A. Notes to the financial report for the first financial quarter ended 30 September 2012

1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30th June 2012.

The auditors' report on the financial statements of the Group for the financial year ended 30th June 2012 was not subject to any qualification.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30th June 2012 except for the adoption of the following Financial Reporting Standards ("FRS") and Amendments to FRSs :-

Amendments to FRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

Amendments to FRS 7 *Disclosures – Transfers of Financial Assets*

Amendments to FRS 101 *Presentation of Items of Other comprehensive Income*

Amendments to FRS112 *Deferred Tax : Recovery of Underlying Assets*

FRS 124 *Related Party Disclosures (revised in 2010)*

The adoption of the above amended/revised FRSs did not have any significant impact on the Group's consolidated financial statements of the current quarter or the comparative financial statement

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MASB") framework. The MFRS framework is to be applied by all entities other than private entities for the annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for construction of Real Estate*, including their parents, significant investors and ventures ("Transitioning Entities"). Further to MASB announcement on 30 June 2012, Transitioning Entities will be allowed to defer the adoption of the new MFRS framework to annual period beginning on or after 1 January 2014.

Being a Transitioning Entity as defined above, the Group has elected to continue preparing its financial statements in accordance with the existing FRS framework for the financial years ending 30 June 2013 and 30 June 2014 and will first adopt the MFRS framework for the financial year ending 30 June 2015.

2. Seasonal or cyclical operations

The business operations of the Group are subject to cyclical effects of the global semiconductors and electronics industries.

3. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that unusual because of their nature, size or incidence

There were no other events affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence during the current quarter under review.

4. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There were no significant changes in estimates of amounts reported in prior interim periods of the current financial year or prior years, that have a material effect in the current quarter.

5. Issuance, cancellations, repurchases, resale or repayments of debts and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities for the current financial quarter.

6. Dividend Paid

There were no dividend paid for the quarter under review (30.09.2011 : Nil)

7. Segment Information

For management purposes, the Group is organised into business units based on their products and services.

The Group's reportable operating segments are as follows:

a) Precision Tooling & Equipment – Manufacture of precision molds, tooling and dies, and design and manufacture of automated machines.
b) Precision Metal Components – Manufacture of precision machined components, precision stamping, sheet metal parts and surface treatment.
c) Metal Fabrication – Manufacture of metal works and structures, modules and parts for oil and gas production and extraction equipment.
d) Other operating segments– Include small operations related to general trading, money lending, food & beverages, hotel operation and property development.

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Current Period ended 30/09/2012	Precision Tooling & Equipment	Precision Metal Components	Metal Fabrication	Other Operating Segments	Unallocated Non-Operating Segments	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	7078	14330	4916	249	60	26633	-	26633
Intersegment revenue	18	24	-	-	382	424	-424	
Interest revenue	8	204	3	-	184	399		399
Interest expense	-	2	106	-	-	108	-106	2
Depreciation and amortisation	101	1011	186	60	72	1430	-	1430
Tax expense	137	464	-	2	13	616	-	616
Reportable segment profit after taxation	682	1185	-458	-93	55	1371	-126	1245
Reportable segment assets	14930	82139	17325	20317	94857	229568	-57870	171698
Expenditure for non-current assets	136	1207	153	17	1	1514	-	1514
Reportable segment liabilities	6586	9916	8961	7582	4773	37818	-17825	19993

Current Period ended 30/09/2011	Precision Tooling & Equipment (RM'000)	Precision Metal Components (RM'000)	Metal Fabrication (RM'000)	Other Operating Segments (RM'000)	Unallocated Non-Operating Segments (RM'000)	Total (RM'000)	Eliminations (RM'000)	Total Equity (RM'000)
Revenue from external customer	4911	15235	3271	154	20	23590	-	23590
Intersegment revenue	38	-	-	40	1481	1559	-1559	-
Interest revenue	13	177	1	1	198	389	-	389
Interest expense	1	3	37	-	-	40	-34	7
Depreciation and amortisation	100	923	181	36	73	1312	-	1312
Tax expense	164	652	-	-	16	832	-	832
Reportable segment profit after taxation	-645	1627	372	-260	1174	2267	-1129	1138
Reportable segment assets	16138	79818	17807	21506	96428	231699	-58419	173279
Expenditure for non-current assets	26	1157	61	5767	10	7021	-	7021
Reportable segment liabilities	6008	11364	6527	9437	4438	37774	-16342	21432

