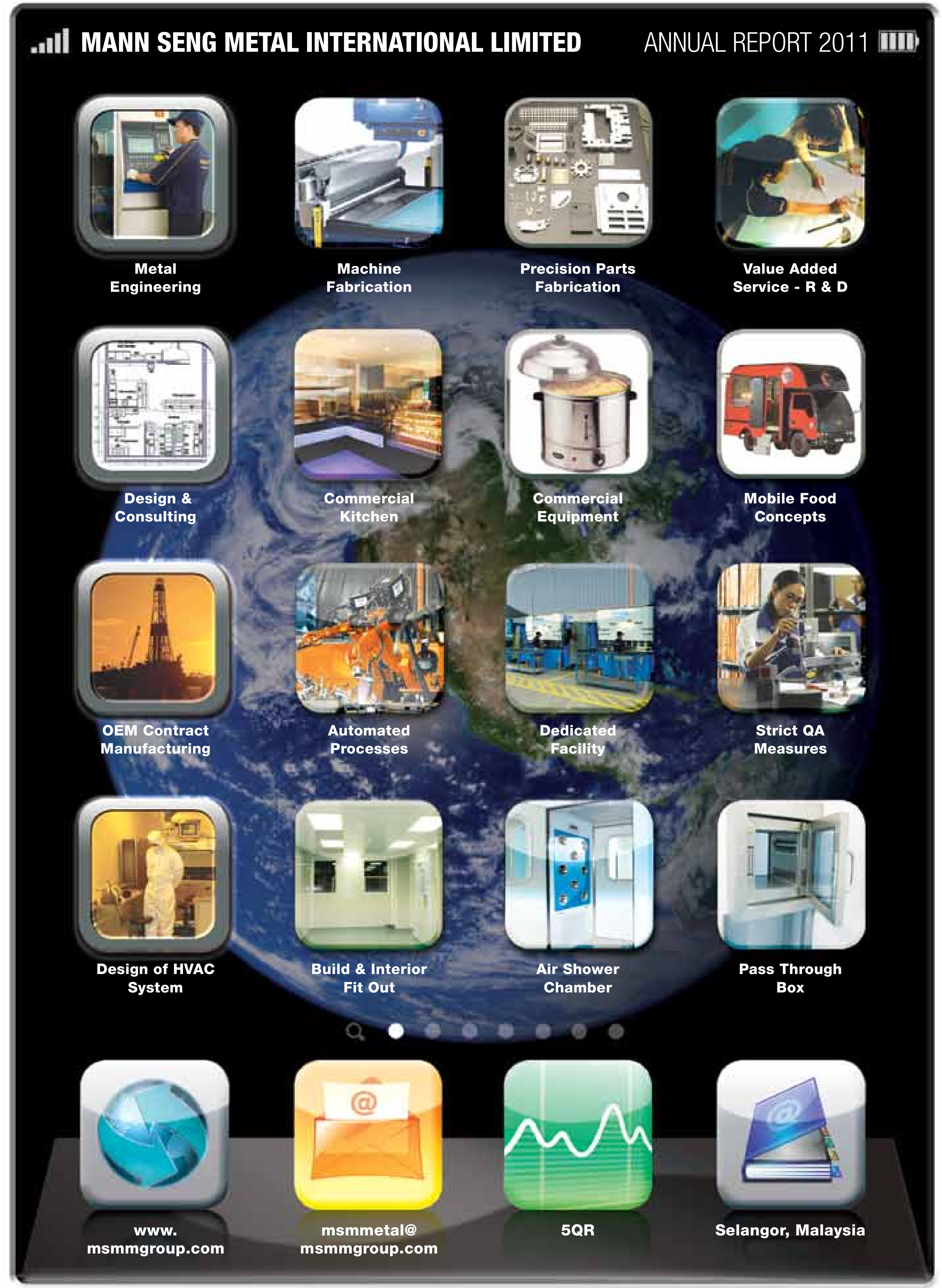
MANN SENG METAL INTERNATIONAL LIMITED
Company Registration No.: 200918800R

Principal Place of Business:
Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Tel : + 603 8962 6618 Fax : + 603 8962 3353

MANN SENG METAL INTERNATIONAL LIMITED ANNUAL REPORT 2011



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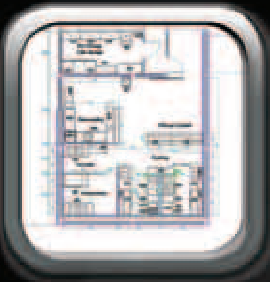
This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Tony Toh, Senior Vice President, Corporate Finance. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.

PRECISION



INNOVATION

STEADFAST

PROFESSIONAL

MSM AT A GLANCE

In this day and age, the lives we live - be it in the way we communicate, socialise or run our businesses - are highly intertwined with the ever-evolving realm of technology. Yet, technology is so fast-changing that, as Apple founder Steve Jobs once said, "(even) customers can't anticipate what the technology can do".

Our 2011 Annual Report cover has been designed to resemble the interface of tablet, as we draw inspiration from the innovation behind the device that took the world by storm and redefined our understanding of mobile technology. At Mann Seng Metal International Limited ("MSM"), we too make it our objective to continually develop new ideas and products in anticipation of our customers' needs.

As an integrated metal engineering company, MSM's business activities are classified into the following segments:

- OEM contract manufacturing
- kitchen appliances, equipment and related services
- oil and gas
- cleanroom and laboratories

MSM provides a comprehensive suite of design, product development, prototyping, tool & die fabrication, production and assembly services. We serve our customers through an aggregate of 386,169 sq ft of specialised production space in Malaysia and Indonesia. Along with this, we also operate 6 showroom outlets covering a total of 28,782 sq ft in Malaysia, Indonesia, Singapore and Vietnam.

As we continually review and refine the solutions that we offer, we operate by a culture of precision, innovation, steadfastness and professionalism. Always committed to these four values, we have successfully built a strong track record of quality for the projects we handled.

While the tablet is today the device that redefines mobile communication and computing, we can expect it to be displaced with new and more revolutionary solutions with technological advancement. In the same way, we at MSM acknowledge that our accomplishments today are merely the foundation on which we map our next phase of growth. Only by constantly innovating can we become a leader instead of a follower.

MESSAGE FROM THE CHAIRMAN

Demand from some of our customers slowed somewhat during the year as they experienced its effects, but the foundations we have laid in the past years stood us in good stead, as we continued to seek out opportunities to grow our business.

Chan Kee Sieng
Executive Chairman

Dear Shareholders,

2011 was a year marked by an ailing Eurozone and a US economy that recovered slower than expected. Demand from some of our customers slowed somewhat during the year as they experienced its effects, but the foundations we have laid in the past years stood us in good stead, as we continued to seek out opportunities to grow our business.

Financial Review

For the financial year ended 31 December 2011 (FY2011), the Group reported overall revenue of RM74.6 million, a 1.6% rise over RM73.4 million a year ago (FY2010). The uncertainties in the general economic conditions weighed down on sales to our customers in the kitchen appliances, equipment and related services business. This led to a decline in revenue from the segment from RM26.5 million in FY2010, to RM25.5 million in FY2011. Similarly, the OEM contract manufacturing business posted a slight fall in revenue to RM16.4 million, from RM16.8 million a year ago. On the other hand, increased business activity in the oil and gas, and cleanroom and laboratories segments helped make up the shortfall. The oil and gas business registered revenue of RM25.4 million, compared to RM24.2 million in FY2010, while the cleanroom and laboratories business contributed RM7.4 million, from RM6.0 million a year ago.

Gross profit fell 9.5% to RM20.9 million as increased labour cost and overheads pushed cost of sales up to RM53.7 million, from RM50.3 million a year ago. Other income rose 74.2% to RM1.5 million mainly due to a RM0.8 million gain on disposal of property, plant and equipment.

On the back of higher selling and distribution cost, as well as administrative and finance expenses mainly due to increases in staff cost, professional fees, and hire and term loan interest in relation to the acquisition of new property, plant and equipment, profit before tax fell 56.0% to RM3.3 million in FY2011, from RM7.6 million a year ago. Taking into account an income tax expense of RM0.8 million, the Group registered a net profit attributable to shareholders of RM2.6 million, compared to RM5.6 million recorded in FY2010.

Review of Operations

Against a backdrop of economic uncertainties that have impacted our performance, the Group has not sat idle. During the year, we have worked hard to anticipate the needs of our customers and provide products and services that add value to them.

Despite the decline in demand for our OEM contract manufacturing services, we were able to secure multi-year contracts from new, as well as existing, customers. We began providing assembly service in 2011, as part of our continual effort to add value to customers. Currently, the assembly service is only provided for certain types of products, but we hope to expand the service to offer it to all our customers in the near term.

We applied for the licensed manufacturing warehouse licence for this business segment during the year. The licence, which we received in March 2012, allows us to carry out our manufacturing process within the warehouse to produce finished goods for export, and enjoy customs duty exemption for imported raw materials and components. This should place us on a more competitive footing going forward.

MESSAGE FROM THE CHAIRMAN
(CONT'D)

The Group's oil and gas business segment performed better in FY2011, especially in the second half of the financial year, as we received more orders from our customers. In line with this, we have added three new machines to the production line to manage the increase in orders. We are also pleased to report that the Malaysian Investment Development Authority has accorded us the pioneer status for our provision of value-added manufacturing-related services. This status will allow us to enjoy tax exemption of up to 70% of our statutory income for the next five years.

Our kitchen appliances, equipment and related services business segment enjoyed a relatively fruitful year. Mann Seng Metal possesses a very competent research and development team that constantly strives to think ahead of the curve and come up with new product concepts that are innovative in design and practical in use. Among the fruits of their labour are fully customisable mobile food preparation equipment, such as carts and kiosks. Through our active participation in trade fairs and exhibitions, we have received a number of enquiries from local and international food and beverage industry players, and have begun to see some of these translate into orders that will keep us busy in 2012.

To better meet the needs of our customer base, we added two more sales outlets for our kitchen appliances and equipment in Seri Kembangan and Klang in Selangor, and have plans to open two more outlets in Penang and Johor in 2012. We also extended our footprint beyond Malaysian shores with the opening of a new factory in Jakarta, Indonesia to cater to the needs of Indonesian customers. Along with this, we have also established a new subsidiary in Singapore and opened a four-storey retail outlet in Vietnam, to better serve our customers there.

As more emphasis is placed on higher standards of hygiene and food safety, our cleanroom and laboratories business segment successfully secured new tenders during the year, especially from food and beverage industry players in Indonesia, and including an animal research laboratory facility in Vietnam and a biosafety laboratory facility in Brunei. We will be looking to further develop our share of these three markets in the near to medium term.

To meet the anticipated rise in orders, the Group has also acquired a property in Selangor that has a purpose-built 2-storey office factory with a production floor that would allow us to increase our production capacity beyond our current levels, and give us more physical space for addition of new machinery.

Outlook

While challenges will still be present in the year ahead, we believe that the groundwork we have laid in the past year will stand us in good stead. New contracts secured from new and existing customers in all our business segments, together with current contracts, should sustain us in the year ahead. With a new production facility, we will be able to add new capacity to manage new orders, especially those for our mobile food equipment.

