

Quarterly report on consolidated results for the second financial quarter ended 30th September 2011

Condensed Consolidated Income Statements for the second quarter ended 30th September 2011

(The figures have not been audited)

|   | 3 months ended           |                          | 6 months ended           |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 30th Sept 2011<br>RM'000 | 30th Sept 2010<br>RM'000 | 30th Sept 2011<br>RM'000 | 30th Sept 2010<br>RM'000 |
| Revenue   | 36,962                   | 27,445                   | 73,542                   | 58,350                   |
| Operating Expenses  | (34,773)                 | (25,501)                 | (69,461)                 | (54,683)                 |
| Other operating income  | 19                       | 282                      | 99                       | 496                      |
| <b>Profit from Operations</b>                                       | <u>2,208</u>             | <u>2,226</u>             | <u>4,180</u>             | <u>4,163</u>             |
| Finance costs   | (2,064)                  | (2,221)                  | (3,850)                  | (4,062)                  |
| <b>Profit before tax</b>  | <u>144</u>               | <u>5</u>                 | <u>330</u>               | <u>101</u>               |
| Income tax expense  | (56)                     | (60)                     | (56)                     | (68)                     |
| <b>Profit/ (Loss) for the period</b>                                | <u>88</u>                | <u>(55)</u>              | <u>274</u>               | <u>33</u>                |
| <b>Profit/ (Loss) for the period</b>                                | <u>88</u>                | <u>(55)</u>              | <u>274</u>               | <u>33</u>                |
| Attributable to:  |                          |                          |                          |                          |
| Equity holders of the parent  | 50                       | (69)                     | 236                      | 19                       |
| Minority interest   | <u>38</u>                | <u>14</u>                | <u>38</u>                | <u>14</u>                |
|   | <u>88</u>                | <u>(55)</u>              | <u>274</u>               | <u>33</u>                |
| Earnings per share attributable<br>to equity holders of the parent: |                          |                          |                          |                          |
| Basic, for profit/ (loss) for the period - sen                      | <u>0.08</u>              | <u>(0.11)</u>            | <u>0.37</u>              | <u>0.03</u>              |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31st March 2011 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on consolidated results for the second financial quarter ended 30th September 2011

Condensed Consolidated Balance Sheet as at 30th September 2011

(The figures have not been audited)

|  | As at<br>30th Sept 2011<br>RM<br>RM'000 | As at<br>31st Mar 2011<br>RM<br>RM'000 |
|--|---|--|
| <b>ASSETS</b>  |   |  |
| <b>Non-current assets</b>  |   |  |
| Property, plant & equipment  | 90,225                                  | 92,273                                 |
| Intangible assets  | 1,875                                   | 1,875                                  |
|  | <u>92,100</u>                           | <u>94,148</u>                          |
| <b>Current assets</b>  |   |  |
| Inventories  | 29,558                                  | 26,601                                 |
| Trade receivables  | 28,879                                  | 25,517                                 |
| Other receivables  | 12,311                                  | 11,639                                 |
| Tax recoverable  | 295                                     | 130                                    |
| Short term investments   | 54                                      | 54                                     |
| Cash and bank balances   | 3,632                                   | 9,363                                  |
| Assets held for sale   | 12,069                                  | 12,069                                 |
|  | <u>86,798</u>                           | <u>85,373</u>                          |
| <b>TOTAL ASSETS</b>  | <u>178,898</u>                          | <u>179,521</u>                         |
| <b>EQUITY AND LIABILITIES</b>  |   |  |
| <b>Equity attributable to equity holders of the parent</b>                     |   |  |
| Share capital  | 64,645                                  | 64,645                                 |
| Share premium  | 23,752                                  | 23,752                                 |
| Other reserves   | 5,680                                   | 5,680                                  |
| Retained earnings  | (61,252)                                | (61,489)                               |
|  | <u>32,825</u>                           | <u>32,588</u>                          |
| <b>Minority interests</b>  | 942                                     | 904                                    |
| <b>Total equity</b>  | <u>33,767</u>                           | <u>33,492</u>                          |
| <b>Non-current liabilities</b>   |   |  |
| Borrowings   | 2,257                                   | 2,302                                  |
| Deferred tax liabilities   | 4,233                                   | 4,233                                  |
|  | <u>6,490</u>                            | <u>6,535</u>                           |
| <b>Current liabilities</b>   |   |  |
| Borrowings   | 97,609                                  | 96,306                                 |
| Trade payables   | 9,911                                   | 8,401                                  |
| Other payables   | 31,121                                  | 34,787                                 |
|  | <u>138,641</u>                          | <u>139,494</u>                         |
| <b>Total liabilities</b>   | <u>145,131</u>                          | <u>146,029</u>                         |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>178,898</u>                          | <u>179,521</u>                         |
| Net asset per share attributable to ordinary equity holders of the parent (RM) | 0.51                                    | 0.50                                   |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31st March 2011 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on consolidated results for the second financial quarter ended 30th September 2011

