



RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2018

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.06.2018	Quarter ended 30.06.2017	Year to date ended 30.06.2018	Year to date ended 30.06.2017
		RM'000	RM'000	RM'000	RM'000
Revenue		65,494	61,661	125,593	124,134
Cost of sales		(52,000)	(46,235)	(98,183)	(90,110)
Gross profit		13,494	15,426	27,410	34,024
Other operating income		4,420	3,132	7,677	6,218
Operating expenses		(13,431)	(15,208)	(27,392)	(27,978)
Finance costs		(448)	(418)	(903)	(722)
Profit before tax		4,035	2,932	6,792	11,542
Tax expense	19	(1,160)	(400)	(2,091)	(1,639)
Net profit for the period		2,875	2,532	4,701	9,903
Other comprehensive income/(loss):					
Foreign currency translations, net of tax		87	554	(324)	640
Total comprehensive income for the period		2,962	3,086	4,377	10,543
Profit attributable to owners of the parent		2,875	2,532	4,701	9,903
Total comprehensive income attributable to owners of the parent		2,962	3,086	4,377	10,543
Earnings per share attributable to owners of the parent	25				
Basic (sen)		3.48	3.06*	5.69	11.98*
Diluted (sen)		N.A.	N.A.	N.A.	N.A.

*Comparative figures for the weighted average number of ordinary shares used in the calculation of basic earnings per share have been restated to reflect the increased number of shares arising from the Bonus Issue during the current interim financial period ended 30 June 2018.

(The Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		380,984	381,087
Investment properties		21,000	21,000
Available-for-sale financial assets		130	130
		402,114	402,217
Current Assets			
Inventories		46,524	47,877
Trade receivables		49,524	47,691
Other receivables, deposits & prepayments		12,814	14,154
Current tax assets		1,138	752
Cash and bank balances		26,700	24,504
		136,700	134,978
Total Assets		538,814	537,195
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		82,672	79,367
Reserves			
<u>Non-Distributable:</u>			
Revaluation reserve		103,842	103,842
Exchange translation reserve		(381)	(57)
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		244,588	243,395
		348,096	347,227
Total Equity		430,768	426,594
Non-Current Liabilities			
Borrowings (interest bearing)	21	9,100	11,184
Employment benefit obligation		232	189
Deferred tax liabilities		32,657	32,733
		41,989	44,106
Current Liabilities			
Trade payables		11,900	12,024
Other payables & accruals		7,590	9,480
Borrowings (interest bearing)	21	44,974	44,507
Current tax liabilities		1,593	484
		66,057	66,495
Total Liabilities		108,046	110,601
Total Equity and Liabilities		538,814	537,195
Net assets per share attributable to owners of the parent (RM)		5.21	5.16*

*Comparative figure for the number of ordinary shares used in the calculation of net assets per share has been restated to reflect the increased number of shares arising from the Bonus Issue during the current interim financial period ended 30 June 2018.

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 30.06.2018 RM'000	Year to date ended 30.06.2017 RM'000
Cash Flows From Operating Activities		
Profit before tax	6,792	11,542
Adjustments for:-		
Amortisation and depreciation	15,569	14,219
Impairment losses on trade receivables	-	35
Interest income	(101)	(93)
Interest expense	903	722
Inventories written (back)/down	(335)	101
Net gain on disposal of property, plant and equipment	(227)	(156)
Property, plant and equipment written off	6	5
Provision for employment benefit obligation	57	9
Reversal of impairment losses on trade receivables	(45)	(22)
Unrealised loss on foreign exchange differences	2,734	3,631
Operating profit before changes in working capital	25,353	29,993
Net change in current assets	1,368	(6,877)
Net change in current liabilities	(1,906)	534
Tax paid	(1,392)	(1,703)
Net cash generated from operating activities	23,423	21,947
Cash Flows From Investing Activities		
Interest received	101	93
Proceeds from disposal of property, plant and equipment	538	231
Purchase of property, plant and equipment	(18,166)	(18,719)
Net cash used in investing activities	(17,527)	(18,395)
Cash Flows From Financing Activities		
Interest paid	(903)	(722)
Net (repayment of)/drawdown from bank borrowings	(2,620)	15,285
Repayment of hire purchase	(27)	-
Net cash (used in)/generated from financing activities	(3,550)	14,563