The shortage of manpower that we experienced in FY2010 remains an issue for the Group, in the wake of new government measures on the recruitment of foreign workers. The Group is however exploring ways to optimise production efficiency and reduce our reliance on foreign labour.

Going forward, we will also look to implement more new services and fulfil our aim of being a one-stop solutions provider. To tap opportunities present in the region, we will continue to execute our expansion plans with prudence and caution.

Acknowledgements

Our continued growth is the result of the dedication of our employees and management, who have shared our vision for the benefit of our customers. It is dependent on the trust and support that our customers, suppliers and business associates have given us. My fellow Directors play no small role in the insight and leadership they have brought to the Group. I am also very thankful for the faith, patience and understanding our shareholders have placed in Mann Seng Metal since our listing, which have been a driving force for us. I would like to express my deepest gratitude and appreciation to every one of you for walking alongside us through FY2011. I look forward to bringing the Group to greater heights with you.

Chan Kee Sieng
Executive Chairman

BOARD OF DIRECTORS

CHAN KEE SIENG *Age 60*
Executive Chairman

Mr Chan is one of the co-founders of the MSM Group and has over four decades of experience in the OEM contract manufacturing and kitchen equipment industries.

Throughout the years of his career, Mr Chan had garnered extensive industry knowledge and wide business contacts from working as an engineering technician to setting up family companies such as Ban Seng Trading Co. dealing in trading and supply of cooking oil and gas, and eventually Chan Brother Trading Co., a steel trading company, before setting up the flagship subsidiary of MSM Group.

He was appointed as Director of the Company on 30 October 2009 and is presently responsible for charting the Group's business direction as well as corporate and strategic developments of the Group.

Mr Chan also holds directorships in Triumphant Hope Sdn Bhd, Eminent Food Industries Sdn Bhd, Mann Seng Sdn Bhd, MSM Palm Oil Engineering Sdn Bhd and Widewin Strategy Sdn Bhd.

Mr Chan is the father of the Executive Director and Chief Executive Officer, Chan Wen Chau, elder brother to the Executive Director, Chan Kit Moi and uncle to Executive Director and Chief Operating Officer, Chan Wen Yaw.

CHAN KIT MOI *Age 59*
Executive Director

Mr Chan is one of the co-founders of the MSM Group and possesses 40 years' experience in the OEM contract manufacturing and kitchen equipment industries. Prior to co-founding the Company, Mr Chan joined Ban Seng Trading Co. and Chan Brother Trading Co. as Director, where he was in charge of strategic planning and controls, operations, inventory and administration. He was appointed as Director of the Company on 30 October 2009.

Mr Chan is presently involved in the corporate planning and business development of the Group. He holds directorships in Triumphant Hope Sdn Bhd, Eminent Food Industries Sdn Bhd and Mann Seng Sdn Bhd.

CHAN WEN CHAU *Age 37*
Executive Director & CEO

Mr Chan has been spearheading the expansion and growth of the Group and is responsible for the overall business and strategic development, corporate planning, operations and management of the Group. He possesses 10 years of extensive experience in the OEM contract manufacturing and kitchen equipment industries and has been closely involved in all levels of operation of the Group. Mr Chan was appointed as the Director of the Company on 8 October 2009.

Mr Chan holds directorships in Triumphant Hope Sdn Bhd, Widewin Strategy Sdn Bhd, and Wican Berhad.

Mr Chan holds a Bachelor of Engineering (Mechanical Engineering) from the University of Portsmouth in the United Kingdom.

CHAN WEN YAW *Age 37*
Executive Director & COO

Mr Chan was appointed as Director of the Company on 30 October 2009, and possesses 10 years of technical and management experience in the OEM contract manufacturing and kitchen equipment industries. He is presently responsible for the Group's overall strategic planning, operations and administration, and has previously been involved in the product design, sales and administration, and business development of the Group.

Mr Chan holds directorships in Triumphant Hope Sdn Bhd and Wican Berhad.

He holds a Bachelor of Engineering (Mechanical Engineering) from the University of Portsmouth in the United Kingdom.

BOARD OF DIRECTORS
(CONT'D)

BRIAN WONG WYE PONG *Age 38*
Independent Director

Mr Wong, who is not related to any family member of the directors or staff, was appointed as Independent Director of the Group on 26 November 2009. He has more than 17 years of experience in tax, finance, internal and external audits, risk management and corporate finance.

Mr Wong is currently a partner in PKF Malaysia, an accounting firm in Malaysia. He is a fellow with CPA Australia, a chartered accountant with the Malaysian Institute of Accountants, a member of the Kampuchea Institute of Certified Public Accountants and Auditors, and a Certified Financial Planner with the Financial Planning Association of Malaysia.

Mr Wong is presently a Director on the board of Privasia Technology Bhd, a corporation listed on Bursa Malaysia Securities, and a director of other Malaysian companies, including PKF Sdn Bhd, PKF Advisory Sdn Bhd, PKF Covenant Sdn Bhd, PKF Tax Services Sdn Bhd, and Covenant Limited.

Mr Wong holds a Bachelor of Commerce from the University of Western Australia.

LEOW WEE KIA CLEMENT *Age 37*
Independent Director

Mr Leow, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Group on 30 October 2009, and possesses over 12 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions.

Mr Leow is presently a partner and Head of Corporate Finance at Partners Capital (Singapore) Pte Ltd. Prior to this, Mr Leow has held senior positions in corporate finance and banking in Singapore.

Mr Leow holds a Bachelor of Science in Applied Economics from Cornell University, and has also been awarded a Master of Business Administration and a Postgraduate Diploma in Financial Strategy from Oxford University. Mr Leow is also a member of the Singapore Institute of Directors and has completed the Governance as Leadership Program at Harvard University.

WONG KOK SEONG *Age 42*
Independent Director

Mr Wong, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Group on 24 November 2009 and has more than 18 years of experience in external and internal auditing, financial accounting, management consultancy, taxation, due diligence and project implementation.

Mr Wong is a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants. He is the managing partner of Hasnan THL Wong & Partners., an accounting firm in Malaysia, and is currently serving on the board of Bursa Malaysia-listed Bio Osmo Berhad, as Independent Director and Audit Committee Chairman, and is also a Director in T H Law Consultants Sdn Bhd.

He holds a Masters in Business Administration from the Open University, United Kingdom.

KEY MANAGEMENT

SOH YEOW SENG
Age 30

Mr Soh, who is not related to any director and staff, joined the Group in July 2011 as Group Finance Manager and was appointed as Group Financial Controller on 17 August 2011. He is responsible for the management of the Group's account, cash flow, corporate finance, financial reporting, risk management evaluation, audit, tax compliance and administration.

Possessing more than 7 years of professional experience specialising in accounting and audit services, Mr Soh has held various accounting and audit positions in the past. Prior to joining the Company, he has been involved in external audit and internal control assurance in public listed companies and small and medium enterprises in Singapore and abroad.

Mr Soh is a member of the CPA Australia. He holds a Bachelor's Degree in Accounting from Monash University in Melbourne Australia.

CHAN CHOI HAR
Age 46

Ms Chan, who is not related to any director and staff, is the General Manager of MSM Marketing Sdn Bhd (MSM Marketing) and is responsible for the sales, marketing and securing of new customers for the Group, and also the management of MSM Marketing. She joined the Group in 1987 and has achieved more than 10 years of sales experience in the OEM contract manufacturing and kitchen equipment industries.

Ms Chan holds a Certificate in Human Resource Management from the Centre of Advanced Management Studies and Entrepreneurial Training (Amset), and a Certificate in Business Studies from Advance Tutorial Centre, Malaysia.

ONG SENG JOO
Age 38

Mr Ong, who is not related to any director and staff, joined the Group as General Manager of OMS Technology Sdn Bhd (MSM OMS) in November 2008. He is responsible for the management of day-to-day operations, sales and marketing of MSM OMS.

He possesses extensive experience in the designing and building of cleanrooms, biotech facilities, animal research facilities, as well as strong expertise in project and site management, and sales and marketing.

Mr Ong holds a Certificate in Technology (Mechanical Engineering) from Tunku Abdul Rahman College, Malaysia.

KATTY LAI WUI LOON
Age 37

Ms Lai, who is not related to any director and staff, is the General Manager of MSM Equipment Manufacturer Sdn Bhd (MSM Equipment) and oversees the daily purchasing, operations, quality control and assurance, as well as overall management, of MSM Equipment. She joined the Group in 2006 and brought with her extensive experience in product and business development, and sales and marketing.

Ms Lai is presently a Director in Two KD Sdn Bhd. She holds a Diploma in Hotel and Catering Management from Kolej Damansara Utama, Malaysia.

KEY MANAGEMENT
(CONT'D)

TANG CHENG HOOI
Age 39

Mr Tang, who is not related to any director and staff, joined the Group in 1994 and has been the General Manager of MSM Metal Industries Sdn Bhd (MSM Metal) since 2007. He possesses 15 years of experience in sheet metal engineering and the OEM contract manufacturing industry and is presently responsible for managing and overseeing the operational aspects of the Group's production facilities and the management of MSM Metal.

Mr Tang holds an Engineering Diploma in Electronic Engineering from the Federal Institute of Technology, Malaysia, and a Certificate of Electrical Engineering from the City & Guilds of London Institute.

MAH SIEW PENG
Age 39

Ms Mah, who is not related to any director and staff, is the Group's Finance & Administration Manager since 2007, and is presently managing the Group's financial, administration and human resource matters. She joined the Group in 1997 and has more than 10 years of experience in company administration.

Ms Mah holds a Certificate in Practical Book-Keeping and Certificate in English for Commerce from Systematic Business Training Centre, Malaysia.

TUNG WAI LOON
Age 34

Mr Tung, who is not related to any director and staff, joined the Group in 1998 and is presently the Factory Manager since 2007. He is responsible for the factory operations of MSM Equipment. Mr Tung possesses more than 10 years of factory and general management experience in the OEM contract manufacturing industry.

Mr Tung holds a Diploma in Electrical and Electronic Engineering from Institute Teknologi Pertama, Malaysia, a Certificate in Programmable Logic Controller and a Certificate in Laser and Holography, both from Master Academy, Malaysia.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chan Kee Sieng *(Executive Chairman)*
Chan Kit Moi *(Executive Director)*
Chan Wen Chau *(Executive Director and Chief Executive Officer)*
Chan Wen Yaw *(Executive Director and Chief Operating Officer)*
Brian Wong Wye Pong *(Independent Director)*
Leow Wee Kia Clement *(Independent Director)*
Wong Kok Seong *(Independent Director)*

AUDIT COMMITTEE
Brian Wong Wye Pong *(Chairman)*
Leow Wee Kia Clement
Wong Kok Seong

NOMINATING COMMITTEE
Leow Wee Kia Clement *(Chairman)*
Brian Wong Wye Pong
Wong Kok Seong

REMUNERATION COMMITTEE
Leow Wee Kia Clement *(Chairman)*
Brian Wong Wye Pong
Wong Kok Seong

COMPANY'S SPONSOR
CIMB Bank Berhad, Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623
Tel: +65 6337 5115
Contact Person: Tony Toh

COMPANY SECRETARY
Elaine Beh Pur-Lin

REGISTERED OFFICE
36 Carpenter Street
Singapore 059915
Tel No: +65 6323 8383
Fax No:+65 6323 8282
Email: contact@cnplaw.com

INDEPENDENT AUDITOR
Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Philip Tan Jing Choon
(Appointment with effect from financial year ended 31 December 2011)

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00, Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 3405

OUR VISION :

A Facility Center which caters to ALL CUSTOMERS with a VARIETY of SERVICES & deliver them in the SHORTEST TIME POSSIBLE!!

