

Quarterly Report On Results For The Second Quarter Ended 30 June 2016

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 2015.

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 2015.

(a) Standards issued and effective

On 1 January 2016, 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 2016.

Description	Effective for annual periods beginning on or after
• 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 14, Regulator Deferral Accounts	1 January 2016
• Amendments to MFRS 11, Joint Arrangement: 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 and MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to MFRS 116: Property, Plant and Equipment and MFRS 141 Agriculture: Bearer plants	1 January 2016
• Amendments to MFRS 127, Consolidated and Separate Financial Statements : Equity Method in Separate Financial Statements	1 January 2016
• Amendment to MFRS 10, Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates and Joint ventures: Investments Entities-Applying the Consolidation Exception	1 January 2016

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A1 Accounting Policies and Method of Computation (continued)

(a) Standards issued and effective(continue)

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none">Amendments to MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The Directors expect that the adoption of the new and amended MFRS and IC Interpretation above will have no impact on the financial statements of the Company.

(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
<ul style="list-style-type: none">MFRS 9, Financial Instruments	1 January 2018
<ul style="list-style-type: none">MFRS 15, Revenue from Contract with customers	1 January 2018
<ul style="list-style-type: none">MFRS 16, Leases	1 January 2019
<ul style="list-style-type: none">Amendment to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate: Sales or Contribution of Assets Between an investor and its Associate or Joint Venture	Deferred
<ul style="list-style-type: none">Amendment to MFRS 107, Disclosure Initiative	1 January 2017
<ul style="list-style-type: none">Amendment to MFRS 112, Recognition of Deferred Tax Assets for unrealised losses	1 January 2017

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 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

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(b) Standards issued but not yet effective (continued)

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. Shares purchased as at 30 June 2016 totalling 1,392,016 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

Quarters	Type of dividend	Gross dividend per share	Amount of net dividend (RM)	Date of payment
Quarters ended 30/06/2016	Interim Dividend for the financial year ended 31 December 2015	6.00% single tier	1,146,854	21 January 2016
	Final dividend for the financial year ended 31 December 2015	6.00% Single tier	1,146,734	22 June 2016
Preceding year's quarters ended 30/06/2015	Interim Dividend for the financial year ended 31 December 2014	4.00% single tier	764,729	21 January 2015

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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 200,694.

A13 Capital Commitments

Capital commitment made during the quarter and not provided in the financial statements

Property, Plant and equipment
- Authorised but not contracted for RM4,018,000

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:

	As at 30/06/2016		As at 31/12/2015	
	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 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 30 June 2016

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B1 Review of Performance

A turnover of 7.467 million was recorded for the quarter ended 30 June 2016 which was RM 0.424 million or 6.02% higher than the preceding quarter's turnover of RM7.043 million. Net profit before tax for the quarter under review was RM1.249 million compared to RM1.041 million recorded in the preceding quarter ended 31 March 2016 which showed an increase of 19.98%. The increase in profit in the current quarter against the last quarter was contributed mainly by the increase in sales revenue, and lower raw material cost.

Turnover of RM14.511 million achieved for the 6 months ended 30 June, 2016 was RM0.635 million or 4.58 % higher than the turnover of RM13.876 million in the preceding year's corresponding period. Net profit before tax for the cumulative quarters under review was RM2.291 million compared with RM2.329 million achieved in the preceding year's corresponding period which showed a decrease of 1.63% contributed mainly by higher average raw material cost and higher operation expenses. Net profit after tax of RM1.631 million was achieved in the current cumulative quarters ended 30 June, 2016 against RM1.681 million of the preceding year's period.

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 quarter ended 30 June 2016 when compare to that of the preceding quarter. The details of and reasons for the changes are disclosed under B1 and B5 of the notes.

B3 Prospects for the Current Financial Year

Fluctuations 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 30/06/2016 RM'000	Current Year To Date 30/06/2016 RM'000
Current taxation	365	651
Over provision of tax	0	0
Deferred taxation	0	9
	356	660

The effective tax rate is higher than the statutory tax rate for the quarter ended 30 June 2016 due to certain non-allowable expenses recorded during the quarter.

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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 30 June 2016.

B12 Dividend

A final 6% single tier dividend for the financial year ended 31 December 2015 was declared and paid during the quarter ended 30 June 2016.

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 30 June 2016 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)	892	1631
Weighted average number of ordinary shares in issue('000)	19,112	19,113
Basic earnings per share(sen)	4.67	8.53

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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 30/06/2016	As at 31/12/2015
	RM'000	RM'000
Realised	10,870	10,396
Unrealised		
-Forex exchange –loss	2	1
-Deferred tax	900	891
Total retained profits as per condensed accounts	11,772	11,288

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: 24 August 2016