

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

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 Securities”) 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 2004 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.

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

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 25 May 2005, which had affected substantially the results of the Group for the financial quarter ended 31 March 2005.

11. Changes in the Composition of the Group

On 2 March 2005, the Group acquired 2 ordinary shares of RM1.00 each representing 100% equity interest in U-LI Goodlite Marketing Sdn. Bhd., a newly Malaysia incorporated company for a cash consideration of RM2.00.

12. Contingent Liabilities and Contingent Assets

The contingent liabilities of the Company are as follows:-

	Company	
	As at 31.3.2005 RM'000	As at 31.12.2004 RM'000
Guarantee in favour of financial institutions for facilities granted to subsidiary companies		
- secured	64,384	47,784
- unsecured	-	-
	<u>64,384</u>	<u>47,784</u>

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

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 RM18.423 million as compared to RM12.596 million in the same period last year. The increase in revenue of 46% 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 RM3.988 million compared to RM2.906 million in the same period last year, representing an increase of 37%. This is due to the Group's increase in revenue resulting in higher profits for the Group.

2. Comparison with Preceding Quarter's Result

For the quarter under review, the Group's profit before taxation is RM3.988 million, a decrease of 32% compared to RM5.880 million in the immediate preceding quarter. This is attributed to a better turnover generated in the immediate preceding quarter and an increase in operating expenditure in the quarter under review arising from the Group's new venture into the light fitting business.

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.

UNITED U-LI CORPORATION BERHAD (510737-H)Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

5. Taxation

	Current Quarter Ended 31.3.2005 RM'000	Current Year to Date Ended 31.3.2005 RM'000
Current period provision	1,082	1,082
Over provision in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	<u>1,082</u>	<u>1,082</u>

The effective tax rate of the Group for the current quarter and for the current financial year to date 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 purchases or disposals of quoted investments during the current financial quarter and period under review.

As at the end of the quarter, the Group does not hold any investment in quoted shares.

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

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 25 May 2005, all proposals have been completed except for proposal No. 3.

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

9. Borrowings and Debt Securities

	As at 31.3.2005 RM'000
Short Term Borrowings	
Secured:-	
Portion of Long Term Loans payable within the next 12 months	1,833
Bankers' Acceptance	12,025
Portion of Hire Purchase Creditors payable within the next 12 months	101
	13,959
Long Term Borrowings	
Secured:-	
Portion of Long Term Loans payable after the next 12 months	4,651
Portion of Hire Purchase Creditors payable after the next 12 months	4
	4,655
Total borrowings	<u>18,614</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 25 May 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 case is now proceeding in court and the hearing date fixed on 11 May 2005 has been postponed to 28 July 2005.

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Consolidated Results for the first quarter ended 31 March 2005

12. Dividend

The Board of Directors has not recommended any interim dividend for the quarter ended 31 March 2005.

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 RM2.906 million and current year to date of RM2.906 million and the number of ordinary shares in issue of 132,000,000.

(b) Fully Diluted Earnings Per Share

Not applicable