OUR GLOBAL FOOTPRINT

Global Customer Base :

- Singapore
- United Kingdom
- Thailand
- Vietnam
- Russia
- Maldives
- Dubai
- Cambodia
- Mauritius
- United States of America
- Indonesia
- Philippines
- Hong Kong
- Australia
- New Zealand
- India
- Netherlands

OUR MISSION :

To position THE GROUP AS A "PREFERRED VENDOR" REGARDLESS of TIME, LOCATION & PRODUCT.

REPORT ON CORPORATE GOVERNANCE

Mann Seng Metal International Limited (the "**Company**") was admitted to the Official List of the SGX-Catalist on 7 May 2010.

The board of directors of the Company (the "**Board**") believes in having high standards of corporate governance and is committed to ensuring that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholders value.

As required by the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following report describes the Company's corporate governance practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2005 (the "**Code**"). The Company confirms that there has been no deviation from the Code during the financial year under review.

Principle 1: The Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Company is headed by an effective Board to lead and control the Company. The Board has the overall responsibility for corporate governance, strategic direction and investments of the Company. Each individual Director is obliged to act in good faith and exercise independent judgement in the best interests of shareholders of the Company at all times.

The Board's principal functions include:

- Determining, reviewing and approving the corporate strategies and directions of the Group, annual budgets, major investments, divestments and funding proposals;
- Overseeing the business and affairs of the Group, establishing with the Management, the strategies and financial objectives to be implemented by the Management, and monitoring the performance of the Management; and
- Reviewing the Group's financial performance, risk management processes and systems, financial and human resource requirements and corporate governance practices.

To assist the Board in the discharge of its function, the Audit Committee, the Nominating Committee and the Remuneration Committee have been constituted with clear written terms of reference. Matters which are delegated to Board Committees for more detailed appraisals are reported to and monitored by the Board.

The Board conducted regular scheduled meetings. In Financial Year ended 31 December 2011 ("**FY2011**"), the Board conducted two regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. Directors are free to discuss and voice their concerns on any matter raised at the Board meetings. Telephonic and videoconferencing meetings of the Board are allowed under the Company's Articles of Association. All Directors are provided with the agenda and a set of the Board papers prior to the Board meeting. These are issued in advance to give the Directors sufficient time to better understand the matters to be discussed and to obtain further clarifications or explanations at the Board meeting where necessary. The Company and the Board acknowledges that an unimpeded flow of relevant information in a timely manner is crucial for the Board to be effective in discharging its duties and responsibilities.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

The Board has identified, without limitation, the following matters that require its approval:

- Declaration of dividends and other returns to shareholders of the Company;
- Major corporate policies on key areas of operation;
- Major funding proposals or bank borrowings;
- Corporate or financial restructuring and share issuances;
- Mergers and acquisitions;
- Material acquisitions and disposals;
- Approval of transactions involving interested person transactions; and
- Appointments of new Directors.

All Directors are updated regularly on changes in Company policies. Newly appointed Directors will be given appropriate briefings by the management on the business activities of the Group, its strategic directions and the Company's corporate governance policies and practices.

Directors received briefings on changes in the relevant laws, regulations and accounting standards, and are encouraged to attend workshops and seminars to enhance their skills and knowledge.

The attendance of the Directors at meetings of the Board and Board Committees held in FY2011 are as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Chan Kee Sieng*	2	2	2	2	1	1	1	1
Chan Kit Moi*	2	2	2	2	1	1	1	1
Chan Wen Chau*	2	2	2	2	1	1	1	1
Chan Wen Yaw*	2	2	2	2	1	1	1	1
Yong Wai Kin*#	2	2	2	2	1	1	1	1
Brian Wong Wye Pong	2	2	2	2	1	1	1	1
Leow Wee Kia Clement	2	2	2	2	1	1	1	1
Wong Kok Seong	2	2	2	2	1	1	1	1

* *Executive Directors were present at all committee meetings by invitation.*
\# *Mr Yong Wai Kin resigned as a Director with effect from 17 August 2011.*

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises seven directors of whom four are Executive Directors and three are Independent Directors, with the Independent Directors making up at least one-third of the Board. The Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. Each Director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The profiles of the Directors are found in the "Board of Directors" section of this annual report.

The Board members as of the date of this report are:

Chan Kee Sieng	Executive Chairman
Chan Kit Moi	Executive Director
Chan Wen Chau	Executive Director and Chief Executive Officer
Chan Wen Yaw	Executive Director and Chief Operating Officer
Brian Wong Wye Pong	Independent Director
Leow Wee Kia Clement	Independent Director
Wong Kok Seong	Independent Director

The Board is of the view that its current size and composition are appropriate and provide sufficient diversity of expertise to lead and govern the Company effectively, considering the scope and nature of its operations.

The Company has in place a Nominating Committee which determines the independence of each Director annually based on the definition of independence as set out in the Code.

The Independent Directors will assist to develop strategy and goals for the Group and regularly assess the performance of the Management.

To date, none of the Independent Directors of the Group have been appointed as Director of the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted. The Board and Management will from time to time review the Board structures of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of an Independent Director into the principal subsidiaries.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company — the working of the Board and the executive responsibility of the company's business — which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of Chairman and Chief Executive Officer are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Chan Kee Sieng is the Executive Chairman of the Company and one of its co-founders. He leads the Board and is responsible for the management of the Group. The Executive Chairman is in charge of charting the business direction as well as corporate planning and strategic developments of the Group. The Executive Chairman encourages Board's interaction with the Management, facilitates effective contribution of Non-Executive Directors, encourages constructive relationships among the Directors and promotes high standards of corporate governance. In addition, the Executive Chairman ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company.

Chan Wen Chau, the Chief Executive Officer and Executive Director of the Company, is the son of Chan Kee Sieng. He is responsible for the overall business and strategic development, corporate planning, operations and management of the Group.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee's primary roles are to create a formal and transparent process for the appointments and re-nominations of members of the Board and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board as well as to affirm annually the independence of the Directors.

The Nominating Committee meets at least once a year. The Nominating Committee comprises the following members, all of whom, including the Chairman, are independent:

Leow Wee Kia Clement	Chairman of the Nominating Committee
Brian Wong Wye Pong	Member of Nominating Committee
Wong Kok Seong	Member of Nominating Committee

For new appointments to the Board, the Nominating Committee will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select the appropriate candidate for the position.

The Nominating Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All Directors submit themselves for re-nomination and re-election at regular intervals at least once every 3 years. One-third of the Directors will retire at the Company's annual general meeting each year.

Annually, the Nominating Committee is required to determine the "independence" status of the Directors. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board and the Nominating Committee strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

The Nominating Committee has implemented a process for evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board and set objective performance criteria for such evaluation. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. Evaluations of individual Directors aim to assess whether that individual continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties). The Chairman acts on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the Nominating Committee.

Principle 6: Access to information

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Board is provided with complete, accurate, and adequate information in a timely manner to enable it to fulfill its responsibilities. Such information include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained. Such information is provided to the Directors to enable them to keep abreast of the Group's operational and financial performance and position and to facilitate more-informed decision-making. Board members also have separate and independent access to the Senior Management and the company secretary at all times. Board members may, at the Company's expense, also obtain independent professional advice as and when necessary in furtherance of their duties.

The company secretary will attend all Board Meetings to ensure that Board procedures are followed and that applicable rules and regulations, including the requirements of the Companies Act (Chapter 50) of Singapore and the Rules of Catalist are complied with. Under the direction of the Chairman, the company secretary's other responsibilities include ensuring good information flows within the Board and its committees and between Senior Management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the company secretary should be a matter for the Board as a whole.

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive is remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee comprises the following members, all of whom, including the Chairman, are independent:

Leow Wee Kia Clement	Chairman of the Remuneration Committee
Brian Wong Wye Pong	Member of the Remuneration Committee
Wong Kok Seong	Member of the Remuneration Committee

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

The Remuneration Committee shall perform the following functions:

- recommend to the Board a framework of remuneration for the Directors and key Executive or Senior Management, and determine specific remuneration packages for each Executive Director, with the recommendations of the Remuneration Committee submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee; and

- perform an annual review of the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees.

If necessary, the Remuneration Committee should seek expert advice inside and/or outside the Company on remuneration of all Directors. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

As part of its review, the Remuneration Committee ensures that remuneration packages are comparable within the industry and with similar companies. The Remuneration Committee considers the Group's relative performance and the contributions and responsibilities of the individual Directors.

Policy in respect of Executive Directors and other Executive Officers

Executive Directors do not receive directors' fees. Executive Directors are paid a basic salary pursuant to their respective service agreements, each of which are for a fixed appointment period of 3 years. The notice period of each Executive Director is fixed at a period of 6 months. Each Executive Director may, in lieu of the 6 months' notice or part thereof, pay an amount equivalent to 6 months' of his last drawn salary.

The Group advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Group's and the individual employee's performance. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Group's and the individual employee's performance.

Policy in respect of Non-Executive Directors' remuneration

Non-Executive Directors do not have service agreements with the Company. They are compensated based on fixed directors' fees, which are determined by the Board based on their contribution, taking into consideration factors such as effort, time spent and responsibilities of the Non-Executive Directors. The members of the Audit Committee are paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of them. The Chairman of each Board committee is also paid a higher fee compared with members of the Board committees in view of the higher responsibility carried by that office. The directors' fees are subject to approval by the shareholders at each Annual General Meeting. Non-Executive Directors do not receive any other remuneration from the Company.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The level and mix of remuneration of the Company's Directors and Executive Officers for the financial year ended 31 December 2011 are as follows:

Remuneration band and Name of Directors/Executive Officers	Base/ Fixed salary	Bonus	Directors' fees	Other benefits	Total
Below S$250,000					
Directors					
Chan Kee Sieng	72%	5%	–	23%	100%
Chan Kit Moi	67%	5%	–	28%	100%
Chan Wen Chau	64%	5%	–	31%	100%
Chan Wen Yaw	67%	6%	–	27%	100%
Yong Wai Kin[(1)]	80%	11%	–	9%	100%
Brian Wong Wye Pong	–	–	100%	–	100%
Leow Wee Kia Clement	–	–	100%	–	100%
Wong Kok Seong	–	–	100%	–	100%
Executive Officers					
Soh Yeow Seng	77%	–	–	23%	100%
Chan Yun Tyng[(2)]	–	–	–	–	–
Chan Choi Har	70%	4%	–	26%	100%
Ong Seng Joo	60%	11%	–	29%	100%
Katty Lai Wui Loon	70%	7%	–	23%	100%
Tang Cheng Hooi	68%	8%	–	24%	100%
Mah Siew Peng	65%	7%	–	28%	100%
Tung Wai Loon	72%	8%	–	20%	100%

Note:

(1) Mr Yong Wai Kin resigned as a Director and Chief Financial Officer with effect from 17 August 2011.

