

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

Quarterly Report on Unaudited Consolidated Results for the Six-Month period ended 30 June 2017

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.06.2017 RM '000</b>	<b>Preceding Year Corresponding Quarter 30.06.2016 RM'000</b>	<b>Current Year To Date 30.06.2017 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2016 RM '000</b>
Revenue	46,462	54,846	92,766	99,526
Cost of sales	(22,338)	(33,712)	(52,888)	(60,789)
<b>Gross Profit</b>	<b>24,124</b>	<b>21,134</b>	<b>39,878</b>	<b>38,737</b>
Other income	1,006	961	2,124	2,079
Administrative expenses	(5,515)	(6,455)	(13,347)	(12,572)
Selling and distribution expenses	(2,645)	(2,652)	(5,480)	(4,843)
Other expenses	(2,385)	(1,905)	(4,737)	(3,548)
<b>Profit from operations</b>	<b>14,585</b>	<b>11,083</b>	<b>18,438</b>	<b>19,853</b>
Finance costs	(565)	(268)	(973)	(578)
<b>Profit before tax</b>	<b>14,020</b>	<b>10,815</b>	<b>17,465</b>	<b>19,275</b>
Income tax expense	(4,595)	(2,163)	(4,888)	(4,275)
<b>Profit for the period</b>	<b>9,425</b>	<b>8,652</b>	<b>12,577</b>	<b>15,000</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>9,425</b>	<b>8,652</b>	<b>12,577</b>	<b>15,000</b>
Attributable to:				
Equity holders of the parent	9,425	8,652	12,577	15,000
Basic earnings per ordinary share (sen)	6.49	5.96	8.66	10.33

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	132,568	114,168
Investment properties	387	392
<b>Total non-current assets</b>	<u>132,955</u>	<u>114,560</u>
<b>CURRENT ASSETS</b>		
Inventories	91,882	54,806
Other investments	3,082	3,033
Trade receivables	70,778	73,121
Other receivables	6,375	4,530
Tax recoverable	1,424	1,894
Cash and bank balances	49,203	83,114
<b>Total current assets</b>	<u>222,744</u>	<u>220,498</u>
<b>TOTAL ASSETS</b>	<u><u>355,699</u></u>	<u><u>335,058</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	72,600	72,600
Share premium	39,600	39,600
Retained earnings	166,514	158,293
<b>Total equity attributable to equity holders of the parent</b>	<u>278,714</u>	<u>270,493</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	6,298	7,040
Deferred tax liabilities	2,404	2,404
<b>Total non-current liabilities</b>	<u>8,702</u>	<u>9,444</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	26,605	16,994
Other payables	5,693	9,842
Borrowings	35,985	27,777
Income tax payable	-	508
<b>Total current liabilities</b>	<u>68,283</u>	<u>55,121</u>
<b>TOTAL LIABILITIES</b>	<u>76,985</u>	<u>64,565</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>355,699</u></u>	<u><u>335,058</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 2016 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	
<b>Unaudited 6 months ended 30 June 2016</b>						
As at 1 January 2016	72,600	39,600	-	-	144,598	256,798
Total comprehensive income for the period	-	-	-	-	15,000	15,000
Dividends	-	-	-	-	(4,356)	(4,356)
As at 30 June 2016	<u>72,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>	<u>155,242</u>	<u>267,442</u>
<b>Unaudited 6 months ended 30 June 2017</b>						
As at 1 January 2017	72,600	39,600	-	-	158,293	270,493
Total comprehensive income for the period	-	-	-	-	12,577	12,577
Dividends	-	-	-	-	(4,356)	(4,356)
As at 30 June 2017	<u>72,600</u>	<u>39,600</u>	<u>-</u>	<u>-</u>	<u>166,514</u>	<u>278,714</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 Months Ended 30.06.2017 RM '000</b>	<b>6 Months Ended 30.06.2016 RM '000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,465	19,275
Adjustments for non-operating items:-		
Depreciation and amortisation	4,646	3,334
Interest expense	973	578
Interest income	(388)	(900)
Fair value gain on other investments	(49)	-
Other non-cash items	-	(13)
Operating profit before working capital changes	22,647	22,274
Increase in inventories	(37,075)	(1,716)
Decrease in receivables	499	(319)
Decrease in payables	5,462	463
Tax paid	(4,926)	(3,071)
Net cash (used in)/from operating activities	(13,393)	17,631
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(23,043)	(32,584)
Proceeds from disposal of property, plant and equipment	-	13
Interest received	388	900
Net cash used in investing activities	(22,655)	(31,671)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(973)	(578)
Dividend paid	(4,356)	(4,356)
Drawdown/(Repayment) of other short term borrowings	7,676	(697)
(Repayment of)/Net proceeds from term loan	(210)	1,057
Repayment of HP creditors	-	(26)
Net cash from/(used in) financing activities	2,137	(4,600)
Net change in cash and cash equivalents	(33,911)	(18,640)
Cash and cash equivalents at the beginning of financial period	83,114	105,818
Cash and cash equivalents at the end of financial period	49,203	87,178
<b>Represented by:</b>		
Cash and bank balances	37,102	50,179
Fixed deposits with licensed bank	12,101	36,999
	49,203	87,178

