

Quarterly Report On Results For The Fourth Quarter Ended 31 December 2015

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 2014.

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 2014.

(a) Standards issued and effective

On 1 January 2015, the Company has also adopted the following new and amended MFRS and IC Interpretations which are mandatory for annual financial periods beginning on or after 1 January 2015.

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 disclosures	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
• Amendment to MFRS 119: Employee Benefits: Defined benefit plan: Employee Contribution	1 July 2014

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(continued)

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 or 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.

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.

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.

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 shares under the share buyback scheme. Shares purchased as at 31 December 2015 totalling 1,390,016 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.

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A7 Dividend Paid

Quarters	Type of dividend	Gross dividend per share	Amount of net dividend (RM)	Date of payment
Quarters ended 31/12/2015	Interim Dividend for the financial year ended 31 December 2014	4.00% single tier	764,729	21 January 2015
	Final Dividend for the financial year ended 31 December 2014	6.00% single tier	1,146,974	22 July 2015
Preceding year's quarters ended 31/12/2014	Interim Dividend for the financial year ended 31 December 2013	4.00% single tier	765,369	21 January 2014
	Final Dividend for the financial year ended 31 December 2013	8.00% Single tier	1,529,699	22 July 2014

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 RM 232,260.

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:

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	<u>As at 31/12/2015</u>		<u>As at 31/12/2014</u>	
<u>Available-for-sale</u>	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Other investment	5,000,000	5,000,000	5,000,000	5,000,000

The fair value of other investment 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 2015.

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B1 Review of Performance

A turnover of 5.720 million was recorded for the quarter ended 31 December 2015 which was RM 0.708 million or 11.01% lower than the preceding quarter's turnover of RM6.428 million. Net profit before tax for the quarter under review was RM0.341 million compared to RM0.959 million recorded in the preceding quarter ended 30 September 2015 which showed a decrease of 64.44%. The decrease in profit in the current quarter against the last quarter was contributed mainly by the decrease in sales revenue and higher operating expenses.

Turnover of RM26.024 million achieved for the year ended 31 December 2015 was RM1.413 million or 5.74 % higher than the turnover of RM24.611 million in the preceding year. Net profit before tax for the cumulative quarters under review was RM3.628 million compared with RM2.873 million achieved in the preceding year which showed an increase of 26.28% contributed mainly by lower average raw material costs and higher sales revenue. Net profit after tax of RM2.790 million was achieved in the current year against RM2.017 million of the preceding year.

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 2015 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

Fluctuation in crude oil price, uncertainties in the global economy and market sentiment coupled by weakening of the ringgit are the key concerns of the Company for the current year which may affect sales turnover and profitability. However, barring unforeseen circumstances, the Board expects the Company to achieve satisfactory results for the financial year ending 31 December 2016.

B4 Variance of Actual Profit from Forecast Profit

This is not applicable.

B5 Taxation

Details of taxation are as follows: -

	Current Year Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2015 RM'000
Current taxation	163	1,123
Over provision of tax	0	(9)
Deferred taxation	(222)	(276)
	<u>(59)</u>	<u>838</u>

The effective tax rate is lower than the statutory tax rate for the year ended 31 December 2015 due to overprovision of deferred tax in the prior year and the utilization of deferred tax in the current year.

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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 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 2015.

B12 Dividend

An Interim Single Tier Tax exempted dividend of 6.00 cents was declared during the quarter ended 31 December 2015.

B13 Earnings per Share

The basic earning 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 2015 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)	400	2,790
Weighted average number of ordinary shares in issue('000)	19,114	19,116
Basic earning per share(sen)	2.09	14.60

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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:

	As at 31/12/2015	31/12/2014
	RM'000	RM'000
Realised	10,396	9,623
Unrealised		
-Forex exchange –loss	1	2
-Deferred tax	891	1,166
Total retained profits as per condensed accounts	11,288	10,791

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
Leong Shiak Wan
Company Secretary
Dated: 25 February 2016