A. Notes to the financial report for the fourth financial quarter ended 30 June 2013

1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 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 ("MFRS") 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"). Transitioning Entities will be allowed to defer the adoption of the new MFRS framework to annual period beginning on or after 1 January 2015.

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 30th June 2013, 30th June 2014 and 30th June 2015 and will first adopt the MFRS framework for the financial year ending 30th June 2016.

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

Other than the selective capital reduction exercise that undertaken and completed by the Company's subsidiary, namely Lipo Corporation Berhad on 31st October 2012, which had caused significant cash outflow and corresponding increase in the equity attributable to owners of the parent of the period, 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 quarter and period 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 and financial period under review (30.06.2012 : 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 & dies, design & manufacture of automated machines and production equipment.
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.

Current Period ended 30/06/2013	**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	21,582	55,473	12,935	939	230	91,159	-	91,159
Intersegment revenue	192	508	98	4	4,129	4,931	(4,931)	
Interest income	35	307	25	2	760	1,129	-	1,129
Interest expense	-	19	141	62	-	222	(203)	19
Depreciation and amortisation	377	3,917	781	270	290	5,635	-	5,635
Tax expense/ (income)	308	1,046	(13)	(25)	381	1,697	(579)	1,118
Reportable segment profit/(loss) after taxation	292	3,574	(2,323)	(464)	341	1,420	(856)	564
Reportable segment assets	11,975	65,533	14,865	19,809	94,230	206,412	(63,010)	143,402
Expenditure for non-current assets	238	10,578	138	24	30	11,008	-	11,008
Reportable segment liabilities	4,768	20,517	1,366	7,346	4,705	38,702	(15,330)	23,372

Corresponding Period ended 30/06/2012	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	22,138	59,889	15,007	1,029	200	98,263	-	98,263
Intersegment revenue	152	83	86	63	5,151	5,535	(5,535)	-
Interest income	56	762	7	2	1,232	2,059	(148)	1,911
Interest expense	15	12	287	116	-	430	(415)	15
Depreciation and amortisation	450	3,708	733	228	311	5,430	(94)	5,336
Tax expense	371	1,970	(204)	38	1,163	3,338	(709)	2,629
Reportable segment profit/(loss) after taxation	(1,626)	5,787	(2,086)	(291)	766	2,550	(1,256)	1,294
Reportable segment assets	12,997	80,853	18,750	21,323	94,757	228,680	(58,453)	170,227
Expenditure for non-current assets	570	4,273	474	7,161	39	12,517	(466)	12,051
Reportable segment liabilities	5,290	7,400	9,927	11,468	4,757	38,842	(18,371)	20,471

Segment information by geographical regions

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

	30.06.2013 (RM'000)	**30.06.2012 (RM'000)**
Malaysia	51,217	56,231
China	7,807	10,802
Singapore	19,402	18,663
Europe	1,448	2,176
United Kingdom	1,429	1,607
United States of America	7,519	5,650
Other Asia Pacific Countries	2,337	3,134
Total	**91,159**	**98,263**

Information about major customer

There was no customer who contributed more than 10% 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

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 June 2013 except on 14th May 2013, the Group has acquired 70% equity interest of The 12 Avenues Sdn. Bhd. (formerly known as Skyhouse Sdn. Bhd.)(Company No. 1027688-A) of which comprises 70 ordinary shares of RM1.00 each for a cash consideration of RM70.00. On 16th May 2013, The 12 Avenues Sdn Bhd has entered into a Joint Venture Agreement with two individuals to develop a piece of land held under Geran Mukim Lot 244, Tempat Sungai Renggam, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 0.5435 hectares equivalent to 58,501.893 square feet.

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (30.06.2012: 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 June 2013 are as follows : -

Property, plant & equipment	RM'000
Contracted	2,298
Not contracted	-
Total	**2,298**

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 RM22.44 million, with a loss after tax of RM0.59 million as compared to loss after tax of RM1.51 million in the preceding year corresponding quarter. The group incurred loss of RM1.51 million in the preceding year corresponding quarter mainly due to inventories written down of RM1.60 million during the said quarter. Overall, the Group's performance in 4th quarter, 2013 remained unsatisfactory.

As compared to preceding year corresponding quarter, the precision metal components segment reported a drop in profit after tax from RM1.68 million to RM1.35 million as result of its China operation encountered significant drop in revenue due to decline in sales orders attributable to failure in developing new customers. However, the precision tooling & equipment segment and metal fabrication segment managed to narrow down the loss by RM0.58 million and RM 0.85 million respectively.

For the year to date, the Group recorded a drop in revenue and profit after tax of 7.22% and 56.41% respectively as compared to preceding year corresponding period.

The precision metal components segment shown significant drop in revenue and profit after tax from RM59.88 million and RM5.79 million to RM55.47 million and RM3.57 million respectively. Performance of China operation of this segment remained to be unfavourable due to decline in sales orders caused by the uncertainty in global economy and failure in developing new customers. The metal fabrication segment reported a loss of RM2.32 million as a result of low margin sales mix and low incoming orders. The precision tooling & equipment segment managed to reverse its loss position by recording a profit after tax of RM0.29 million as compared to a loss of RM1.73 million.

2. Comparison with preceding quarter's results

The Group's reported a loss after tax of RM0.59 million as compared to loss of RM0.01 million in preceding quarter.

The precision metal components had shown slight improvement in performance with a profit after tax of RM1.35 million on revenue of RM15.14 million although its China operation remained underperform.

The precision tooling & equipment segment reported an increase in revenue from RM3.79 million to RM5.03 million with loss after tax reported at RM0.31 million.

