

ANNUAL REPORT  
**2009**

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS



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**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Ninth Annual General Meeting ( “ AGM ” ) of **SKP RESOURCES BHD** ( “the Company” ) will be held at Cempaka Room, Level 3, Hotel Equatorial Bangi, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25 September 2009 at 11.00 a.m. or at any adjournment thereof to transact the following business:-

**ORDINARY BUSINESS**

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2009 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
  
2. To approve the payment of a final tax-exempt dividend of 0.5 sen per share for the financial year ended 31 March 2009. **Resolution 2**
  
3. To re-elect the following Directors who retire in accordance with Article 84 of the Company’s Articles of Association and being eligible offer themselves for re-election:-
  - (a) Dato’ Gan Kim Huat **Resolution 3**
  - (b) Mr Gan Poh San **Resolution 4**
  
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

**SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions with or without modifications, as Ordinary Resolutions of the Company:-

5. **ORDINARY RESOLUTION 1  
PROPOSED PAYMENT OF DIRECTORS’ FEES**

“THAT the payment of Directors’ fees of RM108,000 in respect of the financial year ended 31 March 2009 be and is hereby approved.” **Resolution 6**
  
6. **ORDINARY RESOLUTION 2  
AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES**

“THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain

the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**Resolution 7**

**7. ORDINARY RESOLUTION 3  
PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A  
REVENUE OR TRADING NATURE ( “PROPOSED RRPT  
MANDATE”)**

“THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in Section 2.3 of the Circular to Shareholders dated 28 August 2009 with the specified classes of related parties mentioned therein which are necessary for the Group’s day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things ( including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed RRPT Mandate described in the Circular.”

**Resolution 8**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS HEREBY GIVEN THAT** a final tax exempt dividend of 0.5 sen per share for the financial year ended 31 March 2009, if approved by the shareholders at the forthcoming Ninth Annual General Meeting, will be paid on 25 November 2009. The entitlement date for the payment is 2 November 2009.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Accounts before 4.00 p.m. on 2 November 2009 in respect of transfer; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**YEOH CHONG KEAT (MIA 2736)**  
**PUA LEI NGOR (MAICSA 7049116)**  
Company Secretaries

Kuala Lumpur  
28 August 2009

**Notes:-**

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- 3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than 48 hours before the time set for holding this meeting or any adjournment thereof.

**Explanatory Notes on Special Business:-**

**1. Resolution 6**

This resolution is in accordance with Article 93 of the Company's Articles of Association. This resolution, if passed, will authorise the payment of Director s' fees to Directors of the Company for their services as Directors during the financial year ended 31 March 2009.

**2. Resolution 7**

This resolution, if passed, will allow the Directors of the Company to issue and allot shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit (“General Mandate”), provided that the aggregate number of shares issued pursuant to this General Mandate does not exceed 10% of the total issued share capital of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general Mandate approved in the preceding year 2008 which was not exercised by the Company during the year, will be expiring at this forthcoming Ninth Annual General Meeting of the Company.

**3. Resolution 8**

This resolution, if passed, will authorise the Company and / or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders of the Company dated 28 August 2009 despatched together with the Annual Report. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

**1. DATE, PLACE AND TIME OF THE NINTH ANNUAL GENERAL MEETING**

The Ninth Annual General Meeting of SKP Resources Bhd will be held at Cempaka Room, Level 3, Hotel Equatorial Bangi, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25 September 2009 at 11.00 a.m.

**2. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY**

Directors retiring in accordance with Article 84 of the Company’s Articles of Association:-

- (a) Dato’ Gan Kim Huat
- (b) Mr Gan Poh San

Further Details of the abovenamed Directors who are seeking for re-election and their securities holdings are set out in the “Directors’ Profiles” and “Directors’ shareholdings” of this Annual Report.

**3. DETAILS OF ATTENDANCE AT BOARD MEETINGS**

There were five (5) Board of Directors’ mee tings held during the financial year ended 31 March 2009. Details of attendance of Directors holding office during the financial year (including Company Secretary’s attendance) are as follows:-

<b>Directors</b>	<b>Number of Board Meetings attended</b>
Dato’ Gan Kim Huat	5/5
Mr Gan Poh San	5/5
Mr Chia Choong Kim	5/5
Ms Gan Poh Ling	5/5
Mr Koh Chin Koon	5/5
Mr Chew Teck Cheng	5/5
Mr Koh Song Heng	5/5
Company Secretary	5/5

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

**Dato' Gan Kim Huat**  
*Executive Chairman & Managing Director*

**Gan Poh San**  
*Executive Director*

**Chia Choong Kim**  
*Executive Director*

**Gan Poh Ling**  
*Executive Director*

**Koh Song Heng**  
*Non-Independent Non-Executive Director*

**Koh Chin Koon**  
*Independent Non-Executive Director*

**Chew Teck Cheng**  
*Independent Non-Executive Director*

**Audit Committee**

*Koh Chin Koon ( Chairman )  
Koh Song Heng  
Chew Teck Cheng*

**Remuneration Committee**

*Chew Teck Cheng ( Chairman )  
Koh Chin Koon  
Dato' Gan Kim Huat*

**Nomination Committee**

*Koh Song Heng ( Chairman )  
Chew Teck Cheng  
Gan Poh San*

**Option Committee**

*Dato' Gan Kim Huat ( Chairman )  
Gan Poh San  
Lou Swee Chen  
Low Hwee Ling*

**COMPANY SECRETARIES**

*Yeoh Chong Keat ( MIA 2736 )  
Pua Lei Ngor ( MAICSA 7049116 )*

**AUDITORS**

**Ernst & Young**  
*Lot 1, 6th Floor, Menara Pertam,  
Jalan BBP 2, Taman Batu Berendam Putra,  
Batu Berendam, 75350 Melaka.  
Telephone: 06-336 2399 Facsimile: 06-336 2899*

**REGISTERED OFFICE**

*Suite 11.1A, Level 11, Menara Weld,  
76 Jalan Raja Chulan, 50200 Kuala Lumpur  
Telephone: 03-2031 1988 Facsimile: 03-2031 9788*

**HEAD OFFICE**

*No. 421, 4th Miles Jalan Kluang,  
83000 Batu Pahat, Johor Darul Takzim  
Telephone: 07-432 5707 Facsimile: 07-434 0213  
Website: www.skpres.com*

**PRINCIPAL BANKERS**

*RHB Bank Berhad  
United Overseas Bank ( Malaysia ) Berhad  
EON Bank Berhad*

**SHARE REGISTRAR**

*Symphony Share Registrars Sdn. Bhd.  
Level 26, Menara Multi Purpose,  
Capital Square, 8 Jalan Munshi Abdullah,  
50100 Kuala Lumpur  
Telephone: 03-2721 2222 Facsimile: 03-2721 2530*

**STOCK EXCHANGE LISTING**

*Bursa Malaysia Securities Berhad ( Main Market )  
Sector : Industrial Products  
Stock Code : 7155  
Stock Name : SKPRES*



**DIRECTORS' PROFILES****DATO' GAN KIM HUAT**

Dato' Gan Kim Huat, a Malaysian, aged 62, is the Executive Chairman and Managing Director of SKP Resources Bhd ("SKP"). He was appointed to the Board on 3 December 2002. He is also the Chairman of the Option Committee and a member of the Remuneration Committee.

Dato' Gan has over 30 years of experience in plastics injection moulding and is a well-known entrepreneur in the local plastics industry due to his wide knowledge of plastics manufacturing and network of contacts in the industry. Dato' Gan has also cultivated excellent relationships with the customers of the Group.

Dato' Gan is a substantial shareholder of SKP, with direct holding of 50 ordinary shares and indirect holding of 315,778,210 ordinary shares respectively. He is also an Executive Chairman of Tecnic Group Berhad (formerly known as STS Tecnic Berhad), a company involved in the manufacturing of plastic parts for households and automobile industry.

Dato' Gan is the father of Mr Gan Poh San and Ms Gan Poh Ling. He does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

**GAN POH SAN**

Mr Gan Poh San, a Malaysian, aged 34, was appointed as an Executive Director of SKP on 3 December 2002. He is also a member of the Nomination Committee and Option Committee.

Mr Gan received his Bachelor of Arts (Honours) majoring in Accounting and Finance from Staffordshire University and further obtained his MSc. in Finance from Imperial College (Management School), United Kingdom in 1998. In 1998, he joined Syarikat Sin Kwang Plastic Industries Sdn Bhd, a wholly-owned subsidiary of SKP, as a management trainee and was subsequently sent to Kai Japanese School and Nissei Plastics School in Japan to study Japanese language and plastic engineering respectively. His proficiency in speaking Japanese language enables him to communicate easily with the Group's Japanese customers.

Mr Gan is a substantial shareholder of SKP, with indirect holding of 116,037,560 ordinary shares. Mr Gan is also an Executive Director of Tecnic Group Berhad (formerly known as STS Tecnic Berhad). He is the son of Dato' Gan Kim Huat and the brother of Ms Gan Poh Ling. He does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

**CHIA CHOONG KIM**

Mr Chia Choong Kim, a Singaporean, aged 61, was appointed as Executive Director of SKP on 3 December 2002.

Mr Chia graduated from the Singapore Polytechnic with a Diploma in Rubber and Plastics Technology in 1969. He was a Chemist with Malaysia Rubber Product Singapore Pte Ltd from 1972 to 1975 prior to joining Asahi Electronic Singapore Pte Ltd. He was sent to Japan Nissei Plastics Injection Machine Plant in Sakaki-Machi, Nagano Prefecture for training in thermoplastic injection moulding for both commodity and engineering plastic parts. In 1990, he was promoted to General Manager of Asahi Electronic Singapore Pte Ltd. He joined Syarikat Sin Kwang Plastic Industries Sdn Bhd in 1995 as the General Manager to oversee its overall operations. His specialty in plastics injection moulding parts and proficiency in Japanese language has strengthened the Group's relationship with the Japanese multi national corporations.

Mr Chia does not have any family relationship with any director and / or major shareholder of SKP. He does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

**GAN POH LING**

Ms Gan Poh Ling, a Malaysian, aged 35, was appointed as a Non-Independent Non-Executive Director of SKP on 31 December 2004. She was re-designated as an Executive Director on 28 November 2006.

Ms Gan holds a Bachelor of Arts Degree (Honours) in Business Administration from South Bank University, London, UK and further graduated with a Master of Science in Information Management and Finance from the University of Westminster, London, UK. She started her career with an IT company, Lexcom Networks Ltd in London as Marketing Executive from 2002 to 2004.

Ms Gan is the daughter of Dato' Gan Kim Huat and the sister of Mr Gan Poh San. She does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

**KOH CHIN KOON**

Mr Koh Chin Koon, a Malaysian, aged 39, was appointed as an Independent Non-Executive Director of SKP on 4 March 2005. He is also the Chairman of Audit Committee and a member of Remuneration Committee.

Mr Koh completed his Bachelor Degree in University of Malaya in year 1995 and joined Malaysian Institute of Accountants (MIA) and Malaysian Institute of Taxation (MIT) in July 1999 and September 2000 respectively. He became an approved tax agent under Section 153(3)(b) of the Income Tax Act, 1967. He was employed by Arthur Andersen &

Co as a Tax Assistant after he completed his Bachelor Degree and promoted as a Tax Experience Senior during the employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in February 2001. After having obtained a wide range of experience from his past employment involved in advising clients including private companies, public listed companies and quasi government organization, he set up Koh & Siow Management Services in May 2001.

Mr Koh has a direct shareholding of 50,000 ordinary shares of SKP. He is a Director of BP Plastics Holding Berhad and Impressive Edge Group Berhad. He does not have any family relationship with any director and/or major shareholder of SKP. He does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

#### **CHEW TECK CHENG**

Mr Chew Teck Cheng, a Malaysian, aged 53, was appointed as an Independent Non-Executive Director of SKP on 30 November 2007. He is the Chairman of Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr Chew graduated with a Diploma in Commerce (Financial Studies) from Tunku Abdul Rahman College. He is an associate member of the Association of Chartered Certified Accountants in 1983 and a member of the Malaysian Institute of Accountants (Chartered Accountant) in 1984. He is also a fellow member of the Association of Chartered Certified Accountants since 1988. He has been practicing as a Chartered Accountant and approved company auditor since 1986 under Messrs. T. C. Chew & Co.

