

**NOTES TO THE FINANCIAL REPORT  
FOR NINE MONTHS ENDED SEPTEMBER 30, 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.

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, 2018
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>9 months ended September 30</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Final tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2013	-	22,287
Interim tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2014	<b>18,594</b>	-
Final tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2014	<b>19,208</b>	-
	<b>37,802</b>	<b>22,287</b>

## 8. REVENUE

	<b>9 months ended September 30</b>		<b>9 months ended September 30</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	82,212	71,031	22,123	21,933

  

	<b>3 months ended September 30</b>		<b>3 months ended September 30</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	<b>29,402</b>	24,793	<b>7,522</b>	7,791

## 9. SEGMENT REPORTING

	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>9 months ended September 30, 2015</b>					
<b>Revenue</b>					
External sales	-	82,208	4	-	82,212
Inter-segment sales	1,545	1	545	(2,091)	-
Total revenue	1,545	82,209	549	(2,091)	82,212
<b>Results</b>					
Profit/(loss) before tax	1,824	32,446	227	(82)	34,415
Income tax expense	(740)	(142)	(76)	-	(958)
Net profit/(loss) for the year	1,084	32,304	151	(82)	33,457
<b>Other information</b>					
Capital expenditure	-	444	-	-	444
Depreciation and amortization	1	5,267	-	(27)	5,241

	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>9 months ended September 30, 2015</b>					
<b>Consolidated Balance Sheet</b>					
<b>Assets</b>					
Segmental assets	167,773	148,490	8,032	(61,039)	263,256
Income tax asset	71	417	27	-	515
Consolidated total assets	<u>167,844</u>	<u>148,907</u>	<u>8,059</u>	<u>(61,039)</u>	<u>263,771</u>
<b>Liabilities</b>					
Segmental liabilities	2,494	32,487	238	(5,364)	29,855
Income tax liabilities	369	1,030	28	341	1,768
Consolidated total liabilities	<u>2,863</u>	<u>33,517</u>	<u>266</u>	<u>(5,023)</u>	<u>31,623</u>
<b>9 months ended September 30, 2014</b>					
<b>Revenue</b>					
External sales	-	71,023	8	-	71,031
Inter-segment sales	1,660	3	602	(2,265)	-
Total revenue	<u>1,660</u>	<u>71,026</u>	<u>610</u>	<u>(2,265)</u>	<u>71,031</u>
<b>Results</b>					
Profit/(loss) before tax	1,399	30,284	211	(14)	31,880
Income tax expense	(502)	(448)	(48)	-	(998)
Net profit/(loss) for the year	<u>897</u>	<u>29,836</u>	<u>163</u>	<u>(14)</u>	<u>30,882</u>
<b>Other information</b>					
Capital expenditure	-	1,598	-	-	1,598
Depreciation and amortization	2	4,455	-	(27)	4,430
<b>Consolidated Balance Sheet</b>					
<b>Assets</b>					
Segmental assets	133,807	144,790	7,771	(68,454)	217,914
Income tax asset	96	5,651	49	-	5,796
Consolidated total assets	<u>133,903</u>	<u>150,441</u>	<u>7,820</u>	<u>(68,454)</u>	<u>223,710</u>
<b>Liabilities</b>					
Segmental liabilities	931	33,870	209	(13,333)	21,677
Income tax liabilities	162	919	15	350	1,446
Consolidated total liabilities	<u>1,093</u>	<u>34,789</u>	<u>224</u>	<u>(12,983)</u>	<u>23,123</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 September 30, 2015 increased by 19% and 39% to RM29.4 million and RM14.5 million respectively as compared to the quarter ended September 30, 2014 (Revenue: RM24.8 million; Operating Profit: RM10.4 million) mainly due to appreciation of USD against Ringgit Malaysia during the reporting quarter. (September 30, 2015: RM3.9088:USD1.00; September 30, 2014: RM3.1823:USD1.00).

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

Operating profit for the current quarter increased by 27% to RM14.5 million from RM11.4 million in the immediate preceding quarter ended June 30, 2015 mainly due to appreciation of USD against Ringgit Malaysia (September 30, 2015: RM3.9088:USD1.00; June 30, 2015: RM3.6567:USD1.00).

However, due to the unrealised fair value loss on derivative financial instruments of RM6.3 million (note 19) accounted for in the current quarter as opposed to unrealised fair value gain of RM1.3 million for the quarter ended June 30, 2015, profit before tax for the current quarter decreased by 10% to RM11.3 million as compared to RM12.5 million in the immediate preceding quarter ended June 30, 2015. The unrealised loss arose mainly from the strengthening of USD closing rate as of September 30, 2015 to RM4.4455:USD1.00 against the average contracted rate of RM3.7787:USD1.00.

