirements.

DIRECTORS' REMUNERATION

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 during the financial year ended 31 January 2002 is as follows:

Executive Directors	RM
Salaries and other emoluments	910,500
Benefits-in-kind	34,900
Non-Executive Directors	
Fees	79,000

Reimbursement of expenses for all directors are on actuals

The number of Directors of the Company whose total remuneration falls within the following bands:

Executive Directors	Number
RM50,001 - RM100,000	1
RM100,001 - RM150,000	1
RM150,001 - RM200,000	3
RM200,001 - RM250,000	1
Non-Executive Directors	
Below RM50,000	5

As endorsed by the Malaysian Code on Corporate Governance ("the Code"), a Remuneration Committee was formed on 18 January 2002. The members of the committee are as follows:-

Remuneration Committee**Members**

Sanmarkan a/l T S Ganapathi	Chairman of Remuneration Committee
Daisuke Kadono	Member of Remuneration Committee
Nagarajan a/l Thambiah	Member of Remuneration Committee

STATEMENT ON CORPORATE GOVERNANCE (continued)

DIRECTORS' REMUNERATION (continued)

The terms of reference with regards to Remuneration Committee is as follows :

- To review, deliberate and recommend the annual salaries, incentive arrangements, service arrangements and other employment condition for executive directors
- To determine the company's remuneration policy and arrangements on executive directors
- To review such a policy on a yearly basis and make any adjustments as deemed necessary to ensure the Group can attract and retain executives of the necessary quality in a highly and increasingly competitive market place
- To review, with the executives directors if necessary, their job functions and to ensure that the remuneration commensurate with performance and the executive director does not participate in decisions in his own remuneration package
- To review the remuneration arrangement 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

The policy of the Remuneration Committee will be in line with the Group's overall practice on compensation and benefits. This is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of those Directors. Non-executive Directors' remuneration will be a matter to be decided by the Board.

Directors will not participate in decisions on their own remuneration packages. The Director concerned will abstain from deliberations and voting on decisions in respect of his individual remuneration.

SHAREHOLDERS

Dialogue between the Company and Investors

The Board of Directors believe that shareholders should be informed of all material business matters which influence the Group. In addition to various announcement made during the year, release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

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 Group also encourages shareholders to attend its Annual General Meeting each year. Notice of the Annual General Meeting and annual reports are circulated to shareholders at least 21 days before the date of meeting. All shareholders are eligible to vote on all resolutions. Shareholders who are not present at the meeting are encouraged to send a proxy in accordance with the Company's Articles of Association.

The Board of Directors ensures that complete information is disclosed through the notice of meetings regarding directors who are retiring and are willing to serve if re-elected.

STATEMENT ON CORPORATE GOVERNANCE (continued)

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly reports to shareholders, the directors attempt to present a balanced assessment of the Group's position and prospects. The Audit Committee assists the Board of Directors in reviewing information for disclosure to ensure adequacy and completeness. The Statement on Directors Responsibility is set out on page 17 of this annual report.

Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control set out on page 16.

Relationship with Auditors

The note of the Audit Committee in relation to the relationship with the external auditors is as set out in the Report on Audit Committee on pages 18 to 19.

The Group has established a transparent and appropriate relationship with its auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to reaching good standards of corporate governance throughout the Group. The Board of Directors considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 29 May 2002.

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors of SMPC acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. The systems can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY PROCESSES

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group and now plans to develop a formalised monitoring and reporting process to evaluate and managing the significant risks. The ongoing process has been in place subsequent to the publication of the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"). This process is regularly reviewed by the Board and accords with the Guidance.

The key process of the internal control functions is inculcated within the various procedures. The Group's key procedures of internal control include the followings:-

- 1) Regular review by the Board and management on the Group's business risks, including economic, political and industry analysis and regulatory matters.
- 2) A budgeting system and reporting of results and variances analysed against budget. Forecast are reviewed on a regular basis to incorporate any significant changes in the industry.
- 3) Review of operational risk within the manufacturing process which will encompass a system on preventive maintenance to minimise production risk in the event of machinery breakdown.
- 4) Financial review to address the risks associated with the over gearing of the Group.
- 5) A credit control review has been put in place and each entity within the Group is reviewed by the credit controller. Subsequent to the financial year, a formalised credit control policy was drawn up.
- 6) A purchasing committee has been set up to address the industry risks and to enable better stock management.
- 7) The Audit Committee regularly reviews and holds discussions with the management on the action taken on internal control issues identified in the reports prepared by the internal audit department and the external auditors. During the current financial year, seven internal audit reports and a memorandum of suggestions from the external auditors were received and reviewed by the Audit Committee.

The Board is currently in the process of enhancing the system of internal controls of the Group, including formalisation of a risk management framework.

This Statement was made in accordance with a resolution of Board of Directors dated 29 May 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of the Kuala Lumpur Stock Exchange.

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

The Directors consider that in preparing the financial statements,

- The Group and the Company have used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This Statement was made in accordance with a resolution of Board of Directors dated 29 May 2002.

REPORT ON AUDIT COMMITTEE

MEMBERS

Daisuke Kadono (Chairman of the Committee, Independent Non-Executive Director)

Dato' Mohd Taufik bin Abdullah (Independent Non-Executive Director)

Sanmarkan a/l T S Ganapathi (Independent Non-Executive Director)

Nagarajan a/l Thambiah (Non-Independent Non-Executive Director)

Vijayan a/l O.M.V. Devan (Executive Director)

TERMS OF REFERENCE

The Committee shall be appointed by the Board of Directors from amongst the directors and shall consist of not less than 3 members, a majority of whom shall be independent non executive directors. The Chairman shall be an independent non-executive director.

The primary objective of the Audit Committee is to assure the shareholders of the Company that the Directors of the Company have complied with specified financial standards and required disclosure policies developed and administered by the KLSE.

FUNCTIONS

The functions of the Committee shall be:

- i) to review with the external auditors the scope of their audit plan, the system of internal accounting controls, the audit reports and actions to be taken. The Committee shall also recommend external auditors for appointment by the Board each year.
- ii) to review the quarterly and year end financial statements of the Group and the Company, focusing particularly on any change in or implementation of major accounting policies and procedures, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirement.
- iii) to review the scope and results of the internal audit procedures.
- iv) to review any related party transactions that may arise within the Group or Company.

FREQUENCY OF MEETINGS

Meetings shall be held not less than four times a year. In order to form a quorum, the majority of members present must be independent directors. The presence of the external auditors will be requested if required. Other Board members may attend meetings upon the invitation of the Audit Committee. The external auditors may request a meeting if they consider it necessary.

The Company Secretary shall be the secretary of the committee.

REPORTING PROCEDURES

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

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

REPORT ON AUDIT COMMITTEE (continued)

MEETINGS

The Audit Committee met 4 times during the financial year in respect of the following matters :-

- To review the unaudited quarterly financial results before the announcement to KLSE
- To review the year end financial statements together with external auditors' management letter and management response
- To discuss with external auditors the audit plan and scope for the year including the audit procedures
- To discuss with internal auditors on its scope of work
- Review the reports prepared by the internal auditor
- Review the related party transactions that may arise within the Company or Group

All members attended the above meetings except for Sanmarkan a/l T S Ganapathi, who was appointed on 18 January 2002 and Dato' Mohd Taufik bin Abdullah who was appointed on 8 February 2002.

INTERNAL AUDIT

The Board of Directors is currently in the process of re-organising its internal audit function. The internal audit function is to ensure regular review of the adequacy and integrity of its internal control system, thus satisfying its requirements as well as the Listing Requirements of KLSE and the Malaysian Code on Corporate Governance. The internal audit function, through its internal audit activities will be required to assist the Group in enhancing its existing risk management framework and adopt a risk - based approach. This function, which may be out sourced, would provide an independent assurance to assist the Board of Directors in discharging its responsibility in maintaining a sound system of internal control.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE KLSE

UTILISATION OF PROCEEDS

During the financial year, there was no unutilised proceeds raised from any corporate proposal.

SHARE BUYBACKS

During the financial year, the Company did not enter into any share buyback transactions.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were exercised during the financial year.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR programme.

IMPOSITION OF SANCTIONS AND PENALTIES

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

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year amounted to RM49,055 and RM17,800 respectively.

VARIATION IN RESULTS

There were no material variations between the audited results for the financial year ended 31 January 2002 and the unaudited results for the year ended 31 January 2002 of the Group as previously announced.

PROFIT GUARANTEE

During the financial year, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as 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

The Company has not adopted a policy of regular revaluation on its landed properties. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets are stated at their 1994 valuation less accumulated depreciation.

SMPC METAL INDUSTRIES BHD

79082-V

A N N U A L R E P O R T 2 0 0 2

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 January 2002.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 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
Loss after taxation	15,127,789	19,487,587
Minority interest	151,395	-
Net loss attributable to shareholders	<u>15,279,184</u>	<u>19,487,587</u>

DIVIDEND

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

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that:

- (i) all known bad debts had been written off for the Group and that adequate provision had been made for doubtful debts in the financial statements of the Group;
- (ii) there were no known bad debts and that no provision for doubtful debts is required for the Company.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Group inadequate to any substantial extent nor are they aware of any circumstances that would require any amount to be written off as bad debts or provided for as doubtful debts in the financial statements of the Company.

DIRECTORS' REPORT (continued)

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have 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 which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS' REPORT (continued)

WARRANTS AND SHARE OPTIONS

No options were granted to any person to take up unissued shares of the Company during the year apart from the warrants and options granted pursuant to the Employees' Share Option Scheme.