Condensed Consolidated Cash Flow Statements for the second quarter ended 30th September 2011

(The figures have not been audited)

|  | 6 months ended                    |                                   |
|--|-----------------------------------|-----------------------------------|
|  | As at<br>30th Sept 2011<br>RM'000 | As at<br>30th Sept 2010<br>RM'000 |
| Net cash used in operating activities                      | (9,037)                           | (4,844)                           |
| Net cash from/ (used in) investing activities              | (236)                             | 724                               |
| Net cash generated from/ (used in) financing activities    | 1,444                             | (2,227)                           |
| Net decrease in cash and cash equivalents                  | (7,829)                           | (6,347)                           |
| Non-cash items   | 2,284                             | 2,512                             |
| Cash and cash equivalents at beginning of financial period | (508)                             | (2,895)                           |
| Cash and cash equivalents at end of financial period       | <u>(6,053)</u>                    | <u>(6,730)</u>                    |

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

|                        |                |                |
|------------------------|----------------|----------------|
| Cash and bank balances | 3,632          | 2,507          |
| Bank overdrafts        | (9,685)        | (9,237)        |
|                        | <u>(6,053)</u> | <u>(6,730)</u> |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on consolidated results for the second financial quarter ended 30th September 2011

Condensed Consolidated Statements of Changes in Equity for the second quarter ended 30th September 2011

|  | Attributable to Equity Holders of the Parent |               |                     |               |                    | Total         | Minority Interest | Total Equity  |
|--|--|---------------|---------------------|---------------|--------------------|---------------|-------------------|---------------|
|  | Share capital                                | Share premium | Revaluation reserve | Other reserve | Accumulated losses |               |                   |               |
|  | RM'000                                       | RM'000        | RM'000              | RM'000        | RM'000             | RM'000        | RM'000            | RM'000        |
| 6 months ended 30th September 2010       |  |               |                     |               |                    |               |                   |               |
| As at 1 April 2010                       | 64,645                                       | 23,752        | 6,009               | 60            | (61,191)           | 33,275        | 860               | 34,135        |
| Movements during the period (cumulative) | -  | -             | -                   | -             | -                  | -             | -                 | -             |
| Net profit for the period                | -  | -             | -                   | -             | 19                 | 19            | 14                | 33            |
| At 30th September 2010                   | <u>64,645</u>                                | <u>23,752</u> | <u>6,009</u>        | <u>60</u>     | <u>(61,172)</u>    | <u>33,294</u> | <u>874</u>        | <u>34,168</u> |
| 6 months ended 30th September 2011       |  |               |                     |               |                    |               |                   |               |
| As at 1 April 2011                       | 64,645                                       | 23,752        | 6,009               | (329)         | (61,489)           | 32,588        | 904               | 33,492        |
| Movements during the period (cumulative) | -  | -             | -                   | -             | -                  | -             | -                 | -             |
| Net profit for the period                | -  | -             | -                   | -             | 237                | 237           | 38                | 275           |
| At 30th September 2011                   | <u>64,645</u>                                | <u>23,752</u> | <u>6,009</u>        | <u>(329)</u>  | <u>(61,252)</u>    | <u>32,825</u> | <u>942</u>        | <u>33,767</u> |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the 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 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 31<sup>st</sup> March 2011.