Segment information by geographical regions

The following is an analysis of Group's sales by geographical market, irrespective of the origin of the goods/services :

	30.09.2012 (RM'000)	30.09.2011 (RM'000)
Malaysia	14832	14430
China	1446	3407
Singapore	6164	717
Europe	1477	370
United Kingdom	349	331
United States of America	1520	1510
Other Asia Pacific Countries	845	2824
Total	**26633**	**23590**

Information about major customer

Revenue from a customer of Precision Tooling & Equipment's segment contributed approximately RM4.05 million (15.20%) of the total Group's revenues for the period under review.

8. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendment from the previous annual report.

9. Subsequent events

In relate to the proposed privatisation of Lipo Corporation Berhad ("Lipo"),a 53.16% owned subsidiary, by way of Selective Capital Reduction and Repayment Exercise pursuant to Section 64 of the Companies Act, 1965 ("Proposed SCR"), the SCR was completed on 30th October 2012. Subsequent to that, Lipo has become a 100% owned subsidiary of Kobay Technology Bhd..

Other than the above, there were no other material events subsequent to the end of the reporting financial period.

10. Changes in the composition of the group

There were no major changes in the composition of the Group during the financial period ended 30th September 2012.

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (30.09.2011: RM Nil).

12. Material related party transaction

There was no material transaction entered by the group with any related party.

13. Capital Commitments

Authorised capital commitments not recognized in the interim financial statement as at 30th September 2012 are as follows : -

Property, plant & equipment	RM'000
Contracted	1,906

B. Additional information required by the Listing Requirements of Bursa Securities

1. Review of performance

For the quarter under review, the Group recorded revenue of RM26.63 million, with a profit after tax of RM1.24 million as compared to previous year corresponding quarter of RM1.13 million.

The precision metal components segment shown a drop in profit from RM1.62 million in previous year corresponding quarter to RM1.18 million in current quarter. The China operation of this segment encountered significant drop in revenue due to decline in sales orders contributed by the uncertainty in global economy and failure in developing new customers.

During the quarter, the metal fabrication segment reported a loss of RM0.45 million as a result of low margin sales mix.

On contrary to other segments, the precision tooling and equipment segment reported a favourable performance of RM0.68 million as compared to previous year corresponding quarter's loss of RM0.65 million. This was mainly contributed by the increase in revenue from one of the subsidiaries in Singapore.

2. Comparison with preceding quarter's results

The Group reported revenue of RM26.63 million and profit after tax of RM1.24 million for the quarter as compared to preceding quarter's revenue of RM24.36 million and loss after tax of RM1.46 million.

The positive variance as compared to preceding quarter was mainly due to inventory written off from metal fabrication segment in preceding quarter.

The precision tooling & equipment segment reported a revenue of RM7.07 million and a profit after tax of RM0.68 million. The increase in revenue was contributed from pulling of orders from a customer.

The metal fabrication segment still underperformed during the quarter with a loss after tax of RM0.45 million.

The same goes to the precision metal components, which also reported a lower performance with a profit after tax of RM1.18 million on revenue of RM14.33 million. The losses reported from its China operation was the main factor to the underperformed.

3. Commentary on the prospects of the Group

Given the soft external demand and uncertainties in global economy, the Group foresees that the performance for the coming year to be challenging.

The metal fabrication segment will strive to improve its production efficiency and output in order to stay positive in the coming months.

Precision tooling and equipment segments will continue to strive for more orders by improving its business development activity.

For precision metal component segment, the Malaysia operation is expected to remain profitable for the coming year with its high effort in business development activities to bring in high value products. For China operations, the performance is expected to be unsatisfactory due to continuing margin pressure and lower incoming orders.

The Group will continue its conservative stance in working capital management and adhere to stringent cost control, apart from tackling the underperformed business segments. With the privatization of Lipo to become a 100% owned subsidiary, Lipo and Kobay will integrate into a single management team which shall have better synergies, increase product offering and scale of operations. The Group hopes to achieve positive effect from the integration, but ultimately the performance of the global economy and industries where the Group relies upon shall prevail.

4. Variance on forecast profit/profit guarantee

No profit forecast or profit guarantee was issued during the period.