Mr Chew is currently a Director of HPI Resources Berhad. He does not have any family relationship with any director and/or major shareholder of SKP. He does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

#### **KOH SONG HENG**

Mr Koh Song Heng, a Malaysian, aged 52, was appointed as a Non-Independent Non-Executive Director of SKP on 29 February 2008. He is the Chairman of Nomination Committee and a member of Audit Committee.

Mr Koh graduated with a Bachelor of Art Degree with Honours, majoring in Law & Economic disciplines in Modern Studies in 1982. He has over 21 years of experience in management and administration of Local and Export Products development.

Mr Koh does not have family relationship with any director and/or major shareholder of SKP. He does not have any conflict of interest with SKP and has not been convicted for any offences within the past ten years other than traffic offences.

**CHAIRMAN'S STATEMENT**

Dear valued Shareholders,

**Overview**

On behalf of the Board, I am pleased to present to you the annual report of the Group for the financial year ended 31 March 2009.

In the second half of 2008, our Company was not spared from the ravishes of the most severe global financial crisis in recent times. In addition, we also saw oil prices soaring to an unprecedented high of USD 148 per barrel in July 2008 only to plummet down 75% by December 2008 as a consequence of the deepening crisis. The Malaysian government also announced a 41% or RM 0.78 increase in petrol prices effective 5<sup>th</sup> June 2008 and a 26% electricity tariff hike effective 1<sup>st</sup> July 2008

Against this challenging backdrop, our plastics manufacturing business witnessed lower orders from major existing customers. As a consequence of lower demand especially in the second half, the Group ended the financial year with a 5.9 % decline in revenue to RM 174.7 million and 83.3 % drop in profit attributable to shareholders to RM 2.9 million. Additionally, an impairment loss on goodwill also contributed to the significant drop in profit attributable to shareholders.

The actual profit attributable to shareholders would have been RM8.3 million excluding impairment loss on goodwill of RM5.4 million.

In the challenging year under review, we are satisfied with our performance and to reward shareholders for their support in financial year ended 31 March 2009, the board of directors have proposed a final dividend of 0.5 sen or 5 % per ordinary share.

**Operations Review & Maintaining a Strong Balance Sheet**

The year under review will go down in our corporate record as one of the most trying since our Company has been listed. The levels of volatility and global financial meltdown have not been experienced since the "Wall Street Crash of 1929" and we are all clearly in uncharted territory.

The financial meltdown of the global economy has seen the tentacles of the crisis reaching out and impacting all economies across the globe, thus severely impacting the development of developing economies such as ours that are dependent on the manufacturing and exports sectors for economic sustainability.

In 2008, the Group stayed vigilant and monitored market developments closely. The escalating operating costs has caused us to undertake various cost saving exercises, re-engineering our manufacturing processes as well as focusing extensively in areas to improve product quality, productivity and enhance efficiency.

I am pleased to say that, notwithstanding the external circumstances, the strategic direction and foresight of the Board and Management has helped to deliver the Company's objectives.

I am very pleased to report that as at 31<sup>st</sup> March 2009, the Group maintained a strong balance sheet and liquid financial position. With positive operating cash flows and effective cash management, the Group's cash and bank balances grew to RM25.98 million. This strong net cash position will provide us with considerable financial flexibility to not only weather the global economic slowdown but to seize business or investment opportunities that may arise in the meantime.

### **Future Prospects**

The outlook for 2009 will remain uncertain as our business is largely dependent on global consumer spending and sentiments. As witnessed in the beginning of the second half of 2008, the sharp drop in consumer spending is likely to persist in 2009 with inventory in the supply chain also likely to remain high.

Thus, our efforts in the foreseeable future would be cost controls and further streamlining our Group operations. The Group will focus on continuously developing our existing customers to create a platform for long term partnership as well as direct marketing efforts to continuously source for new clients and other business development opportunities.

With the Group's financial strength and the Management's experience, the Group will strive to ensure that its on-going yearly profitability level will be sustained moving forward.

### **Acknowledgements**

On behalf of the Board, I would like to express my deepest appreciation to my fellow directors, management and staff for their dedication, commitment and untiring contributions in the past year.

I would also like to take this opportunity to thank our customers, government authorities and business associates for their strong support in 2009 and look forward to their continuing support in the future.

**Dato' Gan Kim Huat**  
**Executive Chairman**

**CORPORATE GOVERNANCE STATEMENT**

SKP Resources Bhd (“SKP” or the “Company”) acknowledges the importance of good corporate governance and thus, the Directors are committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance [Revised 2007] (the “Code”) in achieving its primary goal of enhancing shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board of Directors is of the opinion that save as set out below, the Group has applied the principles set out in Part 1 of the Code and has complied with the best practices set out in Part 2 of the Code throughout the financial year ended 31 March 2009.

**A. DIRECTORS****(i) The Board**

As at the date of this statement, the Board of SKP comprises the Executive Chairman/Managing Director, three executive directors, two independent non-executive directors and one non-independent non-executive director. The profiles of the members of the Board are provided in this Annual Report on pages 6 to 8. The Board is responsible for overseeing the conduct and performance of the Group's businesses and provides oversight for the Group's internal controls.

The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board to the Company with competent individuals with the wide spectrum of knowledge, skills and experience.

The position of the Chairman and Managing Director is held by Dato' Gan Kim Huat. This is perceived as appropriate and of benefit to the Group for his extensive knowledge and experience in the Group's business, products, policies and administration matters. He is primarily responsible for the orderly conduct and effectiveness of the Board. Together with the Executive Directors, they are responsible for the overall daily operations, implementation of Board policies and decisions and making operational decisions. Apart from the above, the Company practices a clear demarcation of responsibilities and a balance of power and authority.

**(ii) Board Balance**

The number of independent Directors complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) which requires that at least two (2) or one third (1/3) of the Board, whichever is the higher, are independent directors. The two independent Directors of

the Company provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

Mr Koh Chin Koon has been appointed by the Board as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be conveyed.

(iii) **Board Responsibilities**

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the Executive Directors are aware and are responsible for meeting. The Board has an understanding of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval for major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

(iv) **Supply of information**

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board is supplied with adequate and timely information in the form and quality as appropriate to enable them to discharge their duties.

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors for them to deliberate on the issues to be raised at the meetings. The Executive Directors and / or other relevant Board members and/or senior management of the Group will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman.

The Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries and to obtain independent professional advice, whenever necessary, at the expense of the Group. The appointment and removal of Company Secretaries are matters for the Board as a whole.

(v) **Directors' Training**

The Directors of the Company had attended the following training:-

<b>Name of Directors</b>	<b>Date of Training</b>	<b>Subject</b>
Dato' Gan Kim Huat	5 <sup>th</sup> to 7 <sup>th</sup> June 2009	Success Dynamic Team Building
Mr Gan Poh San	5 <sup>th</sup> to 7 <sup>th</sup> June 2009	Success Dynamic Team Building
Mr Chia Choong Kim	5 <sup>th</sup> to 7 <sup>th</sup> June 2009	Success Dynamic Team Building
Ms Gan Poh Ling	5 <sup>th</sup> to 7 <sup>th</sup> June 2009	Success Dynamic Team Building
Mr Koh Chin Koon	19 <sup>th</sup> & 20 <sup>th</sup> August 2008	National Tax Conference 2008
Mr Chew Teck Cheng	29 <sup>th</sup> May 2008	Dividends & the Single-Tier Tax System
	19 <sup>th</sup> June 2008	Tax Planning and Strategies for Cross Border Transactions
Mr Koh Song Heng	15 <sup>th</sup> July 2009	Manufacturing Process Training

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board will evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminar and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

(vi) **Board Committees**

The Board has set up subcommittees to delegate specific powers and responsibilities, all of which have their own written constitutions and terms of reference. The Chairman of the Committees report to the Board the outcomes and recommendations thereon and minutes of such Committee meetings will be tabled for the Board's notation. However, the ultimate responsibility for the final decision on all matters lies with the entire Board. The principal subcommittees are:-

**1. Audit Committee**

Refer to the Report of the Audit Committee on pages 22 to 27.

**2. Remuneration Committee**

A Remuneration Committee has been established by the Board comprising mainly of non-executive directors as follows:-

- |                        |  |
|------------------------|--|
| (a) Mr Chew Teck Cheng | (Chairman, Independent Non-Executive Director)   |
| (b) Dato' Gan Kim Huat | (Member, Executive Chairman & Managing Director) |
| (c) Mr Koh Chin Koon   | (Member, Independent Non-Executive Director)     |

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. The Chairman of the Committee may request for a meeting as and when deemed necessary. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Committee.

The Committee is generally responsible to:-

- Establish and recommend to the Board the policy framework in determining the terms of employment and elements of remuneration of Executive Directors and to review changes to the policy from time to time, so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully.
- Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of executive directors.
- Review and recommend on an annual basis the remuneration of Executive Directors in all its forms.
- Consider other matters as referred to the Committee by the Board.

**3. Nomination Committee**

A Nomination Committee has been established by the Board comprising mainly of non-executive directors as follows:-

- |                        |  |
|------------------------|--|
| (a) Mr Koh Song Heng   | (Chairman, Non-Independent Non-Executive Director) |
| (b) Mr Chew Teck Cheng | (Member, Independent Non-Executive Director)       |
| (c) Mr Gan Poh San     | (Member, Executive Director)                       |

The functions of the Committee shall be as follows:-

- To recommend to the Board, candidates for directorships proposed by Management and, within the bounds of practicability, by other senior executive or any director or shareholder.
- To recommend to the Board, directors to fill seats on Board Committees.
- To annually assess the effectiveness of the Board as a whole, Board Committees and the contributions of each individual Director, taking into consideration the required mix of skills, expertise, experience and other requisite qualities including core competencies contributed by the Directors.
- Consider other matters as referred to the Committee by the Board.

The Board is entitled to the services of the Company Secretaries who would ensure that all appointments are properly made upon obtaining all necessary information from Directors.

**4.**

**Option Committee**

The Option Committee of SKP had been set up by the Board on 24 May 2004 and the members of the Committee are:-

- (a) Dato' Gan Kim Huat (Chairman)
- (b) Gan Poh San (Member)
- (c) Lou Swee Chen (Member)
- (d) Low Hwee Ling (Member)

The Committee is responsible for the administration of the Company's Employee Share Option Scheme in accordance with its approved Bye-Laws.

(vii) **Re-election of Directors**

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election at the forthcoming Annual General Meeting following their appointment. The Articles further provide that at least one third of the remaining Directors be subjected to re-election by rotation at each Annual General Meeting provided always that all Directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

**B. DIRECTORS' REMUNERATION**

The objective of the Group is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. The level of remuneration of non-Executive Directors reflects their experience and level of responsibility undertaken by them.

The remuneration of the Executive Directors is performance related which are compatible if not higher to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

Details of Directors' remuneration for the financial year ended 31 March 2009 are set out below:-

<b>Remuneration (RM) Executive</b>	<b>Directors</b>	<b>Non-Executive Directors</b>	<b>Total</b>
Directors' Fees*	63,000	45,000	108,000
Salaries and other emoluments	2,375,000	0	2,375,000
Pension Costs – defined contribution plans	464,000	0	464,000
Bonus	203,000	0	203,000
Benefit-in-kind	29,000	0	29,000
<b>Total</b>	<b>3,134,000</b>	<b>45,000</b>	<b>3,179,000</b>

\* To be approved at the forthcoming Annual General Meeting.