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

The Company's Employees' Share Option Scheme ("ESOS") consisting of up to 4,552,000 share options with rights to subscribe for the same number of new ordinary shares of RM1.00 each was implemented in April 2001. The main features of the ESOS are:

- a) The eligible persons are employees and executive directors of the Group having at least one (1) year of service with the Group. The eligibility for participation in the ESOS shall be at the absolute discretion of the ESOS's Committee.
- b) The option shall be for a minimum of 1,000 ordinary shares and shall not exceed the maximum allowable allotment of 500,000 ordinary shares.
- c) The option period is for five (5) calendar years commencing from 11 April 2001 and expiring on 10 April 2006.
- d) The option price shall be determined based on the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five (5) preceding market days prior to the Date of Offer or at par, whichever is higher.
- e) The shares to be allotted upon any exercise of the option will upon allotment, rank pari passu in all respects with the existing shares of the Company.

As at 31 January 2002, the details of the share options are as follows:

Year granted	Option Price	Balance as at 1 February 2001	Granted	Exercised	Balance as at 31 January 2002
2002	RM1.00	-	4,552,000	-	4,552,000

DIRECTORS' REPORT (continued)

DIRECTORS

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

Dato' Mohd Taufik bin Abdullah

Machendran a/l Pitchai Chetty

Dhanabalan a/l M. Pitchai Chetty

Vijayan a/l O.M.V. Devan

Makhtar bin Mohamed

Daisuke Kadono

Nagarajan a/l Thambiah

Mustaffa Kamil bin Md. Ismail

Ramakrishnan a/l Thangasamy Chettiar (alternate to Machendran a/l Pitchai Chettiar)

Ibrahim Hussain (appointed on 27 September 2001)

Sanmarkan a/l T.S. Gananpathi (appointed on 18 January 2002)

Tye Lean Tee @ Tan Lean Tee (resigned on 27 June 2001)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the share option granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 26 to the financial statements and the fixed salary of directors who are full time employees of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for those benefits which may be deemed to have arisen by virtue of those transactions (either as a supplier, agent or customer) in respect of trading and other services entered into in the ordinary course of business between the Company and its subsidiaries and companies in which certain directors are deemed to have interests.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interests in shares, awarrants and options in the Company or its related corporations during the financial year other than as follows:

Number of Ordinary Shares of RM1 Each

The Company	1 February 2001	Bought	Sold	31 January 2002
Direct				
Dato' Mohd Taufik bin Abdullah	1,250,000	-	(631,000)	619,000
Machendran a/l Pitchai Chetty	965,347	-	(700,000)	265,347
Makhtar bin Mohamed	257,350	-	-	257,350
Nagarajan a/l Thambiah	250,015	-	-	250,015

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

Number of Ordinary Shares of RM1 Each

	1 February 2001	Bought	Sold	31 January 2002
Indirect				
Machendran a/l Pitchai Chetty *	14,776,529	-	(1,070,000)	13,706,529
Dhanabalan a/l M. Pitchai Chetty *	14,776,529	-	(1,070,000)	13,706,529
Ramakrishnan a/l Thangasamy Chettiar *	14,776,529	-	(1,070,000)	13,706,529

Number of Warrants

The Company	1 February 2001	Granted / Bought	Exercised / Sold	31 January 2002
Direct				
Makhtar bin Mohamed	107,350	-	-	107,350
Ramakrishnan a/l Thangasamy Chettiar	-	95,000	-	95,000
Indirect				
Machendran a/l Pitchai Chetty *	3,734,916	-	(1,262,250)	2,472,666
Dhanabalan a/l M. Pitchai Chetty *	3,734,916	-	(1,262,250)	2,472,666
Ramakrishnan a/l Thangasamy Chettiar *	3,734,916	-	(1,262,250)	2,472,666

Number of Options over Ordinary Shares of RM1 Each

The Company	1 February 2001	Granted	Exercised	31 January 2002
Machendran a/l Pitchai Chetty	-	500,000	-	500,000
Dhanabalan a/l M. Pitchai Chetty	-	400,000	-	400,000
Vijayan a/l O.M.V. Devan	-	400,000	-	400,000
Ramakrishnan a/l Thangasamy Chettiar	-	400,000	-	400,000

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

DIRECTORS' REPORT (continued)

AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board
in accordance with a resolution
of the directors

MACHENDRAN A/L PITCHAI CHETTY

IBRAHIM HUSSAIN

Penang

Date: 29 May 2002

STATEMENT BY DIRECTORS

We, MACHENDRAN A/L PITCHAI CHETTY and IBRAHIM HUSSAIN, being two of the directors of SMPC METAL INDUSTRIES BHD., do hereby state that, in the opinion of the directors, the financial statements set out on page 30 to 62 give a true and fair view of the state of affairs of the Group and the Company as at 31 January 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board
in accordance with a resolution
of the directors

MACHENDRAN A/L PITCHAI CHETTY

IBRAHIM HUSSAIN

Penang

Date: 29 May 2002

STATUTORY DECLARATION

I, VIJAYAN A/L O.M.V. DEVAN, the director primarily responsible for the financial management of SMPC METAL INDUSTRIES BHD., do solemnly and sincerely declare that the financial statements set out on pages 30 to 62 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 VIJAYAN A/L O.M.V.)
DEVAN at Butterworth in the)
State of Penang on 29 May 2002) VIJAYAN A/L O.M.V. DEVAN

Before me,

P. SATHASIVAM

No P036

Commissioner for Oaths

Penang

AUDITORS' REPORT TO THE SHAREHOLDERS OF SMPC METAL INDUSTRIES BHD.

We have audited the financial statements set out on pages 30 to 62. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 January 2002 and of their results and their cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) 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.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or did not include any comment made under subsection (3) of section 174 of the Act.

Without qualifying our opinion, we draw attention to the matter as disclosed in Note 2 (a) to the financial statements.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Lim Foo Chew
No. 1748/01/04(J)
Partner of the Firm

Penang
Date: 29 May 2002

CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	106,412,388	109,265,246
Intangible assets	4	-	50,272
Other investment	6	-	-
Goodwill on consolidation	7	-	2,694,707
		<u>106,412,388</u>	<u>112,010,225</u>
CURRENT ASSETS			
Inventories	8	39,771,179	45,530,174
Trade receivables	9	74,504,189	77,337,907
Other receivables	10	7,910,709	4,877,369
Short term investment	11	147,804	165,537
Cash and bank balances	12	5,039,662	17,993,801
		<u>127,373,543</u>	<u>145,904,788</u>
CURRENT LIABILITIES			
Short term borrowings	13	93,724,989	93,564,178
Trade payables	15	34,608,362	36,409,855
Other payables	16	4,620,988	8,276,971
Taxation		325,113	331,667
		<u>133,279,452</u>	<u>138,582,671</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(5,905,909)</u>	<u>7,322,117</u>
		<u>100,506,479</u>	<u>119,332,342</u>
FINANCED BY:			
Share capital	17	54,576,965	54,576,965
Reserves		2,810,637	18,436,274
Shareholders' equity		<u>57,387,602</u>	<u>73,013,239</u>
Minority interests		493,927	342,532
		<u>57,881,529</u>	<u>73,355,771</u>
Retirement benefits	19	289,152	527,602
Long term borrowings	20	40,991,212	44,852,969
Deferred taxation	21	796,000	596,000
Reserve on consolidation	7	548,586	-
Non-current liabilities		<u>42,624,950</u>	<u>45,976,571</u>
		<u>100,506,479</u>	<u>119,332,342</u>

The accompanying notes are an integral part of this balance sheet.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2002

	Note	2002 RM	2001 RM
Revenue	22	218,411,373	246,249,661
Other operating income	23	1,270,910	8,984,002
Changes in inventories of work in progress, trading inventories and finished goods		3,358,173	3,414,353
Raw materials and consumables used		(86,032,638)	(102,136,822)
Trading goods purchased		(108,840,401)	(109,695,288)
Staff costs	24	(9,044,710)	(7,790,984)
Depreciation		(5,984,330)	(5,582,257)
Other operating expenses	25	(17,649,021)	(21,166,788)
(Loss)/Profit from operations		(4,510,644)	12,275,877
Finance cost, net	27	(10,248,128)	(11,522,237)
(Loss)/Profit before taxation		(14,758,772)	753,640
Taxation	28	(369,017)	140,404
(Loss)/Profit after taxation		(15,127,789)	894,044
Minority interests		(151,395)	65,620
(Loss)/Profit for the year		(15,279,184)	959,664
(Loss)/Earnings per share (sen) - Basic	29	(28.0)	3.3
- Diluted	29	(27.8)	

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2002

	Non-Distributable				Total reserves RM	Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM	Accumulated losses RM		
At 1 February 2000 as previously stated	19,999,000	2,135,166	8,004,601	(14,304,922)	(4,165,155)	15,833,845
Prior year adjustment (Note 30)	-	-	-	(372,727)	(372,727)	(372,727)
At 1 February 2000	19,999,000	2,135,166	8,004,601	(14,677,649)	(4,537,882)	15,461,118
Net profit for the year	-	-	-	959,664	959,664	959,664
Special issue of shares	10,000,000	5,500,000	-	-	5,500,000	15,500,000
Rights issue of shares	14,924,500	8,208,475	-	-	8,208,475	23,132,975
Shares issued on acquisition of subsidiaries	9,653,465	9,846,535	-	-	9,846,535	19,500,000
Corporate exercise expenses, representing net loss not recognised in the income statement	-	(1,540,518)	-	-	(1,540,518)	(1,540,518)
At 31 January 2001	54,576,965	24,149,658	8,004,601	(13,717,985)	18,436,274	73,013,239
At 1 February 2001 as previously stated	54,576,965	24,149,658	8,004,601	(12,204,894)	19,949,365	74,526,330
Prior year adjustment (Note 30)	-	-	-	(1,513,091)	(1,513,091)	(1,513,091)
At 1 February 2001	54,576,965	24,149,658	8,004,601	(13,717,985)	18,436,274	73,013,239
Net loss for the year	-	-	-	(15,279,184)	(15,279,184)	(15,279,184)
Corporate exercise expenses, representing net loss not recognised in the income statement	-	(346,453)	-	-	(346,453)	(346,453)
At 31 January 2002	54,576,965	23,803,205	8,004,601	(28,997,169)	2,810,637	57,387,602