5. Profit for the period

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended	Preceding Year Corresponding quarter period	Current Year to date	Preceding Year Corresponding period
<u>**Group**</u>	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after (crediting)/charging :-				
Interest income	(398)	(389)	(398)	(389)
Interest expenses	2	7	2	7
Depreciation of property, plant and Equipment	1,430	1,312	1,430	1,312
Inventories written down	112	255	112	255
Impairment loss on available for sales Financial assets	47	0	47	-

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirement are not applicable.

6. Taxation

Taxation comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended	Preceding Year Corresponding quarter ended	Current Year to date	Preceding Year Corresponding period
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM '000	RM '000	RM '000	RM '000
Current tax	(597)	(823)	(597)	(823)
Deferred tax	(19)	(9)	(19)	(9)
	(616)	**(832)**	**(616)**	**(832)**

The effective tax rates for the quarter and period are higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

7. Status of corporate proposals

There were no corporate proposals announced as at the date of this interim report but pending completion.

8. Group borrowings and debts securities

There were no borrowings and debts securities for the Group as at 30th September 2012 :-

Hire Purchase	**Total Hire Purchase (RM'000)**	**Total Hire Purchase (RM'000)**
Repayable within twelve months	-	96
Repayable more than twelve months	-	189
Total	**-**	**285**

9. Derivative Financial Instrument

There were no derivative financial instruments as at the date of this quarterly report.

10. Gain and losses arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for the current quarter and current financial year to date.

11. Breakdown of realised and unrealised profits or losses of the Group

	30/09/2012 RM'000	30/09/2011 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	52,235	61,885
Unrealised	(3,647)	(2,772)
	48,588	59,113
Consolidation adjustments and eliminations	(8,520)	(15,610)
	40,068	**43,503**

12. Material litigation

On 27th July 2007, Polytool Integration Sdn Bhd ("PIN", the "Plaintiff"), a subsidiary of the Company, commenced legal proceedings against an insurance company (the "Defendant") claiming the sum of RM705,000 for one of its damaged Dicing Saw Machine that was insured by the Defendant. The Penang High Court had on 24th February 2012 dismissed the claim and on 8th March 2012, PIN had filed a Notice of Appeal to Court of Appeal and the case is still pending hearing as at the date of report. The machine has been fully written down in 2009. In the event that PIN succeed in the Appeal, there will be a positive impact to the Group's profit.

On 2nd November 2012, Kewjaya Sdn Bhd ("Kewjaya", the "Plaintiff"), a subsidiary of the Company, had served a Bankruptcy Notice to a default loan guarantor for the default loan of RM2.0 million and interests thereof. The case is still pending filing of Creditors Petition to the High Court as at the date of the report.

13. Dividend

The Board of Directors do not recommend any dividend for the financial quarter ended 30th September 2012 (30.09.2011: Nil).

14. Earnings Per Share ("EPS")

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended	Preceding Year Corresponding quarter ended	Current Year to date	Preceding Year Corresponding period
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM '000	RM '000	RM '000	RM '000
Profit attributable to ordinary equity holders of the parent	148	723	148	723
Weighted average number of				
- Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
- Effect of Shares Buy Back	(728)	(728)	(728)	(728)
	67,353	**67,353**	**67,353**	**67,353**
Earnings per share (sen)				
Basic/diluted	**0.22**	**1.07**	**0.22**	**1.07**

(b) Diluted earnings per share

The effects on the basic EPS for the year arising from the assumed exercise of the employee share options is anti-dilutive. Accordingly the diluted EPS for the current period has not been presented.

15. Provision for Financial Assistance

Pursuant to Paragraph 8.23 and 10.08 of the Listing Requirements and Practice Note No. 11/2001 of the Bursa Malaysia Securities Berhad, the followings are the financial assistance provided by the Group as at 30th September 2012:

	Current Period As at 30/09/2012 RM'000
Loan given to non-wholly owned subsidiaries	387
Loan given by a licensed money lending company within the Group to third parties	37
	424

The provision of the financial assistance does not have any effect on the issued and paid-up capital and substantial shareholders' shareholding of the Company and would not have any material impact on the net assets, net tangible assets, earnings and gearing of the Group.

16. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30th June 2012 were report without any qualification.