The number of Directors whose remuneration during the financial year ended 31 March 2009 fall within the following bands is as follows:-

<b>Range of remuneration (RM)</b>	<b>Number of Executive Directors</b>	<b>Number of Non-Executive Directors</b>
RM1-RM50,000	0	3
RM150,001 – RM200,000	1	0
RM500,001 – RM550,000	1	0
RM700,000 – RM750,000	1	0
RM1,800,000 – RM1,850,000	1	0
<b>Total</b>	<b>4</b>	<b>3</b>

At this point, the Board of SKP is of the view that disclosure of the remuneration bands of the Directors is sufficient and details of the remuneration of each director are not disclosed for security and private and confidentiality reasons.

## **C. SHAREHOLDERS**

### **Dialogue between Company and Investors and the Annual General Meeting**

The Board acknowledges the importance for shareholders to be informed of all material business and corporate matters affecting the Group. The Group's performance is reported quarterly to BMSB and the yearly business review is disclosed in the Annual Report. The Company has also established its website ([www.skpres.com](http://www.skpres.com)) to which shareholders can access for further information on the Group.

All shareholders are encouraged to attend the Company's Annual General Meeting and participate in the proceedings. Opportunities will be given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

Apart from contacts at General Meetings, the Directors and/or management have the option of calling for meetings with investors/analysts if it deems necessary.

## **D. ACCOUNTABILITY AND AUDIT**

### **(i) Financial reporting**

The Board of SKP has the responsibility to present a balanced, clear and fair assessment of the Group's financial position and prospects in the Annual Report and quarterly reports to the BMSB. All results to be released to the public are tabled and reviewed at the Audit Committee and

Board Meetings to ensure that they present a balanced and understandable assessment of the Group's performance and prospects.

(ii) **Internal Control**

The Group's Statement on Internal Control is set out on pages 20 to 21 of this Annual Report.

(iii) **Relationship with Auditors**

The role of the Audit Committee in relation to the external auditors can be found in the Report of the Audit Committee in this Annual Report. The Company has established and maintained an appropriate and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards.

## **RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS**

The Directors of the Company are collectively responsible for ensuring that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2009, the Group has used suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

The Directors have responsibility for ensuring that the Group keeps sufficient and proper accounting records which 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.

This statement is made in accordance with a meeting of the Board of Directors held on 27 July 2009.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Board of Directors had acknowledged the importance of a corporate culture that emphasises on good corporate social responsibility.

The Group is committed towards good corporate social responsibility practices especially in the areas of the environment, community and workplace.

### **Environment**

The Group complies with environmental legislation and statutory regulation in all jurisdictions in which we operate and to adopt responsible environmental practices.

The majority of the Group manufacturing sites have ISO9001 accreditation and are undertaking to achieve ISO 14001:2004.

The Group has undertaken various measures during the year to minimise any adverse impact from manufacturing operations and waste disposals.

### **Community**

The Group plays its role as a socially responsible corporate citizen in the community whenever the need arises. The Group shall continue to contribute and support by providing financial assistance to various non-profitable organisations, schools and individuals.

During the year, the Group made several contributions and donations amounting to RM27,720 to various welfare organisations and other worthy causes such as:

- Batu Pahat Commercial House Charity 2008
- Contributions to Malaysian Plastics Manufacturers Association's charitable activities
- Donations to schools for building and education funds in Johor
- Donations to non-governmental organisations for culture and welfare activities

### **Workplace**

The Group is fully concern of the importance of having good working environment and thus believes that effective control of occupational and industrial hazards will secure the safety, health and welfare of employees.

Companies of the Group are encouraged to implement Occupational Safety & Health Management, thus could provide a higher level of safety and health workplace via education, research and enforcement.

### **Human Resources Development**

As one of a company's greater assets is its employee, the Group recognises that the know how skill and expertise of employee contribute to the Group's intellectual capital and competitive advantages.

The Group constantly nurtures its human capital with skill and intellectual development by on job training and seminar programme.

The Group is committed to provide equality of opportunity to all existing and prospective employees without unlawful or unfair discrimination.

**Market Place**

The Group is continuously pursuing perfect quality in development and innovation of new product in striving towards the steep challenges in the market place.

**STATEMENT ON INTERNAL CONTROL****Introduction**

The Malaysian Code on Corporate Governance [Revised 2007] stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and Group assets. Set out below is the Board of Directors' Statement on Internal Control as a Group, made in compliance with paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

**The Board's Responsibility**

The Board of Directors recognises the importance of a sound system of internal control as part of good corporate governance within the Group. The Board affirms its overall responsibility for the Group's system of internal control and for the review of its adequacy and integrity. The Group has initiated the formalisation of a system of internal control with on-going processes to:-

- Identify, evaluate, monitor and manage significant risks affecting achievement of the Group's business objectives; and
- Review the adequacy and integrity of the Group's system of internal control itself.

It should be noted that a system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable, and not absolute, assurance against material misstatement or loss.

**Monitoring Mechanism and Management Styles**

The Board entrusts the daily running of the business to the Managing Director and his management team. The Managing Director and his management team receive timely information pertaining to performance and profitability of the Group through monthly and weekly reports, which include quantitative and qualitative trends, and analysis through a computerized system.

The Managing Director plays a pivotal role in communicating the Board's expectations of the system of internal control to management. This is achieved, through his active participation in the operations of the business as well as attendance at various scheduled management committee meetings. The management committee which comprises of Heads of Departments meets weekly to discuss production, operational, sales and human resource issues. The Managing Director monitors the progress of these issues through regular interaction with management and the review of the management meeting minutes.

**Internal Audit**

The Audit Committee is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control and this task is supported by an out-source Internal Audit engagement which provides reasonable independent assurance on the effectiveness of the Group's system of internal control.

The Group has outsourced its internal audit function to Messrs. KH Lim & Co for the financial year ended 31 March 2009 and the Group has incurred approximately RM20,000-00 for the internal audit work conducted within the Group for the financial year ended 31 March 2009.

Risk-based audit reviews are carried out and results of such reviews are reported to the Audit Committee.

#### **Other Key Elements Of Group's System of Internal Control**

The other key elements of the Group's system of internal control are described below:-

- Establishment of an environment in respect of the overall attitude, awareness and actions of directors, managers as well as employees regarding the internal control system and its importance to the entity.
- Specific responsibilities have been delegated to the relevant Board Committees, all of which have written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the Board.
- Defined management structure of the Group spelling out broad responsibilities, authorities and limits.
- Monitoring of performance including discussion of any significant issues at quarterly management meetings which are attended by heads of companies under the Group.
- Financial and operational reporting by subsidiaries is discussed at the Group management meetings on a monthly basis.
- The Audit Committee, on behalf of the Board, is responsible to review the effectiveness and adequacy of the Group's system of internal control with the Internal Auditors and External Auditors.
- Review of all proposals for material capital and investment acquisitions.

Management continues to take measures to strengthen the control environment and for the financial year 2009, there were no material losses reported caused by weaknesses in internal control.

This Statement on Internal Control is made in accordance with the resolution of the Board of the Directors dated 27 July 2009.

**AUDIT COMMITTEE REPORT****COMPOSITION**

For the financial year ended 31 March 2009, the Audit Committee comprised the following:-

- |                        |  |
|------------------------|--|
| (a) Mr Koh Chin Koon   | (Chairman, Independent Non-Executive Director)   |
| (b) Mr Chew Teck Cheng | (Member, Independent Non-Executive Director)     |
| (c) Mr Koh Song Heng   | (Member, Non-Independent Non-Executive Director) |

**TERMS OF REERENCE****Membership**

1. The Committee shall be appointed by the Board of Directors from amongst the directors of the Company and shall comprise of at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent.
2. At least one member of the Committee:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
    - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
3. No alternate director shall be appointed as a member of the Committee.
4. The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.
5. The Company Secretary or such other persons authorised by the Board of Directors shall act as the Secretary to the Committee.
6. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

7. The term of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.

#### **Meetings and Minutes**

8. The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.
9. The quorum for the meeting of the Committee shall consist of not less than two (2) members, a majority of whom must be independent Directors.
10. Other than in circumstances which the Chairman of the Committee considers inappropriate, the Head of Finance, Financial Controller, the Head of Internal Audit and representatives of the external auditors will normally attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.
11. At least once in a financial year, the Committee shall meet with the external auditors without the Executive Directors being present.
12. The Committee shall report to the Board and its minutes tabled and noted by the Board of Directors. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Committee and the Board of Directors.

#### **Authority**

13. The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
14. The Committee is authorised by the Board to obtain outside legal or external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

15. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
16. The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the Committee.
17. The Head of Internal Audit reports directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by management regarding the appointment, transfer and removal of senior staff members of the Internal Audit of the Group shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

**Functions and Duties**

18. The Committee shall, amongst others, discharge the following functions:-
  - 18.1 Review the following and report the same to the Board of Directors of the Company:-
    - (a) with the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;
    - (b) with the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;
    - (c) with the external auditors, their audit report;
    - (d) the assistance given by employees of the Group to the external and internal auditors;
    - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter-alia the appointment of internal auditors;
    - (f) the internal audit programme, processes and results of the internal audit programme, processes, major findings of internal

- investigation and management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (g) review any appraisal or assessment of the performance of members of the internal audit function;
  - (h) the quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:-
    - (i) changes in or implementation of major accounting policies and practices;
    - (ii) significant and unusual events;
    - (iii) significant adjustments arising from the audit;
    - (iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
    - (v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;
  - (i) any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (j) any letter of resignation from the external auditors of the Company;
  - (k) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;  
and
  - (l) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- 18.2 Recommend the nomination of a person or persons as external auditors and the external audit fee.
- 18.3 Promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.
- 18.4 To verify the allocation of option pursuant to a share scheme for employees at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.

- 18.5 Carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.
- 18.6 To ensure the internal audit function of the Company reports directly to the Committee.

**ATTENDANCE AT MEETINGS**

During the financial year ended 31 March 2009, the Committee held a total of five (5) meetings. The details of attendance of the Committee members (including Company Secretary's attendance) are as follows:-

<b>Audit Committee Members</b>	<b>Number of Audit Committee Meetings Attended</b>
Mr Koh Chin Koon	5/5
Mr Chew Teck Cheng	5/5
Mr Koh Song Heng	5/5
Company Secretary	5/5

**SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2009**

The Audit Committee had carried out the following activities in discharging its functions and duties in accordance with the Terms of Reference:-

1. reviewed the quarterly reports of the Group to ensure adherence to legal and regulatory reporting requirements before recommending to the Board of Directors for approval;
2. reviewed the audited annual financial statements of the Company and the Group before recommending to the Board of Directors for approval;
3. reviewed and approved the draft Audit Committee Report and Internal Control Statement to be incorporated in the Annual Report for the financial year ended 31 March 2009;
4. reviewed the internal audit plan in order to identify key risk areas and processes to be covered during the financial year for the purpose of improvement to internal controls, procedures and risk management;
5. reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented;

6. reviewed with External Auditors, their audit planning memorandum, audit approach and reporting requirements prior to the commencement of audit works;
7. made amendments to its Terms of Reference for update and housekeeping purposes; and
8. met with the External Auditors, in the absence of the Management, to discuss problems and reservations arising from their final audit.

#### **INTERNAL AUDIT FUNCTION**

The Company has outsourced its internal audit function to Messrs K. H. Lim & Co ., an independent professional consultancy firm with the aim of providing independent and systematic reviews on the systems of internal control. The Internal Audit function provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. Throughout the financial year, the audit assignments were carried out in accordance with the annual internal audit plan.

On half-yearly basis, the Internal Auditors report to the Audit Committee on their audit findings, their recommendations of the corrective actions to be taken by the Management together with the Management's responses in relation thereto. Periodically, the Internal Auditors will follow up to determine the extent of their recommendations that have been implemented by the Management.

During the financial year, the main focus of the internal audit review was on Group's manufacturing and warehousing operations based at Johor Bahru and there was no material internal control failure that was reported that would have resulted in any significant loss to the Group.