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 30.06.2018 RM'000	Year to date ended 30.06.2017 RM'000
Net increase in cash and cash equivalents	2,346	18,115
Effects of exchange rate fluctuations on cash & cash equivalents	(150)	(712)
Cash and cash equivalents at beginning of the financial period	24,504	24,172
Cash and cash equivalents at end of the financial period	26,700	41,575
Cash and cash equivalents comprise of:		
Cash and bank balances	24,696	41,572
Short term placements	2,004	3
	26,700	41,575

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total Equity RM'000
	Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Available for sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
As at 1 January 2017	75,157	4,210	60,983	47	(1,665)	233,605	372,337
Profit for the financial period	-	-	-	-	-	9,903	9,903
Foreign currency translations	-	-	-	-	640	-	640
Total comprehensive income	-	-	-	-	640	9,903	10,543
As at 30 June 2017	75,157	4,210	60,983	47	(1,025)	243,508	382,880
As at 31 December 2017	79,367*	-	103,842	47	(57)	243,395	426,594
Impacts arising from adoption of: - MFRS 9 (Note 2)	-	-	-	-	-	(203)	(203)
As at 1 January 2018	79,367	-	103,842	47	(57)	243,192	426,391
Profit for the financial period	-	-	-	-	-	4,701	4,701
Foreign currency translations, net of tax	-	-	-	-	(324)	-	(324)
Total comprehensive income	-	-	-	-	(324)	4,701	4,377
Bonus issue*	3,305	-	-	-	-	(3,305)	-
As at 30 June 2018	82,672	-	103,842	47	(381)	244,588	430,768

*The bonus issue of 7,515,660 shares was satisfied by way of capitalising the share premium of RM4,210,070 which had been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Companies Act 2016 and retained earnings of RM3,305,590 respectively.

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2017)

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134, INTERIM FINANCIAL REPORTING

1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2017.

2 Adoption of Malaysian Financial Reporting Standards

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2017, except for the effects of newly issued Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”) applied during the current financial period:-

Title	Effective date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfer of Investment Property</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

The adoption of the above Standards did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

MFRS 9 – Financial Instruments

MFRS 9 is effective for annual periods beginning on or after 1 January 2018. MFRS 9 introduces new requirements for classification and measurement of financial instruments, impairment assessment based on the Expected Credit Loss (“ECL”) model and hedge accounting.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 and has elected not to restate comparatives.

The adoption of MFRS 9 did not have any significant effects on the interim financial report upon their initial application, except for the effect of applying the impairment assessment based on the ECL model on trade receivables.

The Group has applied forward-looking impairment policy to calculate the expected credit losses on all trade receivables. For the purpose of assessing the new ECL impairment model, the Group had categorised the customers into segments of customers portfolio based on past repayment records, credit terms provided as well as assessing the economic factors of each individual market it operates in.

2 Adoption of Malaysian Financial Reporting Standards (continued)

The adoption of the above Standards did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below (continued):

MFRS 9 – Financial Instruments (continued)

In summary, the impacts of adopting MFRS 9 to opening balances were as follows:

Statement of financial position

	Previously stated on 31.12.2017 RM'000	Effects of MFRS 9 RM'000	Restated on 01.01.2018 RM'000
Assets			
Trade receivables	47,691	(265)	47,426
Impact to assets	47,691	(265)	47,426
Liabilities			
Deferred tax liabilities	32,733	(62)	32,671
Impact to liabilities	32,733	(62)	32,671
Equity			
Retained earnings	243,395	(203)	243,192

The Group has not adopted the following Standards that have been issued but not yet effective:

Title	Effective date
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax treatments</i>	1 January 2019
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 2 <i>Share-based Payment</i>	1 January 2020
Amendments to MFRS 3 <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendment to MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2020

2 Adoption of Malaysian Financial Reporting Standards (continued)

The Group has not adopted the following Standards that have been issued but not yet effective (continued):

Title	Effective date
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 134 <i>Interim Financial Reporting</i>	1 January 2020
Amendment to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendment to MFRS 138 <i>Intangible Assets</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021

3 Qualified audit report

The financial statements for the financial year ended 31 December 2017 was not qualified.

4 Seasonal or cyclical factors

The Group's operation is not significantly affected by seasonal or cyclical factors.

