
A. Notes to the financial report for the fourth financial quarter ended 30 June 2015

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 2014.

The auditors' report on the financial statements of the Group for the financial year ended 30th June 2014 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 2014 except for the adoption of the following Financial Reporting Standards ("FRS") and Amendments to FRSs :-

IC Interpretation 21 - *Levies*

Amendments to FRS 10 , FRS 12 and FRS 127 - *Investment Entities*

Amendments to FRS 119 - *Defined Benefit Plans : Employee Contributions*

Amendments to FRS 132 - *Offsetting Financial assets and Financial Liabilities*

Amendments to FRS 139 - *Novation of Derivatives and Continuation of Hedge Accounting*

Amendments to FRSs contained in the document entitled "*Annual Improvements to FRSs 2010-2012 Cycle*"

Amendments to FRSs contained in the document entitled "*Annual Improvements to FRSs 2011-2013 Cycle*"

The directors expect that the adoption of the above standards and interpretations will not have any significant impact on the financial statements of the Group and the Company in the period of initial application.

Malaysia Financial Reporting Standards

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"). Transitioning Entities are allowed to defer the adoption of the MFRS Framework for annual periods beginning on or after 1 January 2017.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2015

1. Basis of preparation (cont'd)

Being a Transitioning Entity as defined above, the Group and the Company have elected to continue preparing their financial statements in accordance with the FRS Framework and will first present the financial statements in accordance with the MFRS framework for the financial year ending 30 June 2018. 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 unusual items affecting assets, liabilities, equity, net income or cash flows 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 the estimates that have a material effect in the current quarter under review.

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 during the current quarter under review.

6. Dividend Paid

A first and final single tier exempt dividend of 3.0 sen per ordinary share in respect of financial year ended 30.6.14 was paid on 20th January 2015 (30.6.2014 : 2.0 sen).

A. Notes to the financial report for the fourth financial quarter ended 30 June 2015
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 money lending, property letting, hotel operation and supply of engineering parts.

Current Period ended 30.6.2015	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	21,010	65,538	21,895	-	5,474	2	-	113,919
Intersegment revenue	1,068	40	-	-	402	7,241	(8,751)	-
Interest income	56	60	30	1	20	364	-	531
Interest expense	-	125	-	-	-	9	(9)	125
Depreciation and amortisation	332	3,829	663	1	487	66	32	5,410
Tax expense	239	2,862	-	-	166	-	-	3,267
Reportable segment profit/(loss) after taxation	1,144	7,170	3,168	(769)	783	5,459 (i)	(5,836)	11,119
Reportable segment assets	10,447	69,146	19,440	41,405	17,296	92,828	(77,765)	172,797
Expenditure for non-current assets	843	4,497	224	12,489	2,131	33	-	20,217
Reportable segment liabilities	4,323	17,152	3,652	1,099	1,237	11,644	(4,002)	35,105

(i) Inclusive gain on disposal of subsidiary of RM1.76 million

A. Notes to the financial report for the fourth financial quarter ended 30 June 2015

7. Segment Information (cont'd)

Corresponding Period ended 30.6.2014	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	18,851	63,871	12,494	-	1,177	30	-	96,423
Intersegment revenue	255	35	-	-	399	1,976	(2,665)	-
Interest income	38	74	55	-	14	350	(20)	511
Interest expense	149	-	-	-	20	-	(20)	149
Depreciation and amortisation	341	4,031	629	13	461	67	(43)	5,499
Tax expense	312	1,522	-	(15)	107	19	(745)	1,200
Reportable segment profit/(loss) after taxation	796	5,263	6,124 (i)	(355)	1,369 (ii)	(617)	(717)	11,863
Reportable segment assets	10,167	71,325	14,998	31,471	15,059	91,818	(69,070)	165,768
Expenditure for non-current assets	156	8,785	1,434	14,709	26	23	(63)	25,070
Reportable segment liabilities	4,674	17,619	2,378	19,904	6,768	11,094	(26,579)	35,858

(i) Inclusive a gain on disposal of factory property amounted to RM5.81 million.

(ii) Inclusive of bad debts recovered of RM 1.44 million

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 :

	Current Year todate 30.6.2015 RM'000	Preceding Corresponding Period 30.6.2014 RM'000
Malaysia	66,313	54,175
Singapore	18,216	15,873
United States of America	16,973	12,547
China	3,202	7,930
United Kingdom	4,595	2,497
Other Foreign Countries	4,620	3,401
	<u>113,919</u>	<u>96,423</u>

A. Notes to the financial report for the fourth financial quarter ended 30 June 2015

7. Segment Information (cont'd)

Information about major customer

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	External Revenue		Operating Segment
	Current Year todate 30.6.2015 RM'000	Preceding Corresponding Period 30.6.2014 RM'000	
<i>Customer I</i>	11,650	6,150	Metal Fabrication
<i>Customer II</i>	9,218	10,112	Precision Metal Components

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

On 10 July 2015, Kobay acquired a wholly owned subsidiary namely SMU KOBAY Sdn. Bhd. (formerly known as SMY KOBAY Sdn. Bhd.) for a cash consideration of RM2.