(2) Ms Chan Yun Tyng is the daughter of Chan Kee Sieng and the sibling of Chan Wen Chau.
Ms Chan Yun Tyng resigned as an Executive Officer of the Group with effect from 28 March 2012.

Save for Chan Yun Tyng, no employee of the Group who is an immediate family member of any Director or the Chief Executive Officer had received remuneration exceeding S$150,000 during the financial year ended 31 December 2011. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister and parent.

The Company does not currently have any employee share option scheme in place.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET to SGX-ST and press releases. The Group makes announcements of its financial results in accordance with the requirements of the Rules of Catalist. The Management provides the Board with management accounts on a monthly basis. Such reports keep the Board informed of, on a balanced and understandable basis, the Group's performance, position and prospects and enable the Board to discharge its duties efficiently.

Principle 11: Audit Committee

The Board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Brian Wong Wye Pong	Chairman of the Audit Committee
Leow Wee Kia Clement	Member of the Audit Committee
Wong Kok Seong	Member of the Audit Committee

All members of the Audit Committee have accounting and related financial management expertise and experience.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of the Management, full discretion to invite any persons including a Director or an employee of the Group to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

The Audit Committee assists the Board in discharging its responsibility to safeguard the assets of the Company, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The Audit Committee will provide a channel of communication between the Board, the Management and the independent auditor on matters relating to audit.

The Audit Committee holds meetings periodically and has been entrusted with the following functions:

- Review the scope and results of the audit and its cost effectiveness;
- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- Make recommendations to the Board on the appointment, re-appointment and removal of the independent auditor, and approving the remuneration and terms of engagement of the independent auditor;

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

- Review with the independent auditor the audit plan, audit report and their evaluation of the system of internal accounting controls, their letter to Management and the Management's response;
- Review the half yearly and annual, and quarterly, if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;
- Review the internal control procedures and ensure co-ordination between the independent auditor and the Management, and review the assistance given by the Management to the independent auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the independent auditor may wish to discuss (in the absence of the Management, where necessary);
- Review and discuss with the independent auditor any suspected fraud or irregularities, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- Consider and recommend the appointment or re-appointment of the independent auditor and matters relating to the resignation or dismissal of the independent auditor;
- Review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;
- Review potential conflicts of interest (if any);
- Review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;
- Review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- Review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report or where the findings are material, announced immediately via SGXNET;
- On a half-yearly basis, review the Group's compliance with relevant government regulations and licensing requirements;
- Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- Generally undertake such other functions and duties as may be required by statute or by the Rules of Catalist, or by such amendments as may be made thereto from time to time.

The Audit Committee meets with the independent auditor and with internal auditors, at least once annually, and more frequently, when required, with at least one of the meetings conducted without the presence of the Management.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

The Audit Committee reviews the independence and objectivity of independent auditor annually. During the financial year under review, the Audit Committee has reviewed the independence of Nexia TS Public Accounting Corporation including the volume of all non-audit services provided to the Group, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Audit Committee constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. During the financial year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to RM214,000 and RM26,000 respectively.

The Audit Committee has recommended and the Board approves the nomination for re-appointment of Nexia TS Public Accounting Corporation as external auditors of the Company at the forthcoming Annual General Meeting.

The Group has appointed different auditors for its overseas subsidiaries and/or significant associated company. The Board and the Audit Committee have reviewed the appointment of different auditors for its subsidiaries and/or significant associated company and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

The Audit Committee is satisfied that the Company has complied with Rules 712, 715 and 716 of the Rules of catalist of the SGX-ST.

The Audit Committee will be implementing a whistle blowing policy by which staff of the Group may raise concerns about possible improprieties in matters, financial reporting or other matters within the Group. The objectives of such arrangements are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

Principle 12: Internal Controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Audit Committee will review, at least annually, the reports submitted by the independent and internal auditors relating to the effectiveness of the Group's significant internal controls, including financial, operational and compliance controls, risk management, and risks of fraud and irregularities. Any material non-compliance and recommendation for improvement are reported to the Audit Committee. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Audit Committee will also review the effectiveness of the actions taken by the Management on the recommendations made by the independent and external auditors in this respect.

In reviewing the effectiveness of the internal controls and with the assistance of the internal and external auditors, the Board with the concurrence of the Audit Committee is satisfied that the Company has a robust and effective internal control system addressing financial, operational, compliance controls and risk management which is adequate to meet the needs of the Company in its current business environment.

Principle 13: Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

The Group has outsourced its internal audit function to Wensen Consulting Asia (S) Pte Ltd, a suitably qualified professional firm.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made.

The internal auditor function is independent and it reports directly to the Audit Committee on audit matters and to the Chief Executive Officer on administrative matters. The internal auditor assists the Board in monitoring and managing risks and internal controls of the Group.

The Audit Committee also reviews and approves the internal auditor's plan of each financial year to ensure that the scope of the internal auditor's plan is adequate and covers the review of the significant internal controls of the Group, including financial, operational and compliance controls. The internal auditor will report their audit findings and recommendation to the Audit Committee.

The Management together with the Board and the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, will review all audit reports and findings from internal auditors and external auditors during the Audit Committee meetings.

During the financial year 2011, the internal auditors had reviewed and carried out the audit on areas pertaining to IT management, human resource management, training and development, accounting management, cash flow and finance management of the Company.

The Audit Committee had reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

Principles 14 and 15: Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board believes in regular, timely and effective communication with shareholders. Shareholders are kept informed of all important developments concerning the Group through timely dissemination of information via SGXNET announcements, press releases, annual reports and various other announcements made whenever necessary. The Company also maintains a website at http://www.msmmgroup.com at which shareholders can access information about the Group.

Dealings in Securities

The Company has adopted an internal code on dealings in securities. Directors, Senior Management and employees (collectively "Officers") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's securities during the periods commencing one month before the announcement of the Group's half year and full year results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Company are advised not to deal in the Company's securities for a short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the Group Financial Controller / Company Secretary before trading in Company's securities and to confirm annually that they have complied with and not in breach of the Code. The Board is kept informed when a Director trades in the Company's securities.

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested person transactions are reported on a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board.

In compliance with Rule 907 of the SGX-ST's Listing Manual (Section B: Rules of Catalist), the aggregate value of recurrent interested persons transactions of revenue or trading nature conducted during the financial year ended 31 December 2011 were as follows:–

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (including transactions less than SGD100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than SGD100,000)
	01-01-2011 to 31-12-2011 RM'000	01-01-2011 to 31-12-2010 RM'000
Company associated to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin and Executive Director Chan Kit Moi:– – Eminent Food Industries Sdn Bhd	10	–
Company associated to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin, Executive Director Chan Kit Moi and Executive Director and Chief Executive Officer Chan Wen Chau:– – Globalink Metal Sdn Bhd	434	–
Company associated to Executive Chairman Chan Kee Sieng and Executive Director and Chief Executive Officer Chan Wen Chau:– – Welch (M) Sdn Bhd	1,122	–
Rental paid to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin and Executive Director Chan Kit Moi	72	–
Total	1,638	–

REPORT ON CORPORATE GOVERNANCE
(CONT'D)

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries companies involving the interest of any Director or controlling shareholder of the Company.

Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and Board.

Non-Sponsorship Fees

The Continuing Sponsor of the Company is CIMB Bank Berhad, Singapore Branch. In compliance with Rule 1204(20) of the Rules of Catalist, there was no non-sponsor fee paid to the Sponsor by the Company for FY2011.

Use of Proceeds

The Company refers to the net IPO proceeds amounting to approximately S$3.76 million raised from the initial public offering of its shares in May 2010. The total amount of net IPO proceeds utilised as at the date of this Annual Report amounted to approximately S$3.56 million as follows:

Intended use of proceeds		Amount allocated (S$'000)	Amount utilised (S$'000)	Balance available (S$'000)
(i)	Expansion of MSM Metal factory 2	1,000	(1,000)	–
(ii)	Improvement of production facilities and acquisition of equipments	500	(500)	–
(iii)	Expansion of sales and marketing activities	1,000	(801)	199
(iv)	Research and development activities	350	(350)	–
(v)	General working capital	910	(910)	–
	Total	3,760	3,561	199

The use of the proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the offer document dated 27 April 2010.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

Directors

The directors of the Company in office at the date of this report are as follows:

Chan Kee Sieng
Chan Kit Moi
Chan Wen Chau
Chan Wen Yaw
Brian Wong Wye Pong
Leow Wee Kia Clement
Wong Kok Seong

Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2011	At 1.1.2011	At 31.12.2011	At 1.1.2011
Company				
(No. of ordinary shares)				
Chan Kee Sieng	85,000	85,000	61,564,747	61,564,747
Chan Kit Moi	130,000	130,000	61,564,747	61,564,747
Chan Wen Chau	2,785,186	2,785,186	–	–
Chan Wen Yaw	1,082,435	1,082,435	–	–
Immediate and ultimate holding corporation – Triumphant Hope Sdn Bhd				
(No. of ordinary shares)				
Chan Kee Sieng	100	100	–	–
Chan Kit Moi	100	100	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share Options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Brian Wong Wye Pong *(Chairman)*
Leow Wee Kia Clement
Wong Kok Seong

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance. In performing those functions, the Committee carried out the following:

- Review the scope and results of internal audit procedures with the internal auditor;
- Review the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- Review the assistance given by the Company's management to the independent auditor;
- Review the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- Review the half yearly and annual financial statements and results announcement before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;
- Review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules");

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

Audit Committee (Cont'd)

- Review the independence and objectivity of the independent auditor; and
- Make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, and approve the remuneration and terms of engagement of the independent auditor.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....

Chan Kee Sieng
Director

....

Chan Wen Yaw
Director

30 March 2012

STATEMENT BY DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 29 to 71 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

....
Chan Kee Sieng
Director

....
Chan Wen Yaw
Director

30 March 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MANN SENG METAL INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Mann Seng Metal International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 29 to 71, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MANN SENG METAL INTERNATIONAL LIMITED
(CONT'D)

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants

Director-in-charge: Philip Tan Jing Choon
Appointed since the financial year ended 31 December 2011

Singapore

30 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	2010 RM'000
Revenue	4	74,576	73,421
Cost of sales		(53,652)	(50,295)
Gross profit		20,924	23,126
Other income - net	5	1,498	860
Expenses			
- Selling and distribution		(6,460)	(6,306)
- Administrative		(10,480)	(8,583)
- Finance	8	(2,135)	(1,496)
Profit before income tax		3,347	7,601
Income tax expense	9	(795)	(1,982)
Total comprehensive income attributable to equity holders of the Company, representing net profit		2,552	5,619
Earnings per share attributable to equity holders of the Company (RM cents per share)			
- Basic and diluted	10	2.84	6.77