The accompanying notes are an integral part of this statement.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(14,758,772)	753,640
Adjustments for:		
Amortisation of intangible assets	50,272	169,407
Amortisation of goodwill on consolidation	690,591	189,383
Amortisation of reserve on consolidation	(796,380)	(796,380)
Depreciation	5,984,330	5,582,257
Property, plant and equipment written off	2,406	40,893
Interest expense	9,920,289	11,358,087
Provision for diminution in value of investment	18,734	299,838
Bad and doubtful debts	828,935	2,443,757
Provision for doubtful debts written back	(2,787)	(481,154)
Provision for retirement benefits	28,480	129,095
Inventories written down to net realisable value	91,308	2,744,890
Bad debts written off	28,473	-
Unrealised loss/(gain) on foreign exchange	46,432	(11,442)
Gain on disposal of property, plant and equipment	(314,270)	(299,999)
Interest income	(89,043)	(286,195)
Debts waived by banks	-	(7,123,735)
Operating profit before working capital changes	1,728,998	14,712,342
Decrease/(Increase) in receivables	2,695,408	(8,074,089)
Decrease/(Increase) in inventories	5,667,687	(6,064,390)
(Decrease)/Increase in payables	(4,421,477)	1,546,029
Cash generated from operations	5,670,616	2,119,892
Retirement benefits paid	(266,930)	(105,772)
Tax paid	(576,140)	(703,404)
Net cash generated from operating activities	4,827,546	1,310,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	89,043	286,195
Purchase of property, plant and equipment	(2,767,419)	(2,535,619)
Cash arising from acquisition of Duro Metal Industrial (M) Sdn. Bhd. and its subsidiaries	-	924,303
Purchase of short term investment	(1,001)	(150,537)
Proceeds from disposal of property, plant and equipment	461,699	306,560
Net cash used in investing activities	(2,217,678)	(1,169,098)

CONSOLIDATED CASH FLOW STATEMENT (continued)

	2002 RM	2001 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(11,002,720)	(4,815,865)
Net changes in short term borrowings	5,960,496	3,091,949
Proceeds from issue of shares	-	38,632,975
Repayment of term loans	(8,827,091)	(2,460,935)
Repayment of hire-purchase creditors	(549,729)	(662,087)
Corporate exercise expenses	(346,453)	(1,540,518)
Net cash (used in)/generated from financing activities	<u>(14,765,497)</u>	<u>32,245,519</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,155,629)	32,387,137
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(4,101,404)	(36,488,541)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(16,257,033)</u>	<u>(4,101,404)</u>

Cash and cash equivalents comprise:

	2002 RM	2001 RM
Cash and bank balances	5,039,662	17,993,801
Bank overdrafts (Note 13)	(21,296,695)	(22,095,205)
	<u>(16,257,033)</u>	<u>(4,101,404)</u>

The accompanying notes are an integral part of this statement.

BALANCE SHEET
AS AT 31 JANUARY 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	34,507,363	34,498,304
Subsidiaries	5	19,939,646	42,645,658
Other investment	6	-	-
		<u>54,447,009</u>	<u>77,143,962</u>
CURRENT ASSETS			
Trade receivables	9	957,305	313,500
Other receivables	10	22,183,468	15,048,391
Cash and bank balances	12	743,494	14,820,110
		<u>23,884,267</u>	<u>30,182,001</u>
CURRENT LIABILITIES			
Short term borrowings	13	2,007,740	9,892,143
Other payables	16	177,774	1,413,373
		<u>2,185,514</u>	<u>11,305,516</u>
NET CURRENT ASSETS		<u>21,698,753</u>	<u>18,876,485</u>
		<u>76,145,762</u>	<u>96,020,447</u>
FINANCED BY:			
Share capital	17	54,576,965	54,576,965
Reserves	18	21,553,072	41,387,112
Shareholders' equity		<u>76,130,037</u>	<u>95,964,077</u>
Long term borrowings	20	15,725	56,370
		<u>76,145,762</u>	<u>96,020,447</u>

The accompanying notes are an integral part of this balance sheet.

INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2002

	Note	2002 RM	2001 RM
Revenue	22	2,353,832	2,272,156
Other operating income	23	-	2,279,972
Staff costs	24	(1,030,924)	(1,149,870)
Depreciation		(803,661)	(803,321)
Other operating expenses	25	(20,237,698)	(1,449,836)
(Loss)/Profit from operations		(19,718,451)	1,149,101
Finance cost, net	27	230,864	(778,022)
(Loss)/Profit before taxation		(19,487,587)	371,079
Taxation	28	-	313,072
(Loss)/Profit for the year		(19,487,587)	684,151

The accompanying notes are an integral part of this statement.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2002**

	Non-Distributable						
	Share capital RM	Share premium RM	Capital reserve (Note 18) RM	Revaluation reserve RM	Retained earnings/ (Accumulated loss) RM	Total reserves RM	Total RM
At 1 February 2000	19,999,000	2,135,166	7,445,000	8,004,601	1,103,702	18,688,469	38,687,469
Net profit for the year	-	-	-	-	684,151	684,151	684,151
Special issue of shares	10,000,000	5,500,000	-	-	-	5,500,000	15,500,000
Rights issue of shares	14,924,500	8,208,475	-	-	-	8,208,475	23,132,975
Shares issued on acquisition of subsidiaries	9,653,465	9,846,535	-	-	-	9,846,535	19,500,000
Corporate exercise expenses, representing net loss not recognised in the income statement	-	(1,540,518)	-	-	-	(1,540,518)	(1,540,518)
At 1 February 2001	54,576,965	24,149,658	7,445,000	8,004,601	1,787,853	41,387,112	95,964,077
Net loss for the year	-	-	-	-	(19,487,587)	(19,487,587)	(19,487,587)
Corporate exercise expenses, representing net loss not recognised in the income statement	-	(346,453)	-	-	-	(346,453)	(346,453)
At 31 January 2002	54,576,965	23,803,205	7,445,000	8,004,601	(17,699,734)	21,553,072	76,130,037

The accompanying notes are an integral part of this statement.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(19,487,587)	371,079
Adjustments for:		
Depreciation	803,661	803,321
Interest expense	175,637	891,344
Provision for diminution in value of investments	19,356,930	299,838
Debts waived by a bank	-	(2,279,972)
Interest income	(411,031)	(121,874)
Operating profit/(loss) before working capital changes	437,610	(36,264)
Increase in receivables	(4,026,640)	(13,791,923)
Decrease in payables	(1,235,599)	(6,997,958)
Cash used in operations	(4,824,629)	(20,826,145)
Tax paid	-	(84,385)
Net cash used in operating activities	(4,824,629)	(20,910,530)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(812,720)	(1,193,989)
Interest received	7,871	121,874
Net cash used in investing activities	(804,849)	(1,072,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	38,632,975
Corporate exercise expenses	(346,453)	(1,540,518)
Repayment of term loans	(6,818,980)	-
Repayment of hire-purchase creditor	(20,187)	(60,724)
Interest paid	(175,637)	(43,914)
Net cash (used in)/generated from financing activities	(7,361,257)	36,987,819
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,990,735)	15,005,174
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,762,866	(3,242,308)
CASH AND CASH EQUIVALENTS AT END OF YEAR	(1,227,869)	11,762,866
Cash and cash equivalents comprise:		
Cash and bank balances	743,494	14,820,110
Bank overdrafts (Note 13)	(1,971,363)	(3,057,244)
	(1,227,869)	11,762,866

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2002

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

The principal activities of the subsidiaries are described in Note 5.

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

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

The number of employees in the Group and the Company at the end of the financial year were 334 (2001: 348) and 17 (2001: 9) respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as a going concern. During the year ended 31 January 2002, the Group and the Company incurred net losses of RM15,279,184 and RM19,487,587 respectively and, as of that date, the Group's current liabilities exceeded its current assets by RM5,905,909. Also as disclosed in Note 13, certain term loans of the Group are due for repayment in the next financial year. As a result of these factors, the ability of the Group and the Company to continue as a going concern is dependent on the outcome of the negotiations with financial institutions and the success of their future operations. The financial statements of the Group and the Company do not include any adjustment relating to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.

(b) Revenue Recognition

(i) Sales of goods

Revenue relating to sales of goods is recognised net of sales taxes and discounts when transfer of risks and rewards has been completed.

(ii) Rental income and management consultancy fees

Rental income and management consultancy fees are recognised when the right to receive has been established.

(iii) Tuition fees

Tuition fees are recognised as income over the period in which education services are rendered to the students.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The differences between the cost of an acquisition over the fair value of the Group's share of net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation and is amortised or credited to income statement over 10 years. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(d) Investments

Investments in subsidiaries and other investments are stated at cost less any provision for permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

Investment in quoted marketable securities held on short term basis is stated at the lower of cost and market value on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(e) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statements.

The principal exchange rates for every unit of foreign currency ruling at the balance sheet date used are as follows:

	2002 RM	2001 RM
United States Dollar	3.80	3.80
Singapore Dollar	2.07	2.22

NOTES TO THE FINANCIAL STATEMENTS (continued)

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which will expire in 2044 and 2045.

Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life at the following annual rates:

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

The freehold land and short term leasehold land and buildings which are stated at valuation have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of the International Accounting Standard No. 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, the land and buildings continued to be stated at their 1994 valuation less accumulated depreciation.

The carrying value of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same assets.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued assets was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for trading stocks of building materials, hardware items, mining requisites and scrap metals is determined on a weighted average basis. Cost for all other stocks is determined on the first-in first-out basis. Cost of raw materials and trading stocks consist of purchase cost and other expenses incurred in bringing the stocks to its present location and condition. Cost of finished goods and work-in-progress includes materials, direct labour, other direct costs and appropriate production overheads.

