

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2017 RM '000	Preceding Year Corresponding quarter ended 30/9/2016 RM '000	Current Year to date 30/9/2017 RM '000	Preceding Year Corresponding period 30/9/2016 RM '000
Revenue	33,804	27,364	33,804	27,364
Cost of sales	(25,654)	(21,079)	(25,654)	(21,079)
Gross profit	8,150	6,285	8,150	6,285
Operating expenses	(5,300)	(5,694)	(5,300)	(5,694)
Finance cost	(22)	(13)	(22)	(13)
Other income	541	764	541	764
Profit before tax	3,370	1,342	3,370	1,342
Tax expense	(1,290)	(610)	(1,290)	(610)
Profit for the period	2,080	732	2,080	732
Other comprehensive income :-				
Currency translation differences for foreign operations	10	49	10	49
Total comprehensive income for the period	2,090	781	2,090	781
Profit for the period attributable to :-				
Owners of the parent	2,037	687	2,037	687
Non-controlling interest	43	45	43	45
	2,080	732	2,080	732
Total comprehensive income attributable to :				
Owners of the parent	2,047	736	2,047	736
Non-controlling interest	43	45	43	45
	2,090	781	2,090	781
Basic earning per share (sen)	2.00	0.67	2.00	0.67

(The Condensed Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Statements for the FYE 30.6.17 and the accompanying explanatory notes attached to this interim financial statements)

**KOBAY TECHNOLOGY BHD.**  
(Co. No. 308279-A)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at current</b>	<b>As at preceding</b>
	<b>financial period</b>	<b>financial period</b>
	<b>30/9/2017</b>	<b>30/06/2017</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	57,812	57,958
Investment Properties	2,000	2,000
Land held for property development	42,267	41,190
Intangible assets	99	93
	<b>102,177</b>	<b>101,241</b>
<b>Current Assets</b>		
Property development cost	15,578	13,172
Inventories	14,531	14,888
Trade and other receivables	32,895	33,756
Tax assets	73	485
Cash & cash equivalents	27,157	27,700
	<b>90,236</b>	<b>90,001</b>
<b>Total Assets</b>	<b>192,413</b>	<b>191,242</b>
<b>Equity</b>		
Share capital	102,094	102,094
Reserves		
Treasury shares	(67)	(67)
Capital reserve	1,550	1,550
Currency translation reserve	507	497
Retained profits	43,717	41,681
	<b>45,707</b>	<b>43,661</b>
Equity attributable to owners of the Company	<b>147,802</b>	<b>145,755</b>
Non-controlling interests	456	437
<b>Total Equity</b>	<b>148,258</b>	<b>146,192</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	8,565	8,774
Deferred tax liabilities	4,438	4,293
Deferred income on government grant	1,547	1,630
	<b>14,549</b>	<b>14,697</b>
<b>Current Liabilities</b>		
Trade and other payables	23,116	26,303
Loans and borrowings	3,470	3,434
Progress billings	2,358	370
Tax liabilities	660	246
	<b>29,606</b>	<b>30,353</b>
<b>Total Liabilities</b>	<b>44,155</b>	<b>45,050</b>
<b>Total Equity and Liabilities</b>	<b>192,413</b>	<b>191,242</b>
Net assets per ordinary share attributable to owners of the Parent(RM)	1.45	1.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the FYE 30.6.17 and the accompanying explanatory notes attached to this interim financial statements)

**KOBAY TECHNOLOGY BHD.**

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED ENDED 30 SEPTEMBER 2017**

Group	← Attributable to owners of the Parent →						Sub-total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained profit RM'000			
<b>CURRENT PERIOD</b>									
As at 1 July, 2017	102,094	(67)	-	1,550	497	41,681	145,755	437	146,192
Dividends to Non- controlling interests	-	-	-	-	-	-	-	(24)	(24)
Total comprehensive income for the period	-	-	-	-	10	2,037	2,047	43	2,090
<b>Balance as at 30 September, 2017</b>	<b>102,094</b>	<b>(67)</b>	<b>-</b>	<b>1,550</b>	<b>507</b>	<b>43,718</b>	<b>147,802</b>	<b>456</b>	<b>148,258</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

