



SAM ENGINEERING & EQUIPMENT (M) BERHAD
(formerly known as LKT INDUSTRIAL BERHAD)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR QUARTER ENDED 31 MARCH 2011

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SAM ENGINEERING & EQUIPMENT (M) BERHAD
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 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

(The figures have not been audited)

	As At 31-Mar-11 RM'000	As At 31-Mar-10 RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	124,698	124,727
Intangible assets	2,395	1,461
Current assets		
Receivables, deposits and prepayments, including derivatives	59,931	31,031
Inventories	78,068	23,101
Assets classified as held for sale	8,356	8,356
Tax recoverable	465	214
Cash and cash equivalents	10,729	31,580
	<u>157,549</u>	<u>94,282</u>
TOTAL ASSETS	<u>284,642</u>	<u>220,470</u>
EQUITY AND LIABILITIES		
Share capital	70,881	70,881
Reserves	100,689	83,173
Total equity	<u>171,570</u>	<u>154,054</u>
Non-current liabilities		
Deferred tax liabilities	5,621	4,323
Borrowings	13,628	15,406
Current liabilities		
Trade and other payables	67,321	34,907
Borrowings	26,093	10,236
Tax payable	409	1,544
	<u>93,823</u>	<u>46,687</u>
TOTAL EQUITY AND LIABILITIES	<u>284,642</u>	<u>220,470</u>
Net assets per share (sen)	<u>242</u>	<u>217</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the financial year ended 31 March 2010.
 The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011**

(The figures have not been audited)

	3 months ended		12 months ended	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Note	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Revenue	85,179	77,186	308,247	302,531
Cost of support services and goods sold	(78,947)	(59,926)	(277,763)	(260,535)
Gross profit	6,232	17,260	30,484	41,996
Other operating incomes	1,443	1,912	5,961	7,672
Other operating expenses	76	(2,331)	(2,095)	(5,208)
Distribution and administrative expenses	(3,902)	(4,215)	(12,389)	(14,291)
Finance costs	(287)	(234)	(993)	(989)
Profit before taxation	3,562	12,392	20,968	29,180
Tax expense	(941)	(2,515)	(3,136)	(3,196)
Profit for the period/year	2,621	9,877	17,832	25,984
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(412)	48	(316)	72
Realisation of profit on transfer of equipments	-	(16)	-	-
Surplus on revaluation of buildings (net of deferred tax)	-	4,956	-	4,956
Total comprehensive income for the period/year	2,209	14,865	17,516	31,012
Profit attributable to:				
Owner of the Company	2,621	9,877	17,832	25,984
Profit for the period/year	2,621	9,877	17,832	25,984
Total comprehensive income attributable to:				
Owner of the Company	2,209	14,865	17,516	31,012
Total comprehensive income for the period/year	2,209	14,865	17,516	31,012
Earnings per share				
Basic earnings per share (sen)	29	3.70	13.93	25.16
				36.66

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 March 2010.

The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

(The figures have not been audited)

	Reserves					Total Equity
	Share Capital	Share Premium	Non Distributable		Distributable	
Assets Revaluation Reserve			Translation Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.4.2009	70,881	6,850	3,282	243	41,353	122,609
Total comprehensive income for the year	-	-	4,956	72	25,984	31,012
As at 31.3.2010	<u>70,881</u>	<u>6,850</u>	<u>8,238</u>	<u>315</u>	<u>67,337</u>	<u>153,621</u>
As at 1.4.2010, as previously stated	70,881	6,850	8,238	315	67,337	153,621
- effect of adopting FRS 139	-	-	-	-	433	433
As at 1.4.2010, as restated	<u>70,881</u>	<u>6,850</u>	<u>8,238</u>	<u>315</u>	<u>67,770</u>	<u>154,054</u>
Total comprehensive income for the year	-	-	-	(316)	17,832	17,516
As at 31.3.2011	<u>70,881</u>	<u>6,850</u>	<u>8,238</u>	<u>(1)</u>	<u>85,602</u>	<u>171,570</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Report for the financial year ended 31 March 2010.

