
A. Notes to the financial report for the second financial quarter ended 31 December 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 2015.

The auditors' report on the financial statements of the Group for the financial year ended 30th 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 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.

A. Notes to the financial report for the second financial quarter ended 31 December 2015

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

In the quarter under review, the Company resold its treasury shares of 348,200 shares at an average price of RM2.63 per share.

Other than the above, there were no issuance, cancellations, repurchase 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 (31.12.2014 : 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 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, supply of engineering parts.

A. Notes to the financial report for the second financial quarter ended 31 December 2015

7. Segment Information (cont'd)

Current Period ended 31.12.2015	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	5,819	34,545	9,623	-	1,076	-	-	51,063
Intersegment revenue	321	-	-	-	627	4,202	(5,150)	-
Interest income	21	58	34	4	12	33		162
Interest expense	-	46	-	57	-	12	(61)	54
Depreciation and amortisation	141	2,002	350	7	248	44		2,792
Tax expense	42	1,535	-	-	149	-	-	1,726
Reportable segment (loss)/profit after taxation	(167)	3,916	935	(790)	412	4,487	(3,959)	4,834
Reportable segment assets	9,035	74,152	16,006	51,005	17,415	98,427	(88,869)	177,171
Expenditure for non-current assets	250	2,255	45	4,627	18	5	-	7,200
Reportable segment liabilities	2,917	18,343	1,283	11,484	2,190	11,394	(13,517)	34,094

A. Notes to the financial report for the second financial quarter ended 31 December 2015

7. Segment Information (cont'd)

Corresponding Period ended 31.12.2014	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	10,230	33,294	9,242	-	756	2	-	53,524
Intersegment revenue	229	14	-	-	196	721	(1,160)	-
Interest income	30	24	13	1	10	234	-	312
Interest expense	-	68	-	-	-	5	(5)	68
Depreciation and amortisation	131	1,511	328	-	141	34	-	2,145
Tax expense	113	1,077	-	-	-	66	-	1,256
Reportable segment profit/(loss) after taxation	228	2,656	779	(228)	164	(917)	266	2,948
Reportable segment assets	9,865	70,852	17,912	32,225	18,807	91,583	(69,882)	171,362
Expenditure for non-current assets	389	871	92	-	2,071	1	-	3,424
Reportable segment liabilities	4,134	18,153	4,513	17,086	10,355	11,796	(27,956)	38,081

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 31.12.2015 RM'000	Preceding Corresponding Period 31.12.2014 RM'000
Malaysia	30,098	31,609
United States of America	8,951	7,995
Singapore	6,605	6,555
United Kingdom	2,405	3,173
Europe	430	2,329
Other Foreign Countries	2,574	1,863
	<u>51,063</u>	<u>53,524</u>

A. Notes to the financial report for the second financial quarter ended 31 December 2015

7. Segment Information (cont'd)

Information about major customer

For the financial quarter ended 31 December 2015, 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 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 9 December 2015, the Company announced that United Manufacturing Corporation Pte. Ltd., a wholly owned subsidiary of the Company's 60% owned subsidiary, Kobay SCM (S) Pte. Ltd., had been struck off voluntarily from the register of Business Registry of Singapore Accounting and Corporate Regulatory Authority on 24 November 2015.

Save for the above, there were no major changes in the composition of the Group during the financial quarter ended 31 December 2015.

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (31.12.2014 : 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 31 December 2015 were as follows :-

	31.12.2015 RM'000	31.12.2014 RM'000
Approved but not contracted :-		
Property, Plant and Equipment	1,229	-
Contracted but not provided for :-		
Property, Plant and Equipment	751	-

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

	<u>INDIVIDUAL PERIOD</u>			<u>CUMULATIVE PERIOD</u>		
	Current Year quarter ended	Preceding Year Corresponding quarter ended	Variance	Current Year todate	Preceding Corresponding Period	Variance
<u>Operating Segment</u>	31.12.2015	31.12.2014		31.12.2015	31.12.2014	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:-						
Precision Tooling & Equipment	3,137	5,171	-39.3%	5,819	10,230	-43.1%
Precision Metal Components	17,802	17,391	2.4%	34,545	33,294	3.8%
Metal Fabrication	4,225	5,951	-29.0%	9,623	9,242	4.1%
Property Development	-	-	-	-	-	-
Other operating segments	540	429	25.9%	1,076	756	42.3%
Unallocated non-operating segments	-	-	-100.0%	-	2	-100.0%
	<u>25,704</u>	<u>28,942</u>		<u>51,063</u>	<u>53,524</u>	
Profit before tax:-						
Precision Tooling & Equipment	(19)	176	-110.8%	(125)	341	-136.7%
Precision Metal Components	3,267	2,582	26.5%	5,451	3,733	46.0%
Metal Fabrication	173	625	-72.3%	935	779	20.0%
Property Development	(495)	(133)	272.2%	(790)	(228)	246.5%
Other operating segments	259	52	398.1%	561	164	242.1%
Unallocated non-operating segments	1,409	(381)	-469.8%	4,487	(851)	-627.3%
	<u>4,594</u>	<u>2,921</u>		<u>10,519</u>	<u>3,938</u>	
Consolidation adjustments and eliminations	(1,493)	21		(3,959)	266	
	<u>3,101</u>	<u>2,942</u>		<u>6,560</u>	<u>4,204</u>	

The precision metal components segment recorded higher profits before tax for the current quarter under review and current year-todate mainly contributed from higher incoming orders from both existing and new 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.

