

UNITED U-LI CORPORATION BERHAD (510737-H)

Quarterly Report on Unaudited Consolidated Results for the Twelve-Month period ended 31 December 2016

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM '000	RM'000	RM'000	RM '000
Revenue	49,803	47,576	201,072	179,192
Cost of sales	<u>(30,512)</u>	<u>(26,960)</u>	<u>(117,416)</u>	<u>(109,072)</u>
Gross Profit	19,291	20,616	83,656	70,120
Other income	1,918	2,490	4,918	5,398
Administrative expenses	(6,181)	(5,408)	(24,714)	(23,137)
Selling and distribution expenses	(2,432)	(2,385)	(10,478)	(8,751)
Other expenses	<u>(2,734)</u>	<u>(1,933)</u>	<u>(8,514)</u>	<u>(6,756)</u>
Profit from operations	9,862	13,380	44,868	36,874
Finance costs	<u>(338)</u>	<u>(304)</u>	<u>(1,385)</u>	<u>(1,142)</u>
Profit before tax	9,524	13,076	43,483	35,732
Income tax expense	(4,427)	(4,379)	(12,364)	(9,692)
Profit for the period	<u>5,097</u>	<u>8,697</u>	<u>31,119</u>	<u>26,040</u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>5,097</u>	<u>8,697</u>	<u>31,119</u>	<u>26,040</u>
Attributable to:				
Equity holders of the parent	<u>5,097</u>	<u>8,697</u>	<u>31,119</u>	<u>26,040</u>
Basic earnings per ordinary share (sen)	<u>3.51</u>	<u>5.99</u>	<u>21.43</u>	<u>17.93</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2015 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
	31.12.2016	31.12.2015
	RM '000	RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	113,896	80,242
Investment properties	392	401
Total non-current assets	<u>114,288</u>	<u>80,643</u>
CURRENT ASSETS		
Inventories	54,806	45,324
Trade receivables	72,924	70,049
Other receivables	4,179	6,475
Tax recoverable	1,386	1,380
Other investment	3,033	-
Cash and bank balances	83,114	105,818
Total current assets	219,442	229,046
TOTAL ASSETS	<u><u>333,730</u></u>	<u><u>309,689</u></u>
EQUITY AND LIABILITIES		
Share capital	72,600	72,600
Share premium	39,600	39,600
Retained earnings	162,649	144,598
Total equity attributable to equity holders of the parent	<u>274,849</u>	<u>256,798</u>
NON-CURRENT LIABILITIES		
Borrowings	-	6,298
Deferred tax liabilities	2,404	1,595
Total non-current liabilities	<u>2,404</u>	<u>7,893</u>
CURRENT LIABILITIES		
Trade payables	16,922	13,558
Other payables	4,738	11,780
Borrowings	34,817	17,524
Income tax payable	-	2,136
Total current liabilities	<u>56,477</u>	<u>44,998</u>
TOTAL LIABILITIES	58,881	52,891
TOTAL EQUITY AND LIABILITIES	<u><u>333,730</u></u>	<u><u>309,689</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 2015 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 12 months ended 31 December 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	-	-	-	-	26,040	26,040
Dividends	-	-	-	-	(20,592)	(20,592)
As at 31 December 2015	<u>72,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>	<u>144,636</u>	<u>256,836</u>
Unaudited 12 months ended 31 December 2016						
As at 1 January 2016	72,600	39,600	-	-	144,598	256,798
Total comprehensive income for the period	-	-	-	-	31,119	31,119
Dividends	-	-	-	-	(13,068)	(13,068)
As at 31 December 2016	<u>72,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>	<u>162,649</u>	<u>274,849</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months Ended 31.12.2016 RM '000	12 Months Ended 31.12.2015 RM '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	43,482	35,732
Adjustments for non-operating items:-		
Depreciation and amortisation	7,211	5,538
Interest expense	1,385	1,142
Interest income	(1,858)	(1,706)
Other non-cash items	(285)	916
Operating profit before working capital changes	49,935	41,622
Increase in inventories	(9,482)	(2,198)
Increase in receivables	(484)	(11,192)
(Decrease)/Increase in payables	(3,677)	6,243
Tax paid	(13,696)	(8,356)
Net cash from operating activities	22,596	26,119
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40,809)	(20,216)
Proceeds from disposal of property, plant and equipment	142	247
Interest received	1,858	1,706
Net cash used in investing activities	(38,809)	(18,263)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,385)	(1,142)
Proceeds from issuance of shares	-	46,200
Acquisition of other investment	(3,033)	-
Dividend paid	(13,068)	(20,592)
Net proceeds/(Repayment of) from other short term borrowings	10,418	(909)
Net proceeds from term loan	616	6,872
Repayment of HP creditors	(39)	(588)
Net cash (used in)/from financing activities	(6,491)	29,841
Net change in cash and cash equivalents	(22,704)	37,697
Cash and cash equivalents at the beginning of financial period	105,818	68,121
Cash and cash equivalents at the end of financial period	<u>83,114</u>	<u>105,818</u>
Represented by:		
Cash and bank balances	47,170	40,364
Fixed deposits with licensed bank	35,944	65,454
	<u>83,114</u>	<u>105,818</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2015 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 2015. 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 2015.

