

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME FOR THE 1<sup>st</sup> QUARTER ENDED 31 MARCH 2014**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter <b>31.03.2014</b> <b>RM'000</b>	Preceding Year Corresponding Quarter <b>31.03.2013</b> <b>RM'000</b>	Current Year To date <b>31.03.2014</b> <b>RM'000</b>	Preceding Year Corresponding Period <b>31.03.2013</b> <b>RM'000</b>
Revenue	26,943	27,969	26,943	27,969
Cost of Sales	(24,605)	(23,876)	(24,605)	(23,876)
Gross profit	2,338	4,093	2,338	4,093
Other operating income	1,842	660	1,842	660
General & administrative expenses	(4,047)	(3,425)	(4,047)	(3,425)
Profit from operations	133	1,328	133	1,328
Finance costs	(649)	(670)	(649)	(670)
(Loss)/Profit before tax	(516)	658	(516)	658
Tax expense	58	(105)	58	(105)
Net (loss)/profit for the period	(458)	553	(458)	553
Other Comprehensive income, net of tax				
Exchange gain on translation of net investment in foreign subsidiary companies	959	783	959	783
Total Comprehensive income for the period	501	1,336	501	1,336
Gross profit margin (%)	8.68	14.63	8.68	14.63
Profit after tax margin (%)	(1.70)	1.98	(1.70)	1.98
Weighted average number of shares ('000)	159,826	120,000	159,826	120,000
Earnings per ordinary share (sen)				
- Basic	(0.29)	0.46	(0.29)	0.46
- Diluted	(0.29)	0.46	(0.29)	0.46

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF  
31 MARCH 2014**

	<b>As at 31.03.2014 RM'000</b>	<b>As at 31.12.2013 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	88,757	89,549
Deferred tax assets	279	227
Investment in club memberships, at cost	61	61
Financial assets designated at fair value	-	320
<b>Total Non-Current Assets</b>	<b>89,097</b>	<b>90,157</b>
<b>CURRENT ASSETS</b>		
Inventories	28,721	27,111
Trade receivables	29,213	29,329
Other receivables and prepaid expenses	1,309	2,490
Tax recoverable	57	48
Cash and bank balances	12,080	13,658
<b>Total Current Assets</b>	<b>71,380</b>	<b>72,636</b>
<b>TOTAL ASSETS</b>	<b>160,477</b>	<b>162,793</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	87,735	87,735
Reserves	4,476	3,975
<b>Shareholders' Equity</b>	<b>92,211</b>	<b>91,710</b>
<b>NON-CURRENT LIABILITIES</b>		
Term loans	22,084	23,378
Hire-purchase payables	5,179	5,851
Deferred tax liabilities	-	106
<b>Total Non-Current and Deferred Liabilities</b>	<b>27,263</b>	<b>29,335</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	8,134	9,634
Other payables and accrued expenses	6,944	7,567
Term loans	4,879	4,879
Hire-purchase payables	3,040	3,040
Other bank borrowings	18,006	16,628
<b>Total Current Liabilities</b>	<b>41,003</b>	<b>41,748</b>
<b>Total Liabilities</b>	<b>68,266</b>	<b>71,083</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,477</b>	<b>162,793</b>
Net assets per ordinary share (RM)	0.525	0.522

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 1<sup>st</sup> QUARTER ENDED 31 MARCH 2014**

	Share Capital <b>RM'000</b>	Other Reserves <b>RM'000</b>	Retained Profits <b>RM'000</b>	Total <b>RM'000</b>
Balance as of 1 January 2014	87,735	(22,520)	26,495	91,710
Total Comprehensive Income for the period	-	959	(458)	501
As at 31 March 2014	<u>87,735</u>	<u>(21,561)</u>	<u>26,037</u>	<u>92,211</u>

	Share Capital <b>RM'000</b>	Other Reserves <b>RM'000</b>	Retained Profits <b>RM'000</b>	Total <b>RM'000</b>
Balance as of 1 January 2013	60,000	(25,712)	49,182	83,470
Total Comprehensive Income for the year	-	3,192	(5,538)	(2,346)
Right Shares Issued	27,735	-	(16,641)	11,094
Share issue expenses	-	-	(508)	(508)
As at 31 December 2013	<u>87,735</u>	<u>(22,520)</u>	<u>26,495</u>	<u>91,710</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2014**

