

**NOTES TO THE FINANCIAL REPORT  
FOR THREE MONTHS ENDED MARCH 31, 2015**

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements (Condensed Report) is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (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 Group's financial statements for the financial year ended December 31, 2014 have been prepared in accordance with MFRSs for the first time..

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

<b>MFRSs and Amendments to MFRSs</b>		<b>Effective for annual period beginning on or after</b>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	January 1, 2018
MFRS 15	Revenue from Contracts with Customers	January 1, 2017
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016
Amendments to MFRS 10 and MFRS 128	Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to MFRS 101	Disclosure Initiative	January 1, 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	January 1, 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	January 1, 2016
Amendments to MFRSs	Annual Improvements to MFRSs 2012 – 2014 Cycle	January 1, 2016

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2014.

**2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report of the preceding annual financial statements was not subject to any qualification.

**3. SEASONAL OR CYCLICAL FACTORS**

The Group serves a wide base of multi national companies in the consumer and industrial electrical and electronic appliances industries. The demand for the Group's products in the normal course of event is seasonal with demand peaking during the third quarter of the year.

**4. UNUSUAL MATERIAL EVENT**

There was no unusual material event during the reporting quarter.

**5. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amount from either the prior interim period or prior financial years.

**6. CHANGES IN DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the reporting period except those disclosed in Note 25.

## 7. DIVIDENDS PAID

	<b>3 months ended March 31</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Interim tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2014	<b>18,594</b>	-
	<b>18,594</b>	-

## 8. REVENUE

	<b>3 months ended March 31</b>		<b>3 months ended March 31</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>USD'000</b>	<b>USD'000</b>
Revenue	<u>25,626</u>	<u>23,056</u>	<u>7,167</u>	<u>7,010</u>

## 9. SEGMENT REPORTING

	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>3 months ended March 31, 2015</b>						
<b>Revenue</b>						
External sales	-	25,622	4	-	-	25,626
Inter-segment sales	537	1	166	-	(704)	-
Total revenue	<u>537</u>	<u>25,623</u>	<u>170</u>	<u>-</u>	<u>(704)</u>	<u>25,626</u>
<b>Results</b>						
Profit/(loss) before tax	514	10,330	65	-	(349)	10,560
Income tax expense	(180)	(107)	(18)	-	-	(305)
Net profit/(loss) for the year	<u>334</u>	<u>10,223</u>	<u>47</u>	<u>-</u>	<u>(349)</u>	<u>10,255</u>
<b>Other information</b>						
Capital expenditure	-	125	-	-	-	125
Depreciation and amortization	1	1,795	-	-	(9)	1,787
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	168,544	146,695	7,919	-	(83,675)	239,483
Income tax asset	71	261	42	-	-	374
Consolidated total assets	<u>168,615</u>	<u>146,956</u>	<u>7,961</u>	<u>-</u>	<u>(83,675)</u>	<u>239,857</u>

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>3 months ended March 31, 2015</b>						
<b>Liabilities</b>						
Segmental liabilities	596	58,026	253	-	(28,242)	30,633
Income tax liabilities	127	1,031	18	-	341	1,517
Consolidated total liabilities	<u>723</u>	<u>59,057</u>	<u>271</u>	<u>-</u>	<u>(27,901)</u>	<u>32,150</u>
<b>3 months ended March 31, 2014</b>						
<b>Revenue</b>						
External sales	-	23,053	3	-	-	23,056
Inter-segment sales	595	1	200	-	(796)	-
Total revenue	<u>595</u>	<u>23,054</u>	<u>203</u>	<u>-</u>	<u>(796)</u>	<u>23,056</u>
<b>Results</b>						
Profit/(loss) before tax	419	9,921	76	-	13	10,429
Income tax expense	(157)	(106)	(8)	-	-	(271)
Net profit/(loss) for the year	<u>262</u>	<u>9,815</u>	<u>68</u>	<u>-</u>	<u>13</u>	<u>10,158</u>
<b>Other information</b>						
Capital expenditure	-	150	-	-	-	150
Depreciation and amortization	1	1,567	-	-	(9)	1,559
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	153,747	132,876	7,630	-	(78,984)	215,269
Income tax asset	96	5,732	49	-	-	5,877
Consolidated total assets	<u>153,843</u>	<u>138,608</u>	<u>7,679</u>	<u>-</u>	<u>(78,984)</u>	<u>221,146</u>
<b>Liabilities</b>						
Segmental liabilities	711	42,385	172	-	(23,886)	19,382
Income tax liabilities	89	919	7	-	350	1,365
Consolidated total liabilities	<u>800</u>	<u>43,304</u>	<u>179</u>	<u>-</u>	<u>(23,536)</u>	<u>20,747</u>

## 10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the group have been brought forward without amendments from the financial statements for the year ended December 31, 2014.