The metal fabrication segment still underperformed during the quarter with a loss after tax of RM1.17 million.

3. Commentary on the prospects of the Group

Given the soft external demand, the Group foresees that the performance for the coming financial year and quarters remain challenging.

The metal fabrication, precision tooling & equipment segments are expected to remain unfavourable in the coming quarters. To improve efficiencies, the management has decided to shift Penang's metal fabrication division to merge with the Johor plant. Whereas for equipment business, it will be down sized by ceasing the operation of one of the equipment subsidiaries to avoid further loss.

For precision metal component segment, the Malaysia operation is expected to remain profitable for the coming quarters with its high effort in business development activities to bring in high value products. For China operations, although the performance is expected to be unsatisfactory, management will strive to bring in more orders by improving its business development activity. To diversify the product base, the precision metal components segment has set up a new die-casting operation which is currently under trial run mode. The management believes that the new setup should be able to expand the segments revenue base in the coming financial year.

The Group will continue its conservative stance in working capital management and adhere to stringent cost control, apart from tackling the underperformed business segments.

4. Variance on forecast profit/profit guarantee

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

5. (Loss)/Profit for the period

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/06/2013	Preceding Year Corresponding quarter ended 30/06/2012	Current Year todate 30/06/2013	Preceding Corresponding Period 30/06/0212
Group	RM'000	RM'000	RM '000	RM '000
(Loss)/profit for the period is arrived at after (crediting)/charging :-				
Interest income	(205)	(703)	(1,129)	(1,911)
Interest expenses	17	1	19	15
Depreciation of property, plant and equipment	1,448	1,300	5,635	5,336
Inventories written (back)/ down	(106)	1,619	6	2,958
Loss/(Gain) on disposal of property, plant and equipment	38	124	(95)	2
(Gain)/Loss on forex	(137)	47	152	389
Gain on derivatives	(39)	(4)	(37)	(2)
Impairment loss on property, plant and equipment	517	673	595	673
Impairment loss on receivables	118	-	123	-
Impairment loss on available for sales Financial assets	-	-	47	35
Property, plant and equipment written off	115	294	203	348
Receivable written back	(27)	(424)	(61)	(1,041)

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

6. Taxation

Taxation comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/06/2013	Preceding Year Corresponding quarter ended 30/06/2012	Current Year to date 30/06/2013	Preceding Year Corresponding Period 30/06/2012
	RM '000	RM '000	RM '000	RM '000
Current tax	129	(488)	(1,021)	(2,440)
Deferred tax	(153)	(266)	(97)	(189)
	(24)	**(754)**	**(1,118)**	**(2,629)**

The effective tax rates for the period are higher than the statutory tax rate mainly due to the losses of certain subsidiaries 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

Particular of the loan and borrowing for the Group as at 30th June 2013 :-

	Total Loan And Borrowing (RM'000) 30/06/2013	Total Loan And Borrowing (RM'000) 30/06/2012
Short Term Loan & Borrowing		
Hire Purchase	-	100
Term Loan	640	-
Sub-total	640	100
Long Term Loan & Borrowing		
Hire Purchase	-	114
Term Loan	2,314	
Sub-total	2,314	114
Total	**2,954**	**214**

9. Derivative Financial Instrument

During the quarter, the Group entered into the foreign exchange forward contract to hedge exposure to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

The outstanding of foreign exchange forward contract as at 30 June 2013 :

	Contract Value RM'000	Fair Value RM'000	Gain on Fair Value Changes RM'000
Less than 1 year			
- US Dollar	1,564	1,603	39

Forward foreign exchange contract is entered into with credit worthy financial institute to hedge part of the Group's sales from exchange rate movements. Given that the contract is entered into with credit worthy financial institute, credit risk for non-performance by the counterparty is minimal.

With the adoption of FRS 139, all derivative financial instruments held by the Group will be recognised as assets or liabilities in the balance sheets date, and will be classified as financial assets or financial liabilities at fair value through profit and loss. Derivative contracts is recognized and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in the income statement at each reporting date.

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

	30/06/2013 RM'000	Restated 30/06/2012 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	52,352	53,944
Unrealised	639	789
	52,991	54,733
Consolidation adjustments and eliminations	(4,682)	(14,813)
	48,309	**39,920**

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 a 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 court has fixed the date for written submission on 14th October 2013 and hearing on 28th October 2013. 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 loan guarantor's application to set aside the bankruptcy notice was dismissed by the court on 05th August 2013. The case is now fixed for court hearing of creditor's petition on 27th August 2013.

13. Dividend

The Board of Directors recommends for a first and final tax exempt dividend of 2.0 sen per share amounting to RM1.34 million in respect of financial year ended 30th June 2013. The The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (30.06.2012: Nil).

14. (Loss)/Earnings Per Share ("EPS")

<u>Basic loss per share</u>

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/06/2013	Preceding Year Corresponding quarter ended 30/06/2012	Current Year to date 30/06/2013	Preceding Year Corresponding Period 30/06/2012
	RM '000	RM '000	RM '000	RM '000
Loss attributable to ordinary equity holders of the parent	(494)	(2,339)	(529)	(1,291)
Weighted average				
- 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**
Loss per share (sen)				
Basic/diluted	**(0.73)**	**(3.47)**	**(0.79)**	**(1.92)**

The Group has no dilution in its earnings per ordinary share in the quarter under review and financial year to date as there are no dilutive potential ordinary shares.

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 June 2013:

	Current Period As at 30/06/2013 RM'000
Loan given to non-wholly owned subsidiaries	176
Loan given by a licensed money lending company within the Group to third parties	13
	189

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 does 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 reported without any qualification.