

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold/transferred all your SMPC Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue with Warrants, which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, namely Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia.

These Documents are only despatched to our Entitled Shareholders (other than an authorised nominee who has subscribed for the NRS), who have a registered address in Malaysia in the records of Bursa Depository or who have provided our Share Registrar with a registered address in Malaysia in writing not later than 5.00 p.m. on 27 October 2014. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who are or may be subject to the laws or jurisdictions of countries other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the Rights Shares with Warrants C to be issued under the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 11 of this Abridged Prospectus. Neither SMPC, PIVB nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights Shares with Warrants C made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue with Warrants at the Extraordinary General Meeting held on 26 September 2014. Bursa Securities has also on 12 August 2014 granted its approval for, amongst others, the admission of the Warrants C to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Additional Warrants B, Warrants C and the new ordinary shares to be issued arising from the exercise of the Additional Warrants B and the Warrants C on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. Admission of the Warrants C to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Additional Warrants B, Warrants C and the new ordinary shares to be issued arising from the full exercise of the Additional Warrants B and the Warrants C on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

PIVB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.

SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 300,410,014 NEW ORDINARY SHARES OF RM1.00 EACH IN SMPC ("SMPC SHARE(S)") ("RIGHTS SHARE(S)") TOGETHER WITH UP TO 150,205,007 FREE NEW DETACHABLE WARRANTS ("WARRANTS C") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT C FOR EVERY TWO (2) EXISTING SMPC SHARES HELD AT 5.00 P.M. ON 27 OCTOBER 2014, OF WHICH THE FIRST CALL OF RM0.90 WILL BE PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.10 IS TO BE CAPITALISED FROM SMPC'S RESERVES, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 20,000,000 RIGHTS SHARES TOGETHER WITH 10,000,000 WARRANTS C

Adviser



PUBLIC INVESTMENT BANK BERHAD (20027-VV)

A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date for the Rights Issue with Warrants	:	Monday, 27 October 2014 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Monday, 3 November 2014 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Thursday, 6 November 2014 at 4.00 p.m.
Acceptance and payment	:	Tuesday, 11 November 2014 at 5.00 p.m.*
Excess application and payment	:	Tuesday, 11 November 2014 at 5.00 p.m.*

* or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 27 October 2014

BURSA SECURITIES HAS APPROVED, AMONGST OTHERS, THE ADMISSION OF THE WARRANTS C TO THE OFFICIAL LIST OF MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, ADDITIONAL WARRANTS B, WARRANTS C AND THE NEW ORDINARY SHARES ARISING FROM THE FULL EXERCISE OF THE ADDITIONAL WARRANTS B AND THE WARRANTS C ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THESE DOCUMENTS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, INCLUDING, *INTER-ALIA*, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this Abridged Prospectus and shall have the following meanings:

Abridged Prospectus	: The abridged prospectus dated 27 October 2014 issued by SMPC in relation to the Rights Issue with Warrants
Act	: Companies Act, 1965
Additional Warrants B	: Additional Warrants B to be issued pursuant to the adjustment in accordance with the provisions of the deed poll as a result of the Rights Issue with Warrants, if any
Adviser or PIVB	: Public Investment Bank Berhad (20027-W)
Announcement	: Announcement dated 27 February 2014 in relation to the Rights Issue with Warrants
ATM(s)	: Automated teller machine(s)
Authorised Nominee(s)	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
Board	: Board of Directors of SMPC
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System
CDS Account(s)	: Securities account(s) established by Bursa Depository for a depositor to record deposits or withdrawals of securities or for dealings in such securities by the depositor
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-Overs and Mergers, 2010
Confirmation Screen	: The screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Rights Shares with Warrants applied for, which can be printed out for your record
Deed Poll	: The deed poll dated 9 October 2014 executed by SMPC, constituting the Warrants C pursuant to the Rights Issue with Warrants
Director(s)	: Shall have the same meaning given in Section 2(1) of the CMSA and includes: <ul style="list-style-type: none"> (i) a director of SMPC or, its subsidiary; or (ii) a chief executive of SMPC or, its subsidiary
Disposal	: On 26 March 2014, our Company entered into a share purchase agreement with Select Galva India Pvt. Ltd. to dispose off our Company's 74% equity interest in SMPC Industries India Pvt. Ltd., a subsidiary of our Company, for a total cash consideration of RM3,000,000. Subsequent to the announcements dated 24 March 2014 and 26 March 2014, the Board had on 7 April 2014 announced the completion of the Disposal upon the receipt of the letter of confirmation dated 2 April 2014 from the purchaser's solicitors
Documents	: Abridged Prospectus, NPA and RSF, collectively
EGM	: Extraordinary General Meeting

DEFINITIONS (Cont'd)

Electronic Application(s)	:	Application(s) for the Rights Shares with Warrants C and/or Excess Rights Shares with Warrants C through the ATMs of Participating Financial Institutions and the Internet Application(s), collectively
Entitled Shareholder(s)	:	Shareholder(s) of SMPC whose name(s) appears on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue with Warrants
Entitlement Date	:	27 October 2014 at 5.00 p.m., being the date and time at which the shareholders of our Company must be registered in our Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	:	Earnings per share
ESOS	:	Employees' share option scheme of SMPC
ESOS Option(s)	:	Employees' share options under the ESOS
Excess Application	:	Application for additional Rights Shares with Warrants C in excess of the Entitled Shareholder's entitlement under the Rights Issue with Warrants as set out in Section 11 of this Abridged Prospectus
Excess Rights Shares with Warrants C	:	Rights Shares with Warrants C which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounee(s) and/or transferee(s)
Exercise Price	:	RM1.00 per Warrant C for one (1) new SMPC Share
First Call	:	Being the first call at the price of RM0.90 per Rights Share payable in full in cash on application by the Entitled Shareholders
FPE	:	Financial period ended/ending
FYE	:	Financial year ended/ending 31 March
HLS	:	Hock Lok Siew Realty Sdn Bhd (159911-M), a shareholder of our Company as at the LPD
ICULS	:	Ten (10)-year irredeemable convertible unsecured loan stocks at 100% of the nominal value of RM0.10 each constituted by the trust deed dated 28 March 2012 between our Company and the trustee who acts for the benefit of the holders of the ICULS
Internet Application(s)	:	Application(s) for the Rights Shares with Warrants C and/or Excess Rights Shares with Warrants C through an Internet Participating Financial Institution
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Application as referred to in Section 11.1 of this Abridged Prospectus
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	14 October 2014, being the latest practicable date prior to the printing of the Abridged Prospectus
Market Day	:	A day on which Bursa Securities is open for the trading of securities
Maximum Scenario	:	The scenario that assumes the Treasury Shares are resold in the open market of Bursa Securities, and all outstanding ICULS, Warrants B and Unexercised Options are fully converted and exercised, respectively, into new SMPC Shares prior to the Entitlement Date and all the Entitled Shareholders subscribe for their rights entitlements in full pursuant to the Rights Issue with Warrants

DEFINITIONS (Cont'd)

Minimum Scenario	:	The scenario that assumes the Treasury Shares are either cancelled or continue to be retained as treasury shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis pursuant to the Undertakings
Minimum Subscription Level	:	The scenario that assumes the Rights Issue with Warrants will be undertaken on a minimum subscription level basis via the issuance of 20,000,000 Rights Shares together with 10,000,000 Warrants C
NA	:	Net assets
NCN	:	Ng Chin Nam, Director and shareholder of our Company as at the LPD
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
NRS	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares with Warrants C through Bursa Depository's existing network facility with the Authorised Nominees
OCS	:	Ooi Chieng Sim, Director and major shareholder of our Company as at the LPD
PACs	:	Persons acting in concert with OCS in accordance with Section 216 of the CMSA
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Applications as referred to in Section 11.1 of this Abridged Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Provisional Rights Shares with Warrants C	:	Rights Shares with Warrants C provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants
Rights Issue Entitlement File	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlements under the Rights Issue with Warrants as at the Entitlement Date
Rights Issue with Warrants	:	Renounceable two-call rights issue of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC Shares held as at the Entitlement Date, of which the First Call will be payable in cash on application and the Second Call is to be capitalised from our Company's reserves, based on the Minimum Subscription Level
Record of Depositors	:	A record of depositors established and maintained by Bursa Depository
Rights Shares Subscription File	:	An electronic file forwarded by an Authorised Nominee who has subscribed for NRS to Bursa Depository, containing information of such Authorised Nominee's subscription of the Rights Shares with Warrants C or Excess Rights Shares with Warrants C
Rights Shares with Warrants C	:	New SMPC Shares together with Warrants C to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights subscription form in relation to the Rights Issue with Warrants

DEFINITIONS (Cont'd)

Rules of Bursa Depository	: The rules of Central Depository as defined in the SICDA
SC	: Securities Commission Malaysia
Second Call	: Being the second call at the price of RM0.10 per Rights Share, which will be capitalised from our Company's reserves
SICDA	: Securities Industry (Central Depositories) Act, 1991
Skylitech	: Skylitech Resources Sdn Bhd (230298-T), a substantial shareholder of our Company as at the LPD
SMPC or Company	: SMPC Corporation Bhd. (79082-V)
SMPC Group or Group	: SMPC and our subsidiaries, collectively
SMPC Share(s)	: Ordinary share(s) of RM1.00 each in SMPC
TERP	: Theoretical ex-rights price
Treasury Shares	: 2,444,668 SMPC Shares held by our Company as treasury shares as at the LPD
Undertakings	: The irrevocable written undertakings by OCS and NCN to subscribe for an aggregate of 20,000,000 Rights Shares together with 10,000,000 Warrants C to achieve the Minimum Subscription Level
Unexercised Options	: ESOS Options granted and remained unexercised under the ESOS
Warrants B	: Existing warrants of our Company constituted by the deed poll dated 28 March 2012
Warrants C	: Warrants to be issued for free pursuant to the Rights Issue with Warrants, which shall constitute the same series of warrants under the Deed Poll for Warrants C and will be listed on the Main Market of Bursa Securities
VWAMP	: Volume weighted average market price

All references to our "Company" or "SMPC" in this Abridged Prospectus are made to SMPC and references to "SMPC Group" or "Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" are to our Company and, unless where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of a day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Designation	Profession	Nationality
Sudesh a/l K.V. Sankaran	161, Cangkat Minden 5 Minden Heights 11700 Gelugor Penang	Independent Non-Executive Director/ Chairman	Company Director	Malaysian
Ooi Chieng Sim	23, Lintang Jelutong Bukit Dumbar 11600 Georgetown Penang	Executive Director/ Vice Chairman	Company Director	Malaysian
Mohd Shahril Fitri Bin Hashim	5, Jalan PUJ 6/13 Taman Puncak Jalil Bandar Putra Permai 43300 Seri Kembangan Selangor	Executive Director	Company Director	Malaysian
Ng Chin Nam	243, Jalan Murni Taman Desa Murni Sungai Dua 13800 Butterworth Penang	Executive Director	Company Director	Malaysian
Dato' Lee Hean Guan	18-16-12A Menara Greenview Green Lane 11600 Georgetown Penang	Non-Independent Non-Executive Director	Company Director	Malaysian
Dato' Dennis Chuah	501G-9-1, Diamond Villa 11200 Tanjung Bungah Penang	Independent Non-Executive Director	Company Director	Malaysian
Maniam a/l Rajakeresnen	71, Lorong 4 Taman Sri Murni 08300 Gurun Kedah	Independent Non-Executive Director	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Dennis Chuah	Chairman	Independent Non-Executive Director
Sudesh a/l K.V. Sankaran	Member	Independent Non-Executive Director
Maniam a/l Rajakeresnen	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES : Chan Yoke Yin (MAICSA 7043743)
Chan Eoi Leng (MAICSA 7030866)
Symphony Corporatehouse Sdn Bhd (476777-A)
55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak
Tel: 605-547 4833
Fax: 605-547 4363

REGISTERED OFFICE : 55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak
Tel: 605-547 4833
Fax: 605-547 4363

PRINCIPAL PLACE OF BUSINESS : 2521, Tingkat Perusahaan 6
Prai Industrial Estate
13600 Prai, Penang
Tel: 604-397 1324
Fax: 604-399 7324
Website: www.smpccorp.com.my

AUDITORS : Grant Thornton (AF 0042)
Chartered Accountants
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah,
10500 Penang
Tel: 604-228 7828
Fax: 604-227 9828

REPORTING ACCOUNTANTS : Siew Boon Yeong & Associates (AF 0660)
9-C, Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur
Tel: 603-2693 8837
Fax: 603-2693 8836

DUE DILIGENCE SOLICITORS : Ben & Partners Advocates & Solicitors
7-2, Level 2, Block D2
Dataran Prima
Jalan PJU 1/39
47301 Petaling Jaya
Selangor
Tel: 603-7805 2922
Fax: 603-7805 3922

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS** : AmBank (M) Berhad (8515-D)
Level 8, 37, Jalan Sultan Ahmad Shah
10050 Penang
Tel: 604-226 1818
Fax: 604-229 7488
- Affin Bank Berhad (25046-T)
17th Floor, Menara Affin
80 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2055 9000
Fax: 603-2026 1415
- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Helpdesk Tel: 03-7849 0777
Fax: 603-7841 8151 / 8152
- ADVISER** : Public Investment Bank Berhad (20027-W)
25th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Wilayah Persekutuan
Tel: 603-2166 9382
Fax: 603-2166 9386
- STOCK EXCHANGE AND LISTING** : Main Market of Bursa Securities

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SMPC

SMPC CORPORATION BHD.

(Company No. 79082-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

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

27 October 2014

Board of Directors

Sudesh a/l K.V. Sankaran (*Independent Non-Executive Director/Chairman*)
Ooi Chieng Sim (*Executive Director/Vice Chairman*)
Mohd Shahril Fitri Bin Hashim (*Executive Director*)
Ng Chin Nam (*Executive Director*)
Dato' Lee Hean Guan (*Non-Independent Non-Executive Director*)
Dato' Dennis Chuah (*Independent Non-Executive Director*)
Maniam a/l Rajakeresnen (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 300,410,014 RIGHTS SHARES TOGETHER WITH UP TO 150,205,007 WARRANTS C AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT C FOR EVERY TWO (2) EXISTING SMPC SHARES HELD AT 5.00 P.M. ON 27 OCTOBER 2014, OF WHICH THE FIRST CALL OF RM0.90 WILL BE PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.10 IS TO BE CAPITALISED FROM SMPC'S RESERVES, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 20,000,000 RIGHTS SHARES TOGETHER WITH 10,000,000 WARRANTS C

1. INTRODUCTION

On 27 February 2014, PIVB had, on behalf of our Board, announced that SMPC proposes to undertake the Rights Issue with Warrants and that the issue price for the Rights Shares have been fixed at RM1.00 per Rights Share, which shall be payable in two-calls as follows:

- (i) the first call of RM0.90 per Rights Share shall be payable in full on application in cash; and
- (ii) the second call of RM0.10 per Rights Share shall be capitalised from our Company's share premium and retained profits accounts.

The subscribing Entitled Shareholders will not be required to make any further cash payments after the payment of the First Call.

On 12 August 2014, PIVB, had on our behalf, announced that Bursa Securities had vide its letter dated 12 August 2014, granted its approval for the following:

- (a) admission of the Warrants C to the Official List of the Main Market of Bursa Securities and listing of and quotation for the Warrants C;
- (b) the listing of and quotation for the Rights Shares and the Additional Warrants B; and
- (c) listing of and quotation for the new SMPC Shares to be issued arising from the exercise of the Warrants C and the Additional Warrants B,

on the Main Market of Bursa Securities.

The approval granted by Bursa Securities is subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	Our Company and PIVB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants.	Noted.
(b)	Our Company and PIVB to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be complied with.
(c)	Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be complied with.
(d)	Our Company to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at EGM for the Rights Issue with Warrants.	Met.
(e)	Payment of additional listing fees. In this respect, our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of all warrants respectively as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied with.

Subsequently, the shareholders of our Company had at the EGM held on 26 September 2014 approved the Rights Issue with Warrants. A certified true extract of the resolution pertaining to the Rights Issue with Warrants passed at the said EGM is attached in **Appendix I** of this Abridged Prospectus.

Subsequently, on 10 October 2014, PIVB, had on our behalf, announced that the Entitlement Date, whereby our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants, has been fixed at 5.00 p.m. on 27 October 2014.

The official listing of and quotation for the Rights Shares, Additional Warrants B, Warrants C and the new SMPC Shares to be issued arising from the exercise of the Additional Warrants B and Warrants C will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue with Warrants, and if given or made, such information or representation must not be relied upon as having been authorised by us or PIVB in connection with the Rights Issue with Warrants.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Introduction

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities, our shareholders and subject to the terms of the Documents, the Rights Issue with Warrants entails a provisional allotment of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C on the basis of two (2) Rights Shares together with one (1) Warrant for every two (2) existing SMPC Shares held on the Entitlement Date, based on the Minimum Subscription Level by the Entitled Shareholders at an issue price of RM1.00 per Rights Share.

The Rights Issue with Warrants will be undertaken on the Minimum Subscription Level which was determined by our Board after taking into consideration, amongst others, the minimum level of funds that our Company wishes to raise from the Rights Issue with Warrants which will be channelled towards the repayment of bank borrowings, the immediate working capital requirements of our Group and the amount of funds to defray estimated expenses relating to the Corporate Exercises.

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus:

- (i) the NPA in respect of the number of Rights Shares with Warrants C for which you are entitled to subscribe for under the terms of the Rights Issue with Warrants; and
- (ii) the RSF which is to be used for the acceptance of the Provisional Rights Shares with Warrants C and for the Excess Application, should you wish to do so.

You can fully or partially subscribe and/or renounce your entitlements for the Rights Shares with Warrants C. However, the Rights Shares and the Warrants C cannot be renounced separately. Should you renounce all of your Rights Shares entitlements under the Rights Issue with Warrants, you shall not be entitled to any of the Warrants C attached with the Rights Shares, and if you accept only part of your Rights Shares, you shall be entitled to the Warrants C in the proportion of your acceptance of the Rights Shares entitlements.

In addition to taking up your respective entitlements under the Rights Issue with Warrants, you may also apply for the Excess Rights Shares with Warrants C under the Excess Rights Shares with Warrants C application. It is the intention of our Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner as further set out in Section 11.5 of this Abridged Prospectus.

The Rights Shares with Warrants C which are renounced, not validly taken up or are not allotted for any reason whatsoever, will first be made available for the Excess Rights Shares with Warrants C application by our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). After which, any remaining unsubscribed Rights Shares with Warrants C will be subscribed by the shareholders who have provided their Undertakings.

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

Any dealing in our Company's securities will be subject to, amongst others, the provision of the SICDA, the Rules of Bursa Depository and any other relevant legislation. The Rights Shares with Warrants C will be credited directly into the respective CDS Accounts of our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares with Warrants C. No physical share or warrant certificates will be issued.

The Rights Shares and the Warrants C to be issued pursuant to the Rights Issue with Warrants will be listed and quoted on the Main Market of Bursa Securities within two (2) Market Days upon the receipt of the application for quotation of the Rights Shares and the Warrants C by Bursa Securities as specified under the Listing Requirements.

The Warrants C will be detached from the Rights Shares immediately upon issuance and traded separately on the Main Market of Bursa Securities. The Warrants C will be issued at no cost together with the Rights Shares to our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares. Successful applicants who subscribe for two (2) Rights Shares will be entitled to one (1) Warrant C. The Warrants C are exercisable into new SMPC Shares at an exercise price of RM1.00 per Warrant for one (1) new SMPC Share.

Our Company shall despatch notices of allotment to the successful applicants within eight (8) Market Days from the last day for acceptance and payment of the Rights Shares with Warrants C or such other period as may be prescribed by Bursa Securities.

2.2 Cash call and capitalisation of reserves

The issue price of RM1.00 per Rights Share will be payable in two (2) calls comprising the First Call of RM0.90 per Rights Share to be payable in full on application in cash and the Second Call of RM0.10 per Rights Share shall be capitalised from our Company's reserves. Therefore, the subscribing shareholders of our Company will not be required to make any further cash payment after the payment for the First Call. The Rights Issue with Warrants will be implemented by capitalising up to approximately RM30.04 million from the reserves of our Company.

Based on latest audited consolidated financial statements of our Company for the FYE 2014 and the latest unaudited consolidated financial statements of our Company for the three (3)-month FPE 30 June 2014, the balances of the share premium and retained earnings accounts, at both Group and Company levels, are as follows:

	Audited as at 31 March 2014		Unaudited as at 30 June 2014	
	Group (RM'000)	Company (RM'000)	Group (RM'000)	Company (RM'000)
Share premium	18,063	18,063	18,063	18,063
Retained profits	16,920	17,504	18,077	17,615
Total	34,983	35,567	36,140	35,678

Our Board confirms that based on our Company's latest audited consolidated financial statements for the FYE 2014 and latest unaudited consolidated financial statements for the three (3)-month FPE 30 June 2014, our Company's reserves required for the capitalisation of the Second Call under the Rights Issue with Warrants are unimpaired by losses on a consolidated basis, in compliance with Paragraph 6.30(1) of the Listing Requirements.

Further, pursuant to Paragraph 6.30(3) of the Listing Requirements, our Board also confirms that based on our Company's latest audited financial statements for the FYE 2014 and the latest unaudited financial statements for the three (3)-month FPE 30 June 2014 as set out in the table below, our Company will have sufficient reserves in its share premium and retained profits accounts for the capitalisation of the Second Call under the Rights Issue with Warrants.

For illustration purposes, the capitalisation for the Second Call based on the latest audited financial statement as at 31 March 2014 is set out below:

Group Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)
As at 31 March 2014	18,063	16,920	34,983	18,063	16,920	34,983
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	16,862	34,925	18,063	16,862	34,925
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(c)	-	-	-	440	-	440
	18,063	16,862	34,925	18,360	16,862	35,222
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,360)	(11,681)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	16,862	32,125	-	4,381	4,381

Company Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)
As at 31 March 2014	18,063	17,504	35,567	18,063	17,504	35,567
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	17,446	35,509	18,063	17,446	35,509
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(c)	-	-	-	181	-	181
	18,063	17,446	35,509	18,101	17,446	35,547
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,101)	(11,940)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	17,446	32,709	-	4,706	4,706

For illustration purposes, the capitalisation for the Second Call based on the latest unaudited financial statement as at 30 June 2014 is set out below:

Group Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)
As at 30 June 2014	18,063	18,077	36,140	18,063	18,077	36,140
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	18,019	36,082	18,063	18,019	36,082
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(c)	-	-	-	440	-	440
	18,063	18,019	36,082	18,360	18,019	36,379
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,360)	(11,681)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	18,019	33,282	-	5,538	5,538

Company Level	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained earnings (RM'000)	Total (RM'000)
As at 30 June 2014	18,063	17,615	35,678	18,063	17,615	35,678
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	17,557	35,620	18,063	17,557	35,620
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and the Unexercised Options ^(c)	-	-	-	181	-	181
	18,063	17,557	35,620	18,101	17,557	35,658
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,101)	(11,940)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	17,557	32,820	-	4,817	4,817

Notes:

- (a) Granting of 481,500 ESOS Options on 14 October 2014 under the ESOS.
- (b) Assuming 2,444,668 Treasury Shares are resold to the open market of Bursa Securities prior to the Entitlement Date at the indicative price equivalent to the five (5)-day VWAMP of RM 0.9975 per SMPC Share up to and including 26 February 2014, being the last trading date prior to the announcement dated 27 February 2014 in relation to the Rights Issue with Warrants.
- (c) Assuming the full exercise of the following outstanding convertible securities as at the LPD:
 - (i) full exercise of all outstanding Warrants B into new SMPC Shares prior to the Entitlement Date; and
 - (ii) full exercise of all outstanding Unexercised Options into new SMPC Shares prior to the Entitlement Date.

The Reporting Accountants, Siew Boon Yeong & Associates, appointed by our Company had vide its letter dated 14 October 2014 confirmed that, based on our Company's latest audited financial statement for the FYE 2014 and the latest unaudited financial statement for the three (3)-month FPE 30 June 2014 and after the adjustments as set out in the table above, our Company have sufficient reserves in our share premium and retained profits accounts for the capitalisation of the Second Call under the Rights Issue with Warrants. The details of such confirmation are disclosed in **Appendix V** of this Abridged Prospectus.

2.3 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants C

The issue price of RM1.00 per Rights Share and the exercise price of RM1.00 per Warrant C for one (1) new SMPC Share were arrived at after taking into consideration, amongst others, the following:

- (i) the minimum issue price allowable under the Act, which is not less than the par value of the SMPC Shares of RM1.00; and
- (ii) the five (5)-day VWAMP of RM0.9975 per SMPC Share up to and including 26 February 2014, being the last trading date prior to the announcement dated 27 February 2014 in relation to the Rights Issue with Warrants and the TERP of the SMPC Shares.

In addition, the Warrants C will be issued for free to the Entitled Shareholders and/or their renounee(s)/transferee(s) who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. The Warrants C may be exercised by the Warrants C holders at their own discretion. The free Warrants C will provide our Entitled Shareholders and/or their renounee(s)/transferee(s) with added incentive to subscribe for the Rights Shares by enabling them to have a greater participation in the equity of our Company.

Premised on the foregoing, our Board is of the opinion that the issue price of RM1.00 per Rights Share, the first call of RM0.90 per Rights Share and the exercise price of RM1.00 per Warrant C for one (1) new SMPC Share are reasonable and in the best interest of our Company.

For illustrative purposes, the TERP of SMPC Shares is RM0.9488 each, calculated based on the five (5)-day VWAMP of the SMPC Shares up to and including 26 February 2014, being the last trading date prior to the announcement dated 27 February 2014 in relation to the Rights Issue with Warrants of RM0.9975 per SMPC Share. Hence, the First Call of RM0.90 per Rights Share represents a discount of approximately RM0.0488 or 5.14% over the TERP of the SMPC Shares and the exercise price of RM1.00 per Warrant C represents a premium of approximately RM0.0512 or 5.40% over the TERP.

2.4 Ranking of the Rights Shares and the new SMPC Shares to be issued arising from full the exercise of the Warrants C

The Rights Shares and the new SMPC Shares to be issued arising from the exercise of the Warrants C shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing ordinary shares of our Company, except that they shall not be entitled to any dividends, rights, allotments and/or distributions, that may be declared, made or paid prior to the date of allotment of the Rights Shares or the new SMPC Shares to be issued arising from the exercise of the Warrants C.

2.5 Principal terms of the Warrants C

The principal terms of the Warrants C are as follows:

- Issuer : SMPC
- Number of Warrants C : Up to 150,205,007 Warrants C to subscribe for up to 150,205,007 new SMPC Shares.
- Issue Price : The Warrants C are to be issued free to the Entitled Shareholders and renounee(s)/transferee(s) who subscribe for the Rights Shares.
- Form and denomination : The Warrants C will be constituted by a Deed Poll to be executed by SMPC.
- The Warrants C which are to be issued with the Rights Shares are immediately detachable from the Rights Shares upon allotment and issuance. The Warrants C will be issued in registered form and traded separately on the Main Market of Bursa Securities.
- Exercise Rights : Each Warrant C entitles the registered holder to subscribe for one (1) new SMPC Share at the Exercise Price at any time during the Exercise Period.
- Exercise Price : The exercise price of the Warrants C is fixed at RM1.00 per Warrant C.
- The exercise price and/or the number of Warrants C in issue during the Exercise Period shall however be subject to adjustments under certain circumstances in accordance with the terms and provisions of the Deed Poll to be executed by our Company.
- Exercise Period : The Warrants C may be exercised at any time during the tenure of the Warrants C of ten (10) years including and commencing from the issue date of the Warrants C and ending at 5.00 p.m. on a date which falls on the day before the tenth anniversary of the issue date of the Warrants C, provided that if such day falls on a day which is not a market day, then on the preceding market day. The Warrants C not exercised during the Exercise Period will thereafter lapse and become void.
- Mode of exercise : The Warrants C holders shall pay cash by way of banker's draft or cashier's order drawn on a bank in Malaysia for the aggregate Exercise Price payable when exercising the Warrants C and subscribing for new SMPC Shares.
- Adjustment in the Exercise Price and/or the number of Warrants C in the event of alteration to the share capital : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants C held by each Warrants C holder shall be adjusted by our Board in consultation with an approved adviser appointed by our Company for the purposes of the Deed Poll and certified by the auditors in the event of alteration to the share capital of our Company, in accordance with the provisions as set out in the Deed Poll.
- Modification of rights of the Warrants C holders : Save as otherwise provided in the Deed Poll, a special resolution of the Warrants C holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants C holders.

- Rights in the event of winding up, liquidation or an event of default : Where a resolution has been passed by our Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies:
- (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrants C holders or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrants C holders; and
 - (b) in any other cases, every Warrant C holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of our Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants C and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new SMPC Shares to which he would have become entitled pursuant to such exercise. Upon the expiry of the above six (6) weeks, all Exercise Rights of the Warrants C shall lapse and cease to be valid for any purpose.
- Board Lot : The Warrants C are tradable upon listing in board lots of 100 units, carrying the right to subscribe for 100 new SMPC Shares or such other number of units as may be prescribed by Bursa Securities.
- Rights of the Warrants C holders : The Warrants C holders are not entitled to any voting rights in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants C holders are issued with new SMPC Shares arising from their exercise of the Warrants C.
- Status of the new SMPC Shares to be issued pursuant to the exercise of the Warrants C : The new SMPC Shares to be issued pursuant to the exercise of the Warrants C shall, upon allotment and issue, rank pari passu in all respects with the then existing SMPC Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our Company, the entitlement date of which is prior to the date of allotment of the said new SMPC Shares to be issued arising from the exercise of the Warrants C.
- Modification : Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by SMPC and expressed to be supplemental hereto. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).

SMPC in consultation with an approved adviser, appointed by our Company for the purposes of the Deed Poll, may from time to time without the consent or sanction of the Warrant C holder make any modification (except to provisions for convening meetings of the Warrant C holders) to the Deed Poll which will not be materially prejudicial to the interest of the Warrant C holders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia.

- Listing : Main Market of Bursa Securities.
- Transferability : The Warrants C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
- Governing Law : The laws of Malaysia.

3. OTHER CORPORATE EXERCISES

Save for the Rights Issue with Warrants and as disclosed below, there are no other corporate exercises announced but pending completion as at the LPD:

- (a) Our Company had on 10 February 2014 announced that our Company has entered into a share sale agreement with Lim Kean Wah to acquire the remaining 4,999 ordinary shares of RM1.00 each in Kembang Kartika Sdn Bhd, representing 49.99% of the issued and paid-up share capital of Kembang Kartika Sdn Bhd, for a total cash consideration of RM8,000,000. The acquisition is expected to be completed by February 2015.
- (b) Our Company had on 29 November 2013 announced that Progerex Sdn Bhd, a wholly-owned subsidiary of our Company accepted the offer from Limsa Ekuiti Sdn Bhd to dispose off a warehouse erected on part of those pieces of land known as Lot Nos 1664 to 640, all in Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang for a total cash consideration of RM2,000,000. The disposal is expected to be completed by January 2015.

4. SHAREHOLDERS' UNDERTAKING AND UNDERWRITING ARRANGEMENT

Our Board intends to raise a minimum of RM18.00 million from the Rights Issue with Warrants. In order to achieve the Minimum Subscription Level, our Board has procured the written irrevocable undertakings from the two (2) shareholders of our Company to subscribe for up to 10,000,000 Rights Shares together with up to 5,000,000 Warrants C for each of them in the following manner:

- (i) OCS:
- (a) to subscribe for his rights entitlements of 1,435,416 Rights Shares with 717,708 Warrants C; and
- (b) to subscribe for the requisite number of excess Rights Shares with Warrants C not subscribed by the other Entitled Shareholders of up to 8,564,584 Rights Shares with up to 4,282,292 Warrants C;
- (ii) NCN:
- (a) to subscribe for his rights entitlements of 36,833 Rights Shares with 18,416 Warrants C; and
- (b) to subscribe for the requisite number of excess Rights Shares with Warrants C not subscribed by the other Entitled Shareholders of up to 9,963,167 Rights Shares with up to 4,981,583 Warrants C.

The Undertakings as stated above shall subsist and remain irrevocable unless and until:

- (i) our Company expressly and in writing discharges and/or releases OCS and NCN from the Undertakings (i.e. in the event of the demise of the shareholders who provides the Undertakings or either of such shareholders is declared bankrupt prior to the completion of the Rights Issue with Warrants);
- (ii) the relevant authorities and shareholders of our Company reject the Rights Issue with Warrants; or
- (iii) the completion of the Rights Issue with Warrants,
- whichever is earlier.

Under the Minimum Scenario, the Undertakings from OCS and NCN in the manner as mentioned above are set out in the table below:

Shareholders	SMPC Shares held directly as at the LPD		Rights Shares with Warrants C entitlements				Undertakings ^(c)			
	No. of SMPC Shares ('000)	% ^(a)	No. of Rights Shares ('000)	% ^(b)	No. of Warrants C ('000)	% ^(b)	No. of Rights Shares ('000)	% ^(b)	No. of Warrants C ('000)	% ^(b)
OCS	1,435 ^(a)	2.65	1,435	2.65	718	2.65	10,000	18.48	5,000	18.48
NCN	37 ^(a)	0.07	37	0.07	18	0.07	10,000	18.48	5,000	18.48

Notes:

- (a) As a percentage of 54,110,191 SMPC Shares, excluding the Treasury Shares as at the LPD.
- (b) As a percentage of 54,110,191 Rights Shares and 27,055,095 Warrants C, being the maximum number to be issued, respectively, pursuant to the Rights Issue with Warrants based on the issued and paid-up share capital of SMPC, excluding the Treasury Shares, as at the LPD.
- (c) The respective Undertakings by OCS and NCN include their respective rights entitlements of the Rights Shares with Warrants C.