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 31<sup>st</sup> March 2011.

**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 interests.

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.

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 31<sup>st</sup> March, 2011.

On 1<sup>st</sup> April the Group adopted the following which is mandatory for the financial period beginning on or after 1<sup>st</sup> April 2011.

The adoption of these FRS did not have material effect on the presentations and disclosure aspect since the Group does not present segmentation results.

**Effective for  
financial periods  
beginning on  
or after**

|                      |   |                |
|----------------------|---|----------------|
| *FRS 4               | Insurance Contracts                                 | 1 January 2010 |
| FRS 7                | Financial Instruments : Disclosures                 | 1 January 2010 |
| FRS101(Revised 2010) | Presentation of Financial Statements                | 1 January 2010 |
| FRS123(Revised 2010) | Borrowing Costs                                     | 1 January 2010 |
| FRS 139              | Financial Instruments : Recognition and Measurement | 1 January 2010 |



SMPC CORPORATION BHD  
(79082-V)

Quarterly report on consolidated results for the second financial quarter ended 30<sup>th</sup> September 2011

Page 6

|                         |   |                |
|-------------------------|---|----------------|
| Amendments to FRS 1     | First-time Adoption of Financial Reporting Standards  | 1 January 2010 |
| Amendments to FRS 1     | Limited Exemption from Comparative FRS7<br>Disclosures for First- time Adopters   | 1 January 2011 |
| Amendments to FRS 2     | Share-based Payment – Amendments Relating to<br>Vesting Conditions and Cancellations  | 1 January 2010 |
| Amendments to FRS 2     | Share-based Payment – Amendments Relating to the<br>scope of the standard   | 1 March 2010   |
| Amendments to FRS 7     | Financial Instruments: Disclosures<br>Amendments relating to financial assets   | 1 January 2010 |
| Amendments to FRS 7     | Improving Disclosures about Financial Instruments   | 1 January 2011 |
| Amendments to FRS 8     | Operating Segments. Amendments relating<br>disclosure information about segment assets  | 1 January 2010 |
| Amendments to FRS 107   | Statement of Cash Flows. Amendments relating<br>to classification of expenditures on unrecognized assets  | 1 January 2010 |
| Amendments to FRS 108   | Accounting Policies, Changes in Accounting Estimates<br>and Errors. Amendment relating to selection and application<br>of accounting policies                                 | 1 January 2010 |
| Amendments to FRS 110   | Events After the Reporting Period.<br>Amendment relating to reason for dividend not recognized<br>as a liability at the end of the reporting period                           | 1 January 2010 |
| Amendments to FRS 116   | Property, Plant and Equipment.<br>Amendment relating to derecognition of asset  | 1 January 2010 |
| Amendments to FRS 117   | Leases. Amendment relating to classification of leases  | 1 January 2010 |
| Amendments to FRS 118   | Revenue. Amendment relating to Appendix of this<br>standard and recognition and measurement   | 1 January 2010 |
| Amendments to FRS 119   | Employee Benefits. Amendment relating to definition,<br>curtailment and settlements.  | 1 January 2010 |
| *Amendments to FRS 120  | Accounting for Government Grants and<br>Disclosure of Government Assistance. Amendment<br>relating to defination and government loan with a below<br>market rate of interest. | 1 January 2010 |
| Amendments to FRS 123   | Borrowing Costs. Amendment relating to<br>components of borrowings costs.   | 1 January 2010 |
| Amendments to FRS 127   | Consolidated and Separate Financial Statements.<br>Amendment relating to cost of an investment in<br>a subsidiary, jointly controlled entity<br>or associate.                 | 1 January 2010 |
| * Amendments to FRS 128 | Investment in Associates. Amendment relating to<br>impairment losses in application of the equity method and the<br>scope of this standard                                    | 1 January 2010 |
| * Amendments to FRS 129 | Financial Reporting in Hyperinflationary Economies.<br>Amendment relating to changing of terms used.  | 1 January 2010 |
| * Amendments to FRS 131 | Interests in Joint Ventures. Amendment<br>relating to additional disclosure required for joint<br>venture that does not apply FRS 131   | 1 January 2010 |
| Amendments to FRS 132   | Financial Instruments: Presentation. Amendment<br>relating to puttable financial instruments  | 1 January 2010 |
| Amendments to FRS 132   | Financial Instruments: Presentation. Amendment<br>relating to Classification of Rights Issues   | 1 January 2010 |



