

Quarterly Report On Results For The Fourth Quarter Ended 31 December 2014

NOTES

A1 Accounting Policies and Method of Computation

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134, “Interim Financial Reporting” issued by the Malaysian Accounting Standard Board and part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

The Company’s financial statements have been prepared under the historical cost convention other than as disclosed in the notes to the quarterly report and in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The accompanying financial statements have been prepared assuming that the Company will continue as going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The significant accounting policies adopted by the Company in this report are consistent with those used in the Audited Financial Statements of the Company for the financial year ended 31 December 2013.

(a) Standards issued and effective

On 1 January 2014, the following new and amended MFRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2014
• Amendments to MFRS 12, Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
• Amendments to MFRS 127, Consolidated and Separate Financial Statements : Investment Entities	1 January 2014
• Amendments to MFRS 132, Financial Instrument-Presentation: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to MFRS 139, Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of hedge Accounting	1 January 2014
• IC Interpretation 21 Levies	1 January 2014

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

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A1 Accounting Policies and Method of Computation (continued)

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2010 – 2012 cycle	
- MFRS 2, Share-based payment	1 July 2014
- MFRS 3, Business combinations	1 July 2014
- MFRS 8, Operating Segments	1 July 2014
- MFRS 116, Property, plant and equipment	1 July 2014
- MFRS 124, Related party disclosure	1 July 2014
- MFRS 138, Intangible assets	1 July 2014
• Annual improvements to MFRSs 2011 – 2013 cycle	
- MFRS 3, Business combinations	1 July 2014
- MFRS 13, Fair value measurement	1 July 2014
- MFRS 140, Investment property	1 July 2014
• Annual improvements to MFRSs 2012-2014 cycle	
- MRFS 5, Non-Current Assets Held for sales and Discontinued Operations	1 January 2016
- MFRS 7, Financial Instruments : Disclosure	1 January 2016
- MFRS 119, Employee Benefits	1 January 2016
- MFRS 134, Interim Financial Reporting	1 January 2016
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 14, Regulator deferral accounts	1 January 2016
• MFRS 15, Revenue from Contract with customers	1 January 2017
• Amendments to MFRS 10, Consolidated Financial Statements :Investments entities	1 January 2016
• Amendments to MFRS 11, Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
• Amendments to MRFS 101 Presentation of Financial Statements: Disclosure Initiative	1 January 2016
• Amendments to MFRS 116, Property, Plant and Equipment : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to MFRS 116: Property, Plant and Equipment: Agriculture: Bearer plants	1 January 2016
• Amendments to MFRS 119: Defined benefit plans: Employee Contributions	1 July 2014
• Amendments to MFRS 127, Separate Financial Statements : Equity Method in Separate Financial Statements	1 January 2016
• Amendment to MFRS 10, Consolidated Financial Statements: Sales or Contribution of Assets between an investor and its Associate or Joint Venture.	1 January 2016

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A1 Accounting Policies and Method of Computation (continued)

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none">• Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12 Disclosure of Interest in Other Entities and MFRS 128 Investment in Associates: Investments Entities – Applying the Consolidation Exception	1 January 2016
<ul style="list-style-type: none">• Amendments to MFRS 138 Intangible Assets: Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Company except as mentioned below:

MFRS 15 Revenue from Contracts with customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretations 13, Customer Loyalty Programmes, IC Interpretations 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue- Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replace the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value of amortised costs. It is expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 9.

A2 Audit Report

The auditors' report of the Company's preceding annual financial statements was not qualified.

A3 Seasonal or Cyclical Factors

The business operations of the Company during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

A4 Exceptional /Extraordinary Items

There were no exceptional /extraordinary items for the financial period under review.

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A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A6 Debts and Equity Securities

During the current quarter under review, the Company did not purchase any share under the share buyback scheme. Shares purchased as at 31 December 2014 totalling 1,386,016 ordinary shares of RM 1.00 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and stated at cost.

A7 Dividend Paid

Quarter	Type of dividend	Gross dividend per share	Amount of net dividend (RM)	Date of payment
Cumulative quarters ended 31/12/2014	Interim Dividend for the financial year ended 31 December 2013	4.00% single tier dividend	765,369	21 January 2014
	Final dividend for the financial year ended 31 December 2013	8.00% single tier dividend	1,529,699	22 July 2014
Preceding year's cumulative quarters ended 31/12/2013	Interim Dividend for the financial year ended 31 December 2012	4% less 25% income tax	575,257	22 January 2013
	Final dividend for the financial year ended 31 December 2012	10% less 25% income tax	1,436,493	23 July 2013

A8 Segment Information

There was no segmental reporting as the Company is currently involved primarily in a single line product.