OCS and NCN have confirmed via the Undertakings that they have sufficient financial resources to subscribe in full pursuant to the Undertakings under the Rights Issue with Warrants and PIVB has verified that OCS and NCN have the financial resources to fulfill their commitments. In view of the Undertakings, there will not be any underwriting arrangement required for the Rights Issue with Warrants.

In the event the shareholders providing the undertaking fail to fulfill their obligations to subscribe for the Rights Shares with Warrants C as stipulated in the Undertakings due to the demise of the shareholders or either of such shareholders is declared bankrupt prior to the completion of the Rights Issue with Warrants and the Minimum Subscription Level is not achieved, our Company will not proceed with the implementation of the Rights Issue with Warrants. Pursuant thereto, the working capital requirements and bank borrowings of our Group will be funded via the internally generated funds from the existing business operations of our Group.

As at the LPD, our Company does not have any other alternative fund raising plan in the event the Minimum Subscription Level is not achieved.

5. UTILISATION OF PROCEEDS

For illustrative purposes, based on the renounceable rights issue of up to 300,410,014 Rights Shares together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share and the First Call of RM0.90, the Rights Issue with Warrants is expected to raise gross proceeds of up to approximately RM270.37 million (excluding proceeds from any exercise of the Warrants C in the future, if any).

The proceeds are expected to be utilised by our Group in the following manner:

Details of utilisation	Minimum Scenario (RM'000)	Maximum Scenario		Estimated timeframe for utilisation of proceeds from date of receipt
		I* (RM'000)	II* (RM'000)	
Repayment of bank borrowings ^(a)	12,000	12,000	12,000	Within twelve (12) months
Investment in new business	-	-	218,548 ^(b)	Within twelve (12) months to sixty (60) months
Working capital ^(c)	5,200	38,099	39,021	Within twelve (12) months
Estimated expenses relating to the Rights Issue with Warrants ^(d)	800	800	800	Within three (3) months
Total	18,000	50,899	270,369	

Notes:

- * For the purposes of illustration in this Section, the Maximum Scenario I and the Maximum Scenario II shall be defined as follows:

Maximum Scenario I - The scenario that assumes the 2,444,668 Treasury Shares are resold in the open market of Bursa Securities, all the Entitled Shareholders subscribe for their rights entitlements in full pursuant to the Rights Issue with Warrants and none of the convertible securities are converted/exercised into the new SMPC Shares prior to the Entitlement Date.

Maximum Scenario II - The scenario that assumes the 2,444,668 Treasury Shares are resold in the open market of Bursa Securities, all outstanding RM22,064,296.90 nominal value of the ICULS, 20,338,000 Warrants B and 2,874,000 Unexercised Options are fully converted/exercised, respectively, into new SMPC Shares prior to the Entitlement Date and all the Entitled Shareholders subscribe for their rights entitlements in full pursuant to the Rights Issue with Warrants. The ICULS and the Warrants B would be expiring on 9 May 2022 while the ESOS would be expiring on 18 November 2015.

- (a) *Our Group intends to utilise part of the proceeds to be raised from the Rights Issue with Warrants of approximately RM12.00 million to pare down part of its existing bank borrowings (including interest payable). The estimated annual interest savings arising from the repayment of our Group's bank borrowings, based on the interest rate of approximately 8.85% per annum, is approximately RM1,062,000 per annum. As at the LPD, the total outstanding bank borrowings of our Group are approximately RM26.03 million, which would be reduced to approximately RM14.03 million upon the completion of the Rights Issue with Warrants and the repayment of bank borrowings of RM12.00 million.*
- (b) *Under the Maximum Scenario II, the gross proceeds of up to RM218.55 million to be raised is based on the assumption that the ICULS and the Warrants B are fully converted/exercised respectively prior to the Entitlement Date. However, our Board is of the opinion that it may not be likely that these existing convertible securities (i.e. ICULS and Warrants B) will be fully converted/exercised prior to the Entitlement Date.*

As at the LPD, our Board has yet to identify any suitable and viable new investment opportunities, which are in the same or complementary to our Group's existing business and are generating positive returns and cashflow. Announcements will be made when such investments have been identified by our Board. If the nature of the transaction requires shareholders' approval pursuant to Chapter 10 of the Listing Requirements, our Board will seek the necessary approval from the shareholders.

Our Board will give priority to new investment opportunities which are in the same or complementary to our Group's existing business. Nevertheless, any new business, which is not in the same or complementary to our Group's existing business may be considered on their own investment merits. Our Board will undertake a thorough feasibility study as well as due diligence prior to deciding on which new opportunities to invest in. In addition, our Board will also engage relevant advisers to advice on the appropriate steps to undertake such investment opportunities which may entail potential merger and acquisitions or joint ventures.

In the event our Group fails to identify any suitable acquisition opportunities within twelve (12) months from the date of completion of the Rights Issue with Warrants, our Board will seek the approval of our Company's shareholders to either utilise such proceeds as working capital and/or to refund part of the proceeds to the shareholders. At this juncture, our Board has not determined the probable quantum for the allocation of such working capital and refund to the shareholders as the Board has to consider the actual proceeds to be raised from the Rights Issue with Warrants, the future financial position and performance of our Group and the future prospects of our Group.

- (c) *The working capital includes the operational expenses to be incurred by our Group within the ordinary course of business. The proposed utilisation of the proceeds allocated for such operational expenses would be adequate as any shortfall between the actual operational expenses incurred and the proceeds allocated for the operational expenses would be funded via our Group's internally generated funds and/or bank borrowings. The estimated breakdown of the proposed utilisation of proceeds is as below:*

	Minimum Scenario (RM'000)	Maximum Scenario	
		I (RM'000)	II (RM'000)
Purchase of raw materials [^]	3,500	30,000	30,000
Other operating expenses [#]	1,700	8,099	9,021
Total	5,200	38,099	39,021

Notes:

- [^] *Purchase of raw materials involving the purchases of amongst others, the colour coated coil, zincalume coil, mild steel, galvanised coil and cold rolled coil for the manufacturing of the roofing, cable tray and steel furniture. As set out in Section 9.4 of this Abridged Prospectus, our Group has secured projects to supply roofing, cable support systems and steel furniture. During the FYE 2014, our Group had incurred approximately RM53.56 million worth of raw materials and consumables for production of finished goods.*

Other operating expenses comprise of our Group's day-to-day operation expenses to support our existing business operation which shall include, but not limited to the payment of salaries to staff (including contribution to Employees' Provident Fund, SOCSO and other statutory payments), administrative and marketing expenses, selling and distribution, rental expenses, statutory professional fees such as audit fees and tax fees, utilities and office expenses. The exact breakdown of the proceeds in respect of the other operating expenses requirements has not been determined by our Company.

(d) *The estimated expenses of approximately RM800,000 consist of estimated professional fees, fees payable to authorities and other miscellaneous expenses. Any variation in the actual amount of the expenses incurred for the Rights Issue with Warrants will be adjusted accordingly from or to the working capital, as the case may be.*

For illustrative purposes, the maximum quantum of proceeds to be received by our Company pursuant to the full exercise of up to 150,205,007 Warrants C to be issued pursuant to the Rights Issue with Warrants is up to approximately RM150.21 million.

However, the actual quantum of proceeds to be received by our Company is dependent upon the actual number of Warrants C exercised during the exercise period of the Warrants C. Nevertheless, our Group intends to use such proceeds received by our Company, if any, for working capital and business expansion purposes, the details of which has yet to be determined as at the LPD.

6. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The rationale and justification for the Rights Issue with Warrants are as follows:

- (i) to raise funds for our Group's working capital requirements and investment in new business, if any, without incurring interest cost as compared to other means of financing, such as bank borrowings;
- (ii) to strengthen our Group's capital base with the increase in the shareholders' funds and improved gearing of our Group upon issuance of the Rights Shares and the exercise of the Warrants C (if any);
- (iii) to raise funds to partially repay our Group's bank borrowings which may result in interest savings of up to approximately RM1,062,000 per annum based on our Group's borrowings at interest rate of 8.85% per annum;
- (iv) to further reduce the gearing of our Group as the current cash flows of our Group are tied up for the operating activities of our Group after the completion of the restructuring scheme on 16 May 2012. The proforma gearing of our Group after the Rights Issue with Warrants is set out in Section 8.2 of this Abridged Prospectus;
- (v) the issuance of the new SMPC Shares would not dilute the percentage of shareholding of the existing shareholders of SMPC, assuming that all the Entitled Shareholders fully subscribe for their respective entitlements; and
- (vi) to provide the Entitled Shareholders with an option to further participate in the equity of SMPC at a predetermined exercise price during the exercise period of the Warrants C. Proceeds from the exercise of the Warrants C, if any, will provide an additional source of funds to be used for future working capital and business expansion of our Group.

7. RISK FACTORS

In addition to the other information contained herein, you should carefully consider the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Shares with Warrants C:

7.1 Risks relating to the operations and business of our Group

7.1.1 Business risks

Our Group is principally engaged in the manufacture and trading of steel products. Hence, our Group is subject to certain risks inherent in the steel industry. These include rising costs of labour and raw materials, labour and raw material shortages, changes in general economic, business and credit conditions and fluctuation in foreign exchange rates.

Although our Group seeks to limit these risks through, *inter-alia*, purchasing from local manufacturers and, reducing reliance by purchasing from several suppliers and supplying to a mix of customers, maintaining long-term business relationships with our suppliers and customers, increasing automation to reduce reliance on manual labour and investing in modern technology equipment, there is no assurance that any changes to these inherent risks will not have a material adverse effect on our Group's businesses and financial performance.

7.1.2 Credit risks

Our Group's exposure to credit risk arises from trade receivables where normally credit terms of up to 90 days are granted to the sales of our products. Our management monitors the exposure to credit risks on an ongoing basis via our credit control management policies and reporting procedures to minimise the incidence of bad and doubtful trade receivables. As at the LPD, there was no significant concentration of credit risks.

In addition, our Group is also required to make periodic interest payments in respect of borrowings outstanding. The interest rate for some of these borrowings outstanding are floating in nature and as such would fluctuate depending on economic and market conditions. Any upward fluctuation in interest rate would result in increase in interest payments which would have a negative impact on the financial performance and liquidity position of our Group. Our Group would ensure that interest payments are kept up to date and repayment of principal amount of the borrowings are made on time. As at the LPD, our Group's total borrowings outstanding is approximately RM26.03 million.

Notwithstanding that, there is no assurance that despite measures undertaken by our management, the risk of non-payment by our customers and fluctuation in interest rates would still exist and should any receivables become non-recoverable, it would have an adverse impact on our financial performance and the liquidity position of our Group.

7.1.3 Pricing and availability of raw materials

The prices of the main raw materials for our Group's steel products are dependent upon global demand and supply. An increase in the prices of the colour coated coil, zincalume coil, mild steel, galvanised coil and cold rolled coil may increase the pricing and manufacturing cost of our steel products such as roofing, cable tray and steel furniture. This will eventually lower the demand for the said products.

As such, our Group has established long term relationships with an extensive network of dealers, both locally and abroad to ensure continuous supply of raw materials at commercially viable prices which would not have a significant impact on our Group's margins or which will not result in a revision of sale price of our Group's products. Nonetheless, in the event of inevitable significant increase in raw material price, all market players will be similarly affected. In any such event, to ensure business sustainability, our Group would pass on the increased cost to our clients, whilst monitoring the market prices of our products to ensure our Group's products remain competitive. To-date, our Group has not encountered any shortage in the supply of raw materials as the existing suppliers have been able to meet our Group's requirement. Nonetheless, there is no assurance that our Group will be able to continually source for its raw materials at commercially viable prices or obtain adequate supply such that these will not have materially adverse effect on the business or future earnings of our Group.

7.1.4 Competition

The steel industry is highly competitive in terms of price, product quality, service and timeliness of delivery and execution. In addition, our Group faces competition from the larger players in the steel industry who may have greater manufacturing scale, financial and marketing resources as well as wider access to capital, *inter-alia*, to facilitate imports. In view of the competitive market environment and conditions, our future success will depend significantly upon our ability to respond to changing market demands and conditions and upon employing relevant strategies that will suitably fulfil the needs of our target customers.

Our Group mitigates such risks by, amongst others, being sensitive to the sentiments, supply and demand conditions of the market, knowing the needs of our customers and being focussed and innovative to respond in a timely manner to the changing dynamics of our market. As disclosed in Section 5 of this Abridged Prospectus under the Maximum Scenario, our Board would utilise, if any, the proceeds of up to RM218.55 million from the Rights Issue with Warrants for new investments opportunities, with priority given to investment opportunities which are in the same or complementary to our Group's existing business. Such investment would allow the Group to either increase its current size of operation which would improve the Group's competitiveness in terms of manufacturing scale or to other businesses within the steel industry supply chain which allows the Group to benefit through diversification. However, despite the efforts employed by us or the new investments opportunities, there is no assurance that our Group will be able to maintain or increase our market share in the future against the backdrop of intense competition from existing players and/or potential new entrants to the industry.

7.1.5 Foreign exchange fluctuation risks

The total amount of export sales denominated in USD for the FYE 2014 was approximately USD1.90 million (equivalent to approximately RM6.0 million). Our Group uses USD as the currency mainly in our export sales and to a lesser extent for our imports of some raw materials in relatively smaller amounts. No assurance can be given that any change in foreign exchange rates will not have adverse effect on the financial performance of our Group. Exposures to foreign currency risks are monitored on an on-going basis through sensitivity analysis and our Group will take the necessary steps to minimise exposure to fluctuations in the exchange rate by engaging financial consultant(s) to advise on the potential impact of the risk, and if required devise a currency hedging plan for our Group.

However, there is no assurance that such mitigating measure would reduce any adverse fluctuations in foreign currency movements which could impact on the amount of RM that would be realised/paid from conversion of the USD denominated trade receivables/payables respectively.

7.1.6 Licensing risks

Our Group's operations are administered by jurisdiction of the relevant authorities with respect to licensing and regulatory matters such as manufacturing licenses and the licenses to deal with scrap metal. The export of our products to certain countries is subject to meeting customs clearance requirements which relates to the exportation of these products.

We have always worked to ensure that the entire regulatory framework is complied with. However, no assurance can be given that any future changes to the present regulations or introduction of new regulations by the relevant authorities will not have a material impact on our operations.

7.2 Risks relating to our industry

7.2.1 Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic and regulatory developments. These factors include, but are not limited to risks of war, global economic downturn, changes in level of inflation, availability of capital from the capital market or banking system, fluctuation of foreign exchange rates, unfavourable changes in government policies such as changes in government's fiscal, monetary and regulatory policies, and taxation.

Whilst we strive to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors would not adversely affect our business and financial performance in the future.

7.2.2 Cyclical nature of the steel industry

As our principal business is in the steel industry, some of the products and services of our Group may be affected by the cyclical changes of the steel industry and may experience downturns, driven by factors such as demand volatility and excessive build-up of inventories which to a large extent that are beyond our control. Depending on the severity of the downturn, our business and financial performance may be adversely affected, amongst others, resulting in lower utilisation rates in our plant capacity, lower demand of our finished products and availability of raw materials at our expected costs, which may ultimately erode our profitability.

We have, amongst others, implemented processes to optimise input costs, endeavour to maximise our production efficiency and achieve the desired quality, planned the production schedule and timed the purchase of raw materials based on projected order from our customers to mitigate the cyclical nature of the steel industry. Notwithstanding, there is no assurance that the measures we have taken will be sufficient and will prevent the cyclical changes and industry downturns from having any material adverse impact on us.

7.3 Risks relating to the Rights Issue with Warrants

7.3.1 Investment risks

The market price of the SMPC Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the steel and construction industries. Therefore, the future liquidity and trading volume of the SMPC Shares is unknown at this stage.

The issue price of the Rights Shares, the exercise price of the Warrants C were derived at after taking into consideration of the par value of the SMPC Shares of RM1.00 each and the five (5)-day VWAMP of the ordinary shares of RM1.00 each up to and including 26 February 2014, being the last trading date prior to the announcement dated 27 February 2014 in relation to the Rights Issue with Warrants of approximately RM0.9975 per SMPC Share.

The market price of the Warrants C, like all listed securities traded on Bursa Securities, being new securities to be issued by our Company is subject to, *inter-alia*, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influence by, amongst others, the market price, potential payments of dividends and volatility of the SMPC Shares and the remaining exercise period of the Warrants C.

There is no assurance that the market price of the Rights Shares and the Warrants C, upon or subsequent to their listing, will remain at or above the issue price, or that the Rights Shares and the Warrants C can be sold at or above the issue price. Also, there is no assurance that the exercise price of the Warrants C will be in-the-money during the tenure of the exercise period of the Warrants C.

7.3.2 Delay or failure in the implementation of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) force majeure events or events/circumstances, which are beyond the control of our Group, arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, global economic downturn, acts of war, act of terrorism, riots, expropriations and changes in political leadership; and
- (ii) OCS and NCN, who have provided the Undertakings as set out in Section 4 of this Abridged Prospectus, may not fulfill or be able to fulfill their obligations due to their demise or either of them is declared bankrupt prior to the completion of the Rights Issue with Warrants.

In the event of failure in the implementation of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded to our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants C without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with the provisions of Section 243(2) of the CMSA.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue with Warrants and PIVB has verified that OCS and NCN have the financial resources to fulfill their commitments. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue with Warrants.

7.3.3 Potential dilution

Entitled Shareholders, who do not or are not able to accept their provisional allotment of Warrants C and exercise such Warrants C, will see their proportionate ownership and voting interests in our Company reduced, and the percentage of their shareholdings in our Company's enlarged issued and paid-up share capital will also be reduced accordingly.

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8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue with Warrants on the issued and paid-up share capital of SMPC are as follows:

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		No. of SMPC Shares ('000)	Share capital (RM'000)	No. of SMPC Shares ('000)	Share capital (RM'000)
Authorised share capital	1.00	800,000	800,000	800,000	800,000
Issued and paid-up share capital					
As at the LPD ^(a)	1.00	54,110	54,110	54,110	54,110
Assuming the Treasury Shares are resold in the open market	1.00	-	-	2,445 ^(b)	2,445
To be issued pursuant to the full conversion of the ICULS	1.00	-	-	220,643 ^(c)	220,643
To be issued pursuant to the full exercise of the Warrants B	1.00	-	-	20,338 ^(d)	20,338
To be issued pursuant to the full exercise of the Unexercised Options	1.00	-	-	2,874 ^(d)	2,874
	1.00	54,110	54,110	300,410	300,410
To be issued pursuant to the Rights Issue with Warrants	1.00	20,000	20,000	300,410	300,410
	1.00	74,110	74,110	600,820	600,820
To be issued pursuant to the full exercise of the Warrants C	1.00	10,000	10,000	150,205	150,205
Enlarged issued and paid-up share capital	1.00	84,110	84,110	751,025	751,025

Notes:

- (a) Excluding the Treasury Shares of 2,444,668 SMPC Shares as at the LPD.
- (b) Assuming 2,444,668 Treasury Shares are resold to the open market of Bursa Securities prior to the Entitlement Date.
- (c) Assuming all outstanding RM22,064,296.90 nominal value of the ICULS as at the LPD are converted by surrendering RM0.10 nominal value of ICULS together with cash such that in aggregate it amounts to RM1.00 for one (1) new SMPC Share.
- (d) Assuming all outstanding 20,338,186 Warrants B and 2,874,000 Unexercised Options as at the LPD are fully exercised prior to the Entitlement Date.

8.2 NA and gearing

The proforma effects of the Rights Issue with Warrants on the NA and gearing of our Group, based on the audited consolidated statement of financial position of our Company as at 31 March 2014 are as follows:

Minimum Scenario

	Audited as at 31 March 2014 (RM'000)	After subsequent adjustments (RM'000)	(I) After the Rights Issue with Warrants (RM'000)	(II) After (I) and full exercise of the Warrants C (RM'000)
Share capital	54,705	56,555 ^(b)	76,555	86,555
Share premium	18,063	18,063	15,263 ^{(c)(d)}	15,263
Treasury shares	(2,573)	(2,582) ^(b)	(2,582)	(2,582)
ICULS reserve	22,249	22,064 ^(b)	22,064	22,064
Warrants reserves	3,186	3,186	5,986 ^(e)	3,186
Discount on shares	(3,105)	(3,105)	(5,905) ^(e)	(3,105)
Share options reserve	302	360 ^(b)	360	360
Fair value reserve	579	579	579	579
Retained profits	16,920	16,862 ^(b)	16,862	16,862
Equity attributable to shareholders of our Company	110,326	111,982	129,182	139,182
No. of SMPC Shares in issue ('000)	52,270 ^(a)	54,110 ^(b)	74,110	84,110
NA per SMPC Share (RM)	2.11	2.07	1.74	1.65
Total borrowings (RM'000)	25,706	25,706	13,706 ^(f)	13,706
Gearing (times)	0.23	0.23	0.11	0.10

Notes:

- (a) Excluding the Treasury Shares of 2,434,668 SMPC Shares as at 31 March 2014.
- (b) After the adjustments for the conversion of the RM185,000 nominal value of the ICULS into 1,850,000 SMPC Shares by the holders of ICULS, the repurchase of 10,000 SMPC Shares and the granting of new 481,500 ESOS Options by our Company.
- (c) After capitalisation for the Second Call of approximately RM2.00 million against the share premium account.
- (d) After deducting estimated expenses for the Rights Issue with Warrants against the retained profits account of approximately RM800,000.
- (e) For illustration purposes, the Warrants C are assumed to have an adjusted fair value of RM0.28 each after taking into account the indicative fair value of the Warrants C derived based on the Black-Scholes Option Pricing Model.
- (f) Assuming the partial proceed of RM12.00 million to be raised from the Rights Issue with Warrants will be used to repay bank borrowings.

Maximum Scenario

	Audited as at 31 March 2014 (RM'000)	After subsequent adjustments (RM'000)	(I) Assuming the full conversion/exercise of the existing convertible securities (RM'000)	(II) After (I) and the Rights Issue with Warrants (RM'000)	(III) After (II) and full exercise of the Warrants C (RM'000)
Share capital	54,705	56,555	300,410 ^(c)	600,820	751,025
Share premium	18,063	18,063	18,360 ^(c)	- ^(d)	-
Treasury shares	(2,573)	(2,582)	- ^(c)	-	-
ICULS reserve	22,249	22,064	- ^(c)	-	-
Warrants reserves	3,186	3,186	- ^(c)	42,057 ^(e)	-
Discount on shares	(3,105)	(3,105)	- ^(c)	(42,057) ^(e)	-
Share option reserve	302	360	- ^(c)	-	-
Fair value reserve	579	579	579	579	579
Retained profits	16,920	16,862	16,862	4,381 ^{(d)(f)}	4,381
Equity attributable to shareholders of our Company	110,326	111,982	336,211	605,780	755,985

No. of SMPC Shares in issue ('000)	52,270 ^(g)	54,110 ^(h)	300,410	600,820	751,025
NA per SMPC Share (RM)	2.11	2.07	1.12	1.01	1.01
Total borrowings (RM'000)	25,706	25,706	25,706	13,706 ^(g)	13,706
Gearing (times)	0.23	0.23	0.08	0.02	0.02

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Notes:

- (a) *Excluding the Treasury Shares of 2,434,668 SMPC Shares as at 31 March 2014.*
- (b) *After the adjustments for the conversion of the RM185,000 nominal value of the ICULS into 1,850,000 SMPC Shares, the repurchase of 10,000 SMPC Shares and the granting of new 481,500 ESOS Options by our Company.*
- (c) *For illustration purposes, assuming 2,444,668 Treasury Shares are resold to the open market of Bursa Securities, the full conversion of the ICULS by surrendering RM0.10 nominal value of ICULS together with cash such that in aggregate it amounts to RM1.00 for one (1) new SMPC Share, the full exercise of the Warrants B and the full exercise of the Unexercised Options into SMPC Shares prior to the Entitlement Date. The Treasury Shares are resold at the indicative price equivalent to the five (5)-day VWAMP of RM 0.9975 per SMPC Share up to and including 26 February 2014, being the last trading date prior to the announcement dated 27 February 2014 in relation to the Rights Issue with Warrants.*
- (d) *After capitalisation for the Second Call of approximately RM30.04 million against the share premium account and retained profits account.*
- (e) *For illustration purposes, the Warrants C are assumed to have an adjusted fair value of RM0.28 each after taking into account the indicative fair value of the Warrants C derived based on the Black-Scholes Option Pricing Model.*
- (f) *After deducting estimated expenses for the Rights Issue with Warrants against the share premium account of approximately RM800,000.*
- (g) *Assuming the partial proceed of RM12.00 million to be raised from the Rights Issue with Warrants will be used to repay bank borrowings.*

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8.3 Earnings and EPS

The Rights Issue with Warrants is expected to be completed by second (2nd) half of 2014 and is not expected to have any immediate material effect on the consolidated earnings of our Group for the FYE 2015 as the proceeds will only be utilised within a timeframe of twelve (12) months from the date of receipt in respect of the repayment of bank borrowings and working capital and within twelve (12) months to sixty (60) months from the date of receipt in respect of the investment in new business (subject to the approval of our Company's shareholders as further explained in Section 5, Note (b) of this Abridged Prospectus). As such, barring any unforeseen circumstances, our Board expects that the Rights Issue with Warrants will contribute positively to the future earnings of our Group for the ensuing financial years when the benefits of the utilisation of proceeds are fully realised over a period of up to sixty (60) months.

On a standalone basis, upon the completion of the Rights Issue with Warrants, the EPS of our Group may be diluted as a result of the increase in the number of SMPC Shares pursuant to the Rights Issue with Warrants and, the exercise of the Warrants C into new SMPC Shares. However, the actual extent of dilution to the EPS of our Group is dependent on, amongst others, the level of return generated from the utilisation of proceeds to be raised, the actual number of Warrants C exercised and the future earnings of our Group.

9. INDUSTRY OVERVIEW AND OUTLOOK, AND FUTURE PROSPECTS OF OUR GROUP

9.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the quarter. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%).

Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting lower Government spending on emoluments, and supplies and services. Public investment declined by 3.3% (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of 2014, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with possibility of reduced global liquidity, Malaysia's external sector is expected to improve. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013.

(Source: Economic Report 2013/2014, Ministry of Finance, Malaysia)

9.2 Overview and outlook of the Malaysian steel sector

Exports of iron, steel and metal products continued to grow 11.4% (January - August 2012: 1.1%) primarily supported by stronger export demand of non-ferrous metal (52.9%) and manufactures of metal (6.5%) from China and Singapore. In contrast, iron and steel as well as non-metallic mineral products declined sharply by 24.6% and 9.4%, respectively due to lower shipments to Singapore, Indonesia and the Republic of Korea (ROK).

Lower import prices also affected imports of fuel and lubricants which contracted 9.9%. However, imports of industrial supplied surged 7% driven by higher demand in domestic-oriented industries, such as chemical, iron, steel and other metals as well as construction-related industries.

(Source: Economic Report 2013/2014, Ministry of Finance, Malaysia)

9.3 Overview and outlook of the Malaysian construction and manufacturing sector

Products from the steel industry play a key role in supporting the construction and manufacturing sectors. The steel industry supplies the main raw materials such as steel bar, wire mesh to the construction industry. Other secondary steel items such as roofing and metal perforation also form an essential part of factory and commercial building. Steel sheet is the raw material for the steel related manufacturers such as auto-motive, electrical appliances, steel furniture. Hence, any future growth in the steel industry will be closely linked to the growth cycles of the aforesaid sectors.

In view of the above, the following discussion of the prospects of the construction and manufacturing sectors are not intended to be exhaustive but reflects some of the factors which are relevant to understand the prospects of the steel industry based on prevailing local economic trends and developments.

9.3.1 The construction sector

After the exceptionally strong growth in the first quarter, the construction sector recorded a more moderate pace of expansion during the quarter (9.9%; 1Q 2014: 18.9%). Growth was driven mainly by the residential sub-sector, underpinned by the construction activity of high-end properties in Johor and Klang Valley. The non-residential sub-sector remained supported by construction activity related to offices and retail buildings, factories and institutions of higher learning. Meanwhile, growth in the civil engineering sub-sector was supported by rail and utility projects such as the Mass Rapid Transit Lembah Klang ("MRT"), LRT extension, and Tanjung Bin power plant.

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

9.3.2 The manufacturing sector

The manufacturing sector recorded a strong growth of 7.3% in the second quarter (1Q 2014: 6.8%), driven by the strong performance of the electronics and electrical cluster, particularly semiconductors. This was also supported by better performance of the domestic-oriented cluster, particularly the manufactures of transport equipment, and food, beverage and tobacco. Overall capacity utilisation rate in the manufacturing sector was sustained at 78% (1Q 2014: 78%). Export-oriented industries were operating at 79% (1Q 2014: 79%), while capacity utilisation in the domestic-oriented industries rose to 77% (1Q 2014: 75%).

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

Value-added of the manufacturing sector expanded 6.8% during the first quarter of 2014 (4Q 2013: 5.2%), the highest growth in three years amid an improving global environment. Output increased 6.9% (4Q 2013: 4.9%) with positive growth in major subsectors. Similarly, sales of manufacturing products rose 12.4% to RM165.6 billion (Q4 2013: 3.2%; RM161.8 billion). The capacity utilisation rate of the sector recorded 79.4% (4Q 2013: 80%).

(Source: Quarterly Bulletin, First Quarter of 2014, Ministry of Finance, Malaysia)

9.4 Prospects and outlook of our Group

Our Group is principally engaged in the process of steel coil, tube, strapping, steel furniture, metal roofing, floor decking, perforated metal and the industrial recycling of scrap metal.

In 2012, our Group had undertaken the restructuring scheme to regularise its financial position, which was completed on 16 May 2012. After the completion of the restructuring scheme, the reduced interest and debts servicing obligations, improved gearing and balance sheet position had benefited our Group in turning around the financial performance of our Group in the FYE 2014.

As at the LPD, several subsidiaries of our Company have amongst others, actively participated in tendering and securing projects, of which are as disclosed below:

- (i) Duro Metal Industrial (M) Sdn Bhd (“**DMI**”), a wholly owned subsidiary of our Company, is participating as a roofing vendor for the MRT stations and related covered facilities along the MRT line from Sungai Buloh to Kajang. It has also tendered for Skypark Subang Airport extension project by leveraging on its previous track record for Penang International Airport upgrading project;
- (ii) Metal Perforators (Malaysia) Sdn Bhd (“**MPMSB**”), a wholly-owned subsidiary of our Company, has gained reputation in oil and gas industry and other industries for cable support systems and perforated metal products due to its successful completion of the delivery of cable support systems for Petronas Gas Processing Plant Rejuvenation and Revamp (plants No. 1, 2 and 3) project in Kerteh, Terengganu and the Vale Iron Ore plant project in Lumut, Perak. MPMSB has been appointed as one (1) of the vendors to supply cable support systems for the following:
 - (a) Petronas Gas Processing Plant Rejuvenation and Revamp project and Arkema Malaysia Chemical plant project in Kerteh, Terengganu;
 - (b) Malaysia Liquefied Natural Gas Train 9 project in Bintulu, Sarawak;
 - (c) Shell Lube Oil Blending plant project and grease manufacturing plant project in Tuas, Singapore;
 - (d) Sabah Ammonia for Sabah Ammonia-Urea plant project in Sipitang, Sabah; and
 - (e) Light Rail Transit Ampang Line Extension project.

Moving forward, MPMSB will be actively tendering few sizeable projects to supply its products and will submit quotations to several local and overseas Engineering, Procurement, Construction & Commissioning contractors, namely oil tank farm project in Tuas, Singapore, MRT related projects, Vale Iron Ore plant phase 2 project in Lumut, Perak, and Samalaju port project in Bintulu, Sarawak; and

- (iii) SMPC Dexon Sdn Bhd (“**Dexon**”), a wholly-owned subsidiary of our Company, involves in manufacturing and trading in steel furniture, has been concentrating in customised design and high end products particularly in the education sectors. It has secured orders from International Islamic University Malaysia in Kuantan campus, Pahang, and a university in Bahrain.

Moving ahead, our Group would continue to focus on its core competencies and stay close to the market place to continuously improve revenue growth. To mitigate the risk of unstable steel prices, our Group would continue to match its inventory and production levels with pre-determined orders, allowing its products to be sold at reasonable margin and wherever possible to cut down the lead time so as to minimise higher input costs that are not able to be passed-on to its customers.

10. WORKING CAPITAL, BORROWINGS, MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Working capital

Our Board is of the opinion that after taking into account our Group's cash in hand, cash flow generated from our operations, banking facilities available, the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

For the first (1st) quarter FPE 30 June 2014, our Group recorded improved cash flows with net cash from operating activities of RM4.06 million. In view of the repayment of borrowings with the proceeds to be raised from the Rights Issue with Warrants, our Group's cash flows would be further improved with a lower finance costs to be incurred.

10.2 Borrowings

As at the LPD, our Group's total borrowings are as follows:

	Short-term (RM'000)	Long-term (RM'000)	Total (RM'000)
Fixed rate interest-bearing borrowings ^(a)	12,210	12,732	24,942
Floating rate interest-bearing borrowings	1,084	-	1,084
Total	13,294	12,732	26,026

Note:

(a) Interest rates ranging from 5.75% to 8.85% per annum.