The summary of activities of the Internal Auditors for the year under review is as follows:-

1. Audit review on the Manufacturing Department of Syarikat Sin Kwang Plastic Industries Sdn Bhd based at Johor Bahru.
2. Audit review on the injection moulding operation, secondary process operation, production control, quality control and engineering.
3. Audit review on the Warehousing Department of Syarikat Sin Kwang Plastic Industries Sdn Bhd based at Johor Bahru.
4. Audit review on handling of issuing and receiving of production parts and delivery control.

This Audit Committee Report is made in accordance with the resolution passed at the Board of Directors' meeting held on 27 July 2009.

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2009.

### Principal activities

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

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

### Results

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(loss) for the year	<u>2,931</u>	<u>(444)</u>

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

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

### Dividends

The amount of dividend paid by the Company since 31 March 2008 was as follows:

	<b>RM'000</b>
Final tax exempt dividend of 5% on 598,687,200 ordinary shares paid on 3 November 2008 in respect of financial year ended 31 March 2008	<u>2,993</u>

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 March 2009, of 5% on 598,687,200 ordinary shares, amounting to a dividend payable of RM2,993,436 (0.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2010.

**Directors**

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

Dato' Gan Kim Huat  
 Chia Choong Kim  
 Gan Poh San  
 Gan Poh Ling  
 Koh Chin Koon  
 Koh Song Heng  
 Chew Teck Cheng

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements ) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

**Directors' interests**

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

	<b>Number of ordinary shares of RM0.10 each</b>			
	<b>1.4.2008</b>	<b>Acquired</b>	<b>Sold</b>	<b>31.3.2009</b>
<b>Direct interests -</b>				
Dato' Gan Kim Huat	50	-	-	50
<b>Indirect interests -</b>				
Dato' Gan Kim Huat	315,778,210	-	-	315,778,210
Gan Poh San	-	116,037,560	-	116,037,560

**Directors' interests (continued)**

Dato' Gan Kim Huat and Gan Poh San by virtue of his interests in shares in the Company, is also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares in the Company during the financial year.

**Treasury shares**

No shares were repurchased by the Company from the open market during the financial year. The shares repurchased in the prior financial year are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2009, the Company held as treasury shares a total of 1,312,800 of its 600,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM161,679 and further relevant details are disclosed in Note 21(a) to the financial statements.

**Other statutory information**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

**Other statutory information (continued)**

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:-
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:-
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Significant event**

Details of a significant event are disclosed in Note 33 to the financial statements.

**Subsequent event**

Details of a subsequent event are disclosed in Note 34 to the financial statements.

**Auditors**

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 July 2009.

Dato' Gan Kim Huat

Gan Poh San

Melaka, Malaysia

**STATEMENT BY DIRECTORS**

**Pursuant to Section 169 (15) of the Companies Act, 1965**

We, Dato' Gan Kim Huat and Gan Poh San, being two of the directors of SKP Resources Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 56 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 July 2009

Dato' Gan Kim Huat

Gan Poh San

Melaka, Malaysia

**STATUTORY DECLARATION**

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

I, Dato' Gan Kim Huat, being the director primarily responsible for the financial management of SKP Resources Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 75 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Dato' Gan Kim Huat at Melaka in the State of Melaka on 27 July 2009

Dato' Gan Kim Huat

Before me,  
Pesuruhjaya Sumpah Malaysia  
Choo Yong Chuan  
( No. M 031 )  
508-A, Taman Melaka Raya,  
75000 Melaka.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKP RESOURCES BERHAD****Report on the financial statements**

We have audited the financial statements of SKP Resources Bhd, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 75 .

***Directors' responsibility for the financial statements***

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

***Auditors' responsibility***

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

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

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

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended

**Report on other legal and regulatory requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**Other matters**

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

Ernst & Young  
AF: 0039  
Chartered Accountants

Lee Ah Too  
2187/09/09(J)  
Chartered Accountant

Melaka, Malaysia  
Date: 27 July 2009

**INCOME STATEMENT**

For the year ended 31 March 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 (restated)	2009 RM'000	2008 RM'000
Revenue	3	174,729	185,677	6,646	666
Cost of sales		(146,221)	(144,090)	-	-
Gross profit		28,508	41,587	6,646	666
Other income	4	1,702	778	37	63
Administrative expenses		(22,715)	(17,687)	(6,348)	(841)
Selling and marketing		(2,188)	(2,355)	-	-
Operating profit/(loss)		5,307	22,323	335	(112)
Finance costs	5	(180)	(642)	-	-
Profit/(loss) before tax	6	5,127	21,681	335	(112)
Income tax expense	9	(2,196)	(4,088)	(779)	(54)
Profit/(loss) for the year		2,931	17,593	(444)	(166)
Earnings per share attributable to equity holders of the Company (sen):	10	0.49	2.94		

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

**BALANCE SHEETS**

Balance sheets as at 31 March 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 (restated)	2009 RM'000	2008 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	74,074	79,873	46	3
Prepaid land lease payments	13	6,095	6,227	-	-
Investment properties	14	1,796	1,821	-	-
Intangible assets	15	1,293	7,226	-	-
Investment in subsidiaries	16	-	-	70,608	76,006
Other investments	17	370	685	370	680
		<u>83,628</u>	<u>95,832</u>	<u>71,024</u>	<u>76,689</u>
<b>Current assets</b>					
Inventories	18	12,186	14,021	-	-
Trade and other receivables	19	36,354	38,547	16	38
Tax prepayment		1,201	591	144	85
Cash and bank balances	20	25,980	17,423	3,232	1,628
		<u>75,721</u>	<u>70,582</u>	<u>3,392</u>	<u>1,751</u>
<b>Total assets</b>		<u>159,349</u>	<u>166,414</u>	<u>74,416</u>	<u>78,440</u>
<b>Equity and liabilities</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	21	60,000	60,000	60,000	60,000
Share premium	21	174	174	174	174
Treasury shares	21	(161)	(161)	(161)	(161)
Retained earnings	26	70,373	70,435	8,878	12,315
<b>Total equity</b>		<u>130,386</u>	<u>130,448</u>	<u>68,891</u>	<u>72,328</u>
<b>Non-current liabilities</b>					
Long term borrowings	22	26	1,557	-	-
Deferred taxation	24	7,046	7,079	-	-
		<u>7,072</u>	<u>8,636</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Short term borrowings	22	629	2,895	-	-
Trade and other payables	25	20,954	24,121	5,525	6,112
Current tax payable		308	314	-	-
		<u>21,891</u>	<u>27,330</u>	<u>5,525</u>	<u>6,112</u>
<b>Total liabilities</b>		<u>28,963</u>	<u>35,966</u>	<u>5,525</u>	<u>6,112</u>
<b>Total equity and liabilities</b>		<u>159,349</u>	<u>166,414</u>	<u>74,416</u>	<u>78,440</u>

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

**STATEMENT OF CHANGES IN EQUITY**
**For the year ended 31 March 2009**

Group	Note	Non-Distributable			Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	
At 1 April 2007						
As previously stated		60,000	-	(455)	54,247	113,792
Prior year adjustment	2.3	-	-	-	1,588	1,588
At 1 April 2007 (restated)		60,000	-	(455)	55,835	115,380
Sale of treasury shares	21(a)	-	174	294	-	468
Profit for the year, representing total recognised income and expense for the year		-	-	-	17,593	17,593
Dividend	11	-	-	-	(2,993)	(2,993)
At 31 March 2008		60,000	174	(161)	70,435	130,448
At 1 April 2008						
As previously stated		60,000	174	(161)	69,548	129,561
Prior year adjustment	2.3	-	-	-	887	887
At 1 April 2008 (restated)		60,000	174	(161)	70,435	130,448
Profit for the year, representing total recognised income and expense for the year		-	-	-	2,931	2,931
Dividend	11	-	-	-	(2,993)	(2,993)
At 31 March 2009		60,000	174	(161)	70,373	130,386
<b>Company</b>						
At 1 April 2007		60,000	-	(455)	15,474	75,019
Sale of treasury shares	21(a)	-	174	294	-	468
Loss for the year		-	-	-	(166)	(166)
Dividend	11	-	-	-	(2,993)	(2,993)
At 31 March 2008		60,000	174	(161)	12,315	72,328
Loss for the year		-	-	-	(444)	(444)
Dividend	11	-	-	-	(2,993)	(2,993)
		60,000	174	(161)	8,878	68,891

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

**CASH FLOW STATEMENT**
**For the year ended 31 March 2009**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	5,127	21,681	335	(112)
Adjustments for :				
Amortisation of prepaid land lease payments	132	137	-	-
Amortisation of intangible assets	535	535	-	-
Bad debts written off	181	-	-	-
Provision for doubtful debts	42	-	-	-
Impairment loss on goodwill	5,398	-	-	-
Depreciation of property, plant and equipment	9,341	9,547	3	1
Depreciation of investment properties	25	25	-	-
Impairment loss on quoted shares	305	172	305	172
Impairment loss on investment in a subsidiary	-	-	5,398	-
Net loss on disposal of property, plant and equipment	371	54	-	-
Property, plant and equipment written off	88	1	-	-
Provision for unutilised annual leave	(13)	35	-	-
Unrealised foreign exchange gain	(182)	(26)	-	-
Dividend income	(30)	(10)	(5,963)	(10)
Interest expense	180	642	-	-
Interest income	(254)	(315)	(37)	(63)
Operating profit/(loss) before working capital changes	21,246	32,478	41	(12)
Decrease/(increase) in inventories	1,835	(2,380)	-	-
Decrease in receivables	2,482	5,170	-	18
(Decrease)/increase in payables	(2,833)	(600)	(2)	48
Cash generated from operations	22,730	34,668	39	54
Interest paid	(180)	(642)	-	-
Taxes paid	(2,845)	(3,704)	(838)	(77)
Net cash generated from/(used in) operating activities	19,705	30,322	(799)	(23)

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>				
Decrease in related companies balances	-	-	22	44
Purchase of property, plant and equipment	(5,677)	(13,062)	(46)	(2)
Proceeds from disposal of property, plant and equipment	1,192	585	-	-
Proceeds from disposal of other investments	10	1,000	5	1,000
Dividend received	30	10	5,963	10
Interest received	235	315	37	63
Capital repayment from quoted shares	-	23	-	23
Proceeds from disposal of treasury shares	-	468	-	468
Net cash (used in)/generated from investing activities	<u>(4,210)</u>	<u>(10,661)</u>	<u>5,981</u>	<u>1,606</u>
<b>Cash flows from financing activities</b>				
Payment of hire purchase	(1,972)	(3,225)	-	-
Repayment of term loan	(2,025)	(6,137)	-	-
Advances from subsidiaries	-	-	(585)	2,517
Dividend paid	(2,993)	(2,993)	(2,993)	(2,993)
Net cash used in financing activities	<u>(6,990)</u>	<u>(12,355)</u>	<u>(3,578)</u>	<u>(476)</u>
<b>Net increase in cash and cash equivalents</b>	<b>8,505</b>	<b>7,306</b>	<b>1,604</b>	<b>1,107</b>
<b>Effects of foreign exchange rate changes</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>17,423</b>	<b>10,117</b>	<b>1,628</b>	<b>521</b>
<b>Cash and cash equivalents at end of the year</b>	<b><u>25,980</u></b>	<b><u>17,423</u></b>	<b><u>3,232</u></b>	<b><u>1,628</u></b>

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

**NOTES TO FINANCIAL STATEMENT****Notes to the financial statements - 31 March 2009****1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 July 2009.

**2. Significant accounting policies****2.1 Basis of preparation**

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 April 2008 as described fully in Note 2.3.

The financial statements of the Group and of the Company have been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

**2.2 Summary of significant accounting policies****(a) Subsidiaries and basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity. In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## **2. Significant accounting policies (continued)**

### **2.2 Summary of significant accounting policies (continued)**

#### **(a) Subsidiaries and basis of consolidation (continued)**

##### **(ii) Basis of consolidation**

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

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

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

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

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

#### **(b) Intangible assets**

##### **(i) Goodwill**

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

**2. Significant accounting policies (continued)**

**2.2 Summary of significant accounting policies (continued)**

**(b) Intangible assets (continued)**

**(ii) Other intangible assets**

Other intangible assets represent value attributed to customer relationships. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost of which can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using discounted net cash flow method of the income approach methodologies.