The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

(The figures have not been audited)

	12 months ended	
	31-Mar-11	31-Mar-10
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,968	29,180
Adjustments for:-		
Non-cash items	10,645	10,051
Non-operating items	931	903
Operating profit before working capital changes	32,544	40,134
Net change in current assets	(84,362)	120
Net change in current liabilities	34,496	5,606
Cash (used in)/generated from operations	(17,322)	45,860
Warranty cost paid	(5)	(24)
Severance cost paid	-	(1,471)
Tax paid	(3,222)	(613)
Net cash (used in)/generated from operating activities	(20,549)	43,752
CASH FLOW FROM INVESTING ACTIVITIES		
Other investments	(13,311)	(27,418)
Net cash used in investing activities	(13,311)	(27,418)
CASH FLOW FROM FINANCING ACTIVITIES		
Bank borrowings, net of repayment	14,079	(8,519)
Interest paid	(993)	(989)
Net cash generated from/(used in) financing activities	13,086	(9,508)
Net change in cash and cash equivalents	(20,774)	6,826
Effect of foreign exchange fluctuations	(77)	(6)
Cash and cash equivalents brought forward	31,580	24,760
Cash and cash equivalents carried forward	10,729	31,580
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	8,927	29,375
Deposits with licensed banks	1,802	2,205
	10,729	31,580

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2010.
 The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
(The figures have not been audited)

1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2010. These explanatory notes attached to the condensed consolidated interim financial report provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2010.

2. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2010.

(i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

I) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

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

II) Financial instrument categories and subsequent measurement

The Group categories financial instruments as follows:

Financial assets

a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

d) Available-for-sale financial assets

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

III) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit and loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expired or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in the profit or loss other than derivatives designated as hedging instrument which are accounted for in accordance with the hedge accounting requirements as described in the hedge accounting policy as detailed above.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In accordance with the provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 March 2010 are not restated. Instead, the changes have been accounted for by making the following FRS139 adjustments to opening balances in the balance sheet as at 1 April 2010.

As at 1 April 2010
RM'000

Derivative Financial Assets	433 =====
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(ii) FRS 123, Borrowing Costs

Before 1 January 2010, borrowing costs were all expensed to profit or loss as and when they were incurred. With the adoption of FRS 123, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset as part of the cost of the asset for which the commencement date of capitalisation is on or after 1 January 2010.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 123.

Hence, the adoption of FRS 123 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current period's basic and diluted earnings per ordinary share.

(iii) FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114²⁰⁰⁴, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per ordinary share.

(iv) FRS 101 (revised), Presentation of Financial Statements

The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

The Group has not applied the following accounting standards (including its consequential amendments) and Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

		Effective Date	
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010	#
FRS 3	Business Combinations	1 July 2010	
FRS 124	Related Party Disclosures	1 January 2012	
FRS 127	Consolidated and Separate Financial Statements	1 July 2010	
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011	#
	Additional Exemptions for First-time Adopters	1 January 2011	#
Amendments to FRS 2	Share-based Payment	1 July 2010	#
	Group Cash-settled Share-based Payment Transactions	1 January 2011	#
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010	#
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011	
Amendments to FRS 138	Intangible Assets	1 July 2010	#
Improvements to FRSs (2010)		1 January 2011	
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011	
IC Interpretation 12	Service Concession Arrangements	1 July 2010	#
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012	#
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010	#
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010	#
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011	
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011	
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010	
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011	
Technical Release 3	Guidance on Disclosures of Transition to IFRSs	1 January 2011	

FRSs, Amendments to FRSs and IC Interpretations marked “#” are not applicable to the Group. Hence, no further disclosure is necessary.

The initial application of the other FRSs, Amendments to FRSs and Interpretations is not expected to have any material impact on the financial statements of the Group.

3. Audit opinion

The audit report for the audited financial statements of the Group for the financial year ended 31 March 2010 was not subject to any qualification.

4. Seasonality or cyclical of interim operations

The Group’s operation is dependent on the cyclical trend of the electronics and semiconductors industries.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date.

6. Changes in estimates

There were no changes in estimates that have material effect in the current quarter and financial year-to-date.

7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial year ended 31 March 2011.

8. Dividends paid

No dividend is paid during the current financial year.

9. Operating segments

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Contract Manufacturing RM'000	Precision Engineering RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	249,068	45,734	13,445	-	308,247
Inter segment sales	1,903	10,304	-	(12,207)	-
	<u>250,971</u>	<u>56,038</u>	<u>13,445</u>	<u>(12,207)</u>	<u>308,247</u>
Results					
Segment result (external)	16,028	9,945	(3,631)	(443)	21,899
Interest income					62
Finance costs					(993)
Profit before taxation					<u>20,968</u>
Tax expense					(3,136)
Profit for the year					<u><u>17,832</u></u>

10. Property, plant and equipment

The valuations of the property, plant and equipment have been brought forward without any amendments from the previous audited financial statements

Property, plant and equipment amounting to RM12.1 million were acquired during the current year to date (twelve months ended 31 March 2010: RM38.2 million).