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 2015 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 2016.

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>
Amendments to MFRS 107 : Disclosure Initiative	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 9 : Financial Instruments	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to MFRS 128: Investment in Associates and Joint Ventures	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16: Leases	1 January 2019

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2015 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 31.12.2016 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2015 RM'000	Current Year to Date Ended 31.12.2016 RM'000	Preceding Year Corresponding Period Ended 31.12.2015 RM'000
Malaysia	41,658	39,592	160,963	143,788
Overseas	8,145	7,984	40,109	35,404
	<u>49,803</u>	<u>47,576</u>	<u>201,072</u>	<u>179,192</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	-	40,248	9,555	-	49,803
Inter-segment	4,436	1,085	4,203	(9,724)	-
Total revenue	<u>4,436</u>	<u>41,333</u>	<u>13,758</u>	<u>(9,724)</u>	<u>49,803</u>
Results					
Interest income	-	493	40	-	533
Depreciation	10	1,830	124	10	1,974
Segment profit or loss	<u>4,246</u>	<u>9,091</u>	<u>553</u>	<u>(4,366)</u>	<u>9,524</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 31 December 2016.

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 second single tier interim dividend for the year ended 31 December 2016 of 3 sen per ordinary share amounting to RM4,356,000, was paid on 18 October 2016.

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 2015.

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 31 December 2016, 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 RM12,500,000.

14. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in other contingent liabilities or contingent assets since 31 December 2015.

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 24 February 2017, which had affected substantially the results of the Group for the financial quarter ended 31 December 2016.

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 31 December 2016 of RM43.483 million was higher than the previous corresponding profit before taxation of RM35.732 million, mainly due to higher revenue generated and better profit margin achieved on goods sold.

The Group's revenue for the period ended 31 December 2016 of RM201.072 million was higher than the previous corresponding revenue of RM179.192 million, mainly due to higher demand for its core products.

Performance of the respective operating business segments for the period ended 31 December 2016 as compared to previous corresponding period are as follows:-

Cable Support Systems

For the current financial period ended 31 December 2016, this business segment registered a revenue of RM167.598 million as compared to RM149.783 million in the previous corresponding period, an increase of 11.89% comparatively, mainly due to higher demand for its core products. Profit before taxation of RM40.839 million was 21.23% higher as compared to RM33.686 million in the previous corresponding period, mainly due to higher revenue generated and better profit margin achieved on goods sold.

Electrical Lighting and Fittings

For the current financial period ended 31 December 2016, this business segment registered a revenue of RM33.474 million as compared to RM29.408 million in the previous corresponding period, an increase of 13.83% comparatively. This is mainly due to higher demand for its core products. This segment registered a profit before taxation of RM3.174 million as compared to RM2.300 million in the previous corresponding period. This increase is mainly due to higher revenue generated and better profit margin achieved on goods sold.

