

Quarterly report on consolidated results for the first financial quarter ended 30th June 2014

Condensed 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.

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.

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	<u>2,822</u>	<u>2,767</u>
(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	<u>4,217</u>	<u>(136)</u>
Retirement benefits paid	12	-
Income tax paid	(172)	(120)
Interest paid	-	(528)
Net cash from/ (used in) operating activities	<u>4,057</u>	<u>(784)</u>
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	<u>(1,166)</u>	<u>4,863</u>
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
	<u>(750)</u>	<u>(8,636)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,141</u>	<u>(4,557)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>3,562</u>	<u>12,434</u>
CASH AND CASH EQUIVALENTS AT END	<u><u>5,703</u></u>	<u><u>7,877</u></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.

Quarterly report on consolidated results for the first financial quarter ended 30th June 2014

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	Treasury shares	Non-Distributable Warrants reserve	Other reserve	Accumulated profit	Total	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	48,489	22,832	21,446	(2,687)	-	(700)	16,899	106,279	8,533	114,812		
At 30th June 2013	54,705	22,249	18,063	(2,573)	81	880	16,920	110,325	7,614	117,939		
3 months ended 30th June 2014	-	-	-	-	-	-	-	-	-	-		
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.

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.

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 FRSs, 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	



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.

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.

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.

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)

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
	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.

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.

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	As at the end of last financial year
	30 June 2014	31 March 2014
	RM'000	RM'000
Total retained profit/ (accumulated loss) of the Company and its subsidiaries:		
- Realised	(27,229)	(25,182)
- Unrealised	-	(3,204)
	<u>(27,229)</u>	<u>(28,386)</u>
Less: Consolidation adjustments	45,306	45,306
Total Group retained profit as per consolidated financial statements	<u>18,077</u>	<u>16,920</u>