(h) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(i) Finance Lease and Hire-Purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

The Group recognises finance leases as assets and liabilities in the balance sheets at amounts equal at the inception of the lease to the fair value of the leased property, plant and equipment or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to depreciation expenses for the asset as well as a finance expense for each accounting period. The depreciation policy for leased asset is consistent with that for depreciable property, plant and equipment as disclosed in Note 2(f).

(j) Retirement Benefits

The Group operates an unfunded defined benefit plan for the employees of a subsidiary, SMPC Industries Sdn. Bhd. (formerly known as SMPC Steel Service Centre Sdn. Bhd.) as provided under the agreement between the subsidiary and The Metal Industry Employee Union. The benefit is determined based on length of service and last drawn wages and is payable to employees who have reached the normal retirement age of 55 years unless the employee retires on medical grounds.

The cost of retirement benefit is calculated using the projected unit credit method and is assessed by an independent actuary every three years. Past service cost and actuarial gains or losses are dealt with in the income statement in the year they arise. The latest actuarial assessment done was on 14 May 2001.

(k) Intangible Assets

Intangible assets consist of licence fees charged by the proprietor of the NIIT trademark for the usage of the NIIT name, design, copyright, software and technical know-how in connection with the operation of the computer education institution. The fees are written off over a period of 3 years commencing from the year 1999.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(m) Borrowings

Interest on borrowings is charged to income statements as and when incurred.

(n) Trade and Other Receivables

Trade and other receivables are carried at anticipated net realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(o) Land Leased to a Third Party

Land leased to a third party is capitalised in the financial statements in accordance with the policy as set out in (f) above.

The advance lease rental received under the lease is included as liabilities in the financial statements. Lease income is recognised in the income statement on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Short term leasehold land and buildings RM	Plant and machinery, fittings, equipment, renovation and motor vehicles RM	Capital work-in- progress RM	Total RM
Cost/Valuation					
At 1 February 2001	44,729,733	30,116,396	71,699,469	1,135,007	147,680,605
Additions	210,459	-	2,663,803	407,045	3,281,307
Disposals	(100,620)	-	(677,058)	-	(777,678)
Write off	-	-	(3,850)	-	(3,850)
Reclassification	-	-	879,727	(879,727)	-
At 31 January 2002	44,839,572	30,116,396	74,562,091	662,325	150,180,384
Representing:					
At cost	39,039,572	14,616,396	74,562,091	662,325	128,880,384
At valuation	5,800,000	15,500,000	-	-	21,300,000
	44,839,572	30,116,396	74,562,091	662,325	150,180,384
Accumulated depreciation and impairment losses					
At 1 February 2001	1,408,024	3,794,454	33,212,881	-	38,415,359
Charge for the year	490,978	515,039	4,978,313	-	5,984,330
Disposals	(4,863)	-	(625,386)	-	(630,249)
Write off	-	-	(1,444)	-	(1,444)
At 31 January 2002	1,894,139	4,309,493	37,564,364	-	43,767,996
Representing:					
At cost	1,894,139	2,355,386	37,564,364	-	41,813,889
At valuation	-	1,954,107	-	-	1,954,107
	1,894,139	4,309,493	37,564,364	-	43,767,996

NOTES TO THE FINANCIAL STATEMENTS (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings RM	Short term leasehold land and buildings RM	Plant and machinery, fittings, equipment, renovation and motor vehicles RM	Capital work-in- progress RM	Total RM
Net Book Value					
At 31 January 2002					
At cost	37,145,433	12,261,010	36,997,727	662,325	87,066,495
At valuation	5,800,000	13,545,893	-	-	19,345,893
	<u>42,945,433</u>	<u>25,806,903</u>	<u>36,997,727</u>	<u>662,325</u>	<u>106,412,388</u>
At 31 January 2001					
At cost	37,521,709	12,517,716	38,486,588	1,135,007	89,661,020
At valuation	5,800,000	13,804,226	-	-	19,604,226
	<u>43,321,709</u>	<u>26,321,942</u>	<u>38,486,588</u>	<u>1,135,007</u>	<u>109,265,246</u>
Depreciation charge for 2001	402,534	515,038	4,664,685	-	5,582,257

NOTES TO THE FINANCIAL STATEMENTS (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

Company Cost/Valuation	Freehold land and buildings RM	Short term leasehold land and buildings RM	Plant and machinery, fittings, equipment, renovation and motor vehicles RM	Capital work-in- progress RM	Total RM
At 1 February 2001	10,134,636	26,283,763	2,638,277	808,990	39,865,666
Additions	-	-	812,720	-	812,720
Reclassification	-	-	808,990	(808,990)	-
At 31 January 2002	10,134,636	26,283,763	4,259,987	-	40,678,386
Representing:					
At cost	10,134,636	10,783,763	4,259,987	-	25,178,386
At valuation	-	15,500,000	-	-	15,500,000
	10,134,636	26,283,763	4,259,987	-	40,678,386
Accumulated depreciation and impairment losses					
At 1 February 2001	-	3,519,397	1,847,965	-	5,367,362
Charge for the year	-	438,386	365,275	-	803,661
At 31 January 2002	-	3,957,783	2,213,240	-	6,171,023
Representing:					
At cost	-	1,975,588	2,213,240	-	4,188,828
At valuation	-	1,982,195	-	-	1,982,195
	-	3,957,783	2,213,240	-	6,171,023
Net Book Value					
At 31 January 2002					
At cost	10,134,636	8,808,175	2,046,747	-	20,989,558
At valuation	-	13,517,805	-	-	13,517,805
	10,134,636	22,325,980	2,046,747	-	34,507,363
At 31 January 2001					
At cost	10,134,636	8,960,140	790,312	808,990	20,694,078
At valuation	-	13,804,226	-	-	13,804,226
	10,134,636	22,764,366	790,312	808,990	34,498,304
Depreciation charge for 2001	-	438,385	364,936	-	803,321

NOTES TO THE FINANCIAL STATEMENTS (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Net book values of property, plant and equipment held under hire-purchase and finance lease arrangements are as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Computer equipment	56,117	-	-	-
Crane and forklifts	-	564,307	-	-
Motor vehicles	996,039	832,499	73,100	94,218
	<u>1,052,156</u>	<u>1,396,806</u>	<u>73,100</u>	<u>94,218</u>

- (b) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM3,281,307 (2001: RM2,852,086) and RM812,720 (2001: RM1,291,456) respectively of which RM513,888 (2001: RM316,467) and RM Nil (2001: RM97,467) respectively were acquired by means of hire-purchase arrangements.
- (c) The net book value of property, plant and equipment pledged to financial institutions for bank borrowings as referred to in Notes 13 and 20 are as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Freehold land	21,025,487	21,025,487	10,134,636	10,134,636
Buildings	21,197,891	22,117,713	-	-
	<u>42,223,378</u>	<u>43,143,200</u>	<u>10,134,636</u>	<u>10,134,636</u>

- (d) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM8,105,803 (2001: RM5,793,386) and RM1,075,659 (2001: RM788,958) respectively.
- (e) Had the revalued freehold land, short term leasehold land and buildings been carried at historical cost less accumulated depreciation, the net book value that would have been included in the financial statements as at the end of the financial year would be as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Freehold land	4,865,381	4,865,381	-	-
Short term leasehold land and buildings	5,134,900	5,281,883	5,134,900	5,281,883
	<u>10,000,281</u>	<u>10,147,264</u>	<u>5,134,900</u>	<u>5,281,883</u>

- (f) Included in property, plant and equipment of the Group is a freehold land costing RM930,053 (2001: RM930,053) that has been leased to a third party as disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INTANGIBLE ASSETS

	Group	
	2002 RM	2001 RM
Pre-trading expenses	-	530,127
Licence fee	152,800	152,800
	<u>152,800</u>	<u>682,927</u>
Less: Accumulated amortisation	(152,800)	(632,655)
	<u>-</u>	<u>50,272</u>

5. SUBSIDIARIES

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	39,296,576	42,645,658
Less: Provision for diminution in value	(19,356,930)	-
	<u>19,939,646</u>	<u>42,645,658</u>

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

	Effective interest		Principal activities
	2002 %	2001 %	
SMPC Industries Sdn. Bhd. (formerly known as SMPC Steel Service Centre Sdn. Bhd.)	100	100	Metal sheet and coil processing centre with main services in shearing, down-shearing, slitting and steel strapping.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	100	100	Drawing, straightening and cutting of iron rods and wire related products.
SMPC Marketing Sdn. Bhd.	100	100	Trading in building materials, hardware items and mining requisites.
Progerex Sdn. Bhd. (wholly owned by SMPC Marketing Sdn. Bhd.)	100	100	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Edit Systems (M) Sdn. Bhd.	70	70	Operation of an educational institution.
Besi Gaya (Klang) Sdn. Bhd. (a subsidiary of Syarikat Perkilangan Besi Gaya Sdn. Bhd.)	51	51	Manufacture of steel stirrups for the construction industry.

NOTES TO THE FINANCIAL STATEMENTS (continued)

SUBSIDIARIES (continued)

	Effective interest		Principal activities
	2002 %	2001 %	
Duro Metal Industrial (M) Sdn. Bhd.*	100	100	Manufacture of steel roofing, wall cladding sheets and other steel related products and provision of related services.
Duro Structural Products Sdn. Bhd.* (a subsidiary of Duro Metal Industrial (M) Sdn. Bhd.)	70	70	Trading in steel roofing and manufacturing of floor decks and structures for steelroofing and wall cladding.
Duro Marketing Sdn. Bhd.* (wholly owned by Duro Metal Industrial (M) Sdn. Bhd.)	100	100	Trading in steel roofing, construction material and provision of related services.

* Audited by affiliate of Arthur Andersen & Co.

