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**A. Notes to the financial report for the first financial quarter ended 30 September 2015**

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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 2015.

The auditors' report on the financial statements of the Group for the financial year ended 30<sup>th</sup> June 2015 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 2015.

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 the Construction of Real Estate*, including their parents, significant investors and joint venturers ("Transitioning Entities"). As announced by the MASB on 8 September 2015, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2018.

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 2019. 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.

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**A. Notes to the financial report for the first financial quarter ended 30 September 2015**

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**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**

There were no dividend paid for the quarter and financial period under review (30.09.2014 : 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, die casting 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 property letting, hotel operation and supply of engineering parts.

**A. Notes to the financial report for the first financial quarter ended 30 September 2015**

**7. Segment Information (cont'd)**

| Current Period<br>ended 30.9.2015               | Precision<br>Tooling &<br>Equipment | Precision<br>Metal<br>Components | Metal<br>Fabrication | Property<br>Development | Other<br>Operating<br>Segments | Unallocated<br>Non-<br>Operating<br>Segments | Eliminations | Total   |
|---|-------------------------------------|----------------------------------|----------------------|-------------------------|--------------------------------|--|--------------|---------|
|   | RM'000                              | RM'000                           | RM'000               | RM'000                  | RM'000                         | RM'000                                       | RM'000       | RM'000  |
| Revenue from external customer                  | 2,682                               | 16,743                           | 5,398                | -                       | 536                            | -  | -            | 25,359  |
| Intersegment revenue                            | 160                                 | -                                | -                    | -                       | 272                            | 2,518  | (2,950)      | -       |
| Interest income                                 | 10                                  | 24                               | 12                   | 1                       | 5                              | 29   | -            | 81      |
| Interest expense                                | -                                   | 24                               | -                    | -                       | -                              | 4  | (2)          | 26      |
| Depreciation and amortisation                   | 72                                  | 986                              | 170                  | 3                       | 117                            | 22   | 6            | 1,376   |
| Tax expense                                     | 48                                  | 685                              | -                    | -                       | 54                             | -  | -            | 787     |
| Reportable segment (loss)/profit after taxation | (154)                               | 1,499                            | 762                  | (295)                   | 248                            | 3,078  | (2,466)      | 2,672   |
| Reportable segment assets                       | 8,437                               | 71,379                           | 17,424               | 49,629                  | 17,174                         | 95,716                                       | (87,606)     | 172,153 |
| Expenditure for non-current assets              | 56                                  | 857                              | 40                   | 3,567                   | 5                              | -  | -            | 4,525   |
| Reportable segment liabilities                  | 2,419                               | 17,759                           | 1,874                | 9,619                   | 2,113                          | 10,290                                       | (12,334)     | 31,740  |

**A. Notes to the financial report for the first financial quarter ended 30 September 2015**

**7. Segment Information (cont'd)**

| Corresponding Period ended 30.9.2014            | 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                  | 5,059                         | 15,903                     | 3,291             | -                    | 327                      | 2                                  | -            | 24,582  |
| Intersegment revenue                            | 53                            | 5                          | -                 | -                    | 98                       | 361                                | (517)        | -       |
| Interest income                                 | 14                            | 10                         | 9                 | 1                    | 4                        | 114                                | -            | 152     |
| Interest expense                                | -                             | 35                         | -                 | -                    | -                        | 2                                  | (2)          | 35      |
| Depreciation and amortisation                   | 73                            | 871                        | 163               | -                    | 61                       | 57                                 | -            | 1,225   |
| Tax expense                                     | 64                            | 307                        | -                 | -                    | -                        | 24                                 | -            | 395     |
| Reportable segment profit/(loss) after taxation | 101                           | 844                        | 154               | (95)                 | 112                      | (494)                              | 245          | 867     |
| Reportable segment assets                       | 10,893                        | 69,788                     | 16,476            | 31,829               | 16,964                   | 90,175                             | (69,954)     | 166,171 |
| Expenditure for non-current assets              | 10                            | 274                        | 10                | -                    | 2,071                    | 1                                  | -            | 2,366   |
| Reportable segment liabilities                  | 5,298                         | 19,163                     | 3,701             | 16,686               | 8,561                    | 9,966                              | (28,008)     | 35,367  |

**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<br>to date<br>30.9.2015<br>RM'000 | Preceding<br>Corresponding<br>Period<br>30.9.2014<br>RM'000 |
|--------------------------|--|---|
| Malaysia                 | 15,474   | 14,354  |
| Singapore                | 2,889  | 3,898   |
| United States of America | 4,474  | 2,782   |
| China                    | 257  | 1,630   |
| United Kingdom           | 895  | 814   |
| Other Foreign Countries  | 1,370  | 1,104   |
|                          | <u>25,359</u>                                  | <u>24,582</u>   |

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**A. Notes to the financial report for the first financial quarter ended 30 September 2015**

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**7. Segment Information (cont'd)**

**Information about major customer**

For the financial quarter ended 30 September 2015, there was 1 (30.9.2014 : 1) major customer of the metal fabrication (30.9.2014 : precision metal components) segment that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM3,774,017 (30.9.2014 : RM2,509,149).