**SMPC CORPORATION BHD**  
(79082-V)

Quarterly report on consolidated results for the second financial quarter ended 30<sup>th</sup> September 2011

Page 7

|                       |  |                |
|-----------------------|--|----------------|
| Amendments to FRS 134 | Interim Financial Reporting, Amendment relating to disclosure of earnings per share                | 1 January 2010 |
| Amendments to FRS 136 | Impairment of Assets. Amendment relating to the disclosure of recoverable amount                   | 1 January 2010 |
| Amendments to FRS 139 | Financial Instruments : Recognition and Measurements   | 1 January 2010 |
| Amendments to FRS 140 | Investment Property. Amendments relating to inability to determine fair value reliably.            | 1 January 2010 |
| * IC Interpretation 9 | Reassessment of Embedded Derivatives   | 1 January 2010 |
| *IC Interpretation 10 | Interim Financial Reporting and Impairment   | 1 January 2010 |
| IC Interpretation 11  | FRS 2 - Group and Treasury Shares Transactions   | 1 January 2010 |
| *IC Interpretation 13 | Customer Loyalty Programmes  | 1 January 2010 |
| *IC Interpretation 14 | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 March 2010   |

The following applicable new/ revised FRS which were issued but have not been adopted by the Group:

|                       |   | <b>Effective for<br/>financial periods<br/>beginning on<br/>or after</b> |
|-----------------------|---|--|
| FRS 1(Revised 2010)   | First-time Adoption of Financial Reporting Standards  | 1 July 2010  |
| FRS 3(Revised 2010)   | Business Combinations   | 1 July 2010  |
| FRS127(Revised 2010)  | Consolidated and Separate Financial Statements  | 1 July 2010  |
| Amendments to FRS 5   | Non-current Assets Held for Sale and Discontinued Operations – Amendments relating to the inclusion of non- current assets as held for distribution to owners in the standard | 1 July 2010  |
| Amendments to FRS 138 | Intangible Assets. Amendments relating to recognition of an expense   | 1 July 2010  |
| *IC Interpretation 12 | Service Concession Arrangements   | 1 July 2010  |
| *IC Interpretation 15 | Agreements for the Construction of Real Estate  | 1 July 2010  |
| *IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation   | 1 July 2010  |
| *IC Interpretation 17 | Distributions of Non-cash Assets to Owners  | 1 July 2010  |
| Amendments to FRS 1   | Limited Exemption from Comparative FRS7 Disclosures for First- time Adopters. Amendments relating to transition provisions for first-time adopters                            | 1 January 2011   |
| Amendments to FRS 1   | Additional Exemptions for First-time Adopters. Amendment relating to transition provisions for first-time adopters  | 1 January 2011   |
|                       | *Amendments relating to transition provision for first-time adopters in the industry of oil and gas-time adopters   | 1 January 2011   |

\*Not relevant to the Group.

The existing FRS 1, FRS 3 and FRS 127 will be withdrawn upon the adoption of the revised Standards which will take effect on 1 July 2010. FRS 201<sub>2004</sub> Property Development Activities shall be withdrawn on application of IC Interpretation 15. The effects of FRS 7 and FRS 139, if any, upon their initial recognition are exempted from disclosures.

**EXPLANATORY NOTES : (AS PER FRS 134)****A3 Declaration of audit qualification**

The audit report of the Company in respect of the annual financial statements for the year ended 31<sup>st</sup> March 2011 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 | 37,697,494        | 4,723,528                           |
| Trading       | 35,028,244        | (235,503)                           |
| Others        | 816,057           | (308,079)                           |
|               | <u>73,541,795</u> | <u>4,179,946</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**

The valuation of property, plant and equipment have been brought forward, without amendment from the audited financial statements for the financial year ended 31st March 2010.