	<b>Current Year To-date 31.03.2014 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2013 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(516)	(5,8409)
Adjustments for:		
Inventories written down	-	392
Depreciation of property, plant and equipment	3,322	12,980
Interest expenses	649	2,559
Loss on disposal of property, plant and equipment	-	84
Impairment loss on property, plant and equipment	-	343
Property, plant and equipment written off	-	37
Interest income	(33)	(71)
Unrealised loss/(gain) on foreign exchange	(176)	1,448
Operating profit before working capital changes	3,246	12,363
Changes in working capital		
Net change in current assets	313	(159)
Net change in current liabilities	(2,123)	(3,348)
Cash generated from operations	1,436	8,856
Tax paid	(30)	(387)
Tax Refund	-	361
Net cash generated from operating activities	1,406	8,830
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	138
Interest received	33	71
Proceeds from disposal of other investment	320	-
Purchase of other investment	-	(9)
Purchase of property, plant and equipment	(2,530)	(3,451)
Net cash used in investing activities	(2,177)	(3,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire-purchase	(1,139)	(4,156)
Repayment of term loans	(1,294)	(5,258)
Net proceeds from shares issued pursuant to right issue	-	10,586
Term loan raised	-	-
Proceed from finance lease	467	2,410
Increase/(Decrease) in other bank borrowings	2,003	(562)
Interest paid	(649)	(2,559)
Net cash (used in)/generated from financing activities	(612)	461

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2014 (CONTINUED)**

	<b>Current Year To-date 31.03.2014 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2013 RM'000</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,383)	6,040
Effects of foreign exchange rate changes	430	1,861
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	10,156	2,255
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	9,203	10,156
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	12,080	13,658
BANK OVERDRAFT	(2,877)	(3,502)
	9,203	10,156

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying notes to the Interim Financial Statements

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) No. 134**

**A1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB), and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2013.

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2013 except for the newly MFRS and IC Interpretations (“IC Int.”) to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2013:-

MFRS 3	Business Combination
MFRS 10	Consolidated Financial Statement
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (Revised)
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
Amendment to MFRS 1	First-time Adoption of MFRS – Government Loans
Amendments to MFRS 7	Financial Instruments : Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangement : Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement to IC Interpretations and MFRSs 2009 -2011 Cycle	

The adoption of the above pronouncements did not have any impact to the Group,

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations, which were issued but not yet effective:-

Effective date : 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements : Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities

Effective date : 1 January 2015

MFRS 9	Financial Instruments
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

**A1. BASIS OF PREPARATION (Continued)**

Effective date : 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest on Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

Effective date : 1 January 2014

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

Effective date : 1 January 2015

MFRS 9 Financial Instruments

**A2. CHANGES IN ACCOUNTING POLICIES**

There are no material changes in Statement in Financial Position, Statement of Comprehensive Income and Statement of Cash Flows presented under MFRS framework and the Statement of Comprehensive Income and Statement of Cash Flows presented under FRS framework.

**A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS**

There were no audit qualifications on the financial statements of the Company and its subsidiaries for the year ended 31 December 2013.

**A4. SEASONAL AND CYCLICAL FACTORS**

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

**A5. UNUSUAL ITEMS DUE TO 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 and financial year-to-date.

**A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

There were no changes in estimates that have a material effect in the current quarter under review and financial year-to-date result.

**A7. ISSUANCES AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

**A8. DIVIDEND PAID**

No dividend was paid during the current quarter ended 31 March 2014.

**A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no valuation of property, plant and equipment in the current quarter under review and financial year-to-date.

**A10. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter under review.



**A11. SEGMENTAL INFORMATION**

The segmental information of the group are presented by geographical and by products segments.