All outstanding borrowings are interest-bearing and are denominated in RM. As at the LPD, our Group does not have any foreign currency borrowings

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) FYE and the subsequent financial period thereof, immediately preceding the LPD.

10.3 Material capital commitments and contingent liabilities

Save as disclosed below, there are no material commitments for capital expenditure contracted or known to be contracted by our Group which may have a substantial impact on the results or the financial position of our Group as at the LPD.

	Amount RM
<u>Capital commitments</u>	
Authorised and contracted for:	
- property, plant and equipment	207,243
- investment properties	360,000
- acquisition of Kembang Kartika Sdn Bhd	4,000,000
Total	4,567,243

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group as at the LPD:

	Limit RM	Amount utilised RM
<u>Contingent liabilities</u>		
Corporate guarantee provided:		
- for banking facilities given to subsidiaries	22,258,000	7,125,748
- to trade payables of subsidiaries	15,058,750	13,513,992
Total	37,316,750	20,639,740

11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As you are an Entitled Shareholder on the Entitlement Date for the Rights Issue with Warrants, your CDS account(s) will be duly credited with the number of Provisional Rights Shares with Warrants C which you are entitled to subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Rights Shares with Warrants C into your CDS account(s) and the RSF to enable you to subscribe for such Rights Shares with Warrants C that you have been provisionally allotted, as well as apply for the Excess Rights Shares with Warrants C if you wish to do so.

The Provisional Rights Shares with Warrants C is renounceable in full or in part and as such, you may fully or partially renounce your rights entitlements to the Rights Shares with Warrants C.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR PART OF YOUR RIGHTS ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED WITH THIS ABRIDGED PROSPECTUS.

The Provisional Rights Shares with Warrants C are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares with Warrants C will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS accounts when making applications.

11.1 Methods of acceptance and application

You may accept the Provisional Rights Shares with Warrants C as well as apply for Excess Rights Shares with Warrants C, using either of the following methods:

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:

(1) A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

(2) The following surcharge per Electronic Application will be charged by the Participating Financial Institution:

- Public Bank Berhad – RM4.00

(3) The following processing fee per Internet Application will be charged by the Internet Participating Financial Institution:

- Public Bank Berhad (www.pbebank.com) – RM4.00

11.2 Procedures for acceptance and payment

11.2.1 By way of RSF

Acceptance of and payment for the Provisional Rights Shares with Warrants C must be made on the RSF issued with this Abridged Prospectus and completed in accordance with the notes and instructions printed in the RSF. At the absolute discretion of our Board, we may not accept acceptances which do not strictly conform to the terms of this Abridged Prospectus or the RSF or the notes and instructions printed in these documents.

If you wish to accept all or part of the Provisional Rights Shares with Warrants C, please complete Part I (A) and Part II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST or COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar for the Corporate Exercises at the following address:

ORDINARY POST
Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos
Kelana Jaya
46785 Petaling Jaya

COURIER or DELIVERED BY HAND
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Helpdesk Tel: 03-7849 0777
Fax: 603-7841 8151 / 8152

and should reach our Share Registrar not later than 5.00 p.m. on Tuesday, 11 November 2014, being the last date and time for acceptance and payment for the Provisional Rights Shares with Warrants C, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

You must use one (1) RSF for the subscription of the Provisional Rights Shares with Warrants C standing to the credit of one (1) CDS Account. Separate RSF must be used for the subscription of the Provisional Rights Shares with Warrants C standing to the credit of different CDS Accounts. The Provisional Rights Shares with Warrants C that you have subscribed for, will be credited into the respective CDS Accounts where the Provisional Rights Shares with Warrants C are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

The free Warrants C will be detached from the Rights Shares with Warrants C immediately upon issuance and traded separately on Bursa Securities.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and should be made payable to "SMPC RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side(s) with your name and your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than stated in this Abridged Prospectus may be rejected at the absolute discretion of our Board. Cheques or any other modes of payment will be rejected. Details of remittance must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPACHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

SUBSCRIPTION OF PROVISIONAL RIGHTS SHARES WITH WARRANTS C SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT THE SUBSCRIPTION OF PROVISIONAL RIGHTS SHARES WITH WARRANTS C OR TO ACCEPT IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

WHERE THE SUBSCRIPTION OF PROVISIONAL RIGHTS SHARES WITH WARRANTS C IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE SUBSCRIPTION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST VIA CHEQUE AND SHALL BE DESPACHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO THE SHARE REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN FIFTEEN (15) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C.

If the acceptance and payment for the Provisional Rights Shares with Warrants C are not received by our Share Registrar by 5.00 p.m. on Tuesday, 11 November 2014 or such later date and time as may be determined and announced by our Board, your and/or your renounee(s)/transferee(s) (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such Provisional Rights Shares with Warrants C not taken up will be allotted to applicants for the Excess Rights Shares with Warrants C in the manner as set out in Section 11.5 of this Abridged Prospectus.

11.2.2 By way of Electronic Application

Only Malaysian individuals who are Entitled Shareholders may apply for the Rights Shares with Warrants C by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institutions before making an Electronic Application.

(i) **Steps for Electronic Applications through a Participating Financial Institution's ATM**

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights Shares with Warrants C at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus **BEFORE** making the application; and
- (c) You shall subscribe for the Provisional Rights Shares with Warrants C via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to Section 11.2.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen requires you to do so:
- Personal Identification Number ("PIN");
 - SMPC Rights Issue Account;
 - CDS account number;
 - Number of Rights Shares applied for and/or the RM amount to be debited from the account;
 - Current contact number (for e.g. your mobile phone number); and
 - Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

YOU ARE NOT REQUIRED TO SUBMIT THE RSF AND TRANSACTION RECORD TO THE SHARE REGISTRAR FOR ELECTRONIC APPLICATION AT THE ATMS OF THE PARTICIPATING FINANCIAL INSTITUTIONS. AS SUCH, THE STAMP DUTY OF RM10.00 REQUIRED FOR THE RSF IS WAIVED.

(ii) Participating Financial Institutions

Electronic Applications may be made through an ATM of the following Participating Financial Institution and its branches within Malaysia:

- Public Bank Berhad

(iii) Terms and conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:
- (i) You have attained eighteen (18) years of age as at the last day for application and payment for the Provisional Rights Shares with Warrants C;
 - (ii) You have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the subscription of the Provisional Rights Shares with Warrants C; and
 - (iii) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the subscription and refund of payment for the Provisional Rights Shares with Warrants C, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the subscription and refund of payment for the Provisional Rights Shares with Warrants C.

Your subscription for the Provisional Rights Shares with Warrants C will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights Shares with Warrants C applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Provisional Rights Shares with Warrants C applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Rights Shares with Warrants C that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Provisional Rights Shares with Warrants C allotted to you into your CDS account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
 - (i) our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
 - (ii) data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository for the Provisional Rights Shares with Warrants C applied for or for any compensation, loss or damage relating to the application for the Provisional Rights Shares with Warrants C.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept your subscription for the Provisional Rights Shares with Warrants C via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

- (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Provisional Rights Shares with Warrants C for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants C; and
- (iv) in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject your subscription for the Provisional Rights Shares with Warrants C which do not conform to these instructions.
- (k) Notification on the outcome of your subscription for the Provisional Rights Shares with Warrants C will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
 - (i) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for acceptance and payment for the Provisional Rights Shares with Warrants C; or
 - (ii) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Provisional Rights Shares with Warrants C.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 11.2.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.2.3 By way of Internet Application

All Entitled Shareholders may apply for the Provisional Rights Shares with Warrants C by way of Internet Application. However, the subscription must be made within Malaysia.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

(i) **Step 1: Set up of account**

Before you subscribe for the Provisional Rights Shares with Warrants C by way of Internet Application, you **must have all** of the following:

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS account held in your name.

(ii) **Step 2: Read the Abridged Prospectus**

You are advised to read and understand this Abridged Prospectus **BEFORE** making you subscribe for the Provisional Rights Shares with Warrants C.

(iii) **Step 3: Apply through the Internet**

While we will attempt to provide you with assistance in your subscription for the Provisional Rights Shares with Warrants C through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the Rights Shares with Warrants C;
- (d) Select the counter in respect of the Rights Shares with Warrants C to launch the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;
- (g) Check that the information contained in your online application form, such as the share counter (in this case, "**SMPC Rights Issue Account**"), your NRIC number, your current contact number (for e.g. your mobile phone number), your CDS account number, number of Rights Shares with Warrants C applied for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) pertaining to the payment status will appear on the screen of the website through which the online payment for the Provisional Rights Shares with Warrants C is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (i) You are advised to print out the Confirmation Screen for your reference and record.

YOU ARE NOT REQUIRED TO SUBMIT THE RSF AND CONFIRMATION SCREEN PRINTOUT TO THE SHARE REGISTRAR FOR ELECTRONIC APPLICATION THROUGH INTERNET APPLICATION. AS SUCH, THE STAMP DUTY OF RM10.00 REQUIRED FOR THE RSF IS WAIVED.

(iv) Terms and conditions of Internet Applications

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institutions and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
- (i) You have attained 18 years of age as at the last day for application and payment for the Provisional Rights Shares with Warrants C;
 - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this Abridged Prospectus, the contents of which you have read and understood;
 - (iii) You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;
 - (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares with Warrants C, (including the processing fee as mentioned in Section 11.1 (*Note 3*) of this Abridged Prospectus) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and
 - (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the FSA and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the subscription and refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the subscription and refund.
- (b) You confirm that you are not subscribing for the Provisional Rights Shares with Warrants C as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.

- (c) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights Shares with Warrants C applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Provisional Rights Shares with Warrants C applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Rights Shares with Warrants C that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institutions.

- (d) By making and completing your Internet Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants C allotted to you into your CDS account.

- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institution or Bursa Depository and irrevocably agrees that if:

(i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or

(ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institution or Bursa Depository for the Provisional Rights Shares with Warrants C applied for or for any compensation, loss or damage relating to the application for the Provisional Rights Shares with Warrants C.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.

- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (h) By making and completing an Internet Application, you agree that:

(i) In consideration of our Company agreeing to allow and accept your subscription for the Provisional Rights Shares with Warrants C via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the Internet Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the subscription of the Provisional Rights Shares with Warrants C for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants C; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
 - (j) Notification on the outcome of your subscription for the Provisional Rights Shares with Warrants C will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
 - (i) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for application and payment for the Provisional Rights Shares with Warrants C; or
 - (ii) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Provisional Rights Shares with Warrants C.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 11.2.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (k) A surcharge is imposed on each Internet Application which will be charged by the respective Internet Participating Financial Institutions as mentioned in Section 11.1 (*Note 3*) of this Abridged Prospectus.
- (l) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue with Warrants, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue with Warrants. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Application services.

11.2.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may subscribe for the Provisional Rights Shares with Warrants C via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

- (i) **Steps for subscription of the Provisional Rights Shares with Warrants C via NRS**
 - (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
 - (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's user guide for NRS, on the next business day after the Entitlement Date.
 - (c) A notification of the delivery of this Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
 - (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** subscribing for the Provisional Rights Shares with Warrants C.
 - (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue with Warrants.
 - (f) To subscribe for the Provisional Rights Shares with Warrants C, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.

- (g) Once completed, you will need to submit the Rights Share Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.

- (i) With regards to payment for the Provisional Rights Shares with Warrants C which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank : **MAYBANK ISLAMIC BERHAD**
Account Name : **SMPC RIGHTS ISSUE ACCOUNT**
Bank Account No. : **557308504198**

prior to submitting the Rights Shares Subscription File to Bursa Depository.

- (j) Upon completion of the transfer/payment, you may receive a transaction slip (“**Transaction Record**”) from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares with Warrants C electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful subscription – an electronic notification will be sent to you within eight (8) Market Days after the last day for application and payment for the Provisional Rights Shares with Warrants C; or
 - (ii) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Provisional Rights Shares with Warrants C.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 11.2.4(ii) of this Abridged Prospectus and the required consent in making the subscription for the Provisional Rights Shares with Warrants C via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares with Warrants C allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all subscription made for the Provisional Rights Shares with Warrants C submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) **Terms and Conditions for the subscription for the Provisional Rights Shares with Warrants C via NRS**

The subscription for the Provisional Rights Shares with Warrants C via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's user guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights Shares with Warrants C applied for as stated on your Rights Shares Subscription File in respect of your subscription for the Provisional Rights Shares with Warrants C via NRS. Your subscription shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants C that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants C allotted to you into the respective CDS account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your subscription for the Provisional Rights Shares with Warrants C via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
 - (i) our Company, our Share Registrar or Bursa Depository does not receive your subscription for the Provisional Rights Shares with Warrants C via NRS; or

- (ii) the data relating to your subscription for the Provisional Rights Shares with Warrants C via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your subscription for the Provisional Rights Shares with Warrants C and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the subscription for the Provisional Rights Shares with Warrants C for any compensation, loss or damage relating to the subscription for the Provisional Rights Shares with Warrants C.

- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants C via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares with Warrants C issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants C; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the subscription for the Provisional Rights Shares with Warrants C via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

11.3 Procedures for part acceptance

You can accept part of your entitlement for the Rights Issue with Warrants. Should you wish to secure one (1) free Warrant C from your subscription of your entitlement, the minimum number of Rights Shares with Warrants C that can be accepted is two (2) Rights Shares with one (1) free Warrant C.

11.3.1 By way of RSF

You must complete both Part I (A) of the RSF by specifying the number of the Rights Shares with Warrants C which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 11.2.1 of this Abridged Prospectus.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

11.3.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and wish to accept part of your Provisional Rights Shares with Warrants C via Electronic Application, you may do so by following the same steps as set out in Section 11.2.2 of this Abridged Prospectus.

11.3.3 By way of Internet Application

If you are an Entitled Shareholder and wish to accept part of your Provisional Rights Shares with Warrants C via Internet Application, you may do so by following the same steps as set out in Section 11.2.3 of this AP.

11.3.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your Provisional Rights Shares with Warrants C, you may do so by following the same steps as set out in Section 11.2.4 of this Abridged Prospectus.

The portion of the Provisional Rights Shares with Warrants C that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares with Warrants C.

11.4 Procedures for sale/transfer of the Provisional Rights Shares with Warrants C

The Provisional Rights Shares with Warrants C is renounceable. If you wish to sell or transfer all or part of your Provisional Rights Shares with Warrants C to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares with Warrants C standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants C, you may sell such entitlement in the open market or transfer such provisional allotments to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Rights Shares with Warrants C, you need not deliver the RSF or any document to the stockbroker. **You are however advised to read and adhere to the RSF and the notes and instructions contained in the RSF as well as ensure that there is sufficient Provisional Rights Shares with Warrants C standing to the credit of your CDS account(s) before selling or transferring.**

Renounee(s)/transferee(s) of the Provisional Rights Shares with Warrants C may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of the Provisional Rights Shares with Warrants C, you may still accept the balance of the Provisional Rights Shares with Warrants C by using the procedures described in Section 11.2 of this Abridged Prospectus.

If you sell or transfer your Provisional Rights Shares with Warrants C, you will automatically be selling or transferring your entitlements to both your Rights Shares and the Warrants C. You cannot retain the Warrants C provisionally allotted to you while selling or transferring the Rights Shares provisionally allotted to you, nor vice-versa.

11.5 Procedures for Excess Application

If you are an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) may apply for Excess Rights Shares with Warrants C in addition to your Provisional Rights Shares with Warrants C.

It is the intention of our Board to allot the Excess Rights Shares with Warrants C, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants C in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, after the occurrence of (i) above, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares with Warrants C on a pro-rata basis and in board lot, computed based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, after the occurrence of (i) and (ii) above, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares with Warrants C on a pro-rata basis and in board lot, computed based on the quantum of their respective Excess Rights Shares with Warrants C application; and
- (iv) lastly, after the occurrence of (i), (ii) and (iii) above, for allocation to the renounee(s)/transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants C on a pro-rata basis and in board lot, computed based on the quantum of their respective Excess Rights Shares with Warrants C application.

In the event of an under subscription by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), even after all Excess Rights Shares with Warrants C applications have been taken into consideration, the remaining unsubscribed Rights Shares with Warrants C will be subscribed by certain shareholders as set out in Section 4 of this Abridged Prospectus.

Nevertheless, the Board reserves the right to allot any Excess Rights Shares with Warrants C applied for in such manner as it deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis.

11.5.1 By way of RSF

If you wish to apply for Excess Rights Shares with Warrants C in excess of your entitlement, you should complete Part I (B) – application for Excess Rights Shares with Warrants C of the RSF (in addition to Part I (A) and Part II) and forward it together with a separate remittance for the full amount payable in respect of the Excess Rights Shares with Warrants C applied for, to our Share Registrar not later than 5.00 p.m. on Tuesday, 11 November 2014, being the last date and time for acceptance and payment or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights Shares with Warrants C should be made in the same manner as described in Section 11.2.1 of this Abridged Prospectus, with remittance in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and crossed "ACCOUNT PAYEE ONLY" and made payable to "SMPC EXCESS RIGHTS ISSUE ACCOUNT" for the Excess Rights Shares with Warrants C and endorsed on the reverse side(s) with your name and your CDS account number.

Our Board reserves the right to allot the Excess Rights Shares with Warrants C, if any, applied for under Part I (B) of the RSF on a fair and equitable basis as they deem fit and expedient in the best interest of our Company. Our Board reserves the right to accept any Excess Rights Shares with Warrants C application in part only, without assigning any reason thereto.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C. IF YOU HAVE PROVIDED YOUR BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR PURPOSES OF CASH DIVIDEND/ DISTRIBUTION, THE REFUND WILL BE CREDITED INTO THE BANK ACCOUNT. IF THE CREDITING OF THE REFUND IS UNSUCCESSFUL, THE REFUND WILL THEN BE MADE VIA CHEQUE AND DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

11.5.2 By way of Electronic Application

If you are a Malaysian individual who is an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any Provisional Rights Shares with Warrants C, and wish to apply for additional Rights Shares with Warrants C via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 11.2.2 of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Shares with Warrants C application and the amount payable to be directed to “**SMPC EXCESS RIGHTS ISSUE ACCOUNT**” for the Excess Rights Shares with Warrants C applied.

The Electronic Application for Excess Rights Shares with Warrants C shall be made on, and subject to, the same terms and conditions appearing in Section 11.2.2 of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares with Warrants C applied for as stated on the Transaction Record or any lesser number of Excess Rights Shares with Warrants C that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares with Warrants C or not to allot any Excess Rights Shares with Warrants C to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess Rights Shares with Warrants C applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares with Warrants C that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your subscription for the Excess Rights Shares with Warrants C will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository’s record at your own risk within the timelines as follows:
 - (a) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for acceptance and payment for the Excess Rights Shares with Warrants C; or

- (b) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Excess Rights Shares with Warrants C.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 11.2.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.5.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any Provisional Rights Shares with Warrants C, and wish to apply for additional Rights Shares with Warrants C via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 11.2.3 of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Shares with Warrants C application and the amount payable to be directed to “**SMPC EXCESS RIGHTS ISSUE ACCOUNT**” for the Excess Rights Shares with Warrants C applied.

The Internet Application for Excess Rights Shares with Warrants C shall be made on, and subject to, the same terms and conditions appearing in Section 11.2.3(iv) of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares with Warrants C applied for as stated on the Confirmation Screen or any lesser number of Excess Rights Shares with Warrants C that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares with Warrants C or not to allot any Excess Rights Shares with Warrants C to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights Shares with Warrants C applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares with Warrants C that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your subscription for the Excess Rights Shares with Warrants C will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
 - (a) successful subscription – a notice of allotment will be despatched within eight (8) Market Days after the last day for acceptance and payment for the Excess Rights Shares with Warrants C; or
 - (b) unsuccessful/partially successful subscription – the full amount or the surplus subscription monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for acceptance and payment for the Excess Rights Shares with Warrants C.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 11.2.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.5.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares with Warrants C, and wish to apply for additional Rights Shares with Warrants C via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 11.2.4 of this Abridged Prospectus save and except for the amount payable to be directed to our bank account, the details of which are as follows:

Bank : **MAYBANK ISLAMIC BERHAD**
Account Name : **SMPC EXCESS RIGHTS ISSUE ACCOUNT**
Bank Account No. : **557308504203**

for the Excess Rights Shares with Warrants C applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares Subscription File.

The application for Excess Rights Shares with Warrants C via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 11.2.4 of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares with Warrants C applied for as stated on the Rights Shares Subscription File or any lesser number of Excess Rights Shares with Warrants C that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess Rights Shares with Warrants C or not to allot any Excess Rights Shares with Warrants C to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights Shares Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares with Warrants C that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your subscription for the Excess Rights Shares with Warrants C electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (a) successful subscription – an electronic notification will be sent to you within eight (8) Market Days after the last day for acceptance and payment for the Excess Rights Shares with Warrants C; or
 - (b) unsuccessful/partially successful subscription – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the last day for application and payment for the Excess Rights Shares with Warrants C.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 11.2.4(ii) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.6 Procedures to be followed by renouncee(s)/transferee(s)

A renouncee/transferee who wishes to apply for the Provisional Rights Shares with Warrants C or the Excess Rights Shares with Warrants C may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Share Registrar for the Corporate Exercises, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

The procedures and payment for the acceptance of the Provisional Rights Shares with Warrants C and the Excess Rights Shares with Warrants C by the renouncee(s)/transferee(s) are the same as those applicable to you as described in Sections 11.2 and 11.5, respectively, of this Abridged Prospectus.

RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

11.7 Form of issuance

Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, all dealings in respect of the Rights Shares with Warrants C are subject to the SICDA and the Rules of Bursa Depository. You must have a CDS account in order to subscribe for the Rights Shares with Warrants C.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected.

No physical share and warrant certificates will be issued. The Rights Shares with Warrants C will be credited directly into your CDS account(s) and the notice of allotment will be despatched by ordinary post at your address shown in the Record of Depositors of Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance and payment for the Provisional Rights Shares with Warrants C.

11.8 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. The Documents will not be sent to shareholders without an address in Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subjected to. PIVB, our Company, our Board and our officers and other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become illegal, unenforceable, voidable or void in any such jurisdiction.

Further, foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or any other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against PIVB, our Company, our Board and our officers and other experts in respect of their rights or entitlements under the Rights Issue with Warrants.

Such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he or she must not seek to accept the offer unless he or she has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights Shares with Warrants C from any such application by foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants C as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia or other jurisdictions.

By signing any of the forms accompanying this Abridged Prospectus, the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, our Company, our Board and our officers and other experts that:

- (i) we would not, by acting on the acceptance and/or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) is or may be subjected to;
- (ii) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) has complied with the laws to which the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) is or may be subjected to in connection with the acceptance and/or renunciation;
- (iii) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) is not a nominee or agent of a person in respect of whom we would, by acting on the acceptance and/or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) is aware that the Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) has received a copy of this Abridged Prospectus and has had access to such financial and other information and has been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) deems necessary in connection with the foreign Entitled Shareholder's and/or his renouncee's/transferee's (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants C; and
- (vi) the foreign Entitled Shareholder and/or his renouncee(s)/transferee(s) (if applicable) has sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants C, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants C

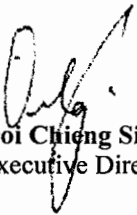
12. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants C under the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

13. ADDITIONAL INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of our Board
SMPC CORPORATION BHD.



Ooi Chieng Sim
Executive Director/Vice Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 26 SEPTEMBER 2014

SMPC CORPORATION BHD (79082-V)

(Incorporated in Malaysia)

CERTIFIED EXTRACT OF THE SHAREHOLDERS' RESOLUTION PASSED AT THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 26 SEPTEMBER 2014.

2. **ORDINARY RESOLUTION**

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF UP TO 300,410,014 NEW ORDINARY SHARES OF RM1.00 EACH IN SMPC ("SMPC SHARE(S)") ("RIGHTS SHARE(S)") TOGETHER WITH UP TO 150,205,007 FREE NEW DETACHABLE WARRANTS ("WARRANTS C") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT C FOR EVERY TWO (2) EXISTING SMPC SHARES HELD AS AT AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER, OF WHICH THE FIRST CALL OF RM0.90 WILL BE PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.10 IS TO BE CAPITALISED FROM THE COMPANY'S RESERVES, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 20,000,000 RIGHTS SHARES TOGETHER WITH 10,000,000 WARRANTS C ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT, subject to and conditional upon the approvals of all relevant authorities, including but not limited to the approval-in-principle granted by Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for all the Rights Shares and Warrants C to be issued hereunder and all the new SMPC Shares to be issued arising from the exercise of the Warrants C, approval be and is hereby given to the Directors of the Company to:

- (a) provisionally allot and issue by way of a renounceable two-call rights issue of up to 300,410,014 Rights Shares, together with up to 150,205,007 Warrants C at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC shares held by the shareholders of SMPC whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced by the Board, of which the first call of RM0.90 ("First Call") will be payable in cash on application and the second call of RM0.10 ("Second Call") is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C;
- (b) capitalise up to RM30,041,001 from the Company's share premium and retained earnings' accounts and to utilise such capitalised sums in making payment for the Second Call amount of the Rights Shares;

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 26 SEPTEMBER 2014 (Cont'd)

SMPC Corporation Bhd (79082-V) – Certified Extract – 7.10.2014

- (c) constitute the Warrants C upon the terms and conditions of a deed poll to be executed by the Company (“**Deed Poll**”), the principal terms of which are set out in **Appendix I** of the Circular to the Shareholders of the Company dated 2 September 2014 (“**Circular**”);
- (d) allot and issue such number of additional Warrants C as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll; and
- (e) allot and issue such number of new SMPC Shares arising from the exercise of the Warrants C during the tenure of the Warrants C;

THAT any Rights Shares with Warrants C which are not validly taken up or which are not allotted for any reason whatsoever shall be made available for excess applications in such manner as the Directors of the Company shall determine at its absolute discretion;

THAT the Directors of the Company be and are hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Warrants in such manner and on such terms and conditions as the Directors of the Company in their absolute discretion as they may deem fit or think expedient or in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 2.8 of the Circular, and the Directors of the Company be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors of the Company may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares and the new SMPC Shares to be issued pursuant to the exercise of the Warrants C shall upon allotment and issue, rank *pari passu* in all respects with the then existing issued and fully paid-up shares in the capital of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new SMPC Shares to be issued arising from the exercise of the Warrants respectively;

THAT the Rights Shares, Warrants C and new SMPC Shares to be issued arising from the exercise of the Warrants C pursuant to the exercise of the Warrants C shall be listed on the Main Market of Bursa Securities;

THAT the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll upon the terms set out in the Circular with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Directors of the Company, and, subject to all provisions and adjustments contained in the Deed Poll, to assent to any modification and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as a consequence of any adjustments under the provisions of the Deed Poll, with full powers to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

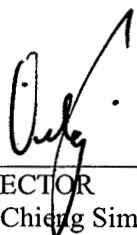
CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 26 SEPTEMBER 2014 (Cont'd)

SMPC Corporation Bhd (79082-V) – Certified Extract – 7.10.2014

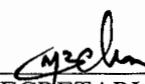
THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities or deemed necessary by the Directors of the Company in the best interest of the Company, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all the Rights Shares, Warrants C and new SMPC Shares to be issued arising from the exercise of the Warrants C pursuant to or in connection with the Proposed Rights Issue with Warrants have been fully allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants as well as the additional Warrants C to be issued, if any, pursuant to the adjustments in accordance with the provisions of the Deed Poll.”

CERTIFIED TRUE COPY



DIRECTOR
Ooi Ching Sim



SECRETARY
Chan Yoke Yin (F)
(MAICSA 7043743)

7 October 2014
KWC/SMPC

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 14 December 1981 as a private limited company under the name of SMPC Metal Industries Sdn Bhd. On 18 February 1995, our Company was converted into a public company under the name SMPC Metal Industries Bhd. Our Company then assumed our present name on 10 July 2002. We were listed on the Second Board of the then Kuala Lumpur Stock Exchange (amalgamated with the Main Board and now known as the Main Market of Bursa Securities) on 15 February 1996.

2. PRINCIPAL ACTIVITIES

The principal activities of our Company are investment holding, letting of industrial and commercial assets and management consultancy. The principal activities of our subsidiaries are set out in Section 6 of this Appendix.

3. SHARE CAPITAL

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

Type	No. of Shares	Par value RM	Amount RM
Authorised	800,000,000	1.00	800,000,000
Issued and paid-up	56,554,859	1.00	56,554,859

The changes in the issued and paid-up share capital of our Company for the last three (3) years are as follows:

Date issued	No. of SMPC Shares allotted	Par value (RM)	Type of issue/consideration	Cumulative issued and paid-up ordinary share capital (RM)
As at 15 October 2011	-	-	-	64,644,965
22 March 2012	-	-	Share capital reduction via the cancellation of RM0.90 from the par value of each existing ordinary share of RM1.00 each in the issued and paid-up share capital and thereafter consolidation of ten (10) ordinary shares of RM0.10 each into one (1) SMPC Share.	6,464,496
10 May 2012	13,228,877	1.00	Issued pursuant to the rights issue of SMPC Shares with warrants	19,693,373
10 May 2012	7,500,000	1.00	Issued pursuant to the creditor settlement	27,193,373
10 May 2012	19,134,575	1.00	Issued pursuant to the debt restructuring	46,327,948
29 May 2012	2,000,000	1.00	Issued pursuant to the conversion of ICULS at RM1.00	48,327,948
8 June 2012	111,111	1.00	Issued pursuant to the conversion of ICULS at RM1.00	48,439,059

INFORMATION ON OUR COMPANY (Cont'd)

Date issued	No. of SMPC Shares allotted	Par value (RM)	Type of issue/consideration	Cumulative issued and paid-up ordinary share capital (RM)
3 December 2012	50,000	1.00	Issued pursuant to the conversion of ICULS at RM1.00	48,489,059
21 October 2013	335,000	1.00	Issued pursuant to the exercise of the ESOS at RM1.00	48,824,059
23 October 2013	300,000	1.00	Issued pursuant to the conversion of ICULS at RM1.00	49,124,059
26 November 2013	3,005,000	1.00	Issued pursuant to the conversion of ICULS at RM1.00	52,129,059
27 November 2013	50,000	1.00	Issued pursuant to the exercise of the ESOS at RM1.00	52,179,059
10 December 2013	25,800	1.00	Issued pursuant to the conversion of ICULS at RM1.00	52,204,859
20 February 2014	2,500,000	1.00	Issued pursuant to the conversion of ICULS at RM1.00	54,704,859
13 October 2014	1,850,000	1.00	Issued pursuant to the conversion of ICULS at RM1.00	56,554,859

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INFORMATION ON OUR COMPANY (Cont'd)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of the Substantial Shareholders of our Company as at the LPD and the proforma effects of the Corporate Exercises are set out below.

Minimum Scenario

	As at the LPD ^(a)				(I) After the Rights Issue with Warrants				(II) After (I) and full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of SMPC Shares ('000)	% ^(a)	No. of SMPC Shares ('000)	% ^(a)	No. of SMPC Shares ('000)	%	No. of SMPC Shares ('000)	%	No. of SMPC Shares ('000)	%	No. of SMPC Shares ('000)	%
OCS	1,435	2.65	10,400 ^(b)	19.22	11,435	15.43	10,400	14.03	16,435	19.54	10,400	12.36
Skylitech	8,125	15.02	-	-	8,125	10.96	-	-	8,125	9.66	-	-
Tan Sun Ping	2,671	4.94	-	-	2,671	3.60	-	-	2,671	3.18	-	-
NCN ^(c)	37	0.07	3 ^(d)	0.01	10,037	13.54	3	*	15,037	17.88	3	*

Notes:

* Negligible.

(a) Computed based on the 54,110,191 SMPC Shares in issue (excluding the Treasury Shares of 2,444,668 SMPC Shares).

(b) Deemed interested by virtue of his interest in Skylitech and HLS pursuant to Section 6A of the Act.

(c) Pursuant to NCN's Undertaking as set out in Section 4 of this Abridged Prospectus, he would become a substantial shareholder of our Company upon the completion of the Rights Issue with Warrants under the Minimum Scenario. Nevertheless, under the Maximum Scenario, his shareholding in our Company would not reach five percent (5%).

(d) Deemed interested by virtue of his spouse's interest in our Company pursuant to Section 134(12)(c) of the Act.

INFORMATION ON OUR COMPANY (Cont'd)
Maximum Scenario

	As at the LPD		(I) Assuming the full conversion/ exercise of the existing convertible securities ^(b)				(II) After (I) and the Rights Issue with Warrants				(III) After (II) and full exercise of Warrants C					
	Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect			
	No. of SMPC Shares (^{'000})	% ^(a)	No. of SMPC Shares (^{'000})	%	No. of SMPC Shares (^{'000})	%	No. of SMPC Shares (^{'000})	%	No. of SMPC Shares (^{'000})	%	No. of SMPC Shares (^{'000})	%	No. of SMPC Shares (^{'000})	%		
Substantial shareholders																
OCS	1,435	2.65	10,400 ^(c)	19.22	1,435	0.48	50,400	16.78	2,871	0.48	100,800	16.78	3,589	0.48	126,000	16.78
Skylitech	8,125	15.02	-	-	48,125	16.02	-	-	96,250	16.02	-	-	120,313	16.02	-	-
Tan Sun Ping	2,671	4.94	-	-	39,068	13.01	-	-	78,137	13.01	-	-	97,671	13.01	-	-

Notes:

(a) Computed based on the 54,110,191 SMPC Shares in issue (excluding the Treasury Shares of 2,444,668 SMPC Shares).