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

BALANCE SHEETS
AS AT 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Current Assets					
Cash and cash equivalents	11	5,174	10,635	*	*
Trade and other receivables	12	18,451	19,399	6,371	7,630
Inventories	13	23,037	20,640	–	–
Other current assets	14	1,330	1,344	16	–
		47,992	52,018	6,387	7,630
Non-Current Assets					
Property, plant and equipment	15	43,179	22,704	–	–
Deposits for purchase of property, plant and equipment		–	929	–	–
Investment properties	16	3,441	3,499	–	–
Investments in subsidiaries	17	–	–	19,153	18,653
		46,620	27,132	19,153	18,653
Total Assets		94,612	79,150	25,540	26,283
LIABILITIES					
Current Liabilities					
Trade and other payables	18	13,718	12,254	226	108
Borrowings	19	19,015	16,765	–	–
Current income tax liabilities		440	2,486	–	–
		33,173	31,505	226	108
Non-Current Liabilities					
Borrowings	19	26,731	14,373	–	–
Deferred income tax liabilities	21	253	275	–	–
		26,984	14,648	–	–
Total Liabilities		60,157	46,153	226	108
Net Assets		34,455	32,997	25,314	26,175
Capital and reserves attributable to equity holders of the Company					
Share capital	22	26,862	26,862	26,862	26,862
Retained earnings/ (accumulated losses)		7,593	6,135	(1,548)	(687)
Total Equity		34,455	32,997	25,314	26,175

* *Denotes below RM1,000.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total Equity RM'000
2011					
Beginning of financial year		26,862	–	6,135	32,997
Dividends paid	23	–	–	(1,094)	(1,094)
Total comprehensive income for the financial year		–	–	2,552	2,552
End of financial year		26,862	–	7,593	34,455
2010					
Beginning of financial year		5,605	10	14,528	20,143
Adjustment arising from Restructuring Exercise	22	(5,605)	(10)	(12,538)	(18,153)
Share-swap pursuant to Restructuring Exercise	22	18,153	–	–	18,153
Shares issued pursuant to the initial public offering	22	11,411	–	–	11,411
Share issue expenses	22	(2,702)	–	–	(2,702)
Dividends paid	23	–	–	(1,474)	(1,474)
Total comprehensive income for the financial year		–	–	5,619	5,619
End of financial year		26,862	–	6,135	32,997

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000
Cash flows from operating activities			
Net profit		2,552	5,619
Adjustments for			
- Income tax expense		795	1,982
- Depreciation of property, plant and equipment		3,146	3,543
- Depreciation of investment properties		58	58
- Property, plant and equipment written off		65	–
- Gain on disposal of property, plant and equipment		(843)	(292)
- Interest income		(34)	(52)
- Interest expense		2,135	1,496
		7,874	12,354
Change in working capital			
- Trade and other receivables		948	(2,040)
- Inventories		(2,397)	(6,724)
- Other current assets		14	(92)
- Trade and other payables		1,498	444
- Bills payable		(687)	4,663
Cash generated from operations		7,250	8,605
Interest paid		(301)	(293)
Interest received		34	52
Income tax paid		(2,897)	(1,915)
Net cash generated from operating activities		4,086	6,449
Cash flows from investing activities			
Additions to property, plant and equipment		(14,624)	(4,764)
Proceeds from disposals of property, plant and equipment		986	412
Net cash used in investing activities		(13,638)	(4,352)
Cash flows from financing activities			
(Increase)/decrease in short-term bank deposits pledged		(785)	94
Proceeds from issuance of share capital		–	8,709
Proceeds from bank borrowings		11,900	2,691
Repayment of bank borrowings		(1,309)	(1,490)
Repayments of finance lease liabilities		(3,118)	(2,468)
Interest paid		(1,834)	(1,203)
Dividends paid		(1,094)	(1,474)
Net cash generated from financing activities		3,760	4,859
Net (decrease)/increase in cash and cash equivalents		(5,792)	6,956
Cash and cash equivalents at beginning of financial year		4,325	(2,631)
Cash and cash equivalents at end of financial year	11	(1,467)	4,325

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mann Seng Metal International Limited on 30 March 2012.

1 GENERAL INFORMATION

1.1 Corporate Information

Mann Seng Metal International Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 36 Carpenter Street, Singapore 059915. The principal place of business of the subsidiaries is located at Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17.

The Company's immediate and ultimate holding corporation is Triumphant Hope Sdn. Bhd., incorporated in Malaysia.

On 6 April 2010, the Company was converted into a public limited company.

On 7 May 2010, the Company was admitted to the official list of Singapore Exchange Securities Trading Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group Accounting

(a) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group, except for business combination under common control.

For business combinations under acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair values of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets acquired is recorded as goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group Accounting (Cont'd)

(b) Acquisitions (Cont'd)

Acquisition of entities under common control has been accounted for using the pooling-of-interest method. Under this method:-

- The financial statements of the Group have been prepared as if the Group structure, immediately after the transaction, has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party;
- The income statements includes the results of the acquired entities since the earliest date the entities are under common control;
- The comparative figures of the Group represent the income statement, statement of comprehensive income, statements of cash flows and statement of changes in equity have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiaries are taken to restructuring reserve. Cash paid/payable arising from the acquisition under common control is also taken to the restructuring reserves.

(c) Disposals

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value.The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2.3 Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of the investments in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Revenue Recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to its customers and the customers have accepted the products.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.5 Property, Plant and Equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Components of Cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) Depreciation

Freehold land and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	99 years
Buildings	10 to 50 years
Plant and machinery	5 to 10 years
Renovation and signboard	10 years
Motor vehicles	5 years
Computer, office equipment, fixtures, furniture and fittings	5 to 10 years
Showroom equipment	3 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, Plant and Equipment (Cont'd)

(c) Depreciation (Cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

One of the subsidiaries of the Group revised upward the estimated useful lives of certain categories of plant and machinery with effect from 1 January 2011. The useful lives for these categories of assets were originally estimated to reflect the pattern in which the economic benefits of the assets were expected to be consumed in the original equipment manufacturing ("OEM") contract manufacturing segment. Arising from a review of the expectation of further future usage of such plant and machinery for the OEM contract manufacturing business segment, the useful lives of these categories of assets have been revised to be in line with the economic useful lives of these assets.

Following the review, the estimated useful lives of these categories of assets have been increased from 5 years to 10 years. Accordingly, the revision in the estimated useful lives of these assets has resulted in a lower depreciation charge of approximately RM1,300,000 to the Group's profit or loss for the financial year ended 31 December 2011.

(d) Subsequent Expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(e) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income - net".

2.6 Investment Properties

Investment properties comprise freehold and leasehold land and office buildings that are held for long term rental yield.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives as follows:

	Useful lives
Leasehold land	over the lease period
Building	50 years

The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment Properties (Cont'd)

The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

2.7 Impairment of Non-financial Assets
Property, plant and equipment
Investments in subsidiaries
Investment properties

Property, plant and equipment, investments in subsidiaries and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

2.8 Loans and receivables
Cash and cash equivalents
Trade and other receivables

Cash and cash equivalents and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Loans and receivables (Cont'd)
Cash and cash equivalents
Trade and other receivables

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.9 Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

2.11 Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Financial Guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Borrowing Costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under constructions.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.15 Income Taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Income Taxes (Cont'd)

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 Employee Compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Malaysian Employees Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.17 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases from non-related parties and warehouse and office buildings under operating leases from directors and non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Leases (Cont'd)

(b) When the Group is the lessor:

The Group leases investment properties under operating leases to related and non-related parties.

(i) Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.18 Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign currency gains and losses impacting profit or loss are presented in profit or loss within 'other income - net'.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.20 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.23 Fair Value Estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease by RM339,000 or increase by RM459,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(b) Useful life of plant and machinery

The cost of plant and machinery are depreciated on a straight-line basis over their estimated useful lives which management estimates the useful lives of these assets to be within 5 to 10 years.

The Group reviews the residual values and useful lives of plant and machinery at each reporting date in accordance with the accounting policies in Note 2.5. The estimation of the residual values and useful lives involves significant judgements. The carrying amounts of the Group's plant and machinery as at 31 December 2011 are RM12,421,000.

If the actual useful lives of these plant and machinery differ by 1 year from management estimates, the carrying amount of the plant and machinery will increase by RM197,000 or decrease by RM287,000 and correspondingly to profit or loss.

4 REVENUE

	Group	
	2011	**2010**
	RM'000	**RM'000**
Sale of OEM contract manufacturing products	16,387	16,773
Sale of kitchen appliances, equipment and related services	25,454	26,467
Sale of oil and gas products	25,373	24,228
Sale of cleanroom and laboratories products and related services	7,362	5,953
	74,576	73,421

5 OTHER INCOME - NET

	Group	
	2011	**2010**
	RM'000	**RM'000**
Rental income from investment properties (Note 16)	104	77
Rental income	113	98
Sales of scrap	223	317
Interest income	34	52
Gain on disposal of property, plant and equipment	843	292
Net foreign exchange gain/(loss)	109	(60)
Others	72	84
	1,498	860

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
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6 EXPENSES BY NATURE

	Group	
	2011	**2010**
	RM'000	**RM'000**
Purchases of inventories	41,635	43,170
Depreciation of property, plant and equipment (Note 15)	3,146	3,543
Depreciation and amortisation of investment properties (Note 16)	58	58
Property, plant and equipment written off	65	–
Allowance for impairment of trade receivables	145	277
Reversal of allowance for impairment of trade receivables	(468)	–
Commission	392	675
Directors' fees	202	132
Employee compensation (Note 7)	14,091	12,019
Fees on audit services paid/payable to:		
- Auditor of the Company	104	92
- Other auditors*	110	118
Fees on non-audit services paid/payable to:		
- Auditor of the Company	3	–
- Other auditors*	23	22
Freight and forwarding	316	346
Fuel and gas	892	854
Insurance	326	460
Inventory written off	435	145
Initial public offering expenses	–	331
Professional fees	1,183	604
Rental expenses on operating leases	545	513
Subcontractors' cost	2,816	2,320
Travelling and transportation	3,248	2,645
Utilities	1,477	1,243
Upkeep, repair and maintenance	1,077	811
Changes in inventories	(2,256)	(6,615)
Others	1,027	1,421
Total cost of sales, selling and distribution, and administrative expenses	70,592	65,184

* *Includes the network of member firms of Nexia International.*

7 EMPLOYEE COMPENSATION

	Group	
	2011	**2010**
	RM'000	**RM'000**
Salaries, wages and bonuses	12,755	10,886
Employer's contribution to defined contribution plans	903	706
Other short-term benefits	433	427
	14,091	12,019

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
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8 FINANCE EXPENSES

	Group 2011 RM'000	Group 2010 RM'000
Interest expense		
- Bank borrowings	890	617
- Bank overdraft	301	293
- Bills payable	285	208
- Finance lease liabilities	659	378
	2,135	1,496

9 INCOME TAX

	Group 2011 RM'000	Group 2010 RM'000
Tax expense attributable to profit is made up of:		
- Current income tax - Malaysia	934	2,016
- Deferred income tax (Note 21)	(22)	137
	912	2,153
- Over provision of current income tax in prior financial years	(117)	(171)
	795	1,982

The reconciliation between the income tax expense and the product of accounting multiplied by the applicable corporate tax for the year ended 31 December are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Profit before income tax	3,347	7,601
Tax at domestic rates applicable to profit in the countries where the Group operates	890	1,941
Effect of:		
- Expenses not deductible for tax purposes	276	322
- Income not subject to tax	(31)	(19)
- Tax incentives	(347)	(392)
- Deferred tax assets not recognised	124	301
	912	2,153

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Singapore corporate tax rate was 17% for the financial years 2010 and 2011.

The Malaysia corporate tax rate was 25% for the financial years 2010 and 2011.