A9 Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter.

A10 Material Events Subsequent to the end of the Reporting Period

There was no material event subsequent to the end of the reporting period.

A11 Changes in the Composition of the Company

There was no change in the composition of the Company during the quarter.

A12 Contingent Liabilities

Bank guarantee given by financial institution to third party amounting to RM186,500.

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A13 Capital Commitments

There was no capital commitment made during the quarter.

A14 Fair Value of Financial Instruments

In respect of the financial instrument classified under current assets and current liabilities, the carrying amount approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair value and the carrying amounts of the financial assets carried on the reporting date are as below:

	<u>As at 31/12/2014</u>		<u>As at 31/12/2013</u>	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Available-for-sale</u>	RM	RM	RM	RM
Other investment	5,000,000	5,000,000	5,000,000	5,000,000

The fair value of other investments is equivalent to its carrying value.

A15 Disclosure of Derivatives

The Company does not have any outstanding derivatives as at the end of the reporting quarter.

A16 Gain/(Loss) Arising From Fair Value Changes Of Financial Liabilities

There is no gain/(loss) arising from fair value changes of financial liabilities for the quarter ended 31 December 2014.

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B1 Review of Performance

The Company recorded a turnover of RM5.566 million for the quarter ended 31 December 2014 which was RM 0.512 million or 8.43% lower than the preceding quarter's turnover of RM6.078 million. Net profit before tax for the quarter under review was RM0.605 million compared to RM0.736 million recorded in the preceding quarter ended 30 September 2014 which showed a decrease of 17.77%. The decrease in profit in the current quarter was contributed mainly by lower sales revenue and higher operating costs.

Turnover of RM24.611 million achieved for the year ended 31 December 2014 was slightly lower than the turnover of RM24.883 million in the preceding year. Net profit before tax for the year under review was RM2.873 million compared with RM3.793 million achieved in the preceding year which showed a decrease of 24.26 % due mainly to higher raw material cost, electricity tariff and operating cost.

B2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

There was a material change in the Company's net profit before taxation and net profit after tax for the year ended 31 December 2014 when compare to that of the preceding year. The details of and reasons for the changes are disclosed under B1 and B5 of the notes.

B3 Prospects for the Current Financial Year

Increased operating cost, market sentiment and competition are the key concerns of the Company for the current year which may have an impact on sales revenue and profitability. However, barring unforeseen circumstances, the Board expects the Company to achieve a satisfactory result for the financial year ending 31 December 2015.

B4 Variance of Actual Profit from Forecast Profit

This is not applicable.

B5 Taxation

Details of taxation are as follows: -

	Current Year Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2014 RM'000
Current taxation	109	865
Over provision of tax	0	24
Deferred taxation	52	(33)
	<hr/> 161	<hr/> 856

The effective tax rate is higher than the statutory tax rate for the quarter ended 31 December 2014 due to certain non -allowable expenses.

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B6 Profits /(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and /or properties for the financial quarter under review.

B7 Purchases or Disposals of Quoted Securities

There were no purchases and/or disposals of quoted securities for the financial period under review.

B8 Status of Corporate Proposals

There was no corporate proposal was announced during the quarter.

B9 Borrowings and Debt Securities

There was no borrowing and debt security at the end of this quarter.

B10 Off Balance Sheet Financial Instruments

The Company does not have any financial instruments with off balance sheet risk as at the date of issue of this quarterly report.

B11 Material Litigation

There was no material litigation during the financial quarter ended 31 December 2014.

B12 Dividend

An Interim Single Tier Tax exempted dividend of 4.00 cents was declared during the quarter ended 31 December 2014.

B13 Earnings per Share

The basic earnings per share is calculated by dividing the Company's profit after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 31 December by the weighted average number of shares in issue of the Company at the end of the quarter.

	Current year's quarter	Cumulative quarters
Profit for the period (RM'000)	444	2,017
Weighted average number of ordinary shares in issue('000)	19,118	19,123
Basic earnings per share(sen)	2.32	10.55

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B14 Disclosure of realised and unrealised profits/losses

The breakdown of retained profit of the Company as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive given by Bursa Malaysia Securities Berhad (“Bursa Malaysia”), is as follows:

	31/12/2014	As at 31/12/2013
	RM'000	RM'000
Realised	9,623	9,865
Unrealised		
-Forex exchange –(gain)	2	4
-Deferred tax	<u>1,166</u>	<u>1,199</u>
Total retained profits as per condensed accounts	10,791	11,068

This disclosure is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and is not made for any other purpose.

By Order of the Board
See Siew Cheng, Leong Shiak Wan
Company Secretaries
Dated: 26 February 2015