(b) For illustration purposes, assuming the Treasury Shares are resold to the open market of Bursa Securities, the full conversion of the ICULS by surrendering RM0.10 nominal value of ICULS together with cash such that in aggregate it amounts to RM1.00 for one (1) new SMPC, the full exercise of the Warrants B and the full exercise of the Unexercised Options into SMPC Shares prior to the Entitlement Date.

(c) Deemed interested by virtue of his interest in Skylitech and HLS pursuant to Section 6A of the Act.

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INFORMATION ON OUR COMPANY (Cont'd)

5. PARTICULARS OF DIRECTORS**5.1 Details of Directors**

The particulars of our Directors as at the LPD are as follows:

Name of Director	Age	Profession	Designation	Nationality	Address
Sudesh a/l K.V. Sankaran	64	Company Director	Independent Non-Executive Director/ Chairman	Malaysian	161, Cangkat Minden 5 Minden Heights 11700 Gelugor Penang
OCS	45	Company Director	Executive Director/ Vice Chairman	Malaysian	23, Lintang Jelutong Bukit Dumbar 11600 Georgetown Penang
Mohd Shahril Fitri Bin Hashim	40	Company Director	Executive Director	Malaysian	5, Jalan PUJ 6/13 Taman Puncak Jalil Bandar Putra Permai 43300 Seri Kembangan Selangor
NCN	44	Company Director	Executive Director	Malaysian	243, Jalan Murni Taman Desa Murni Sungai Dua 13800 Butterworth Penang
Dato' Lee Hean Guan	72	Company Director	Non-Independent Non-Executive Director	Malaysian	No.18-16-12A Menara Greenview Green Lane 11600 Georgetown Penang
Dato' Dennis Chuah	41	Company Director	Independent Non-Executive Director	Malaysian	501G-9-1, Diamond Villa 11200 Tanjung Bungah Penang
Maniam a/l Rajakeresnen	34	Company Director	Independent Non-Executive Director	Malaysian	71, Lorong 4 Taman Sri Mumi 08300 Gurun Kedah

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INFORMATION ON OUR COMPANY (Cont'd)
5.2 Details of Directors' shareholdings

Our Directors' shareholdings as at the LPD and the proforma effects of the Corporate Exercises on their shareholdings are set out below.

Minimum Scenario

Directors	As at the LPD			(I) After the Rights Issue with Warrants			(II) After (I) and the full exercise of the Warrants C		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	% ^(a)	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Sudesh a/l K.V. Sankaran	-	-	-	-	-	-	-	-	-
OCS	1,435	2.65	10,400 ^(b)	11,435	15.43	10,400	14.03	16,435	19.54
Mohd Shahril Fitri Bin Hashim	-	-	-	-	-	-	-	-	-
NCN ^(c)	37	0.07	3 ^(d)	10,037	13.54	3	*	15,037	17.88
Dato' Lee Hean Guan	584	1.08	1,741 ^(e)	584	0.79	1,741	2.35	584	0.69
Dato' Dennis Chuah	-	-	-	-	-	-	-	-	-
Maniam a/l Rajakeresnen	-	-	-	-	-	-	-	-	-

Notes:

* Negligible.

(a) Computed based on the 54,110,191 SMPC Shares in issue (excluding the Treasury Shares of 2,444,668 SMPC Shares).

(b) Deemed interested by virtue of his interest in Skyitech and HLS pursuant to Section 6A of the Act.

(c) Pursuant to NCN's Undertaking as set out in Section 4 of this Abridged Prospectus, he would become a substantial shareholder of our Company upon the completion of the Rights Issue with Warrants under the Minimum Scenario. Nevertheless, under the Maximum Scenario, his shareholding in our Company would not reach five percent (5%).

(d) Deemed interested by virtue of his spouse's interest in our Company pursuant to Section 134(12)(c) of the Act.

(e) Deemed interested by virtue of his interest in Lagenda Perdana Sdn Bhd and his spouse's interest in our Company pursuant to Section 134(12)(c) of the Act.

INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

	As at the LPD		(I) Assuming the full conversion/ exercise of the existing convertible securities ^(b)				(II) After (I) and the Rights Issue with Warrants				(III) After (II) and full exercise of Warrants C					
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	% ^(a)	No. of Shares ('000)	% ^(a)	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Directors																
Sudesh a/l K. V. Sankaran	-	-	-	-	50	0.02	-	-	100	0.02	-	-	125	0.02	-	-
OCS	1,435	2.65	10,400 ^(c)	19.22	1,435	0.48	50,400	16.78	2,871	0.48	100,800	16.78	3,589	0.48	126,000	16.78
Mohd Shahril Fitri Bin Hashim	-	-	-	-	150	0.05	-	-	300	0.05	-	-	375	0.05	-	-
NCN	37	0.07	3 ^(d)	0.01	522	0.17	3	*	1,044	0.17	6	*	1,305	0.17	7	*
Dato' Lee Hean Guan	584	1.08	1,741 ^(e)	3.22	1,829	0.61	8,367	2.79	3,658	0.61	16,735	2.79	4,572	0.61	20,918	2.79
Dato' Dennis Chuah	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maniam a/l Rajakeresnen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

(a) Computed based on the 54,110,191 SMPC Shares in issue (excluding the Treasury Shares of 2,444,668 SMPC Shares).

(b) For illustration purposes, assuming the Treasury Shares are resold to the open market of Bursa Securities, the full conversion of the ICULS by surrendering RM0.10 nominal value of ICULS together with cash such that in aggregate it amounts to RM1.00 for one (1) new SMPC, the full exercise of the Warrants B and the full exercise of the Unexercised Options into SMPC Shares prior to the Entitlement Date.

(c) Deemed interested by virtue of his interest in Skylitech and HLS pursuant to Section 6A of the Act.

(d) Deemed interested by virtue of his spouse's interest in our Company pursuant to Section 134(12)(c) of the Act.

(e) Deemed interested by virtue of his interest in Lagenda Perdana Sdn Bhd and his spouse's interest in our Company pursuant to Section 134(12)(c) of the Act.

INFORMATION ON OUR COMPANY (Cont'd)
6. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of our Company's subsidiaries as at the LPD are as follows:

Name of company	Date/Place of incorporation	Issued and paid-up share capital	Effective ownership interest %	Principal activities
SMPC Industries Sdn Bhd*	9 October 1990/ Malaysia	RM40,000,000	100	Metal sheet and coil processing centre with main services in shearing and reshearing
SMPC Marketing Sdn Bhd	3 November 1994/ Malaysia	RM4,301,720	100	Trading in hardware items, building materials and steel furniture
Edit Systems (M) Sdn Bhd	24 February 1998/ Malaysia	RM200,000	70	Dormant
Syarikat Perkilangan Besi Gaya Sdn Bhd*	17 August 1985/ Malaysia	RM4,826,070	100	Drawing and straightening of cutting of iron rods and wire related products
Duro Metal Industrial (M) Sdn Bhd	18 September 1991/ Malaysia	RM1,500,000	100	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services
Park Avenue Construction Sdn Bhd	11 July 2005/ Malaysia	RM2	100	Investment holding
SMPC Dexon Sdn Bhd	5 January 2006/ Malaysia	RM3,000,000	100	Manufacturing and trading of steel and other types of furniture and the provision of related services
Metal Perforators (Malaysia) Sdn Bhd	10 August 1972/ Malaysia	RM500,000	100	Manufacturing and marketing of perforated metals, cable support systems and screen plates
Kembang Kartika Sdn Bhd	15 March 2012/ Malaysia	RM10,000	50.01	Property development. The subsidiary has not commenced operations
<u>Interest held by SMPC Marketing Sdn Bhd</u>				
Progerex Sdn Bhd*	26 January 1993/ Malaysia	RM10,000,000	100	Shredding, processing and trading of ferrous and non-ferrous scrap metals
<u>Interest held by Duro Metal Industrial (M) Sdn Bhd</u>				
Duro Marketing (M) Sdn Bhd	19 November 1993/ Malaysia	RM4	100	Dormant
Duro Structural Products (M) Sdn Bhd	31 October 1997/ Malaysia	RM500,000	70	Dormant

Note:

* The subsidiary companies undertook a share capital reduction exercise ("**Capital Reduction**") which is pending the approval of the High Court of Malaya.

As at the LPD, our Company has no investment in associates.

INFORMATION ON OUR COMPANY (Cont'd)
7. PROFIT AND DIVIDEND RECORD

The following table summarises the audited results of our Group for the past three (3) FYEs and the unaudited results of our Group for the three (3) months FPE 30 June 2014:

	Audited			Unaudited three (3) months FPE 30 June 2014 RM'000
	FYE 2012 RM'000	FYE 2013 RM'000	FYE 2014 RM'000	
Revenue	127,608	137,074	143,602	34,696
Gross (loss)/profit	(1,141)	21,181	24,386	5,977
(Loss)/Earnings before interest, taxation, depreciation and amortisation	(35,262) ^(a)	3,156	10,096	2,822
Other income	65,510	3,686	3,227	757
Finance costs	(6,767)	(2,322)	(2,007)	(402)
PBT/(LBT)	17,920	(2,754)	4,620	1,626
Taxation	32	(1,595)	(1,633)	(469)
PAT/(LAT)	17,952	(4,349)	2,987	1,157
Less: Non-controlling interests	66	66	62	73
Profit/(Loss) attributable to equity holders of our Company	17,886	(4,415)	2,925	1,084
Gross profit margin (%)	-	15.45	16.98	17.23
Weighted average number of ordinary shares in issue ('000)	54,125	43,742	47,582	52,270
Basic EPS/(LPS) (sen)	33.05	(10.09)	6.15	2.21
Diluted EPS/(LPS) (sen)	- ^(b)	(9.59)	5.89	- ^(b)
Gross dividend per Share (sen)	-	-	#	-

Notes:

(a) The calculation of loss before interest, taxation, depreciation and amortisation for the FYE 2012 excludes waiver of debts amounting to RM64.54 million.

(b) The diluted EPS for our Group is not presented as the convertible securities of our Company would be anti-dilutive as the conversion/exercise price of the convertible securities is higher than the respective fair value of the SMPC Shares during the respective FYEs.

The gross dividend comprises of the following:

- Single tier dividend of 2 sen per share; and
- Share dividend via distribution of 3,973,232 treasury shares on the basis of one treasury share for every twelve ordinary shares. The share dividend is equivalent to RM3,427,185 based on the treasury shares book cost.

Commentaries on past performance:
Audited FYE 2012

Our Group's revenue increased by 10.62% to RM127.61 million in the FYE 2012 as compared to revenue of RM115.35 million in the FYE 2011 due to higher sale volume by our trading division as a result of the decrease in selling prices. The increase in revenue of our Group was offset by the decrease in revenue generated from our manufacturing division by RM2.26 million or 3.46% as a result of the decrease in selling prices whilst volume remain relatively constant. However, our Group recorded gross loss of RM1.14 million despite the increase in the revenue, which was mainly due to the inventories of scrap metal written off of approximately RM12.00 million due to losses in tonnages after our Company carried out the physical stock count and due to the reduction in steel prices as compared to the FYE 2011.

INFORMATION ON OUR COMPANY (Cont'd)

Our Group recorded a PAT of RM17.95 million in FYE 2012 as compared to a LAT of RM0.25 million recorded in FYE 2011. The increased in profit was mainly attributable to the increase in the other income of our Group due mainly to the one-off waiver of debts consists of principal and interest owing to the financial institutions and a creditor, amounting to RM64.54 million.

Audited FYE 2013

Our Group recorded revenue of RM137.07 million, an increase of RM9.47 million or 7.42% from the preceding financial year of RM127.61 million due to the increase in revenue from the manufacturing division. The manufacturing division had contributed an increase of RM15.60 million to the revenue of our Group due to the projects secured, such as Vale Iron Ore plant project, Petronas Gas Processing Plant Rejuvenation and Revamp project, and Penang International Airport Upgrading project.

Our Group recorded a LAT of RM4.35 million in FYE 2013 as compared to a PAT of RM17.95 million recorded in FYE 2012. The loss for the year was due mainly to the obsolete plant and equipment written off pursuant to the relocation of steel furniture manufacturing facilities from Gurun, Kedah to Klang, Selangor, amounting to RM2.09 million. The relocation exercise was part of our Group's post restructuring scheme to consolidate its business and optimise the assets and manpower utilisation. Notwithstanding, our Group recorded a lower other income of RM3.69 million in FYE 2013 as compared to RM65.51 million in FYE 2012 mainly due to the one-off adjustment of waiver of debts in FYE 2012.

Audited FYE 2014

Our Group recorded improved revenue of RM143.60 million in FYE 2014 as compared to RM137.07 million in FYE 2013. The increase in revenue for the year was attributable to the higher revenue contributed from the trading, shredding and processing of metal related products.

In tandem with the increase in the revenue, our Group recorded a PAT of RM2.99 million in FYE 2014 from a LAT of RM4.35 million in FYE 2013. In addition, our Group managed to turnaround our financial position and reported a PAT of RM2.99 million due mainly to the successful implementation of the restructuring initiatives by our management which amongst others include tie up with business partners that had increase our sales and supply to customers and our Group's investment in upgrading the machineries to improve productivity and reduce wastages.

Unaudited three (3) months FPE 30 June 2014

Our Group recorded a decrease in the revenue of RM34.70 million in FPE 30 June 2014 as compared to RM42.26 million in FPE 30 June 2013 due to the completion of Petronas Gas Processing Plant Rejuvenation and Revamp 2 (plants No. 1, 2 and 3) projects in February 2014 and less ongoing projects as compared to the corresponding period.

Our Group recorded an improved in profit of RM1.16 million in FPE 30 June 2014 as compared to RM1.08 million in FPE 30 June 2013. The marginal increase in the profit for the period was attributable to higher operating income for the three (3)-month FPE 30 June 2014 as a result of reversal of the provision made in the FYE 2014.

INFORMATION ON OUR COMPANY (Cont'd)

8. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of our Shares as transacted on the Main Market of Bursa Securities for the twelve (12) months from October 2013 to September 2014:

Months	High (RM)	Low (RM)
2013		
October	1.16	0.72
November	1.38	1.06
December	1.04	0.93
2014		
January	1.00	0.87
February	1.03	0.82
March	0.99	0.89
April	0.93	0.85
May	0.86	0.80
June	0.96	0.80
July	0.86	0.81
August	0.91	0.81
September	1.00	0.83

The last transacted price on 26 February 2014 (being the last Market Day prior to the announcement of the Rights Issue with Warrants) 0.910

The last transacted price on 14 October 2014 (being the LPD) 1.010

The last transacted market price on 23 October 2014 (being the last Market Day prior to the ex-date for the Rights Issue with Warrants) 0.825

(Source: Bloomberg)

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON**



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SMPC CORPORATION BHD.**

Company No. 79082-V
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmiad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828

F +6 (04) 227 9828

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **SMPC Corporation Bhd.**, which comprise the statements of financial position as at **31 March 2014** of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended; and a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 102.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**



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**Independent Auditors' Report To The Members Of
SMPC Corporation Bhd. (cont'd)
Company No. 79082-V
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 March 2014** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)



**Independent Auditors' Report To The Members Of
SMPC Corporation Bhd. (cont'd)
Company No. 79082-V
(Incorporated In Malaysia)**

Other Matters

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

**Grant Thornton
No. AF: 0042
Chartered Accountants**

Date: 23 July 2014

Penang

**Yap Soon Hin
No. 947/03/15 (J)
Chartered Accountant**

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

SMPC CORPORATION BHD.

Company No. 79082-V

(Incorporated In Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	67,848,850	74,801,719	477,683	306,692
Investment properties	5	36,211,800	28,904,102	24,727,698	20,943,516
Investment in subsidiaries	6	-	-	24,228,855	26,228,955
Other investments	7	6,682,428	5,864,125	-	-
		<u>110,743,078</u>	<u>109,569,946</u>	<u>49,434,236</u>	<u>47,479,163</u>
Current assets					
Inventories	8	13,445,014	11,251,033	-	-
Trade and other receivables	9	37,302,620	34,261,371	79,992,903	65,731,740
Tax recoverable		-	386,167	-	23,951
Fixed deposits with licensed banks	10	506,183	9,506,183	506,183	506,183
Cash and bank balances	11	4,038,026	3,920,135	308,104	177,751
		<u>55,291,843</u>	<u>59,324,889</u>	<u>80,807,190</u>	<u>66,439,625</u>
TOTAL ASSETS		<u>166,034,921</u>	<u>168,894,835</u>	<u>130,241,426</u>	<u>113,918,788</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	12	54,704,859	48,489,059	54,704,859	48,489,059
Irredeemable Convertible Unsecured Loan Stocks	13	22,249,297	22,832,377	22,249,297	22,832,377
Other reserves	14	33,371,404	36,583,560	40,562,742	28,949,053
		<u>110,325,560</u>	<u>107,904,996</u>	<u>117,516,898</u>	<u>100,270,489</u>
Non-controlling interests		<u>7,613,713</u>	<u>8,516,471</u>	<u>-</u>	<u>-</u>
Total equity		<u>117,939,273</u>	<u>116,421,467</u>	<u>117,516,898</u>	<u>100,270,489</u>
Non-current liabilities					
Trade and other payables	15	1,304,211	1,197,268	377,402	358,272
Borrowings	16	10,373,431	23,319,482	9,304,197	10,009,933
Deferred tax liabilities	17	3,991,207	4,163,469	1,339,768	1,151,329
		<u>15,668,849</u>	<u>28,680,219</u>	<u>11,021,367</u>	<u>11,519,534</u>
Current liabilities					
Trade and other payables	15	15,999,482	20,232,563	661,887	1,239,727
Borrowings	16	15,333,298	2,919,553	1,015,521	889,038
Provision for taxation		1,094,019	641,033	25,753	-
		<u>32,426,799</u>	<u>23,793,149</u>	<u>1,703,161</u>	<u>2,128,765</u>
Total liabilities		<u>48,095,648</u>	<u>52,473,368</u>	<u>12,724,528</u>	<u>13,648,299</u>
TOTAL EQUITY AND LIABILITIES		<u>166,034,921</u>	<u>168,894,835</u>	<u>130,241,426</u>	<u>113,918,788</u>

The notes set out on pages 23 to 102 form an integral part of these financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

SMPC CORPORATION BHD.
Company No. 79082-V
(Incorporated In Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	NOTE	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	18	143,601,686	137,074,391	21,539,977	3,344,913
Other income	19	3,226,666	3,686,346	1,513,891	243,315
Changes in inventories of work in progress, trading inventories and finished goods		(46,794)	(831,196)	-	-
Raw materials and consumables used		(53,557,836)	(56,511,922)	-	-
Trading goods purchased		(54,312,693)	(50,410,209)	-	-
Employee benefits expense	20	(11,525,555)	(11,989,990)	(1,395,010)	(2,102,308)
Depreciation		(3,469,100)	(3,588,229)	(133,836)	(90,191)
Other operating expenses		(17,289,350)	(17,861,306)	(1,081,392)	(1,833,388)
Operating profit/(loss)		6,627,024	(432,115)	20,443,630	(437,659)
Finance costs	22	(2,006,974)	(2,321,873)	(846,345)	(882,054)
Profit/(Loss) before taxation	23	4,620,050	(2,753,988)	19,597,285	(1,319,713)
Taxation	24	(1,632,889)	(1,595,226)	(227,439)	20,094
Profit/(Loss) for the year		2,987,161	(4,349,214)	19,369,846	(1,299,619)
Other comprehensive income/(loss), net of tax Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		(214,551)	(160,958)	-	-
Realisation of foreign translation reserve upon disposal of a foreign subsidiary		700,410	-	-	-
Fair value adjustment on available-for- sale financial assets		818,303	(237,933)	-	-
Other comprehensive income/(loss) for the year		1,304,162	(398,891)	-	-
Total comprehensive income/(loss) for the year		4,291,323	(4,748,105)	19,369,846	(1,299,619)
Profit/(Loss) attributable to:					
Owners of the parent		2,925,420	(4,415,293)	19,369,846	(1,299,619)
Non-controlling interests		61,741	66,079	-	-
		2,987,161	(4,349,214)	19,369,846	(1,299,619)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		4,285,365	(4,772,335)	19,369,846	(1,299,619)
Non-controlling interests		5,958	24,230	-	-
		4,291,323	(4,748,105)	19,369,846	(1,299,619)
Earnings/(Loss) per share attributable to owners of the parent (sen)					
- Basic	25	6.15	(10.09)		
- Diluted	25	5.89	(9.59)		

The notes set out on pages 23 to 102 form an integral part of these financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

SMPC CORPORATION BHD.
Company No. 79082-V
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

NOTE	Attributable to Owners of the Parent											Total Equity RM		
	Share Capital RM	ICULS RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Fair Value Reserve RM	Exchange Translation Reserve RM	ESOS Reserve RM	Retained Profits RM	Total RM		Non-controlling Interests RM	
2014														
	Balance at beginning	48,489,059	22,832,377	21,445,955	-	3,186,005	(3,105,465)	(239,495)	(541,642)	-	15,838,202	107,904,996	8,516,471	116,421,467
	Foreign currency translation differences	-	-	-	-	-	(158,768)	-	-	-	-	(158,768)	(55,783)	(214,551)
	Realisation of foreign currency translation differences upon disposal	-	-	-	-	-	700,410	-	-	-	-	700,410	-	700,410
	Fair value of available-for-sale financial assets	-	-	-	-	-	818,303	-	-	-	-	818,303	-	818,303
	Total other comprehensive income	-	-	-	-	-	1,359,945	-	-	-	-	1,359,945	(55,783)	1,304,162
	Profit for the year	-	-	-	-	-	818,303	541,642	-	-	2,925,420	4,171,141	61,741	2,987,161
	Total comprehensive income	-	-	-	-	-	818,303	541,642	-	-	2,925,420	4,285,365	5,958	4,291,323
	<i>Transactions with owners:</i>													
	Issuance of shares pursuant to:													
	- ESOS	385,000	-	-	-	-	-	-	-	-	-	385,000	-	385,000
	- Conversion of ICULS	5,830,800	(583,080)	-	-	-	-	-	-	-	5,247,720	-	-	5,247,720
	- Purchase of treasury shares	-	-	-	(6,000,120)	-	-	-	-	-	(6,000,120)	-	-	(6,000,120)
	- Pursuant to ESOS granted:	-	-	-	-	-	-	-	-	-	-	-	-	-
	- Share-based-payment compensation	-	-	44,275	-	-	-	-	-	368,076	-	368,076	-	368,076
	- Transfer of reserves	-	-	(3,427,185)	3,427,185	-	-	-	-	(66,470)	(1,865,477)	-	-	(1,865,477)
	Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disposal of a subsidiary	6,215,800	(583,080)	(3,382,910)	(2,572,935)	-	-	-	-	301,606	(1,843,282)	(1,864,801)	(908,716)	(908,716)
	Total transactions with owners	54,704,859	22,249,297	18,063,045	(2,572,935)	3,186,005	(3,105,465)	578,808	-	301,606	16,920,340	110,325,560	7,613,713	117,939,273
	Balance at end	6,464,496	-	23,751,705	-	-	(1,562)	(422,533)	-	20,253,495	50,045,601	751,629	50,797,230	
	Foreign currency translation differences	-	-	-	-	-	(119,109)	-	-	-	-	(119,109)	(41,849)	(160,938)
	Fair value of available-for-sale financial assets	-	-	-	-	-	(237,933)	-	-	-	-	(237,933)	-	(237,933)
	Total other comprehensive income	-	-	-	-	-	(237,933)	(119,109)	-	-	(4,415,293)	(4,415,293)	(41,849)	(3,98,881)
	Loss for the year	-	-	-	-	-	(237,933)	(119,109)	-	-	(4,415,293)	(4,415,293)	66,079	(4,349,214)
	Total comprehensive loss	-	-	-	-	-	(237,933)	(119,109)	-	-	(4,415,293)	(4,772,335)	24,230	(4,748,105)
	<i>Transactions with owners:</i>													
	Issuance of shares pursuant to:													
	- Rights issue	13,228,877	-	-	-	-	-	-	-	-	-	13,228,877	-	13,228,877
	- Creditor settlement	7,500,000	-	-	-	-	-	-	-	-	-	7,500,000	-	7,500,000
	- Debt restructuring	19,134,575	-	-	-	-	-	-	-	-	-	19,134,575	-	19,134,575
	- Conversion of ICULS	2,161,111	(261,111)	-	-	-	-	-	-	-	-	1,900,000	-	1,900,000
	Issuance of ICULS pursuant to:													
	- Rights issue	-	19,393,488	-	-	-	-	-	-	-	-	19,393,488	-	19,393,488
	- Creditor settlement	-	3,700,000	-	-	-	-	-	-	-	-	3,700,000	-	3,700,000
	Issuance of warrants	-	-	-	-	3,186,005	(3,105,465)	-	-	-	-	80,540	-	80,540
	Restructuring expenses	-	-	(2,305,750)	-	-	-	-	-	-	-	(2,305,750)	-	(2,305,750)
	Acquisition of a subsidiary	42,024,563	22,832,377	(2,305,750)	-	3,186,005	(3,105,465)	-	-	-	7,740,612	7,740,612	-	7,740,612
	Total transactions with owners	48,489,059	22,832,377	21,445,955	-	3,186,005	(3,105,465)	(239,495)	(541,642)	-	15,838,202	107,904,996	8,516,471	116,421,467

The notes set out on pages 23 to 102 form an integral part of these financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

SMFC CORPORATION BHD.
Company No. 79082-V
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

NOTE	Non-distributable										Total Equity RM
	Share Capital RM	ICULS RM	Share Premium RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM	ESOS Reserve RM	Distributable Retained Profits/ (Accumulated Losses) RM		
2014											
Balance at beginning	48,489,059	22,832,377	21,445,955	-	-	3,186,005	7,445,000	-	(22,442)	19,369,846	100,270,489
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with owners:</i>											
- Issuance of shares pursuant to:											
- ESOS	385,000	-	-	-	-	-	-	-	-	-	385,000
- Conversion of ICULS	5,830,800	(583,080)	-	(6,000,120)	-	-	-	-	-	-	5,247,720
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(6,000,120)
Pursuant to ESOS granted:											
- Share-based-payment compensation	-	-	44,275	-	-	-	-	109,440	-	22,195	109,440
- Transfer of reserves	-	-	-	-	-	-	-	(66,470)	-	-	(66,470)
Dividends	-	-	-	-	-	-	-	-	(1,865,477)	-	(1,865,477)
Share dividend	-	-	(3,427,185)	3,427,185	-	-	-	-	-	-	-
Total transactions with owners	6,215,800	(583,080)	(3,382,910)	(2,572,935)	-	-	7,445,000	42,970	(1,843,282)	-	(2,123,437)
Balance at end	54,704,859	22,249,297	18,063,045	(2,572,935)	3,186,005	(3,105,465)	7,445,000	42,970	17,504,122	19,369,846	117,516,898
2013											
Balance at beginning	6,464,496	-	23,751,705	-	-	-	7,445,000	-	1,277,177	(1,299,619)	38,938,378
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with owners:</i>											
- Issuance of shares pursuant to:											
- Rights issue	13,228,877	-	-	-	-	-	-	-	-	-	13,228,877
- Creditor settlement	7,500,000	-	-	-	-	-	-	-	-	-	7,500,000
- Debt restructuring	19,134,575	-	-	-	-	-	-	-	-	-	19,134,575
- Conversion of ICULS	2,161,111	(261,111)	-	-	-	-	-	-	-	-	1,900,000
Issuance of ICULS pursuant to:											
- Rights issue	-	19,393,488	-	-	-	-	-	-	-	-	19,393,488
- Creditor settlement	-	3,700,000	-	-	-	-	-	-	-	-	3,700,000
Issuance of warrants	-	-	-	-	3,186,005	(3,105,465)	-	-	-	-	80,540
Restructuring expenses	-	-	(2,305,750)	-	-	-	-	-	-	-	(2,305,750)
Total transactions with owners	42,024,563	22,832,377	(2,305,750)	-	3,186,005	(3,105,465)	7,445,000	42,970	(22,442)	-	62,631,730
Balance at end	48,489,059	22,832,377	21,445,955	-	3,186,005	(3,105,465)	7,445,000	42,970	(22,442)	19,369,846	100,270,489

The notes set out on pages 23 to 102 form an integral part of these financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

SMPC CORPORATION BHD.

Company No. 79082-V
(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	4,620,050	(2,753,988)	19,597,285	(1,319,713)
Adjustments for:				
Bad debts	2,023,938	226,936	56,565	-
Bargain purchase on a subsidiary	-	(2,742,709)	-	-
Depreciation	3,469,100	3,588,229	133,836	90,191
Dividend income	(97,433)	(45,916)	(18,000,000)	-
Change in fair value of investment properties	(776,976)	-	(225,802)	-
Gain on disposal of investment in a subsidiary	(55,630)	-	(1,000,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(1,297,540)	(112,463)	(232,879)	45
Impairment loss on receivables	396,945	943,135	-	-
Reversal of impairment loss on receivables	(326,196)	(41,859)	-	-
Interest expense	2,006,974	2,294,961	846,345	882,054
Interest income	(320,609)	(231,460)	-	(224,233)
Inventories written down	175,032	9,738	-	-
Inventories written off	-	754,122	-	-
Loss on disposal of other investments	-	25,490	-	-
Property, plant and equipment written off	106,904	2,092,816	-	774
Equity-settled share-based payment transactions	368,076	-	109,440	-
Unrealised (gain)/loss on foreign exchange	(9,695)	9,513	-	-
Operating profit/(loss) before working capital changes	10,282,940	4,016,545	1,284,790	(570,882)
(Increase)/Decrease in inventories	(2,201,747)	629,456	-	-
(Increase)/Decrease in receivables	(5,260,452)	(7,050,679)	(6,367,857)	242,772
Decrease in payables	(1,091,119)	(1,974,348)	(148,380)	(3,102,295)
Increase/(Decrease) in retirement benefit obligations	6,912	(177,390)	(30,870)	21,188
Cash generated from/(used in) operations	1,736,534	(4,556,416)	(5,262,317)	(3,409,217)
Income tax paid	(537,243)	(957,415)	(12,500)	(28,467)
Income tax refund	158,937	112,174	23,203	-
Interest received	-	6,488	-	-
Interest paid	(1,363,368)	(1,540,803)	(846,345)	(882,054)
Net cash used in operating activities/ Balance carried forward	(5,140)	(6,935,972)	(6,097,959)	(4,319,738)

The notes set out on pages 23 to 102 form an integral part of these financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

SMPC CORPORATION BHD.

Company No. 79082-V
(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Net cash used in operating activities/ Balance brought forward	(5,140)	(6,935,972)	(6,097,959)	(4,319,738)
CASH FLOWS FROM INVESTING ACTIVITIES				
(i) Cash flows on acquisition of a subsidiary	-	(4,902,272)	-	-
(ii) Cash flows on disposal of subsidiaries	2,929,636	-	-	-
Dividends received	97,433	45,916	18,000,000	-
Interest received	320,609	201,789	-	201,050
Investment in a subsidiary	-	-	-	(5,001,000)
Proceeds from disposal of investment in subsidiaries	-	-	3,000,100	-
Placement of fixed deposits	-	(24,530,000)	-	(30,000)
Withdrawal of fixed deposits	-	24,500,000	-	-
Proceeds from disposal of other investments	-	402,899	-	-
Proceeds from disposal of property, plant and equipment	1,559,469	331,056	303,200	1,986
Purchase of equity investments	-	(4,364,826)	-	-
(iii) Purchase of property, plant and equipment	(3,095,043)	(5,317,146)	(70,148)	(20,903)
Purchase of investment properties	(1,011,800)	-	-	-
Subsequent expenditure on investment properties	(5,518,922)	-	(3,558,380)	-
Net cash (used in)/from investing activities	(4,718,618)	(13,632,584)	17,674,772	(4,848,867)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(1,865,477)	-	(1,865,477)	-
Net change in subsidiaries' balances	-	-	(8,329,331)	(23,585,303)
Payment of restructuring expenses	-	(158,070)	-	(158,070)
Proceeds from rights issue	-	13,228,877	-	13,228,877
Proceeds from issuance of ICULS	-	19,393,488	-	19,393,488
Proceeds from issuance of shares pursuant to conversion of ICULS, net of transaction costs	5,247,720	1,900,000	5,247,720	1,900,000
Proceeds from issuance of shares pursuant to ESOS	385,000	-	385,000	-
Proceeds from issuance of warrants	-	80,540	-	80,540
Repurchase of treasury shares	(6,000,120)	-	(6,000,120)	-
Repayment of bankers acceptance	(327,000)	(219,000)	-	-
Repayment of finance lease	(224,801)	(37,767)	(32,060)	-
Repayment of term loans	(1,363,964)	(2,496,270)	(852,192)	(1,778,890)
Net cash (used in)/from financing activities	(4,148,642)	31,691,798	(11,446,460)	9,080,642
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,872,400)	11,123,242	130,353	(87,963)
Effects of exchange rate changes	-	(157)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	12,434,045	1,310,960	177,751	265,714
CASH AND CASH EQUIVALENTS AT END	3,561,645	12,434,045	308,104	177,751

The notes set out on pages 23 to 102 form an integral part of these financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

SMPC CORPORATION BHD.