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10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2011	2010
Net profit attributable to equity holders of the Company (RM'000)	2,552	5,619
Weighted average number of ordinary shares outstanding for basic earnings per share	90,000,000	83,041,096
Basic earnings per share (RM cents per share)	2.84	6.77

There were no dilutive potential ordinary shares during the financial year.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash at bank and on hand	3,027	5,269	*	*
Short-term bank deposits	2,147	5,366	–	–
	5,174	10,635	*	*

* *Denotes less than RM1,000.*

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2011 RM'000	2010 RM'000
Cash and bank balances (as above)	5,174	10,635
Less: Short-term bank deposits pledged	(1,545)	(760)
Less: Bank overdrafts (Note 19)	(5,096)	(5,550)
Cash and cash equivalents per consolidated statement of cash flows	(1,467)	4,325

Short-term bank deposits are pledged in relation to the security granted for certain borrowings [Note 19(a)].

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables				
- Non-related parties	18,641	20,725	–	–
- Entities related by common shareholders	61	262	–	–
- Subsidiaries	–	–	6,371	7,630
	18,702	20,987	6,371	7,630
Less: Allowance for impairment of trade receivables – non-related parties	(339)	(1,675)	–	–
Trade receivables - net	18,363	19,312	6,371	7,630
Other receivables - non-related parties	88	87	–	–
	18,451	19,399	6,371	7,630

13 INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
Raw materials	5,159	5,075
Work-in-progress	14,021	12,332
Finished goods	3,857	3,233
	23,037	20,640

The cost of inventories recognised as an expense and included in "cost of sales" amounts to RM39,379,000 (2010: RM36,555,000).

14 OTHER CURRENT ASSETS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits	322	450	–	–
Prepayments	1,008	894	16	–
	1,330	1,344	16	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
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15 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Renovation and Signboard RM'000	Motor Vehicles RM'000	Computer Office Equipment Fixtures Furniture and Fittings RM'000	Showroom Equipment RM'000	Total RM'000
<u>Group</u>								
2011								
Cost								
Beginning of financial year	7,339	6,183	19,436	3,245	3,855	2,043	327	42,428
Additions	–	13,469	9,160	429	386	385	–	23,829
Written off	–	–	–	–	–	–	(98)	(98)
Disposals	–	–	(2,849)	–	(882)	(1)	–	(3,732)
End of financial year	7,339	19,652	25,747	3,674	3,359	2,427	229	62,427
Accumulated depreciation								
Beginning of financial year	–	697	14,473	1,000	2,169	1,276	109	19,724
Depreciation charge (Note 6)	–	368	1,679	206	582	235	76	3,146
Written off	–	–	–	–	–	–	(33)	(33)
Disposals	–	–	(2,826)	–	(762)	(1)	–	(3,589)
End of financial year	–	1,065	13,326	1,206	1,989	1,510	152	19,248
Net Book Value								
End of financial year	7,339	18,587	12,421	2,468	1,370	917	77	43,179

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land RM'000	Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Renovation and Signboard RM'000	Motor Vehicles RM'000	Computer Office Equipment Fixtures Furniture and Fittings RM'000	Showroom Equipment RM'000	Construction -in-progress RM'000	Total RM'000
<u>Group</u>									
2010									
Cost									
Beginning of financial year	7,339	5,944	17,730	1,205	2,899	1,510	-	79	36,706
Additions	-	160	2,305	2,096	1,077	533	-	-	6,171
Transferred from inventory	-	-	-	-	-	-	327	-	327
Disposals	-	-	(599)	(56)	(121)	-	-	-	(776)
Reclassification	-	79	-	-	-	-	-	(79)	-
End of financial year	7,339	6,183	19,436	3,245	3,855	2,043	327	-	42,428
Accumulated depreciation									
Beginning of financial year	-	594	12,945	632	1,630	1,036	-	-	16,837
Depreciation charge (Note 6)	-	103	2,120	370	601	240	109	-	3,543
Disposals	-	-	(592)	(2)	(62)	-	-	-	(656)
End of financial year	-	697	14,473	1,000	2,169	1,276	109	-	19,724
Net Book Value									
End of financial year	7,339	5,486	4,963	2,245	1,686	767	218	-	22,704

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included within additions to the consolidated financial statements are the following property, plant and equipment acquired under finance leases:

	Group	
	2011 RM'000	2010 RM'000
Plant and machinery	7,733	964
Motor vehicles	363	988
Computer, office equipment, fixtures, furniture and fittings	171	334
Renovation and signboard	9	–
	8,276	2,286

(b) The carrying amount of property, plant and equipment held under finance leases are as follows:

	Group	
	2011 RM'000	2010 RM'000
Plant and machinery	9,991	3,182
Motor vehicles	1,361	1,673
Computer, office equipment, fixtures, furniture and fittings	392	270
Renovation and signboard	9	–
	11,753	5,125

(c) Bank borrowings and bills payable are secured on certain property, plant and equipment of the Group with carrying amounts of RM25,926,000 (2010: RM12,825,000) [Note 19(a)].

16 INVESTMENT PROPERTIES

	Leasehold Land RM'000	Leasehold Land and Buildings RM'000	Total RM'000
Group			
2011			
Cost			
Beginning and end of financial year	3,005	903	3,908
Accumulated depreciation			
Beginning of financial year	228	181	409
Depreciation charge (Note 6)	45	13	58
End of financial year	273	194	467
Net Book Value			
End of financial year	2,732	709	3,441

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

16 INVESTMENT PROPERTIES (CONT'D)

	Leasehold Land RM'000	Leasehold Land and Buildings RM'000	Total RM'000
Group			
2010			
Cost			
Beginning and end of financial year	3,005	903	3,908
Accumulated depreciation			
Beginning of financial year	183	168	351
Depreciation charge (Note 6)	45	13	58
End of financial year	228	181	409
Net Book Value			
End of financial year	2,777	722	3,499

Investment properties are leased to related and non-related parties under operating leases [Note 24(c)].

All investment properties are mortgaged to secure bank loans [Note 19(a)].

The following amounts are recognised in profit or loss:

	Group	
	2011 RM'000	2010 RM'000
Rental income (Note 5)	104	77
Direct operating expenses arising from:		
- Investment properties that generated rental income	(17)	(15)
- Investment properties that did not generate rental income	(94)	(49)

The fair value of investment properties held by the Group are as follows:

Location	Description	Existing Use	Tenure	Unexpired term of lease	Fair values 2011 RM'000	Fair values 2010 RM'000
Lot 1861 Mukim Cheras, Daerah Hulu Langat, Selangor Darul Ehsan	Vacant land	Industrial	Leasehold land	60	3,700	3,700
No. 14 Jalan Kencana 30 Taman Kencana, 56100 Kuala Lumpur	Factory with 3-storey office	Commercial	Leasehold land and building	72	1,150	1,150

The fair value of the investment properties at balance sheet date is estimated by management with reference to valuation done by independent professional valuer in the prevoius year, using the Direct Market Comparison Method.

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17 INVESTMENT IN SUBSIDIARIES

	Company 2011 RM'000	Company 2010 RM'000
Equity investment at cost:		
Beginning of financial year	18,653	–
Acquisition (Note 22)	–	18,153
Issuance of shares	500	–
Incorporation of a subsidiary	*	500
End of financial year	19,153	18,653

* *Denotes less than RM1,000.*

Details of subsidiaries are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Effective equity holding 2011 %	Effective equity holding 2010 %
Held by the Company				
MSM Metal Industries Sdn Bhd[(1)]	Contract manufacturing of all metal products	Malaysia	100	100
MSM Equipment Manufacturer Sdn Bhd[(1)]	Contract manufacturing of F&B kitchen equipment and manufacturing and sale of standard kitchen equipment	Malaysia	100	100
MSM Marketing Sdn Bhd[(1)]	Sale and servicing of standard kitchen equipment products	Malaysia	100	100
Toyomi (M) Sdn Bhd[(1)]	Sale and servicing of metal parts and kitchen equipment, and design consultancy and installation works	Malaysia	100	100
FIC Refrigeration (M) Sdn Bhd[(1)]	Manufacturing, sale and servicing of refrigeration appliances	Malaysia	100	100
OMS Technology Sdn Bhd[(1)]	Design, consultancy and installation works for cleanrooms and laboratories	Malaysia	100	100
Marc Conleth Industries Sdn Bhd[(1)]	Metal engineering work for oil and gas and environmental related industries	Malaysia	100	100
MSM Metal (S) Pte Ltd[(2)(3)]	Trading and servicing of metal parts and kitchen equipment	Singapore	100	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
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17 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of companies	Principal activities	Country of business/ incorporation	Effective equity holding 2011 %	2010 %
Held by MSM Equipment Manufacturer Sdn Bhd				
PT. Mulia Sinergi Metalindo[3]	Sale and service of metal parts, kitchen equipment	Indonesia	100	-

(1) *Audited by SSY Partners, Malaysia, a member firm of Nexia International.*
(2) *Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.*
(3) *Newly incorporated subsidiaries during the year.*

18 TRADE AND OTHER PAYABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables to				
- Non-related parties	10,171	10,367	–	–
- Entities related by common shareholders	29	128	–	–
	10,200	10,495	–	–
Accrued operating expenses	1,846	950	120	108
Other payables	1,672	809	106	–
	13,718	12,254	226	108

19 BORROWINGS

	Group 2011 RM'000	Group 2010 RM'000
Current		
Bank overdrafts (Note 11)	5,096	5,550
Bank loans	3,169	1,150
Bills payable	7,469	8,156
Finance lease liabilities (Note 20)	3,281	1,909
	19,015	16,765
Non-current		
Bank loans	18,957	10,385
Finance lease liabilities (Note 20)	7,774	3,988
	26,731	14,373
Total borrowings	45,746	31,138

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
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19 BORROWINGS (CONT'D)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group	
	2011 RM'000	2010 RM'000
6 months or less	15,790	15,235
6 – 12 months	3,225	1,530
1 – 5 years	13,887	7,374
Over 5 years	12,844	6,999
	45,746	31,138

(a) Security granted

Bank loans, bills payable and bank overdraft are secured by a legal mortgage over the Group's freehold land, leasehold land and buildings (Notes 15 and 16), short-term bank deposits of the Group (Note 11), corporate guarantee of the Company and certain personal guarantee of the directors. Finance lease liabilities of the Group are effectively secured over to the leased plant and machinery, motor vehicles and computer equipment [Note 15(a)], as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

	Group	
	2011 RM'000	2010 RM'000
Bank loans	19,014	10,129
Finance lease liabilities (Note 20)	7,774	3,988
	26,788	14,117

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2011 %	2010 %
Bank loans	5.0	4.6
Finance lease liabilities	4.0	4.0

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20 FINANCE LEASE LIABILITIES

The Group leases certain plant and machinery, motor vehicles and computer equipment from non-related parties under finance lease agreements. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease term.

