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**A. Notes to the financial report for the third financial quarter ended 31 March 2014**

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**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 30<sup>th</sup> June 2013.

The auditors' report on the financial statements of the Group for the financial year ended 30<sup>th</sup> June 2013 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 30<sup>th</sup> June 2013 except for the adoption of the following Financial Reporting Standards ("FRS") and Amendments to FRSs :-

FRS 10 *Consolidated Financial Statements*

FRS 11 *Joint Arrangements*

FRS12 *Disclosure of Interest in Other Entities*

FRS 13 *Fair Value Measurement*

FRS 119 *Employees Benefits* (amended in 2011)

FRS 127 *Separate Financial Statements* (amended in 2011)

FRS 128 *Investments in Associates and Joint Ventures* (amended in 2011)

IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Amendments to FRS 1 *Government Loans*

Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

*Amendments to FRSs* contained in the document entitled "Improvements to FRSs (2012)"

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.

In November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS framework is to be applied by all entities other than private entities for 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 venturers ("Transitioning Entities").

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Transitioning Entities are allowed to continue applying the FRS framework for annual periods beginning on or after 1 January 2015.

Being a Transitioning Entity as defined above, the Group and the Company have elected to defer the adoption of the MFRS framework to the financial year ending 30 June 2016. Management is currently examining the financial impacts of transition to the MFRS framework.

### **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 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 except for the disposal of a factory property which contributed a gain of RM5.81 million to the Group.

### **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**

A first and final tax exempt dividend of 2.0 sen per ordinary share in respect of financial year ended 30.6.13 was paid on 20<sup>th</sup> January 2014 (31.3.2013 : 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, semiconductor assembly and testing 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) Property Development – Property development
- e) Other operating segments – Include small operations related to food & beverage business, money lending, general trading and hotel operation.

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Current Period ended 31/3/2014	Precision Tooling & Equipment	Precision Metal Components	Metal Fabrication	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	13,231	47,669	9,258	-	626	172	-	70,956
Intersegment revenue	87	24	-	-	-	1,260	(1,371)	-
Interest income	28	55	35	-	1	339	-	458
Interest expense	-	113	-	-	20	-	(20)	113
Depreciation and amortisation	263	3,113	568	-	180	214	-	4,338
Tax expense	250	1,171	-	-	-	40	-	1,462
Reportable segment profit/(loss) after taxation	692	3,805	▲5,939	(67)	1,371	(364)	(623)	10,753
Reportable segment assets	11,001	55,075	21,997	28,517	19,682	91,201	(74,571)	152,902
Expenditure for non-current assets	56	6,652	367	14,530	18	14	-	21,689
Reportable segment liabilities	4,368	19,117	2,562	13,666	4,956	2,902	(24,430)	23,141

▲ Inclusive a gain on disposal of factory property amounted to RM5.81 million.

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Corresponding Period ended 31/3/2013	Precision Tooling & Equipment	Precision Metal Components	Metal Fabrication	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	16,549	40,326	10,977	-	689	173	-	68,714
Intersegment revenue	79	500	17	-	-	1,633	(2,229)	-
Interest income	26	288	20	-	-	590	-	924
Interest expense	-	2	141	-	-	-	(141)	2
Depreciation and amortisation	297	2,928	557	-	188	217	-	4,187
Tax expense	361	768	-	-	(29)	69	(75)	1,094
Reportable segment profit/(loss) after taxation	609	2,222	(1,146)	-	(217)	345	(659)	1,154
Reportable segment assets	12,263	59,220	15,923	13,627	6,468	94,664	(65,359)	136,806
Expenditure for non-current assets	73	3,871	233	-	19	30	(29)	4,197
Reportable segment liabilities	4,400	15,689	1,246	3	7,486	4,620	(17,393)	16,051

**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 :

	<b>31.3.2014 (RM'000)</b>	<b>31.3.2013 (RM'000)</b>
Malaysia	39,720	37,488
China	5,510	6,137
Singapore	11,220	15,812
Europe	362	1,262
United Kingdom	2,302	891
United States of America	9,723	5,164
Other Asia Pacific Countries	2,119	1,960
<b>Total</b>	<b>70,956</b>	<b>68,714</b>

**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**

During the quarter under review, the Registrar of Foreign Investment in the People's Republic of China approved the voluntary strike off of a 100% owned subsidiary, namely, Megatool Precision Suzhou Co., Ltd. via a letter dated 13<sup>th</sup> March 2014.

Save for the above, there were no major changes in the composition of the Group during the financial period ended 31<sup>st</sup> March 2014.

**11. Contingent assets and contingent liabilities**

There were no contingent assets or liabilities as at the date of the report. (31.3.2013: 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 31<sup>st</sup> March 2014 are as follows :-

Property, plant & equipment	RM'000
Contracted	4,052
Not contracted	-
<b>Total</b>	<b>4,052</b>

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

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**1. Review of performance**

For the quarter under review, the Group recorded revenue of RM22.46 million, with a profit after tax of RM6.63 million as compared to loss after tax of RM18,000 in the preceding year corresponding quarter.

The precision metal components segment has continued to play its lead in profit contributor to the Group. The segment has reported a profit after tax of RM1.22 million compared to preceding year corresponding quarter of RM0.83 million.

**Review of performance –continued**

The metal fabrication segment reported a profit after tax of RM5.42 million mainly arise from the gain from disposal of factory property. Should the gain on disposal of RM5.81 million be excluded, the segment incurred a loss of RM0.39 million, which caused by inconsistent orders from customers.