Company No. 79082-V
(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Represented by:				
Cash and bank balances	4,038,026	3,920,135	308,104	177,751
Fixed deposits with a licensed bank	-	9,000,000	-	-
Bank overdrafts	(476,381)	(486,090)	-	-
	3,561,645	12,434,045	308,104	177,751
(i) Cash flows on acquisition of a subsidiary				
Property, plant and equipment	-	15,500,000	-	-
Cash and bank balances	-	98,728	-	-
Payables	-	(114,407)	-	-
Fair value of net assets	-	15,484,321	-	-
Non-controlling interest	-	(7,740,612)	-	-
Share of net assets acquired	-	7,743,709	-	-
Bargain purchase gain	-	(2,742,709)	-	-
Total acquisition cost	-	5,001,000	-	-
Less: Cash and bank balances	-	(98,728)	-	-
Net cash outflow on acquisition of a subsidiary	-	4,902,272	-	-
(ii) Cash flows on disposal of subsidiaries				
Property, plant and equipment	6,309,651	-	-	-
Inventories	7,766	-	-	-
Receivables	1,059,644	-	-	-
Cash and bank balances	70,464	-	-	-
Borrowings	(692,460)	-	-	-
Deferred tax liabilities	(560,358)	-	-	-
Retirement benefit obligations	(22,522)	-	-	-
Payables	(3,019,409)	-	-	-
Non-controlling interests	(908,716)	-	-	-
Share of net assets disposed	2,244,060	-	-	-
Realisation of foreign exchange reserve	700,410	-	-	-
Gain on disposal	55,630	-	-	-
Total disposal consideration	3,000,100	-	-	-
Less: Cash and bank balances	(70,464)	-	-	-
Cash flows from disposal of subsidiaries	2,929,636	-	-	-
(iii) Purchase of property, plant and equipment				
Total acquisition cost	5,194,193	5,377,198	375,148	20,903
Acquired under finance lease	(2,099,150)	(60,052)	(305,000)	-
Total cash acquisition	3,095,043	5,317,146	70,148	20,903

The notes set out on pages 23 to 102 form an integral part of these financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

SMPC CORPORATION BHD.
Company No. 79082-V
(Incorporated In Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2014

1. CORPORATE INFORMATION

General

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

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

The principal place of business of the Company is located at 2521, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 July 2014.

Principal Activities

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

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

2.3 Functional and Presentation Currency

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

2.4 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations ("IC Int") and Amendments to IC Int

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

Amendments to MFRSs effective 1 July 2012

MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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MFRSs and IC Int effective 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production of A Surface Mine

Amendments to MFRSs effective 1 January 2013

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11, and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Annual Improvements 2009 – 2011 Cycle issued in July 2012

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

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS 13. In accordance with these transitional provisions, the Group has not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 did not have any material impact on the amounts recognised in the Group's and in the Company's financial statements.

**Amendments to MFRS 101 Presentation of Financial Statements –
Presentation of Items of Other Comprehensive Income**

The Group and the Company adopted amendments to MFRS 101 on 1 April 2013. The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified or recycled to profit or loss at a future point in time have to be presented separately from items that will not be reclassified or recycled to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Amendments to MFRSs and IC Int effective for financial periods beginning on or after 1 January 2014

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to

MFRS 119	Defined Benefit Plans : Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

Effective date yet to be confirmed

Amendments to	Financial Instrument: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 7	
MFRS 9	Financial Instruments (2009,2010)
MFRS 9	Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon adoption.

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Critical judgements made in applying accounting policies

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

Classification between investment properties and property, plant and equipment

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

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

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of the plant and equipment to be within 3 to 50 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised.

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(ii) Impairment of non-financial assets

The Group and the Company perform an impairment review as and when there are impairment indicators to ensure that the carrying value of the non-financial assets does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Impairment of investment in subsidiaries

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

(iv) Inventories

The management reviews for damaged, obsolete and slow-moving inventories. This review requires judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(v) Impairment of loans and receivables

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation**(i) Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. However, the adoption of MFRS 10 has no significant impact to the financial statements of the Group for the current financial year.

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Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

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(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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3.2 Property, Plant and Equipment

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

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

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

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

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

Long leasehold land refers to land with remaining lease period of more than 50 years determined as at the end of the reporting period.

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

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

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3.3 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at using market-based approach undertaken by external independent qualified valuers.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

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Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3.5 Impairment of Non-Financial Assets

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

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

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

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

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.

3.6 Financial Instruments

3.6.1 Initial recognition and measurement

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

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

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

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3.6.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets**(a) Loans and receivables**

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

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

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

(b) Available-for-sale financial assets

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

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

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(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. The Group's investment in loan stocks is designated into this category with a maturity period of five years.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

All financial assets are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

3.6.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statement of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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3.6.4 Derecognition

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

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

3.7 Impairment of Financial Assets

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

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

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

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

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

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

3.8 Inventories

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

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

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

3.9 Cash and Cash Equivalents

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

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3.10 Provisions

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

3.11 Income Recognition**Sale of goods**

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer.

Rental income

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

Dividend income

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

Interest income

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

Management consultancy fees

Management consultancy fees are recognised when services are rendered.

3.12 Employee Benefits**Short term benefits**

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

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Defined contribution plans

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

The Group's foreign subsidiary also makes contribution to its country's statutory pension scheme.

Employee share options schemes

Employees of certain subsidiaries of the Group received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the subsidiaries' best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained profits/accumulated losses upon expiry of the share options.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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Defined benefit plans

The Company and certain subsidiaries have an unfunded non-contributory defined contribution plan for eligible employees. Benefits are determined based on the length of service and last drawn wages and are payable to employees upon retirement.

The Schemes are described as follows:

(i) Scheme I

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

(ii) Scheme II

Provision for retirement benefits is computed at half a month's salary for each year of service for the first seven years of service. On the seventh year of service, the subsidiary makes a contribution of the provision to EPF and thereafter provides for retirement benefits annually based on a certain percentage of annual salaries of the employees.

Termination benefits

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

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3.13 Borrowing Costs

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

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

3.14 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.15 Foreign Currency Translations

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

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

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

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

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3.16 Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS which were issued after the effective date of MFRS 132: Financial Instruments: Disclosure and Presentation are regarded as compound instruments, consisting of an equity component and a liability component.

ICULS which have a 0% coupon rate are considered to have only the equity component, as there is no obligation for payment of interest, principal or for re-purchase.

3.17 Warrants

Warrants are classified as equity instruments and its value is allocated based on the Black-Scholes model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital and share premium. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3.18 Share Capital, Share Issuance Expenses and Dividends

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

Share capital represents the nominal value of shares that have been issued.

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

3.19 Segment Reporting

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

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3.20 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

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4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land and buildings RM	Long leasehold land and building RM	Plant and machinery RM	Fittings, equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
2014						
At cost						
Balance at beginning	58,947,831	3,200,000	60,528,357	12,971,843	449,302	136,097,333
Additions	218,020	-	4,068,716	907,457	-	5,194,193
Disposals	(1,123,090)	-	(4,837,908)	(1,696,609)	-	(7,657,607)
Disposal of a subsidiary	(2,796,730)	-	(5,120,776)	(194,750)	(256,132)	(8,368,388)
Written off	-	-	(885,246)	(487,349)	(81,004)	(1,453,599)
Reclassification	-	-	4,500	-	(4,500)	-
Exchange differences	(208,652)	-	(314,123)	(72,849)	(26,681)	(622,305)
Balance at end	55,037,379	3,200,000	53,443,520	11,427,743	80,985	123,189,627
Accumulated depreciation						
Balance at beginning	6,934,058	477,078	42,228,079	10,442,323	-	60,081,538
Current charge	765,617	48,210	2,080,746	574,527	-	3,469,100
Disposals	(51,856)	-	(4,252,516)	(1,591,306)	-	(5,895,678)
Disposal of a subsidiary	(442,076)	-	(1,521,224)	(95,437)	-	(2,058,737)
Written off	-	-	(885,210)	(461,485)	-	(1,346,695)
Exchange differences	(27,289)	-	(70,656)	(24,882)	-	(122,827)
Balance at end	7,178,454	525,288	37,579,219	8,843,740	-	54,126,701
Accumulated impairment loss	-	-	-	1,214,076	-	1,214,076
Carrying amount	47,858,925	2,674,712	15,864,301	1,369,927	80,985	67,848,850

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	Freehold land and buildings RM	Long leasehold land and building RM	Plant and machinery RM	Fittings, equipment, motor vehicles and renovation RM	Capital expenditure in progress RM	Total RM
2013						
At cost						
Balance at beginning	51,062,812	3,200,000	64,435,630	15,345,182	952,189	134,995,813
Acquisition of a subsidiary	15,500,000	-	-	-	-	15,500,000
Additions	2,040,102	-	2,476,964	855,632	4,500	5,377,198
Disposals	-	-	(1,275,427)	(251,641)	(32,161)	(1,559,229)
Written off	-	-	(5,230,619)	(3,056,279)	(102,544)	(8,389,442)
Transfer to investment properties						
- Offset of accumulated depreciation	(1,770,122)	-	-	-	-	(1,770,122)
- Transfer of carrying amount	(7,626,019)	-	-	-	-	(7,626,019)
Reclassification	(89,365)	-	350,998	89,365	(350,998)	-
Exchange differences	(169,577)	-	(229,189)	(10,416)	(21,684)	(430,866)
Balance at end	<u>58,947,831</u>	<u>3,200,000</u>	<u>60,528,357</u>	<u>12,971,843</u>	<u>449,302</u>	<u>136,097,333</u>
Accumulated depreciation						
Balance at beginning	7,941,332	428,868	44,957,588	12,617,151	-	65,944,939
Current charge	783,032	48,210	2,213,545	543,442	-	3,588,229
Disposals	-	-	(1,085,294)	(220,617)	-	(1,305,911)
Written off	-	-	(3,799,067)	(2,497,559)	-	(6,296,626)
Offset of accumulated depreciation on property transferred to investment properties	(1,770,122)	-	-	-	-	(1,770,122)
Reclassification	(3,426)	-	-	3,426	-	-
Exchange differences	(16,758)	-	(58,693)	(3,520)	-	(78,971)
Balance at end	<u>6,934,058</u>	<u>477,078</u>	<u>42,228,079</u>	<u>10,442,323</u>	<u>-</u>	<u>60,081,538</u>
Accumulated impairment loss						
Balance at beginning	-	-	-	1,248,801	-	1,248,801
Disposals	-	-	-	(34,725)	-	(34,725)
Balance at end	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,076</u>	<u>-</u>	<u>1,214,076</u>
Carrying amount	<u>52,013,773</u>	<u>2,722,922</u>	<u>18,300,278</u>	<u>1,315,444</u>	<u>449,302</u>	<u>74,801,719</u>

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COMPANY

	Buildings RM	Fittings, equipment, and office equipment RM	Motor vehicles RM	Total RM
2014				
At cost				
Balance at beginning	-	3,516,562	1,561,443	5,078,005
Additions	-	17,148	358,000	375,148
Disposals	-	-	(1,334,978)	(1,334,978)
Balance at end	<u>-</u>	<u>3,533,710</u>	<u>584,465</u>	<u>4,118,175</u>
Accumulated depreciation				
Balance at beginning	-	3,286,299	1,485,014	4,771,313
Current charge	-	56,353	77,483	133,836
Disposals	-	-	(1,264,657)	(1,264,657)
Balance at end	<u>-</u>	<u>3,342,652</u>	<u>297,840</u>	<u>3,640,492</u>
Carrying amount	<u>-</u>	<u>191,058</u>	<u>286,625</u>	<u>477,683</u>
2013				
At cost				
Balance at beginning	89,365	3,951,050	1,561,443	5,601,858
Additions	-	20,903	-	20,903
Disposals	-	(2,166)	-	(2,166)
Reclassification	(89,365)	89,365	-	-
Written off	-	(542,590)	-	(542,590)
Balance at end	<u>-</u>	<u>3,516,562</u>	<u>1,561,443</u>	<u>5,078,005</u>
Accumulated depreciation				
Balance at beginning	1,787	3,792,370	1,428,916	5,223,073
Current charge	1,639	32,454	56,098	90,191
Disposals	-	(135)	-	(135)
Reclassification	(3,426)	3,426	-	-
Written off	-	(541,816)	-	(541,816)
Balance at end	<u>-</u>	<u>3,286,299</u>	<u>1,485,014</u>	<u>4,771,313</u>
Carrying amount	<u>-</u>	<u>230,263</u>	<u>76,429</u>	<u>306,692</u>

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

	GROUP	
	2014 RM	2013 RM
Long leasehold land and building	2,674,712	2,722,922
Freehold land and buildings	29,855,947	31,165,749
	<u>32,530,659</u>	<u>33,888,671</u>

- (ii) Included in the carrying amount are the following property, plant and equipment being acquired under finance lease liabilities:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Plant and machinery	2,324,238	-	-	-
Motor vehicles	615,794	62,464	286,622	-
	<u>2,940,032</u>	<u>62,464</u>	<u>286,622</u>	<u>-</u>

The leased assets are pledged as security for the related finance lease liabilities (Note 16).

- (iii) On 29 November 2013, the Group disposed of a warehouse erected on a leased land to a related party, Limsa Ekuiti Sdn. Bhd. (see Note 28(i)) for a total consideration of RM2,000,000 which is received/receivable in the following manner:

- RM200,000 upon acceptance of the offer; and
- RM1,800,000 in twelve monthly instalments of RM150,000 each.

The balance consideration receivable is disclosed in Note 9.2 (iii).

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5. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
At fair value				
Balance at beginning	28,904,102	21,278,083	20,943,516	20,943,516
Reclassified from property, plant and equipment	-	7,626,019	-	-
Additions	6,530,722	-	3,558,380	-
Change in fair value recognised in profit or loss	776,976	-	225,802	-
Balance at end	<u>36,211,800</u>	<u>28,904,102</u>	<u>24,727,698</u>	<u>20,943,516</u>

Included in the above are:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Freehold land	2,671,800	334,567	-	-
Long leasehold land and buildings	33,540,000	28,569,535	24,727,698	20,943,516
	<u>36,211,800</u>	<u>28,904,102</u>	<u>24,727,698</u>	<u>20,943,516</u>

(i) The carrying amount of the Group's and the Company's investment properties which are pledged to licensed banks for banking facilities granted to the Company and certain subsidiaries is **RM33,000,000** (2013: **RM28,569,535**) and **RM24,727,698** (2013: **RM20,943,516**) respectively.

(ii) The amount recognised in profit or loss are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental income from rental generating properties	2,377,646	1,645,356	2,314,178	1,585,008
Direct operating expenses arising from rental generating properties	<u>259,714</u>	<u>265,847</u>	<u>259,714</u>	<u>251,435</u>

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- (iii) Fair values of investment properties for disclosure purpose are recognised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
2014			
GROUP			
Freehold land	-	2,671,800	-
Long leasehold land and buildings	-	33,540,000	-
COMPANY			
Long leasehold land and buildings	-	24,727,698	-

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of freehold land and buildings have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

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6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2014 RM	2013 RM
Unquoted shares, at cost	81,014,543	83,014,643
Less: Allowance for impairment	<u>(56,785,688)</u>	<u>(56,785,688)</u>
	<u>24,228,855</u>	<u>26,228,955</u>

The details of the subsidiaries, all of which are incorporated in Malaysia, except where indicated are as follows:

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2014	2013	
Direct subsidiaries			
SMPC Industries Sdn. Bhd.	100%	100%	Metal sheet and coil processing centre with main services in shearing and reshearing.
SMPC Marketing Sdn. Bhd.	100%	100%	Trading in steel furniture.
Edit Systems (M) Sdn. Bhd.	70%	70%	Dormant.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	100%	100%	Dormant.
Duro Metal Industrial (M) Sdn. Bhd.	100%	100%	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services.
* SMPC Industries (India) Private Limited (Incorporated in India)	-	74%	Metal sheet and coil processing centre with main services in shearing and reshearing.

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Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2014	2013	
Park Avenue Construction Sdn. Bhd.	100%	100%	Investment holding.
SMPC Dexon Sdn. Bhd.	100%	100%	Manufacturing and trading of steel and other types of furniture and the provision of related services.
SMPC Steel Mill Sdn. Bhd.	-	100%	Dormant.
Metal Perforators (Malaysia) Sdn. Bhd.	100%	100%	Manufacturing and marketing of perforated metals, cable support systems and screen plates.
* Kembang Kartika Sdn. Bhd.	50.01%	50.01%	Property development. The subsidiary has not commenced operations.
Indirect - held through SMPC Marketing Sdn. Bhd.			
Progerex Sdn. Bhd.	100%	100%	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.			
Duro Marketing (M) Sdn. Bhd.	100%	100%	Dormant.
Duro Structural Products (M) Sdn. Bhd.	70%	70%	Dormant.

* Not audited by Grant Thornton.

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2014

Disposal of subsidiaries

- (i) On 27 September 2013, the Company disposed of its entire equity interest in SMPC Steel Mill Sdn. Bhd. for a cash consideration of RM100.
- (ii) On 26 March 2014, the Company has entered into a Share Purchase Agreement ("the Agreement") with Select Galva India Private Limited ("Select Galva") to sell its entire 74% equity interest in SMPC Industries (India) Private Limited ("SMPC India") according to the terms below:
 - RM3,000,000 as full purchase consideration. Select Galva has already paid the sum to the Company upon acceptance of the Agreement; and
 - Select Galva shall settle RM2,000,000 owing by SMPC India to the Company in two equal payments of RM1,000,000 each. The first payment will due on or before 15 April 2014 and the balance is to be settled on or before 18 March 2015.

The effects of the disposals on the financial position of the Group as at the end of the financial year are disclosed in Note (ii) in the consolidated statement of cash flows.

2013

Acquisition of a subsidiary

In the previous financial year, the Company acquired 5,001 ordinary shares of RM1 each, which represents 50.01% equity interest in Kembang Kartika Sdn. Bhd. for a total cash consideration of RM5,001,000.

The acquired subsidiary which qualified as business combination did not have a material effect on the Group's results for the financial year ended 31 March 2013.

The effects of the acquisition on the financial position of the Group as at the end of the financial year are disclosed in Note (i) in the consolidated statement of cash flows.

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The Group's subsidiary, Kembang Kartika Sdn. Bhd., has material non-controlling interests ("NCI"), details of which are disclosed as follows:

	2014 RM	2013 RM
NCI percentage of ownership interest and voting interest	49.99%	49.99%
Carrying amount of NCI	7,736,913	7,739,757
Loss allocated to NCI	<u>(2,844)</u>	<u>(855)</u>
Summarised financial information before intragroup elimination:		
	2014 RM	2013 RM
At 31 March		
Total assets	15,509,722	15,598,156
Total liabilities	<u>(32,801)</u>	<u>(115,545)</u>
Net assets	<u>15,476,921</u>	<u>15,482,611</u>
Year ended 31 March		
Revenue	-	-
Net loss, representing total comprehensive loss for the year/period	<u>(5,690)</u>	<u>(1,710)</u> *
Cash flows from operating activities	(88,434)	-
Cash flows from financing activities	<u>-</u>	<u>98,156</u>

* From the date of acquisition and control commences.

7. OTHER INVESTMENTS

	GROUP	
	2014 RM	2013 RM
Available-for-sale financial assets		
- Shares quoted in Malaysia, at fair value	3,035,040	2,226,970
- Quoted unit trusts in Malaysia, at fair value	29,611	19,378
- Unquoted shares, at cost	2,999,838	2,999,838
Less: Allowance for impairment	<u>(882,061)</u>	<u>(882,061)</u>
	<u>2,117,777</u>	<u>2,117,777</u>
	5,182,428	4,364,125
Held-to-maturity investments		
- Loan stocks quoted in Malaysia, at cost	<u>1,500,000</u>	<u>1,500,000</u>
	<u>6,682,428</u>	<u>5,864,125</u>

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	GROUP	
	2014	2013
	RM	RM
Market value of:		
- Quoted shares	3,035,040	2,226,970
- Quoted unit trusts	29,611	19,378
- Loan stocks ^	<u>2,550,017</u>	<u>900,006</u>

^ There was no impairment to the loan stocks quoted in Malaysia in the previous financial year as the market value has appreciated prior to the signing of this report.

8. INVENTORIES

	GROUP	
	2014	2013
	RM	RM
Raw materials	9,943,170	7,682,968
Work-in-progress	334,813	96,623
Finished goods	1,996,641	2,104,414
Trading goods	<u>1,170,390</u>	<u>1,367,028</u>
	<u>13,445,014</u>	<u>11,251,033</u>

The cost of inventories recognised in profit or loss during the financial year is as follows:

	GROUP	
	2014	2013
	RM	RM
Inventories recognised as cost of sales	107,917,323	107,753,327
Inventories written down	175,032	9,738
Inventories written off	<u>-</u>	<u>754,122</u>

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9. TRADE AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables					
Third parties	9.1	28,248,682	34,614,856	-	-
Less: Allowance for impairment		<u>(4,239,397)</u>	<u>(4,694,766)</u>	-	-
Trade receivables, net		<u>24,009,285</u>	<u>29,920,090</u>	-	-
Other receivables					
Third parties	9.2	9,565,537	4,495,928	2,278,560	150,183
Less: Allowance for impairment		<u>(2,453,725)</u>	<u>(2,125,725)</u>	-	-
Sundry receivables, net		7,111,812	2,370,203	2,278,560	150,183
Deposits	9.3	583,759	722,994	31,001	17,832
Prepayments	9.4	5,597,764	1,248,084	4,269,096	42,785
Amount due from subsidiaries	9.5	-	-	73,414,246	65,520,940
		<u>13,293,335</u>	<u>4,341,281</u>	<u>79,992,903</u>	<u>65,731,740</u>
Total trade and other receivables		<u>37,302,620</u>	<u>34,261,371</u>	<u>79,992,903</u>	<u>65,731,740</u>

The currency profile of trade and other receivables is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	36,213,301	32,831,679	79,992,093	65,731,740
US Dollar	963,890	719,886	-	-
Indian Rupee	-	708,120	-	-
Singapore Dollar	125,429	1,686	-	-
	<u>37,302,620</u>	<u>34,261,371</u>	<u>79,992,093</u>	<u>65,731,740</u>

9.1 Trade receivables

Included in the Group's trade receivables is retention sum of RM560,022 (2013: RM595,210) relating to the supply of steel roofing, cable support system and its related accessories.

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Trade receivables are non-interest bearing and are generally on 14 to 90 days (2013: 14 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movement of allowance for impairment is as follows:

	GROUP	
	2014 RM	2013 RM
Balance at beginning	4,694,766	4,528,253
Current year	68,945	208,372
Written off	(198,118)	-
Recovered	(326,196)	(41,859)
Balance at end	<u>4,239,397</u>	<u>4,694,766</u>

9.2 Other receivables

Included herein are the following:

- (i) An amount of **RM2,610,057** (2013: RM2,610,057) due from a buyer of a subsidiary's plant and machinery. The subsidiary has cumulatively provided an allowance for impairment of **RM2,283,028** (2013: RM1,955,028).
- (ii) An amount of **RM1,412,978** (2013: RM29,111) which is interest bearing at 2% (2013: 2%) per month. Interest is computed on the month end outstanding balance.
- (iii) Disposal consideration amounting to **RM1,500,000** (2013: RM Nil) due from a related party, Limsa Ekuiti Sdn. Bhd. from the disposal of a warehouse as disclosed in Note 4(iii).
- (iv) An amount of **RM2,000,000** (2013: RM Nil) receivable from Select Galva arising from disposal of SMPC India, as disclosed in Note 6(ii).

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The movement of allowance for impairment is as follows:

	GROUP	
	2014 RM	2013 RM
Balance at beginning	2,125,725	1,390,962
Current year	<u>328,000</u>	<u>734,763</u>
Balance at end	<u><u>2,453,725</u></u>	<u><u>2,125,725</u></u>

9.3 Deposits

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Refundable	493,759	722,994	31,001	17,832
Non-refundable *	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>583,759</u></u>	<u><u>722,994</u></u>	<u><u>31,001</u></u>	<u><u>17,832</u></u>

* This deposit is paid for the acquisition of an investment property. The balance purchase consideration is disclosed as capital commitment in Note 30(i).

9.4 Prepayments

Included herein are the following:

- (i) Prepaid settlement interest to a bank amounting to **RM107,265** (2013: RM750,873). See Note 16.
- (ii) On 10 February 2014, the Company entered into an agreement with the vendor of Kembang Kartika Sdn. Bhd. ("KKSB") to acquire the remaining 49.99% equity interest of KKSB for a cash consideration of RM8,000,000. The acquisition is deemed complete upon full payment of the consideration.

At the execution of the agreement, the Company paid RM4,000,000 (out of RM8,000,000) to the vendor of KKSB as part of the consideration and has recorded it as prepayment. The balance consideration is disclosed as a commitment in Note 30(i). In the event that the Company fails to pay the balance consideration within 6 months from the date of the said agreement, 10% of the total consideration (equivalent to RM800,000) will be forfeited and the balance will be refunded to the Company.

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9.5 Amount due from subsidiaries

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

10. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Unencumbered	-	9,000,000	-	-
Pledged for term loan and bank guarantee facilities granted to the Company and a subsidiary	506,183	506,183	506,183	506,183
	<u>506,183</u>	<u>9,506,183</u>	<u>506,183</u>	<u>506,183</u>

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest rate	3.00% - 3.15%	3.00% - 3.31%	3.00% - 3.15%	3.00% - 3.15%
Maturity	1 - 12 months	1 - 12 months	1 - 12 months	1 - 12 months

11. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2013 RM	2013 RM
Ringgit Malaysia	4,038,026	3,899,873	308,104	177,751
Indian Rupee	-	20,262	-	-
	<u>4,038,026</u>	<u>3,920,135</u>	<u>308,104</u>	<u>177,751</u>

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12. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>
Issued and fully paid				
Balance at beginning	48,489,059	6,464,496	48,489,059	6,464,496
Issuance pursuant to:				
Rights issue	-	13,228,877	-	13,228,877
Creditor settlement	-	7,500,000	-	7,500,000
Debt restructuring	-	19,134,575	-	19,134,575
Exercise of ESOS	385,000	-	385,000	-
Conversion of ICULS	<u>5,830,800</u>	<u>2,161,111</u>	<u>5,830,800</u>	<u>2,161,111</u>
Balance at end	<u>54,704,859</u>	<u>48,489,059</u>	<u>54,704,859</u>	<u>48,489,059</u>

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM48,489,059 to RM54,704,859 by:

- (i) allotment of 385,000 new ordinary shares of RM1 each at an exercise price of RM1 per share for cash pursuant to the employees share option scheme; and
- (ii) issuance of 5,830,800 ordinary shares of RM1 each arising from the conversion of 5,830,800 10-year 0% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM0.10 nominal value each by surrendering for cancellation one ICULS of RM0.10 each and paying the difference between the nominal value of ICULS and conversion price of RM1 each.

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13. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Number of ICULS of RM0.10 each		Amount	
	2014	2013	2014 RM	2013 RM
Balance at beginning	228,323,769	-	22,832,377	-
Issuance pursuant to:				
Rights issue with warrants	-	193,934,880	-	19,393,448
Creditor settlement	-	37,000,000	-	3,700,000
Converted to ordinary shares	<u>(5,830,800)</u>	<u>(2,611,111)</u>	<u>(583,080)</u>	<u>(261,111)</u>
Balance at end	<u>222,492,969</u>	<u>228,323,769</u>	<u>22,249,297</u>	<u>22,832,377</u>

The 10-year 0% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at nominal value of RM0.10 each were constituted by a Trust Deed dated 28 March 2012 made between the Company and the Trustee for the holders of the ICULS.

The salient features of the ICULS are as follows:

- (i) The ICULS shall be convertible into fully paid-up ordinary shares at any time during the tenure of the ICULS from the date of issue of the ICULS up to and including the maturity date of 15 April 2022 by surrendering ten ICULS of RM0.10 each for one new ordinary share or by surrendering for cancellation one ICULS of RM0.10 each and paying the difference between the nominal value of ICULS and conversion price of RM1.00 each.
- (ii) The ICULS have a tenure period of 10 years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM1.00 each on the maturity date, with any fractional new shares arising from the mandatory conversion of the ICULS and the maturity date shall be disregarded.
- (iii) Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date is before the new shares allotment.

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14. OTHER RESERVES

	Note	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Distributable					
Retained profits/ (Accumulated losses)	14.1	16,920,340	15,838,202	17,504,122	(22,442)
Non-distributable					
Share premium		18,063,045	21,445,955	18,063,045	21,445,955
Treasury shares	14.2	(2,572,935)	-	(2,572,935)	-
Warrants reserve	14.3	3,186,005	3,186,005	3,186,005	3,186,005
Discount on shares	14.3	(3,105,465)	(3,105,465)	(3,105,465)	(3,105,465)
Fair value reserve	14.4	578,808	(239,495)	-	-
Foreign exchange translation reserve	14.5	-	(541,642)	-	-
Capital reserve	14.6	-	-	7,445,000	7,445,000
ESOS reserve	14.7	301,606	-	42,970	-
		<u>16,451,064</u>	<u>20,745,358</u>	<u>23,058,620</u>	<u>28,971,495</u>
		<u>33,371,404</u>	<u>36,583,560</u>	<u>40,562,742</u>	<u>28,949,053</u>

14.1 Retained profits

The Company is able to pay out all the retained profits as dividends to its shareholders under the single tier system.

14.2 Treasury shares

The movement of treasury shares is as follows:

	Number of shares	Amount RM
Shares repurchased during the year	6,407,900	6,000,120
Distributed as share dividend (Note 26)	(3,973,232)	(3,427,185)
	<u>2,434,668</u>	<u>2,572,935</u>

The shareholders of the Company, by a special resolution passed in a general meeting held on 28 September 2012, approved the Company's plan to repurchase its own shares up to 10% of its issued and paid up share capital with par value of RM1 each.

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During the financial year ended 31 March 2014, the Company repurchased 6,407,900 shares from the open market.

Number of shares	Purchase price RM	Consideration RM	Transaction cost RM	Total consideration RM
100	0.79	79	41	120
295,000	0.80	235,897	1,722	237,619
2,402,100	0.81	1,996,640	7,876	2,004,516
550,000	0.81	442,750	1,904	444,654
290,000	0.74	213,788	93	213,881
954,800	1.20	1,147,370	4,186	1,151,556
600,900	1.03	620,910	2,257	623,167
1,315,000	1.00	1,320,050	4,557	1,324,607
<u>6,407,900</u>		<u>5,977,484</u>	<u>22,636</u>	<u>6,000,120</u>

The shares repurchased were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 19 November 2013, the Company declared and approved a share dividend in respect of financial year ended 31 March 2014 via distribution of 3,973,232 treasury shares on the basis of one treasury share for every twelve ordinary shares held. The share dividend was distributed on 3 January 2014.

Of the total 54,704,859 issued and paid-up ordinary shares of RM1 each as at 31 March 2014, 2,434,668 ordinary shares are held as treasury shares by the Company. The number of outstanding ordinary shares in issue is therefore 52,270,191 ordinary shares of RM1 each.

14.3 Warrants reserve and Discount on shares

Each warrant entitles the registered holder of warrant to subscribe for one new ordinary share in the Company at any time on or after 16 May 2012 up to the date of expiry on 15 May 2022, at an exercise price of RM1 per share or such adjusted price in accordance with the provisions in the Deed Poll dated 28 March 2012.

During the financial year ended 31 March 2014, no warrants were exercised. As at end of reporting period, 20,338,186 warrants remain unexercised.

The discount on shares is a reserve account that is created to preserve the par value of the ordinary shares.

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14.4 Fair value reserve

	GROUP	
	2014 RM	2013 RM
Balance at beginning	(239,495)	(1,562)
Gain/(Loss) on fair value through comprehensive income	<u>818,303</u>	<u>(237,933)</u>
Balance at end	<u>578,808</u>	<u>(239,495)</u>

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

14.5 Foreign exchange translation reserve

	GROUP	
	2014 RM	2013 RM
Balance at beginning	(541,642)	(422,533)
Currency translation through comprehensive income	<u>(158,768)</u>	<u>(119,109)</u>
Transfer to profit or loss upon disposal	<u>700,410</u>	<u>-</u>
Balance at end	<u>-</u>	<u>(541,642)</u>

The foreign exchange translation reserve was in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiary.

14.6 Capital reserve

Capital reserve represents the excess of sales consideration over the carrying amount of the net assets transferred to a subsidiary.

14.7 ESOS reserve

	GROUP	COMPANY
	2014 RM	2014 RM
Share based compensation pursuant to ESOS granted	368,076	109,440
Transfer to share premium upon exercise of ESOS	<u>(44,275)</u>	<u>(44,275)</u>
Transfer to retained profits upon resignation	<u>(22,195)</u>	<u>(22,195)</u>
	<u>301,606</u>	<u>42,970</u>

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The ESOS reserve represents the equity-settled share options granted to employees of certain subsidiaries and the Company's directors. The share option reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options and is reduced by the expiry or exercise of the share options.

15. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2014 RM	2013 RM	2014 RM	2013 RM
Non-current					
Retirement benefit obligations	15.1	<u>1,304,211</u>	<u>1,197,268</u>	<u>377,402</u>	<u>358,272</u>
Current					
Trade					
Trade payables	15.2	11,537,679	14,774,303	-	-
Non-trade					
Retirement benefit obligations	15.1	12,301	134,854	-	50,000
Other payables	15.3	1,680,419	2,253,543	6,000	20,111
Accruals		1,703,528	1,564,940	292,515	541,648
Prepayment and deposits received for letting of properties		1,037,364	1,258,615	363,372	248,508
Advances from customers		28,191	246,308	-	-
Amount due to subsidiaries	15.4	-	-	-	379,460
		<u>4,461,803</u>	<u>5,458,260</u>	<u>661,887</u>	<u>1,239,727</u>
		<u>15,999,482</u>	<u>20,232,563</u>	<u>661,887</u>	<u>1,239,727</u>
Total trade and other payables		<u>17,303,693</u>	<u>21,429,831</u>	<u>1,039,289</u>	<u>1,597,999</u>

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The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	17,275,502	20,115,563	1,039,289	1,597,999
US Dollar	28,191	260,223	-	-
Indian Rupee	-	1,054,045	-	-
	<u>17,303,693</u>	<u>21,429,831</u>	<u>1,039,289</u>	<u>1,597,999</u>

15.1 Retirement benefit obligations

The unfunded defined Retirement Benefits Scheme for its eligible employees is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance at beginning	1,332,122	1,510,885	408,272	387,084
Foreign currency translation	-	(1,373)	-	-
Additional provision during the year	230,639	398,684	30,267	212,885
Lapse due to resignation	(142,165)	(355,083)	(8,544)	(24,909)
Utilised during the year	(79,878)	(220,991)	(52,593)	(166,788)
Disposal of a subsidiary	(24,206)	-	-	-
Balance at end	<u>1,316,512</u>	<u>1,332,122</u>	<u>377,402</u>	<u>408,272</u>

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The payment of the retirement benefits are as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Within one year	<u>12,301</u>	<u>134,854</u>	<u>-</u>	<u>50,000</u>
Non-current				
Later than one year but not later than two years	-	104,964	-	-
Later than two years but not later than five years	80,867	185,158	15,300	147,762
Later than five years	<u>1,223,344</u>	<u>907,146</u>	<u>362,102</u>	<u>210,510</u>
	<u>1,304,211</u>	<u>1,197,268</u>	<u>377,402</u>	<u>358,272</u>
Total retirement benefit obligations	<u>1,316,512</u>	<u>1,332,122</u>	<u>377,402</u>	<u>408,272</u>

15.2 Trade payables

The trade payables are non-interest bearing and are normally settled within **14 to 60 days** (2013: 14 to 90 days) credit terms.

15.3 Other payables

Included herein is an amount of **RM97,500** (2013: RM Nil) due to a related party, Limsa Ekuiti Sdn. Bhd. (see Note 28(i)).

15.4 Amount due to subsidiaries

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

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16. **BORROWINGS**

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current liabilities				
Finance lease liabilities				
Minimum payment:				
Within one year	881,172	42,945	67,956	-
Later than one year but not later than two years	496,229	42,945	67,956	-
Later than two years but not later than five years	757,745	41,425	164,217	-
Later than five years	37,641	-	-	-
	<u>2,172,787</u>	<u>127,315</u>	<u>300,129</u>	<u>-</u>
Future finance charges	(235,501)	(4,326)	(27,189)	-
	<u>1,937,286</u>	<u>122,989</u>	<u>272,940</u>	<u>-</u>
Amount due within one year included under current liabilities	(759,387)	(39,897)	(57,126)	-
	<u>1,177,899</u>	<u>83,092</u>	<u>215,814</u>	<u>-</u>
Term loans				
Total amount repayable	22,867,062	24,876,956	10,046,778	10,898,971
Amount due within one year included under current liabilities	(13,671,530)	(1,640,566)	(958,395)	(898,038)
	<u>9,195,532</u>	<u>23,236,390</u>	<u>9,088,383</u>	<u>10,009,933</u>
	<u>10,373,431</u>	<u>23,319,482</u>	<u>9,304,197</u>	<u>10,009,933</u>
Current liabilities				
Bank overdrafts	476,381	486,090	-	-
Bankers acceptance	426,000	753,000	-	-
Finance lease liabilities	759,387	39,897	57,126	-
Term loans	13,671,530	1,640,566	958,395	889,038
	<u>15,333,298</u>	<u>2,919,553</u>	<u>1,015,521</u>	<u>889,038</u>
Total borrowings	<u>25,706,729</u>	<u>26,239,035</u>	<u>10,319,718</u>	<u>10,898,971</u>

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The currency profile of the borrowings is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	25,706,729	25,994,243	10,319,718	10,898,971
Indian Rupee	-	244,792	-	-
	<u>25,706,729</u>	<u>26,239,035</u>	<u>10,319,718</u>	<u>10,898,971</u>

A subsidiary has defaulted on the repayment of a term loan amounting to RM12,209,976 (2013: RM12,209,976) (principal and interest) in prior years. The affected bank had vide a letter dated 29 June 2010 agreed for the subsidiary to pay in the following manner:

- (i) Issuance of 1,287,213 of the Company's shares of RM1 each to the bank as settlement of interests calculated at 5% per annum for two years upon implementation of the Company's revised Proposed Restructuring Scheme ("PRS") on 16 May 2012.
- (ii) Payment of 1.5% differential interest for two years, estimated to be RM299,966 payable by 24 monthly instalments of RM12,499 each commencing 16 May 2012.
- (iii) The outstanding term loan is to be settled at the end of the second year after the implementation of the Company's revised PRS in one lump sum. The settlement date has been extended to 15 August 2014 and will due in the next financial year. Therefore, the term loan of RM12,209,976 has been reclassified to current liabilities during the financial year.

The outstanding term loan will be settled with the proceeds from the Company's Proposed Rights Issue with Warrants (see Note 35). As at the date of this report the Proposed Rights Issue with Warrants is pending approval from the relevant authorities, failing which the outstanding term loan will be settled using internally generated funds.

The borrowings of the Group and of the Company are secured by way of:

- (i) Legal charges and deed of assignment over certain land and buildings of the Company and subsidiaries,
- (ii) Negative pledge on assets of the Company and certain subsidiaries,
- (iii) Corporate guarantee of the Company and its subsidiaries,
- (iv) Pledge of fixed deposits,
- (v) Joint and several guarantee by a director and a former director of the Company, and
- (vi) Leased assets as disclosed in Note 4(ii).

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

GROUP	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
2014						
Bank overdrafts	8.60	476,381	476,381	-	-	-
Bankers acceptance	5.44 to 5.49	426,000	426,000	-	-	-
Finance lease liabilities	2.28 to 4.00	1,937,286	759,387	433,821	706,836	37,242
Term loans	6.50 to 8.60	22,867,062	13,671,530	1,143,545	3,643,300	4,408,687
2013						
Bank overdrafts	8.60	486,090	486,090	-	-	-
Bankers acceptance	5.38	753,000	753,000	-	-	-
Finance lease liabilities	3.00	122,989	39,897	41,730	41,362	-
Term loans	2.06 to 8.60	24,876,956	1,640,566	14,038,030	3,529,462	5,668,898
COMPANY						
2014						
Finance lease liabilities	2.28	272,940	57,126	59,862	155,952	-
Term loans	7.85	10,046,778	958,395	1,036,396	3,643,300	4,408,687
2013						
Term loans	2.06 to 7.85	10,898,971	889,038	961,394	3,379,641	5,668,898

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17. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Revaluation surplus				
Balance at beginning	2,402,219	2,495,231	1,151,329	1,199,890
Transfer to profit or loss	(93,012)	(93,012)	(48,561)	(48,561)
Balance at end	<u>2,309,207</u>	<u>2,402,219</u>	<u>1,102,768</u>	<u>1,151,329</u>
Other temporary differences				
Balance at beginning	1,761,250	1,331,412	-	-
Exchange translation difference	(41,892)	(31,638)	-	-
Disposal of a subsidiary	(560,358)	-	-	-
Transfer from profit or loss	516,000	277,476	237,000	-
	<u>1,675,000</u>	<u>1,577,250</u>	<u>237,000</u>	<u>-</u>
Under provision in prior year	7,000	184,000	-	-
Balance at end	<u>1,682,000</u>	<u>1,761,250</u>	<u>237,000</u>	<u>-</u>
Total deferred tax liabilities	<u>3,991,207</u>	<u>4,163,469</u>	<u>1,339,768</u>	<u>1,151,329</u>

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Revaluation surplus	2,309,207	2,402,219	1,102,768	1,151,329
Property, plant and equipment	2,729,000	1,801,250	1,271,000	-
Fair value adjustment on investment properties	104,000	-	11,000	-
Unabsorbed capital allowances	(954,000)	-	(954,000)	-
Retirement benefit obligations	(197,000)	(40,000)	(91,000)	-
	<u>3,991,207</u>	<u>4,163,469</u>	<u>1,339,768</u>	<u>1,151,329</u>

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18. REVENUE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	141,121,915	135,489,383	-	-
Rental of industrial and commercial assets	2,314,178	1,585,008	2,314,178	1,585,008
Gross dividend from subsidiaries	-	-	18,000,000	-
Gross dividend income from investment in quoted shares	96,593	-	-	-
Interest from investment in loan stocks	69,000	-	-	-
Management fee from subsidiaries				
- current year	-	-	1,380,000	1,759,905
- over provision in prior years	-	-	(154,201)	-
	<u>143,601,686</u>	<u>137,074,391</u>	<u>21,539,977</u>	<u>3,344,913</u>

19. OTHER INCOME

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Bad debt recovered	30,000	-	-	-
Dividend income	840	45,916	-	-
Fair value adjustment on investment properties	776,976	-	225,802	-
Gain on disposal of property, plant and equipment	1,297,540	149,074	232,879	-
Gain on bargain purchase of a subsidiary	-	2,742,709	-	-
Gain on disposal of investment in a subsidiary	55,630	-	1,000,000	-
Impairment loss on trade receivables recovered	326,196	41,859	-	-
Carried forward	<u>2,487,182</u>	<u>2,979,558</u>	<u>1,458,681</u>	<u>-</u>

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	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Brought forward	2,487,182	2,979,558	1,458,681	-
Interest income	251,609	231,460	-	224,233
Miscellaneous	57,790	37,954	55,210	19,082
Realised gain on foreign exchange	151,252	105,717	-	-
Rental income	64,518	77,848	-	-
Scrap sales	204,620	253,809	-	-
Unrealised gain on foreign exchange	9,695	-	-	-
	<u>3,226,666</u>	<u>3,686,346</u>	<u>1,513,891</u>	<u>243,315</u>

20. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages and salaries	9,784,449	10,214,561	1,093,829	1,611,762
Contributions to defined contribution plan	702,506	812,696	128,567	197,063
Equity-settled share- based payment	368,076	-	109,440	-
Social security contributions	74,107	86,234	7,667	9,667
Increase in liability for defined benefit plan (Note 15.1)	88,474	43,601	21,723	187,976
Other benefits	507,943	832,898	33,784	95,840
	<u>11,525,555</u>	<u>11,989,990</u>	<u>1,395,010</u>	<u>2,102,308</u>

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21. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	775,600	1,110,961	428,000	905,300
Equity-settled share-based payment	80,753	-	63,812	-
Defined contribution plans	93,072	108,636	51,360	108,636
	<u>949,425</u>	<u>1,219,597</u>	<u>543,172</u>	<u>1,013,936</u>
Non-executive:				
Other emoluments				
- current year	-	117,000	-	117,000
- over provision in prior year	(4,500)	-	(4,500)	-
Equity-settled share-based payment	11,294	-	11,294	-
Fee				
- current year	78,000	88,000	78,000	88,000
- over provision in prior year	(59,000)	-	(59,000)	-
	<u>25,794</u>	<u>205,000</u>	<u>25,794</u>	<u>205,000</u>
Directors of subsidiaries:				
Executive:				
Salaries and other emoluments	241,200	376,648	-	-
Equity-settled share-based payment	20,330	-	-	-
Defined contribution plans	27,504	32,112	-	-
	<u>289,034</u>	<u>408,760</u>	<u>-</u>	<u>-</u>
Non-executive:				
Fee	<u>30,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Total directors' remuneration	<u>1,294,253</u>	<u>1,953,357</u>	<u>568,966</u>	<u>1,338,936</u>

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Analysed as:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total executive directors' remuneration (Note 20)	1,238,459	1,628,357	543,172	1,013,936
Total non-executive directors' remuneration (Note 23)	<u>55,794</u>	<u>325,000</u>	<u>25,794</u>	<u>325,000</u>
	<u>1,294,253</u>	<u>1,953,357</u>	<u>568,966</u>	<u>1,338,936</u>
Represented by:				
Present directors	1,019,688	1,803,357	463,766	1,248,936
Past directors	<u>274,565</u>	<u>150,000</u>	<u>105,200</u>	<u>90,000</u>
	<u>1,294,253</u>	<u>1,953,357</u>	<u>568,966</u>	<u>1,338,936</u>

22. FINANCE COSTS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expense on:				
Borrowings	1,914,202	2,218,283	838,764	882,054
Finance lease	72,772	11,176	7,581	-
Loan from a related party	20,000	-	-	-
Loan from third parties	-	65,502	-	-
	<u>2,006,974</u>	<u>2,294,961</u>	<u>846,345</u>	<u>882,054</u>
Others	-	26,912	-	-
	<u>2,006,974</u>	<u>2,321,873</u>	<u>846,345</u>	<u>882,054</u>

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23. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
After charging:				
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	111,400	105,900	28,000	28,000
- over provision in prior year	(3,900)	(4,060)	-	(1,800)
Other auditors				
- statutory audit	3,000	7,183	-	-
Bad debts	2,023,938	226,936	56,565	-
Allowance for impairment on:				
- Trade receivables	68,945	208,372	-	-
- Other receivables	328,000	734,763	-	-
Inventories written off	-	754,122	-	-
Inventories written down	175,032	9,738	-	-
Loss on:				
- Disposal of property, plant and equipment	-	36,611	-	45
- Disposal of other investments	-	25,490	-	-
Non-executive directors' remuneration (Note 21)	55,794	325,000	25,794	325,000
Property, plant and equipment written off	106,904	2,092,816	-	774
Realised loss on foreign exchange	42	-	-	18,540
Rental expenses:				
- Premises	809,620	1,125,707	-	75,300
- Plant and machinery	23,158	35,872	-	-
- Others	5,053	5,823	-	-
Unrealised loss on foreign exchange	-	9,513	-	-

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24. TAXATION

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax:				
Based on results for the year				
- Malaysian income tax	(1,239,000)	(250,000)	(39,000)	-
- Foreign tax	-	(71,752)	-	-
	<u>(1,239,000)</u>	<u>(321,752)</u>	<u>(39,000)</u>	<u>-</u>
Deferred tax:				
- Malaysia				
- Relating to the origination and reversal of temporary differences	(487,988)	(141,988)	(197,439)	48,561
- Changes in tax rates	65,000	-	9,000	-
- Foreign subsidiary	-	(42,476)	-	-
	<u>(422,988)</u>	<u>(184,464)</u>	<u>(188,439)</u>	<u>48,561</u>
	<u>(1,661,988)</u>	<u>(506,216)</u>	<u>(227,439)</u>	<u>48,561</u>
Over/(Under) provision in prior year				
- Current tax	36,099	(905,010)	-	(28,467)
- Deferred tax	(7,000)	(184,000)	-	-
	<u>29,099</u>	<u>(1,089,010)</u>	<u>-</u>	<u>(28,467)</u>
	<u>(1,632,889)</u>	<u>(1,595,226)</u>	<u>(227,439)</u>	<u>20,094</u>

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before taxation	<u>4,620,050</u>	<u>(2,753,988)</u>	<u>19,597,285</u>	<u>(1,319,713)</u>
Income tax at Malaysian statutory tax rate of 25%	(1,155,013)	688,497	(4,899,321)	329,928
Tax rate difference in foreign jurisdiction	-	(18,827)	-	-
Income not subject to tax	329,875	699,656	4,851,781	-
Double deduction for promotion of exports	8,251	11,529	-	-
Expenses not deductible for tax purposes	(893,626)	(1,091,503)	(330,731)	(310,381)
Deferred tax movements not recognised	(657,888)	(888,580)	(79,423)	(19,547)
Utilisation of unabsorbed tax losses and capital allowances	652,401	-	183,694	-
Fair value adjustment on investment properties	(104,000)	-	(11,000)	-
Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
Changes in tax rate	<u>65,000</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
	(1,661,988)	(506,216)	(227,439)	48,561
Over/(Under) provision in prior years	<u>29,099</u>	<u>(1,089,010)</u>	<u>-</u>	<u>(28,467)</u>
	<u>(1,632,889)</u>	<u>(1,595,226)</u>	<u>(227,439)</u>	<u>20,094</u>

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The following (deductible)/taxable temporary differences have not been recognised in the financial statements:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment	15,728,000	21,490,000	-	4,673,000
Unabsorbed tax losses	(65,621,000)	(67,689,000)	-	(735,000)
Unabsorbed capital allowances	(8,341,000)	(11,354,000)	-	(3,947,000)
Unabsorbed reinvestment allowance	(8,838,000)	(8,838,000)	-	-
Unabsorbed allowance for increase in exports	(1,979,000)	(1,979,000)	-	-
Retirement benefit obligations	(490,000)	(1,148,000)	-	(408,000)
	<u>(69,541,000)</u>	<u>(69,518,000)</u>	<u>-</u>	<u>(417,000)</u>

Deferred tax assets have not been recognised on the above temporary differences as the management is unable to determine whether the Group will have chargeable income in the foreseeable future to the extent that the above deductible temporary differences can be utilised in view of the uncertain business environment.

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Unabsorbed tax losses	65,621,000	67,689,000	-	735,000
Unabsorbed capital allowances	12,316,000	11,354,000	3,975,000	3,947,000
Unabsorbed reinvestment allowance	8,838,000	8,838,000	-	-
Unabsorbed allowance for increase in exports	<u>1,979,000</u>	<u>1,979,000</u>	<u>-</u>	<u>-</u>

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25. EARNINGS/(LOSS) PER SHARE**25.1 Basic**

The calculation of basic earnings/loss per share was based on the profit/loss attributable to owners of the parent and on the weighted average number of shares in issue during the year as follows:

	GROUP	
	2014	2013
Profit/(Loss) for the year (RM)	<u>2,925,420</u>	<u>(4,415,293)</u>
Issued shares at beginning	48,489,059	6,464,496
Effects of:		
- Shares issued pursuant to the implementation of the Company's restructuring scheme	-	35,494,855
- Conversion of ICULS	1,430,844	1,782,983
- Exercise of ESOS	164,303	-
- Treasury shares held	<u>(2,502,578)</u>	-
Weighted average number of shares	<u>47,581,628</u>	<u>43,742,334</u>
Basic earnings/(loss) per share (sen)	<u>6.15</u>	<u>(10.09)</u>

25.2 Diluted

The calculation of diluted earnings/loss per share was based on profit/loss attributable to owners of the parent and on the weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares as follows:

	GROUP	
	2014	2013
Profit/(Loss) for the year (RM)	<u>2,925,420</u>	<u>(4,415,293)</u>
Weighted average number of shares as above	47,581,628	43,742,334
Adjustment for dilutive effect of:		
- ICULS	1,019,054	2,309,349
- Warrants	931,522	-
- ESOS	<u>152,142</u>	-
Weighted average number of shares assumed to be in issue (diluted)	<u>49,684,345</u>	<u>46,051,683</u>
Diluted earnings/(loss) per share (sen)	<u>5.89</u>	<u>(9.59)</u>

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26. DIVIDENDS

	2014	2013
	RM	RM
In respect of the financial year ended 31 March 2014:		
First interim single tier dividend of 2 sen per share	911,737	-
Second interim single tier dividend of 2 sen per share	953,740	-
Share dividend *	-	-
	<u>1,865,477</u>	<u>-</u>

- * On 3 January 2014, the Company distributed share dividend via distribution of 3,973,232 treasury shares on the basis of one treasury share for every twelve ordinary shares held. The share dividend is equivalent to RM3,427,185 based on the treasury shares book cost.

27. SEGMENTAL INFORMATION**Reporting format**

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

Business segments

The Group comprises the following main business segments:

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

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

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	Manufacturing		Trading		Others		Elimination		Total		Note	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM		
By business segments												
Revenue												
External sales	72,228,512	78,733,792	69,274,937	56,755,591	2,325,570	1,585,008	-	-	143,829,019	137,074,391		
Inter-segment sales	1,872,565	2,748,543	323,585	252,673	19,380,000	1,759,905	(21,803,483)	(4,761,121)	(227,333)	-	A	
Total revenue	74,101,077	81,482,335	69,598,522	57,008,264	21,705,570	3,344,913	(21,803,483)	(4,761,121)	143,601,686	137,074,391		
Results												
Segment results	3,010,499	72,250	1,687,802	(2,689,441)	20,565,123	(816,005)	(18,888,009)	2,742,709	6,375,415	(690,487)		
Interest income	1,812	1,947	249,160	5,280	637	224,233	-	-	251,609	231,460		
Interest expense	(1,107,577)	(1,309,844)	(53,052)	(103,063)	(846,345)	(882,054)	-	-	(2,006,974)	(2,294,961)		
Taxation	(708,966)	(1,615,320)	(687,000)	-	(236,923)	20,094	-	-	(1,632,889)	(1,595,226)		
Profit/(Loss) for the year	1,195,768	(2,850,967)	1,196,910	(2,787,224)	19,482,492	(1,453,732)	(18,888,009)	2,742,709	2,987,161	(4,349,214)		
Assets												
Segment assets	89,878,608	100,805,848	40,152,219	38,080,123	162,388,378	133,804,594	(130,928,493)	(117,608,215)	161,490,712	155,082,350		
Tax recoverable	-	190,112	-	172,104	13,247	23,951	-	-	13,247	386,167		
Fixed deposits with licensed banks	-	-	-	9,000,000	506,183	506,183	-	-	506,183	9,506,183		
Cash and bank balances	3,184,514	2,525,353	360,978	1,006,882	492,534	387,900	-	-	4,038,026	3,920,135		
Total assets	93,063,122	103,521,313	40,513,197	48,259,109	163,400,342	134,722,628	(130,928,493)	(117,608,215)	166,048,168	168,894,835		
Liabilities												
Segment liabilities	58,058,180	41,734,301	49,681,294	54,118,567	24,571,654	25,264,020	(115,007,435)	(99,687,057)	17,303,693	21,429,831		
Deferred tax liabilities	2,307,439	3,012,140	344,000	-	1,339,768	1,151,329	-	-	3,991,207	4,163,469		
Provision for taxation	844,372	641,033	208,894	-	54,000	-	-	-	1,107,266	641,033		
Borrowings	2,086,139	3,130,088	13,300,872	12,209,976	10,319,718	10,898,971	-	-	25,706,729	26,239,035		
Total liabilities	63,296,130	48,517,562	63,535,060	66,328,543	36,285,140	37,314,320	(115,007,435)	(99,687,057)	48,108,895	52,473,368		
Other information												
Addition to non-current assets	1,614,429	2,549,165	3,204,616	1,157,130	6,905,870	1,670,903	-	-	11,724,915	5,377,198	B	
Depreciation	2,724,754	3,066,724	595,852	383,842	148,494	137,663	-	-	3,469,100	3,588,229		
Non-cash expenses/(income) other than depreciation	447,161	2,124,497	1,113,741	1,765,585	(1,914,708)	(2,683,504)	958,664	-	604,858	1,206,578	C	

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Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of property, plant and equipment and investment properties.
- C Other non-cash expenses/(income) consist of the following items:

	GROUP	
	2014	2013
	RM	RM
Bad debts	2,023,938	226,936
Bargain purchase gain	-	(2,742,709)
Equity-settled share-based payment	368,076	-
Fair value adjustments on investment properties	(776,976)	-
Gain on disposal of investment in a subsidiary	(55,630)	-
Gain on disposal of property, plant and equipment	(1,297,540)	(112,463)
Impairment loss on receivables	396,945	943,135
Impairment loss on trade receivables recovered	(326,196)	-
Inventories written down	175,032	9,738
Inventories written off	-	754,122
Loss on disposal of investment	-	25,490
Property, plant and equipment written off	106,904	2,092,816
Unrealised (gain)/loss on foreign exchange	(9,695)	9,513
	<u>604,858</u>	<u>1,206,578</u>

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on geographical location of its customers. In Malaysia, its home country, the Group's areas of operation are principally manufacturing and trading of metal related products. In India, the Group is principally involved in manufacturing of metal related products.

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	Revenue		Non-current assets	
	2014	2013	2014	2013
	RM	RM	RM	RM
Malaysia	137,361,070	131,194,855	104,060,650	96,561,927
India	2,542,828	3,418,099	-	7,143,894
Others	3,697,788	2,461,437	-	-
	<u>143,601,686</u>	<u>137,074,391</u>	<u>104,060,650</u>	<u>103,705,821</u>

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

	2014	2013
	RM	RM
Property, plant and equipment	67,848,850	74,801,719
Investment properties	36,211,800	28,904,102
	<u>104,060,650</u>	<u>103,705,821</u>

Information about major customer

Total revenue from a major customer which contributed more than 10% of the Group's revenue amounted to **RM61,110,181** (2013: RM49,447,262).

28. RELATED PARTY DISCLOSURES

(i) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The Group has related party relationship with its subsidiaries, key management personnel and the following companies:

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Related party relationship:

Related party	Relationship
See Hup Consolidated Berhad	: A company in which a director of the Company, Dato' Lee Hean Guan is a major shareholder.
Limsa Ekuiti Sdn. Bhd., See Hup Transport Company Sdn. Bhd. and See Hup Pioneer Logistics Sdn. Bhd.	: Companies in which a director of the Company, Dato' Lee Hean Guan has deemed interest.
A1 Capital Sdn. Bhd.	: A company in which a director of the Company, Mr. Ng Chin Nam has interest.

(ii) Related party transactions

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Management fee received from subsidiaries:				
- Duro Metal Industrial (M) Sdn. Bhd.	-	-	540,000	660,000
- Metal Perforators (Malaysia) Sdn. Bhd.	-	-	300,000	420,000
- Progerex Sdn. Bhd.	-	-	180,000	300,000
- SMPC Industries Sdn. Bhd.	-	-	360,000	300,000
- SMPC Industries (India) Private Limited	-	-	-	79,905
Rental of premises paid to a subsidiary, Progerex Sdn. Bhd.	-	-	-	60,000
Rental of warehouse received from See Hup Pioneer Logistics Sdn. Bhd.	393,990	266,640	393,990	226,640
Rental of warehouse and open yard paid to Limsa Ekuiti Sdn. Bhd.	510,000	420,000	-	-

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	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Rental of plant and equipment and transportation of goods and services paid to See Hup Transport Company Sdn. Bhd.	233,985	-	-	-
Rental of premises paid to a director of the Company	-	35,300	-	15,300
Management consultancy fee paid to a shareholder of a subsidiary, Ohmi Industries Limited	-	85,240	-	-
Logistics services and supply of scrap metal and other steel related products received from See Hup Pioneer Logistics Sdn. Bhd.	17,346	-	-	-
Investments in shares and loan stocks of See Hup Consolidated Berhad	3,016,472	3,008,624	-	-
Sale of warehouse to Limsa Ekuiti Sdn. Bhd.	2,000,000	-	-	-
Purchase of investment properties from A1 Capital Sdn. Bhd.	240,000	-	-	-
* Interest charged by a former substantial shareholder	10,000	-	-	-

* Mr. Lim Kean Wah ceased to be a substantial shareholder on 3 January 2014.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

(iii) Compensation of key management personnel

Key management personnel comprise the Board of Directors of the Company and of its subsidiaries of which their remuneration is disclosed in Note 21.

29. CONTINGENT LIABILITIES

	COMPANY	
	2014 RM	2013 RM
Unsecured:		
(i) Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries		
- Limit	<u>22,609,750</u>	<u>20,758,000</u>
(ii) Corporate guarantee extended to suppliers of subsidiaries		
- Limit	<u>11,815,000</u>	<u>11,815,000</u>
Secured:		
(i) Banking facilities granted to a subsidiary secured by way of legal charges over the Company's leasehold land and building		
- Limit	<u>1,500,000</u>	<u>1,500,000</u>

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

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TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

30. COMMITMENTS

(i) Capital commitments

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Authorised and contracted for:				
- Property, plant and equipment	207,243	1,820,766	-	-
- Investment properties	360,000	-	-	-
- Acquisition of Kembang Kartika Sdn. Bhd.	4,000,000	-	4,000,000	-
	<u>4,567,243</u>	<u>1,820,766</u>	<u>4,000,000</u>	<u>-</u>

Details of the acquisition of subsidiary are disclosed in Note 9.3(ii).

(ii) Non-cancellable operating lease commitment as lessees

	GROUP	
	2014 RM	2013 RM
Future minimum rental payable:		
Later than one year	600,000	360,000
Later than one year but not later than two years	-	300,000
	<u>600,000</u>	<u>660,000</u>

Operating lease commitments represent rental payable for use of open yard and warehouse. Leases are negotiated for terms of one and three years.

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as:

- (i) Available-for-sale financial assets ("AFS");
- (ii) Held-to-maturity investments ("HTM");
- (iii) Loans and receivables ("L&R"); and
- (iv) Other liabilities measured at amortised cost ("FL").

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TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	Carrying amount RM	AFS RM	HTM RM	L&R RM	FL RM
GROUP					
2014					
Financial assets					
Other investments	6,682,428	5,182,428	1,500,000	-	-
Trade and other receivables	32,414,856	-	-	32,414,856	-
Fixed deposits with licensed banks	506,183	-	-	506,183	-
Cash and bank balances	4,038,026	-	-	4,038,026	-
	43,641,493	5,182,428	1,500,000	36,959,065	-
Financial liabilities					
Trade and other payables	14,921,626	-	-	-	14,921,626
Borrowings	25,706,729	-	-	-	25,706,729
	40,628,355	-	-	-	40,628,355
2013					
Financial assets					
Other investments	5,864,125	4,364,125	1,500,000	-	-
Trade and other receivables	33,013,287	-	-	33,013,287	-
Fixed deposits with licensed banks	9,506,183	-	-	9,506,183	-
Cash and bank balances	3,920,135	-	-	3,920,135	-
	52,303,730	4,364,125	1,500,000	46,439,605	-
Financial liabilities					
Trade and other payables	18,592,786	-	-	-	18,592,786
Borrowings	26,239,035	-	-	-	26,239,035
	44,831,821	-	-	-	44,831,821
COMPANY					
2014					
Financial assets					
Other receivables	76,523,807	-	-	76,523,807	-
Fixed deposits with licensed banks	506,183	-	-	506,183	-
Cash and bank balances	308,104	-	-	308,104	-
	77,338,094	-	-	77,338,094	-

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	Carrying amount RM	AFS RM	HTM RM	L&R RM	FL RM
Financial liabilities					
Other payables	298,515	-	-	-	298,515
Borrowings	10,319,718	-	-	-	10,319,718
	10,618,233	-	-	-	10,618,233
2013					
Financial assets					
Other receivables	65,688,955	-	-	65,688,955	-
Fixed deposits with licensed banks	506,183	-	-	506,183	-
Cash and bank balances	177,751	-	-	177,751	-
	66,372,889	-	-	66,372,889	-
Financial liabilities					
Other payables	941,219	-	-	-	941,219
Borrowings	10,898,971	-	-	-	10,898,971
	11,840,190	-	-	-	11,840,190

32. FINANCIAL RISK MANAGEMENT

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

32.1 Credit risk

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

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

32.1.1 Trade receivables

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

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

	Gross RM	Individual impairment RM	Net RM
2014			
Not past due	12,002,811	-	12,002,811
Past due 1 - 30 days	5,054,576	-	5,054,576
Past due 31 - 60 days	3,755,083	-	3,755,083
Past due 61 - 90 days	2,885,338	-	2,885,338
Past due more than 90 days	4,550,874	(4,239,397)	311,477
	<u>16,245,871</u>	<u>(4,239,397)</u>	<u>12,006,474</u>
	<u>28,248,682</u>	<u>(4,239,397)</u>	<u>24,009,285</u>
2013			
Not past due	16,489,827	-	16,489,827
Past due 1 - 30 days	7,203,994	-	7,203,994
Past due 31 - 60 days	4,311,152	-	4,311,152
Past due 61 - 90 days	1,386,411	-	1,386,411
Past due more than 90 days	5,223,472	(4,694,766)	528,706
	<u>18,125,029</u>	<u>(4,694,766)</u>	<u>13,430,263</u>
	<u>34,614,856</u>	<u>(4,694,766)</u>	<u>29,920,090</u>

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

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The Group has trade receivables amounting to RM12,006,474 (2013: RM13,430,263) that are past due but not impaired as these customers have no recent history of default and the management is of the view that these debts will be recovered in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from 1 (2013: 1) customer representing 10% (2013: 10%) of the total trade receivables.

32.1.2 Intercompany balances

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

The maximum exposure to credit risk is represented by their carrying amounts in the Company's statement of financial position.

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

32.1.3 Financial guarantees

The Company provides unsecured corporate guarantee to banks, financial institutions and creditors in respect of credit facilities granted to certain subsidiaries as disclosed in Note 29.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

32.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet their working capital requirements.