**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 quarter.

**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



**EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)****A13 Subsequent material events**

To the best knowledge of the Directors there is no transaction or event of a material or unusual nature occurring between 31<sup>st</sup> March 2011 and the date of this announcement.

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

The Group recorded revenue of RM73.5 million and profit before tax of RM0.330 million as compared to a revenue of RM58.3 million and a profit before tax of RM0.101 million in the preceding year corresponding period. This is due to increase in quantity of trading sales volume despite decrease in selling price.

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

The revenue for the current financial quarter increased to RM37.0 million and profit before tax registered at RM0.144 million compared to a revenue of RM36.6 million and a profit before tax of RM0.186 million during the preceding quarter. This is due to increase in quantity of trading sales volume despite decrease in selling price.

**B3 Prospects of the current financial year**

The Board of Directors is expecting full implementation of PRE by end of this financial year subject to the approval of the relevant authorities. The Company is expected to perform better with the successful involvement of the Group in the infrastructure initiated by the Government under the Economic Transformation Program.

**B4 Variance of actual profit from forecast profit**

This is not applicable to the Group.

**EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)****B5 Taxation**

Taxation comprises :-

|   | Current<br>Year<br>Quarter<br>30/09/2011<br>RM'000 | Cumulative Quarters                                |   |
|---|--|--|---|
|   |  | Current<br>Year<br>To Date<br>30/09/2011<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30/09/2010<br>RM'000 |
| Current tax expense                                   |  |  |   |
| Current year  | 56   | 56   | 60  |
| Over provision of Income tax<br>expense in prior year | -  | -  | -   |
|   | 56   | 56   | 60  |
| Over provision of Deferred tax<br>in prior year       | -  | -  | -   |
|   | 56   | 56   | 60  |

**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**

Public Investment Bank (“PIVB”) on behalf of the Company have submitted application to Securities Commission Malaysia (“SC”) (Private Debt Securities) for the proposed issuance of ICULS in relation to the Proposed Rights Issue of ICULS with Warrants and Proposed Creditors Settlement together with the application to Bursa Securities Berhad (“Bursa”) for listing of and quotation for the New SMPC Shares and the admission to the Official List of Bursa Securities and listing of and quotation for the Warrants and ICULS on 23 September 2011.

The Company obtained the approval of SC on 24 October 2011. Bursa requested further information and details via their letter dated 25 October 2011 which was replied by PIVB on behalf of the Company on 8 November 2011. Subsequently another letter from Bursa was received on 15 November 2011 which the Company is in the midst of replying.

On 22 November 2011, the Company entered into a Debt Restructuring Agreement with Malayan Banking Berhad in relation to the Proposed Debt Restructuring.



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

**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<br>RM '000 | Long Term<br>RM '000 |
|----------------------|-----------------------|----------------------|
| Secured              |                       |                      |
| Bank overdraft       | 9,685                 | -                    |
| Bankers' acceptances | 40,304                | -                    |
| Term loan            | 35,370                | 2,128                |
| Revolving credit     | 12,250                | -                    |
| Hire Purchase Loan   | -                     | 128                  |
|                      | -----                 | -----                |
|                      | 97,609                | 2,257                |
|                      | =====                 | =====                |

**B10 Material litigation**

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

**B11 Dividend**

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

**B12 Earnings per share**

(i) Basic earnings per ordinary share

The earnings per share is calculated by dividing the net profit attributable to shareholders of RM236,298 by the 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.



**B13 Realised and unrealised profits/losses disclosure**

The retained profits as at 30 September 2011 and 30 June 2011 is analysed as follows:-

|  | Current<br>Year<br><br>30 September 2011<br>RM'000 | Immediate<br>Preceding<br>Quarter-to-date<br>30 June 2011<br>RM'000 |
|--|--|---|
| Total accumulated losses of the Company<br>and its subsidiaries:           |  |   |
| - Realised   | (61,252)   | (61,344)  |
| - Unrealised   | -  | -   |
| Total Group accumulated losses as per<br>Consolidated financial statements | <u>(61,252)</u>                                    | <u>(61,344)</u>   |