There were no other material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

10. Changes in the composition of the group

On 18 May 2015, Kobay acquired the entire equity interest of two companies, namely Omni Value Chain Sdn. Bhd. (formerly known as Upfront Project Sdn. Bhd.) and Ultimate Sanctuary Sdn. Bhd. for cash consideration of RM1,790 each. Following the Acquisitions, both companies become wholly owned subsidiaries of Kobay.

On 9 June 2015, the Group, through its wholly owned subsidiary, Lipo Corporation Sdn. Bhd. ("Lipo"), completely disposed the entire equity interest in Lipo Precision Industry (Suzhou) Co. Ltd. ("LPI") for total cash considerations of approximately RM5.4 million (RMB9.8 million).

Other than the above, there were no major changes in the composition of the Group during the financial quarter ended 30 June 2015.

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (30.6.2014 : RM Nil).

12. Material related party transaction

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

A. Notes to the financial report for the fourth financial quarter ended 30 June 2015

13. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 30 June 2015 were as follows :-

	30.6.2015 RM'000	30.6.2014 RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	1,069	-
Investment properties	-	1,400
	<u>1,069</u>	<u>1,400</u>

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

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year quarter ended	Preceding Year Corresponding quarter ended	Variance	Current Year todate	Preceding Corresponding Period	Variance
Operating Segment	30.6.2015 RM'000	30.6.2014 RM'000	%	30.6.2015 RM'000	30.6.2014 RM'000	%
Revenue:-						
Precision Tooling & Equipment	5,639	5,620	0.3%	21,010	18,851	11.5%
Precision Metal Components	15,804	16,202	-2.5%	65,538	63,871	2.6%
Metal Fabrication	5,976	3,236	84.7%	21,895	12,494	75.2%
Property Development	-	-	-	-	-	-
Other operating segments	248	379	-34.6%	5,474	1,177	365.1%
Unallocated non-operating segments	-	30	-100.0%	2	30	-93.3%
	<u>27,667</u>	<u>25,467</u>		<u>113,919</u>	<u>96,423</u>	
Profit before tax:-						
Precision Tooling & Equipment	545	166	228.3%	1,383	1,108	24.8%
Precision Metal Components	3,152	1,808	74.3%	10,032	6,785	47.9%
Metal Fabrication	1,292	185	598.4%	3,168	6,124 (ii)	-48.3%
Property Development	(323)	(303)	6.6%	(769)	(370)	107.8%
Other operating segments	119	40	197.5%	949	1,476 (iii)	-35.7%
Unallocated non-operating segments	3,580 (i)	(209)	-1812.9%	5,459 (i)	(598)	-1012.9%
	<u>8,365</u>	<u>1,687</u>		<u>20,222</u>	<u>14,525</u>	
Consolidation adjustments and eliminations	(2,619)	(839)		(5,836)	(1,462)	
	<u>5,746</u>	<u>848</u>		<u>14,386</u>	<u>13,063</u>	

(i) Inclusive gain on disposal of subsidiary of RM1.76 million

(ii) Inclusive a gain on disposal of factory property amounted to RM5.81 million.

(iii) Inclusive of bad debts recovered of RM 1.44 million

a) Current Year Quarter vs Preceding Year Corresponding Quarter

The Group reported better performance in Quarter 4 of FYE 2015 as compared to FYE 2014. Should the gain on disposal of subsidiary of RM1.76 million in current quarter be excluded from comparison, the Group recorded an increase in profit by RM3.1 million as compared to the corresponding quarter.

The precision metal components segment recorded higher profits before tax mainly contributed from currency gain from export sales and the disposal of its loss making china operation which has cut down the negative impact to the segment.

For the metal fabrication segment, the enhanced production output and higher customer orders of its oil and gas business have contributed to the improved performance for the quarter.

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

1. Review of performance (cont'd)

b) Current Year Todate vs Preceding Corresponding Year

Should the gain on disposal of factory property of RM 5.81 million and bad debts recovered of RM 1.41 million captured in preceding corresponding year, and gain on disposal of subsidiary of RM1.76 million in current year be excluded from comparison, the Group's profit before tax would have been increased by 116% as compared to preceding corresponding year.

The precision metal components segment recorded higher revenue and profit before tax as results of the growth in high-value added products in aerospace business, expanded external market, disposal of a loss making China subsidiary and currency gain from weakening Ringgit.

The metal fabrication segment recorded significant increase in revenue and profit before tax, should the gain on disposal of factory property of RM 5.81 million in preceding corresponding year be excluded from comparison. Better performance of the segment was mainly due to higher incoming orders from its oil and gas customers and improvement in its productivity and efficiency.

The precision tooling & equipment segment, which focuses primarily in semiconductor business, recorded slight improvement in its performance. No significant breakthrough as compared to preceding corresponding year.

The other operating segments have shown higher revenue and profit before tax from the additional rental income and sales from its trading activities, should the bad debts recovered of RM 1.41 million captured in preceding corresponding year be excluded from comparison.

2. Comparison with preceding quarter's results

The Group reported revenue of RM27.67 million and profit before tax of RM5.75 million during the quarter, posted a decrease of 15% in revenue and increase of 30% in profit before tax as compared to preceding quarter.

The precision metal components segment recorded decrease of 4% in revenue and 10% in profit before tax in the preceding quarter due to lower incoming orders in the current quarter.

Despite of decrease of 10% in revenue, profit before tax of the metal fabrication segment increased by 18% resulted from better margin sales mix in the current quarter.

Besides, the other operating segments recorded decrease of 95% in revenue and 76% in profit before tax due to higher sales from trading activities in the preceding quarter.

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

3. Commentary on the prospects of the Group

The precision metal component segment is expected to achieve positive growth by penetrating into export market on high value products for sectors in aerospace and medical.

In reaction to lower capital spending budgets or deferred new projects by oil and gas industry which has been resulted from the uncertain crude oil price environment and its slow recovery, the metal fabrication segment's performance is expected to be challenging and to grow at a slower pace. However, the metal fabrication segment will continue to broaden its customer base and product range apart from enhancing the segment's productivity and quality.

The precision tooling & equipment segment operation is expected to remain flat in its performance with no significant growth expected.

The property development segment is hopeful to obtain approvals from relevant authorities for at least one of its projects and to be launched by end of 2nd Quarter of FYE 2016.

Overall, the Group will continue to penetrate into higher value-added products, expanding overseas customer base, focus on operations reformation to enhance its cost competitiveness, technical competency, manufacturing efficiency and pursue quality perfection.

In view of the current economic uncertainties and challenges ahead, the Group expects lower growth rate in the coming financial year but is cautiously optimistic to remain profitable in the coming financial year.

4. Variance on forecast profit/profit guarantee

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

5. Profit for the period

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2015	Preceding Year Corresponding quarter ended 30.6.2014	Current Year to date 30.6.2015	Preceding Corresponding Period 30.6.2014
Group	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after (crediting)/charging :-				
Interest income	(172)	(55)	(531)	(511)
Interest expenses	8	36	125	149
Depreciation of:-				
- investment properties	22	-	22	-
- Property, plant and equipment	1,695	1,161	5,388	5,499
Loss/(Gain) on disposal of property, plant and equipment	(87)	(77)	10	(6,345)

B. Additional information required by the Listing Requirements of Bursa Securities
5. Profit for the period (cont'd)

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2015	Preceding Year Corresponding quarter ended 30.6.2014	Current Year todate 30.6.2015	Preceding Corresponding Period 30.6.2014
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Impairment loss on loan and receivables	38	140	38	140
Reversal of impairment loss on loan and receivables	(38)	(32)	(40)	(1,540)
Loss on derecognition of available-for-sale financial assets	34	-	34	-
(Gain)/Loss on derivatives	-	(12)	-	39
Property, plant and equipment written off	64	50	74	58
Impairment loss on property, plant and equipment	-	-	-	300
(Gain)/Loss on foreign exchange	(278)	56	(983)	(369)
Gain on disposal of subsidiary	(1,762)	-	(1,762)	-

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:-

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2015	Preceding Year Corresponding quarter ended 30.6.2014	Current Year todate 30.6.2015	Preceding Corresponding Period 30.6.2014
	RM'000	RM'000	RM'000	RM'000
Current tax	(697)	(65)	(3,034)	(1,256)
Deferred tax	(189)	327	(233)	56
	<u>(886)</u>	<u>262</u>	<u>(3,277)</u>	<u>(1,200)</u>

The effective tax rate for the current and cumulative period is lower than the statutory tax rate mainly due to the gain on disposal of subsidiary which is not subject to income tax.

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

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 loans and borrowings for the Group as at 30 June 2015:-

	30.6.2015 RM'000	30.6.2014 RM'000
Repayable within 12 months	1,237	1,237
Repayable later than 12 months ^(a)	9,507	11,152
	<u>10,744</u>	<u>12,389</u>

^(a) Included herein is a term loan of RM8.47 million (30.6.2014 : RM9.23 million) which carries no finance cost as the loan is offset with equivalent cash deposit that available in the facility account.

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

	30.6.2015 RM'000	30.6.2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	74,066	64,112
- Unrealised	(1,420)	(1,118)
	<u>72,646</u>	<u>62,994</u>
Consolidation adjustments and eliminations	(6,685)	(5,877)
	<u>65,961</u>	<u>57,117</u>

12. Material litigation

There was no pending material litigation as at the date of this report.

13. Dividend

The Board of Directors recommends for a first and final dividend of 3.0 sen per ordinary share under the single-tier system in respect of financial year ended 30th June 2015. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (30.06.2014 : 3.0 sen).

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

14. Earnings Per Share ("EPS")

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2015 RM'000	Preceding Year Corresponding quarter ended 30.6.2014 RM'000	Current Year todate 30.6.2015 RM'000	Preceding Corresponding Period 30.6.2014 RM'000
Profit attributable to ordinary equity holders of the parent	4,615	1,133	10,691	11,681
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
Earning per share (sen) Basic/diluted	6.85	1.68	15.87	17.34

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. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30th June 2014 were reported without any qualification.