

**Quarterly Report On Results For The First Quarter Ended 31 March 2018**

**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 2017.

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, 2016 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 2017.

**(a) Standards issued and effective**

On 1 January 2018, 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 2018.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
• Annual improvement to MFRSs 2014-2016 cycle	
- Amendments to MFRS 1, First-time Adoptions of Malaysian Financial Reporting Standards	1 January 2018
- Amendments to MFRS 128, Investments in Associates and Joint Ventures	1 January 2020
• Amendments to MFRS 2, Share-based Payment: Classification and Measurement of Share-based Payment Transactions	1 January 2018
• Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts	1 January 2018
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 15, Revenue from Contract with Customers	1 January 2018
• Classifications to MFRS 15, Revenue from Contracts with Customers	1 January 2018
• Amendments to MFRS 140, Investment Property: Transfer of Investment property	1 January 2018
• IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018

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

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**(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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
<ul style="list-style-type: none"> <li>• Annual improvement to MFRSs 2015-2017 cycle</li> <li>-Amendment to MFRS 3, Business combinations</li> <li>-Amendment to MFRS 11, Joint Arrangements</li> <li>-Amendment to MFRS 112, Income Taxes</li> <li>-Amendment to MFRS 123, Borrowing Costs</li> </ul>	<p>1 January 2019</p> <p>1 January 2019</p> <p>1 January 2019</p> <p>1 January 2019</p>
<ul style="list-style-type: none"> <li>• MFRS 16, Leases</li> </ul>	<p>1 January 2019</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 119, Employee Benefits (Plan Amendment, Curtailment and Settlement)</li> </ul>	<p>1 January 2019</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation</li> </ul>	<p>1 January 2019</p>
<ul style="list-style-type: none"> <li>• Amendment to MFRS 2, Share- based payment</li> </ul>	<p>1 January 2020</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 3, Business Combination</li> </ul>	<p>1 January 2020</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources</li> </ul>	<p>1 January 2020</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 14, Regulatory Deferral Accounts</li> </ul>	<p>1 January 2020</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 101, Presentation of Financial Statements</li> </ul>	<p>1 January 2020</p>
<ul style="list-style-type: none"> <li>• MFRS 17, Insurance Contracts</li> </ul>	<p>1 January 2021</p>
<ul style="list-style-type: none"> <li>• Amendment to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures: Sales or Contribution of Assets between an investor and its Associates or Joint Ventures</li> </ul>	<p>Deferred</p>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 128, Investments in Associates and Joint Venture :Long –term interest in Associates and Joint Venture</li> </ul>	<p>1 January 2019</p>
<ul style="list-style-type: none"> <li>• IC Interpretation 23, Uncertainty Over Income Tax Treatments</li> </ul>	<p>1 January 2019</p>

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 cost.

The Directors expect that the adoption of MFRS 9 will have no material impact on the financial statements of the Company.

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

**MFRS 15 Revenue from Contracts with customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 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.

The Directors expect that the adoption of MFRS 15 will have no material impact on the financial statements of the Company.

**MFRS 16 Leases**

MFRS 16 replaces existing guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases-Incentives, and IC Interpretation 127 Evaluating the Substance of Transactions involving the Legal Form of a Lease.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

**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 March 2018 totalling 1,392,016 ordinary shares were held as treasury shares in accordance with Section 127 of The Companies Act 2016 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
Quarter ended 31/03/2018	Interim Dividend for the financial year ended 31 December 2017	6.00% single tier	1,146,734	25 January 2018
Quarter ended 31/03/2017	Interim Dividend for the financial year ended 31 December 2016.	6.00% single tier	1,146,734	19 January 2017

**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 211,215.

**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:

	As at 31/03/2018		As at 31/12/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
<u>Available-for-sale</u>				
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.

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**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 March 2018.

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**NOTES**

**B1 Review of Performance**

The Company recorded a turnover of RM 6.860 million for the quarter ended 31 March 2018 which was RM 0.464 million or 7.25% higher than the preceding quarter's turnover of RM 6.396 million because of better sales orders received during the quarter. Net profit before tax for the quarter under review was RM 0.553 million compared to RM 0.099 million recorded in the preceding quarter ended 31 December 2017 which showed an increase of 458.58%. The increase in profit in the current quarter against the last quarter was mainly contributed by the higher sales volume, lower operating cost and provision.