The metal fabrication segment recorded lower profit before tax for current quarter as compared to preceding corresponding period mainly due to drop in incoming orders. Oil price has dropped significantly since first half of FYE 2016, which caused severe impact to the oil and gas business. However, for year-todate, profit before tax still shown favorable variance arising from clearing of sales backlog brought forward from previous year.

The precision tooling & equipment segment recorded loss before tax for current quarter under review and current year todate mainly due to shrinking of revenue to half as compared to previous corresponding quarter.

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

The property development segment was still operating at losses pending for project kick off by Quarter 4 2016.

The other operating segments have shown higher revenue and profit before tax for current quarter under review and current year-todate mainly contributed from the additional rental income.

2. Comparison with preceding quarter's results

The precision metal components segment recorded increase in revenue and profit before tax by 6.3% and 49.5% respectively. The favorable variance was mainly due to better margin sales mix and currency gain in the current quarter.

The precision tooling & equipment segment continued to suffer loss due to poor incoming orders from semiconductor business.

The metal fabrication segment recorded decrease of 21.7% in revenue and 77.2% in profit before tax due to lower incoming orders from oil & gas business in the current quarter.

3. Commentary on the prospects of the Group

The precision metal component segment is expected to maintain its current performance for the coming quarters. The segment will continue to penetrate into export market on high value products for sectors in aerospace and medical.

The performance of metal fabrication segment is expected to be challenging in next quarter in view of the sinking oil price that lead to the cap on oil production activities. However, the segment will continue its efforts to broaden its customer base and product range to defend the downtime in oil & gas industry.

The performance of precision tooling & equipment segment is expected to remain flat in next quarter. Sales order is expected to be unfavourable due to cost control in semiconductor industry and price competitiveness in market.

The property development segment is not expected to contribute positive earnings in coming quarter pending the launching of its development projects.

In view of the current economic uncertainties and challenges ahead, the Group expects a less favorable performance in the coming quarter but is cautiously optimistic to remain profitable in the remaining quarter 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 quarter ended 31.12.2015	Preceding Year Corresponding quarter ended 31.12.2014	Current Year todate 31.12.2015	Preceding Corresponding Period 31.12.2014
Group	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after (crediting)/charging :-				
Interest income	(40)	(160)	(121)	(312)
Interest expenses	28	33	54	68
Depreciation of Property, plant and equipment	1,416	921	2,792	2,146
Loss/(gain) on disposal of property, plant and equipment	10	(71)	14	54
Property, plant and equipment written off	9	3	9	10
Gain on foreign exchange	(1,190)	(139)	(2,139)	(117)

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 31.12.2015 RM'000	Preceding Year Corresponding quarter ended 31.12.2014 RM'000	Current Year todate 31.12.2015 RM'000	Preceding Corresponding Period 31.12.2014 RM'000
Current tax	(1,067)	(395)	(1,977)	(395)
Deferred tax	128	-	251	-
	(939)	(395)	(1,726)	(395)

The effective tax rate for 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.

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

7. Status of corporate proposals

On 29 December 2015, the Company announced the disposal of leasehold property by its wholly owned subsidiary, namely Paradigm Precision Machining Sdn Bhd. The proposed disposal is still pending completion as at the date of the report.

The new employees' share option scheme ("ESOS") of up to 15% of the issued and paid-up share capital of the Company for the eligible directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant) have been approved by the members at the Extraordinary General Meeting held on 9 December 2015.

8. Group borrowings and debts securities

Particular of the loans and borrowings for the Group as at 31 December 2015:-

	31.12.2015	31.12.2014
	RM'000	RM'000
Repayable within 12 months	822	1,237
Repayable later than 12 months ^(a)	10,385	10,326
	<u>11,207</u>	<u>11,563</u>

^(a) Included herein is a term loan of RM9.03 million (31.12.2014 : RM9.19 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

	31.12.15	31.12.2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	78,829	66,490
- Unrealised	(1,184)	(1,118)
	<u>77,645</u>	<u>65,372</u>
Consolidation adjustments and eliminations	(6,817)	(5,262)
	<u>70,828</u>	<u>60,110</u>

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

12. Material litigation

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

13. Dividend

The Board of Directors does not recommend any dividend for the financial quarter ended 31 December 2015. (31.12.2014 : Nil).

14. Earnings Per Share ("EPS")

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 31.12.2015 RM'000	Preceding Year Corresponding quarter ended 31.12.2014 RM'000	Current Year todate 31.12.2015 RM'000	Preceding Corresponding Period 31.12.2014 RM'000
Profit attributable to ordinary equity holders of the parent	2,139	2,106	4,921	2,993
Weighted average number of :				
- Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
- Effect of Shares Buy Back	(380)	(728)	(380)	(728)
	67,701	67,353	67,701	67,353
Earning per share (sen) Basic/diluted	3.16	3.13	7.27	4.44

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 2015 were reported without any qualification.