The precision tooling & equipment segment has attained a moderate growth for current quarter after a few consecutive quarters of declines, gaining from the turnaround in external demand since end of Quarter 2, 2014.

**2. Comparison with preceding quarter's results**

The Group reported a profit after tax of RM6.63 million (inclusive of a gain on disposal of factory property of RM5.81 million) as compared to RM3.14 million (inclusive of bad debts recovered of RM1.43 million) in preceding quarter. Should the other income from property disposed and bad debts recovered be excluded from the respective quarters' profits, the Group would indeed encountered a decrease in profit after tax by RM0.89 million as compared to preceding quarter.

Although the manufacturing segments have registered positive results, the growth rate has decelerated as compared to the preceding quarter due to low margin sales mix and unstable incoming orders.

**3. Commentary on the prospects of the Group**

Looking ahead, the Group expects that the performance for the remaining quarter of the financial year to remain challenging.

The precision metal component segment is expected to sustain its earnings momentum with its high effort in business development activities and growing overseas demand.

Besides, the metal fabrication and precision tooling segments will also keep its focus largely on business development activities to stabilize incoming orders in order to look for long term sustainable growth.

Overall, the Group will continue to expand its market access, adjusting business strategy for cost efficiency as well as improve strength and productivity in order to stay competitive in marketplace.

**4. Variance on forecast profit/profit guarantee**

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

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	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 31/3/2014	Preceding Year Corresponding quarter ended 31/3/2013	Current Year todate 31/3/2014	Preceding Corresponding Period 31/3/2013
<b>Group</b>	RM'000	RM'000	RM '000	RM '000
Profit for the period is arrived at after (crediting)/charging :-				
Interest income	(81)	(286)	(456)	(924)
Interest expenses	39	-	113	2
Depreciation of property, plant and equipment	1,563	1,473	4,338	4,187
Inventories written down	-	-	-	112
(Gain)/Loss on disposal of property, plant and equipment	(6,152)	(17)	(6,268)	(133)
(Gain)/Loss on forex	(149)	82	(425)	289
Loss on derivatives	-	-	51	2
Impairment loss on property, plant & equipment	-	7	-	78
Impairment loss on receivables	-	-	-	5
Bad debts recovered	(65)	(4)	(1,508)	(34)
Impairment loss on available for sales Financial assets	-	-	-	47
Property, plant and equipment written off	4	37	8	88

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

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### 6. Taxation

Taxation comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2014 RM '000	Preceding Year Corresponding quarter ended 31/3/2013 RM '000	Current Year to date 31/3/2014 RM '000	Preceding Year Corresponding Period 31/3/2013 RM '000
Current tax	(594)	(319)	(1,191)	(1,150)
Deferred tax	(31)	75	(271)	59
	<b>(625)</b>	<b>(244)</b>	<b>(1,462)</b>	<b>(1,094)</b>

The effective tax rates for the period is lower than the statutory tax rate mainly due to the non-taxable gain on disposal of property, apart from the availability of unabsorbed losses and tax incentives enjoyed by certain subsidiaries.

### 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 31<sup>st</sup> March 2014:-

<b><u>Short Term Loan &amp; Borrowing</u></b>	Total Loan And Borrowing (RM'000) 31/3/2014	Total Loan And Borrowing (RM'000) 31/3/2013
Repayable within 12 months	640	-
Repayable more than 12 months	2,406	-
<b>Total</b>	<b>3,046</b>	<b>-</b>

### 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**

	31/3/2014 RM'000	31/3/2013 RM'000
<i>Total retained profits of the Company and its subsidiaries</i>		
Realised	61,078	51,976
Unrealised	(3,982)	(3,574)
	57,096	48,402
Consolidation adjustments and eliminations	416	400
	<b>57,512</b>	<b>48,802</b>

**12. Material litigation**

On 2<sup>nd</sup> 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 05<sup>th</sup> August 2013. The loan guarantor has filed in his appeals but the appeal was dismissed by the Court on 15<sup>th</sup> January 2014. The case management for the creditor petition is fixed on 20<sup>th</sup> February 2014, however, the case has been further adjourned to 26<sup>th</sup> May 2014.

**13. Dividend**

The Board of Directors do not recommend any dividend for the financial quarter ended 31<sup>st</sup> March 2014 (31.3.2013 : Nil).

**14. Earnings Per Share ("EPS")**

Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2014  RM '000	Preceding Year Corresponding quarter ended 31/3/2013  RM '000	Current Year to date 31/3/2014  RM '000	Preceding Year Corresponding Period 31/3/2013  RM '000
Profit/(loss) attributable to ordinary equity holders of the parent	6,567	(25)	10,548	(36)
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)
	<b>67,353</b>	<b>67,353</b>	<b>67,353</b>	<b>67,353</b>

**Earnings Per Share ("EPS")**

-continued

Earnings/(loss) per share (sen)

<b>Basic/diluted</b>	<u>9.75</u>	<u>(0.04)</u>	<u>15.66</u>	<u>(0.05)</u>
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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 31<sup>st</sup> March 2014:

	As at 31/3/2014 RM'000
Loan given by a licensed money lending company within the Group to third parties	2,009
Less : Impairment on default loan receivables	<u>(2,009)</u>
Total	<u><u>-</u></u>

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 30<sup>th</sup> June 2013 were reported without any qualification.