

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

1(a) (i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group statement of comprehensive income for HY2017 and HY2016.

	Group		
	HY2017 (Unaudited)	HY2016 (Unaudited)	Increase/ (Decrease)
	RM'000		%
Revenue	53,666	41,172	30.3%
Cost of sales	(38,097)	(29,243)	30.3%
Gross Profit	15,569	11,929	30.5%
Other income - net	396	479	(17.3%)
Expenses			
- Selling and distribution	(4,250)	(2,462)	72.6%
- Administrative	(8,075)	(7,833)	3.1%
- Finance	(1,566)	(1,423)	10.0%
Profit before income tax	2,074	690	200.6%
Income tax expense	(556)	(144)	286.1%
Total comprehensive income, representing net profit	1,518	546	178.0%
Net profit attributable to:			
Equity holders of the Company	1,512	206	634.0%
Non-controlling interests	6	340	(98.2%)
	1,518	546	178.0%

NM: Not meaningful

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Note:

Profit before income tax is arrived at after charging/(crediting) the following:

	Group	
	HY2017 (Unaudited)	HY2016 (Unaudited)
	RM'000	
Reversal of allowance for impairment of trade receivables	(31)	(227)
Depreciation of investment properties	29	29
Depreciation of property, plant and equipment	2,124	2,000
Property, plant and equipment written off	87	18
Directors' remuneration	753	765
Net foreign exchange loss	197	55
(Gain)/loss on disposal of property, plant and equipment	(42)	4
Interest income	(19)	(19)
Interest expense	1,566	1,423
Rental expenses	425	417
Rental income	(221)	(258)
Staff costs	10,238	9,561

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/6/17 (Unaudited)	As at 31/12/16 (Audited)	As at 30/6/17 (Unaudited)	As at 31/12/16 (Audited)
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Current assets				
Cash and bank balances	10,433	10,032	*	*
Trade and other receivables	30,295	25,460	6,500	6,500
Inventories	29,913	28,550	-	-
Other current assets	3,829	2,911	-	15
Income tax recoverable	1,093	1,079	-	-
	75,563	68,032	6,500	6,515
Non-current assets				
Property, plant and equipment	45,086	44,928	-	-
Investment properties	3,775	3,755	-	-
Investment in subsidiary corporations	-	-	19,404	19,404
	48,861	48,683	19,404	19,404
Total assets	124,424	116,715	25,904	25,919
LIABILITIES				
Current liabilities				
Trade and other payables	21,448	17,662	5,323	4,941
Borrowings	39,448	34,814	-	-
	60,896	52,476	5,323	4,941
Non-current liabilities				
Borrowings	19,052	21,287	-	-
Deferred income tax liabilities	265	259	-	-
	19,317	21,546	-	-
Total liabilities	80,213	74,022	5,323	4,941
NET ASSETS	44,211	42,693	20,581	20,978
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26,862	26,862	26,862	26,862
Retained earnings/(accumulated losses)	16,921	15,409	(6,281)	(5,884)
Currency translation reserve	(61)	(61)	-	-
	43,722	42,210	20,581	20,978
Non-controlling interests	489	483	-	-
Total equity	44,211	42,693	20,581	20,978

* Denotes amounts below RM1,000

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	Group	
	As at 30/6/17 (Unaudited)	As at 31/12/16 (Audited)
RM'000		
Bank overdrafts	11,433	11,068
Bank borrowings	2,338	2,523
Bills payables	22,842	18,301
Finance lease liabilities	2,835	2,922
	39,448	34,814

Amount repayable after one year

	Group	
	As at 30/6/17 (Unaudited)	As at 31/12/16 (Audited)
RM'000		
Bank borrowings		
- due within two to five years	4,228	5,770
- due after five years	9,095	8,556
Finance lease liabilities		
- due within two to five years	5,468	6,667
- due after five years	261	294
	19,052	21,287

Details of collaterals

All of the above bank borrowings are fully secured. The bank overdrafts, bank borrowings and bills payable are secured on:

- (i) Legal mortgages over the Group's freehold and leasehold land and buildings. As at 30 June 2017, the Group's freehold and leasehold land and buildings with carrying amounts of approximately RM26.5 million were mortgaged for bank borrowings. As at 30 June 2017, the Group's investment properties with carrying amounts of approximately RM3.8 million were mortgaged for bank borrowings;
- (ii) Short-term bank deposits; and
- (iii) Joint and personal guarantee of certain directors and a controlling shareholder.

