

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THIRD QUARTER ENDED 31 MARCH 2018

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2018 RM '000	Preceding Year Corresponding quarter ended 31/3/2017 RM '000	Current Year to date 31/3/2018 RM '000	Preceding Year Corresponding period 31/3/2017 RM '000
Revenue	37,064	31,116	112,190	86,839
Cost of sales	(26,470)	(23,366)	(82,491)	(66,889)
Gross profit	10,593	7,750	29,698	19,950
Operating expenses	(9,370)	(5,550)	(20,459)	(16,509)
Finance cost	(111)	(25)	(156)	(64)
Other income	1,048	666	2,329	2,558
Profit before tax	2,161	2,840	11,413	5,935
Tax expense	(1,003)	(672)	(3,581)	(2,276)
Profit for the period	1,158	2,168	7,832	3,658
Other comprehensive income :-				
Currency translation differences for foreign operations	(25)	(22)	(23)	114
Total comprehensive income for the period	1,133	2,146	7,809	3,772
Profit for the period attributable to :-				
Owners of the parent	1,114	2,148	7,697	3,565
Non-controlling interest	44	20	135	93
	1,158	2,168	7,832	3,658
Total comprehensive income attributable to :				
Owners of the parent	1,090	2,126	7,674	3,679
Non-controlling interest	43	20	135	93
	1,133	2,146	7,809	3,772
Basic earning per share (sen)	1.09	2.11	7.54	3.50

(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 MARCH 2018

	(Unaudited) As at current financial period 31/3/2018 RM '000	(Audited) As at preceding financial period 30/06/2017 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	57,663	57,958
Investment Properties	1,982	2,000
Land held for property development	38,983	41,190
Intangible assets	99	93
	98,727	101,241
Current Assets		
Property development cost	20,334	13,172
Inventories	14,605	14,888
Trade and other receivables	34,902	33,756
Tax assets	110	485
Cash & cash equivalents	36,147	27,700
	106,098	90,001
Total Assets	204,825	191,242
Equity		
Share capital	102,104	102,094
Reserves		
Treasury shares	-	(67)
Capital reserve	1,550	1,550
Currency translation reserve	474	497
Retained profits	49,378	41,681
	51,401	43,661
Equity attributable to owners of the Company	153,506	145,755
Non-controlling interests	432	437
Total Equity	153,938	146,192
Non-Current Liabilities		
Loans and borrowings	10,619	8,774
Deferred tax liabilities	4,291	4,293
Deferred income on government grant	1,844	1,630
	16,754	14,697
Current Liabilities		
Trade and other payables	26,550	26,303
Loans and borrowings	1,777	3,434
Progress billings	4,732	370
Tax liabilities	1,074	246
	34,134	30,353
Total Liabilities	50,887	45,050
Total Equity and Liabilities	204,825	191,242
Net assets per ordinary share attributable to owners of the Parent(RM)	1.50	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 THIRD QUARTER ENDED ENDED 31 MARCH 2018**

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
Resale of treasury shares	10	67	-	-	-	-	77	-	77
Dividends to Non- controlling interests	-	-	-	-	-	-	-	(73)	(73)
Change in ownership interest in subsidiary	-	-	-	-	-	-	-	(67)	(67)
Total comprehensive income for the period	-	-	-	-	(23)	7,697	7,674	135	7,809
Balance as at 31 March, 2018	102,104	-	-	1,550	474	49,378	153,506	432	153,938

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 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, 2016	68,081	(221)	2,345	1,550	236	68,334	140,325	1,667	141,992
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(332)	(332)
Changes in ownership interests in subsidiaries	-	-	-	-	157	291	448	(985)	(537)
Total comprehensive income for the period	-	-	-	-	114	3,565	3,679	93	3,772
Resale of treasury shares	-	154	-	-	-	-	154	-	154
Issurance of bonus shares	34,013	-	(2,324)	-	-	(31,689)	-	-	-
Share issue expenses	-	-	(21)	-	-	-	(21)	-	(21)
Tranfer to legal reserve	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2017	102,094	(67)	-	1,550	507	40,501	144,585	443	145,028

(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 THIRD QUARTER ENDED 31 MARCH 2018**