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Customer relationships are amortised on a straight-line basis over a period of 5 years, being its estimated useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

**(c) Property, plant and equipment and depreciation**

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

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

Factory building	2%
Plant, machinery and factory equipment	10%
Motor vehicles	20%
Other assets	10% to 50%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

## 2. Significant accounting policies (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Other investment properties are depreciated on a straight line basis over the estimated useful life of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

#### (e) Impairment of non-financial assets

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

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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

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

An impairment loss is recognised in profit or loss in the period in which it arises.

## **2. Significant accounting policies (continued)**

### **2.2 Summary of significant accounting policies (continued)**

#### **(e) Impairment of non-financial assets (continued)**

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

#### **(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **(g) Financial instruments**

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

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

#### **(i) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, and deposits at call, net of outstanding bank overdrafts.

#### **(ii) Other non-current investments**

Non-current investments other than investments in subsidiaries and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

**2. Significant accounting policies (continued)**

**2.2 Summary of significant accounting policies (continued)**

**(g) Financial instruments (continued)**

**(iii) Trade receivables**

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

**(iv) Trade payables**

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

**(v) Interest-bearing loans and borrowings**

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

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

**(vi) Equity instruments**

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

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

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

**2. Significant accounting policies (continued)****2.2 Summary of significant accounting policies (continued)****(h) Leases****(i) Classification**

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

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

**(ii) Finance leases - the group as lessee**

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

**(iii) Operating leases - the group as lessee**

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

**2. Significant accounting policies (continued)****2.2 Summary of significant accounting policies (continued)****(h) Leases (continued)****(iii) Operating leases - the group as lessee (continued)**

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

**(iv) Operating leases - the group as lessor**

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

**(i) Income tax**

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

## **2. Significant accounting policies (continued)**

### **2.2 Summary of significant accounting policies (continued)**

#### **(j) Employee benefits**

##### **(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### **(ii) Defined contribution plans**

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

#### **(k) Foreign currency transactions**

Transactions in foreign currencies are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### **(l) Revenue recognition**

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

## 2. Significant accounting policies (continued)

### 2.2 Summary of significant accounting policies (continued)

#### (I) Revenue recognition (continued)

##### (i) Sale of goods

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

##### (ii) Revenue from sales of moulds and modification works

Revenue is recognised upon delivery of products and customer acceptance, if any or performance of services, net of sales taxes and discounts.

##### (iii) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

##### (iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

##### (v) Management fees

Management fees are recognised when services are rendered.

##### (vi) Interest income

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

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

On 1 April 2008, the Company adopted the following revised FRS, amendment to FRS and Interpretations:

- (i) FRS 107: Cash Flow Statements
- (ii) FRS 111: Construction Contracts
- (iii) FRS 112: Income Taxes
- (iv) FRS 118: Revenue
- (v) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- (vi) FRS 134: Interim Financial Reporting
- (vii) FRS 137: Provisions, Contingent Liabilities and Contingent Assets

**2. Significant accounting policies (continued)**

**2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (continued)**

- (viii) Amendment to FRS 121: The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations
- (ix) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (x) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (xi) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (xii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste and Electronic Equipment
- (xiii) IC Interpretation 7: Applying the Restatement Approach under FRS 129<sup>2004</sup> Financial Reporting in Hyperinflationary Economies
- (xiv) IC Interpretation 8: Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statement of the Group and the Company upon their initial application, except as follows:

**FRS112 : Income Taxes**

Prior to 1 April 2008, recognition of deferred tax on assets that qualify for reinvestment or other similar allowances in excess of normal capital allowances was prohibited. The adoption of the revised FRS 112 has resulted in a change in the accounting policy whereby deferred tax is to be recognised on such unused allowances to the extent that it is probable that future taxable profit will be available against which these unused allowances can be utilised.

This change in accounting policy been accounted for retrospectively and as discussed below, certain comparatives have been restated. The effect on the line items in Group's financial statements for the current and prior year's are set out below:

- (i) The effects on the consolidated balance sheet as at 31 March 2009 are set out below:

	<b>2009</b> <b>RM'000</b>
Decrease in deferred tax liability	530
Increase in retained earnings	530
	530

- (ii) The effects on the consolidated income statement for the year ended 31 March 2009 are set out below:

	<b>2009</b> <b>RM'000</b>
Decrease in income tax expense	357
Increase in profit for the year	357
	357

## 2. Significant accounting policies (continued)

### 2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (continued)

(iii) There were no effects on the Company's separate financial statements.

(iv) The following comparative amounts have been restated:

Description of change	Previously stated RM	Increase/ (decrease) RM	Restated RM
Balance sheet:			
Retained earnings:			
At 1 April 2007	54,247	1,588	55,835
At 31 March 2008	69,548	887	70,435
Deferred tax liability	7,966	(887)	7,079
Income statement:			
Income tax expense	3,387	701	4,088
Profit for the year	18,294	(701)	17,593

### 2.4 Standards and interpretations issued but not yet effective

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

FRS, amendments to FRS and interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

## **2. Significant accounting policies (continued)**

### **2.4 Standards and interpretations issued but not yet effective (continued)**

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

### **2.5 Significant accounting estimates and judgements**

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

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

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease) the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

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

##### **(i) Depreciation of plant and machinery**

The cost of plant and machinery for the manufacture of plastic products is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. These are common life expectancies applied in the plastic injection moulding industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**2. Significant accounting policies (continued)**
**2.5 Significant accounting estimates and judgements (continued)**
**(b) Key sources of estimation uncertainty (continued)**
**(ii) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 March 2009 was nil (2008: RM5,398,000) . Further details are disclosed in Note 15.

**3. Revenue**

Revenue of the Group and of the Company represents the following :

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross dividend from other investment	30	10	30	10
Dividend income from subsidiaries	-	-	5,933	-
Management fees from subsidiaries	-	-	683	656
Rental income	124	116	-	-
Moulding and modification works	9,557	4,421	-	-
Sale of goods	165,018	181,130	-	-
	<u>174,729</u>	<u>185,677</u>	<u>6,646</u>	<u>666</u>

**4. Other income**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Claims against supplier	7	9	-	-
Claims from buyers	671	-	-	-
Gain on disposal of property, plant and equipment	17	5	-	-
Gain on foreign exchange:				
- realised	317	258	-	-
- unrealised	182	26	-	-
Human Resources Development Fund	61	80	-	-
Interest income	254	315	37	63
Rental income	40	38	-	-
Sundry income	153	47	-	-
	<u>1,702</u>	<u>778</u>	<u>37</u>	<u>63</u>

**5. Finance costs**

	Group	
	2009 RM'000	2008 RM'000
Interest expense on:		
Bank overdrafts	18	-
Hire purchase and finance lease liabilities	136	251
Term loans	26	391
	180	642

**6. Profit/(loss) before tax**

The following amounts have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amortisation of prepaid land lease payments (Note 13)	132	137	-	-
Amortisation of intangible assets (Note 15)	535	535	-	-
Auditors' remuneration				
- statutory audit- current year	97	85	22	18
- statutory audit- underprovision in prior year	2	-	2	-
- other services	47	32	16	16
Bad debts written off	181	-	-	-
Direct operating expenses of revenue generating investment properties	4	4	-	-
Depreciation of property, plant and equipment	9,341	9,547	3	1
Depreciation of investment properties	25	25	-	-
Impairment loss on goodwill	5,398	-	-	-
Non-executive directors' remuneration (Note 8)	45	31	45	31
Employee Benefits Expense (Note 7)	27,390	28,545	386	388
Loss on disposal of property, plant and equipment	388	59	-	-
Loss on foreign exchange realised	-	355	-	-
Operating lease				
- minimum lease payments for premises	123	80	3	2
Provision for doubtful debts	42	-	-	-
(Reversal of provision)/provision for unutilised annual leave	(13)	35	-	-
Impairment loss on quoted share	305	172	305	172
Impairment loss on investment in a subsidiary	-	-	5,398	-
Property, plant and equipment written off	88	1	-	-
	88	1	-	-

**7. Employee benefits expense**

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	23,907	24,789	251	245
Social security costs	231	234	2	2
Pension costs				
- defined contribution plans	2,174	2,140	43	43
Bonus	980	1,225	27	35
Fees	68	63	63	63
Other benefits	30	94	-	-
	<u>27,390</u>	<u>28,545</u>	<u>386</u>	<u>388</u>

\* Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM3,622,000 (2008: RM3,337,000) and RM230,000 (2008: RM230,000) respectively as further disclosed in Note 8.

**8. Directors' remuneration**

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<b>Directors of the Company</b>				
Executive :				
Salaries and other emoluments	2,375	2,222	120	120
Pension costs				
- defined contribution plans	464	431	27	27
Fees	68	63	63	63
Bonus	203	138	20	20
Estimated money value of benefits-in-kind	29	28	-	-
	<u>3,139</u>	<u>2,882</u>	<u>230</u>	<u>230</u>
Non-Executive :				
Fees	45	31	45	31
<b>Directors of the Subsidiaries</b>				
Executive :				
Salaries and other emoluments	392	376	-	-
Pension costs				
- defined contribution plans	55	52	-	-
Bonus	65	55	-	-
Estimated money value of benefits-in-kind	1	2	-	-
	<u>513</u>	<u>485</u>	<u>-</u>	<u>-</u>
Total directors' remuneration including benefits-in-kind	<u>3,697</u>	<u>3,398</u>	<u>275</u>	<u>261</u>

**8. Directors' remuneration (continued)**

Analysis excluding benefits-in-kind :

Total executive directors' remuneration (Note 7)	3,622	3,337	230	230
Total non-executive directors' remuneration (Note 6)	45	31	45	31
Total directors' remuneration	<u>3,667</u>	<u>3,368</u>	<u>275</u>	<u>261</u>

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

	Number of Directors	
	2009	2008
Executive directors :		
RM100,000 - RM150,000	-	1
RM151,000 - RM200,000	1	-
RM501,000 - RM550,000	1	1
RM601,000 - RM650,000	-	1
RM701,000 - RM750,000	1	-
RM1,550,000 - RM1,600,000	-	1
RM1,801,000 - RM1,850,000	1	-
Non-Executive directors :		
Below RM50,000	<u>3</u>	<u>4</u>

**9. Income tax expense**

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Income tax :				
Tax expense for the year	2,040	2,895	779	54
Underprovision in prior years	189	-	-	-
	<u>2,229</u>	<u>2,895</u>	<u>779</u>	<u>54</u>
Deferred tax (Note 24) :				
Relating to origination and reversal of temporary difference	239	1,304	-	-
Relating to changes in tax rates	-	(272)	-	-
(Over)/underprovision in prior years	(272)	161	-	-
	<u>(33)</u>	<u>1,193</u>	<u>-</u>	<u>-</u>
	<u>2,196</u>	<u>4,088</u>	<u>779</u>	<u>54</u>

**9. Income tax expense (continued)**

Income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Profit before tax	<u>5,127</u>	<u>21,681</u>
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	1,282	5,637
Effect of income subject to tax rate of 20%	-	(60)
Effects of changes in tax rates on opening balance of deferred tax	-	(150)
Deferred tax recognised at different tax rates	-	(122)
Expenses not deductible for tax purposes	1,959	743
Utilisation of current year's reinvestment allowances	(409)	(571)
Utilisation of previously unrecognised unutilised reinvestment allowance	(6)	(667)
Effect of deferred tax assets recognised on current year unutilised reinvestment allowance	(530)	(887)
Under/(over)provision of deferred tax in prior years	(272)	161
Underprovision of income tax in prior years	189	-
Utilisation of previously unrecognised unabsorbed capital allowances	(20)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	3	4
Income tax expense for the year	<u>2,196</u>	<u>4,088</u>
<b>Company</b>		
Profit/(loss) before tax	<u>335</u>	<u>(112)</u>
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	84	(29)
Income not subject to tax	(750)	-
Expenses not deductible for tax purposes	1,445	83
Income tax expense for the year	<u>779</u>	<u>54</u>

**10. Earnings per share**

Basic earnings per share amount is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
Profit for the year (RM'000)	2,931	17,593
Weighted average number of ordinary shares in issue ('000)	598,687	598,654
Basic earnings per share (sen)	<u>0.49</u>	<u>2.94</u>

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

**11. Dividends**

	Dividends in respect of year			Dividends recognised in year	
	2009	2008	2007	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Recognised in prior year:</b>					
Final tax exempt dividend for 2007 of 5% on 598,687,200 ordinary shares (0.5 sen per ordinary share)	-	-	2,993	-	2,993
<b>Recognised during the year:</b>					
Final tax exempt dividend for 2008 of 5% on 598,687,200 ordinary shares (0.5 sen per ordinary share)	-	2,993	-	2,993	-
<b>Proposed for approval at AGM (not recognised as at 31 March):</b>					
Final tax exempt dividend for 2009 of 5% on 598,687,200 ordinary shares	2,993	-	-	-	-
	<u>2,993</u>	<u>2,993</u>	<u>2,993</u>	<u>2,993</u>	<u>2,993</u>

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 March 2009, of 5% on 598,687,200 ordinary shares, amounting to a dividend payable of RM2,993,436 (0.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2010.