## 11. MATERIAL SUBSEQUENT EVENT

There was no significant or material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

### 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets arising since December 31, 2014.

### 14. PERFORMANCE REVIEW

Revenue in RM and Operating Profit for the quarter ended March 31, 2015 increased by 11% and 27% to RM25.6 million and RM11.6 million respectively as compared to the quarter ended March 31, 2014 (Revenue: RM23.1 million; Operating Profit: RM9.1 million) mainly due to increase in demand for the Group's products and services and appreciation of USD against Ringgit Malaysia during the reporting quarter. (March 31, 2015: RM3.5756:USD1.00; March 31, 2014: RM3.2890:USD1.00).

Profit Before Tax for the quarter ended March 31, 2015 increased by 1% to RM10.6 million as compared to RM10.4 million for the quarter ended March 31, 2014 mainly due to the unrealised fair value loss on derivative financial instruments and unrealised loss on foreign exchange of RM4.5 million and RM1.3 million respectively. The unrealised losses arose mainly from the strengthening of USD closing rate as of March 31, 2015 to RM3.7161:USD1.00 against the average contracted rate of RM3.4411:USD1.00 and average transaction rate of RM3.2890:USD1.00.

### 15. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

Operating profit for the current quarter increased by 12% to RM11.6 million from RM10.4 million in the immediate preceding quarter ended December 31, 2014 mainly due to appreciation of USD against Ringgit Malaysia (March 31, 2015: RM3.5756:USD1.00; December 31, 2014: RM3.2922:USD1.00).

### 16. COMMENTARY ON CURRENT YEAR PROSPECT

To the best of our knowledge, in line with the volatile economic condition, the Group expects sales volume to remain flat for the year ending December 31, 2015.

Nevertheless, the Group is confident that we will remain profitable and maintain a strong balance sheet.

### 17. VARIANCE OF ACTUAL AND FORECASTED PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

### 18. INCOME TAX EXPENSES

	<b>3 months ended</b>	
	<b>March 31</b>	
	2015	2014
	RM'000	RM'000
Estimated tax expense:		
Current	<u>305</u>	<u>271</u>

The Group's income tax for the year under review reflects an effective tax rate which is lower than the statutory income tax rate due mainly to one of its subsidiary companies, Uchi Optoelectronic (M) Sdn. Bhd. was granted pioneer status by the Ministry of International Trade and Industry (MITI) for the design, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment & mix signal control system for centrifuge / laboratory equipment.

Under this incentive, upon certain terms and conditions being fulfilled, 100% of the statutory income derived from the design, development and manufacture of the abovementioned products will be exempted from income tax for a period of five years commencing from January 1, 2013.

The applicable statutory income tax rate of the foreign subsidiary company incorporate in the People's Republic of China is 25%.

## 19. PROFIT FOR THE QUARTER

Profit for the quarter is arrived at:

	<b>3 months ended</b>	
	<b>March 31</b>	
	2015	2014
	RM'000	RM'000
After (charging)/ crediting:		
Fair value (loss)/ gain on derivative financial instruments:		
Realised	1,877	683
Unrealised	(4,527)	(241)
Gain/ (loss) on disposal of property, plant and equipment	179	52
Gain/ (loss) on foreign exchange:		
Realised	1,792	610
Unrealised	(1,349)	(629)
Depreciation and amortization expenses	(1,787)	(1,559)
Interest on short-term deposits	<u>977</u>	<u>816</u>

Other than the above, there were no interest expense, provision for and write off of inventories, gain or loss on disposal of investment, impairment of assets, and exceptional items for current quarter ended March 31, 2015.

## 20. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT YET TO BE COMPLETED

There were no corporate proposals announced but yet to be completed as of May 13, 2015.

## 21. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of December 31, 2014.

## 22. FINANCIAL INSTRUMENTS

As of March 31, 2015, the foreign exchange forward contracts, which the Group had entered into to sell and remain outstanding is USD15,000,000 at approximately RM3.4411 per United States Dollar. The settlement will complete in April 2016.

As of March 31, 2015, the outstanding forward contracts are as follows:

Type of Derivatives	Contract Value USD'000	Notional Value RM'000	Fair Value (favourable) RM'000
Foreign Exchange Forward Contracts			
- Less than 1 year	14,800	50,867	(4,517)
- 1 year to 3 years	200	750	(10)

Summary of the losses arising from the fair value changes of financial liabilities was as follow:

<b>Type of Financial Liabilities</b>	<b>Individual 3 months ended March 31 RM'000</b>	<b>Cumulative 3 months ended March 31 RM'000</b>
Foreign Exchange Contracts		
- Realised gain / (loss)	1,877	1,877
- Unrealised gain / (loss)	(4,527)	(4,527)

The above foreign exchange forward contracts were entered into by the Group to minimize its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. In line with the Group's Forward Foreign Exchange Management Policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed the net exposure value. The cash requirement for settling these foreign exchange forward contracts is solely from the Group's working capital. These derivatives and their underlying exposures will be monitored on an on-going basis.