5 Unusual items

Other than those stated in the notes, there are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

6 Changes in estimates

There is no significant change in estimates of amounts reported in prior interim periods of the current or previous financial year.

7 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current quarter under review, saved as disclosed below:

On 27 June 2018, the Company had issued 7,515,660 new ordinary shares to its existing shareholders pursuant to the proposed bonus issue which was approved by the shareholders at the Annual General Meeting held on 1 June 2018.

The bonus shares ("Bonus Shares") were issued on the basis of one (1) bonus share for every ten (10) existing shares held by way of capitalising the share premium of RM4,210,070 which had been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Companies Act 2016 and retained earnings of RM3,305,590 respectively.

The Bonus Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2018, marking the completion of the bonus issue.

8 Dividends paid

There were no dividends paid during the quarter under review.

9 Segmental information

Operating segment reporting is not separately presented as the Group is principally engaged in the manufacturing and trading of automotive parts and accessories, which are substantially within a single operating segment.

For the purpose of resources allocation and performance assessment, the chief operating decision-maker reviews the profit from operations of the Group as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The breakdown of the Group's revenue based on the geographical location of the customers is as follows:

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	31,038	29,114	61,417	58,334
- Asean	9,838	10,139	20,726	21,856
- Non-Asean	24,618	22,408	43,450	43,944
Total Segment Revenue	65,494	61,661	125,593	124,134

The Group's segment capital expenditures and non-current assets are as follows:

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
<u>Segment Capital Expenditure</u>				
- Malaysia	9,435	7,332	18,109	18,691
- Asean	6	18	23	27
- Non-Asean	9	-	34	1
Total Segment Capital Expenditure	9,450	7,350	18,166	18,719

By Geographical Segment	As at 30.06.2018	As at 31.12.2017
	RM'000	RM'000
<u>Segment Non-Current Assets</u>		
- Malaysia	355,928	352,964
- Asean	46,055	49,135
- Non-Asean	131	118
Total Segment Non-Current Assets	402,114	402,217

10 Valuation of Property, Plant and Equipment and Investment Properties

The valuation of land and buildings has been brought forward, without any amendment to the previous annual financial statements.

11 Subsequent events

In the opinion of the Directors, there are no material subsequent events to be disclosed as at the date of this report.

12 Changes in the composition of the Group

There are no changes in the composition of the Group in the current quarter under review.

13 Changes in contingent liabilities

The contingent liabilities of the Group were as follows:

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	<u>61,803</u>	<u>63,196</u>

14 Capital commitments

	As at 30.06.2018 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>8,796</u>
Approved but not contracted for	<u>18,939</u>

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PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

15 Review of performance

Comparison of current quarter under review with corresponding quarter of preceding year

The Group recorded RM3.8 million or 6.2% increase in revenue from RM61.7 million in the corresponding quarter of preceding year (“2Q 2017”) to RM65.5 million in the current quarter under review (“2Q 2018”). The increase in revenue was mainly attributed to higher demand and favourable sales mix in both local and overseas markets.

Profit Before Tax (“PBT”) increased by RM1.1 million or 37.9% from RM2.9 million in 2Q 2017 to RM4.0 million in 2Q 2018. The increase in PBT was mainly due to lower foreign exchange (“forex”) losses for the quarter as compared to the corresponding quarter for preceding year under review but partially offset by higher raw material and other manufacturing costs in the current quarter.

Comparison of current YTD period with corresponding YTD period of preceding year

The Group recorded RM1.5 million or 1.2% increase in revenue from RM124.1 million in YTD 2Q 2017 to RM125.6 million in YTD 2Q 2018. The increase in revenue was attributed to higher demand in local market but partially mitigated by unfavourable forex impact from overseas market.

PBT however, had decreased by RM4.7 million or 40.9% from RM11.5 million in YTD 2Q 2017 to RM6.8 million in YTD 2Q 2018. This was mainly due to unfavourable forex impact as well as higher raw material and other manufacturing costs in the current YTD period under review.

16 Variation of results against preceding quarter

Compared to the preceding quarter (“1Q 2018”), revenue increased by RM5.4 million or 9.0% from RM60.1 million in 1Q 2018 to RM65.5 million in 2Q 2018. The increase in revenue was mainly attributed to higher demand in both local and overseas markets.