**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 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**

There were no major changes in the composition of the Group during the financial quarter ended 30 September 2015.

**11. Contingent assets and contingent liabilities**

There were no contingent assets or liabilities as at the date of the report. (30.9.2014 : 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 recognised in the interim financial statement as at 30 September 2015 were as follows : -

|                                    | 30.9.2015<br>RM'000 | 30.9.2014<br>RM'000 |
|------------------------------------|---------------------|---------------------|
| Approved but not contracted :-     |                     |                     |
| Property, Plant and Equipment      | 1,310               | -                   |
| Contracted but not provided for :- |                     |                     |
| Property, Plant and Equipment      | <u>2,751</u>        | <u>-</u>            |

**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 |
|  | 30.9.2015<br>RM'000        | 30.9.2014<br>RM'000                        | %        | 30.9.2015<br>RM'000 | 30.9.2014<br>RM'000            | %        |
| <b><u>Operating Segment</u></b>            |                            |  |          |                     |                                |          |
| <b>Revenue:-</b>                           |                            |  |          |                     |                                |          |
| Precision Tooling & Equipment              | 2,682                      | 5,059                                      | -47.0%   | 2,682               | 5,059                          | -47.0%   |
| Precision Metal Components                 | 16,743                     | 15,903                                     | 5.3%     | 16,743              | 15,903                         | 5.3%     |
| Metal Fabrication                          | 5,398                      | 3,291                                      | 64.0%    | 5,398               | 3,291                          | 64.0%    |
| Property Development                       | -                          | -  | -        | -                   | -                              | -        |
| Other operating segments                   | 536                        | 327  | 63.9%    | 536                 | 327                            | 63.9%    |
| Unallocated non-operating segments         | -                          | 2  | -100.0%  | -                   | 2                              | -100.0%  |
|  | <u>25,359</u>              | <u>24,582</u>                              |          | <u>25,359</u>       | <u>24,582</u>                  |          |
| <b>Profit before tax:-</b>                 |                            |  |          |                     |                                |          |
| Precision Tooling & Equipment              | (106)                      | 165  | -164.2%  | (106)               | 165                            | -164.2%  |
| Precision Metal Components                 | 2,184                      | 1,151                                      | 89.7%    | 2,184               | 1,151                          | 89.7%    |
| Metal Fabrication                          | 762                        | 154  | 394.8%   | 762                 | 154                            | 394.8%   |
| Property Development                       | (295)                      | (95)                                       | 210.5%   | (295)               | (95)                           | 210.5%   |
| Other operating segments                   | 302                        | 112  | 169.6%   | 302                 | 112                            | 169.6%   |
| Unallocated non-operating segments         | 3,078                      | (470)                                      | 754.9%   | 3,078               | (470)                          | 754.9%   |
|  | <u>5,925</u>               | <u>1,017</u>                               |          | <u>5,925</u>        | <u>1,017</u>                   |          |
| Consolidation adjustments and eliminations | (2,466)                    | 245  |          | (2,466)             | 245                            |          |
|  | <u>3,459</u>               | <u>1,262</u>                               |          | <u>3,459</u>        | <u>1,262</u>                   |          |

**Comparison with preceding year corresponding quarter/period**

The precision metal components segment recorded higher profits before tax mainly contributed from higher incoming orders from existing customers, currency gain from weakening Ringgit 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.

The precision tooling & equipment segment recorded loss before tax mainly due to fixed overhead incurred despite of lower customer orders.

The other operating segments have shown higher revenue and profit before tax from the additional rental income.

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

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

Should the gain on disposal of a subsidiary of RM1.76 million in the preceding quarter be excluded from comparison, the Group reported a decrease of 13.2% in profit before tax as compared to preceding quarter. Such decrease was in line with decrease of 8.3% in revenue.

The precision metal components segment recorded increase of 5.9% in revenue and 57.1% in profit before tax should the above gain on disposal of a subsidiary be excluded from comparison. Better performance of the segment was due to higher incoming orders and better margin sales mix in the current quarter.

The metal fabrication segment recorded decrease of 9.7% in revenue and 41.1% in profit before tax due to lower incoming orders in the current quarter.

The other operating segments have shown higher revenue and profit before tax from the additional rental income.

