

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/12/2017 RM '000	Preceding Year Corresponding quarter ended 31/12/2016 RM '000	Current Year to date 31/12/2017 RM '000	Preceding Year Corresponding period 31/12/2016 RM '000
Revenue	41,322	28,359	75,126	55,723
Cost of sales	(30,367)	(22,444)	(56,021)	(43,523)
Gross profit	10,954	5,915	19,104	12,200
Operating expenses	(5,789)	(5,265)	(11,089)	(10,959)
Finance cost	(23)	(26)	(45)	(39)
Other income	739	1,128	1,281	1,892
Profit before tax	5,882	1,752	9,252	3,094
Tax expense	(1,288)	(994)	(2,578)	(1,604)
Profit for the period	4,594	758	6,674	1,490
Other comprehensive income :-				
Currency translation differences for foreign operations	(12)	87	(2)	136
Total comprehensive income for the period	4,582	845	6,672	1,626
Profit for the period attributable to :-				
Owners of the parent	4,546	730	6,583	1,417
Non-controlling interest	49	28	92	73
	4,594	758	6,674	1,490
Total comprehensive income attributable to :				
Owners of the parent	4,534	817	6,581	1,553
Non-controlling interest	49	28	92	73
	4,582	845	6,672	1,626
Basic earning per share (sen)	4.45	0.72	6.45	1.39

(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 30.6.2017 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 31 DECEMBER 2017

	(Unaudited) As at current financial period 31/12/2017 RM '000	(Audited) As at preceding financial period 30/06/2017 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	57,176	57,958
Investment Properties	1,988	2,000
Land held for property development	38,969	41,190
Intangible assets	99	93
	98,232	101,241
Current Assets		
Property development cost	22,186	13,172
Inventories	13,129	14,888
Trade and other receivables	36,942	33,756
Tax assets	99	485
Cash & cash equivalents	34,196	27,700
	106,552	90,001
Total Assets	204,784	191,242
Equity		
Share capital	102,094	102,094
Reserves		
Treasury shares	(67)	(67)
Capital reserve	1,550	1,550
Currency translation reserve	495	497
Retained profits	48,263	41,681
	50,241	43,661
Equity attributable to owners of the Company	152,336	145,755
Non-controlling interests	481	437
Total Equity	152,816	146,192
Non-Current Liabilities		
Loans and borrowings	8,357	8,774
Deferred tax liabilities	4,262	4,293
Deferred income on government grant	1,952	1,630
	14,571	14,697
Current Liabilities		
Trade and other payables	27,218	26,303
Loans and borrowings	3,625	3,434
Progress billings	5,228	370
Tax liabilities	1,326	246
	37,397	30,353
Total Liabilities	51,968	45,050
Total Equity and Liabilities	204,784	191,242
Net assets per ordinary share attributable to owners of the Parent(RM)	1.49	1.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the FYE 30.6.2017 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 SECOND QUARTER ENDED ENDED 31 DECEMBER 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			
CURRENT PERIOD									
As at 1 July, 2017	102,094	(67)	-	1,550	497	41,681	145,755	437	146,192
Dividends to Non- controlling interests	-	-	-	-	-	-	-	(48)	(48)
Total comprehensive income for the period	-	-	-	-	(2)	6,583	6,581	92	6,672
Balance as at 31 December, 2017	102,094	(67)	-	1,550	495	48,264	152,336	481	152,816

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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			
CURRENT PERIOD									
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	-	-	-	-	-	-	-	(314)	(314)
Changes in ownership interests in subsidiaries	-	-	-	-	157	291	448	(985)	(537)
Total comprehensive income for the period	-	-	-	-	136	1,417	1,553	73	1,626
Resale of treasury shares	-	154	-	-	-	-	154	-	154
Issurance of bonus shares	34,013	-	(2,324)	-	-	(31,689)	-	-	-
Share issue expenses	-	-	(21)	-	-	-	(21)	-	(21)
Transfer to legal reserve	-	-	-	-	-	-	-	-	-
Balance as at 31 December, 2016	102,094	(67)	-	1,550	529	38,353	142,459	441	142,900

(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.
(Co. No. 308279-A)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017**