	(Unaudited) Period Ended 31/3/2018 RM '000	(Unaudited) Period Ended 31/3/2017 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax :	11,413	5,935
Adjustments for:		
- Non-cash items	6,217	4,240
- Non-operating items	(435)	(191)
Operating profit before changes in working capital	<u>17,195</u>	9,984
Changes in working capital:		
- Net change in current assets	(6,754)	(2,699)
- Net change in current liabilities	3,067	(2,233)
Net cash from operating activities	<u>13,508</u>	5,052
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	(537)
Interest received	435	176
Proceeds from resale of treasury shares	77	196
Proceeds from disposal of property, plant and equipment	287	179
Additions to land held for property development	(936)	(5,767)
Purchase of property, plant and equipment	(4,750)	(3,389)
Net cash used in investing activities	<u>(4,887)</u>	(9,142)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(73)	(332)
(Decrease)/Increase in loans and borrowings	188	(269)
Interest paid	(156)	(64)
Net cash used in financing activities	<u>(41)</u>	(665)
Currency translation differences	(132)	190
Net Change in Cash & Cash Equivalents	8,448	(4,566)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>25,085</u>	26,747
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>33,533</u>	<u>22,182</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	3,752	1,514
Deposits not pledged	1,889	1,314
Cash & bank balances	<u>27,892</u>	19,354
	<u>33,533</u>	<u>22,182</u>

Deposits amounting to RM2,614,372 (31.3.2017: RM2,596,880) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 31 March 2018. 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 third financial quarter ended 31 March 2018

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 ending 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.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period or prior period financial statements of the Group except as mentioned below :

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers

Management is currently accessing the financial impacts that may arise from the adoptions of MFRS 9 and MFRS 15.

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.

A. Notes to the financial report for the third financial quarter ended 31 March 2018

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.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that unusual because of their nature, size or incidence

During the quarter, an Impairment loss on receivables of RM1.1 million was taken up in accounts by one of the subsidiary in manufacturing segment, arising from a Consent Judgement to end the lawsuits with a customer as disclosed in Note 12 (Part B) of this report.

Other than the above, 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

For the quarter under review, the Company resold its treasury shares of 55,000 shares at an average price of RM1.42 per share.

Other than the above, there were no issuance, 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. (31.3.2017 : Nil)

A. Notes to the financial report for the third financial quarter ended 31 March 2018
8. Segment Information (cont'd)

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.

	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
Current period ended 31.3.2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	102,416	6,604	3,170	-	-	112,190
Intersegment revenue	-	-	536	7,238	(7,774)	-
Interest income	268	6	44	1,082	(965)	435
Interest expense	38	464	-	125	(471)	156
Depreciation and amortisation	3,960	160	381	52		4,553
Tax expense	3,266	-	172	143	-	3,581
Reportable segment profit/(loss) after taxation	11,574	(2,279)	429	4,756	(6,648)	7,832
Reportable segment assets	108,026	68,811	17,693	129,978	(119,683)	204,825
Expenditure for non-current assets	4,459	1,220	-	7	-	5,686
Reportable segment liabilities	27,598	35,139	2,754	15,446	(30,050)	50,887

A. Notes to the financial report for the third financial quarter ended 31 March 2018

8. Segment Information (cont'd)

	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
Current Period ended 31.3.2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	82,484	1,486	2,869	-	-	86,839
Intersegment revenue	-	-	320	5,932	(6,252)	-
Interest income	109	6	28	716	(683)	176
Interest expense	43	683	-	27	(689)	64
Depreciation and amortisation	3,967	50	407	80		4,504
Tax expense	2,048	-	182	46	-	2,276
Reportable segment profit/(loss) after taxation	6,703	(1,604)	391	4,419	(6,251)	3,658
Reportable segment assets	101,284	59,186	17,398	119,751	(112,383)	185,236
Expenditure for non-current assets	3,312	5,767	28	49	-	9,156
Reportable segment liabilities	25,782	22,921	2,368	13,209	(24,073)	40,207

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	Preceding Year
	Todate	31.3.2017
	31.3.2018	RM'000
	RM'000	RM'000
Malaysia	80,851	53,321
United States of America	16,629	15,401
Singapore	9,735	11,590
Other Foreign Countries	4,975	6,527
	112,190	86,839

A. Notes to the financial report for the third financial quarter ended 31 March 2018

8. Segment Information (cont'd)

Information about major customer

For the financial period ended 31 March 2018, there was one major customer (31.3.2017: 1) of manufacturing segment who contributed 16% of the Group's total revenues and the total revenue generated from this major customer amounted to RM17.73 million (31.3.2017 : RM12.2 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

On 5 January 2018, 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 2018, MST has become a 90% owned subsidiary of LIPO.

Save for the above, there were no major changes in the composition of the Group during the period ended 31 March 2018.