**12. Property, plant and equipment**

<b>Group</b>	<b>* Land and buildings RM'000</b>	<b>Plant, machinery and factory equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>** Other assets RM'000</b>	<b>Total RM'000</b>
<b>At 31 March 2009</b>					
<b>Cost</b>					
At 1 April 2008	35,217	82,681	13,597	7,376	138,871
Additions	644	3,457	762	693	5,556
Written-off	-	(81)	(67)	-	(148)
Disposals	-	(3,152)	(912)	-	(4,064)
At 31 March 2009	35,861	82,905	13,380	8,069	140,215
<b>Accumulated depreciation</b>					
At 1 April 2008	5,221	42,770	5,562	5,445	58,998
Depreciation charge for the year	675	6,916	1,299	451	9,341
Written-off	-	-	(60)	-	(60)
Disposals	-	(1,542)	(596)	-	(2,138)
At 31 March 2009	5,896	48,144	6,205	5,896	66,141
<b>Net carrying amount</b>					
At 31 March 2009	29,965	34,761	7,175	2,173	74,074
<b>Group</b>					
<b>At 31 March 2008</b>					
<b>Cost</b>					
At 1 April 2007	35,121	73,456	11,090	7,237	126,904
Additions	96	9,991	3,518	150	13,755
Written-off	-	-	-	-	-
Disposals	-	(766)	(1,011)	-	(1,777)
At 31 March 2008	35,217	82,681	13,597	7,376	138,871
<b>Accumulated depreciation</b>					
At 1 April 2007	4,554	36,016	4,851	4,841	50,262
Depreciation charge for the year	667	7,116	1,150	614	9,547
Written-off	-	-	-	(10)	(10)
Disposals	-	(362)	(439)	-	(801)
At 31 March 2008	5,221	42,770	5,562	5,445	58,998
<b>Net carrying amount</b>					
At 31 March 2008	29,996	39,911	8,035	1,931	79,873

\*\* Other assets comprise office equipment, furniture, fittings and office renovation.

**12. Property, plant and equipment (continued)**

\* The details of the land and buildings are as follows :

	<b>Freehold land RM'000</b>	<b>Factory buildings RM'000</b>	<b>Total RM'000</b>
<b>At 31 March 2009</b>			
<b>Cost</b>			
At 1 April 2008	1,971	33,246	35,217
Additions	-	644	644
At 31 March 2009	<u>1,971</u>	<u>33,890</u>	<u>35,861</u>
<b>Accumulated depreciation</b>			
At 1 April 2008	-	5,221	5,221
Depreciation charge for the year	-	675	675
At 31 March 2009	<u>-</u>	<u>5,896</u>	<u>5,896</u>
<b>Net carrying amount</b>			
At 31 March 2009	<u>1,971</u>	<u>27,994</u>	<u>29,965</u>
<b>At 31 March 2008</b>			
<b>Cost</b>			
At 1 April 2007	1,971	33,150	35,121
Additions	-	96	96
At 31 March 2008	<u>1,971</u>	<u>33,246</u>	<u>35,217</u>
<b>Accumulated depreciation</b>			
At 1 April 2007	-	4,554	4,554
Depreciation charge for the year	-	667	667
At 31 March 2008	<u>-</u>	<u>5,221</u>	<u>5,221</u>
<b>Net carrying amount</b>			
At 31 March 2008	<u>1,971</u>	<u>28,025</u>	<u>29,996</u>

**12. Property, plant and equipment (continued)**

<b>Company</b>	<b>Office equipment RM'000</b>
<b>At 31 March 2009</b>	
<b>Cost</b>	
At 1 April 2008	8
Additions	<u>46</u>
At 31 March 2009	<u>54</u>
<b>Accumulated depreciation</b>	
At 1 April 2008	5
Depreciation charge for the year	<u>3</u>
At 31 March 2009	<u>8</u>
<b>Net carrying amount</b>	
At 31 March 2009	<u>46</u>
<b>Company</b>	
<b>At 31 March 2008</b>	
<b>Cost</b>	
At 1 April 2007	6
Additions	<u>2</u>
At 31 March 2008	<u>8</u>
<b>Accumulated depreciation</b>	
At 1 April 2007	4
Depreciation charge for the year	<u>1</u>
At 31 March 2008	<u>5</u>
<b>Net carrying amount</b>	
At 31 March 2008	<u>3</u>

**12. Property, plant and equipment (continued)**

- (a) The factory buildings with carrying values of RM492,000 (2008: RM507,000) are pledged to financial institutions for banking facilities as referred to in Note 22.
- (b) Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Plant, machinery and factory equipment	1,303	3,542
Motor vehicles	614	1,966
	<u>1,917</u>	<u>5,508</u>

- (c) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM5,556,000 (2008: RM13,755,000) of which RM200,000 (2008: RM385,000) were acquired by means of hire purchase arrangements.
- (d) Motor vehicles with net carrying amount of RM1,884,000 (2008: RM1,628,000) are registered in the name of a director, Dato' Gan Kim Huat, and are held in trust on behalf of the Group.
- (e) All assets are subject to negative pledge in relation to banking facilities granted to the Group.

**13. Prepaid land lease payments**

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 April	6,227	6,364
Amortisation for the year (Note 6)	(132)	(137)
At 31 March	<u>6,095</u>	<u>6,227</u>
Analysed as:		
Short term leasehold land	2,783	2,860
Long term leasehold land	3,312	3,367
	<u>6,095</u>	<u>6,227</u>

The prepaid land lease payments with carrying value of RM8,000 (2008: RM9,000) are pledged to a bank to secure banking facilities granted to a subsidiary.

**14. Investment properties**

	Group	
	2009 RM'000	2008 RM'000
<b>Cost</b>		
At 1 April/31 March	2,066	2,066
<b>Accumulated depreciation</b>		
At 1 April	245	220
Charge for the year	25	25
At 31 March	270	245
<b>Net carrying amount</b>	1,796	1,821
Fair value	3,550	3,550

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

**15. Intangible assets**

Group	Goodwill RM'000	Customer relationship RM'000	Total RM'000
<b>Cost</b>			
At 31 March 2008/2009	5,398	2,675	8,073
<b>Accumulated amortisation and impairment</b>			
At 1 April 2007	-	312	312
Amortisation (Note 6)	-	535	535
At 31 March 2008	-	847	847
Amortisation (Note 6)	-	535	535
Impairment losses for the year	5,398	-	5,398
At 31 March 2009	5,398	1,382	6,780
Analysed as :			
Accumulated amortisation	-	1,382	1,382
Accumulated impairment	5,398	-	5,398
	5,398	1,382	6,780
<b>Net carrying amount</b>			
At 31 March 2008	5,398	1,828	7,226
At 31 March 2009	-	1,293	1,293

**15. Intangible assets (continued)**

**(a) Impairment loss recognised**

Goodwill that has been allocated to the Group's subsidiary ("CGU"), S.P.I Plastic Industries (M) Sdn. Bhd. ("SPI") were tested for impairment using the value-in-use method.

The recoverable amount of the CGU was determined based on value in use calculations and cash flow projections used in these calculations were based on financial budgets approved by management covering a five year period.

The review indicated that the Group suffered an impairment loss of RM5,398,000 on goodwill arising on the acquisition of SPI in 2007. The impairment loss is included in "Administrative expenses" in the income statement. The impairment charge in the current year is largely attributable to the adverse market conditions in US and globally; faced by manufacturers in the electrical and electronics sector.

**(b) Impairment tests for goodwill**

**Key assumptions used in value-in-use calculations**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are:

	<b>2009</b>	<b>2008</b>
	<b>(%)</b>	<b>(%)</b>
<b>S.P.I Plastic Industries (M) Sdn. Bhd.</b>		
Gross margin	12	19
Growth rate	2	3
Discount rate	10	10

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill :

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected increase in direct costs.

(ii) Growth rate

The weighted average growth rates used are based on past experience adjusted for the weak global economic outlook.

(iii) Discount rate

The discount rate used is the weighted average cost of capital of the subsidiary.

**16. Investment in subsidiaries**

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	76,006	76,006
Less : Accumulated impairment loss	(5,398)	-
	<u>70,608</u>	<u>76,006</u>

Details of the subsidiaries are as follows :

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Equity interest held (%)</b>		<b>Principal activities</b>
		<b>2009</b>	<b>2008</b>	
<b>Subsidiaries of the Company</b>				
Syarikat Sin Kwang Plastic Industries Sdn. Bhd. ("SKP")	Malaysia	100	100	Manufacturing of plastic products
Goodhart Industries Sdn. Bhd. ("GHI")	Malaysia	100	100	Manufacturing of plastic products
Goodhart Land Sdn. Bhd. ("GHL")	Malaysia	100	100	Letting of property and property holding
Billion Prospects Sdn. Bhd. ("BP")	Malaysia	100	100	Dormant
S.P.I. Plastic Industries (M) Sdn. Bhd. ("SPI")	Malaysia	100	100	Manufacturing of plastic products
<b>Subsidiary of SKP</b>				
Goodhart Technology Sdn. Bhd. ("GHT")	Malaysia	100	100	Manufacturing of metal moulds.
<b>Subsidiaries of SPI</b>				
Sun Sparkle Sdn. Bhd. ("SP")	Malaysia	100	100	Dormant
Tan Brothers Business Machines (Segamat) Sdn. Bhd. ("TBBM")	Malaysia	100	100	Dormant

**17. Other investments**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Quoted investments, at cost:				
- shares	675	1,832	675	1,832
- unit trusts	-	10	-	5
Total other investments	675	1,842	675	1,837
Less : Accumulated impairment losses	(305)	(1,157)	(305)	(1,157)
	370	685	370	680
Market value of quoted investments:				
- shares	370	675	370	675
- unit trusts	-	10	-	5
	370	685	370	680

**18. Inventories**

	Group	
	2009 RM'000	2008 RM'000
At cost :		
Raw materials	2,787	3,455
Work-in-progress	2,513	2,177
Finished goods	3,429	5,373
Consumables	3,457	3,016
	12,186	14,021

**19. Trade and other receivables**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Trade receivables</b>				
Due from companies in which a director, Dato' Gan Kim Huat has substantial interest	4,363	1,063	-	-
Third parties	28,950	34,839	-	-
	33,313	35,902	-	-
Less : Provision for doubtful debts	(42)	-	-	-
	33,271	35,902	-	-
<b>Other receivables</b>				
Sundry receivables	1,278	524	-	-
Interest receivable	19	-	-	-
Due from purchaser of property, plant and equipment	700	337	-	-
Deposits and prepayment	1,086	1,784	16	16
Due from subsidiaries	-	-	-	22
	3,083	2,645	16	38
	36,354	38,547	16	38

**19. Trade and other receivables (continued)**
**(a) Credit risk**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

The major customers of the Group are mainly multinational corporations located in the southern region of Malaysia. Several of these customers individually account for a significant portion of the Group's sales in the year.