Turnover of RM 6.860 million achieved for the quarter ended 31 March 2018 was RM 1.797 million or 35.49% higher than the turnover of RM5.063 million in the preceding year's corresponding quarter ended 31 March 2017. Net profit before tax for the quarter ended 31 March 2018 was RM0.553 million compared with RM0.205 million achieved in the preceding year's corresponding quarter which showed an increase of 169.76% contributed mainly by higher sales revenue, higher other income and higher exchange gain. Net profit after tax of RM0.520 million was achieved in the quarter against RM0.159 million of the preceding year's quarter. Average selling price and raw material cost per meter square for the quarter ended 31 March 2018 was 0.65% and 24.57% respectively higher than in the preceding year's corresponding quarter. Higher sales for the quarter ended 31 March 2018 was due to an increase in sales orders from major customers.

Below are the key financial information presented in a tabular format:

Table 1 : Financial Review for current quarter compared with immediate preceding quarter:

	Current Quarter Ended 31.03.2018	Preceding Quarter Ended 31.12.2017	Changes in amount	Changes in %
	RM'000	RM'000	RM'000	
Revenue	6,860	6,396	464	7.25
Operating profit	496	41	455	1109.75
Profit before interest and tax	553	99	454	458.58
Profit before tax	553	99	454	458.58
Profit after tax	520	167	353	211.38
Profit attributable to Equity Holders	520	167	353	211.38

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Table 2: Financial review for current quarter and financial year to date:

	Current Year quarter 31/03/18	Preceding year Corresponding quarter 31/03/17	Change in RM'000/ %	Current year to-date 31/03/2018	Preceding year Corresponding period 31/03/17	Change in RM'000/ %
	RM'000	RM'000		RM'000	RM'000	
Revenue	6,860	5,063	1,797/ 35.49	6,860	5,063	1,797/ 35.49
Operating profit	496	115	381/ 331.30	496	115	381/ 331.30
Profit before interest and tax	553	205	348/ 169.76	553	205	348/ 169.76
Profit before tax	553	205	348/ 169.76	553	205	348/ 169.76
Profit after tax	520	159	361/ 227.04	520	159	361/ 227.04
Profit attributable to Equity Holders	520	159	361/ 227.04	520	159	361/ 227.04

**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 31 March 2018 when compare to that of the preceding year's 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**

Higher crude oil and rising raw material costs, uncertainties in the global economy and market sentiment and competition are the key concerns of the Company for the current year which may affect sales turnover and profitability.

**B4 Variance of Actual Profit from Forecast Profit**

This is not applicable.

**B5 Taxation**

Details of taxation are as follows: -

	Current Year Quarter 31/03/2018 RM'000	Current Year To Date 31/03/2018 RM'000
Current taxation	56	56
Overprovision of tax	0	0
Deferred taxation	(23)	(23)
	<u>33</u>	<u>33</u>

The effective tax rate is lower than the statutory tax rate for the quarter ended 31 March 2018 due to reinvestment allowances claimed 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 31 March 2018.

**B12 Dividend**

No dividend was declared during the quarter ended 31 March 2018.

**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 March 2018 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)	520	520
Weighted average number of ordinary shares in issue('000)	19,112	19,112
Basic earning per share(sen)	2.72	2.72

**B14 Other income /Expenses**

Other income comprises of sales of scrapped materials and cylinders. Higher amount of other income for the current and cumulative quarters was due to higher sales of scrapped materials and higher income from AmFunds Management Berhad .

Other expenses are normal operating expenses for the quarter ended 31/03/2018 increased by 2.46% due to higher operating cost when compared to the same quarter ended 31/03/2017.

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**B15 Foreign Exchange exposure /Hedging policy**

The company carries out foreign exchange hedging as and when required. The Company is a single entity and does not have overseas operation.

**B16 Trade receivables**

The Company's normal credit term ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case to case basis. A significant portion of the trade receivables are regular customers that have been transacting with the Company. None of the trade receivable is considered related parties to the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables and a significant amount of the trade receivable that were past due and over 90 days have been collected as at the reporting date.

Ageing analysis of trade receivable:

	Amount not due /due but less than 90 days	Amount due and over 90 days
	RM	RM
Trade receivable	6,754,689	454,608

**B17 Material Impairment of assets**

There was no material impairment of assets during the quarter except for the normal depreciation on straight line method and impairment of inventory.

By Order of the Board  
Leong Shiak Wan  
Company Secretary  
Dated: 31 May 2018