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2016 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 2016. 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 2016.

**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 2016 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 2017.

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
Amendments to MFRS 15: Clarification to MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 1: First-time Adoption of MFRSs	1 January 2018
Amendments to MFRS 2: Share-based Payment	1 January 2018
Amendments to MFRS 4: Insurance Contracts	1 January 2018
Amendments to MFRS 140: 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 2016 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:-

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter Ended 30.06.2017 RM'000</b>	<b>Preceding Year Corresponding Quarter Ended 30.06.2016 RM'000</b>	<b>Current Year to Date Ended 30.06.2017 RM'000</b>	<b>Preceding Year Corresponding Period Ended 30.06.2016 RM'000</b>
Malaysia	39,404	42,005	77,814	77,734
Overseas	7,058	12,841	14,952	21,792
	<u>46,462</u>	<u>54,846</u>	<u>92,766</u>	<u>99,526</u>

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

	<b>Investment Holding RM'000</b>	<b>Cable Support Systems RM'000</b>	<b>Electrical Lighting &amp; Fittings RM'000</b>	<b>Elimination RM'000</b>	<b>Per Consolidated Financial Statements RM'000</b>
<b>Revenue</b>					
External customer	-	35,937	10,525	-	46,462
Inter-segment	4,436	938	3,309	(8,683)	-
Total revenue	<u>4,436</u>	<u>36,875</u>	<u>13,834</u>	<u>(8,683)</u>	<u>46,462</u>
<b>Results</b>					
Interest income	-	64	39	-	103
Depreciation	10	2,258	90	10	2,368
Segment profit or loss	<u>4,183</u>	<u>12,730</u>	<u>1,460</u>	<u>(4,365)</u>	<u>14,020</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 June 2017.

**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 fourth 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 20 April 2017.

**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 2016.

**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 June 2017, 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 RM534,000.

**14. Changes in Contingent Liabilities and Contingent Assets**

There were no material changes in other contingent liabilities or contingent assets since 31 December 2016.

**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 August 2017, which had affected substantially the results of the Group for the financial quarter ended 30 June 2017.

**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 June 2017 of RM17.465 million was lower than the previous corresponding profit before taxation of RM19.275 million, mainly due to lower revenue generated, higher administration costs, higher depreciation/amortisation cost and higher selling and distribution expenses during the period under review.

The Group's revenue for the period ended 30 June 2017 of RM92.766 million was lower than the previous corresponding revenue of RM99.526 million, mainly due to the delay in delivery of certain outsourced components/activities for the cable support system division.

Performance of the respective operating business segments for the period ended 30 June 2017 as compared to previous corresponding period are as follows:-

*Cable Support Systems*

For the current financial period ended 30 June 2017, this business segment registered a revenue of RM74.147 million as compared to RM83.813 million in the previous corresponding period, a decrease of 11.53% comparatively, mainly due to the delay in delivery of certain outsourced components/activities for this division. Profit before taxation of RM16.159 million was lower as compared to RM17.772 million in the previous corresponding period, mainly due to lower revenue generated and higher depreciation/amortisation cost during the period under review.