12. Contingent assets and contingent liabilities

There were no contingent assets or liabilities for the Group as at the date of the report. (31.3.2017: 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 31 March 2018 were as follows: -

	31.3.2018 RM'000	31.3.2017 RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	16,000	-
Landowners' entitlement for joint development projects	13,120	13,255

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	Variance	Current Year todate	Preceding corresponding period	Variance
<u>Operating Segment</u>	31.3.2018	31.3.2017	%	31.3.2018	31.3.2017	%
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:-						
Manufacturing	31,896	29,784	7.1%	102,416	82,484	24.2%
Property Development	3,519	545	545.7%	6,604	1,486	344.4%
Other operating segments	1,649	787	109.5%	3,170	2,869	10.5%
Unallocated non-operating segments	-	-		-	-	
	37,064	31,116	19.1%	112,190	86,839	29.2%
Profit/(loss) before tax:-						
Manufacturing	3,761	3,809	-1.3%	14,840	8,751	69.6%
Property Development	(1,194)	(514)	-132.3%	(2,279)	(1,604)	-42.1%
Other operating segments	271	170	59.4%	601	573	4.9%
Unallocated non-operating segments	1,293	445	190.6%	4,899	4,466	9.7%
	4,131	3,910		18,061	12,186	
Consolidation adjustments and eliminations	(1,970)	(1,070)		(6,648)	(6,251)	
	2,161	2,840	-23.9%	11,413	5,935	92.3%

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 RM37.06 million for current quarter and RM112.19 million for current year-to-date, an increase of 19.1% and 29.2% compared to the preceding year's corresponding quarter/period. Major revenue driver was manufacturing segment, which contributed to more than 91% of the Group's year-to-date revenue. Correspondingly, profit for cumulative period increased by 92.3% with better product mix and profit margin recorded.

Statement of Financial Position

The Group's total assets stood at RM204.8 million and total liabilities stood at RM50.8 million as at 31.3.2018. Shareholders' equity increased by RM7.7 million mainly contributed from the profits generated for current period.

Statement of Cash Flow

The Group's cash and cash equivalents stood at RM33.5 million as at 31.3.2018. Net cash flow from operating activities increased by 167.3% as compared to the preceding year's corresponding period due to increase in Group's profit. Capital investments for current year-to-date total RM 5.6 million, consists of purchase of additional development land of RM0.93 million for property segment and RM4.7 million on machinery and renovations.

1.1 Segmental Analysis

Manufacturing

The manufacturing segment reported revenue of RM31.8 million and profit before tax of RM3.7 million for current quarter, a slight improvement on revenue by 7.1%, compared to the preceding year's corresponding quarter. For year-to-date, revenue and profit before tax achieved a steady growth of 24.2% and 69.6% respectively compared to preceding corresponding period. The positive results was in line with the upsurge orders received from electronics customers, expanded customer base and better product margin.

Despite the strong growth rate on period to period comparison, the segment's current quarter performance was hit by the impairment loss on receivables of RM1.1 million arising from a Consent Judgement to end the lawsuit with a customer as disclosed in Note 12 (Part B) of this report. Moreover, the segments also encountered a loss on foreign currency of RM1.15 million for current quarter under review.

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

Property Development

As of 3rd 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 RM76.4 million with cumulative sales to-date of RM43.9 million recorded.

The segment recorded revenue of RM3.5 million for current quarter and RM6.6 million for current year-to-date. The segment encountered losses of RM1.1 million for current quarter and RM2.2 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. On top of that, there was a written off of renovation cost amounted to RM0.4 million during the current quarter.

2. Comparison with preceding quarter's results

	Current Year quarter ended 31.3.2018	Preceding quarter ended 31.12.2017	Variance
<u>Operating Segment</u>	RM'000	RM'000	%
Revenue:-			
Manufacturing	31,896	38,331	-16.8%
Property Development	3,519	2,323	51.5%
Other operating segments	1,649	668	146.9%
Unallocated non-operating segments	-	-	
	37,064	41,322	-10.3%
Profit/(loss) before tax:-			
Manufacturing	3,761	6,801	-44.7%
Property Development	(1,194)	(572)	-108.7%
Other operating segments	271	116	-133.6%
Unallocated non-operating segments	1,293	1,605	-19.4%
	4,131	7,950	
Consolidation adjustments and eliminations	(1,970)	(2,068)	
	2,161	5,882	-63.3%

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

2. Comparison with preceding quarter's results (cont'd)

The Group reported a revenue of RM37.0 million and profit before tax of RM2.1 million for current quarter, compared to revenue of RM41.3 million and profit before tax of RM5.8 million in Q2 FYE2018, represented a drop of 10.3 % in revenue and 63.3% in profit before tax. The drop was mainly derived from manufacturing and property development segments.

Manufacturing

The segment encountered a drop in performance after the steady growth for past 3 quarters. Despite strong incoming orders, there was a slowdown in production output in February 2018 due to long festive break and shorter month. On top of that, the segment also reported a foreign exchange losses of RM1.1 million and impairment loss on trade receivables of RM1.1 million during the quarter.