	(Unaudited) Period Ended 31/12/2017 RM '000	(Unaudited) Period Ended 31/12/2016 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax :	9,252	3,094
Adjustments for:		
- Non-cash items	3,084	2,892
- Non-operating items	(194)	(153)
Operating profit before changes in working capital	<u>12,142</u>	<u>5,833</u>
Changes in working capital:		
- Net change in current assets	(1,427)	1,849
- Net change in current liabilities	(1,098)	(1,436)
Net cash from operating activities	<u>9,617</u>	<u>6,246</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	(538)
Interest received	194	107
Proceeds from resale of treasury shares	-	196
Proceeds from disposal of property, plant and equipment	267	19
Additions to land held for property development	(936)	(4,986)
Purchase of property, plant and equipment	(2,308)	(2,413)
Net cash used in investing activities	<u>(2,783)</u>	<u>(7,615)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(48)	(314)
(Decrease)/Increase in loans and borrowings	(226)	(967)
Interest paid	(45)	(39)
Net cash (used in)/ from financing activities	<u>(319)</u>	<u>(1,320)</u>
Currency translation differences	(18)	110
Net Change in Cash & Cash Equivalents	<u>6,497</u>	<u>(2,579)</u>
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>25,085</u>	<u>26,747</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u><u>31,582</u></u>	<u><u>24,168</u></u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	1,738	1,460
Deposits not pledged	876	1,310
Cash & bank balances	<u>28,968</u>	<u>21,399</u>
	<u><u>31,582</u></u>	<u><u>24,169</u></u>

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 30.6.2017 and the accompanying explanatory notes attached to this interim financial statements)

A. Notes to the financial report for the second financial quarter ended 31 December 2017

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.

A. Notes to the financial report for the second financial quarter ended 31 December 2017

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. (31.12.2016 : 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 second financial quarter ended 31 December 2017

8. Segment Information (cont'd)

	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
Current period ended 31.12.2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	70,520	3,085	1,521	-	-	75,126
Intersegment revenue	-	-	412	5,086	(5,498)	-
Interest income	160	5	13	644	(628)	194
Interest expense	16	311	-	34	(316)	45
Depreciation and amortisation	2,576	120	254	36		2,986
Tax expense	2,426	-	102	50	-	2,578
Reportable segment profit/(loss) after taxation	8,653	(837)	(20)	3,556	(4,678)	6,674
Reportable segment assets	115,886	69,010	18,174	125,423	(123,709)	204,784
Expenditure for non-current assets	2,048	1,149	44	3	-	3,244
Reportable segment liabilities	31,266	34,327	2,412	18,224	(34,261)	51,968

A. Notes to the financial report for the second financial quarter ended 31 December 2017

8. Segment Information (cont'd)

Corresponding period ended 31.12.2016	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	52,700	941	2,082	-	-	55,723
Intersegment revenue	-	-	211	4,599	(4,810)	-
Interest income	59	4	17	433	(406)	107
Interest expense	34	407	-	8	(410)	39
Depreciation and amortisation	2,612	33	253	54	-	2,952
Tax expense	1,488	-	132	(16)	-	1,604
Reportable segment profit/(loss) after taxation	3,454	(1,090)	270	4,037	(5,181)	1,490
Reportable segment assets	97,711	58,632	17,652	119,724	(111,500)	182,219
Expenditure for non-current assets	2,356	3,215	13	44	-	5,628
Reportable segment liabilities	24,634	21,854	2,440	13,604	(23,213)	39,319

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 :

	Current Year To date 31.12.2017 RM'000	Preceding Year 31.12.2016 RM'000
Malaysia	54,283	34,678
United States of America	11,601	10,862
Singapore	5,932	5,910
Other Foreign Countries	3,310	4,273
	75,126	55,723

A. Notes to the financial report for the second financial quarter ended 31 December 2017

8. Segment Information (cont'd)

Information about major customer

For the financial period ended 31 December 2017, there was one major customer (31.12.2016 : Nil) of manufacturing segment who contributed 19% of the Group's total revenues and the total revenue generated from this major customer amounted to RM14.37 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

On 5 January 2017, Lipo Corporation Sdn. Bhd. ("LIPO") a wholly owned subsidiary has entered into a Share Sale Agreement with Ms. Wong Siew Tian, a minority shareholder of Micro Surface Treatment Sdn. Bhd ("MST") to acquire her entire equity interest of 2% in MST for a total purchase consideration of RM66,689.78. Upon completion of the acquisition on 25 January 2017, MST became a 90% owned subsidiary of LIPO.

Other than the above, 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

On 4 December 2017, Kobay has incorporated a new subsidiary namely, Paradigm Aero Technology Sdn Bhd with an issued capital of RM2.00.

Save for the above, there were no major changes in the composition of the Group during the period ended 31 December 2017.

12. Contingent assets and contingent liabilities

There were no contingent assets or liabilities for the Group as at the date of the report. (31.12.2016 : RM: Nil).

13. Material related party transaction

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

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
14. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 31 December 2017 were as follows: -

	31.12.2017	31.12.2016
	RM'000	RM'000
Authorised but not contracted for :-		
- Property, Plant & Equipment	16,000	-
Contracted but not provided for :-		
- Property, Plant and Equipment	-	608
- Landowners' entitlement for joint development projects	13,180	13,345

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 corresponding quarter period	Variance	Current Year to date	Preceding corresponding period	Variance
Operating Segment	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:-						
Manufacturing	38,331	27,372	40.0%	70,520	52,700	33.8%
Property Development	2,323	281	726.7%	3,085	941	227.8%
Other operating segments	668	706	-5.4%	1,521	2,082	-26.9%
Unallocated non-operating segments	-	-		-	-	
	41,322	28,359	45.7%	75,126	55,723	34.8%
Profit/(loss) before tax:-						
Manufacturing	6,801	2,898	134.7%	11,079	4,942	124.2%
Property Development	(393)	(604)	34.9%	(837)	(1,090)	23.2%
Other operating segments	(63)	181	-134.8%	82	402	-79.6%
Unallocated non-operating segments	1,605	1,701	-5.6%	3,606	4,021	-10.3%
	7,950	4,176		13,930	8,275	
Consolidation adjustments and eliminations	(2,068)	(2,424)		(4,678)	(5,181)	
	5,882	1,752	235.7%	9,252	3,094	199.0%

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

Statement of Profit & Loss and Other Comprehensive Income

The Group recorded a revenue of RM41.32 million for current quarter and RM75.12 million for current year-to-date, an increase of 45.7% and 34.8% compared to the preceding year's corresponding quarter/period. The favourable results mainly attributed by the increase in revenue from manufacturing segment. Correspondingly, profit before tax for current quarter and cumulative period increased by 235.7% and 199% respectively with better product mix and profit margin recorded.

Statement of Financial Position

The Group's total assets stood at RM204.78 million and total liabilities stood at RM51.96 million as at 31.12.17. Shareholders' equity increased by RM6.58 million mainly contributed from the profits generated for current quarter.

Statement of Cash Flow

The Group's cash and cash equivalents stood at RM31.58 million as at 31.12.17. Net cash flow from operating activities increased by 53.9% as compared to the preceding year's corresponding quarter due to increase in Group's profit. Capital investments for current year-to-date totaled RM 3.24million, consists of purchase of additional land bank of RM0.93 million for property segment and RM2.30 million on machinery and renovations.

1.1 Segmental Analysis

Manufacturing

The manufacturing segment continued to show positive momentum with revenue of RM38.33 million and profit before tax of RM6.80 million recorded for the current quarter, up by 40% and 134.7% respectively compared to the preceding year's corresponding quarter. For year-to-date, revenue and profit before tax increased by 33.8% and 124.2% respectively compared to preceding corresponding period.

The positive results was in line with the strong orders received 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 stronger demand from semiconductor market and the reduction in overhead cost arising from relocation of a subsidiary from Singapore to Penang.

Oil and gas business units has finally strived a positive profit before tax for current quarter after performed adversely in the past 2 years caused by downturn in oil and gas industry. However, the business units still reported a losses for year-to-date, but moderate as compared to previous year corresponding period.

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

Property Development

As of the 2nd quarter under review, there was only one project launched by the property development division, i.e. Phase 1 of Lavanya Residences, Langkawi. The gross development value of the said phase is RM76.40 million with cumulative sales to-date of RM43.90 million recorded.

The segment recorded revenue of RM2.32 million for current quarter and RM3.08 million for current year-to-date, showing improving performance from preceding year's corresponding quarter mainly attributed from the progress billing for Lavanya Projects. The segment still encountered losses of RM0.39 million for current quarter and RM0.83 million for current year-to-date 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 increase in overhead cost for our property marketing business unit.

2. Comparison with preceding quarter's results

<u>Operating Segment</u>	Current Year quarter ended 31.12.2017 RM'000	Preceding quarter ended 30.9.2017 RM'000	Variance %
Revenue:-			
Manufacturing	38,331	32,189	19.1%
Property Development	2,323	762	204.9%
Other operating segments	668	853	-21.7%
Unallocated non-operating segments	-	-	
	41,322	33,804	22.2%
Profit/(loss) before tax:-			
Manufacturing	6,801	4,278	59.0%
Property Development	(393)	(444)	11.5%
Other operating segments	(63)	145	-143.4%
Unallocated non-operating segments	1,605	2,001	-19.8%
	7,950	5,980	
Consolidation adjustments and eliminations	(2,068)	(2,610)	
	5,882	3,370	74.5%

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

2. Comparison with preceding quarter's results- cond.

The Group reported a revenue of RM41.32 million and profit before tax of RM5.88 million for current quarter, compared to revenue of RM33.80 million and profit before tax of RM3.37 million in Qtr 1 FYE2018.