The loss of any one or more of such customers could have a material adverse effect on the Group's financial condition or results of operations.

**(b) Amounts due from related parties**

The amounts due from subsidiaries were unsecured, interest free and repayable on demand.

Further details on related party transactions are disclosed in Note 28.

Other information on financial risks of other receivables is disclosed in Note 30.

**20. Cash and cash equivalents**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at banks	12,040	9,676	2,880	101
Fixed deposits with licensed banks	13,940	7,747	352	1,527
Cash and bank balances	<u>25,980</u>	<u>17,423</u>	<u>3,232</u>	<u>1,628</u>

Fixed deposits with licensed banks amounting to RM143,000 (2008: RM350,000) are pledged as securities for bank guarantees granted to the subsidiaries of the Company.

The weighted average effective floating interest rates of deposits at the balance sheet date were as follows :

	Group and Company	
	2009 %	2008 %
Fixed deposits with licensed banks	<u>3.33</u>	<u>3.39</u>

The average maturities of deposits as at the end of the financial year were as follows :

	Group and Company	
	2009 days	2008 days
Fixed deposits with licensed banks	<u>284</u>	<u>44</u>

**21. Share capital, share premium and treasury shares**

	Number of shares of RM0.10 Each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
<b>Authorised share capital</b>				
At 1 April/31 March	5,000,000	5,000,000	500,000	500,000
	<b>Number of ordinary shares of RM0.10 each</b>		<b>Amount</b>	
	<b>Share capital (Issued and fully paid) '000</b>	<b>Treasury share '000</b>	<b>Share capital (Issued and fully paid) RM'000</b>	<b>Share premium RM'000</b>
				<b>Treasury shares RM'000</b>
At 1 April 2007	600,000	(3,671)	60,000	-
Re-sale of treasury shares	-	2,358	-	174
At 31 March 2008/2009	600,000	(1,313)	60,000	174

**(a) Treasury Shares**

This amount relates to the acquisition cost of treasury shares.

In prior year, the Company resold 2,357,700 treasury shares in the open market at an average price of RM0.20 per share. The total consideration received for the sale net of transaction costs was RM467,609. The proceeds from the re-sale have been utilised for working capital purposes.

No shares were repurchased by the Company from the open market during the financial year. The shares repurchased in the prior financial year are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 600,000,000 (2008: 600,000,000) issued and fully paid ordinary shares as at 31 March 2009, 1,312,800 (2008: 1,312,800) are held as treasury shares by the Company. As at 31 March 2009, the number of outstanding ordinary shares in issue after the setoff is 598,687,200 (2008: 598,687,200) ordinary shares of RM0.10 each.

**22. Borrowings**

	Group	
	2009 RM'000	2008 RM'000
<b>Short term borrowings</b>		
Secured:		
Hire purchase and finance lease liabilities (Note 23)	629	1,813
Unsecured:		
Term loan	-	1,082
	629	2,895

**22. Borrowings (continued)**
**Long term borrowings**

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured:		
Hire purchase and finance lease liabilities (Note 23)	26	614
Unsecured:		
Term loan	-	943
	<u>26</u>	<u>1,557</u>
<b>Total borrowings</b>		
Secured:		
Hire purchase and finance lease liabilities (Note 23)	655	2,427
Unsecured:		
Term loan	-	2,025
	<u>655</u>	<u>4,452</u>
Maturity of borrowings (excluding hire purchase and finance lease liabilities)		
Within one year	-	1,082
More than 1 year and less than 2 years	-	943
	<u>-</u>	<u>2,025</u>

The weighted average effective floating interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease liabilities, were as follows :

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>%</b>	<b>%</b>
Term loan	-	5.75

The borrowings are secured by certain property, plant and equipment and investment properties and subject to negative pledge over all assets of the Group as referred to in Notes 12, 13 and 14.

**23. Hire purchase and finance lease liabilities**

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Future minimum lease payments :</b>		
Not later than 1 year	715	1,970
Later than 1 year and not later than 2 years	26	671
	<u>741</u>	<u>2,641</u>
Less : Future finance charges	(86)	(214)
Present value of finance lease liabilities	<u>655</u>	<u>2,427</u>

**23. Hire purchase and finance lease liabilities (continued)**

	Group	
	2009	2008
	RM'000	RM'000
<b>Analysis of present value of finance lease liabilities :</b>		
Not later than 1 year	629	1,813
Later than 1 year and not later than 2 years	26	614
	655	2,427
Less: Amount due within 12 months (Note 22)	(629)	(1,813)
Due after 12 months (Note 22)	26	614

The weighted average effective fixed interest rates for hire purchase and finance lease liabilities was 3.27% (2008: 3.73%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities is disclosed in Note 30.

**24. Deferred taxation**

	Group	
	2009	2008
	RM'000	RM'000
At 1 April	7,079	5,886
Recognised in the income statement (Note 9)	(33)	1,193
At 31 March	7,046	7,079

The components and movements of deferred tax liabilities and assets during the financial year are as follows :

	Deferred tax liabilities		Deferred tax assets	
	Accelerated capital allowances	Others	Unutilised reinvestment allowance	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2007	6,751	723	(1,588)	5,886
Recognised in the income statement	766	(265)	692	1,193
At 31 March 2008	7,517	458	(896)	7,079
Recognised in the income statement	(448)	58	357	(33)
At 31 March 2009	7,069	516	(539)	7,046

**25. Trade payables and other payables**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Trade payables</b>				
Due to companies in which a director, Dato' Gan Kim Huat has substantial interest	2,371	908	-	-
Third parties	9,052	11,850	-	-
	<u>11,423</u>	<u>12,758</u>	<u>-</u>	<u>-</u>
<b>Other payables</b>				
Due to suppliers of property, plant and equipment	586	907	-	-
Due to subsidiaries	-	-	5,385	5,970
Accruals	6,804	6,141	140	121
Other payables	2,141	4,315	-	21
	<u>9,531</u>	<u>11,363</u>	<u>5,525</u>	<u>6,112</u>
	<u>20,954</u>	<u>24,121</u>	<u>5,525</u>	<u>6,112</u>

**(a) Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to two months.

**(b) Amounts due to related parties**

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Further details on related party transactions are disclosed in Note 28.

Other information on financial risks of other payables is disclosed in Note 30.

**26. Retained earnings**

Prior to year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

**26. Retained earnings (continued)**

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at balance sheet date, the Company has sufficient credit in the Section 108 balance and sufficient tax exempt profits to distribute dividends out of its entire retained profits without incurring any additional tax liability.

**27. Commitments**

	Group	
	2009	2008
	RM'000	RM'000
Approved and contracted for in respect of purchase of property, plant and equipment	-	74

**28. Significant related party transactions**

- (a) The related companies with which the Group has had transactions during the financial year are as follows:

**Companies in which a director, Dato' Gan Kim Huat has substantial interest**

Sun Tong Seng Mould-Tech Sdn. Bhd. ("STSMT")  
 Plastictecnic (M) Sdn. Berhad ("PTSB")  
 Bangi Plastics Sdn. Bhd. ("BPSB")  
 Acutech Sdn. Bhd. ("ACSB")

	2009	2008
	RM'000	RM'000
<b>Group</b>		
Sales of goods to BPSB	1,079	943
Purchase of goods from BPSB	1,164	1,293
Sales of plastic parts to PTSB	5,465	203
Purchase of plastic parts from PTSB	519	54
Purchase of services from STSMT	1,353	-
Fabrication and modification of mould for PTSB	124	13
Fabrication and modification of mould for STSMT	932	487
Fabrication and modification of mould by STSMT	4,226	1,382
<b>Company</b>		
Dividend income from subsidiaries	5,933	-
Management fees from subsidiaries	683	656

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

**28. Significant related party transactions (continued)**

## (b) Compensation of key management personnel

The remuneration of key management personnel comprising solely of directors are as disclosed in Note 8.

**29. Contingent liabilities - unsecured**

	Company	
	2009 RM'000	2008 RM'000
Corporate guarantees issued to financial institutions for credit facilities utilised by subsidiaries	-	1,510

**30. Financial instruments**
**(a) Financial risk management objectives and policies**

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

**(b) Foreign exchange risk**

In the Group, foreign currency transactions in various currencies, mainly Singapore Dollar, Japanese Yen, Pound Sterling and United States Dollar give rise to foreign exchange exposures. Such transactions are kept to an acceptable level and are not hedged.

The net unhedged financial assets/(financial liabilities) of the Group that are not denominated in its functional currency are as follows :

	2009 RM'000	2008 RM'000
United States Dollar	3,885	(1,034)
Singapore Dollar	(489)	62
Japanese Yen	(483)	(2,793)
Pound Sterling	(225)	(22)
	<u>2,688</u>	<u>(3,787)</u>

**30. Financial instruments (continued)****(c) Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 March 2009. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

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

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

**(d) Credit risk**

Credit risks or the risk of customers defaulting are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The major customers of the Group are mainly multinational corporations located in the southern region of Malaysia. Several of these customers individually account for a significant portion of the Group's sales in a normal year. The loss of any one or more of such customers could have a material adverse effect on the Group's financial condition or results of operations. To manage this risk, the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost. The Group is also taking appropriate steps to diversify its customer base.

**(e) Liquidity risk**

The Group seeks to achieve a balance between certainty of funding even in difficult times for the Group and a flexible, cost-effective borrowings structure. The policy, therefore, seeks to ensure that the Group's working capital requirements are met by sufficient levels of cash or cash convertible investments or are covered by committed banking facilities.

**(f) Fair values**

It is not practical to estimate the fair values of the Company's investments in subsidiaries due to lack of quoted market prices and without incurring excessive costs.

The fair value of long term borrowings approximate their book values as these borrowings are pegged to and vary with the prevailing market rates.

There are no material differences between the book values and the fair values of the Group's other financial assets and liabilities.

### 31. Comparatives

The following comparative amounts in the consolidated income statement for the year ended 31 March 2008 have been reclassified to conform with current year's presentation:

	<b>As previously stated RM'000</b>	<b>Adjustments RM'000</b>	<b>As stated RM'000</b>
Revenue	178,341	7,336	185,677
Cost of sales	139,564	4,526	144,090
Other income	3,588	2,810	778

### 32. Segment information

Segmental information is not prepared as the Group is principally involved in manufacturing of plastic products which is predominantly carried out in Malaysia.

### 33. Significant event

During the financial year, BP, a wholly owned subsidiary of the Company, has commenced members' voluntary winding-up.

### 34. Subsequent event

Subsequent to the financial year, BP, a wholly owned subsidiary of the Company, held its final meeting to conclude its members' voluntary winding-up. A return relating to the final meeting was lodged on 7 July 2009 with the Companies Commission of Malaysia and with the Official Receiver, and on the expiration of three months after the said lodgement date, BP shall be dissolved.

**ANALYSIS OF SHAREHOLDING AS AT 31 JULY 2009**
**SHARE CAPITAL**

Authorised Share Capital	:	RM500,000,000.00
Issued and Fully Paid-up Capital	:	RM60,000,000.00
Class of securities	:	Ordinary shares of RM0.10 each
Voting rights	:	One vote per ordinary share held

**ANALYSIS OF SHAREHOLDINGS**

Size of Holdings	Number of Shareholders	%	Number of Shares Held	%
1 - 99	43	0.87	2,090	0.00
100 - 1,000	87	1.75	61,470	0.01
1,001 - 10,000	1,975	39.74	13,158,800	2.20
10,001 - 100,000	2,430	48.89	99,261,580	16.58
100,001 to less than 5% of issued shares	433	8.71	178,850,050	29.87
5% and above of issued shares	2	0.04	307,353,210	51.34
<b>Total</b>	<b>4,970</b>	<b>100.000</b>	<b>598,687,200<sup>#</sup></b>	<b>100.00</b>

**Note:**

# Excluding a total of 1,312,800 shares bought back by SKP Resources Berhad and retained as treasury shares as at 31 July 2009.