Property Development

Not corresponding with the 51% increase in revenue, the segment still operated in loss position due to high overhead cost and written off of renovation cost amounted to RM0.4 million.

3. Commentary on the prospects of the Group

Manufacturing

The management anticipates that the manufacturing segment will deliver positive results for the coming quarters in view of the healthy backlogs from electronics and aerospace industries. The segment shall continue to look for new business opportunities in aerospace sector, medical healthcare and life science products. On the other hand, we shall simultaneously re-gear the existing oil and gas business in view of the signs of improvements in the industry.

Property Development

For property development division, the management is expecting a new launch of Lavanya Langkawi Phase 2 by Q4 2018, which comprises of 223 units of serviced studio and serviced apartment with projected gross development value of RM 244 million.

We are mindful of the challenging market sentiments and shall refocus our efforts towards the middle-income and affordable housing for our up-coming launching, to cater a wider target catchment amid challenges in the high end markets.

In overall, the management is optimistic that the performance of the Group to remain satisfactory for the remaining quarter of the financial year, backing on the modest growth forecasted for manufacturing.

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>Group</u>	Current Year quarter ended 31.3.2018 RM'000	Current Year todate 31.3.2018 RM'000
Profit for the period is arrived at after (crediting)/charging of : -		
Interest income	(241)	(435)
Interest expenses	111	156
Depreciation of property, plant and equipment	1,567	4,553
Gain disposal of property, plant and equipment	-	(155)
Impairment loss on receivables	1,190	1,190
Property, plant and equipment written off	400	400
Loss on foreign exchange	1,150	1,641

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 31.3.2018 RM'000	Preceding corresponding quarter period 31.3.2017 RM'000	Current Year todate 31.3.2018 RM'000	Preceding corresponding period 31.3.2017 RM'000
Current tax	(974)	(1,033)	(3,583)	(1,606)
Deferred tax	(29)	39	2	2
	(1,003)	(994)	(3,581)	(1,604)

The effective tax rates for the current 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.

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:

	31.3.2018
	RM'000
Not past due	21,761
Pase due 1 to 30 days	5,553
Past due 31 to 120 days	1,912
Past due more than 120 days	1,696
	<u>30,922</u>

As at 31.3.2018, trade receivables of RM9.16 million were past due but no impaired. They relate to a number of independent customers from whom with no recent history of default.

9. Group borrowings and debts securities

	31.3.2018	31.3.2017
	RM'000	RM'000
Secured :-		
Term loans ^(a)	8,599	9,287
Revolving credit	3,100	-
Unsecured :-		
Revolving credit	697	1,868
	<u>12,396</u>	<u>11,155</u>
Disclosed as :-		
Current liabilities	1,777	1,868
Non-current liabilities	10,619	9,287
	<u>12,396</u>	<u>11,155</u>
Currency Profile :-		
Ringgit Malaysia	11,699	9,287
US Dollar	697	1,868
	<u>12,396</u>	<u>11,155</u>

^(a)Included herein is a term loan of RM6.90 million (31.3.2017: RM8.11 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 (cont'd)

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

The effective interest rate of loans and borrowings as at 31 March 2018 ranged from 3.65% to 7.65% per annum (31.3.2017 : 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. 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, 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 ("the Judgement Debtor") for RM3.4 million plus interest at 5% per annum. The Judgement Debtor has filed the appeal to Court of Appeal but the appeal was dismissed on 2nd November 2017.

Kobay has initiated execution proceedings against a property registered in the name of judgement debtor and the initial step of obtaining Prohibitory Order has been done and registered with the land office. In addition, Kobay has made an application for a grant out of the Bar council Compensation Fund.

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

12. Material litigation (cont'd)

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 counter claimed RM2.85 million against BWE.

On 12th March 2018, BWE and NGL entered into a Consent Judgement whereby both parties agreed to withdraw the suits and NGL agreed to pay BWE a sum of RM 0.2 million as full and final settlement. Consequent to the settlement, BWE had written off RM1.19 million from its debts receivable.

Other than the above, 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 March 2018. (31.3.2017 : Nil).

14. Earnings Per Share ("EPS")

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Preceding Year	Preceding Year	Preceding Year	Preceding Year
	Current Year	Corresponding	Current Year	Corresponding
	quarter ended	quarter ended	to date	period
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
	RM '000	RM '000	RM '000	RM '000
Profit attributable to ordinary equity holders of the Parent	1,114	2,148	7,697	3,565
Weighted average number of ordinary shares in issue ('000)	102,044	101,849	102,044	101,849
Basic earnings per share (sen)	1.09	2.11	7.54	3.50

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