Group	← Attributable to owners of the Parent →						Sub-total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained profit RM'000			
<b>CURRENT PERIOD</b>									
As at 1 July, 2016	68,081	(221)	2,345	1,550	236	68,334	140,325	1,667	141,992
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(302)	(302)
Changes in ownership interests in subsidiaries	-	-	-	-	157	291	448	(985)	(537)
Total comprehensive income for the period	-	-	-	-	49	687	736	45	781
<b>Balance as at 30 September, 2016</b>	<b>68,081</b>	<b>(221)</b>	<b>2,345</b>	<b>1,550</b>	<b>442</b>	<b>69,312</b>	<b>141,509</b>	<b>425</b>	<b>141,934</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 30.6.17 and the accompanying explanatory notes attached to this interim financial statements)

**KOBAY TECHNOLOGY BHD.**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017**

	(Unaudited) Period Ended 30/9/2017 RM '000	(Unaudited) Period Ended 30/9/2016 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax :	3,370	1,342
Adjustments for:		
- Non-cash items	1,566	1,658
- Non-operating items	(103)	(197)
Operating profit before changes in working capital	<u>4,833</u>	2,803
Changes in working capital:		
- Net change in current assets	(1,421)	2,578
- Net change in current liabilities	(1,660)	(2,515)
Net cash from operating activities	<u>1,752</u>	2,866
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash acquired	-	(538)
Interest received	95	65
Proceeds from disposal of property, plant and equipment	77	135
Additions to land held for property development	(844)	(1,934)
Purchase of property, plant and equipment	(1,413)	(1,023)
Net cash used in investing activities	<u>(2,085)</u>	(3,295)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest	(24)	(302)
(Decrease)/Increase in loans and borrowings	(173)	613
Interest paid	(22)	(13)
Net cash (used in)/ from financing activities	<u>(219)</u>	298
Currency translation differences	10	40
Net Change in Cash & Cash Equivalents	<u>(542)</u>	(91)
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>25,085</u>	26,747
<b>CASH &amp; CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<u>24,543</u>	26,656
<b>CASH &amp; CASH EQUIVALENTS AS AT END OF THE PERIOD</b>		
Highly Liquid Investments	1,925	2,507
Deposits not pledged	876	608
Cash & bank balances	<u>21,743</u>	23,541
	<u>24,543</u>	26,656

# Note: Deposits amounting to RM2,614,372 (30.9.2016: RM2,596,880) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 2017. As such, these amounts are not included as cash and cash equivalents as at the aforementioned dates.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 30.6.17 and the accompanying explanatory notes attached to this interim financial statements)

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**A. Notes to the financial report for the first financial quarter ended 30 September 2017**

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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 June 2017.

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 2017.

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 Malaysian Accounting Standards on 28 October 2015, Transitioning Entities are allowed to defer the adoption of the Malaysian Financial Reporting Standards to annual periods beginning on or after 1 January 2018.

Being a Transitioning Entity involved in property development, the Group continues to prepare its financial statements for the financial year ended 30 June 2018 in accordance with Financial Reporting Standards ("FRSs") 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. Audit report of preceding annual financial statements**

The auditors' report on the financial statements of the Group for the financial year ended 30th June 2017 was not subject to any qualification.

**3. Seasonal or cyclical operations**

The business operations of the Group are subject to cyclical effects of the global electronics industries and volatility of property market.

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**A. Notes to the financial report for the first financial quarter ended 30 September 2017**

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**4. 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.

**5. 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 and current financial year.

**6. Issuance, cancellations, repurchases, resale or repayments of debts and equity securities**

There were no issuance, cancellations, repurchase and repayments of debts and equity securities during the current quarter under review.

**7. Dividend Paid**

There were no dividend paid for the quarter and financial year under review. (30.9.2016 : Nil)

**8. Segment Information**

For management purposes, the Group is organised into business units based on their nature of business and services.