6. OTHER INVESTMENT

Group and Company	2002 RM	2001 RM
Unquoted shares, at cost	299,838	299,838
Less: Provision for diminution in value	(299,838)	(299,838)
	-	-

7. GOODWILL/(RESERVE) ON CONSOLIDATION

	Group	
	2002 RM	2001 RM
Goodwill on consolidation	7,575,324	7,575,324
Less: Return of cost arising from profit guarantee	(4,191,144)	(842,062)
	3,384,180	6,733,262
Less: Accumulated amortisation	(879,974)	(189,383)
	2,504,206	6,543,879
Reserve on consolidation	(7,963,802)	(7,963,802)
Less: Accumulated amortisation	4,911,010	4,114,630
	(3,052,792)	(3,849,172)
	(548,586)	2,694,707

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVENTORIES

	Group	
	2002 RM	2001 RM
At cost:		
Raw materials	18,155,375	27,359,104
Work-in-progress	118,763	-
Finished goods	7,089,027	312,718
Trading goods	13,541,935	10,257,232
Consumables	146,184	103,661
	39,051,284	38,032,715
At net realisable value:		
Raw materials	36,406	-
Finished goods	533,693	4,250,283
Trading goods	149,796	3,247,176
	719,895	7,497,459
	39,771,179	45,530,174

9. TRADE RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Due from subsidiaries	-	-	660,709	-
Due from related parties	15,274,517	14,150,226	296,596	313,500
Due from a company related to minority corporate shareholder of a subsidiary	-	175,369	-	-
Third parties	71,531,641	74,502,803	-	-
	86,806,158	88,828,398	957,305	313,500
Less: Provision for doubtful debts	(12,301,969)	(11,490,491)	-	-
	74,504,189	77,337,907	957,305	313,500

The related parties refer to Euro Dexon Sdn. Bhd., Pitchai Metal Sdn. Bhd. and SM Pitchai Chettiar Sdn. Bhd., companies in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests and Sin Yee Hup Construction Co. and Yee Hup Construction Co., companies in which a director of a subsidiary i.e. Cheng Kien Wing has substantial interests.

The minority corporate shareholder refers to Chuan Wooi Development and Engineering Sdn. Bhd. which holds 49% interest in a subsidiary i.e. Besi Gaya (Klang) Sdn. Bhd. The company related to the minority corporate shareholder refers to Chuan Wooi Development Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. OTHER RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Due from subsidiaries	-	-	18,596,311	14,100,159
Deposits	403,749	429,548	55,657	20,706
Prepayments	1,127,338	556,147	-	-
Tax recoverable	1,788,938	1,388,369	84,385	84,385
Sundry receivables	4,624,416	2,537,037	3,447,115	843,141
	<u>7,944,441</u>	<u>4,911,101</u>	<u>22,183,468</u>	<u>15,048,391</u>
Less: Provision for doubtful debts	(33,732)	(33,732)	-	-
	<u>7,910,709</u>	<u>4,877,369</u>	<u>22,183,468</u>	<u>15,048,391</u>

The amounts due from subsidiaries carries an interest of 4% (2001: 8% to 10%) per annum, is unsecured and has no fixed term of repayment.

Included in sundry receivables of the Group and the Company is an amount of RM3,349,082 (2001: RM842,062) receivable from the previous shareholders (vendors) of Duro Metal Industrial (M) Sdn. Bhd., which was acquired in the previous financial year. The amount receivable is secured and is in relation to the shortfall between the profit guaranteed by the vendors and the actual consolidated results of the subsidiary for the current financial year.

The vendors referred to above are Kumpulan Pitchai Sdn. Bhd., a substantial corporate shareholder of the Company; Machendran a/l Pitchai Chetty, a director and shareholder of the Company; and two other individuals.

11. SHORT TERM INVESTMENT

	Group	
	2002 RM	2001 RM
Quoted unit trust in Malaysia:		
At cost	166,538	165,537
At market value	147,804	272,706
Lower of cost or market value	<u>147,804</u>	<u>165,537</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CASH AND BANK BALANCES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash on hand and at bank	3,747,695	17,678,442	743,494	14,820,110
Deposits with licensed banks	1,291,967	315,359	-	-
	<u>5,039,662</u>	<u>17,993,801</u>	<u>743,494</u>	<u>14,820,110</u>

Deposits with licensed banks of the Group amounting to RM1,291,967 (2001: RM265,217) are pledged to banks for bank guarantee facilities granted to certain subsidiaries as referred to in Note 13.

13. SHORT TERM BORROWINGS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured				
Bank overdrafts	13,467,270	12,704,770	-	1,052,855
Bankers' acceptances	26,465,186	2,279,255	-	-
Trust receipts	452,476	1,569,826	-	-
Short term loan	13,585,842	-	-	-
Term loans repayable within 12 months (Note 20)	4,137,443	7,670,527	-	6,818,980
Hire-purchase and lease payables (Note 14)	294,440	562,531	36,377	15,919
	<u>58,402,657</u>	<u>24,786,909</u>	<u>36,377</u>	<u>7,887,754</u>
Unsecured				
Bank overdrafts	7,829,425	9,390,435	1,971,363	2,004,389
Bankers' acceptances	13,876,000	31,897,713	-	-
Trust receipts	1,047,985	-	-	-
Revolving credit	12,568,922	12,836,575	-	-
Short term loan	-	13,452,546	-	-
Term loans repayable within 12 months (Note 20)	-	1,200,000	-	-
	<u>35,322,332</u>	<u>68,777,269</u>	<u>1,971,363</u>	<u>2,004,389</u>
Total	<u>93,724,989</u>	<u>93,564,178</u>	<u>2,007,740</u>	<u>9,892,143</u>

The secured bank borrowings of the Group and the Company are secured by certain assets of the Group and the Company as disclosed in Notes 3, 12 and 20.

In addition, the bank borrowings of the subsidiaries are guaranteed by the Company.

The short term borrowings bear interest ranging from 3.20% to 8.40% (2001: 3.20% to 8.80%) per annum.

Certain term loans of the Group are due for repayment in the next financial year. The Group is currently negotiating with the financial institutions to restructure the repayment of these term loans.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. HIRE-PURCHASE AND LEASE PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Future minimum payments:				
Payable within one year	486,414	633,031	24,948	24,948
Payable between one and five years	474,352	390,444	39,454	64,402
	<u>960,766</u>	<u>1,023,475</u>	<u>64,402</u>	<u>89,350</u>
Less: Finance charges	(177,580)	(204,448)	(12,300)	(17,061)
	<u>783,186</u>	<u>819,027</u>	<u>52,102</u>	<u>72,289</u>
Representing hire-purchase and lease liabilities:				
Due within 12 months (Note 13)	294,440	562,531	36,377	15,919
Due after 12 months (Note 20)	488,746	256,496	15,725	56,370
	<u>783,186</u>	<u>819,027</u>	<u>52,102</u>	<u>72,289</u>

The hire-purchase and lease bear interests of between 4.75% and 8.60% (2001: 4.75% and 7.00%) per annum.

15. TRADE PAYABLES

	Group	
	2002 RM	2001 RM
Third parties	34,604,362	35,855,469
Related parties	4,000	554,386
	<u>34,608,362</u>	<u>36,409,855</u>

The related parties refer to Euro Dexon Sdn. Bhd. and Pitchai Metal Sdn. Bhd., companies in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. OTHER PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Prepayment of lease rental	1,408,226	1,468,574	-	-
Sundry payables	966,484	3,353,300	37,036	236,572
Accrued interest on bank borrowings	1,591,842	2,662,302	-	847,430
Other accruals	654,436	792,795	140,738	329,371
	<u>4,620,988</u>	<u>8,276,971</u>	<u>177,774</u>	<u>1,413,373</u>

The prepayment of lease rental is received from a third party, for lease of part of the freehold land as disclosed in Note 3(f).

Included in sundry payables of the Group and the Company are balances amounting to RM1,232 (2001: RM345,430) and RM Nil (2001: RM117,874) respectively due to Euro Dexon Sdn. Bhd. and SM Pitchai Chettiar Sdn. Bhd. (2001: Pitchai Metal Sdn. Bhd., Eminent Euro Sdn. Bhd. and SM Pitchai Chettiar Sdn. Bhd.), companies in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests.

17. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2002	2001	2002 RM	2001 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	<u>54,576,965</u>	<u>54,576,965</u>	<u>54,576,965</u>	<u>54,576,965</u>

18. RESERVES

Included in the reserves of the Company is a capital reserve amounting to RM7,445,000 (2001: RM7,445,000) representing the excess of sales consideration over the carrying amount of the net assets transferred to a subsidiary.

19. RETIREMENT BENEFITS

	Group	
	2002 RM	2001 RM
At beginning of year	527,602	504,279
Charged to income statement	28,480	129,095
Utilised during the year	(266,930)	(105,772)
At end of year	<u>289,152</u>	<u>527,602</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. LONG TERM BORROWINGS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Term loans, secured	44,639,909	49,067,000	-	6,818,980
Due within 12 months (Note 13)	(4,137,443)	(7,670,527)	-	(6,818,980)
Due after 12 months	40,502,466	41,396,473	-	-
Hire-purchase and lease payables due after 12 months (Note 14)	488,746	256,496	15,725	56,370
	<u>40,991,212</u>	<u>41,652,969</u>	<u>15,725</u>	<u>56,370</u>
Term loans, unsecured	-	4,400,000	-	-
Due within 12 months (Note 13)	-	(1,200,000)	-	-
Due after 12 months	-	3,200,000	-	-
	<u>40,991,212</u>	<u>44,852,969</u>	<u>15,725</u>	<u>56,370</u>

The term loans bear interest at rates ranging from 7.40% to 8.80% (2001: 8.3%) per annum.

The securities for the secured term loans are disclosed in Notes 3 and 13. In addition, term loans of a subsidiary amounting to RM2,558,196 (2001: RM3,232,613) are guaranteed by Kumpulan Pitchai Sdn. Bhd., a substantial corporate shareholder and certain directors of the subsidiary.

21. DEFERRED TAXATION

	Group	
	2002 RM	2001 RM
At 1 February	596,000	511,000
Deferred taxation on acquisition of subsidiaries	-	294,000
Transfer from/(to) income statement (Note 28)	200,000	(209,000)
At 31 January	<u>796,000</u>	<u>596,000</u>

Deferred taxation is mainly in respect of the timing differences between depreciation and capital allowances.