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

The precision metal component segment is expected to sustain its performance in next quarter by penetrating into export market on high value products for sectors in aerospace and medical.

The performances of metal fabrication segment and precision tooling & equipment segment are expected to be challenging in next quarter. 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 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 next quarter.

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

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

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

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

**5. Profit for the period**

|   | <u>INDIVIDUAL PERIOD</u>                   |   | <u>CUMULATIVE PERIOD</u>            |   |
|---|--|---|-------------------------------------|---|
|   | Current Year<br>quarter ended<br>30.9.2015 | Preceding Year<br>Corresponding<br>quarter ended<br>30.9.2014 | Current<br>Year todate<br>30.9.2015 | Preceding<br>Corresponding<br>Period<br>30.9.2014 |
| <b>Group</b>  | RM'000                                     | RM'000  | RM'000                              | RM'000  |
| Profit for the period is arrived at after (crediting)/charging :- |  |   |                                     |   |
| Interest income   | (81)                                       | (152)   | (81)                                | (152)   |
| Interest expenses   | 26   | 35  | 26                                  | 35  |
| Depreciation of Property, plant and equipment                     | 1,376                                      | 1,225   | 1,376                               | 1,225   |
| Loss on disposal of property, plant and equipment                 | 4  | 125   | 4                                   | 125   |
| Property, plant and equipment written off                         | 0  | 7   | 0                                   | 7   |
| (Gain)/Loss on foreign exchange                                   | (949)                                      | 22  | (949)                               | 22  |

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<br>quarter<br>ended<br>30.9.2015<br>RM'000 | Preceding Year<br>Corresponding<br>quarter ended<br>30.9.2014<br>RM'000 | Current<br>Year todate<br>30.9.2015<br>RM'000 | Preceding<br>Corresponding<br>Period<br>30.9.2014<br>RM'000 |
| Current tax  | (910)   | (395)   | (910)   | (395)   |
| Deferred tax | 123   | -   | 123   | -   |
|              | (787)   | (395)   | (787)   | (395)   |

The effective tax rates for the periods 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.

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

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**7. Status of corporate proposals**

On 15 September 2015, the Company proposed to establish a new employees' share option scheme ("ESOS") of up to 15% of the issued and paid-up share capital (excluding treasury shares) of the Company for the eligible directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant). The proposed ESOS is pending for shareholders' approval at a general meeting to be convened.

**8. Group borrowings and debts securities**

Particular of the loans and borrowings for the Group as at 30 September 2015:-

|   | 30.9.2015<br>RM'000 | 30.9.2014<br>RM'000 |
|---|---------------------|---------------------|
| Repayable within 12 months                    | 1,181               | 1,237               |
| Repayable later than 12 months <sup>(a)</sup> | 9,151               | 10,739              |
|   | 10,332              | 11,976              |

<sup>(a)</sup> Included herein is a term loan of RM8.64 million (30.9.2014 : RM9.38 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**

|  | 30.9.2015<br>RM'000 | 30.9.2014<br>RM'000 |
|--|---------------------|---------------------|
| Total retained profits of the Company and its subsidiaries:- |                     |                     |
| - Realised   | 76,732              | 64,434              |
| - Unrealised   | (1,295)             | (1,118)             |
|  | 75,437              | 63,316              |
| Consolidation adjustments and eliminations                   | (6,748)             | (5,312)             |
|  | 68,689              | 58,004              |

**12. Material litigation**

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

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

**13. Dividend**

The Board of Directors does not recommend any dividend for the financial quarter ended 30 September 2015 (30.09.2014 : Nil).

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

|  | <u>INDIVIDUAL PERIOD</u>                                |   | <u>CUMULATIVE PERIOD</u>                      |   |
|--|---|---|---|---|
|  | Current Year<br>quarter<br>ended<br>30.9.2015<br>RM'000 | Preceding Year<br>Corresponding<br>quarter ended<br>30.9.2014<br>RM'000 | Current<br>Year todate<br>30.9.2015<br>RM'000 | Preceding<br>Corresponding<br>Period<br>30.9.2014<br>RM'000 |
| Profit attributable to<br>ordinary equity<br>holders of the parent | 2,782   | 887   | 2,782   | 887   |
| Weighted average<br>number of :                                    |   |   |   |   |
| - Issued ordinary<br>shares at beginning<br>of period              | 68,081  | 68,081  | 68,081  | 68,081  |
| - Effect of Shares Buy<br>Back                                     | (728)   | (728)   | (728)   | (728)   |
|  | 67,353  | 67,353  | 67,353  | 67,353  |
| Earning per share (sen)<br><b>Basic/diluted</b>                    | 4.13  | 1.32  | 4.13  | 1.32  |

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 30<sup>th</sup> June 2015 were reported without any qualification.