## 16. COMMENTARY ON CURRENT YEAR PROSPECT

To the best of our knowledge, in line with the volatile economic condition, the Group expects revenue in USD 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

	3 months ended		9 months ended	
	September 30		September 30	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Estimated tax expense:				
Current	<u>412</u>	<u>390</u>	<u>958</u>	<u>998</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:

	3 months ended September 30		9 months ended September 30	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After (charging)/ crediting:				
Fair value (loss)/ gain on derivative financial instruments:				
Realised	(1,971)	607	(1,894)	1,308
Unrealised	(6,262)	(1,620)	(9,428)	(290)
Gain/ (loss) on disposal of property, plant and equipment	1,212	20	1,375	69
Gain/ (loss) on foreign exchange:				
Realised	1,317	(443)	3,364	(430)
Unrealised	1,310	809	104	516
Depreciation and amortization expenses	(1,710)	(1,421)	(5,241)	(4,430)
Interest on short-term deposits	1,250	823	3,400	2,518

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 September 30, 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 November 13, 2015.

## 21. GROUP BORROWINGS AND DEBT SECURITIES

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

## 22. FINANCIAL INSTRUMENTS

As of September 30, 2015, the foreign currency forward contracts, which the Group had entered into to sell and remain outstanding is USD14,200,000 at approximately RM3.7787 per United States Dollar. The settlement will complete in December 2016.

As of September 30, 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 Currency Forward Contracts			
- Less than 1 year	13,400	50,298	(9,199)
- 1 year to 3 years	800	3,359	(229)

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 September 30 RM'000</b>	<b>Cumulative 9 months ended September 30 RM'000</b>
Foreign Currency Forward Contracts		
- Realised gain / (loss)	(1,971)	(1,894)
- Unrealised gain / (loss)	(6,262)	(9,428)

The above foreign currency 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 Contract 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 currency 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 Currency Forward Contracts are stated at fair value, which is equivalent to the marking of the Foreign Currency Forward Contracts to market, using prevailing market rate. Foreign Currency Forward Contracts with positive market values (unrealised gain) are included under current assets and Foreign Currency 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, has been paid on July 23, 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, the Board of Directors proposed an interim dividend of 5 sen per share of RM0.20 each, exempt from income tax for the year ending December 31, 2015. The date of the entitlement and payment for the aforesaid dividend shall be determined by the Board of Directors at a later date.

### 25. SHARE CAPITAL

	<b>9 months ended September 30 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	13,106,800	2,621
At end of the period	392,062,200	78,412

During the current interim period, the issued and paid up share capital of the Company was increased from RM75,791,080 to RM78,412,440 by way of issue of 13,106,800 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 RM1.55 per ordinary share.

As of September 30, 2015, out of the total number of 392,062,200 of ordinary shares of RM0.20 each issued and paid-up, 7,070,600 are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 384,991,600.

## 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>9 months ended September 30</b>	
	<b>2015</b>	2014
	<b>'000</b>	'000
Profit for the period attributable to owners of the Company (RM)	<b>33,457</b>	30,882
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	<b>377,966</b>	370,988
Basic earnings per share (sen)	<b>8.85</b>	8.32

### *Diluted earnings per share*

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

	<b>9 months ended September 30</b>	
	<b>2015</b>	2014
	<b>'000</b>	'000
Profit for the period attributable to owners of the Company (RM)	<b>33,457</b>	30,882
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	<b>377,966</b>	370,988
Shares deemed to be issued for no consideration in respect of employee share options (unit)	<b>919</b>	1,295
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	<b>378,885</b>	372,283
Diluted earnings per share (sen)	<b>8.83</b>	8.30

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

	Opening balance RM'000	Recognised in profit or loss RM'000	Closing balance RM'000
<b>9 months ended September 30, 2015</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	5	(5)	-
Unused tax losses	20	(10)	10
Provision for rework and warranty	56	-	56
Inventories	2	-	2
Others	180	14	194
	<u>263</u>	<u>(1)</u>	<u>262</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(621)	-	(621)
Trade receivables	(1)	-	(1)
Property, plant and equipment	(841)	-	(841)
	<u>(1,463)</u>	<u>-</u>	<u>(1,463)</u>
<b>Net</b>	<u>(1,200)</u>	<u>(1)</u>	<u>(1,201)</u>
<b>9 months ended September 30, 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 September 30, 2015 and June 30, 2015 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<b>As at September 30, 2015</b>	<b>As at June 30, 2015</b>
	RM'000	RM'000
Total retained earnings/ (accumulated losses) of the Group		
- Realised	119,395	109,811
- Unrealised	1,584	227
	120,979	110,038
Less: Consolidation adjustments	(15,723)	(15,706)
Total retained profits as per statement of financial position	105,256	94,332

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.