**30 LARGEST SHAREHOLDERS**

(per Record of Depositors)

No	Name	No of Shares Held	%*
1	Renown Million Sdn Bhd	197,200,650	32.94
2	Beyond Imagination Sdn Bhd	110,152,560	18.40
3	Boh Min Chek	11,915,200	1.99
4	Ching Yik Meng	9,187,900	1.53
5	Ho Chu Chai	8,036,000	1.34
6	Zenith Highlight Sdn Bhd	5,885,000	0.98
7	Siah Chee Guan	5,034,550	0.84
8	Lou Swee Chen	3,128,400	0.52
9	Tan Beng Siew @ Tan Beng Lee	2,745,500	0.46
10	Ong Beng Kee	2,600,000	0.43
11	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Soon Weng (E-IMO)	2,600,000	0.43
12	Graceful Assessment Sdn Bhd	2,540,000	0.42
13	Toh Heng Hwee @ Tho Pe Hwi	2,000,000	0.33
14	Phua Guan Soon	2,000,000	0.33
15	Ruben Kelvin Rajadurai	2,000,000	0.33
16	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chee Sing (R01-Margin)	1,700,000	0.20
17	Ong Yew Beng	1,510,000	0.25
18	Lai Ming Chun @ Lai Poh Lin	1,486,000	0.25
19	Lim Bee Lian	1,463,000	0.24
20	Cher Sew Seng	1,450,000	0.24
21	Lee See Jin	1,415,100	0.24
22	Ling Sing Giek	1,244,900	0.21
23	Devan Linus Rajadurai	1,150,000	0.19

24	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Sew Kwe (E-KPG)	1,137,500	0.19
25	Yee Luong Hin	1,110,000	0.19
26	Tan Lai Kuan	1,070,000	0.18
27	Fam Fook Yong	1,068,000	0.18
28	Ooi Bee Eng	1,002,000	0.17
29	Yap Suit Mae	1,000,000	0.17
30	Chee Siew Soon	1,000,000	0.17

**Note:**

\* Excluding a total of 1,312,800 shares bought back by SKP Resources Berhad and retained as treasury shares as at 31 July 2009.

**SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

(per Register of Substantial Shareholders' Shareholdings)

Name	Direct	%	Indirect	%
Renown Million Sdn Bhd	197,200,650	32.94	-	-
Beyond Imagination Sdn Bhd	110,152,560	18.40	-	-
Dato' Gan Kim Huat	50 <sup>2</sup>	0.00 <sup>2</sup>	315,778,210 <sup>1</sup>	52.75 <sup>1</sup>
Gan Poh San	-	-	116,037,560 <sup>3</sup>	19.38 <sup>3</sup>

**Notes:**

1. By virtue of his deemed interest through Renown Million Sdn Bhd, Beyond Imagination Sdn Bhd, Graceful Assessment Sdn Bhd and Zenith Highlight Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.
2. Negligible
3. By virtue of his deemed interest through Beyond Imagination Sdn Bhd and Zenith Highlight Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.

**DIRECTORS' SHAREHOLDINGS**

(per Register of Directors' Shareholdings)

Name	Direct	%	Indirect	%
Dato' Gan Kim Huat	50 <sup>2</sup>	0.00 <sup>2</sup>	315,778,210 <sup>1</sup>	52.75 <sup>1</sup>
Gan Poh San	-	-	116,037,560 <sup>3</sup>	19.38 <sup>3</sup>
Gan Poh Ling	-	-	-	-
Chia Choong Kim	-	-	-	-
Koh Chin Koon	50,000	0.0108	-	-
Chew Teck Cheng	-	-	-	-
Koh Song Heng	-	-	-	-

**Notes:**

1. By virtue of his deemed interest through Renown Million Sdn Bhd, Beyond Imagination Sdn Bhd, Graceful Assessment Sdn Bhd and Zenith Highlight Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.
2. Negligible\*
3. By virtue of his deemed interest through Beyond Imagination Sdn Bhd and Zenith Highlight Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.

**DISCLOSURE PURSUANT TO SECTION 134(12)(c) OF THE COMPANIES ACT, 1965**

Name	Shareholdings
Dato' Gan Kim Huat	-
Gan Poh San	-
Gan Poh Ling	415,000 <sup>^</sup>
Chia Choong Kim	-
Koh Chin Koon	-
Chew Teck Cheng	-
Koh Song Heng	-

**Note:**

<sup>^</sup> Disclosure of the interest held by her spouse, Gan Chia Siang pursuant to Section 134(12)(c) of the Companies Act, 1965.

**ADDITIONAL COMPLIANCE INFORMATION****1. UTILISATION OF PROCEEDS**

The Company has not implemented any corporate proposal during the financial year ended 31 March 2009.

**2. PROFIT GUARANTEE**

There is no shortfall in the profit guarantee received by the Company in the financial year ended 31 March 2009.

**3. SHARE BUY-BACK**

As at 31 March 2009, a total of 1,312,800 of the Company's ordinary shares have been repurchased and were being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

**4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

No options were exercised during the financial year ended 31 March 2009. The Company has not issued any warrants or convertible securities in respect of the financial year under review.

**5. DEPOSITORY RECEIPT PROGRAMME**

The Company did not sponsor any Depository Receipt Programme in the financial year ended 31 March 2009.

**6. IMPOSITION OF SANCTIONS AND PENALTIES**

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

**7. NON-AUDIT FEES**

The amount of non-audit fees paid to the external auditors by the Group for the financial year ended 31 March 2009 is RM47,000.00.

**8. VARIATION IN RESULTS**

There is no significant variance in the SKP's audited results for the financial year ended 31 March 2009 from the unaudited results as previously announced.

**9. REVALUATION POLICY ON LANDED PROPERTY**

The Group had not adopted any revaluation policy in relation to its landed properties.

**10. MATERIAL CONTRACTS**

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

**11. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF A TRADING OR REVENUE NATURE**

Breakdown of the aggregate value of the RRPT conducted pursuant to the shareholder mandate during the financial year ended 31 March 2009 based on the following information were disclosed in the Note 28 to the Financial Statements:-

- (a) the type of the RRPT made; and
- (b) the names of the related parties involved in each type of the RRPT made and their relationship with the Company.

**PROPERTIES OF THE GROUP AS AT 31 MARCH 2009**

Registered/ Beneficial Owner	Location of property	Description of property	Tenure / Age of building (years)	Date of Acquisition	Total land area (Acres)	Total built up area (Sq.ft)	Audited netbook value 31.03.09 (RM000)
Syarikat Sin Kwang Plastic Industries Sdn. Bhd.	Lot PTD 2492 Mukim Simpang Kanan Daerah Batu Pahat, Johor Darul Takzim.	Industrial land and building	Freehold/11- 28	3/8/1994	2.94	80,000	6,488
	Lot 4021 GM172 Mukim Simpang Kanan (V) Daerah Batu Pahat, Johor Darul Takzim	Private resident for staff accommodation	Freehold/23	19/1/1998	0.22	7,982	175
	No 6, Jalan Teknologi 5, Taman Teknologi Johor, 81400 Johor Bahru, Johor Darul Takzim	Industrial land and building	Leasehold for 60 years - expiring 2066/4	1/10/2004	5.446	176,000	11,465
Goodhart Land Sdn. Bhd.	Lot PTD 18133 Daerah Petaling Mukim Pekan Kinrara Selangor Darul Ehsan	Industrial land and building	Freehold/11	20/1/1997	0.17	3,480	547
	Lot PTD 23496 Mukim Simpang Kanan Daerah of Batu Pahat, Johor Darul Takzim	Industrial land and building	Freehold/14	13/12/1994	4.31	99,869	2,828
	Lot PTD 18135 Daerah Petaling Mukim Pekan Kinrara Selangor Darul Ehsan	Industrial land and building	Freehold/11	14/9/1994	0.17	3,480	551
	Lot PTD 1124 Mukim Linau Daerah Batu Pahat , Johor Darul Takzim.	Industrial land and building	Leasehold for 60 years -expiring in 2037/19	8/5/1996	0.50	12,000	61
	Lot PTD 1994 Mukim Linau Daerah of Batu Pahat, Johor Darul Takzim	Industrial land and building	Leasehold for 60 years -expiring in 2042/10	8/5/1996	0.88	23,200	682
Goodhart Ind. Sdn. Bhd.	No 6 & 8, Jalan Wawasan 9 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years -expiring in 2057/8	18/9/2000	2.00	78,675	4,460
	No 33, Jalan Damai Utama, Taman Industri Damai Plus, 83000 Batu Pahat, Johor ( PTD 33275 )	Industrial land and building	Freehold/10	1/6/1999	0.10	6,048	700
	No 10, Jalan Wawasan 9 Kawasan Perindustrian Sri Gading 83300 Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years -expiring in 2058/7	1/8/2000	1.00	30,800	1,388
S.P.I. Plastic Industries (M) Sdn. Bhd.	Lot PTD 1325 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years -expiring in 2039/30	12/1/1980	0.5	11,760	500
	Lot PTD 1172 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years -expiring in 2038/31	31/12/1992	0.5	10,560	504
	Lot PTD 1494 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years -expiring in 2039/30	18/10/1994	2	54,786	3,154
	Lot PTD 35114 & 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial building	7	28/2/2001	-	57,200	2,804

**PROPERTIES OF THE GROUP AS AT 31 MARCH 2009 (continued)**

Registered/ Beneficial Owner	Location of property	Description of property	Tenure / Age of building (years)	Date of Acquisition	Total land area (Acres)	Total built up area (Sq.ft)	Audited netbook value 31.03.09 (RM000)
Sun Sparkle Sdn. Bhd.	Lot PTD 35114 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years -expiring in 2058	30/5/2000	1	-	213
Tan Brothers Business Machines (Segamat) Sdn. Bhd.	Lot PTD 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years -expiring in 2057	30/5/2000	1	-	213
Total					22.736	655,840	36,733

*None of the assets above have been revalued*

## FORM OF PROXY

Number of ordinary shares held
Central Depository System Account No.

I/We, ..... NRIC/Company No. ....  
of .....

being a member(s) of **SKP RESOURCES BHD** hereby appoint .....  
of ..... or failing whom,

..... of .....  
or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held at Cempaka Room, Level 3, Hotel Equatorial Bangi, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25 September 2009 at 11.00 a.m. or at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolution	Subject	*For	*Against
1	To receive the Audited Financial Statements for the financial year ended 31 March 2009 together with the Reports of the Directors and Auditors thereon.		
2	To approve a final tax exempt dividend of 0.5 sen per share for the financial year ended 31 March 2009.		
3	To re-elect Dato' Gan Kim Huat as Director.		
4	To re-elect Mr Gan Poh San as Director.		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
	Special Business		
6	To approve the payment of Directors' fees.		
7	To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8	Proposed Renewal of Shareholder Mandate for recurrent related party transactions.		

\*Please indicate with an "X" in the appropriate spaces how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Signed this ..... day of .....

\_\_\_\_\_  
Signature/ Common Seal of Member

**Notes:-**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than 48 hours before the time set for holding this meeting or any adjournment thereof.

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STAMP

**The Secretary**  
**SKP Resources Bhd** ( Company No: 524297-T )  
REGISTERED OFFICE  
Suite 11.1A, Level 11, Menara Weld,  
76, Jalan Raja Chulan,  
50200 Kuala Lumpur.  
Tel: 03-20311988 Fax: 03-20319788

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**SK★P**  
www.skpres.com

**SKP RESOURCES BHD**  
(Company No. 524297-T)

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