Deferred taxation amounting to RM400,230 (2001: RM400,230) is not provided on the surplus arising from the revaluation of freehold land and leasehold land and buildings as it is not the intention of the directors to dispose these properties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Revenue comprise:				
Sale of goods	217,528,024	245,212,191	-	-
Tuition fees	883,349	717,670	-	-
Rental of industrial and commercial assets	-	216,000	1,661,832	1,714,356
Management consultancy fees	-	103,800	692,000	557,800
	<u>218,411,373</u>	<u>246,249,661</u>	<u>2,353,832</u>	<u>2,272,156</u>

23. OTHER OPERATING INCOME

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Included in other operating income are:				
Amortisation of reserve on consolidation	796,380	796,380	-	-
Debts waived by banks	-	7,123,735	-	2,279,972
Gain on disposal of property, plant and equipment	314,270	299,999	-	-
Lease rental income	65,268	60,348	-	-
Other rental income	3,000	1,500	-	-
Provision for doubtful debts written back	2,787	481,154	-	-
Realised gain on foreign exchange	3,055	23,986	-	-
Unrealised gain on foreign exchange	-	11,442	-	-
	<u>-</u>	<u>11,442</u>	<u>-</u>	<u>-</u>

24. STAFF COSTS

Included in staff costs of the Group and the Company are remuneration paid to directors of the Group and the Company amounting to RM1,237,944 (2001: RM933,744) and RM562,260 (2001: RM440,480) respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. OTHER OPERATING EXPENSES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Included in other operating expenses are:				
Amortisation of goodwill on consolidation	690,591	189,383	-	-
Amortisation of intangible assets	50,272	169,407	-	-
Auditors' remuneration				
- statutory audits	107,700	93,125	11,000	11,000
- other services	49,055	48,550	17,800	17,800
Bad and doubtful debts	828,935	2,443,757	-	-
Directors' fees	79,000	174,000	79,000	174,000
Provision for retirement benefits	28,480	129,095	-	-
Property, plant and equipment written off	2,406	40,893	-	-
Provision for diminution in value of investment	18,734	299,838	19,356,930	299,838
Realised loss on foreign exchange	29,532	4,410	-	-
Unrealised loss on foreign exchange	46,432	-	-	-
Rental expense				
- buildings	521,078	460,201	21,500	-
- other property, plant and equipment	727,433	12,608	-	-
Inventories written down to net realisable value	91,308	2,744,890	-	-
Bad debts written off	28,473	-	-	-

26. DIRECTORS' REMUNERATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	910,500	755,980	562,260	419,980
Bonus	-	20,500	-	20,500
Benefits-in-kind	34,900	-	-	-
	<u>945,400</u>	<u>776,480</u>	<u>562,260</u>	<u>440,480</u>
Non-executive:				
Fees	<u>79,000</u>	<u>174,000</u>	<u>79,000</u>	<u>174,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

DIRECTORS' REMUNERATION (continued)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other directors				
Executive:				
Salaries and other emoluments	307,444	148,264	-	-
Bonus	20,000	9,000	-	-
	<u>327,444</u>	<u>157,264</u>	<u>-</u>	<u>-</u>
Total	<u>1,351,844</u>	<u>1,107,744</u>	<u>641,260</u>	<u>614,480</u>
Total excluding benefits-in-kind	<u>1,316,944</u>	<u>1,107,744</u>	<u>641,260</u>	<u>614,480</u>

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2002	2001
Executive directors:		
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	2
RM150,001 - RM200,000	3	3
RM200,001 - RM250,000	1	-
Non-executive directors:		
Below RM50,000	5	4
RM50,001 - RM100,000	-	1
	<u>-</u>	<u>1</u>

27. FINANCE COST, NET

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Included in finance cost are:				
Interest expense on borrowings	(9,920,289)	(11,358,087)	(175,637)	(891,344)
Interest income:				
- deposits	31,739	126,539	7,871	121,874
- subsidiaries	-	-	403,160	-
- others	57,304	159,656	-	-
	<u>57,304</u>	<u>159,656</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current year income tax provision	169,017	572,000	-	-
Transfer to/(from) deferred taxation (Note 21)	200,000	(209,000)	-	-
Overprovision of taxation in respect of prior year	-	(503,404)	-	(313,072)
	<u>369,017</u>	<u>(140,404)</u>	<u>-</u>	<u>(313,072)</u>

The effective rate of taxation of the Group is higher than the statutory rate of taxation principally due to losses of certain subsidiaries which cannot be set off against profits made by other companies in the Group as no group relief are available.

There is no tax charge for the year for the Company as the Company is in a tax loss position.

As at 31 January 2002, the Company has unabsorbed tax losses and unutilised capital allowances of approximately RM838,000 (2001: RM1,427,000) and RM5,282,000 (2001: RM4,219,000) respectively which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 January 2002, the Company has a potential deferred tax benefit of approximately RM942,000 (2001: RM1,044,000) arising principally from unabsorbed losses carried forward and unutilized capital allowances, the effects of which are not included in the financial statements as there is no assurance beyond reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

29. (LOSS)/EARNINGS PER SHARE

(a) Basic:

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

	Group	
	2002 RM	2001 RM
Net (loss)/profit attributable to shareholders	(15,279,184)	959,664
Weighted average number of ordinary shares in issue	54,576,965	28,774,439
Basic (loss)/earnings per share (sen)	<u>(28.0)</u>	<u>3.3</u>

(b) Diluted:

Diluted earnings per share is calculated by dividing the adjusted net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)**(LOSS)/EARNINGS PER SHARE (continued)**

The Group has one category of dilutive potential ordinary shares, i.e. Employees' Share Option Scheme ("ESOS") The basis for the maximum number of ordinary shares of RM1.00 each to be issued on the exercise of share options granted, the latest dates for exercise and their price are mentioned in the directors' report.

	2002 RM	Group 2001 RM
Net (loss)/profit attributable to shareholders	(15,279,184)	959,664
Weighted average number of ordinary shares in issue	54,576,965	28,774,439
Adjusted for:		
Assumed exercise of ESOS	384,827	-
Adjusted weighted average number of ordinary shares in issue and issuable	54,961,792	28,774,439
Diluted loss per share (sen)	27.8	

The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that the ESOS were exercised at the date of approval.

No diluted earnings per share is computed for the last financial year as there were no dilutive potential ordinary shares as at the end of the last financial year.

30. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the prior years' duties payable arising from export sales by a subsidiary not taken up in prior years. This has the effect of decreasing the profit before taxation by RM1,140,364 for the year ended 2001 for the Group.

The effects relating to periods prior to 2001 of RM372,727 for the Group has been adjusted against the opening accumulated losses for the year ended 31 January 2001.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2002 RM	Group 2001 RM
Sales to:		
-Pitchai Metal Sdn. Bhd., a company in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests	3,647,389	11,653,844
-Euro Dexon Sdn. Bhd., a company in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests	1,442,185	2,361,193
-Yee Hup Construction Co., a company in which a director of a subsidiary i.e. Cheng Kien Wing is a common director	2,495,921	2,071,359
-Chuan Wooi Development Sdn. Bhd., a company related to Chuan Wooi Development and Engineering Sdn. Bhd., a corporate shareholder of a subsidiary	-	135,293
Purchases from:		
-Pitchai Metal Sdn. Bhd.	-	9,969,427
-Eminent Euro Sdn. Bhd., a company in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests	-	25,604
-Euro Dexon Sdn. Bhd.	451,625	3,684
Corporate service charges received from:		
-Pitchai Metal Sdn. Bhd.	-	61,200
-Euro Dexon Sdn. Bhd.	-	30,600
Rental income received from:		
-Pitchai Metal Sdn. Bhd.	-	198,000
-SM Pitchai Chettiar Sdn. Bhd., a company in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests	-	6,000
-Kumpulan Pitchai Sdn. Bhd., a substantial corporate shareholder and a company in which certain directors i.e. Machendran a/l Pitchai Chetty, Ramakrishnan a/l Thangasamy Chettiar and Dhanabalan a/l M. Pitchai Chetty have substantial interests	-	12,000
Rental expense paid to:		
-Pitchai Metal Sdn. Bhd.	950,500	-
-SM Pitchai Chettiar Sdn. Bhd.	223,500	282,000
Software maintenance fees received from Pitchai Metal Sdn. Bhd.	-	12,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	2002 RM	Company 2001 RM
Rental income received from:		
- subsidiaries	1,661,832	1,498,356
- related companies	-	216,000
Management consultancy fees received from:		
- subsidiaries	692,000	454,000
- related companies	-	103,800

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis that are not materially different from that obtainable in transactions with unrelated parties.

32. CAPITAL COMMITMENT

	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Property, plant and equipment:				
Approved and contracted for	234,000	791,010	-	791,010

33. CONTINGENT LIABILITIES

	2002	2001
Unsecured Group and Company		
Guarantee for loan facilities given to Vinanic Steel Processing Company (Vietnam), an investee company	USD 266,833	USD 266,833
Company		
Guarantee for banking facilities given to subsidiaries	RM87,100,986	RM121,906,643
Guarantee for trade facilities given to subsidiaries	RM38,766,240	RM14,267,610

The directors are of the view that the likelihood that the above guarantees will be called upon is not probable and as such no provision has been set aside.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34. SEGMENTAL ANALYSIS

	Turnover RM	Profit/(Loss) Before Taxation RM	Total Assets Employed RM
2002			
Investment holding	2,353,832	298,028	73,706,688
Manufacturing	123,135,967	(15,547,949)	115,028,072
Trading	113,047,786	508,646	45,195,734
Education	883,549	(17,497)	(144,563)
	<u>239,421,134</u>	<u>(14,758,772)</u>	<u>233,785,931</u>
Consolidation adjustments	(21,009,761)	-	-
	<u>218,411,373</u>	<u>(14,758,772)</u>	<u>233,785,931</u>
2001			
Investment holding	2,272,156	799,764	81,467,554
Manufacturing	104,395,076	(21,251)	129,630,781
Trading	143,826,189	18,466	46,962,394
Education	732,670	(43,339)	(145,716)
	<u>251,226,091</u>	<u>753,640</u>	<u>257,915,013</u>
Consolidation adjustments	(4,976,430)	-	-
	<u>246,249,661</u>	<u>753,640</u>	<u>257,915,013</u>

The directors are of the opinion that all inter-segment transactions have been entered into 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.