Property, plant and equipment amounting to RM0.2 million were disposed during the current year to date (twelve months ended 31 March 2010: RM Nil).

11. Subsequent events

There were no material events subsequent to the end of the current quarter.

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

13. Contingent liabilities

There is no contingent liability since the last annual balance sheet date.

14. Capital commitments

	31 March 2011 RM'000	31 March 2010 RM'000
Contracted but not provided for	2,338	3,130

15. Significant related party transaction

Significant transaction with related parties is as follows:

	12 months ended 31 March 2011 RM'000
Singapore Aerospace Manufacturing Pte Ltd (“SAM”), the Penultimate Holding Company	
- Sales of aerospace parts	13,444
- Training and engineering supports provided	(52)
	=====

16. Review of performance

The Group’s revenue for the quarter was RM85.2 million compared to RM73.1 million in the preceding quarter with a profit before tax of RM3.6 million for the quarter compared to RM0.4 million in the preceding quarter. The increase in profit before tax for the quarter was contributed by the higher sales for the quarter.

17. Variation of results against immediate preceding year’s corresponding quarter

The Group’s revenue for the quarter was RM85.2 million compared to RM77.2 million in the corresponding quarter of the previous year. However, the Group’s profit before tax for the quarter was RM3.6 million compared to RM12.4 million in the corresponding quarter of the previous year. The drop in Group’s profit was due to start-up costs in new markets and for new customers and also due to the different product mix.

18. Current year prospects

Based on the information currently known, the Board of Directors expects the Group’s performance to be satisfactory for the current financial year.

19. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group.

20. Taxation

	3 months ended 31 March		12 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current period/year				
- provision for taxation	380	2,262	2,307	2,486
- deferred taxation	(1,001)	25	(1)	617
	(621)	2,287	2,306	3,103
Prior period/year				
- (over)/under provision for taxation	8	195	(468)	235
- deferred taxation	1,554	33	1,298	(142)
	941	2,515	3,136	3,196

The lower effective tax rate than the statutory tax rate was mainly due to the tax incentives enjoyed by certain subsidiaries under the Promotion of Investment Act, 1986 (as amended) and Section 127 of the Income Tax Act, 1967.

21. Unquoted investments and properties

There were no sales of unquoted investments and/or properties for the current quarter and current financial year-to-date.

22. Quoted investments

There were no purchases or disposal of quoted securities for the current quarter and current financial year-to-date.

23. Corporate proposal

On 22 August 2008, CIMB Investment Bank Berhad (“CIMB”) announced on behalf of the Company the following proposed restructuring to comply with the public shareholding spread requirement, involving the:

- Proposed bonus issue of 53,161,017 new ordinary shares of RM1.00 each in SAM Engineering & Equipment (M) Berhad (“SAM-Malaysia Shares”), to be credited as fully paid-up, on the basis of three (3) new SAM-Malaysia Shares for every four (4) existing SAM-Malaysia Shares held on an entitlement date to be determined and announced later (“Proposed Bonus Issue”);
- Proposed selective capital repayment exercise under Section 64 of the Companies Act, 1965 for 64,042,374 SAM-Malaysia Shares held by Singapore Precision Engineering Limited (“SPE”) after the Proposed Bonus Issue (“Proposed SCR”);
- Proposed issuance to SPE of 64,042,374 irredeemable convertible preference shares of RM1.00 each in SAM-Malaysia at an issue price of RM1.00 each, to be credited as fully paid-up by applying the credit arising from the Proposed SCR (“Proposed ICPS Issuance”);
- Proposed amendments to the Memorandum and Articles of Association of SAM-Malaysia; and

- Proposed increase in the authorised share capital of SAM-Malaysia.

(Collectively, the “Proposals”)

However, on 14 November 2008, the Company announced that the Proposals have been deferred due to the prevailing adverse market conditions.

On 4 March 2010, Bursa granted the Company a further extension of time of up to the date of the delisting of SAM-Malaysia from the Official List of Bursa Securities, to resolve the non-compliance with the public shareholding spread requirement under Paragraph 8.02(1) of the Listing Requirements (“LR”). On the same day, trading in SAM-Malaysia shares has been suspended with effect from 9.00 a.m., Thursday, 4 March 2010 pursuant to Paragraph 16.02(3) of the Main Market LR.