The Group's reportable operating segments are as follows:

- Manufacturing – Manufacture of precision machined components, precision stamping, sheet metal parts, surface treatment, precision moulds, tooling & dies, semiconductor assembly and testing equipment, metal works and structures, modules and parts for oil and gas production and extraction equipment.
- Property Development
- Other operating segments – Include small operations related to property letting, hotel operation, money lending and supply of engineering parts.

**A. Notes to the financial report for the first financial quarter ended 30 September 2017**

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

	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
Current period ended 30.9.2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	32,189	762	853	-	-	33,804
Intersegment revenue	-	-	118	2,821	(2,939)	-
Interest income	77	1	9	312	(304)	95
Interest expense	9	304	-	15	(306)	22
Depreciation and amortisation	1,287	58	121	17		1,483
Tax expense	1,211	-	54	25	-	1,290
Reportable segment profit/(loss) after taxation	3,067	(444)	91	1,976	(2,610)	2,080
Reportable segment assets	103,140	63,142	17,458	125,010	(116,337)	192,413
Expenditure for non-current assets	1,156	1,100	-	1	-	2,257
Reportable segment liabilities	27,063	28,055	2,472	13,620	(27,055)	44,155

**A. Notes to the financial report for the first financial quarter ended 30 September 2017**

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

Corresponding period ended 30.9.2016	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	25,328	660	1,375	1	-	27,364
Intersegment revenue	-	-	65	1,890	(1,955)	-
Interest income	34	2	10	19		65
Interest expense	13	149	-	2	(151)	13
Depreciation and amortisation	1,244	16	340	27	-	1,627
Tax expense	548	-	78	(16)	-	610
Reportable segment profit/(loss) after taxation	1,496	(486)	143	2,336	(2,757)	732
Reportable segment assets	97,252	55,682	18,404	120,099	(110,275)	181,162
Expenditure for non-current assets	833	2,084	11	29	-	2,957
Reportable segment liabilities	24,653	18,299	2,423	15,847	(21,994)	39,228

**Segment information by geographical regions**

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

	<b>Current Year To date 30.9.2017 RM'000</b>	Preceding Year 30.9.2016 RM'000
Malaysia	<b>23,779</b>	15,712
United States of America	<b>5,180</b>	4,898
Singapore	<b>3,092</b>	4,372
Other Foreign Countries	<b>1,753</b>	2,382
	<b>33,804</b>	27,364



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**A. Notes to the financial report for the first financial quarter ended 30 September 2017**

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

**Information about major customer**

For the financial period ended 30 September 2017, there was one major customer (30.9.2016 : 1) of manufacturing segment who contributed 14% of the Group's total revenues and the total revenue generated from this major customer amounted to RM4.85 million for the current period under review.

**9. 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.

**10. Subsequent events**

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

**11. Changes in the composition of the group**

There were no major changes in the composition of the Group during the period ended 30 September 2017.

**12. Contingent assets and contingent liabilities**

There were no contingent assets or liabilities for the Group as at the date of the report. (30.9.2016 : RM: Nil).

**13. Material related party transaction**

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

**14. Capital Commitments**

Authorised capital commitments not recognised in the interim financial statement as at 30 September 2017 were as follows: -

	<b>30.9.2017</b>	30.9.2016
	<b>RM'000</b>	RM'000
Contracted but not provided for :-		
- Property, Plant and Equipment	-	1,342
- Investment properties	-	450
	<hr/>	<hr/>
- Landowners' entitlement for joint development projects	<b>13,210</b>	13,390
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**B. Additional information required by the Listing Requirements of Bursa Securities**


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**1. Review of performance**