A) The geographical segments are based on the location of the assets and these are:

- (i) Malaysia
- (ii) Singapore
- (iii) Hong Kong and China

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Hong Kong and China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Year to Date – 31 March 2014</b>					
Segment revenue					
Sales to external customers	7,805	17,977	1,161	-	26,943
Inter-segment sales	14,579	-	4,875	(19,454)	-
<b>Total</b>	<b>22,384</b>	<b>17,977</b>	<b>6,036</b>	<b>(19,454)</b>	<b>26,943</b>
<b>Segment revenue – current quarter</b>	<b>22,384</b>	<b>17,977</b>	<b>6,036</b>	<b>(19,454)</b>	<b>26,943</b>
<b>As at 31 March 2014</b>					
Total assets	214,351	22,410	43,961	(120,245)	160,477
Total liabilities	101,030	17,766	8,012	(58,542)	68,266
<b>Year to Date – 31 March 2013</b>					
Segment revenue					
Sales to external customers	6,577	19,613	1,779	-	27,969
Inter-segment sales	13,093	-	3,126	(16,219)	-
<b>Total</b>	<b>19,670</b>	<b>19,613</b>	<b>4,905</b>	<b>(16,219)</b>	<b>27,969</b>
<b>Segment revenue – current quarter</b>	<b>19,670</b>	<b>19,613</b>	<b>4,905</b>	<b>(16,219)</b>	<b>27,969</b>
<b>As at 31 March 2013</b>					
Total assets	203,855	23,533	39,536	(110,114)	156,810
Total liabilities	96,059	19,453	4,990	(48,498)	72,004

**A11. SEGMENTAL INFORMATION (CONTINUED)**

B) The products segments based on HDD and Non-HDD products are as follows :

	<b>Current Year Quarter 31.03.2014</b>		<b>Preceding Year Corresponding Quarter 31.03.2013</b>	
	<b>RM'000</b>	<b>Percentage</b>	<b>RM'000</b>	<b>Percentage</b>
HDD	15,874	59%	17,163	61%
*Non-HDD	11,069	41%	10,806	39%
Total revenue	<u>26,943</u>	<u>100%</u>	<u>27,969</u>	<u>100%</u>

\* included in the Non-HDD products are Sensor and Control, Medical Devices and Others.

C) Based on Geographical segment of Group, segment revenue based on the geographical location of customers.

	<b>Current Year Quarter 31.03.2014</b>	<b>Current Year To Date 31.03.2014</b>
<b>Revenue</b>		
Malaysia	6,022	6,022
Outside Malaysia	20,921	20,921
Total	<u>26,943</u>	<u>26,943</u>

**A12. CONTINGENT LIABILITIES**

As at 31 March 2014, the Group has no material contingent liabilities save for a corporate guarantee of RM124 million issued by the Company in respect of banking facilities granted to the subsidiary companies.

**A13. CAPITAL COMMITMENT**

The group has no capital commitment as at 31 March 2014.

**A14. SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the current quarter under review.

**B. Explanatory Notes Pursuant to Appendix 9B, Part A of the Bursa Securities Main Market Listing Requirements**

**B1. PERFORMANCE REVIEW**

**Current Quarter – 31 March 2014**

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Hong Kong and China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	22,384	17,977	6,036	(19,454)	26,943
EBDITA *	2,985	25	666	(221)	3,455
Depreciation	(2,710)	(18)	(594)	-	(3,322)
Profit from operation	275	7	72	(221)	133
Finance costs	(541)	(4)	(104)	-	(649)
(L)/PBT **	(266)	3	(32)	(221)	(516)

**Preceding Year Quarter – 31 March 2013**

	<b>Malaysia RM'000</b>	<b>Singapore RM'000</b>	<b>Hong Kong and China RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue	19,670	19,613	4,905	(16,219)	27,969
EBDITA *	3,558	268	865	206	4,897
Depreciation	(2,927)	(10)	(632)	-	(3,569)
Profit from operation	631	258	233	206	1,328
Finance costs	(526)	(5)	(139)	-	(670)
PBT ***	105	253	94	206	658

\* EBDITA - Earning Before Depreciation, Interest expenses, Tax and Amortisation

\*\* (L)/PBT – (Loss)/Profit Before Tax

\*\*\* PBT – Profit Before Tax

The Group recorded loss before taxation (“LBT”) of RM0.52 million in the quarter under review (“Q1 2014”) as compared to PBT of RM0.66 million in the preceding year corresponding quarter (“Q1 2013”).

The following are the reasons contributing to decrease in result for Q1 2014 vs Q1 2013 :

1. Revised additional custom duty charged to Futron China amounting to approximately RM200,000,
2. