

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Unaudited Consolidated Results for the Nine-Month period ended 30 September 2015

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2015 RM '000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM '000
Revenue	45,277	40,675	131,616	128,716
Cost of sales	(27,490)	(26,210)	(82,112)	(82,278)
Gross Profit	17,787	14,465	49,504	46,438
Other income	1,479	270	2,908	848
Administrative expenses	(4,732)	(4,333)	(17,730)	(14,884)
Selling and distribution expenses	(2,043)	(2,021)	(6,366)	(7,048)
Other expenses	(1,801)	(1,463)	(4,822)	(4,187)
Profit from operations	10,690	6,918	23,494	21,167
Finance costs	(259)	(196)	(838)	(460)
Profit before tax	10,431	6,722	22,656	20,707
Income tax expense	(2,423)	(1,612)	(5,313)	(5,257)
Profit for the period	8,008	5,110	17,343	15,450
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	8,008	5,110	17,343	15,450
Attributable to:				
Equity holders of the parent	8,008	5,110	17,343	15,450
Basic earnings per ordinary share (sen)	5.52	3.87	11.94	11.70

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As at	As at
	30.09.2015	31.12.2014
	RM '000	RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	75,352	66,283
Investment properties	403	409
Intangible asset	2	8
Deferred tax assets	310	310
Total non-current assets	<u>76,067</u>	<u>67,010</u>
CURRENT ASSETS		
Inventories	47,832	43,704
Trade receivables	66,752	64,204
Other receivables	5,435	430
Tax recoverable	749	-
Cash and bank balances	97,417	68,121
Total current assets	218,185	176,459
TOTAL ASSETS	<u><u>294,252</u></u>	<u><u>243,469</u></u>
EQUITY AND LIABILITIES		
Share capital	72,600	66,000
Share premium	39,600	-
Retained earnings	144,651	139,188
Total equity attributable to equity holders of the parent	<u>256,851</u>	<u>205,188</u>
NON-CURRENT LIABILITIES		
Borrowings	60	60
Deferred tax liabilities	874	874
Total non-current liabilities	934	934
CURRENT LIABILITIES		
Trade payables	12,651	11,924
Other payables	5,365	6,574
Borrowings	18,451	18,387
Income tax payable	-	462
Total current liabilities	<u>36,467</u>	<u>37,347</u>
TOTAL LIABILITIES	37,401	38,281
TOTAL EQUITY AND LIABILITIES	<u><u>294,252</u></u>	<u><u>243,469</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Reserve on Consolidation RM'000	Revaluation Reserve RM'000	Distributable Retained Earnings RM'000	
Unaudited 9 months ended 30 September 2014						
As at 1 January 2014	66,000	-	-	-	125,199	191,199
Total comprehensive income for the period	-	-	-	-	15,450	15,450
Dividends	-	-	-	-	(3,960)	(3,960)
As at 30 September 2014	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,689</u>	<u>202,689</u>
Unaudited 9 months ended 30 September 2015						
As at 1 January 2015	66,000	-	-	-	139,188	205,188
Issuance of shares	6,600	39,600	-	-	-	46,200
Total comprehensive income for the period	-	-	-	-	17,343	17,343
Dividends	-	-	-	-	(11,880)	(11,880)
As at 30 September 2015	<u>72,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>	<u>144,651</u>	<u>256,851</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months Ended 30.09.2015 RM '000	9 Months Ended 30.09.2014 RM '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	22,656	20,707
Adjustments for non-operating items:-		
Depreciation and amortisation	4,067	4,097
Interest expense	838	460
Interest income	(718)	(610)
Other non-cash items	30	(44)
Operating profit before working capital changes	26,873	24,610
(Increase)/decrease in inventories	(4,128)	9,184
Increase in receivables	(7,860)	(4,896)
(Decrease)/Increase in payables	(353)	6,907
Tax paid	(6,523)	(5,188)
Net cash from operating activities	8,009	30,617
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,155)	(6,469)
Proceeds from disposal of property, plant and equipment	178	47
Interest received	718	610
Net cash used in investing activities	(12,259)	(5,812)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(838)	(460)
Proceeds from issuance of shares	46,200	-
Dividend paid	(11,880)	(3,960)
Repayment of other short term borrowings	(4,679)	(8,064)
Net proceeds from/(Repayment of term loan)	5,331	(34)
(Repayment of)/Net proceeds from HP creditors	(588)	835
Net cash from/(used in) financing activities	33,546	(11,683)
Net change in cash and cash equivalents	29,296	13,122
Cash and cash equivalents at the beginning of financial period	68,121	51,716
Cash and cash equivalents at the end of financial period	97,417	64,838
Represented by:		
Cash and bank balances	33,487	45,884
Fixed deposits with licensed bank	63,930	18,954
	97,417	64,838

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and has been prepared in accordance with the requirements of 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.

These interim consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the mandatory adoption of the Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations effective for the financial period beginning on or after 1 January 2015.

The adoption of these MFRSs, Amendments to MFRSs and IC interpretations do not have any material impact on the interim financial statements of the Group.

2. Changes in Accounting Policies (Cont'd)

Meanwhile, the Group has not adopted the following MFRSs, Amendments to MFRSs and IC interpretations that have been issued but not yet effective.

	<u>Effective for financial periods beginning on or after</u>
MFRS 9 - Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 141: Agriculture	1 January 2016
Amendments to MFRS 7: Financial Instruments: Disclosures	1 January 2016
Amendments to MFRS 10: Consolidated Financial Statements	1 January 2016
Amendments to MFRS 12: Disclosure of Interest in Other Entities	1 January 2016
Amendments to MFRS 11: Accounting for acquisition of interest in joint venture operations	1 January 2016
Amendments to MFRS 5: Non-current Asset Held For Sale and Discontinued Operations	1 January 2016
Amendments to MFRS 119: Employee Benefits	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 128: Investments in Associates And Joint Ventures	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

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4. Segmental Information

Segmental information is presented in respect of the Group's geographical and operating business segments. This is based on the chief operating decision maker of the Group who reviews the Group's internal reporting regularly in order to allocate resources and assess the performance of the Group. Segmental information for the Group by geographical segment is represented as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2015 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2014 RM'000	Current Year to Date Ended 30.09.2015 RM'000	Preceding Year Corresponding Period Ended 30.09.2014 RM'000
Malaysia	34,753	31,888	101,066	99,196
Overseas	10,524	8,787	30,550	29,520
	<u>45,277</u>	<u>40,675</u>	<u>131,616</u>	<u>128,716</u>

Segmental information for the Group by business segment for the current quarter under review is represented as follows:-

	Investment Holding RM'000	Cable Support Systems RM'000	Electrical Lighting & Fittings RM'000	Elimination RM'000	Per Consolidated Financial Statements RM'000
Revenue					
External customer	-	38,572	6,705	-	45,277
Inter-segment	4,040	692	4,335	(9,067)	-
Total revenue	<u>4,040</u>	<u>39,264</u>	<u>11,040</u>	<u>(9,067)</u>	<u>45,277</u>
Results					
Interest income	-	172	40	-	212
Depreciation	10	1,216	94	10	1,330
Segment profit or loss	<u>3,519</u>	<u>9,140</u>	<u>872</u>	<u>(3,100)</u>	<u>10,431</u>

5. Unusual Items due to their Nature, Size or Incidence

Other than those stated in the notes, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2015.

6. Changes in Estimates

There were no changes in estimates that have material effect in the current quarter results.

7. Comments about Seasonal or Cyclical Factors

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

8. Dividends Paid

A first single tier interim dividend for the year ending 31 December 2015 of 3 sen per ordinary share amounting to RM3,960,000, was paid on 12 August 2015.

9. Carrying Amount of Revalued Assets

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

10. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and current financial year to date under review.

11. Changes in the Composition of the Group

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

12. Discontinued Operations

There was no disposal of subsidiaries by the Group during the current quarter under review.

13. Capital Commitments

As at 30 September 2015, the Group had capital expenditure authorized and contracted for but not provided in the financial statements in relation to property, plant and equipment amounting to approximately RM4,600,000.

14. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in other contingent liabilities or contingent assets since 31 December 2014.

15. Material Subsequent Events

In the opinion of the Directors, there were no material events which have arisen between the end of the reporting period and 26 November 2015, which had affected substantially the results of the Group for the financial quarter ended 30 September 2015.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Performance Review on operating segments

(a) Current Year to date vs. Previous Year to date

The Group's profit before taxation for the period ended 30 September 2015 of RM22.656 million was higher than the previous corresponding profit before taxation of RM20.707 million, mainly due to higher revenue generated and better profit margin achieved on goods sold.

The Group's revenue for the period ended 30 September 2015 of RM131.616 million was higher than the previous corresponding revenue of RM128.716 million, mainly due to higher demand for our core products

Performance of the respective operating business segments for the period ended 30 September 2015 as compared to previous corresponding period are as follows:-

Cable Support Systems

For the current financial period ended 30 September 2015, this business segment registered a revenue of RM110.845 million as compared to RM109.921 million in the previous corresponding period. Profit before taxation of RM21.108 million was marginally higher as compared to RM20.841 million in the previous corresponding period, mainly due to higher revenue generated during the current period under review.

Electrical Lighting and Fittings

For the current financial period ended 30 September 2015, this business segment registered a revenue of RM20.770 million as compared to RM18.794 million in the previous corresponding period, an increase of 10.5% comparatively. This is mainly due to higher demand for its core products. This segment registered a profit before taxation of RM1.685 million as compared to RM0.116 million in the previous corresponding period. This is mainly due to higher revenue generated and better profit margin achieved on goods sold during the period under review.

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group's profit before taxation for the current quarter ended 30 September 2015 of RM10.431 million was higher than the previous corresponding quarter of RM6.722 million, mainly due to higher revenue generated and better profit margin achieved on goods sold during the quarter under review.

The Group's revenue for the current quarter ended 30 September 2015 of RM45.277 million was higher than the previous corresponding quarter of RM40.675 million, mainly due to higher demand for its core products.

Performance of the respective operating business segments for the current quarter ended 30 September 2015 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 30 September 2015, this business segment registered a revenue of RM38.572 million as compared to RM34.306 million in the previous corresponding quarter, an increase of 12.4% comparatively. This is mainly due to higher demand for its core products.

Profit before taxation for the current quarter of RM9.140 million was higher as compared to RM5.642 million in the previous corresponding quarter. This is mainly due to higher revenue generated, better profit margin on goods sold and higher gain on foreign exchange during the quarter under review.

Electrical Lighting & Fittings

For the current quarter ended 30 September 2015, this business segment registered a revenue of RM6.705 million as compared to RM6.369 million in the previous corresponding quarter, a slight increase of 5.3% comparatively. This is mainly due to higher demand for its core products.

For the current quarter, this division made a profit before taxation of RM0.872 million as compared to RM1.206 million in the previous corresponding quarter, mainly due to higher loss on foreign exchange and certain impairment on receivables being provided during the quarter under review.

17. Material Changes in Profit Before Taxation for the current quarter as compared to the preceding quarter

For the quarter under review, the Group's profit before taxation was RM10.431 million as compared to RM6.103 million in the immediate preceding quarter. The increase in profit before taxation is mainly due to higher revenue generated and better profit margin achieved on goods sold during the quarter under review.

18. Commentary on Prospects

The Group anticipates that the outlook for the remaining quarter of 2015 to be challenging but still remains positive with the implementation of various major infrastructure projects under the Economic Transformation Programme (ETP). Domestic demand for our Cable Support Systems and Electrical Lighting and Fittings products will continue to grow while the outlook for export market is expected to be stable especially in ASEAN countries. The Group will continue to exercise caution in all its business dealings as global market conditions remain uncertain. The Group will continue its efforts to further improve on product quality and customers' needs while maintaining efficient operations.

19. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

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20. Income Tax Expense

	Current Quarter Ended 30.09.2015 RM'000	Current Year to Date Ended 30.09.2015 RM'000
<u>Malaysian income tax</u>		
- Current year	2,423	5,313
- Under/(Over) provision in prior years	-	-
<u>Deferred taxation</u>		
- Current year	-	-
- Under/(Over) provision in prior years	-	-
	2,423	5,313

The effective tax rate of the Group for the current quarter under review and current financial year to date is lower than the statutory tax rate due to the Group's sufficient tax losses, capital allowances and reinvestment allowances available for offset.

21. Borrowings

	As at 30.09.2015 RM'000
Short Term Borrowings	
Secured:-	
Portion of Long Term Loans payable within the next 12 months	5,380
Bankers' Acceptance	13,071
Long Term Borrowings	
Secured:-	
Portion of Long Term Loans payable after the next 12 months	60
Total Borrowings	18,451

There are no borrowings denominated in foreign currency.

22. Status of Corporate Proposal

On 31 July 2015, the Company announced the proposal to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company to investor(s) to be identified and at an issue price to be determined later ("Private Placement").

On 6 August 2015, the Company announced that Bursa Securities had, vide its letter dated 4 August 2015, approved the listing of and quotation for up to 13,200,000 new ordinary shares of RM0.50 each in ULICORP ("Placement Shares") to be issued pursuant to the Private Placement.

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22. Status of Corporate Proposal (Cont'd)

On 13 August 2015, the Company announced that they had fixed the issue price at RM3.50 per Placement Share.

The Private Placement was completed on 21 August 2015 following the listing of and quotation for 13,200,000 shares, representing ten percent (10%) of the issued and paid-up share capital of ULICORP on the Main Market of Bursa Securities.

As at 30 September 2015, the utilisation of the proceeds is as follows:-

Purpose	Proposed utilisation	Revised utilisation	Amount utilised as at 30 September 2015	Balance unutilised	Estimated timeframe for the utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Capital expenditure	22,000	22,000	1,651	20,349	Within twenty four (24) months
Working capital	29,153	23,923	-	23,923	Within twenty four (24) months
Defrayment of expenses related to the Proposed Placement	327	277	277	-	Within one (1) month
Total	51,480	46,200	1,928	44,272	

23. Profit before tax for the period

Profit before taxation for the period is arrived at after charging/(crediting):-

	<u>Current Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Interest income	(212)	(226)	(718)	(610)
Gain on disposal of property, plant & equipment	(50)	(44)	(147)	(44)
Net foreign exchange (gain)/loss	(678)	61	(1,291)	(29)
Depreciation and amortisation	1,330	1,412	4,067	4,096
Interest expenses	258	196	838	460
Bad debts recovered	(15)	-	(45)	-
Bad debts written off	24	-	38	-
Impairment loss on receivables	59	-	185	-
Insurance recoveries	-	-	(4)	-
Other income	(130)	6	(146)	(14)

24. Gains or Losses arising from Fair Value Changes of Financial Liabilities

There are no gains or losses arising from fair value changes of any financial liabilities.

25. Changes in Material Litigation

There was no pending material litigation as at the date of this report.

26. Dividend Payable

On 26 November 2015, a third single tier interim dividend of 3 sen per ordinary share for the financial year ending 31 December 2015 amounting to RM4,356,000 had been declared by the Board of Directors, payable on a date to be determined later.

27. Realised and Unrealised Profits

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	169,822	165,802
- Unrealised	565	(357)
	<u>170,387</u>	<u>165,445</u>
Less: Consolidation adjustments	(25,736)	(26,257)
Total group retained profits as per consolidated accounts	<u>144,651</u>	<u>139,188</u>

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

28. Earnings Per Share

(a) Basic

The calculation of basic earnings per share for the current quarter and current year to date is based on the Group's profit attributable to equity holders of the Company for the current quarter of RM8.008 million and current year to date of RM17.343 million and the number of ordinary shares in issue of 145,200,000.

(b) Diluted

Not applicable.

29. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 26 November 2015.