	<u>INDIVIDUAL/CUMULATIVE PERIOD</u>		Variance
	<b>Current Year quarter ended 30.9.2017 RM'000</b>	Preceding Year Corresponding quarter ended 30.9.2016 RM'000	
<b><u>Operating Segment</u></b>			%
<b>Revenue:-</b>			
Manufacturing	<b>32,189</b>	25,328	27.1%
Property Development	<b>762</b>	660	15%
Other operating segments	<b>853</b>	1,376	-38.0%
Unallocated non-operating segments	-	-	
	<b>33,804</b>	<b>27,364</b>	23.5%
<b>Profit/(loss) before tax:-</b>			
Manufacturing	<b>4,278</b>	2,044	109.3%
Property Development	<b>(444)</b>	(486)	8.6%
Other operating segments	<b>145</b>	221	-34.4%
Unallocated non-operating segments	<b>2,001</b>	2,320	-13.8%
	<b>5,980</b>	4,099	
Consolidation adjustments and eliminations	<b>(2,610)</b>	(2,757)	
	<b>3,370</b>	<b>1,342</b>	151.1%

**Statement of Profit & Loss and Other Comprehensive Income**

For the first quarter under review, the Group recorded a revenue of RM33.80 million, an increase of 23.5% compared to the preceding year's corresponding quarter mainly attributed by the increase in revenue from manufacturing segment. Correspondingly, profit before tax increased by 151.1% to RM3.37 million with better profit margin recorded.

**Statement of Financial Position**

The Group's total assets stood at RM192.4 million and total liabilities stood at RM44.1 million as at 30.9.17, which was at par with last audited accounts. Shareholders' equity increased by RM2.04 million mainly contributed from the profits generated for current quarter.

**Statement of Cash Flow**

The Group's cash and cash equivalents stood at RM24.54 million as at 30.9.17. Net cash flow from operating activities decreased by 38.8% as compared to the preceding year's corresponding quarter due to payment of development costs for property segment. Capital investments for current quarter totaled RM2.25 million, consists of purchase of additional land bank of RM0.84 million for property segment and RM1.14 million on machinery and renovations.

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

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**1.1 Segmental Analysis**

**Manufacturing**

The manufacturing segment continued to show positive momentum with revenue of RM32.18 million and profit before tax of RM4.27 million, up by 27.1% and 109.3% respectively compared to the preceding year's corresponding quarter. The positive results was in line with the increased demand from electronics customers coupled with better product margin and production efficiency for the precision metal components business units.

The precision tooling and equipment business units also shown a better performance attributed from the reduced in overhead cost arising from relocation of a subsidiary from Singapore to Penang.

Oil and gas division still reported losses for current quarter, with no visibility of significant incoming orders.

**Property Development**

As of the 1<sup>st</sup> quarter under review, there was only one project launched by the property development division, i.e. Phase 1 of Lavanya Residences, Langkawi with gross development value of RM60.2 million and cumulative sales to-date of RM28.3 million.

The segment remain soft with revenue of RM0.76 million for current quarter, at par with preceding year's corresponding quarter. The segment still encountered losses of RM0.44 million as the progress billing derived from the division's partly launched project still unable to cover the operating cost of other projects that are yet to kick off.

**Other Operating Segments**

Unfavourable variance reported for the segment was mainly due to drop in revenue for trading business of engineering parts.

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

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

<u>Operating Segment</u>	<b>Current Year quarter ended 30.9.2017 RM'000</b>	Preceding quarter ended 30.6.2017 RM'000	Variance %
<b>Revenue:-</b>			
Manufacturing	<b>32,189</b>	36,162	-11.0%
Property Development	<b>762</b>	785	-2.9%
Other operating segments	<b>853</b>	1,644	-48.1%
Unallocated non-operating segments	-	-	
	<b>33,804</b>	38,591	-12.4%
<b>Profit/(loss) before tax:-</b>			
Manufacturing	<b>4,278</b>	3,155	35.6%
Property Development	<b>(444)</b>	(733)	39.4%
Other operating segments	<b>145</b>	297	-51.2%
Unallocated non-operating segments	<b>2,001</b>	2,380	-15.9%
	<b>5,980</b>	5,099	
Consolidation adjustments and eliminations	<b>(2,610)</b>	(3,407)	
	<b>3,370</b>	1,692	99.2%

The Group reported a revenue of RM33.80 million and profit before tax of RM3.37 million for current quarter, compared to revenue of RM36.16 million and profit before tax of RM1.692 million in Qtr 4 FYE2017.

**Manufacturing**

Revenue for the segment dropped by 11% for Q1 FYE2018, followed by the low incoming orders from electronic customers in Q4 FYE2017. Despite the decreased in revenue, profit before tax was enhanced due to improvement in production efficiencies and production yield during the quarter.

There was no sign of improvement for oil & gas division despite efforts in tendering for orders.

**Property Development**

The segment continued to suffer losses as the revenue generated still unable to cover the fixed operating costs.

**Other Operating Segments**

Unfavourable variance reported for the segment mainly due to drop in revenue for trading business of engineering parts.

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

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

The management anticipates that the manufacturing segment shall remain profitable for the coming quarters in view of the backlog levels and steady incoming orders from electronics and aerospace industries. While preserving electronics as our core business, the segment shall continue to focus on expanding its business in aerospace sector focusing on improving its capacity and production efficiency. On the other hand, we shall simultaneously re-gearing for new markets for oil & gas business unit to cushion out the negative impact to the Group.

We shall continue to ride on the electronics market that has grown at an impressive rate and intensity our growth in aerospace business to strike for a positive result for coming quarters.

For property development division, the management is actively pursuing Phase 2 of Lavanya Langkawi. The Phase 2 has obtained planning approval on 8 November 2017 and the management target to obtain its building plan and APDL by Q4 FYE2018 in order to launch the project in Q4 FYE 2018. We are mindful of the challenging market sentiments and have also refocused our efforts towards delivering more mid-market and affordable high rise products for our up- coming launching.

**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/ CUMULATIVE PERIOD</u>	
	<b>Current Year quarter ended 30.9.2017</b>	Preceding Year Corresponding quarter ended 30.9.2016
<b><u>Group</u></b>	<b>RM'000</b>	RM'000
Profit for the period is arrived at after (crediting)/charging :-		
Interest income	<b>(95)</b>	(65)
Interest expenses	<b>22</b>	13
Depreciation of Property, plant and equipment	<b>1,483</b>	1,627
Gain on disposal of property, plant and equipment	<b>(30)</b>	(147)
Loss/(gain) on foreign exchange	<b>197</b>	(423)

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

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

**6. Taxation**

Taxation comprises the following:-

	<u>INDIVIDUAL/ CUMULATIVE PERIOD</u>	
	<b>Current Year quarter ended 30.9.2017 RM'000</b>	Preceding Year Corresponding quarter ended 30.9.2016 RM'000
Current tax	<b>(1,145)</b>	(573)
Deferred tax	<b>(145)</b>	(37)
	<b>(1,290)</b>	(610)

The effective tax rates for the current quarter and cumulative 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.

**7. Status of corporate proposals**

There were no corporate proposals announced as at the date of this interim report but pending completion.

**8. Trade receivables**

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 days terms.

The ageing analysis of the trade receivables not impaired is as follows:

	<b>30.9.2017 RM'000</b>
Not past due	19,711
Past due 1 to 30 days	5,109
Past due 31 to 120 days	4,088 #
Past due more than 120 days	1,501 #
	<b>30,409</b>

As at 30.9.17, trade receivables of RM10.69 million were past due but no impaired. They relate to a number of independent customers from whom with no recent history of default.

# RM1.40 million is pertaining to legal dispute as disclosed in Note B13 (b) herein.

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


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**9. Group borrowings and debts securities**

	<b>30.9.2017</b>	30.9.2016
	<b>RM'000</b>	RM'000
<b>Secured :-</b>		
Term loans <sup>(a)</sup>	<b>8,377</b>	10,187
<b>Unsecured :-</b>		
Term loans	<b>1,912</b>	875
Revolving credit	<b>1,746</b>	976
	<b>12,035</b>	12,038
<b>Disclosed as :-</b>		
Current liabilities	<b>3,470</b>	1,407
Non-current liabilities	<b>8,565</b>	10,631
	<b>12,035</b>	12,038
<b>Currency Profile :-</b>		
Ringgit Malaysia	<b>11,059</b>	11,062
US Dollar	<b>1,746</b>	976
	<b>12,035</b>	12,038

<sup>(a)</sup> Included herein is a term loan of RM8.37 million (30.9.2016: RM9.75 million) which carries no finance cost as the loan is offset with equivalent cash deposit that is available in the facility account.