Manufacturing

Revenue for the segment increase by 19.1% to RM38.33 million for Q2 FYE2018 while profit before tax rose 59.0% from RM4.27 million to RM6.80 million. The continued growth in incoming orders from aerospace and electronics segments have brought the business units to deliver a steady growth over the past 2 quarters.

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 was mainly due to increase in overhead cost for our property marketing business unit.

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 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, medical healthcare & life science products, 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 of the industry.

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, a serviced studio and serviced apartment project with projected gross development value of RM 214.96 million. 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 products for our up-coming launching.

In overall, the management expects the performance of the Group to be satisfactory for the remaining quarters of the financial year, in line with modest growth forecasted for manufacturing and new launching of property project.

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

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	Preceding corresponding quarter period	Current Year to date	Preceding corresponding period
31.12.2017	31.12.2016	31.12.2017	31.12.2016	
Group	RM'000	RM'000	RM'000	RM'000

Profit for the period is arrived at after (crediting)/charging:-

Interest income	(99)	(42)	(194)	(107)
Interest expenses	23	26	45	39
Depreciation of property, plant and equipment	1,503	1,325	2,986	2,952
(Gain)/loss on disposal of property, plant and equipment	(125)	62	(155)	(85)
Property, plant and equipment written off	-	62	-	62
Loss/(gain) on foreign exchange	294	(264)	491	(687)

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	Preceding corresponding quarter period	Current Year to date	Preceding corresponding period
31.12.2017	31.12.2016	31.12.2017	31.12.2016	
	RM'000	RM'000	RM'000	RM'000
Current tax	(1,464)	(1,033)	(2,609)	(1,606)
Deferred tax	176	39	31	2
	(1,288)	(994)	(2,578)	(1,604)

The effective tax rates for the 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.

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. 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:

	31.12.2017
	RM'000
Not past due	24,945
Pase due 1 to 30 days	4,177
Past due 31 to 120 days	2,134
Past due more than 120 days	2,384 *
	33,640

As at 31.12.17, trade receivables of RM8.69 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.

9. Group borrowings and debts securities

	31.12.2017	31.12.2016
	RM'000	RM'000
Secured :-		
Term loans ^(a)	8,357	9,482
Unsecured :-		
Term loans	2,035	-
Revolving credit	1,590	976
	11,982	10,458
Disclosed as :-		
Current liabilities	3,625	976
Non-current liabilities	8,357	9,482
	11,982	10,458
Currency Profile :-		
Ringgit Malaysia	10,392	9,482
US Dollar	1,590	976
	11,982	10,458

^(a) Included herein is a term loan of RM8.16 million (31.12.2016: RM8.58 million) which carries no finance cost as the loan is offset with equivalent cash deposit that is available in the facility account.

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

9. Group borrowings and debts securities- cond.

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

The effective interest rate of loans and borrowings as at 31 December 2017 ranged from 3.55% to 7.65% per annum (31.12.2016 : 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.

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

	31.12.17	31.12.16
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	68,848	59,519
- Unrealised	(1,930)	(1,928)
	66,918	57,591
Consolidation adjustments and eliminations	(18,655)	(19,238)
	48,263	38,353

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 21st July 2017, the Court awarded summary judgement in favour of Kobay Technology Bhd 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 2nd November 2017. The Company is in the course of working on the enforcement of summary judgement to recover the debts.

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

13. Material litigation- cond.

b) Bend Weld Engineering Sdn Bhd vs NGLTech Sdn Bhd

As disclosed in announcement dated 11th 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 8th September 2017, the Judge fixed the trial on 7th May 2018 to 11th May 2018. However, the Judge took the view that the matter should be resolved via mediation. Subsequently, the mediation is fixed on 7th 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.

14. Dividend

The Board of Directors does not recommend any dividend for the financial quarter ended 31 December 2017. (31.12.2016 : Nil).

15. Earnings Per Share ("EPS")

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/12/2017 RM '000	Preceding Year Corresponding quarter ended 31/12/2016 RM '000	Current Year to date 31/12/2017 RM '000	Preceding Year Corresponding period 31/12/2016 RM '000
Profit attributable to ordinary equity holders of the Parent	4,546	730	6,583	1,417
Weighted average number of ordinary shares in issue ('000)	102,039	101,849	102,039	101,849
Basic earnings per share (sen)	4.45	0.72	6.45	1.39

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