Finance lease liabilities of the Group are effectively secured over to the leased plant and machinery, motor vehicles and computer and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

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1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	HY2017 (Unaudited)	HY2016 (Unaudited)
	RM'000	
Cash flows from operating activities		
Net profit	1,518	546
Adjustments for:		
- Income tax expense	556	144
- Depreciation of property, plant and equipment	2,124	2,000
- Depreciation of investment properties	29	29
- Property, plant and equipment written off	87	18
- (Gain)/loss on disposal of property, plant and equipment	(42)	4
- Interest income	(19)	(19)
- Interest expense	1,566	1,423
Change in working capital	5,819	4,145
- Trade and other receivables	(4,835)	(3,278)
- Inventories	(1,363)	(1,505)
- Other current assets	(918)	81
- Trade and other payables	2,169	2,208
- Bills payable	4,541	2,536
Cash generated from operations	5,413	4,187
Interest paid	(934)	(814)
Interest received	19	19
Income tax paid	(564)	(465)
Net cash provided by operating activities	3,934	2,927
Cash flow from investing activities		
Additions to property, plant and equipment	(498)	(1,373)
Additions to investment properties	(49)	(80)
Proceeds from disposals of property, plant and equipment	42	426
Net cash used in investing activities	(505)	(1,027)

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	Group	
	RM'000	
	HY2017 (Unaudited)	HY2016 (Unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	137	1,534
Short-term bank deposits pledged	(19)	(20)
Repayment of bank borrowings	(1,325)	(1,132)
Repayment of finance lease liabilities	(1,573)	(1,805)
Interest paid	(632)	(609)
Net cash used in financing activities	(3,412)	(2,032)
Net increase/(decrease) in cash and cash equivalents	17	(132)
Cash and cash equivalents at beginning of financial period	(2,345)	(2,254)
Cash and cash equivalents at end of financial period	(2,328)	(2,386)

Note:

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following:

	Group	
	HY2017 (Unaudited)	HY2016 (Unaudited)
	RM'000	
Cash and bank balances	10,433	8,242
Less: Short-term bank deposits pledged	(1,328)	(1,287)
Less: Bank overdraft	(11,433)	(9,341)
Cash and cash equivalents at end of financial period per Statement of Cash Flows	(2,328)	(2,386)

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Translation reserve	Retained earnings	Total	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	26,862	(61)	15,409	42,210	483	42,693
Total comprehensive income for the financial period	-	-	1,512	1,512	6	1,518
Balance as at 30 June 2017	26,862	(61)	16,921	43,722	489	44,211
Balance as at 1 January 2016	26,862	(61)	15,263	42,064	20	42,084
Total comprehensive income for the financial period	-	-	206	206	340	546
Balance as at 30 June 2016	26,862	(61)	15,469	42,270	360	42,630

Company	Share capital	Translation reserve	Accumulated losses	Total	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	26,862	-	(5,884)	20,978	-	20,978
Total comprehensive losses for the financial period	-	-	(397)	(397)	-	(397)
Balance as at 30 June 2017	26,862	-	(6,281)	20,581	-	20,581
Balance as at 1 January 2016	26,862	-	(4,897)	21,965	-	21,965
Total comprehensive losses for the financial period	-	-	(469)	(469)	-	(469)
Balance as at 30 June 2016	26,862	-	(5,366)	21,496	-	21,496

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

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1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital during HY2017.

As at the end of the current financial period reported on, and as at the end of the corresponding period of the immediately preceding financial year, there were no outstanding convertibles, treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2017	As at 31 December 2016
Total number of issued shares (excluding treasury shares)	90,000,000	90,000,000

The Company has no treasury shares or convertibles outstanding as at 30 June 2017 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

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3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Note 5, the Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current financial period as those applied for the most recently audited financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 *Disclosure Initiative*
- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Improvements to FRSs (December 2016)
 - Amendments to FRS 112 *Disclosure of Interests in Other Entities*

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 40 *Transfers of Investment Property*
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*
- Improvements to FRSs (December 2016)
 - Amendments to FRS 28 *Investments in Associates and Joint Ventures*
 - Amendments to FRS 101 *First-Time Adoption of Financial Reporting Standards*
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 *Leases*

Adoption of the above FRSs, INT FRSs and amendments to FRS did not result in substantial changes to the accounting policies of the Group and had no material impact on the amounts reported for the current financial period or prior financial years.

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- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	HY2017	HY2016
Earnings attributable to equity holders of the Company, after deducting any provision for preference dividends (RM'000)	1,512	206
Weighted average number of shares used in computation of basic EPS	90,000,000	90,000,000
Basic EPS attributable to equity holders of the Company (Malaysian sen)	1.68	0.23
Diluted EPS attributable to equity holders of the Company (Malaysian sen)	1.68	0.23

Basic EPS is computed by dividing the earnings attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding as at the end of the respective financial period.