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group's profit before taxation for the current quarter ended 31 December 2016 of RM9.524 million was lower than the previous corresponding quarter of RM13.076 million, mainly due to lower profit margin achieved on goods sold during the quarter under review.

The Group's revenue for the current quarter ended 31 December 2016 of RM49.803 million was higher than the previous corresponding quarter of RM47.576 million, mainly due to higher demand for its core products.

Performance of the respective operating business segments for the current quarter ended 31 December 2016 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 31 December 2016, this business segment registered a revenue of RM40.248 million as compared to RM38.938 million in the previous corresponding quarter, a marginal increase of 3.36% comparatively. This is mainly due to higher demand for its core products.

Profit before taxation for the current quarter of RM9.091 million was lower as compared to RM12.578 million in the previous corresponding quarter. This is mainly due to lower profit margin achieved on goods sold during the quarter under review.

Electrical Lighting & Fittings

For the current quarter ended 31 December 2016, this business segment registered a revenue of RM9.555 million as compared to RM8.638 million in the previous corresponding quarter, an increase of 10.62% comparatively. This is mainly due to higher demand for its core products.

For the current quarter, this division made a profit before taxation of RM0.553 million as compared to RM0.615 million in the previous corresponding quarter, mainly due to provision of doubtful debts and unfavourable forex differences 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 RM9.524 million as compared to RM14.684 million in the immediate preceding quarter. The decrease in profit before taxation is mainly due to lower profit margin achieved on goods sold and lower revenue generated during the quarter under review.

18. Commentary on Prospects

The Group anticipates that the outlook for the year 2017 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 31.12.2016 RM'000	Current Year to Date Ended 31.12.2016 RM'000
<u>Malaysian income tax</u>		
- Current year	2,555	10,492
- Under/(Over) provision in prior years	1,063	1,063
<u>Deferred taxation</u>		
- Current year	739	739
- Under/(Over) provision in prior years	70	70
	4,427	12,364

The effective tax rate of the Group for the current quarter under review and current financial year to date is marginally higher than the statutory tax rate due to certain expenses being non-allowable for deduction.

21. Borrowings

	As at 31.12.2016 RM'000
Short Term Borrowings	
Secured:-	
Portion of Long Term Loans payable within the next 12 months	7,558
Bankers' Acceptance	27,259
Long Term Borrowings	
Secured:-	
Portion of Long Term Loans payable after the next 12 months	-
Total Borrowings	34,817

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 31 December 2016, the utilisation of the proceeds is as follows:-

Purpose	Proposed utilisation	Revised utilisation	Amount utilised as at 31 December 2016	Balance unutilised	Estimated timeframe for the utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Capital expenditure	22,000	22,000	15,141	6,859	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	39,341	6,859	

23. Profit before tax for the period

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

	Current Quarter Ended		Cumulative Quarter Ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Interest income	(533)	(988)	(1,858)	(1,706)
Gain on disposal of property, plant & equipment	(167)	(48)	(189)	(195)
Net foreign exchange (gain)/loss	167	(1,043)	127	(2,334)
Depreciation and amortisation	1,974	1,471	7,211	5,538
Interest expenses	338	304	1,385	1,142
Bad debts recovered	-	(3)	-	(48)
Other income	(540)	(441)	(1,621)	(587)
Bad debts written off	-	-	-	38
Impairment loss on receivables	116	594	116	779
Reversal of impairment loss on receivables	(211)	(16)	(211)	(16)
Insurance recoveries	-	(1)	(1)	(5)
Inventories written off	84	342	84	342

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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 24 February 2017, a fourth single tier interim dividend of 3 sen per ordinary share for the financial year ended 31 December 2016 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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	186,030	168,749
- Unrealised	2,404	1,595
	<u>188,434</u>	<u>170,344</u>
Less: Consolidation adjustments	(25,785)	(25,746)
Total group retained profits as per consolidated accounts	<u>162,649</u>	<u>144,598</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 RM5.097 million and current year to date of RM31.119 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 24 February 2017.