



Quarterly report on consolidated results for the second financial quarter ended 31st July 2006

Condensed Consolidated Income Statements for the second quarter ended 31st July 2006

(The figures have not been audited)

	3 months ended		6 months ended	
	31st July 2006 RM'000	31st July 2005 RM'000	31st July 2006 RM'000	31st July 2005 RM'000
Continuing Operations				
Revenue	59,593	64,642	122,369	148,338
Operating Expenses	(57,656)	(65,642)	(121,670)	(147,739)
Other operating income	(631)	695	238	1,048
Profit from Operations	<u>1,306</u>	<u>(305)</u>	<u>937</u>	<u>1,647</u>
Finance costs	(1,884)	(2,036)	(3,811)	(3,768)
Profit before tax	<u>(578)</u>	<u>(2,341)</u>	<u>(2,874)</u>	<u>(2,121)</u>
Income tax expense	63	(110)	(1)	(155)
Profit for the period from continuing operations	<u>(515)</u>	<u>(2,451)</u>	<u>(2,875)</u>	<u>(2,276)</u>
Discounted Operations				
Profit/ (loss) for the period from a discounted operation	-	-	-	-
Profit for the period	<u>(515)</u>	<u>(2,451)</u>	<u>(2,875)</u>	<u>(2,276)</u>
Attributable to:				
Equity holders of the parent	(555)	(2,413)	(2,954)	(2,257)
Minority interest	40	(38)	79	(19)
	<u>(515)</u>	<u>(2,451)</u>	<u>(2,875)</u>	<u>(2,276)</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit from continuing operations	(0.80)	(3.73)	(4.45)	(3.49)
Basic, for (loss)/profit from discontinued operations	-	-	-	-
Basic, for profit for the period	<u>(0.80)</u>	<u>(3.73)</u>	<u>(4.45)</u>	<u>(3.49)</u>
Diluted, for profit from continuing operations	-	-	-	-
Diluted, for (loss)/profit from discounted operations	-	-	-	-
Diluted, for profit for the period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31st January 2006 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Balance Sheet as at 31st July 2006

(The figures have not been audited)

	As at 31st July 2006 RM RM'000	As at 31st January 2006 RM RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	118,286	109,524
Intangible assets	764	957
	<u>119,050</u>	<u>110,481</u>
Current assets		
Inventories	24,367	27,608
Trade receivables	52,136	47,851
Other receivables	9,408	17,988
Short term investments	160	162
Cash and bank balances	6,300	4,623
	<u>92,371</u>	<u>98,232</u>
TOTAL ASSETS	<u>211,421</u>	<u>208,713</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	64,645	64,645
Share premium	23,752	23,752
Other reserves	5,714	5,714
Retained earnings	(39,860)	(36,985)
	<u>54,251</u>	<u>57,126</u>
Minority interests	<u>111</u>	<u>1,048</u>
Total equity	<u>54,362</u>	<u>58,174</u>
Non-current liabilities		
Retirement benefit obligations		
Provisions for other liabilities	140	161
Borrowings	18,575	15,552
Trade payable	12,487	13,256
Deferred tax liabilities	2,599	2,048
	<u>33,801</u>	<u>31,017</u>
Current liabilities		
Borrowings	87,935	89,478
Trade payables	27,778	24,595
Other payables	7,241	5,068
Current tax payable	304	381
	<u>123,258</u>	<u>119,522</u>
Total liabilities	<u>157,059</u>	<u>150,539</u>
TOTAL EQUITY AND LIABILITIES	<u>211,421</u>	<u>208,713</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31st January 2006 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Cash Flow Statements for the second quarter ended 31st July 2006

(The figures have not been audited)

	6 months ended	
	As at 31st July 2006 RM'000	As at 31st July 2005 RM'000
Net cash in operating activities	5,628	8,583
Net cash used in investing activities	(8,642)	2,421
Net cash generated from financing activities	(13,633)	(10,874)
Net increase in cash and cash equivalents	(16,647)	130
Non-cash items	4,991	2,834
Effects of exchange rate changes	-	-
Cash and cash equivalents at beginning of financial period	3,608	(12,095)
Cash and cash equivalents at end of financial period	(8,048)	(9,131)

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	6,300	2,329
Bank overdrafts	(14,348)	(11,460)
	(8,048)	(9,131)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statements of Changes in Equity for the second quarter ended 31st July 2006

	Attributable to Equity Holders of the Parent					Total	Minority Interest	Total Equity
	-----Non-Distributable-----							
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other reserve RM'000	Accumulated losses RM'000			
6 months ended 31st July 2005								
As at 1 February 2005	64,645	23,752	5,763	-	(16,141)	13,374	1,319	79,338
Movements during the period (cumulative)	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	(2,257)	(2,257)	(19)	(2,276)
At 30 July 2005	<u>64,645</u>	<u>23,752</u>	<u>5,763</u>	<u>-</u>	<u>(18,398)</u>	<u>11,117</u>	<u>1,300</u>	<u>77,062</u>
6 months ended 31st July 2006								
As at 1 February 2006	64,645	23,752	5,763	(49)	(36,985)	(7,519)	1,048	58,174
Movements during the period (cumulative)	-	-	-	-	-	-	(1,016)	(1,016)
Net loss for the year	-	-	-	-	(2,875)	(2,875)	79	(2,796)
At 30 July 2006	<u>64,645</u>	<u>23,752</u>	<u>5,763</u>	<u>(49)</u>	<u>(39,860)</u>	<u>(10,394)</u>	<u>111</u>	<u>54,362</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended accompanying explanatory notes attached to the interim financial statements.