On 9 March 2010, the Company received a notification of approval from Bursa Securities pursuant to the Company’s Withdrawal Application. The de-listing of the Company will take place after Bursa Securities’ receipt of the following documents: -

1. Confirmation from the Company that all conditions, including conditions imposed by the relevant authorities which are required to be met prior to the de-listing have been met;
2. Confirmation from the Company that there are no circumstances or facts which have the effect of preventing or prohibiting the de-listing including any order, injunction or any other directive issued by any court of law; and
3. Confirmation from the Company that the exit offer in conjunction with SAM-Malaysia’s voluntary Withdrawal Application including the settlement of the consideration of the exit offer to the accepting holders has been completed.

On 31 March 2011, the Company received a letter of proposal from SPE (“Offeror”), its major shareholder, indicating its intention to undertake the Proposed Rectification Plan which involved:-

- Change of intention in relation to the Withdrawal Application, that is to continue with the listing status of the Company.
- Proposed restricted offer to sell its shares in the Company previously purchased from the minority shareholders (“Proposed ROS”); and
- Proposed sell down of its shares in the Company to comply with the public shareholding spread

(Collectively known as the “Proposed Rectification Plan”)

The Proposed ROS, which forms a crucial part of the Proposed Rectification Plan, will provide an opportunity, but not an obligation for the minority shareholders to repurchase a portion or all of the SAM Malaysia Shares sold to SPE. Barring unforeseen circumstances, the Proposed ROS is expected to be completed by the 3rd quarter of 2011.

On the same day, RHB Investment Bank Berhad announced on behalf of the Board of Directors of the Company (“Board”), that the Company proposed to undertake the Proposed Rectification Plan in conjunction with the following:

- Proposed acquisition of the engine casing manufacturing division from Singapore Aerospace Manufacturing Pte Ltd (“SAM Singapore”), for an initial purchase consideration of RM135.0 million subject to adjustment, to be satisfied via the issuance of 101.25 million irredeemable convertible unsecured loan stock (“ICULS”) at an issue price of RM1.00 each to SAM Singapore and the remaining RM33.75 million in cash (“Proposed Acquisition”); and
- Proposed restricted issue of 33.75 million ICULS to minority shareholders of the Company (“Proposed Restricted Issue”)

(Collectively referred to as “Acquisition Proposals”)

The Proposed Acquisition will allow the Group to further increase its range of products and move up the value chain of its manufacturing segment as well as value-add of the engine casing manufacturing business. The Proposed Restricted Issue is undertaken for the purpose of funding the cash portion of the purchase consideration for the Proposed Acquisition and to enable minority shareholders to subscribe for the ICULS and maintain their equity participation of the Company upon conversion of the ICULS into new shares of the Company and benefit from the future growth of the Company. Barring any unforeseen circumstances, the Acquisition Proposals are expected to be completed by the 4th quarter of 2011.

24. Borrowings and debt securities

	As At 31 March 2011 RM’000	As At 31 March 2010 RM’000
Short term borrowings		
Secured	7,145	10,236
Unsecured	18,948	-
Long term borrowings		
Secured	13,628	15,406
TOTAL	39,721	25,642

Included in the above are the following borrowings denominated in foreign currency:

	USD’000	RM’000 Equivalent
Short term borrowings		
Secured	1,743	5,274
Unsecured	4,505	13,631
Long term borrowings		
Secured	4,504	13,628
	10,752	32,533

25. Financial instruments

	Contracted Amount RM'000	Fair Value RM'000
Forward foreign exchange contracts (within 1 year)	16,561	16,388

26. Material litigation

There were no pending material litigation as at the date of this report.

27. Disclosure of realised and unrealised profits or losses of the Group

	As at 31 March 2011 RM'000	As at 31 March 2010 RM'000
Total retained earnings		
- Realised	92,435	*
- Unrealised	(6,833)	*
	85,602	*

* *Note: Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.*

28. Proposed dividend

No dividend has been recommended for the current year.

29. Earnings per share

Basic earning per share

The basic earning per share for the financial year has been calculated based on the Group's net profit attributable to shareholders of RM17.8 million for the 12 months ended 31 March 2011 over the number of ordinary shares in issue during the year of 70,881,357.

30. Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report on 20 April 2011.

By Order of the Board
SAM Engineering & Equipment (M) Berhad
(formerly known as LKT Industrial Berhad)
(298188 A)

Lam Voon Kean (MIA 4793)
Company Secretary

Penang
20 April 2011