	Group	
	2011 RM'000	2010 RM'000
Minimum lease payments due		
- Not later than one year	3,874	2,223
- Between one and five years	8,305	3,782
- Later than five years	312	690
	12,491	6,695
Less: Future finance charges	(1,436)	(798)
Present value of finance lease liabilities	11,055	5,897

The present values of finance lease liabilities are analysed as follows:

	Group	
	2011 RM'000	2010 RM'000
Not later than one year (Note 19)	3,281	1,909
Later than one year (Note 19)		
- Between one and five years	7,477	3,168
- Later than five years	297	820
	7,774	3,988
Total	11,055	5,897

21 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting and their movement during the financial year, are shown on the balance sheets as follows:

	Group	
	2011 RM'000	2010 RM'00
Deferred income tax liabilities		
- to be settled within one year	253	275

21 DEFERRED INCOME TAXES (CONT'D)

Movement in deferred income tax account is as follows:

	Group 2011 RM'000	2010 RM'000
Beginning of financial year	275	138
Tax (credited)/charged to profit or loss (Note 9)	(22)	137
End of financial year	253	275

Deferred income tax assets are recognised for tax losses, capital allowances and reinvestment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RM2,837,000 (2010: RM1,136,000), capital allowances of RM2,616,000 (2010: RM443,000) and reinvestment allowances of RM1,115,000 (2010: Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses, capital allowances and reinvestment allowances in their respective countries of incorporation.The tax losses, capital allowances and reinvestment allowances have no expiry date.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation RM'000
2011	
Beginning of financial year	456
Credited to profit or loss	(64)
End of financial year	392
2010	
Beginning of financial year	806
Credited to profit or loss	(350)
End of financial year	456

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21 DEFERRED INCOME TAXES (CONT'D)

Deferred income tax assets

	Tax losses RM'000	Others RM'000	Total RM'000
2011			
Beginning of financial year	(181)	–	(181)
Charged to profit or loss	42	–	42
End of financial year	(139)	–	(139)
2010			
Beginning of financial year	(318)	(350)	(668)
Charged to profit or loss	137	350	487
End of financial year	(181)	–	(181)

22 SHARE CAPITAL

	Number of ordinary shares	Amount RM'000
Group and Company		
2011		
Beginning and end of financial year	90,000,000	26,862
2010		
At date of incorporation (8 October 2009)	1	*
Shares issued pursuant to the Restructuring Exercise	69,999,999	18,153
Share issued pursuant to Initial Public Offering	20,000,000	11,411
Share issue expenses	–	(2,702)
End of financial year	90,000,000	26,862

* *Denotes below RM1,000.*

Pursuant to an equity transfer agreement dated 17 March 2010 (the "Equity Transfer Agreement") between Mann Seng Metal International Pte. Ltd. and the Executive Chairman Chan Kee Sieng, Executive Director Chan Kit Moi and Controlling Shareholder Chan Kat Yin, Chan Wen Chau, Chan Wen Yaw, Chan Wen Yee, Ong Seng Joo, Yong Wai Kin, Hoh Chui Loon. Mann Seng Metal International Pte. Ltd. acquired the entire equity interest of the subsidiaries above from the Executive Chairman, Chan Kee Sieng, Executive Director Chan Kit Moi, Controlling Shareholder Chan Kat Yin, Chan Wen Chau, Chan Wen Yaw, Chan Wen Yee, Ong Seng Joo, Yong Wai Kin, Hoh Chui Loon, for an aggregate consideration of approximately S$7,600,000 or RM18,153,000 equivalent. The purchase consideration was arrived at after taking into account the audited combined shareholders' equity of the subsidiaries above as at 30 September 2009 as agreed upon on a willing seller willing buyer basis.

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22 SHARE CAPITAL (CONT'D)

The purchase consideration was satisfied by the allotment and issue of an aggregate 69,999,999 shares, credited as fully paid up, by the Company to the following persons:

Name	Number of Consideration Shares	Shareholding Proportion in Company after issue of Consideration Shares
Triumphant Hope Sdn Bhd	61,564,747	87.95%
Chan Wen Chau	2,785,185	3.98%
Chan Wen Yaw	1,082,435	1.55%
Chan Wen Yee	883,810	1.26%
Ong Seng Joo	883,810	1.26%
Yong Wai Kin	1,400,006	2.00%
Hoh Chui Loon	1,400,006	2.00%
Total Consideration Shares	**69,999,999**	**100.00%**

Pursuant to the initial public offering, the Company issued 20,000,000 ordinary shares for a total consideration of approximately S$5,000,000 or RM11,411,000 equivalent for cash. The newly issued shares rank pari passu in all respects with the previously issued shares. Acquisition of entities has been accounted for using the pooling-of-interest method as the Restructuring Exercise is a legal reorganisation of entities under common control.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

23 DIVIDENDS

	2011 RM'000	2010 RM'000
Group		
Special dividend declared and paid		
MSM Metal Industries Sdn Bhd @ RM0.10 per share	–	400
MSM Equipment Manufacturer Sdn Bhd @ RM1.04 per share	–	314
MSM Marketing Sdn Bhd @ RM0.76 per share	–	760
Ordinary dividend paid		
Final dividend paid in respect of the previous financial year of 0.50 Singapore cents per share	1,094	–
	1,094	1,474

As the Company officially took over the Group on 17 March 2010 (Note 22), the special dividend in the consolidated statement of changes in equity of the Group represented the special dividends declared and paid by the subsidiaries included in the Restructuring Exercise.

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24 CONTINGENT LIABILITIES

The Company has issued corporate guarantees to a bank for borrowing of a subsidiary. The bank borrowing amounts to RM1,500,000 (2010: Nil) at the balance sheet date.

25 COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Property, plant and equipment	550	15,316

(b) Operating lease commitments – where the Group is a lessee

The Group leases warehouse and office buildings from directors and non-related parties under non-cancellable operating lease agreements.The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Not later than one year	282	228
Between one and five years	275	251
	557	479

(c) Operating lease commitments – where the Group is a lessor

The Group leases out office space to related and non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Not later than one year	188	83
Between one and five years	180	83
	368	166

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26 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales, purchases and other expenses*

	Group	
	2011 **RM'000**	**2010** **RM'000**
Sales of goods to related parties	162	210
Rental income charged to a related party	72	60
Service charges charged to a related party	10	10
Purchases of material from a related party	(23)	(36)
Subcontractors' cost paid to a related party	(249)	(241)

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's Key Management personnel and their close family members.

Outstanding balances as at 31 December 2011, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 18 respectively.

(b) *Key management personnel compensation*

Key management personnel compensation is as follows:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Salaries, bonuses and allowances	1,721	1,635
Directors' fees	202	132
Employer's contribution to defined contribution plans	171	129
Other short-term benefits	444	220
	2,538	2,116

Included in the above is total compensation to directors of the Group amounting to RM1,451,000 (2010: RM1,361,000).

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(CONT'D)

27 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors comprises three independent directors and four non-independent directors. The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United States of America and Indonesia. All geographic locations are engaged in the OEM contract manufacturing, oil and gas, cleanroom and laboratories and kitchen appliances, equipment and related services.

In 2010, the Board of Directors considered the business from two business segments, which are OEM contract manufacturing and kitchen appliances, equipment & related services.

In 2011, the Board of Directors has decided to consider the business in four business segments as set out below:

- OEM contract manufacturing;
- Kitchen appliances, equipment and related services;
- Oil and gas; and
- Cleanroom and laboratories.

Accordingly, the segment results for the previous financial year have been restated.

The segment information provided to the Board of Directors for the reportable segments is as follows:

	OEM contract manufacturing RM'000	Oil and gas RM'000	Cleanroom and laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
2011					
Revenue					
- Sales to external parties	16,387	25,373	7,362	25,454	74,576
Adjusted EBITDA	(1,142)	6,873	430	2,491	8,652
Depreciation of property, plant and equipment	1,501	456	51	1,138	3,146
2010					
Revenue					
- Sales to external parties	16,773	24,228	5,953	26,467	73,421
Adjusted EBITDA	2,402	6,400	1,161	2,683	12,646
Depreciation of property, plant and equipment	1,748	1,075	44	676	3,543

As the amounts of total assets and liabilities for each reportable segment is not regularly provided to Board of Directors, such information is not presented in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

27 SEGMENT INFORMATION (CONT'D)

There are no inter-business segment sales. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on measure of Earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA"). Interest income, finance expenses, and depreciation and amortisation of investment properties are not allocated to segments, as this type of activity is driven by the Chief Executive Officer ("CEO") and Financial Controller, who manage the cash position of the Group.

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

	2011 RM'000	2010 RM'000
Adjusted EBITDA for reportable segments	8,652	12,646
Depreciation of property, plant and equipment	(3,146)	(3,543)
Depreciation and amortisation of investment properties	(58)	(58)
Finance expense	(2,135)	(1,496)
Interest income	34	52
Profit before income tax	3,347	7,601

Geographical information

The Group's four business segments operate in three primary geographical areas:

- Malaysia – the Group is headquartered and has operations in Malaysia. The operations in this area are principally in the manufacturing and sales of OEM contract manufacturing products, oil and gas, cleanroom and laboratories and kitchen appliances, equipment and related services;

- United States of America – the operations include the sale of OEM contract manufacturing and oil and gas products;

- Indonesia – the operations include the sale of OEM contract manufacturing products and kitchen appliances, equipment and related services;

- Other countries – the operations include the sale of OEM contract manufacturing products in United Kingdom, New Zealand and Thailand, and the sale of kitchen appliances and equipment in Singapore, Vietnam and Cambodia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

27 SEGMENT INFORMATION (CONT'D)

	Group 2011 RM'000	Group 2010 RM'000
Revenue		
Malaysia	54,088	57,379
United States of America	15,892	12,544
Indonesia	3,457	2,000
Other countries	1,139	1,498
	74,576	73,421
Non-current assets		
Malaysia	46,617	27,132
Indonesia	3	–
	46,620	27,132

Revenues of approximately RM25,400,000 (2010: RM24,200,000) are derived from a single external customer. These revenues are attributable to the sale of oil and gas products.

28 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market risk

(i) Currency risk

The Group mainly operates in Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies such as United States Dollar ("USD"). Singapore Dollar ("SGD") and Euro ("EURO"). As the transactions in foreign currencies are minimal, the Group manages the foreign exchange exposure arising from future commercial transactions and recognised assets and liabilities by a policy of matching, as far as possible, receipts and payments in each individual currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

28 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	RM RM'000	USD RM'000	SGD RM'000	EURO RM'000	Total RM'000
31 December 2011					
Financial assets					
Cash and cash equivalents	4,409	726	39	–	5,174
Trade and other receivables	12,647	5,804	–	–	18,451
Other financial assets	290	15	17	–	322
	17,346	6,545	56	–	23,947
Financial liabilities					
Trade and other payables	13,428	–	264	26	13,718
Borrowings	43,299	–	–	2,447	45,746
	56,727	–	264	2,473	59,464
Net financial (liabilities)/assets	(39,381)	6,545	(208)	(2,473)	(35,517)
Add: Net non-financial assets	322	–	–	–	322
Currency profile including non-financial assets and liabilities	(39,059)	6,545	(208)	(2,473)	(35,195)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	–	6,545	(208)	(2,473)	3,864

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

28 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

	RM RM'000	USD RM'000	SGD RM'000	Total RM'000
31 December 2010				
Financial assets				
Cash and cash equivalents	8,906	1,729	–	10,635
Trade and other receivables	17,320	2,079	–	19,399
Other financial assets	450	–	–	450
	26,676	3,808	–	30,484
Financial liabilities				
Trade and other payables	(12,146)	–	(108)	(12,254)
Borrowings	(31,138)	–	–	(31,138)
	(43,284)	–	(108)	(43,392)
Net financial (liabilities)/assets	(16,608)	3,808	(108)	(12,908)
Add: Net non-financial assets	450	–	–	450
Currency profile including non-financial assets and liabilities	(16,158)	3,808	(108)	(12,458)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	–	3,808	(108)	3,700

The Company does not have any significant exposure to currency risk as the transactions in foreign currencies are minimal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

28 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Market risk (Cont'd)*

(i) *Currency risk (Cont'd)*

If the USD, SGD and EURO change against the RM by 5% (2010: 5%), 5% (2010: 5%) and 5% (2010: 5%) respectively, with all other variables including tax rate being held constant, the effects arising from net financial liabilities/assets position will be as follows:

	Increase/ (Decrease) 2011 Net Profit RM'000	2011 Equity RM'000	2010 Net Profit RM'000	2010 Equity RM'000
Increase/(Decrease)				
USD against RM				
- strengthened	245	245	143	143
- weakened	(245)	(245)	(143)	(143)
SGD against RM				
- strengthened	(8)	(8)	(4)	(4)
- weakened	8	8	4	4
EURO against RM				
- strengthened	(93)	(93)	–	–
- weakened	93	93	–	–

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank loans at variable interest rates. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's exposure to cash flow interest rate risk arises mainly from non-current variable-rate borrowings.