No segmental information is provided on a geographical basis as all the Group's operations are located in Malaysia.

35. CURRENCY

All amounts are stated in Ringgit Malaysia (RM), unless otherwise stated.

36. COMPARATIVE FIGURES

Certain comparative figures has been adjusted resulting from the prior year adjustment as follows:

	As restated RM	Group As previously stated RM
Other payables	8,276,971	6,763,880
Other operating expenses	<u>21,166,788</u>	<u>20,026,424</u>

PROPERTIES OWNED BY THE GROUP

AS AT 31 JANUARY 2002

Location	Description	Tenure	Area	No. of Years Held	Age of Building	Net Book Value RM
P.T. No. 1451 H.S. (D) No. 4696 Mukim 1, Province Wellesley Central Penang	Factory	60 years lease to 2044	6.22247 acres	19	16	14,317,026
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	6	11	11,489,877
Lot 717, 5 1/2 Miles Jalan Kapar, Klang Selangor Darul Ehsan	Factory Office	Freehold	8.16875 acres	6	5	23,789,701
Lot 1714, Mk 14 Kg. To' Suboh, Bukit Minyak 14100 Simpang Ampat Seberang Perai Selatan Penang	Warehouse Open Yard	Freehold	21.8614 acres	8	6	12,631,685
Lot No. 113, Phase 3 Arab Malaysian Industrial Park Nilai, Negeri Sembilan	Factory	Freehold	3.1 acres	5	5	6,396,047
Lot 176, Tempat Macang Kudung Mukim Jabi Daerah Pokok Sena Kedah	Vacant Land	Freehold	2.257 acres	2	-	128,000

SHAREHOLDINGS STATISTICS

As at 30 April 2002

Authorised Share Capital	: RM100,000,000
Issued and Fully Paid-up Capital	: RM54,580,965
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One Vote Per Share

Distribution Schedule of Shareholders

No. of Holders	Holdings	Total Shareholdings	%
118	Less than 1,000	7,001	0.01
3,399	1,000 to 10,000	9,751,958	17.87
305	10,001 to 100,000	7,793,695	14.28
24	100,001 to less than 5% of issued shares	11,454,859	20.99
3	5% and above of issued shares	25,573,452	46.85
3,849		54,580,965	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Name	No. of Shares Held	%
1	Perbadanan Nasional Berhad	13,381,500	24.52
2	UMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Kumpulan Pitchai Sdn Bhd)	7,461,301	13.67
3	U.B. Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Kumpulan Pitchai Sdn Bhd)	4,730,651	8.67
4	Cheng Kien Wing	1,878,366	3.44
5	Lim Eng Chai	1,304,970	2.39
6	BBMB Securities Nominees (Asing) Sdn Bhd (Pledged Securities Account For : Nissho Iwai Corporation)	1,093,274	2.00
7	Kumpulan Pitchai Sdn Bhd	1,091,782	2.00
8	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Dallah AL Baraka Holdings Sdn Bhd)	750,000	1.37
9	Siew Yin	740,000	1.36
10	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Jacob Rabindranath a/l Krishna)	412,000	0.75
11	PAB Nominee (Tempatan) Sdn Bhd (Pledged Securities Account For : Kumpulan Pitchai Sdn Bhd)	410,000	0.75
12	UMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Zantor Sdn Bhd)	393,100	0.72

SHAREHOLDINGS STATISTICS (continued)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (continued)

No.	Name	No. of Shares Held	%
13	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Ravendran a/l Sivalingam)	390,000	0.71
14	OSK Nominees (Tempatan) Sdn Berhad (Pledged Securities Account For : Dato' Mohd Taufik Bin Abdullah)	369,000	0.68
15	Zaid Bin Mohamad Nor	329,000	0.60
16	Topvilla Sdn Bhd	265,517	0.49
17	PAB Nominee (Tempatan) Sdn Bhd (Pledged Securities Account For : Machendran a/l Pitchai Chetty)	265,000	0.49
18	EB Nominees (Tempatan) Sendirian Berhad (Pledged Securities Account For : Dato' Mohd Taufik Bin Abdullah)	250,000	0.46
19	EB Nominees (Tempatan) Sendirian Berhad (Pledged Securities Account For : Nagarajan a/l Thambiah)	250,000	0.46
20	OSK Nominees (Tempatan) Sdn Berhad (Pledged Securities Account For : Makhtar Bin Mohamed)	237,350	0.43
21	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Wong Chee Kin)	170,000	0.31
22	Lim Ka Sing	165,000	0.30
23	PRB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Rubber Industry Smallholders Development Authority)	150,000	0.27
24	HIG Nominee (Asing) Sdn Bhd (Pledged Securities Account For : Sujana Jaya Sdn Bhd)	150,000	0.27
25	Bhaskaran s/o K G Pillai	146,000	0.27
26	Yeo Koon Lian	142,000	0.26
27	Abdul Jalil Bin Hj Ahmad	102,500	0.19
28	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Chua Eng Ho Waa @ Chua Eng Wah)	92,000	0.17
29	Southern Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Tan King Tai @ Tan Khoon Hai)	90,000	0.16
30	Citicorp Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Cheah Lean Siew)	84,000	0.15

SUBSTANTIAL SHAREHOLDERS

(excluding those who are bare trustees pursuant to Section 69 of the Companies Act 1965)

No.	Name of shareholders	No. of ordinary shares of RM1.00 each beneficially held by the shareholders				Note
		Direct	%	Indirect	%	
1	Kumpulan Pitchai Sdn Bhd	13,693,734	25.09	-	-	1
2	Perbadanan Nasional Berhad	13,381,500	24.52	-	-	

Note

1. Of which 12,601,952 shares are held through various nominee companies.

SHAREHOLDINGS STATISTICS (continued)

DIRECTORS' SHAREHOLDINGS (Direct & Indirect)

Name of Directors	No. of ordinary shares of RM1.00 each beneficially held by the Directors			
	Direct Interest	%	Indirect Interest	%
Dato' Mohd Taufik Bin Abdullah	619,000	1.13	-	-
Machendran a/l Pitchai Chetty	265,347	0.49	13,706,529 *	25.11
Ibrahim Hussain	-	-	-	-
Dhanabalan a/l M. Pitchai Chetty	-	-	13,706,529 *	25.11
Vijayan a/l O.M.V. Devan	-	-	-	-
Makhtar Bin Mohamed	237,350	0.43	-	-
Daisuke Kadono	-	-	-	-
Sanmarkan a/l T S Ganapathi	-	-	-	-
Nagarajan a/l Thambiah	250,015	0.46	-	-
Mustaffa Kamil Bin Md. Ismail	-	-	-	-
Ramakrishnan a/l Thangasamy Chettiar (Alternate Director to Machendran a/l Pitchai Chetty)	-	-	13,706,529 *	25.11

* By virtue of their interests in Kumpulan Pitchai Sdn Bhd of 13,693,734 shares and S. M. Pitchai Chettiar Sdn Bhd of 12,795 shares, the directors are deemed to have interests in these shares

SHAREHOLDINGS STATISTICS (continued)

WARRANTS

As at 30 April 2002

Total Warrants Issued : 14,924,500

Class of Securities : Warrants 2000/2005

Distribution Schedule of Warrant Holders

No. of Holders	Holdings	Total Warrant Holdings	%
34	Less than 1,000	16,096	0.11
990	1,000 to 10,000	3,465,753	23.22
151	10,001 to 100,000	3,742,250	25.07
7	100,001 to less than 5% of issued shares	955,000	6.40
2	5% and above of issued shares	6,745,401	45.20
1,184		14,924,500	100.00

30 LARGEST SECURITIES ACCOUNTS HOLDERS FOR WARRANTS

No	Name	No of Warrants Held	%
1	Perbadanan Nasional Berhad	4,425,000	29.65
2	Kumpulan Pitchai Sdn Bhd	2,320,401	15.55
3	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Dallah a/l Baraka Holdings Sdn Bhd)	250,000	1.68
4	Lim Poh Hock	154,000	1.03
5	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Anuar Bin Matamin)	120,000	0.80
6	HLG Nominee (Tempatan) Sdn Bhd (Pledged Securities Account For : Kee Yaw Koon)	119,000	0.80
7	Francis Daniel Panickar	110,000	0.74
8	Bhaskaran s/o K G Pillai	101,000	0.68
9	Lim Chueen Huat	101,000	0.68
10	United Overseas Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Ramakrishnan a/l Thangasamy Chettiar)	95,000	0.64
11	Sim Chin Kuan	87,000	0.58
12	Chow Pak Tak	80,000	0.54
13	Lim Teck Beng	80,000	0.54
14	Tham Pak Yeun	64,000	0.43
15	HLG Nominee (Tempatan) Sdn Bhd (Pledged Securities Account For : Kee Yeow Sing)	61,000	0.41

SHAREHOLDINGS STATISTICS (continued)**30 LARGEST SECURITIES ACCOUNTS HOLDERS FOR WARRANTS (continued)**