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

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

GROUP	Carrying amount RM	Contractual cash flow RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
2014						
Interest bearing borrowings	25,706,729	29,552,141	16,355,709	2,320,776	5,896,961	4,978,695
Trade and other payables	14,921,626	14,921,626	14,921,626	-	-	-
	40,628,355	44,473,767	31,277,335	2,320,776	5,896,961	4,978,695
2013						
Interest bearing borrowings	26,239,035	30,669,374	3,869,078	14,875,933	5,338,692	6,585,671
Trade and other payables	18,592,786	18,592,786	18,592,786	-	-	-
	44,831,821	49,262,160	22,461,864	14,875,933	5,338,692	6,585,671
COMPANY						
2014						
Interest bearing borrowings	10,319,718	13,806,543	1,781,028	1,781,028	5,303,433	4,941,054
Other payables	298,515	298,515	298,515	-	-	-
	10,618,233	14,105,058	2,079,543	1,781,028	5,303,433	4,941,054
2013						
Interest bearing borrowings	10,898,971	15,151,031	1,713,072	1,713,072	5,139,216	6,585,671
Other payables	941,219	941,219	941,219	-	-	-
	11,840,190	16,092,250	2,654,291	1,713,072	5,139,216	6,585,671

32.3 Interest rate risk

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

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

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TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
Financial assets	1,919,161	9,535,294	506,183	506,183
Financial liabilities	<u>14,147,262</u>	<u>122,989</u>	<u>272,940</u>	<u>-</u>
Floating rate instruments				
Financial liabilities	<u>11,559,467</u>	<u>26,116,046</u>	<u>10,046,778</u>	<u>10,898,971</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Decrease in profit before taxation	<u>32,774</u>	<u>79,090</u>	<u>26,712</u>	<u>44,458</u>

32.4 Foreign currency risk

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

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

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TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	2014		2013	
	USD RM	SGD RM	USD RM	SGD RM
Trade and other receivables	963,890	125,429	719,886	1,686
Trade and other payables	<u>(28,191)</u>	<u>-</u>	<u>(260,223)</u>	<u>-</u>
Net exposure	<u>935,699</u>	<u>125,429</u>	<u>459,633</u>	<u>1,686</u>

Sensitivity analysis for foreign currency risk

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

	2014 RM	2013 RM
USD	93,570	45,963
SGD	<u>12,543</u>	<u>169</u>
Reduce in profit before taxation	<u>106,113</u>	<u>46,132</u>

32.5 Fair value information

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

The unquoted shares are carried at cost as it is not practicable to reasonably estimate its fair value due to lack of comparable quoted market prices and available market data for valuation. Therefore, the investment is carried at its original cost less impairment loss. The carrying amount of the non-current portion of the finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

The table below analyses financial instruments carried at fair value grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Fair value hierarchy**GROUP**

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2014				
Financial assets				
Quoted shares and unit trusts	3,064,651	-	-	3,064,651
2013				
Financial assets				
Quoted shares and unit trusts	2,246,348	-	-	2,246,348

There were no transfers between Level 1 and Level 2 during the financial year.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial period.

34. EMPLOYEES SHARE OPTIONS SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 September 2012, and the ESOS will be in force for duration of three years expiring on 18 October 2015.

The salient features of the ESOS are as follows:

- (a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed fifteen percent (15%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

- (b) Any employee or director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than six (6) months and must be a confirmed employee.
- (c) The allocation of the options will be staggered over the duration of the ESOS and no further options shall be allocated after the first two (2) years of the ESOS. The maximum allocation available for each of the first two (2) years of the Scheme is 50% of the shares available under the ESOS.
- (d) The option price shall be determined at a discount of not more than 10% from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.
- (e) The shares under option shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.
- (f) The Board of Directors has the absolute discretion, without the approval of the Company's shareholders in the general meeting to extend the duration of the ESOS for up to further seven (7) years.

The details of the outstanding share options for ordinary shares of RM1 each granted to the Group's employees and directors and its related exercise price are as follows:

Grant date	Exercise price RM	Number of Share Option				Balance at 31.3.14
		Balance at 1.4.13	Granted and accepted	Exercised	Lapsed	
9.10.13	1.00	-	3,257,500	(385,000)	(480,000)	2,392,500

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
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The fair value of the share options granted was RM0.12 and was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the Black Scholes model for the ESOS granted on 9 October 2013:

Weighted average share price (RM)	1.00
Expected volatility (%)	10.00
Risk-free interest rate (% p.a.)	3.37
Expected life of option (years)	2.02

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

35. SIGNIFICANT EVENT

On 27 February 2014, the Company has announced to Bursa Securities that it is proposing to undertake a renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1 each ("Rights Shares") together with up to 150,205,007 free new detachable warrants ("Warrants C") at an issue price of RM1 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing ordinary shares held on an entitlement date to be determined and announced later, of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C ("Proposed Rights Issue with Warrants").

As at the date of this report, the Proposed Rights Issue with Warrants is pending approval from the relevant authorities.

36. SUBSEQUENT EVENTS

- 36.1 On 13 June 2014, the Company together with SMPC Industries Sdn. Bhd. ("SMPC Industries"), Mr. Ooi Chieng Sim and Affin Bank Berhad ("Affin") ("the Defendants") was served with a writ of summons and statement of claim dated 22 May 2014 by a former director of the Company, Machendran a/l Pitchai Chetty ("the Plaintiff").

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The Writ of Summons arose from the Plaintiff's claims on the following:

- (a) The Plaintiff seeks a declaration that he be relieved of his personal guarantee of RM18,000,000 issued in favour of Affin for a term loan granted to SMPC Industries (see Note 16),
- (b) In the alternative, the Company and SMPC Industries be ordered to make good/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to Affin,
- (c) Unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of the Company in August 2013 until the Plaintiff is relieved of the personal guarantee, and
- (d) General damages against the Defendants with interest of 5% per annum from the date of judgement to the date of realisation and costs.

Prior to the writ of summons and statement of claim, the Company has on 27 February 2014 announced that it proposes to undertake a Rights Issue with Warrants, pending approval from the relevant authorities. Upon approval, part of the proceeds will be utilised to settle the outstanding term loan.

- 36.2 On 17 June 2014, the Company together with a subsidiary of the Company, Park Avenue Construction Sdn. Bhd. have filed a civil suit against Machendran a/l Pitchai Chetty to recover the sum of RM279,696 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

The matter is fixed for case management on 24 July 2014.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 MARCH 2014
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

37. DISCLOSURE OF REALISED AND UNREALISED (LOSSES)/PROFITS

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries				
- Realised	(25,182,070)	(26,586,870)	18,618,088	1,128,887
- Unrealised	(3,204,536)	(4,172,982)	(1,113,966)	(1,151,329)
	<u>(28,386,606)</u>	<u>(30,759,852)</u>	<u>17,504,122</u>	<u>(22,442)</u>
Less: Consolidation adjustments	45,306,946	46,598,054	-	-
	<u>16,920,340</u>	<u>15,838,202</u>	<u>17,504,122</u>	<u>(22,442)</u>

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE (3)-MONTH
FPE 30 JUNE 2014**

SMPC SMPC CORPORATION BHD
(79082-V)

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Quarterly report on consolidated results for the first financial quarter ended 30th June 2014Condensed Consolidated Statements of Comprehensive Income for the first quarter ended 30th June 2014

(The figures have not been audited)

	3 months ended		3 months ended	
	30th June 2014 RM'000	30th June 2013 RM'000	30th June 2014 RM'000	30th June 2013 RM'000
Revenue	34,696	42,262	34,696	42,262
Operating Expenses	(33,425)	(40,976)	(33,425)	(40,976)
Other operating income	757	449	757	449
Profit from operations	2,028	1,735	2,028	1,735
Finance costs	(402)	(528)	(402)	(528)
Profit before tax	1,626	1,207	1,626	1,207
Income tax expense	(469)	(130)	(469)	(130)
Profit for the period	1,157	1,077	1,157	1,077
Attributable to:				
Equity holders of the parent	1,157	1,061	1,157	1,061
Minority interest	-	16	-	16
	1,157	1,077	1,157	1,077
Total comprehensive income attributable to:				
Equity holders of the parent	1,084	1,077	1,157	1,077
Minority interest	73	-	-	-
	1,157	1,077	1,157	1,077
Basic - sen	2.21	2.19	2.21	2.19

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31st March 2014 and the accompanying explanatory notes attached to the interim financial statements.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE (3)-MONTH
FPE 30 JUNE 2014 (Cont'd)**

SMPC SMPC CORPORATION BHD
(79082-V)

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Quarterly report on consolidated results for the first financial quarter ended 30th June 2014

Condensed Consolidated Statements of Financial Position as at 30th June 2014

(The figures have not been audited)

	As at 30th June 2014 RM RM'000	As at 31st March 2014 RM RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	68,029	67,849
Investment Properties	36,404	36,212
Other investments	6,682	6,682
	<u>111,115</u>	<u>110,743</u>
Current assets		
Inventories	14,922	13,445
Trade receivables	23,711	24,009
Other receivables	10,989	13,293
Cash and bank balances	6,158	4,544
	<u>55,780</u>	<u>55,291</u>
TOTAL ASSETS	<u>166,895</u>	<u>166,034</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	54,705	54,705
Share premium	18,063	18,063
Treasury Shares	(2,573)	(2,573)
Other reserves	880	880
ICULS- Equity reserve	22,249	22,249
Warrants reserve	81	81
Retained earnings	18,077	16,920
	<u>111,482</u>	<u>110,325</u>
Minority interests	<u>7,614</u>	<u>7,614</u>
Total equity	<u>119,096</u>	<u>117,939</u>
Non-current liabilities		
Retirement benefit obligations	1,317	1,304
Borrowings	10,663	10,373
Deferred tax liabilities	3,991	3,991
	<u>15,971</u>	<u>15,668</u>
Current liabilities		
Borrowings	14,168	15,333
Trade payables	9,827	11,538
Other payables	6,534	4,462
Provision for taxation	1,299	1,094
	<u>31,828</u>	<u>32,427</u>
Total liabilities	<u>47,799</u>	<u>48,095</u>
TOTAL EQUITY AND LIABILITIES	<u>166,895</u>	<u>166,034</u>
Net asset per share attributable to ordinary equity holders of the parent (RM)	2.14	2.12

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31st March 2014 and the accompanying explanatory notes attached to the interim financial statements.

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FPE 30 JUNE 2014 (Cont'd)**

SMPC SMPC CORPORATION BHD
(79082-V)

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Quarterly report on consolidated results for the first financial quarter ended 30th June 2014

Condensed Consolidated Statements of Cash Flow for the first quarter ended 30th June 2014

(The figures have not been audited)

	3 months ended	
	As at 30th June 2014 RM'000	As at 30th June 2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,626	1,207
Depreciation	794	1,102
Retirement Benefit paid	-	(20)
Interest expense	402	528
Other investment	-	(50)
Operating profit before working capital changes	2,822	2,767
(Increase)/ Decrease in inventories	(1,477)	(1,422)
(Increase)/ Decrease in receivables	2,567	(556)
(Decrease)/ Increase in payables	270	(925)
Net change in intercompanies balance	35	-
Cash generated from/ (used in) operations	4,217	(136)
Retirement benefits paid	12	-
Income tax paid	(172)	(120)
Interest paid	-	(528)
Net cash from/ (used in) operating activities	4,057	(784)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property plant and equipment	(1,166)	-
Placement of FD	-	9,000
Purchase of property, plant and equipment	-	(1,455)
Purchase of equity investments	-	(2,687)
Proceeds from disposal of property, plant and equipment	-	5
Net cash from/ (used in) investing activities	(1,166)	4,863
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Net changes in short term borrowings	(638)	(8,385)
Interest paid	(402)	-
Repayment of term loans	273	-
Repayment of long term borrowings	-	(471)
Repayment of HP borrowings	17	220
	(750)	(8,636)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,141	(4,557)
CASH AND CASH EQUIVALENTS AT BEGINNING	3,562	12,434
CASH AND CASH EQUIVALENTS AT END	<u>5,703</u>	<u>7,877</u>
Represented by:		
Cash and bank balances	6,158	7,768
Bank overdrafts	(455)	109
	<u>5,703</u>	<u>7,877</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the first quarter ended 30th June 2014

	Attributable to Equity Holders of the Parent										Minority Interest	Total Equity
	Share capital	Irredeemable Convertible Unsecured Loan Stocks	Share premium	Non-Distributable			Accumulated profit	Total	Minority Interest	Total Equity		
				Treasury shares	Warrants reserve	Other reserve						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30th June 2013	48,489	22,832	21,446	-	-	(700)	15,838	107,905	8,516	116,421		
As at 1 April 2013	-	-	-	(2,687)	-	-	-	(2,687)	-	(2,687)		
Movements during the period (cumulative)	-	-	-	-	-	-	1,061	1,061	17	1,078		
Net profit for the period	-	-	-	-	-	-	1,061	1,061	17	1,078		
At 30th June 2013	48,489	22,832	21,446	(2,687)	-	(700)	16,899	106,279	8,533	114,812		
3 months ended 30th June 2014	54,705	22,249	18,063	(2,573)	81	880	16,920	110,325	7,614	117,939		
As at 1 April 2014	-	-	-	-	-	-	-	-	-	-		
Movements during the period (cumulative)	-	-	-	-	-	-	1,157	1,157	-	1,157		
Net profit for the period	-	-	-	-	-	-	1,157	1,157	-	1,157		
At 30th June 2014	54,705	22,249	18,063	(2,573)	81	880	18,077	111,482	7,614	119,096		

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

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EXPLANATORY NOTES : (AS PER MFRS 134)**A1 Basis of Preparation**

The condensed consolidated interim financial statements ("Report") are unaudited and have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods used in preparing the quarterly financial statements are consistent and should be read in conjunction with the audited financial statements for the financial year ended 31st March 2014.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31st March 2014.

A2 Basic of measurement

The unaudited financial statements of the Group have been prepared on the historical cost basis other than as disclosed.

The explanation and financial impacts on transition to MFRSs are disclosed below:

(i) Property, plant and equipment - Deemed cost exemption

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standards IAS 16 (Revised) Property, Plant and Equipment, which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain property, plant and equipment at revalued amounts, but had not adopted a policy of regular revaluation, and continued to carry those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRSs, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRSs, the Company elected to apply the optional exemption to use the previous revaluation of the said assets, adjusted for depreciation, if any, as deemed cost under MFRSs.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

(ii) Foreign currency translation differences

Under FRSSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

A2.1 Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Amendments to MFRSs and IC Int effective for financial periods beginning on or after 1 January 2014

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

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**EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF
APPENDIX 9B)**

Effective date yet to be confirmed

Amendments to
MFRS 7

Financial Instrument: Disclosures - Mandatory Date
of MFRS 9 and Transition Disclosures

MFRS 9

Financial Instruments (2009,2010)

MFRS 9

Hedge Accounting and Amendments to MFRS 9,
MFRS 7 and MFRS 139

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon adoption.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31st March, 2014.

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**EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF
APPENDIX 9B)**
A3 Declaration of audit qualification

The audit report of the Company in respect of the annual financial statements for the year ended 31st March 2014 was not subject to any audit qualification.

A4 Segmental reporting

Segmental analysis for the current financial year to-date

	Revenue (RM)	Profit From Operations (RM)
Manufacturing	15,246,653	1,004,344
Trading	18,849,357	683,996
Others	600,254	338,919
	<u>34,696,264</u>	<u>2,027,259</u>

A5 Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6 Changes in estimates

There were no changes in estimates of amount used in our previous reporting having a material impact in the current reporting.

A7 Seasonality or cyclicity of operation

The business of the Group is generally neither non-cyclical nor seasonal except for decreased activities during the festive season.

A8 Dividend

No dividend has been declared for the period.

A9 Valuation of property, plant and equipment

Investment properties have been revalued to fair value according to MFRS140 for the financial year ended 31st March 2014.

A10 Issuances and repayments of debts and equity securities

There were no other issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

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EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)
A11 Changes in the composition of the Group

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

A12 Subsequent material events

To the best knowledge of the Directors, there is no transaction or event of a material or unusual nature occurring between 31st March 2014 and the date of this announcement.

B1 Review of the performance of the Company and its principal subsidiaries

	3 months ended	
	30 June 2014	30 June 2013
Revenue	34,696	42,262
Profit before tax	1,626	1,207

The Group's revenue for the 1st quarter ended 30th June 2014 recorded at RM34.696million, compare to revenue of RM42.262million for the preceding year correspondence quarter.

The Group made profit before tax of RM1.626million for the 1st quarter ended 30th June 2014 compare to profit before tax of RM1.207million for the preceding year corresponding quarter mainly contributed by trading segment.

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B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

	3months ended	
	30 June 2014	31 March 2014
Profit/ (loss) before tax	1,626	(0,549)

The Group posted profit before tax of RM1.626million for the 1st quarter ended 30th June 2014 compare to loss before tax of RM0.549million for the immediate preceding quarter mainly attributed by trading segment.

B3 Prospects of the current financial year

The Board of Directors is confident to achieve positive results in coming financial year barring any unforeseen circumstances.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Taxation

Taxation comprises :-

	Current Year Quarter 30/06/2014 RM'000	Cumulative Quarters	
		Current Year To Date 30/06/2014 RM'000	Preceding Year Corresponding Period 30/06/2013 RM'000
Current year expense	-	-	-
Provision of Income tax	(469)	(469)	(130)
	(469)	(469)	(130)
Current year Deferred tax provision	-	-	-
	(469)	(469)	(130)

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B6 Other Investments

	RM 30 th June 2014	RM 31 st March 2014
Non-current		
Available for sale financial assets:		
- Shares quoted in Malaysia,	3,035,040	3,035,040
- Quoted unit trusts in Malaysia, at cost	29,611	29,611
	3,064,651	3,064,651
- Unquoted shares, at cost	2,999,838	2,999,838
- Less: Accumulated impairment losses	(882,061)	(882,061)
	2,117,777	2,117,777
	5,182,428	5,182,428
Held to maturity investments:		
- Loan stocks quoted in Malaysia, at cost	1,500,000	1,500,000
	6,682,428	6,682,428
Market value of:		
- Shares quoted in Malaysia	3,657,064	3,035,040
- Quoted unit trusts	29,611	29,611
- Loan stocks quoted in Malaysia	2,550,017	2,550,017

B7 Status of corporate proposals

On 12 August 2014, Public Investment Bank Berhad ("PIVB") announced on behalf of the Company that Bursa Malaysia Securities Berhad had, vide its letter dated 12 August 2014, approved the following:

- a) admission up to 150,205,007 Warrants C to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrant C;
- b) the listing of and quotation for up to 300,410,014 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- c) the listing of and quotation 1,045,045 new additional warrants arising from the adjustment to the number of Warrants B as a result of Proposed Rights Issue with Warrants ("Additional Warrants B") and
- d) the listing of and quotation up to 150,205,007 new SMPC Shares to be issued arising from the exercise of the Warrants C and up to 1,045,045 new SMPC Shares to be issued arising from the exercise of the Additional Warrants B, on the Main Market of Bursa Securities.

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B8 Group borrowings and debt securities

There were no bank borrowings other than as detailed below and debt securities as at the end of the reporting period.

	Short Term RM '000	Long Term RM '000
Secured		
Bankers' acceptances	1,251	-
Term loan	12,917	8,709
Hire Purchase Loan	-	1,954
	14,168	10,663
	14,168	10,663

B9 Material litigation**a) Kuala Lumpur High Court, Civil Suit No.22NCC-177-05/2014**

On 13 June 2014, the Company together with SMPC Industries Sdn. Bhd. ("SISB"), Mr. Ooi Chieng Sim ("OCS") and Affin Bank Berhad ("Affin") ("the Defendants") was served with a writ of summons and statement of claim dated 22 May 2014 by a former director of the Company, Machendran a/l Pitchai Chetty ("the Plaintiff").

The Writ of Summons arose from the Plaintiff's claims on the following:

- (a) The Plaintiff seeks a declaration that he be relieved of his personal guarantee of RM18,000,000 issued in favour of Affin for a term loan granted to SMPC Industries (see Note 16),
- (b) In the alternative, the Company and SMPC Industries be ordered to make good/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to Affin,
- (c) Unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of the Company in August 2013 until the Plaintiff is relieved of the personal guarantee, and
- (d) General damages against the Defendants with interest of 5% per annum from the date of judgement to the date of realisation and costs.

The Company, SISB and OCS have filed Memorandum of Appearance on 26 June 2014 and thereafter Defence was filed on 07 July 2014.

The Company, SISB and OCS have also filed an application for transfer of proceedings to Penang Court on 08 August 2014. The tentative full trial dates have been fixed on 19 and 20 November 2014 respectively.

Prior to the writ of summons and statement of claim, the Company has on 27 February 2014 announced that it proposes to undertake a Rights Issue with Warrants, which was approved by Bursa Malaysia Securities Berhad on 12 August 2014 which part of the proceeds will be utilised to settle the outstanding term loan.

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b) Penang Session Court, Summons No.A52NCC-156-07/2014

On 17 June 2014, the Company together with a subsidiary of the Company, Park Avenue Construction Sdn. Bhd. ("PAC") have filed a civil suit against Machendran a/l Pitchai Chetty to recover the sum of RM279,696 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

The Company and PAC filed the Summons and Statement of Claim on 09 July 2014. However, the Court transferred the case to Butterworth Sessions Court and pending a date to be fixed.

Except the above, there are no material litigations pending as at the date of this announcement.

B10 Dividend

The Board of Directors of the Company has not recommended any dividend for the period ended 30 June 2014.

B11 Earnings per share**(i) Basic earnings per ordinary share**

The earnings per share is calculated by dividing the net profit attributable to shareholders of RM1,156,643 by the number of ordinary shares in issue during the current quarter after treasury shares of 52,270,191.

(ii) Diluted earnings per ordinary share

The diluted earnings per share is not presented as the assumed conversion of potential ordinary share are anti-dilutive.

B12 Realised and unrealised profits/losses disclosure

The retained profits as at 30 June 2014 and 31 March 2014 is analysed as follows:-

	Current financial period 30 June 2014 RM'000	As at the end of last financial year 31 March 2014 RM'000
Total retained profit/ (accumulated loss) of the Company and its subsidiaries:		
- Realised	(27,229)	(25,182)
- Unrealised	-	(3,204)
	<hr/>	<hr/>
Less: Consolidation adjustments	45,306	45,306
	<hr/>	<hr/>
Total Group retained profit as per consolidated financial statements	18,077	16,920
	<hr/> <hr/>	<hr/> <hr/>

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES


SIEW BOON YEONG & ASSOCIATES

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my



Date: 14 October 2014

The Board of Directors
SMPC Corporation Bhd.
 2521, Tingkat Perusahaan 6,
 Prai Industrial Estate,
 13600 Prai, Pulau Pinang.

Dear Sirs,

**SMPC CORPORATION BHD. (“SMPC” OR “COMPANY”)
 AND ITS SUBSIDIARIES (“GROUP”)
 LETTER ON STATEMENT OF SUFFICIENCY OF RESERVES**

This letter on the Statement of Sufficiency of Reserves has been prepared for the inclusion in the Abridged Prospectus to Shareholders of SMPC to be dated 27 October 2014 in connection with the renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1.00 each in SMPC (“SMPC Share(s)”) (“Rights Share(s)”) together with up to 150,205,007 free new detachable warrants (“Warrants C”) at an issue price of RM1.00 per Rights Share on the basis of two (2) existing SMPC Shares held at 5.00 p.m. on 27 October 2014 (“Entitlement Date”), of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 (“Second Call”) is to be capitalised from the Company’s reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C (“Rights Issue with Warrants”).

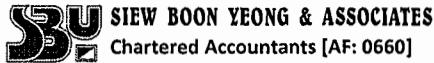
In this regard, we have been appointed by the Board of Directors of SMPC to review the Statement of Sufficiency of Reserves available for the capitalisation of the Second Call, based on the Company’s audited financial statements as at 31 March 2014 and the latest unaudited financial statements as at 30 June 2014, for the Rights Issue with Warrants (“Statement of Sufficiency Reserves”).

The Directors of SMPC are solely responsible for the preparation of the Statement of Sufficiency Reserves.

The engagement was carried out in accordance with *ISRS 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The following procedures were performed on the Statement of Sufficiency Reserves:-

- A. We have agreed the balances of the share premium and the retained profits to the Company’s audited financial statements as at 31 March 2014 and the latest unaudited financial statements as at 30 June 2014 for the Group level and Company level and noted no exception.
- B. We have checked the unaudited proforma share premium and retained profits incorporating the adjustments for the effects of the Rights Issue with Warrants for both the minimum scenario and maximum scenario (“Adjustments”) to determine whether the Adjustments are appropriately made for the purpose of the Statement of Sufficiency Reserves for the Group level and the Company level and noted no exception.

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)




- C. Subsequent to procedures A and B above, we have checked the sufficiency of unaudited proforma share premium and retained profits as at 31 March 2014 and 30 June 2014 for the Group level and the Company level, respectively, for the purpose of capitalisation of the Second Call for the Rights Issue with Warrants and noted that the total unaudited proforma share premium and retained profits balances as at 31 March 2014 and 30 June 2014 for the Group level and the Company level, after the Adjustments, are sufficient for the purpose of capitalisation of the Second Call for the Rights Issue with Warrants.


The above procedures do not constitute either an audit or a review made in accordance with Approved Standards on Auditing in Malaysia. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Approved Standards on Auditing in Malaysia, other matters might have come to our attention that would have been reported to you. It should be understood that we make no representations regarding questions of legal interpretation or regarding sufficiency of the procedures set forth above for your purpose. We have concerned ourselves solely to the Adjustments contained in the unaudited proforma movements of reserves and make no representation as to the adequacy of disclosures or as to whether any material facts have been omitted.

We understand that this letter will be used solely for the purpose of inclusion in the Abridged Prospectus to Shareholders of SMPC in connection with the Rights Issue with Warrants. As such, this letter should not be used for any purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



Siew Boon Yeong & Associates
Firm No: AF 0660
Chartered Accountants



Dato' Siew Boon Yeong
Approved Number: 1321/7/16 (J)
Partner of Firm

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

- 1) SMPC Corporation Bhd. ("SMPC" or "Company") intends to undertake the renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1.00 each in SMPC ("SMPC Share(s)") ("Rights Share(s)") together with up to 150,205,007 free new detachable warrants ("Warrants C") at an issue price of RM1.00 per Rights Share on the basis of two (2) existing SMPC Shares held at 5.00 p.m. on 27 October 2014 ("Entitlement Date"), of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 ("Second Call") is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C ("Rights Issue with Warrants").

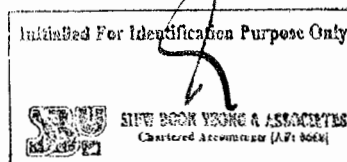
Pursuant to thereto, the numbers of Rights Shares and Warrants C to be issued pursuant to the Rights Issue with Warrants will be based on the two (2) scenarios as follows:

Minimum Scenario: Assuming the treasury shares are either cancelled or continue to be retained as treasury shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis.

Maximum Scenario: Assuming the treasury shares are resold in the open market of Bursa Malaysia Securities Berhad and all outstanding convertible securities of the Company as at 26 February 2014, being the last trading day prior to the date of announcement dated 27 February 2014 in relation to the Rights Issue with Warrants, are fully converted and exercised, respectively, into new SMPC Shares prior to the Entitlement Date and all entitled shareholders subscribe for their rights entitlements in full pursuant to the Rights Issue with Warrants.

- 2) Under the Minimum Scenario and the Maximum Scenario, the number of Rights Shares and Warrants C to be issued at the issue price of RM1.00 per Rights Share and exercise price of RM1.00 per Warrant C, respectively, are as stated below. Each Warrant C will entitle the holders to subscribe for one (1) new SMPC Share at the exercise price of RM1.00 per Warrant C.

New SMPC Shares	Minimum Scenario		Maximum Scenario	
	No. of SMPC Shares	Based on par value of RM1.00 each RM	No. of SMPC Shares	Based on par value of RM1.00 each RM
To be issued pursuant to the Rights Issue with Warrants	20,000,000	20,000,000	300,410,014	300,410,014
To be issued pursuant to the exercise of Warrants C under the Rights Issue with Warrants	10,000,000	10,000,000	150,205,007	150,205,007



LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

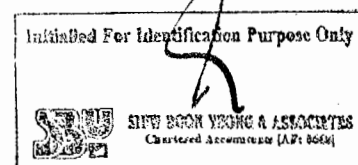
- 3) The following proforma movements of share premium and retained profits of the Group and of the Company have been prepared solely for illustrative purpose only, to show the effects of the Rights Issue with Warrants under the Minimum Scenario and Maximum Scenario by way of capitalisation of the Second Call from the share premium and retained profits of the Group and of the Company.

Based on the Company's audited financial statements as at 31 March 2014, the unaudited proforma share premium and retained profits of the Group and of the Company are as follows:

Group Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Audited financial statements as at 31 March 2014	18,063	16,920	34,983	18,063	16,920	34,983
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	16,862	34,925	18,063	16,862	34,925
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and shares option ^(c)	-	-	-	440	-	440
	18,063	16,862	34,925	18,360	16,862	35,222
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,360)	(11,681)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	16,862	32,125	-	4,381	4,381

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LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

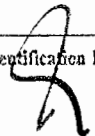
SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES


Company Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Audited financial statements as at 31 March 2014	18,063	17,504	35,567	18,063	17,504	35,567
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	17,446	35,509	18,063	17,446	35,509
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and shares option ^(c)	-	-	-	181	-	181
	18,063	17,446	35,509	18,101	17,446	35,547
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,101)	(11,940)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	17,446	32,709	-	4,706	4,706

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 **SIVEWON YEONG & ASSOCIATES**
Chartered Accountants (A.P. 0664)

LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

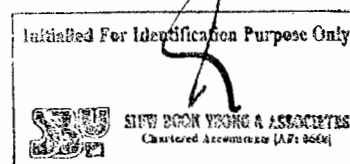
SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

Based on the Company's unaudited financial statements as at 30 June 2014, the unaudited proforma share premium and retained profits of the Group and of the Company are as follows:

Group Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Unaudited financial statements as at 30 June 2014	18,063	18,077	36,140	18,063	18,077	36,140
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	18,019	36,082	18,063	18,019	36,082
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and shares option ^(c)	-	-	-	440	-	440
	18,063	18,019	36,082	18,360	18,019	36,379
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,360)	(11,681)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	18,019	33,282	-	5,538	5,538

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LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

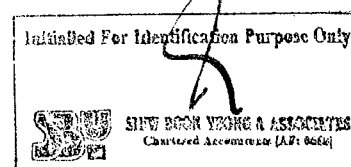
SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES

Company Level

	Minimum Scenario			Maximum Scenario		
	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)	Share premium (RM'000)	Retained profits (RM'000)	Total (RM'000)
Unaudited financial statements as at 30 June 2014	18,063	17,615	35,678	18,063	17,615	35,678
<u>Subsequent events</u>						
Less: Shares option granted under the ESOS ^(a)	-	(58)	(58)	-	(58)	(58)
	18,063	17,557	35,620	18,063	17,557	35,620
Less: Assuming the treasury shares are resold to open market ^(b)	-	-	-	(143)	-	(143)
Add: Assuming full exercise of Warrants B and shares options ^(c)	-	-	-	181	-	181
	18,063	17,557	35,620	18,101	17,557	35,658
Less: Capitalisation for the Second Call under the Rights Issue with Warrants	(2,000)	-	(2,000)	(18,101)	(11,940)	(30,041)
Less: Estimated expenses for the Rights Issue with Warrants	(800)	-	(800)	-	(800)	(800)
After the Rights Issue with Warrants	15,263	17,557	32,820	-	4,817	4,817

Notes:

- (a) Granting of 481,500 share options on 14 October 2014 under the Company's ESOS.
- (b) Assuming all 2,444,668 treasury shares are resold in the open market of Bursa Malaysia Securities Berhad prior to the Entitlement Date at the indicative price of RM0.9975 each, being the five (5)-day volume weighted average market price per SMPC Share up to and including the latest practicable date, 26 February 2014, prior to the announcement of the Rights Issue with Warrants.
- (c) Assuming the full exercise of the following outstanding convertible securities:
- (i) Full exercise of all outstanding 20,338,186 Warrants B into 20,338,186 new SMPC Shares prior to the Entitlement Date.
- (ii) Full exercise of all outstanding unexercised share options into new SMPC Shares of the Group and the Company respectively prior to the Entitlement Date.
4. The Directors of SMPC confirm that based on the Group's and the Company's unaudited proforma share premium and retained profits as at 31 March 2014 and 30 June 2014, after the Adjustments, the Group's and the Company's reserves required for the capitalisation of the Second Call for the Rights Issue with Warrants are not impaired by the losses.



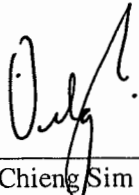
LETTER FROM REPORTING ACCOUNTANTS ON THE SUFFICIENCY OF RESERVES (Cont'd)

**SMPC CORPORATION BHD.
STATEMENT OF SUFFICIENCY OF RESERVES**

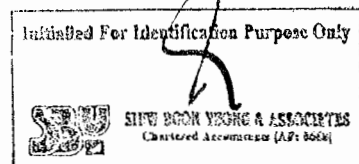
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated
14 October 2014

On behalf of the Board,



Ooi Chieng Sim
Executive Director



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



SIEW BOON YEONG & ASSOCIATES

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my



Member Firm Of
Malaysian Institute Of Accountants
Anggutan Ahli Akakaun Malaysia
Institusi Akakaun Malaysia

Date: 14 October 2014

The Board of Directors
SMPC Corporation Bhd.
2521, Tingkat Perusahaan 6,
Prai Industrial Estate,
13600 Prai, Pulau Pinang.