Secured term loans are secured against certain freehold land and property, plant and equipment.

The effective interest rate of loans and borrowings as at 30 September 2017 ranged from 3.45% to 7.65% per annum (30.9.2016 : 3.45% to 5.25%).

**10. Derivative Financial Instrument**

There were no derivative financial instruments as at the date of this quarterly report.

**11. 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

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

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**12. Breakdown of realised and unrealised profits or losses of the Group**

	<b>30.9.2017</b>	30.9.2016
	<b>RM'000</b>	RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	<b>64,288</b>	90,485
- Unrealised	<b>(2,105)</b>	(1,968)
	<b>62,183</b>	88,517
Consolidation adjustments and eliminations	<b>(18,466)</b>	(19,205)
	<b>43,717</b>	69,312

**13. Material litigation**

**a) Non-repayment of stakeholder sum by stakeholder**

Further to the announcement dated 27 May 2016 and 31 May 2016 on the impairment loss in relation to the non-repayment of Stakeholder Sum by the Stakeholder, on 7 October 2016, the Company had initiated civil suit against Miss Jaswinder Kaur and the partner of Messrs. Jaswinder Kaur Gill & Associates to claim for refund of Stakeholder sum of RM3.4 million.

On 21<sup>st</sup> July 2017, the Court awarded summary judgement in favour of the Company against Miss Jaswinder Kaur for RM3.4 million plus interest at 5% per annum. Jaswinder has filed the appeal to Court of Appeal but the appeal was dismissed on 2<sup>nd</sup> November 2017. The Company is in the course of working on the enforcement of summary judgement to recover the debts.

**b) Bend Weld Engineering Sdn Bhd vs NGLTech Sdn Bhd**

As disclosed in announcement dated 11<sup>th</sup> July 2017, Bend weld Engineering Sdn Bhd ("BWE"), a wholly owned subsidiary, involved in a legal suit with NGLTech Sdn Bhd ("NGL") for a fabrication work done by BWE. BWE had claimed RM1.46 million against NGL for its work done and NGL claimed RM2.85 million against BWE. Both Parties had filed their respective claims, replies and defences in the Kuala Lumpur High Court. During the case management on 8<sup>th</sup> September 2017, the Judge fixed the trial on 7<sup>th</sup> May 2018 to 11<sup>th</sup> May 2018. However, the Judge took the view that the matter should be resolved via mediation. Subsequently, the mediation is fixed on 7<sup>th</sup> March 2018.

BWE's solicitors are of the opinion that BWE has a fair chance of succeeding in its claim and defending NGL's claim. Accordingly, no provision has been recognized in the financial statement as it is not probable that an outflow of resources embodying benefits will be required to settle the obligation.

Other than the above, there was no pending material litigation as at the date of this report.



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


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**14. Dividend**

The Board of Directors does not recommend any dividend for the financial quarter ended 30 September 2017. (30.9.2016 : Nil).

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

	<u>INDIVIDUAL/ CUMULATIVE PERIOD</u>	
	<b>Current Year quarter ended 30.9.2017 RM'000</b>	Preceding Year Corresponding quarter ended 30.9.2016 RM'000
Profit attributable to ordinary equity holders of the parent	<b>2,037</b>	687
Weighted average number of ordinary shares in issue ('000)	<b>102,039</b>	101,849
Earnings per Share (sen)	<b><u>2.00</u></b>	<u>0.67</u>

Diluted earnings per share are not disclosed herein as it is not applicable to the Group.