Foreign Exchange Forward Contracts are stated at fair value, which is equivalent to the marking of the Foreign Exchange Forward Contracts to market, using prevailing market rate. Foreign Exchange Forward Contracts with positive market values (unrealised gain) are included under current assets and Foreign Exchange Forward Contracts with negative market values (unrealised losses) are included under current liabilities in the statement of financial position.

### 23. MATERIAL LITIGATION

There was no material litigation pending since December 31, 2014.

### 24. DIVIDENDS DECLARED OR PAYABLE

A final dividend of 5 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2014, if approved by the shareholders, will be paid on July 24, 2015 to depositors registered in the Record of Depositors at the closed of business on June 30, 2015.

As of the date of this announcement, there were no dividends declared or payable for the year ending December 31, 2015.

### 25. SHARE CAPITAL

	<b>3 months ended March 31 2015</b>	
	<b>No. of shares</b>	<b>RM'000</b>
Authorised:		
Ordinary shares of RM0.20 each	500,000,000	100,000
Issued and fully paid:		
Ordinary shares of RM0.20 each:		
At beginning of the period	378,955,400	75,791
Issue of shares pursuant to ESOS	1,983,300	397
At end of the period	380,938,700	76,188

During the current interim period, the issued and paid up share capital of the Company was increased from RM75,791,080 to RM76,187,740 by way of issue of 1,983,300 ordinary shares of RM0.20 each for cash pursuant to the Employees Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM1.15 to RM1.35 per ordinary share.

As of March 31, 2015, out of the total number of 380,938,700 of ordinary shares of RM0.20 each issued and paid-up, 7,070,500 are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 373,868,200.

## 26. EARNINGS PER SHARE

### *Basic earnings per share*

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	<b>3 months ended March 31</b>	
	<b>2015</b>	2014
	<b>'000</b>	'000
Profit for the period attributable to owners of the Company (RM)	<b>10,255</b>	10,158
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	<b>372,607</b>	370,531
Basic earnings per share (sen)	<b>2.75</b>	2.74

### *Diluted earnings per share*

The earnings used in the calculation of diluted earnings per share are as follows:

	<b>3 months ended March 31</b>	
	<b>2015</b>	2014
	<b>'000</b>	'000
Profit for the period attributable to owners of the Company (RM)	<b>10,255</b>	10,158
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	<b>372,607</b>	370,531
Shares deemed to be issued for no consideration in respect of employee share options (unit)	<b>2,151</b>	530
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	<b>374,758</b>	371,061
Diluted earnings per share (sen)	<b>2.74</b>	2.74

**27. DEFERRED TAX ASSETS/ (LIABILITIES)**

	Opening balance RM'000	Recognised in profit or loss RM'000	Closing balance RM'000
<b>3 months ended March 31, 2015</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	5	-	5
Unused tax losses	20	-	20
Provision for rework and warranty	56	-	56
Inventories	2	-	2
Others	180	4	184
	<u>263</u>	<u>4</u>	<u>267</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(988)	-	(988)
Trade receivables	(1)	-	(1)
Property, plant and equipment	(474)	-	(474)
	<u>(1,463)</u>	<u>-</u>	<u>(1,463)</u>
<b>Net</b>	<u>(1,200)</u>	<u>4</u>	<u>(1,196)</u>
<b>3 months ended March 31, 2014</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	6	-	6
Unused tax losses	22	-	22
Provision for rework and warranty	82	-	82
Inventories	7	-	7
Others	235	(1)	234
	<u>352</u>	<u>(1)</u>	<u>351</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(1,014)	-	(1,014)
Trade receivables	(5)	-	(5)
Property, plant and equipment	(401)	-	(401)
	<u>(1,420)</u>	<u>-</u>	<u>(1,420)</u>
<b>Net</b>	<u>(1,068)</u>	<u>(1)</u>	<u>(1,069)</u>



## 28. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On March 25, 2010 Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group as at March 31, 2015 and December 31, 2014 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<b>As at March 31, 2015</b>	<b>As at December 31, 2014</b>
	RM'000	RM'000
Total retained earnings/ (accumulated losses) of the Group		
- Realised	116,909	105,320
- Unrealised	334	1,223
	117,243	106,543
Less: Consolidation adjustments	(15,990)	(15,641)
Total retained profits as per statement of financial position	101,253	90,902

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on March 25, 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements”, as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an assets or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and is not made for any other purposes.