



Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Condensed Consolidated Income Statements for the second quarter ended 31st July 2007

(The figures have not been audited)

| | 3 months ended | | 6 months ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31st July 2007 RM'000 | 31st July 2006 RM'000 | 31st July 2007 RM'000 | 31st July 2006 RM'000 |
| Continuing Operations | | | | |
| Revenue | 50,702 | 59,593 | 91,662 | 122,369 |
| Operating Expenses | (50,413) | (57,656) | (92,227) | (121,670) |
| Other operating income | 127 | (631) | 193 | 238 |
| Loss from Operations | <u>416</u> | <u>1,306</u> | <u>(372)</u> | <u>937</u> |
| Finance costs | (2,517) | (1,884) | (4,696) | (3,811) |
| Loss before tax | <u>(2,101)</u> | <u>(578)</u> | <u>(5,068)</u> | <u>(2,874)</u> |
| Income tax expense | (109) | 63 | (109) | (1) |
| Loss for the period from continuing operations | <u>(2,210)</u> | <u>(515)</u> | <u>(5,177)</u> | <u>(2,875)</u> |
| Discounted Operations | | | | |
| (Loss)/profit for the period from a discounted operation | - | - | - | - |
| Loss for the period | <u>(2,210)</u> | <u>(515)</u> | <u>(5,177)</u> | <u>(2,875)</u> |
| Attributable to: | | | | |
| Equity holders of the parent | (2,222) | (555) | (5,189) | (2,954) |
| Minority interest | 12 | 40 | 12 | 79 |
| | <u>(2,210)</u> | <u>(515)</u> | <u>(5,177)</u> | <u>(2,875)</u> |
| Earnings per share attributable to equity holders of the parent: | | | | |
| Basic, for loss from continuing operations | (3.44) | (0.86) | (8.03) | (4.57) |
| Basic, for (loss)/profit from discontinued operations | - | - | - | - |
| Basic, for loss for the period | <u>(3.44)</u> | <u>(0.86)</u> | <u>(8.03)</u> | <u>(4.57)</u> |
| Diluted, for profit from continuing operations | - | - | - | - |
| Diluted, for (loss)/profit from discontinued 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 2007 and the accompanying explanatory notes attached to the interim financial statements.



Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Condensed Consolidated Balance Sheet as at 31st July 2007

(The figures have not been audited)

| | As at 31st July 2007 RM RM'000 | As at 31st January 2007 RM RM'000 |
|--|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 113,516 | 115,652 |
| Intangible assets | 1,682 | 1,876 |
| | <u>115,198</u> | <u>117,528</u> |
| Current assets | | |
| Inventories | 15,856 | 18,764 |
| Trade receivables | 41,472 | 43,316 |
| Other receivables | 6,760 | 8,276 |
| Short term investments | 191 | 191 |
| Cash and bank balances | 9,349 | 5,025 |
| | <u>73,628</u> | <u>75,572</u> |
| TOTAL ASSETS | <u>188,826</u> | <u>193,100</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 | 5,931 | 5,931 |
| Retained earnings | (57,072) | (51,883) |
| | <u>37,256</u> | <u>42,445</u> |
| Minority interests | 2,496 | 86 |
| Total equity | <u>39,752</u> | <u>42,531</u> |
| Non-current liabilities | | |
| Retirement benefit obligations | | |
| Provisions for other liabilities | 132 | 239 |
| Borrowings | 26,226 | 30,984 |
| Trade payable | 11,886 | 12,187 |
| Deferred tax liabilities | 3,018 | 3,018 |
| | <u>41,262</u> | <u>46,428</u> |
| Current liabilities | | |
| Borrowings | 78,890 | 77,850 |
| Trade payables | 19,754 | 18,961 |
| Other payables | 8,571 | 6,665 |
| Current tax payable | 597 | 665 |
| | <u>107,812</u> | <u>104,141</u> |
| Total liabilities | <u>149,074</u> | <u>150,569</u> |
| TOTAL EQUITY AND LIABILITIES | <u>188,826</u> | <u>193,100</u> |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31st January 2007 and the accompanying explanatory notes attached to the interim financial statements.



Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Condensed Consolidated Cash Flow Statements for the second quarter ended 31st July 2007

(The figures have not been audited)

| | 6 months ended | |
|--|-----------------------------------|-----------------------------------|
| | As at 31st July 2007 RM'000 | As at 31st July 2006 RM'000 |
| Net cash in operating activities | (340) | 5,628 |
| Net cash used in investing activities | 4,972 | (8,642) |
| Net cash generated from financing activities | 717 | (13,633) |
| Net increase in cash and cash equivalents | <u>5,349</u> | <u>(16,647)</u> |
| Non-cash items | 3,053 | 4,991 |
| Effects of exchange rate changes | - | - |
| Cash and cash equivalents at beginning of financial period | <u>(14,226)</u> | <u>3,608</u> |
| Cash and cash equivalents at end of financial period | <u>(5,824)</u> | <u>(8,048)</u> |

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

| | | |
|------------------------|-----------------|-----------------|
| Cash and bank balances | 9,349 | 6,300 |
| Bank overdrafts | <u>(15,173)</u> | <u>(14,348)</u> |
| | <u>(5,824)</u> | <u>(8,048)</u> |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements.



Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Condensed Consolidated Statements of Changes in Equity for the second quarter ended 31st July 2007

| | 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 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 profit 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> |
| 6 months ended 31st July 2007 | | | | | | | | |
| As at 1 February 2007 | 64,645 | 23,752 | 5,879 | 52 | (51,883) | (22,200) | 86 | 42,531 |
| Movements during the period (cumulative) | - | - | - | - | - | - | 2,398 | 2,398 |
| Net loss for the year | - | - | - | - | (5,189) | (5,189) | 12 | (5,177) |
| At 30 July 2007 | <u>64,645</u> | <u>23,752</u> | <u>5,879</u> | <u>52</u> | <u>(57,072)</u> | <u>(27,389)</u> | <u>2,496</u> | <u>39,752</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 2007.

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 2007.

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 2007 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 | 45,209,776 | 319,964 |
| Trading | 46,208,028 | 359,472 |
| Others | 244,357 | (1,051,067) |
| | ----- | ----- |
| | 91,662,161 | (371,631) |
| | ===== | ===== |

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 2007.

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

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, 2007 and the date of this announcement.



SMPC CORPORATION BHD
(79082-V)

Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Page 7

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 RM91.6 million and loss before tax of RM5.0 million as compared to a revenue of RM122.3 million and a loss before tax of RM2.9 million in the preceding year corresponding period.

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 RM50.7 million and loss before tax of RM2.1 million in comparison with revenue of RM40.9 million and loss before tax of RM2.9 million recorded in the immediate preceding quarter.

B3 Prospects of the current financial year

The Group strives to manage the existing volatility in raw material by having the timely procurement of raw material as well as the increasing pressure in working capital. The reorganization of the business process which was implemented in the second quarter of the year will be to stabilize the domestic operation.

However barring any unforeseen circumstances the group endeavors to improve its performance.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.



SMPC CORPORATION BHD
(79082-V)

Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Page 8

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

B5 Taxation

Taxation comprises :-

| | Cumulative Quarters | | |
|--|--|--|---|
| | Current Year Quarter 31/07/2007 RM'000 | Current Year To Date 31/07/2007 RM'000 | Preceding Year Corresponding Period 31/07/2006 RM'000 |
| Current tax expense | | | |
| Current year | 109 | 109 | 1 |
| Over provision of Income tax expense in prior year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| | 109 | 109 | 1 |
| Over provision of Deferred tax in prior year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| | 109 | 109 | 1 |

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.



SMPC CORPORATION BHD
(79082-V)

Quarterly report on consolidated results for the second financial quarter ended 31st July 2007

Page 9

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 | 15,174 | |
| Bankers' acceptances | 36,627 | |
| Term loan | 13,534 | 24,649 |
| Revolving credit | 12,250 | |
| Hire Purchase Loan | 1,305 | 1,577 |
| | ----- | ----- |
| | 78,890 | 26,226 |
| | ===== | ===== |

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 5,188,850) 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.