

## **UNITED U-LI CORPORATION BERHAD (510737-H)**

Quarterly Report on Consolidated Results for the fourth quarter ended 31 December 2004

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### **A. NOTES TO THE INTERIM FINANCIAL REPORT**

#### **1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MASB 26, Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those adopted in the previous quarterly reports.

#### **2. Qualified Audit Report**

The audit report of the most recent annual financial statements for the year ended 31 December 2003 was not qualified.

#### **3. Seasonal or Cyclical Factors**

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

#### **4. 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.

#### **5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior quarters of the current financial year that have material effect in the current quarter.

#### **6. 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 and current financial year to date under review.

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**7. Dividend Paid**

There was no dividend paid for the period under review

**8. Segment Information**

No segmental reporting is presented as the Group operates predominantly in the manufacturing and sales of metal related products in the current financial year to date under review.

**9. Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment during the financial period under review.

**10. Material Subsequent Events**

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 23 February 2005, which had affected substantially the results of the Group for the financial quarter ended 31 December 2004.

**11. Changes in the Composition of the Group**

On 28 October 2004, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in United U-LI Goodlite Sdn. Bhd., a newly Malaysian incorporated company for a cash consideration of RM2.

**12. Contingent Liabilities and Contingent Assets**

The contingent liabilities of the Company are as follows:-

	<b>Company</b>	
	<b>As at 31.12.2004 RM'000</b>	<b>As at 31.12.2003 RM'000</b>
Guarantee in favour of financial institutions for facilities granted to subsidiary companies		
- secured	64,384	34,182
- unsecured	-	-
	<u>64,384</u>	<u>34,182</u>

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### **B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

#### **1. Review of Performance**

For the quarter under review, the Group registered a revenue of RM22.571 million as compared to RM14.692 million in the same period last year. The increase in revenue of 54% is mainly due to efforts of the Group in promoting and increasing customer demand for its products.

Profit before tax in the current quarter is RM5.880 million compared to RM3.871 million in the same period last year, representing an increase of 52%. This is due to the Group's increase in revenue resulting into higher profits for the Group.

#### **2. Comparison with Preceding Quarter's Result**

For the quarter under review, the Group's profit before taxation is RM5.880 million compared to RM5.172 million in the immediate preceding quarter. This is attributed to the Group's increase in revenue translating into higher profits.

#### **3. Prospects**

Barring any unforeseen circumstances, the Board of Directors expect the prospects for the current financial year to remain satisfactory.

#### **4. Profit Forecast**

There was no profit forecast made during the financial period under review.

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**5. Taxation**

	<b>Current Quarter Ended 31.12.2004  RM'000</b>	<b>Current Year to Date Ended 31.12.2004  RM'000</b>
Current period provision	1,620	5,319
Under provision in previous years	67	67
Transfer to/(from) deferred taxation	(185)	(185)
	<u>1,502</u>	<u>5,201</u>

The effective tax rate of the Group for the current quarter is slightly lower than the statutory tax rate due to sufficient capital allowance and reinvestment allowance available for offset.

**6. Unquoted Investments and/or Properties**

There were no sales of unquoted investments or properties during the current financial quarter and period under review.

**7. Quoted Investments**

There were no quoted investments held as at the end of the financial quarter and period under review.

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### **8. Status of Corporate Proposals**

On 14 April 2004, the Company proposed to implement the following:-

- 1) a bonus issue of 22,000,000 new ULC Shares (“Bonus Shares”) on the basis of one (1) new ULC Share for every two (2) existing ULC Shares held on an entitlement date to be determined (“Proposed Bonus Issue”);
- 2) a share split of every one (1) existing ULC Share held on an entitlement date to be determined, into two (2) new ordinary shares of RM0.50 each in ULC (“Subdivided ULC Share”) (Proposed Share Split”);
- 3) Employee Share Option Scheme (“ESOS”) for eligible Directors and employees of the ULC Group (“Proposed ESOS”);
- 4) amendments to the Memorandum and Articles of Association of ULC (“Proposed Amendments”);
- 5) increase in the authorised share capital of ULC from RM50,000,000 comprising 50,000,000 ULC Shares to RM100,000,000 comprising 200,000,000 subdivided ULC Shares (“Proposed Capital Increase”); and
- 6) The transfer of the listing of and quotation for the entire issued and paid-up share capital of ULC from the Second Board to the Main Board of Bursa Malaysia (“Proposed Transfer Listing”)

All resolutions in relation to the abovementioned proposals were approved by shareholders of the Company at an Extraordinary General Meeting held on 29 October 2004.

As at 23 February 2005, all proposals have been completed except for proposals No. 3 and No. 6.

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**9. Borrowings and Debt Securities**

	<b>As at 31.12.2004 RM'000</b>
Short Term Borrowings	
Secured:-	
Portion of Long Term Loans payable within the next 12 months	928
Bankers' Acceptance	24,454
Portion of Hire Purchase Creditors payable within the next 12 months	145
	<u>25,527</u>
Long Term Borrowings	
Secured:-	
Portion of Long Term Loans payable after the next 12 months	890
Portion of Hire Purchase Creditors payable after the next 12 months	8
	<u>898</u>
Total borrowings	<u><u>26,425</u></u>

There are no borrowings denominated in foreign currency.

**10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments up to 23 February 2005.

**11. Changes in Material Litigation**

A claim has been filed against United U-LI (M) Sdn. Bhd., a wholly owned subsidiary of United U-LI Corporation Berhad for alleged infringement of patent rights. The Company is contesting the claim and the hearing date has been fixed on 11 May 2005.

**12. Dividend**

The Board of Directors has not recommended any interim dividend for the quarter ended 31 December 2004.

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**13. Earnings Per Share**

**(a) Basic Earnings Per Share**

The calculation of basic earnings per share for the current quarter and current year to date is based on the Group unaudited net profit after taxation for the current quarter of RM4.378 million and current year to date of RM13.703 million and the weighted average number of ordinary shares of 130,805,479 (2003 = 128,000,000)

**(b) Fully Diluted Earnings Per Share**

Not applicable