PBT increased by RM1.2 million or 42.9% from RM2.8 million in 1Q 2018 to RM4.0 million in 2Q 2018. This was mainly due to higher revenue achieved but partially offset by higher manufacturing costs.

17 Future Prospects

The global economy is expected to remain strong in 2018, however, growth will be uneven as a result of rising trade tensions and oil prices. On the local front, the growth for the automotive industry in the near term is expected to remain relatively sluggish. In such a challenging environment, the Group will continue to focus on driving business growth through expanding its product range as well as further strengthening its cost competitiveness via various cost efficiency programs and driving higher productivity.

18 Profit forecast

There was no revenue or profit forecast announced by the Group.

19 Tax expense

	Quarter ended 30.06.2018 RM'000	Year to date ended 30.06.2018 RM'000
Tax expense	1,025	2,113
Deferred tax liabilities	135	(22)
	<u>1,160</u>	<u>2,091</u>

The effective tax rate of the Group for the current quarter and year to date under review was higher than the statutory tax rate mainly attributed to the timing differences arising from unabsorbed losses and unrealised foreign exchange differences in the subsidiary companies of the Group, partly offset by utilisation of Reinvestment Allowance.

20 Changes in the composition of the Group

Other than the bonus issue corporate exercise which was completed on 28 June 2018 as disclosed in Note 7, the Group had incorporated a wholly-owned subsidiary, namely AG Advanced Tech Sdn Bhd (“AGAT”) on 16 July 2018 by subscribing for ten (10) ordinary shares, representing the entire issued share capital of AGAT. The intended principal activities of AGAT are computer programming and activities related to computing and information technology and to carry on online business selling of automotive parts and accessories.

Save for the above, there have been no other changes in the composition of the Group.

21 Group borrowings and debt securities

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	18,313	22,430
Foreign currency trade loan	19,579	14,927
Hire purchase creditor	4	33
Revolving credit	7,078	7,117
Sub-total	<u>44,974</u>	<u>44,507</u>
Non-current liabilities		
<i>Unsecured:-</i>		
Revolving Credit	9,100	11,184
Sub-total	<u>9,100</u>	<u>11,184</u>
Total borrowings	<u>54,074</u>	<u>55,691</u>
Total borrowings		
Bankers' acceptances	18,313	22,430
Foreign currency trade loan	19,579	14,927
Hire purchase creditor	4	33
Revolving credit	16,178	18,301
	<u>54,074</u>	<u>55,691</u>

21 Group borrowings and debt securities (continued)

The currency exposure profile of borrowings is as follows:

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
Indonesian Rupiah	4	33
Ringgit Malaysia	18,313	22,430
US Dollar	35,757	33,228
	<u>54,074</u>	<u>55,691</u>

22 Changes in fair value of financial instruments

The carrying amounts of the financial instruments of the Group as at reporting date approximate their fair values due to relatively short term maturity of these financial instruments.

23 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings, which might materially affect the position or business of the Group as at the date of this report.

24 Dividend

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 June 2018.

25 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Quarter ended 30.06.2018	Quarter ended 30.06.2017	Year to date ended 30.06.2018	Year to date ended 30.06.2017
Net profit attributable to owners of the parent (RM'000)	<u>2,875</u>	<u>2,532</u>	<u>4,701</u>	<u>9,903</u>
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	82,672	82,672*	82,672	82,672*
Basic earnings per share (sen)	3.48	3.06	5.69	11.98

*Comparative figures for the weighted average number of ordinary shares presented in the individual and cumulative quarter have been restated to reflect the increased number of shares arising from the Bonus Issue during the current interim financial period ended 30 June 2018.

26 Profit before tax

	Quarter ended 30.06.2018 RM'000	Year to date ended 30.06.2018 RM'000
Profit before tax is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	7,820	15,569
Gain on disposal of property, plant and equipment	(196)	(227)
Gain on foreign exchange:		
- Realised	(748)	(748)
Interest expense	448	903
Interest income	(48)	(101)
Inventories written back	(117)	(335)
Loss on foreign exchange:		
- Realised	-	325
- Unrealised	1,311	2,734
Property, plant and equipment written off	-	6
Provision for employment benefit obligation	28	57
Rental income from investment properties	(177)	(335)
Reversal of impairment losses on trade receivables	(116)	(45)

By Order of the Board

WONG YOUN KIM

Secretary

Kuala Lumpur

30 July 2018