The Group's borrowings at variable rates are denominated in RM. If the RM interest rate increases/decreases by 1% (2010: 1%) with all other variables including tax rates being held constant, the net profit and equity will be lower/higher by RM343,000 (2010: RM234,000).

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits, and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with recognised and creditworthy third parties. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company 2011 RM'000	Company 2010 RM'000
Corporate guarantee provided to bank on a subsidiary's loan	1,500	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

28 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

The trade receivables of the Group comprise 13 debtors (2010: 13 debtors) that individually represented 62% (2010: 68%) of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group 2011 RM'000	Group 2010 RM'000
By geographical areas		
Malaysia	12,288	16,989
Indonesia	1,169	812
United States of America	4,739	1,280
Other countries	167	231
	18,363	19,312
By types of customers		
Related parties	61	118
Non-related parties		
- Multi-national companies	9,800	7,684
- Other companies	8,502	11,510
	18,363	19,312

* *Denotes below RM1,000.*

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Past due 0 to 3 months	1,640	840
Past due 3 to 6 months	1,447	1,647
Past due over 6 months	1,504	1,900
	4,591	4,387

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

28 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired (Cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2011 RM'000	2010 RM'000
Gross amount	339	2,429
Less: Allowance for impairment	(339)	(1,675)
	–	754
Beginning of financial year	1,675	1,494
Allowance made	145	277
Allowance utilised	(1,013)	(96)
Reversal of allowance of impairment	(468)	–
End of financial year	339	1,675

The impaired trade receivables arise from sales to companies which were closed down or had liquidity problem.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 19) to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash and short-term bank deposits as disclosed in Note 11.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000
<u>Group</u>				
31 December 2011				
Trade and other payables	13,718	–	–	–
Borrowings	8,061	5,517	12,131	13,696
	21,779	5,517	12,131	13,696

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

28 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000
Group				
31 December 2010				
Trade and other payables	12,254	–	–	–
Borrowings	3,898	3,748	5,744	8,060
	16,152	3,748	5,744	8,060
Company				
31 December 2011				
Trade and other payables	226	–	–	–
Financial guarantee contracts	1,500	–	–	–
	1,726	–	–	–
31 December 2010				
Trade and other payables	108	–	–	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio.The Group's policy, which is unchanged from 2010, is to maintain gearing ratio of not exceeding 2.0 times.

Gearing ratio is calculated as total borrowings divided by total net worth. Net worth is defined as total assets minus total liabilities.

	Group 2011 RM'000	Group 2010 RM'000
Total borrowings	45,746	31,138
Net worth	34,455	32,997
Gearing ratio	1.33	0.94

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

- Amendments to FRS 107 Disclosures – Transfer of Financial Assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- Amendments to FRS 12 – Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
- FRS 19 (revised 2011) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (revised 2011) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 110 – Consolidated Financial Statements (effective for annual report on or after 1 January 2013)
- FRS 112 – Disclosure of Interest in Other Entities (effective for annual report on or after 1 January 2013)
- FRS 113 – Fair Value Measurement (effective for annual report on or after 1 January 2013)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

STATISTICS OF SHAREHOLDINGS
AS AT 16 MARCH 2012

Issued and fully paid-up shares excluding treasury shares	:	90,000,000
Treasury shares	:	Nil
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholder as at 16 March 2012)

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Triumphant Hope Sdn Bhd	61,564,747	68.41	–	–
Chan Kee Sieng	85,000	0.09	61,564,747	68.41
Chan Kit Moi	130,000	0.14	61,564,747	68.41
Chan Kat Yin	130,000	0.14	61,564,747	68.41

Notes:

Messrs Chan Kat Yin, Chan Kee Sieng and Chan Kit Moi are shareholders of Triumphant Hope Sdn Bhd (each holding 33.33% of shares in the capital of Triumphant Hope Sdn Bhd) and they are deemed to have an interest in the shares held by Triumphant Hope Sdn Bhd.

Shareholdings Held in the Hands of Public

Based on information available to the Company as at 16 March 2012, approximately 25.31% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual (Section B: Rules of Catalist) is complied with.

STATISTICS OF SHAREHOLDINGS
AS AT 16 MARCH 2012
(CONT'D)

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2012

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	–	0.00	–	0.00
1,000 - 10,000	30	22.39	242,000	0.27
10,001 - 1,000,000	97	72.39	12,158,620	13.51
1,000,001 AND ABOVE	7	5.22	77,599,380	86.22
TOTAL	134	100.00	90,000,000	100.00

TWENTY LARGEST SHAREHOLDERS
AS AT 16 MARCH 2012

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	TRIUMPHANT HOPE SDN. BHD.	61,564,747	68.41
2	CIMB SECURITIES (SINGAPORE) PTE LTD	7,142,006	7.94
3	CHAN WEN CHAU	2,785,186	3.09
4	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	2,500,000	2.78
5	YONG WAI KIN	1,400,006	1.56
6	PHILLIP SECURITIES PTE LTD	1,125,000	1.25
7	CHAN WEN YAW	1,082,435	1.20
8	CHOO KOK CHENG	950,000	1.06
9	ONG SENG JOO	883,810	0.98
10	CHAN WEN YEE	883,810	0.98
11	LEE KAY HUAN HOLDINGS PTE LTD	840,000	0.93
12	CHIN JIT SIN	750,000	0.83
13	KAM FOONG KENG	750,000	0.83
14	LIM POH HOCK ERIC	500,000	0.56
15	UOB KAY HIAN PTE LTD	460,000	0.51
16	GERALD CHEW KIN MUN	400,000	0.44
17	CHAN SIEW LING	366,000	0.41
18	CHUA KENG LOY	250,000	0.28
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	227,000	0.25
20	TAN HOW KHENG	216,000	0.24
	TOTAL	85,076,000	94.53

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Blk 18 Sin Ming Lane, #06-08 Midview City, Singapore 573960 on Friday, 27 April 2012 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. ***Resolution 1***

2. To approve the Directors' fees of S$83,000 for the financial year ending 31 December 2012 (2011:S$83,000) ***Resolution 2***

3. To re-elect the following directors, each of whom will retire pursuant to Article 107 of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 109:

   (i) Mr Wong Kok Seong ***Resolution 3***
   (ii) Mr Brian Wong Wye Pong ***Resolution 4***
   (iii) Mr Chan Wen Chau ***Resolution 5***

   Mr Wong Kok Seong shall, upon re-election as Director of the Company, remain as member of the Audit, Remuneration and Nominating Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B : Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   Mr Brian Wong Wye Pong shall, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and member of the Remuneration and Nominating Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B : Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("SGX-ST").

4. To re-appoint Nexia TS Public Accounting Corporation as the auditors of the Company and authorise the Directors to fix their remuneration. ***Resolution 6***

5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, approve the following Ordinary Resolution, with or without modifications:

6. **Authority to allot and issue shares**

   "That pursuant to Section 161 of the Companies Act, Cap. 50, and subject to Rule 806 of the SGX-ST Listing Manual (Section B: Rules of Catalist), approval be and is hereby given to the Directors of the Company to issue: ***Resolution 7***

   (a) shares in the capital of the Company (whether by way of bonus, rights or otherwise) or;

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(b) convertible securities; or

(c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalism issues; or

(d) shares arising from the conversion of convertible securities in (b) and (c) above,

at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that :-

(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 100% of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited as at the date the general mandate is passed;

(ii) the aggregate number of shares and convertible securities to be issued other than a pro-rata basis to existing shareholders shall not be more than 50% of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited as at the date the general meeting is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the date of the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options in issue as at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
(See Explanatory Note)

By Order of the Board

Chan Kee Sieng
Executive Chairman
Singapore
12 April 2012

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes:

1. The Ordinary Resolution 7 above, is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares up to an amount not exceeding in aggregate 100% of the total number of issued shares excluding treasury shares of which the total number of shares issued other than on a pro-rata basis to existing shareholders shall not exceed 50% of the total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the SGX-ST Listing Manual (Section B: Rules of Catalist) currently provides for the percentage of the total number of issued shares excluding treasury shares to be calculated on the basis of the total number of issued shares at the time that the resolution is passed (taking into account the conversion or exercise of any convertible securities and the exercise of employee share options on the issue at the time that the resolution is passed, which were issued pursuant to previous shareholder approval), adjusted for any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. *A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.*

2. *The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street Singapore 059915 not less than 48 hours before the time set for the Annual General Meeting.*

MANN SENG METAL INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200918800R)

ANNUAL GENERAL MEETING
PROXY FORM

I/We ________________________ (Name) ________________________ (NRIC/Passport No.)

of ____ (Address),

being a member/members of Mann Seng Metal International Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (Please delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Blk 18 Sin Ming Lane, #06-08 Midview City, Singapore 573960 on Friday, 27 April 2012 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as the proxy/proxies will on any other matter arising at the Annual General Meeting)

No.	Ordinary Resolutions	For	Against
	ORDINARY BUSINESS		
Resolution 1	To receive and adopt the Financial Statements for the financial year ended 31 December 2011, the Directors' Report and the Auditors' Report thereon.		
Resolution 2	To approve the Directors' fees for the financial year ending 31 December 2012.		
Resolution 3	To re-elect Mr Wong Kok Seong as Director.		
Resolution 4	To re-elect Mr Brian Wong Whye Pong as Director.		
Resolution 5	To re-elect Mr Chan Wen Chau as Director.		
Resolution 6	To re-appoint Nexia TS Public Accounting Corporation as the Auditors of the Company and authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
Resolution 7	To authorise Directors to issue shares pursuant to section 161 of the Companies Act (Chapter 50) of Singapore.		

Dated this________ day of ________________ 2012

Total number of shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ THE FOLLOWING NOTES.

Notes:

1. *Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.*

2. *A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.*

3. *Where a member appoints more than 1 proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.*

4. *The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.*

5. *A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting of the Company, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.*

6. *The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street Singapore 059915 not less than 48 hours before the time set for the Annual General Meeting.*

7. *The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.*