Fully diluted EPS is the same as the basic EPS as the Company did not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial periods.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
NAV per ordinary share (Malaysian sen)	49.12	47.44	22.87	23.31
Number of shares used in computation of NAV per share	90,000,000	90,000,000	90,000,000	90,000,000

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Commentary on Financial Results

Revenue

Revenue increased by approximately RM12.5 million or 30.3% from approximately RM41.2 million in HY2016 to RM53.7 million in HY2017. This was mainly due to increase in sales from kitchen appliances, equipment and related services segment, oil and gas segments and cleanroom and laboratories segment amounting to RM0.8 million, RM11.7 million and RM1.5 million respectively to offset decrease in revenue of OEM contract manufacturing segment of approximately RM1.5 million.

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Commentary on Financial Results (continued)

Cost of sales and gross profit

Cost of sales increased by approximately RM8.8 million or 30.3% from approximately RM29.2 million in HY2016 to RM38.0 million in HY2017 corresponding with the increase in revenue.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RM1.8 million or 72.6% from approximately RM2.5 million in HY2016 to approximately RM4.3 million in HY2017. This was mainly due to the increase in carriage outward expenses of approximately RM1.7 million as a result of increase in export sales for oil and gas customers.

Commentary on Financial Position

Assets

Trade and other receivables increased by approximately RM6.1 million from approximately RM25.5 million as at 31 December 2016 to approximately RM31.6 million as at 30 June 2017. Below is the breakdown of the trade and other receivables.

	Group	
	30 June 2017	31 December 2016
	RM'000	
Trade receivables	28,391	24,062
Other receivables	1,904	1,398
	30,295	25,460

Trade receivables increased by approximately RM4.3 million from RM24.1 million as at 31 December 2016 to approximately RM28.4 million as at 30 June 2017 in line with the increase in revenue. Other receivables increased by approximately RM0.5 million from approximately RM1.4 million as at 31 December 2016 to approximately RM1.9 million as at 30 June 2017 was mainly due to the GST receivables of approximately RM0.3 million arising from tax relief and RM0.1 million from staff loan.

Inventories increased by approximately RM1.4 million from approximately RM28.5 million as at 31 December 2016 to approximately RM30.0 million as at 30 June 2017. This was mainly due to increased demand from oil and gas customers.

Liabilities

Trade and other payables increased by approximately RM3.7 million from approximately RM17.7 million as at 31 December 2016 to approximately RM21.4 million as at 30 June 2017 corresponding to the increase in purchases.

Total borrowings increased by approximately RM2.4 million from approximately RM56.1 million as at 31 December 2016 to approximately RM58.5 million as at 30 June 2017. This was mainly due to increase in utilisation of bills payable of approximately RM4.5 million and net drawdown of bank overdraft of approximately RM0.4 million offset by the repayment of term loan of approximately RM1.2 million and the repayment of finance lease liabilities of approximately RM1.3 million.

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Commentary on Cash Flow

The Group's cash and cash equivalents position remained similarity as compare to HY2016.

The Group generated a net cash inflow from operating activities of approximately RM3.9 million. This was derived from operating profit before working capital changes of approximately RM5.8 million, adjusted by net working capital outflow of approximately RM0.4 million, net interest paid of approximately RM0.9 million and net income tax paid of approximately RM0.6 million.

Net cash used in investing activities amounted to approximately RM0.5 million mainly due to purchase of property, plant and equipment and investment properties of approximately RM0.5 million and RM0.1 million respectively and offset by the proceeds from disposal of property, plant and equipment of approximately RM0.1 million.

Net cash used in financing activities amounted to approximately RM3.4 million mainly due to the repayment of term loan and finance lease liabilities which included interest payment.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to the shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Although The Group has had improved the performance for HY2017 as compare to HY2016. However, the Board of Directors is of the view that the outlook for the Group's businesses for the next 12 months remain challenging due to competitive pressure faced by the industries. The Group will continue to explore opportunities to expand its business in all for segments both locally and abroad, via the development of new products or strategic investments and acquisitions to grow the Group's revenue.

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11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for HY2017.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable. No dividend had been declared or recommended for HY2017.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the half year ended 30 June 2017.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions and none of the interested person transactions (individually) were of a value that exceeded S\$100,000.

14. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The company has procured undertakings from all its directors and executive officer under Rule 720 (1).

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**15. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual Section B:
Rules of Catalist**

On behalf of the Board of Directors of the Company, we hereby confirm that to the best knowledge of the Directors of the Company nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for HY2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chan Kee Sieng
Executive Chairman

Chan Kit Moi
Executive Director

BY ORDER OF THE BOARD

Chan Kee Sieng
Executive Chairman
14 August 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)