No	Name	No of Warrants Held	%
16	Ong Teong Soon	60,000	0.40
17	Lee Gek Choon @ Lee Yok Chua	55,000	0.37
18	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Phang Ah Choang)	55,000	0.37
19	Toh Cheng Huat	55,000	0.37
20	PRB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Rubber Industry Smallholders Development Authority)	50,000	0.34
21	Ten Yack Chak	50,000	0.34
22	CIMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Haspah Binti Hussain)	48,000	0.32
23	Doris Law Chiew Jen	47,000	0.31
24	Lee Jui Teng	47,000	0.31
25	Kong Hwee Sing	46,000	0.31
26	Robert Pan Jyue	46,000	0.31
27	Chong Sew Fong	45,000	0.30
28	Ruslan Bin Hassan	45,000	0.30
29	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For : Ng Ping Sin)	42,000	0.28
30	Chai Min Yew	40,000	0.27

SUBSTANTIAL WARRANT HOLDERS

(excluding those who are bare trustees pursuant to Section 69 of the Companies Act 1965)

No.	Name of Warrant Holders	No. of warrants beneficially held by the warrant holders			
		Direct	%	Indirect	%
1	Perbadanan Nasional Berhad	4,425,000	29.65	-	-
2	Kumpulan Pitchai Sdn Bhd	2,320,401	15.55	-	-

SHAREHOLDINGS STATISTICS (continued)

DIRECTORS' WARRANT HOLDINGS (Direct & Indirect)

Name Of Directors	No. of warrants beneficially held by the Directors			
	Direct Interest	%	Indirect Interest	%
Dato' Mohd Taufik Bin Abdullah	-	-	-	-
Machendran a/l Pitchai Chetty	-	-	2,324,666 *	15.58
Ibrahim Hussain	-	-	-	-
Dhanabalan a/l M. Pitchai Chetty	-	-	2,324,666 *	15.58
Vijayan a/l O.M.V. Devan	-	-	-	-
Makhtar Bin Mohamed	350	0.00	-	-
Daisuke Kadono	-	-	-	-
Sanmarkan a/l T S Ganapathi	-	-	-	-
Nagarajan a/l Thambiah	-	-	-	-
Mustaffa Kamil Bin Md. Ismail	-	-	-	-
Ramakrishnan a/l Thangasamy Chettiar (Alternate Director to Machendran a/l Pitchai Chetty)	95,000	0.64	2,324,666 *	15.58

* By virtue of their interests in Kumpulan Pitchai Sdn Bhd of 2,320,401 warrants and S. M. Pitchai Chettiar Sdn Bhd of 4,265 warrants, the Directors are deemed to have interests in these warrants.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of SMPC Metal Industries Bhd (79082 V) will be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, 11 Lebuh Tenggara 2, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Thursday, 27 June 2002 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the year ended 31 January 2002 together with the Reports of the Directors and Auditors thereon;
(Resolution 1)
2. (i) To re-elect Mr. Ibrahim Hussain who retires in accordance with the Paragraph 7.28 of the Listing Requirement of the Kuala Lumpur Stock Exchange;
(Resolution 2)
(ii) To re-elect Mr. Daisuke Kadono who retires in accordance with Article 29.1 of the Company's Articles of Association;
(Resolution 3)
(iii) To re-elect Mr. Vijayan a/l O.M.V. Devan who retires in accordance with Article 29.1 of the Company's Articles of Association;
(Resolution 4)
(iv) To re-elect Mr. Makhtar Bin Mohamed who retires in accordance with Article 29.1 of the Company's Articles of Association;
(Resolution 5)
(v) To re-elect Mr. Sanmarkan a/l T S Ganapathi who retires in accordance with Article 29.6 of the Company's Articles of Association;
(Resolution 6)
3. To approve the payment of Directors' fees for the year ended 31 January 2002;
(Resolution 7)
4. To re-appoint Messrs Arthur Andersen & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration;
(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

AS SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modifications the following ordinary resolution:

ORDINARY RESOLUTION

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental / regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 percentum of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares to be issued."

(Resolution 9)

By Order of the Board

THUM SOOK FUN
(MAICSA 7025619)
Secretary

Penang
5 June 2002

Notes:

1. A proxy may but need not be a member of the Company. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. All proxy forms must be duly executed and deposited at the registered office of the Company at Suite 18.05, MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. In the case where a member is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Explanatory Note to Resolution 9:

- Resolution pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under resolution 9 above if passed will empower the Directors to issue shares in the Company up to 10% of the issued capital of the Company for the time being for such purposes as the Directors may consider to be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for election or re-election at the Twenty First (21st) Annual General Meeting of the Company are:
 - i. Mr. Ibrahim Hussain, attended one (1) Board Meeting as there was only one meeting held during the period from the date of his appointment 27 September 2001 to 31 January 2002.
 - ii. Mr. Daisuke Kadono, attended four (4) Board Meetings
 - iii. Mr. Vijayan a/l O.M.V. Devan, attended four (4) Board Meetings
 - iv. En. Makhtar Bin Mohamed, attended four (4) Board Meetings
 - v. Mr. Sanmarkan a/l T S Ganapathi, did not attend any Board Meeting during the financial year as his appointment is after financial year.

2. Details of Board Meetings held during the financial year ended 31 January 2002

A total of four (4) Board Meetings were held during the financial year ended 31 January 2002, details of which are as follows:

Date & Time	Venue
11.00 a.m., 29/3/2001	The Conference Room, Lot 717, Mukim Kapar, Batu 5 1/2, Jalan Kapar, 14400 Klang, Selangor Darul,Ehsan.
2.00 p.m., 27/06/2001	The Conference Room, Level 2, Sunway Hotel Seberang Jaya, 11 Lebuh Tenggiri 2, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang
11.15a.m., 27/09/2001	The Conference Room, 2521, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Province Wellesley, Penang
2.00 p.m., 12/12/2001	The Conference Room, Suite 39A-1, 39th Floor, Empire Tower, 182 Jalan Tun Razak, 50400 Kuala Lumpur.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

3. Profiles of the Directors standing for election:

Name	Mr. Ibrahim Hussain	Mr. Sanmarkan a/T S Ganapathi	Mr. Vijayan a/I O.M.V. Devan	Mr. Daisuke Kadono	En. Makhtar Bin Mohamed
Age	38	64	52	45	49
Nationality	British	Malaysian	Malaysian	Japanese	Malaysian
Qualification	<ul style="list-style-type: none"> Graduated from the University of Birmingham with a degree in Commerce majoring in Accounting Member of the Association of Chartered Accountant of England and Wales 	<ul style="list-style-type: none"> Graduated from Malayan Teachers College in 1958 Conferred the Barrister-at-Law Middle Temple London in 1977 Associate member of the Chartered Institute of Arbitrators London 	<ul style="list-style-type: none"> Certificate in Matriculation 	<ul style="list-style-type: none"> Engineer 	<ul style="list-style-type: none"> B. Econs (Hons) in Accounting, University of Malaya (1974-1977) Post-Graduate Diploma in Accounting, University of Malaya (1977-1979)
Position on the Board	Managing Director	Independent Non-Executive Director	Executive Director	Independent Non-Executive Director	Executive Director
Working Experience	<ul style="list-style-type: none"> Joined Arthur Andersen & Co., in 1986 Joined Sterling Devereux Financial Services Ltd as their Managing Director Joined Alpha Resource Capital Sdn Bhd as their Managing Director 	<ul style="list-style-type: none"> Joined Karpal Singh & Co., in 1978 Joined Farid Ariffin & Associates, Penang as a Partner from 1979-1994 Managing Partner of San & Associates from 1995 till present 	<ul style="list-style-type: none"> Mr. Vijayan joined the SMPC group in 1988 as an Administration Manager and was promoted to Senior Manager in 1997 in charge of Corporate Administration 	<ul style="list-style-type: none"> Joined Nissho Iwai Corporation (NIC) since 1980 	<ul style="list-style-type: none"> Joined Bank Bumiputra (M) Berhad as Bank Officer on 1 March 1977 Joined South Kelantan Land Development Authority (KESEDAR) as an Accountant in 1 July 1979 Joined Kelantan State Land Development and Rehabilitation Corp. (TAKDIR) as Finance Manager on 1 August 1980 Joined University Sains Malaysia as Deputy Treasurer in May 1983 Joined FELCRA as a General Manager - Business Development on 1 March 1999 Joined SMPC Metal Industries Bhd as a Financial Consultant-Business Development on 1 August 1999
Occupation	Managing Director of SMPC Metal Industries Berhad	Advocate and Solicitor	Executive Director	Engineer	Executive Director
Any other directorships of public companies	Nil	Nil	Nil	Nil	Nil
Securities holdings in the Company and its subsidiaries (as at 30 April 2002)	Nil	Nil	Nil	Nil	237,350
Family relationship with any Director and/or major shareholder of the Company	Nil	Nil	Nil	Nil	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil	Nil	Nil	Nil	Nil



SMPC METAL INDUSTRIES BHD
79082-V

FORM OF PROXY

No. of Shares held

I/We, _____
(BLOCK LETTERS)

of _____

being a member / members of SMPC METAL INDUSTRIES BHD., hereby appoint _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, 11 Lebu Tenggiri 2, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Thursday, 27 June 2002, at 11.00 am and at any adjournment thereof.

My/Our Proxy to vote is as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statements		
2.	Re-election of Mr. Ibrahim Hussain as a Director		
3.	Re-election of Mr. Daisuke Kadono as a Director		
4.	Re-election of Mr. Vijayan a/l O.M.V. Devan as a Director		
5.	Re-election of Mr. Makhtar Bin Mohamed as a Director		
6.	Re-election of Mr. Sanmarkan a/l T S Ganapathi as a Director		
7.	Payment of Directors' Fees		
8.	Re-appointment of Messrs Arthur Andersen & Co. as Auditors		
9.	Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Signed this _____ day of _____ of 2002

Signature of Shareholder / Common Seal

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer, or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebu Farquhar, 10200 Penang not less than 48 hours before the time for holding the meeting or at any adjournment thereof.

Affix
Stamp

SMPC Metal Industries Bhd (79082 V)
Suite 18.05, MWE Plaza
No.8, Lebuhr Farquhar
10200 Penang, Malaysia.