*Electrical Lighting and Fittings*

For the current financial period ended 30 June 2017, this business segment registered a revenue of RM18.619 million as compared to RM15.713 million in the previous corresponding period, an increase of 18.49% comparatively. This is mainly due to higher demand for its core products. This segment registered a profit before taxation of RM1.618 million as compared to RM1.792 million in the previous corresponding period. This is mainly due to higher promotional costs and higher selling and distribution expenses 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 June 2017 of RM14.020 million was higher than the previous corresponding quarter of RM10.815 million, mainly due to lower administration costs and higher profit margin achieved on goods sold during the quarter under review.

The Group's revenue for the current quarter ended 30 June 2017 of RM46.462 million was lower than the previous corresponding quarter of RM54.846 million, mainly due to the delay in delivery of certain outsourced components/activities for the cable support system division.

Performance of the respective operating business segments for the current quarter ended 30 June 2017 as compared to previous corresponding quarter are as follows:-

Cable Support Systems

For the current quarter ended 30 June 2017, this business segment registered a lower revenue of RM35.937 million as compared to RM45.786 million in the previous corresponding quarter. This is mainly due to the delay in delivery of certain outsourced components/activities for this division.

Profit before taxation for the current quarter of RM12.730 million was higher as compared to RM9.133 million in the previous corresponding quarter, an increase of 39.38% comparatively. This is mainly due to higher profit margin achieved on goods sold during the quarter under review.

Electrical Lighting & Fittings

For the current quarter ended 30 June 2017, this business segment registered a revenue of RM10.525 million as compared to RM9.060 million in the previous corresponding quarter, an increase of 16.17% comparatively. This is mainly due to higher demand for its core products.

For the current quarter, this division made a lower profit before taxation of RM1.460 million as compared to RM1.836 million in the previous corresponding quarter, mainly due to higher promotional costs and lower profit margin achieved on goods sold 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 RM14.020 million as compared to RM3.446 million in the immediate preceding quarter. The increase in profit before taxation is mainly due to lower administration costs and higher profit margin achieved on goods sold during the quarter under review.

**18. Commentary on Prospects**

The Group anticipates that the outlook for the second half of year 2017 will continue 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.

**20. Income Tax Expense**

	<b>Current Quarter Ended 30.06.2017 RM'000</b>	<b>Current Year to Date Ended 30.06.2017 RM'000</b>
<u>Malaysian income tax</u>		
- Current year	4,595	4,888
- Under/(Over) provision in prior years	-	-
<u>Deferred taxation</u>		
- Current year	-	-
- Under/(Over) provision in prior years	-	-
	4,595	4,888

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

**21. Borrowings**

	<b>As at 30.06.2017 RM'000</b>	<b>As at 30.06.2016 RM'000</b>
<b>Short Term Borrowings</b>		
Secured:-		
Portion of Long Term Loans payable within the next 12 months	840	840
Bankers' Acceptance	35,145	16,144
<b>Long Term Borrowings</b>		
Secured:-		
Portion of Long Term Loans payable within the next 12 months	6,298	7,172
<b>Total Borrowings</b>	42,283	24,156

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 June 2017, the utilisation of the proceeds is as follows:-

Purpose	Proposed utilisation	Revised utilisation	Amount utilised as at 30 June 2017	Balance unutilised	Estimated timeframe for the utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Capital expenditure	22,000	22,000	22,000	-	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
<b>Total</b>	<b>51,480</b>	<b>46,200</b>	<b>46,200</b>	<b>-</b>	

**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	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Interest income	(102)	(384)	(388)	(900)
Gain on disposal of property, plant & equipment	-	-	-	(13)
Net foreign exchange gain	(473)	(19)	(912)	(236)
Depreciation and amortisation	2,367	1,748	4,646	3,334
Interest expenses	565	268	973	578
Other income	(395)	(417)	(718)	(731)

**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**

No single tier interim dividend has been declared for the quarter ended 30 June 2017.

**27. Realised and Unrealised Profits**

	<b>As at 30.06.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	189,915	181,674
- Unrealised	2,404	2,404
	<u>192,319</u>	<u>184,078</u>
Less: Consolidation adjustments	(25,805)	(25,785)
<b>Total group retained profits as per consolidated accounts</b>	<u>166,514</u>	<u>158,293</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 RM9.425 million and current year to date of RM12.577 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 August 2017.