EXPLANATORY NOTES : (AS PER FRS 134)

A1 Accounting policies

The interim financial statements are unaudited and have been prepared under the historical cost convention in accordance with FRS134 “Interim Financial Reporting” and Chapter 9.22 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods used in preparing the quarterly financial statement are consistent and should be read in conjunction with the audited financial statements for the financial year ended 31st January 2006.

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 January 2006.

A2 Changes in Accounting Policies

The adoption of the revised FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period’s presentation of the Group’s financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period’s presentation.

A3 Declaration of audit qualification

The audit report of the Company in respect of the annual financial statements for the year ended 31st January 2006 was not subject to any audit qualification.

A4 Segmental reporting

Segmental analysis for the current financial year to-date

	Revenue (RM)	Profit/ (Loss) From Operations (RM)
Manufacturing	71,248,102	2,557,762
Trading	50,783,779	(356,287)
Others	337,397	(1,264,945)
	-----	-----
	122,369,278	936,530
	=====	=====

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.



EXPLANATORY NOTES : (AS PER FRS 134)

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 cyclical 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

The valuation of property, plant and equipment have been brought forward, without amendment from the audited financial statements for the financial year ended 31st January 2006.

A10 Issuances and repayments of debts and equity securities

There were no changes in the equity structure of the company during this period.

There were no issuances and repayments of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

A11 Changes in the composition of the Group

On 31 May 2006, the wholly-owned subsidiary of the Company, Syarikat Perkilangan Besi Gaya Sdn Bhd disposed of its entire 51% equity interest in Besi Gaya (Klang) Sdn Bhd for a total cash consideration of RM994,500.00. Other than the above there were no changes in the composition of the Group for the current financial year to date.

A12 Contingent liabilities or contingent assets

There were no contingent liabilities and contingent assets as at end of the reporting quarter other than as stated below:

Guarantee for loan facilities given to other investee company

USD 266,833

A13 Subsequent material events

In the best knowledge of the Directors, there is no transaction or event of a material or unusual nature occurring between 31st January, 2006 and the date of this announcement.



SMPC CORPORATION BHD
(79082-V)

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EXPLANATORY NOTES : (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B1 Review of the performance of the Company and its principal subsidiaries

The group recorded revenue of RM122.4 million and loss before tax of RM2.9 million as compared to a revenue of RM148.3 million and a loss before tax of RM2.1 million in the preceding year corresponding period. The reduction in revenue of 18% was due to slowing down of the market due to shortage of raw material coupled with volatility in pricing.

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

The current financial quarter showed the Group recording revenue of RM59.6 million and loss before tax of RM0.6 million in comparison with a revenue of RM62.8 million and loss before tax of RM2.3 million recorded in the immediate preceding quarter.

B3 Prospects of the current financial year

The group is managing the shortage in quantity and volatility in the pricing of raw material, which has continued into the three quarters of the financial year. With the implementation of the Ninth Malaysian Plan the domestic market is expected to be activated and can spur the demand for steel related products.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.



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EXPLANATORY NOTES : (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B5 Taxation

Taxation comprises :-

Quarter	Current Year	Cumulative Quarters	
	31/07/2006 RM'000	To Date Period Current Year 31/07/2006 RM'000	Preceding Year Corresponding 31/07/2005 RM'000
Current tax expense Current year	(63)	1	155
Over provision of Income tax expense in prior year	-	-	-
	(63)	1	155
Over provision of Deferred tax in prior year	-	-	-
	(63)	1	155

The disproportionate tax charge in relation to the results of the Group for the financial periods under review is mainly due to tax savings arising from the utilization of unabsorbed tax losses in certain subsidiaries of the group.

B6 Profit on sale of unquoted investments and / or properties

There was no sale of unquoted investments and properties respectively for the current financial year to date.

B7 Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities for the current financial year to date.

B8 Status of corporate proposals

There were no other corporate proposals at the date of issue of the quarterly report.



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B9 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		
Bank overdraft	12,838	
Bankers' acceptances	54,874	
Term loan	3,534	14,380
Unsecured		
Bank overdraft	1,510	
Bankers' acceptances	1,624	
Revolving credit	12,250	
Term Loan		1,558
Hire Purchase Loan	1,305	2,637
	-----	-----
	87,935	18,575
	=====	=====

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this announcement.

B11 Material litigation

There is no material litigation pending as at the date of this announcement.

B12 Dividend

The Board of Directors of the Company has not recommended any dividend in the financial year to date.

B13 Earnings per share

(i) Basic earnings per ordinary share

The earnings per share is calculated by dividing the net loss attributable to shareholders of (RM 2,875,253) by the weighted average number of ordinary shares in issue during the current quarter of 64,644,965.

(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.

29th September 2006