Dear Sirs,

**SMPC CORPORATION BHD. ("SMPC" OR "COMPANY")
REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 MARCH 2014**

We have completed our assurance engagement to report on the compilation of Proforma Consolidated Statements of Financial Position of SMPC and its subsidiaries ("the Group") as at 31 March 2014 for which the Directors are solely responsible. The Proforma Consolidated Statements of Financial Position consists of the Proforma Consolidated Statements of Financial Position as at 31 March 2014 together with the accompanying notes thereon (which we have stamped for the purpose of identification), as set out in the accompanying statements. The applicable criteria on the basis of which the Directors have compiled the Proforma Consolidated Statements of Financial Position are described in the notes to the Proforma Consolidated Statements of Financial Position ("Applicable Criteria").

The Proforma Consolidated Statements of Financial Position has been compiled by the Directors to illustrate the impact of the renounceable two-call rights issue of up to 300,410,014 new ordinary shares of RM1.00 each in SMPC ("SMPC Share(s)") ("Rights Share(s)") together with up to 150,205,007 free new detachable warrants ("Warrants C") at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant C for every two (2) existing SMPC Shares held at 5.00 p.m. on 27 October 2014 ("Entitlement Date"), of which the first call of RM0.90 will be payable in cash on application and the second call of RM0.10 is to be capitalised from the Company's reserves, based on a minimum subscription level of 20,000,000 Rights Shares together with 10,000,000 Warrants C ("Rights Issue with Warrants") on the Group's financial position as at 31 March 2014, as if the Rights Issue with Warrants had taken place at 31 March 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the audited financial statements of the Group for the financial year ended 31 March 2014, which has been published.

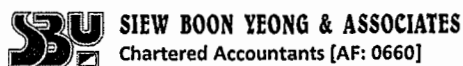
Directors' Responsibility for the Proforma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Proforma Consolidated Statements of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material aspects, by the Directors on the basis of the Applicable Criteria as described in the notes thereto.

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



We conducted our engagement in accordance with International Standard on Assurance Engagements, (ISAE) 3420 - *Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material aspects, the Proforma Consolidated Statements of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Consolidated Statements of Financial Position.

The purpose of Proforma Consolidated Statements of Financial Position included in the Abridged Prospectus to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Proforma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:-

- (i) The related proforma adjustments give appropriate effect to those criteria; and
- (ii) The Proforma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Proforma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Consolidated Statements of Financial Position.

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

Opinion

In our opinion,

- (i) the Proforma Consolidated Statements of Financial Position as at 31 March 2014 have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position using financial statements prepared by the Directors in accordance with the Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of the SMPC unless otherwise stated; and

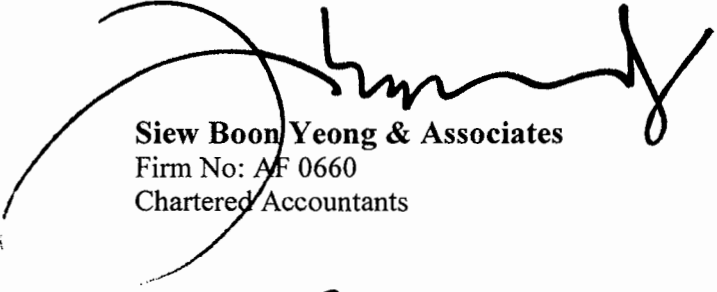
OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



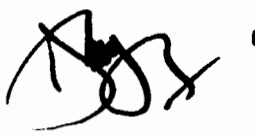
- (ii) the adjustments made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position.

We understand that this letter will be used solely for the purposes of inclusion in the Abridged Prospectus to Shareholders of SMPC in connection with the Rights Issue with Warrants. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



Siew Boon Yeong & Associates
Firm No: AF 0660
Chartered Accountants



Dato' Siew Boon Yeong
Approved Number: 1321/7/16 (J)
Partner of Firm

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**SMPC CORPORATION BHD. ("SMPC")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
MINIMUM SCENARIO**

	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for the subsequent events RM'000	Adjusted Consolidated Statements of Financial Position RM'000	Adjustments for Rights Issue of Shares with Warrants RM'000	After Rights Issue of Shares with Warrants RM'000	Profirma I	Adjustments for the full exercise of the Warrants RM'000	Profirma II After Profirma I and the full exercise of the Warrants RM'000
ASSETS								
Non-current Assets								
Property, plant and equipment	67,849	-	67,849	-	67,849	67,849	-	67,849
Investment properties	36,212	-	36,212	-	36,212	36,212	-	36,212
Other investments	6,682	-	6,682	-	6,682	6,682	-	6,682
	110,743	-	110,743	-	110,743	110,743	-	110,743
Current Assets								
Inventories	13,445	-	13,445	-	13,445	13,445	-	13,445
Trade and other receivables	37,302	-	37,302	-	37,302	37,302	-	37,302
Fixed deposits with licensed banks	506	-	506	-	506	506	-	506
Cash and bank balances	4,038	1,656	5,694	5,200	10,894	10,894	10,000	20,894
	55,291	1,656	56,947	5,200	62,147	62,147	10,000	72,147
Total Assets	166,034	1,656	167,690	5,200	172,890	172,890	10,000	182,890
EQUITY AND LIABILITIES								
Equity attributable to owners of the Company								
Share capital	54,705	1,850	56,555	20,000	76,555	76,555	10,000	86,555
Irredeemable convertible unsecured loan stocks	22,249	(185)	22,064	-	22,064	22,064	-	22,064
Share premium	18,063	-	18,063	(2,800)	15,263	15,263	-	15,263
Treasury shares	(2,573)	(9)	(2,582)	-	(2,582)	(2,582)	-	(2,582)
Warrant reserves	3,186	-	3,186	2,800	5,986	5,986	(2,800)	3,186
Discount on shares	(3,105)	-	(3,105)	(2,800)	(5,905)	(5,905)	2,800	(3,105)
ESOS reserve	302	58	360	-	360	360	-	360
Fair value reserve	579	-	579	-	579	579	-	579
Retained profits	16,920	(58)	16,862	-	16,862	16,862	-	16,862
Total equity attributable to owners of the Company	110,326	1,656	111,982	17,200	129,182	129,182	10,000	139,182
Non-controlling interests	7,614	-	7,614	-	7,614	7,614	-	7,614
Total Equity	117,940	1,656	119,596	17,200	136,796	136,796	10,000	146,796

Intended For Identification Purpose Only



SIEW POON YEUNG & ASSOCIATES
Chartered Accountants (A.F. 1004)

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**SMPC CORPORATION BHD. ("SMPC")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
MINIMUM SCENARIO (CONT'D)**

	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for the subsequent events RM'000	Adjusted Consolidated Statements of Financial Position RM'000	Adjustments for Rights Issue of Shares with Warrants RM'000	After Rights Issue of Shares with Warrants RM'000	Proforma I	Adjustments for the full exercise of the Warrants RM'000	After Proforma I and the full exercise of the Warrants RM'000	Proforma II
Non-Current Liabilities									
Trade and other payables	1,304	-	1,304	-	1,304	1,304	-	1,304	1,304
Borrowings	10,373	-	10,373	-	10,373	10,373	-	10,373	10,373
Deferred tax liabilities	3,991	-	3,991	-	3,991	3,991	-	3,991	3,991
	15,668	-	15,668	-	15,668	15,668	-	15,668	15,668
Current Liabilities									
Trade and other payables	15,999	-	15,999	-	15,999	15,999	-	15,999	15,999
Borrowings	15,333	-	15,333	(12,000)	3,333	3,333	-	3,333	3,333
Provision for taxation	1,094	-	1,094	-	1,094	1,094	-	1,094	1,094
	32,426	-	32,426	(12,000)	20,426	20,426	-	20,426	20,426
Total Liabilities	48,094	-	48,094	(12,000)	36,094	36,094	-	36,094	36,094
Total Equity and Liabilities	166,034	1,656	167,690	5,200	172,890	172,890	10,000	182,890	182,890
Par value per ordinary share (RM)	1.00		1.00		1.00	1.00		1.00	1.00
Number of shares, net of treasury shares ('000)	52,270	1,840	54,110	20,000	74,110	74,110	10,000	84,110	84,110
Net assets per share (RM)	2.11		2.07		1.74	1.74		1.65	1.65
Total borrowings (RM'000)	25,706		25,706		13,706	13,706		13,706	13,706
Gearing ratio (times)	0.23		0.23		0.11	0.11		0.10	0.10

Qualified For Identification Purpose Only

SMP
SMP DEAN YEAP & ASSOCIATES
Chartered Accountants (A.F. 6064)

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**SMPC CORPORATION BHD. ("SMPC")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
MAXIMUM SCENARIO**

	Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for the subsequent events RM'000	Adjusted Consolidated Statements of Financial Position RM'000	Adjustments for assuming full conversion/exercise of all existing convertible securities RM'000	Proforma I After assuming full conversion/exercise of all existing convertible securities RM'000	Adjustments for Rights issue of Shares with Warrants RM'000	Proforma II After Proforma I and the Rights issue of Shares with Warrants RM'000	Adjustments for the full exercise of the Warrants RM'000	Proforma III After Proforma II and the full exercise of the Warrants RM'000
ASSETS									
Non-current Assets									
Property, plant and equipment	67,849	-	67,849	-	67,849	-	67,849	-	67,849
Investment properties	36,212	-	36,212	-	36,212	-	36,212	-	36,212
Other investments	6,682	-	6,682	-	6,682	-	6,682	-	6,682
	110,743	-	110,743	-	110,743	-	110,743	-	110,743
Current Assets									
Inventories	13,445	-	13,445	-	13,445	-	13,445	-	13,445
Trade and other receivables	37,302	-	37,302	-	37,302	-	37,302	-	37,302
Fixed deposits with licensed banks	506	-	506	-	506	-	506	-	506
Cash and bank balances	4,038	1,656	5,694	224,229	229,923	257,569	487,492	150,205	637,697
	55,291	1,656	56,947	224,229	281,176	257,569	538,745	150,205	688,950
Total Assets	166,034	1,656	167,690	224,229	391,919	257,569	649,488	150,205	799,693
EQUITY AND LIABILITIES									
EQUITY attributable to owners of the Company									
Share capital	54,705	1,850	56,555	243,855	300,410	300,410	600,820	150,205	751,025
Irredeemable convertible unsecured loan stocks	22,249	(185)	22,064	(22,064)	-	-	-	-	-
Share premium	18,063	-	18,063	297	18,360	(18,360)	-	-	-
Treasury shares	(2,573)	(9)	(2,582)	2,582	-	-	-	-	-
Warrant reserves	3,186	-	3,186	(3,186)	-	42,057	42,057	(42,057)	-
Discount on shares	(3,105)	-	(3,105)	3,105	-	(42,057)	(42,057)	42,057	-
ESOS reserve	302	58	360	(360)	-	-	-	-	-
Fair value reserve	579	-	579	-	579	-	579	-	579
Retained profits	16,920	(58)	16,862	-	16,862	(12,481)	4,381	-	4,381
Total equity attributable to owners of the Company	110,326	1,656	111,982	224,229	336,211	269,569	605,780	150,205	755,985
Non-controlling interests	7,614	-	7,614	-	7,614	-	7,614	-	7,614
Total Equity	117,940	1,656	119,596	224,229	343,825	269,569	613,394	150,205	763,599

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SIF FROM YEONG & ASSOCIATES
Chartered Accountants (A.F. 6654)

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**SMPK CORPORATION BHD. ("SMPK")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014
MAXIMUM SCENARIO (CONT'D)**

Audited Consolidated Statements of Financial Position as at 31 March 2014 RM'000	Adjustments for the subsequent events RM'000	Adjusted Consolidated Statements of Financial Position RM'000	Adjustments for assuming full conversion/exercise of all existing convertible securities RM'000		Proforma I After assuming full conversion/exercise of all existing convertible securities RM'000	Adjustments for Rights Issue of Shares with Warrants RM'000		Proforma II After Proforma I and the Rights Issue of Shares with Warrants RM'000	Adjustments for the full exercise of the Warrants RM'000		Proforma III After Proforma II and the full exercise of the Warrants RM'000
			assuming full conversion/exercise of all existing convertible securities RM'000	RM'000		of Shares with Warrants RM'000	RM'000		for the full exercise of the Warrants RM'000	RM'000	
Non-Current Liabilities											
Trade and other payables	-	1,304	-	-	1,304	-	-	1,304	-	-	1,304
Borrowings	-	10,373	-	-	10,373	-	-	10,373	-	-	10,373
Deferred tax liabilities	-	3,991	-	-	3,991	-	-	3,991	-	-	3,991
		15,668			15,668			15,668			15,668
Current Liabilities											
Trade and other payables	-	15,999	-	-	15,999	-	-	15,999	-	-	15,999
Borrowings	-	15,333	-	-	15,333	(12,000)	-	3,333	-	-	3,333
Provision for taxation	-	1,094	-	-	1,094	-	-	1,094	-	-	1,094
		32,426			32,426	(12,000)		20,426			20,426
Total Liabilities		48,094			48,094	(12,000)		36,094			36,094
Total Equity and Liabilities	1,656	167,690	224,229		391,919	257,569		649,488	150,205		799,693
Par value per ordinary share (RM)	1.00	1.00	1.00		1.00			1.00			1.00
Number of shares, net of treasury shares ('000)	1,840	54,110	246,300		300,410	300,410		600,820	150,205		751,025
Net assets per share (RM)	2.11	2.07			1.12			1.01			1.01
Total borrowings (RM'000)		25,706			25,706			13,706			13,706
Gearing ratio (times)		0.23			0.08			0.02			0.02



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 SIV BOUN YEANG & ASSOCIATES
 Chartered Accountants (A.F. 6064)

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

1. BASIS OF PREPARATION

The Proforma Consolidated Statements of Financial Position have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia and based on the audited Consolidated Statements of Financial Position of SMPC as at 31 March 2014. The Proforma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effect of the Rights Issue with Warrants.

The Proforma Consolidated Statements of Financial Position have been prepared based on the accounting policies and bases consistent with those normally adopted by SMPC in the preparation of its audited financial statements.

The Proforma Consolidated Statements of Financial Position is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

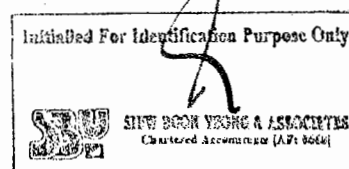
The Proforma Consolidated Statements of Financial Position, because of its nature, may not be reflective of the Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of the Group.

1.1 The details of the Minimum and Maximum Scenarios are set out below:

(i) Minimum Scenario

Minimum Scenario representing the scenario on the following assumptions:-

- (a) The 2,444,668 treasury shares are either cancelled or continue to be retained as treasury shares prior to the Entitlement Date.
- (b) None of the following convertible securities of the Group which were outstanding as at 14 October 2014, being the last practical day ("LPD") in relation to the Rights Issue with Warrants, are converted or exercised prior to the Entitlement Date:
 - (i) RM22,064,296.90 nominal value of ten (10)-year, zero coupon irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal value of RM0.10 each;
 - (ii) 20,338,186 warrants ("Warrants B"); and
 - (iii) 2,874,000 shares option granted pursuant to the Group's employee share option scheme ("ESOS") ("Unexercised Options").
- (c) Issuance of 20,000,000 Rights Shares together with 10,000,000 Warrants C based on the minimum subscription level pursuant to the Rights Issue with Warrants.
- (d) Full exercise of 20,000,000 Warrants C into 20,000,000 new SMPC Shares.



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

(ii) **Maximum Scenario**

Maximum Scenario representing the scenario on the following assumptions:-

- (a) All 2,444,668 treasury shares are resold in the open market of Bursa Malaysia Securities Berhad prior to the Entitlement Date at the indicative price of RM0.9975 each, being the five (5)-day volume weighted average market price per SMPC Share up to and including 26 February 2014, being the last trading day ("LTD") prior to the date of announcement dated 27 February 2014 in relation to the Rights Issue with Warrants.
- (b) Full conversion of all outstanding RM22,064,296.90 nominal value of the ICULS as at the LPD, into 220,642,969 new SMPC Shares prior to the Entitlement Date.
- (c) Full exercise of all outstanding 20,338,186 Warrants B as at the LPD, into 20,338,186 new SMPC Shares prior to the Entitlement Date.
- (d) Full exercise of all outstanding 2,874,000 Unexercised Options as at the LPD, into 2,874,000 new SMPC Shares prior to the Entitlement Date.
- (e) Issuance of 300,410,014 Rights Shares together with 150,205,007 Warrants C pursuant to the Rights Issue with Warrants.
- (f) Full exercise of 150,205,007 Warrants C into 150,205,007 new SMPC Shares.

1.2 Fair value of Warrants C

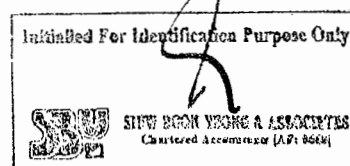
The allocated fair value of free Warrants C is credited to a warrant reserve, which is non-distributable.

The Directors of SMPC have allocated a fair value of RM0.28 for each Warrant C. The fair value of the Warrant C is derived at using the Black-Scholes option pricing model.

2. ADJUSTMENTS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The adjustments incorporate the effects of following subsequent events after 31 March 2014:

- (i) Repurchase of the Company's 10,000 SMPC Shares as treasury shares amounting to RM8,900.
- (ii) Granting of 481,500 share options under the Group's ESOS.
The fair value of the share options granted was RM0.12 based on the fair value extracted from audited financial statements of the Group for the financial year ended 31 March 2014.
- (iii) Conversion of the RM185,000 nominal value of ICULS into 1,850,000 SMPC Shares.



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

The Subsequent Events has the following financial impact on the Proforma Consolidated Statements of Financial Position of SMPC:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity RM'000
Cash and bank balances	1,656	-
Share capital	-	1,850
ICULS	-	(185)
Treasury shares	-	(9)
ESOS reserve	-	58
Retained profits	-	(58)
	1,656	1,656

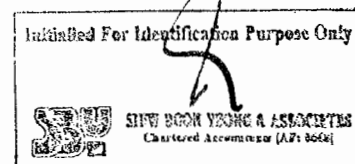
3. MINIMUM SCENARIO

3.1 PROFORMA I

Proforma I incorporates the effects of the Subsequent Events, the Rights Issue with Warrants and the following utilisation of proceeds on the adjusted Consolidated Statements of Financial Position as at 31 March 2014:

	RM'000
Repayment of borrowings	12,000
Working capital	5,200
Estimated expenses for the Rights Issue with Warrants	800
	18,000

The proceeds earmarked for working capital of RM5.20 million will be included in cash and bank balances. The estimated expenses in relation to the corporate exercise of RM0.80 million will be debited to the share premium account.



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

The Rights Issue with Warrants has the following impact on the Proforma Consolidated Statements of Financial Position:-

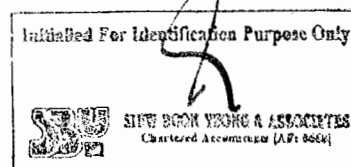
	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	5,200	-
Share capital	-	20,000
Share premium account	-	(2,800)
Warrant reserves	-	2,800
Discount on shares	-	(2,800)
Borrowings	-	(12,000)
	5,200	5,200

3.2 PROFORMA II

Proforma II incorporates the effects of Proforma I and assuming the full exercise of the Warrants C.

The full exercise of Warrants C has the following impact on the Proforma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	10,000	-
Share capital	-	10,000
Discount on shares	-	2,800
Warrant reserves	-	(2,800)
	10,000	10,000



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

SMPC CORPORATION BHD.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

4. MAXIMUM SCENARIO

4.1 PROFORMA I

Proforma I incorporates the effects of the Subsequent Events and assuming full exercise/conversion of all existing convertible securities of the Company and resold of all treasury shares held by the Group prior to the Entitlement Date.

The full exercise/conversion of all the existing convertible securities and resold of all treasury shares have the following impact on the Proforma Consolidated Statements of Financial Position:-

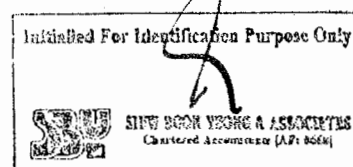
	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	224,229	-
Share capital	-	243,855
ICULS	-	(22,064)
Share premium	-	297
Treasury shares	-	2,582
Warrant reserves	-	(3,186)
Discount on shares	-	3,105
ESOS reserve	-	(360)
	224,229	224,229

4.2 PROFORMA II

Proforma II incorporates the effects of Proforma I, Rights Issue with Warrants and the following utilisation of proceeds on the Proforma Consolidated Statements of Financial Position:-

	RM'000
Repayment of borrowings	12,000
Investment in new business	218,548
Working capital	39,021
Estimated expenses for the Rights Issue with Warrants	800
	270,369

The proceeds earmarked for working capital of RM39.02 million and investment in new business of RM218.55 million will be included in cash and bank balances. The estimated expenses in relation to the corporate exercise of RM0.80 million will be debited to the share premium account.



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**SMPC CORPORATION BHD.
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014**

The Rights Issue with Warrants has the following impact on the Proforma Consolidated Statements of Financial Position:-

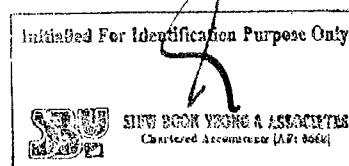
	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	257,569	-
Share capital	-	300,410
Share premium	-	(18,360)
Warrant reserves	-	42,057
Discount on shares	-	(42,057)
Retained profits	-	(12,481)
Borrowings	-	(12,000)
	<u>257,569</u>	<u>257,569</u>

4.3 PROFORMA III

Proforma III incorporates the effects of Proforma II and assuming the full exercise of the Warrants C.

The full exercise of Warrants C has the following impact on the Proforma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	Effect on Total Equity and Liabilities RM'000
Cash and bank balances	150,205	-
Share capital	-	150,205
Discount on shares	-	42,057
Warrant reserves	-	(42,057)
	<u>150,205</u>	<u>150,205</u>



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**SMPC CORPORATION BHD.
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2014**

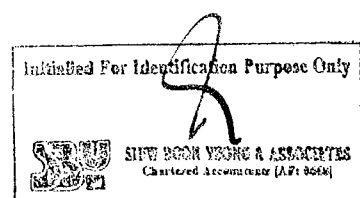
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **14 October 2014.**

On behalf of the Board,



Ooi Chieng Sim
Executive Director



DIRECTORS' REPORT

SMPC

SMPC CORPORATION BHD

(Co. No. 79082-V)

2521, TINGKAT PERUSAHAAN 6, PRAI INDUSTRIAL ESTATE, 13600 PRAI, PENANG, MALAYSIA.
TEL: 04-399 2521 / 397 1324 FAX: 04-390 9521 / 397 3324

14 October 2014

Registered Office:

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

To: The Shareholders of SMPC Corporation Bhd. ("SMPC")

Dear Sir/Madam,

On behalf of the Board of Directors of SMPC, I wish to report that after making due enquiry that during the period from 31 March 2014 (being the date of the last audited consolidated financial statements of SMPC and its subsidiaries ("Group") have been made) up to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("AP")):

- (a) the business of our Group has, in the opinion of our Directors, been satisfactorily maintained;
- (b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this AP, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group in which our Directors are aware of since the last audited consolidated financial statements of our Group;
- (f) save as disclosed in this AP, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group; and
- (g) save as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully
for and on behalf of our Board of Directors of
SMPC CORPORATION BHD.


Ooi Chheng Sim
Executive Director/Vice Chairman

FURTHER INFORMATION

1. SHARE CAPITAL

- (i) Save for the Rights Shares, Warrants C, Additional Warrants B and the new SMPC Shares to be issued arising from the exercise of the Warrants C and the Additional Warrants B, if any, no other securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.
- (ii) We have only one (1) class of shares, namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another as at the date of this Abridged Prospectus.
- (iii) Save for the Rights Shares with Warrants C and in Section 3 of **Appendix II** of this Abridged Prospectus, no securities in our Company have been issued or proposed or intended to be issued, as partly or fully paid-up for a consideration in cash or otherwise than in cash, within two (2) years preceding the date of this Abridged Prospectus.
- (iv) As at the date of this Abridged Prospectus, save as disclosed below and the Rights Shares with Warrants C to be issued pursuant to the Rights Issue with Warrants, which is subject matter of this Abridged Prospectus, no person has been or is entitled to be granted an option to subscribe for any securities of our Company:
 - (a) up to 20,338,186 new SMPC Shares to be issued arising from the exercise of the Warrants B which were issued in 2012 pursuant to the corporate exercises, namely the fund raising, restricted issue of Warrants B, creditor settlement and debt restructuring scheme, undertaken by our Company and completed in 2012. Each Warrants B carrying the right to subscribe for one (1) new SMPC Share at an exercise price of RM1.00 (or such adjusted exercise price pursuant to the deed poll governing the Warrants B) and will expire on 9 May 2022;
 - (b) up to 222,492,969 new SMPC Shares to be issued arising from the conversion of the ICULS which were issued in 2012 pursuant to the corporate exercises, namely creditor settlement and the fund raising offered to all the then existing shareholders of our Company on a rights basis at nominal value of RM0.10 each. The ICULS shall be converted into one (1) new SMPC Share at the conversion price of RM1.00 (or such adjusted conversion price pursuant to the trust deed governing the ICULS) and will mature on 9 May 2022; and
 - (c) under the ESOS, up to 15% of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) can be issued at any one (1) time, throughout the duration of three (3) years of the ESOS (or such extended duration pursuant to the By-Laws). The subscription price of each new SMPC Share shall be fixed at the higher of the par value of the SMPC Shares of RM1.00 each or the five (5)-day VWAMP of the SMPC Shares at the Date of Offer, with a discount of not more than 10% or such other percentage of discount in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, Listing Requirements or any other relevant authorities from time to time during the duration of the ESOS.

2. REMUNERATION OF DIRECTORS

The following provisions are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

FURTHER INFORMATION (Cont'd)

Article 24 – Directors

- 24.2 *Subject to these Articles, the Directors shall be paid by way of fees for their services in such fixed sum (if any) as shall from time to time be determined by our Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:*
- 24.2:1 *directors' fees payable to Directors not holding any executive office in our Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;*
- 24.2:2 *salaries and other emoluments payable to Directors holding executive office in our Company need not be determined by our Company in general meeting but such salaries and emoluments may not include a commission or on a percentage of turnover;*
- 24.2:3 *all remuneration payable to Directors shall be deemed to accrue from day to day;*
- 24.2:4 *fees payable to Directors shall not be increased except pursuant to a resolution passed by our Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*
- 24.2:5 *any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.*
- 24.3 *The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committees of Directors or general or other meetings of our Company or in connection with the business of our Company.*
- 24.4 *The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:*
- 24.4:1 *render any special or extra services to our Company; or*
- 24.4:2 *to go or reside outside his country of domicile or residence in connection with the conduct of any of our Company's affairs.*

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director in addition to or in substitute for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

Article 32 – Managing and executive directors

- 32.1 *Subject to the Act, the Directors may appoint 1 or more of their number to any executive office (by whatever title it is known) including (without limitation) that of managing director, joint, deputy or assistant managing director and may procure our Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such terms as to remuneration and otherwise as the Directors think fit. A managing director shall be subject to the control of the board of Directors. A Director may be appointed to hold more than one executive office at a time.*

FURTHER INFORMATION (Cont'd)

3. MATERIAL CONTRACTS

Save as disclosed below as well as the contract disclosed in Section 3(i) of this Abridged Prospectus, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Abridged Prospectus:

- (i) share sale agreement dated 11 December 2012, whereby our Company had entered into the agreement with Rajandran a/l Visvalingam and Lim Kean Wah to acquire 5,001 ordinary shares of RM1.00 each in Kembang Kartika Sdn Bhd, representing 50.01% of the share capital of Kembang Kartika Sdn Bhd for a total consideration of RM5,001,000. The acquisition was completed on 28 December 2012; and
- (ii) Deed Poll by our Company dated 9 October 2014 to constitute up to 150,205,007 Warrants C to be issued pursuant to the Rights Issue with Warrants.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors have no knowledge of any proceedings pending or threatened against our Group or of any fact likely to give rise to any proceedings which might adversely and materially affect the financial position or business of our Company and/or its subsidiaries.

Machendran a/l Pitchai Chetty (“the Plaintiff”) versus SMPC (“1st Defendant”), SMPC Industries Sdn Bhd (“SISB” or “2nd Defendant”), OCS (“3rd Defendant”) and a third party financial institution (“FI” or “4th Defendant”)
Kuala Lumpur High Court Summons No. 22NCC-177-05/2014

On 13 June 2014, our Company together with SISB, OCS and the FI were served with a writ of summons and statement of claim dated 22 May 2014 by the Plaintiff.

From the Writ of Summons, the Plaintiff is claiming (“Claims”) the following:

- (a) a declaration that he be relieved from his personal guarantee of RM18,000,000 issued in favour of the FI for a term loan granted to SISB;
- (b) in the alternative, our Company and SISB be ordered to make good/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to the FI;
- (c) unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of our Company in August 2013 until the Plaintiff is relieved of the aforesaid personal guarantee;
- (d) aggravated and general damages against our Company, SISB and OCS;
- (e) general damages against the FI;
- (f) interest on all damages at the rate of 5% per annum from the date of judgement to the date of realisation;
- (g) costs; and
- (h) any other Order the Honourable Court deems fit and appropriate.

Our Company, SISB and OCS have filed Memorandum of Appearance on 20 June 2014 and thereafter defence was filed on 7 July 2014. Our Company, SISB and OCS have also filed an application for transfer of proceedings to Penang Court on 8 August 2014 but the High Court dismissed the application on 8 September 2014.

FURTHER INFORMATION (Cont'd)

Case Management is fixed before the Judge on 1 November 2014 in order for parties to comply with pre-trial directions. The tentative full trial dates have been fixed on 23 to 25 March 2015.

The solicitors acting for the case is of the view that the Plaintiff has been discharged as personnel guarantor while the Plaintiff has not suffered any losses and damages. Therefore, the Plaintiff would not be able to prove his claim for general and aggravated damages.

5. GENERAL

- (i) The nature of our Group's business is described in **Appendix II** of this Abridged Prospectus. There are no corporations which are deemed related to us by virtue of Section 6 of the Act, except as disclosed in Section 6 of **Appendix II** of this Abridged Prospectus.
- (ii) The estimated expenses in relation to the Rights Issue with Warrants of RM800,000 will be defrayed by part of the proceeds raised from the Rights Issue with Warrants.
- (iii) There are no existing or proposed service contracts between our Directors and our Company or our subsidiaries excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (iv) Our Directors are not aware of any material information, including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group, except as disclosed in Sections 7 and 9 of this Abridged Prospectus.
- (v) Save as disclosed in Section 9 and the risk factors mentioned in Section 7 of this Abridged Prospectus, the financial conditions and operations of our Group are not affected by any of the following:
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure of our Group;
 - (c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations; and
 - (d) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favourable or unfavourable impact on our revenues or operating income; and
 - (e) fluctuation in our Group's revenue.

6. CONSENTS

Our Adviser, Due Diligence Solicitors, Share Registrar, Company Secretaries, Auditors, Principal Banker, and Bloomberg Finance L.P. have given and have not subsequently withdrawn their respective written consents to the inclusion in this Abridged Prospectus of their names in the form and all reference thereto, in the form and context in which they appear in this Abridged Prospectus.

Messrs. Siew Boon Yeong & Associates, our Reporting Accountants, has given and has not subsequently withdrawn its written consent to the inclusion in this Abridged Prospectus of its name, the letter on statement of sufficiency of our Company's reserves in relation to the Second Call for the Rights Issue with Warrants and the proforma consolidated statements of financial position of our Company as at 31 March 2014 together with the Reporting Accountants' letter thereon, and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

FURTHER INFORMATION (Cont'd)

7. CONFLICT OF INTEREST

PIVB, Messrs. Ben & Partners Advocates & Solicitors and Messrs. Siew Boon Yeong & Associates have given its confirmation that they have no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in their capacities to act as the Advisers in connection with the Rights Issue with Warrants.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at our Registered Office from Mondays to Fridays (excluding public holidays) during business hours for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) our Memorandum and Articles and Association;
- (ii) our audited financial statements for the past two (2) FYEs 2013 and 2014;
- (iii) our latest unaudited consolidated financial statements for the FPE 30 June 2014 as set out in **Appendix IV** of this Abridged Prospectus;
- (iv) the letter from the Reporting Accountants on the sufficiency of reserves as set out in **Appendix V** of this Abridged Prospectus;
- (v) our proforma consolidated statements of financial position as at 31 March 2014 together with the Reporting Accountants' letter thereon as set out in **Appendix VI** of this Abridged Prospectus;
- (vi) our Directors' Report as set out in **Appendix VII** of this Abridged Prospectus;
- (vii) the letters of undertaking by OCS and NCN dated 26 February 2014 and as referred to in Section 4 of this Abridged Prospectus;
- (viii) the Deed Poll;
- (ix) the material contract as referred to in Section 3 of this Appendix; and
- (x) the relevant cause paper in relation to the material litigation referred to in Section 4 of this Appendix; and
- (xi) the letters of consent and confirmation as referred to in Sections 6 and 7 of this Appendix;

9. RESPONSIBILITY STATEMENTS

- (i) Our Directors have seen and approved this Abridged Prospectus together with the NPA and RSF and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading; and
- (ii) PIVB, being our Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.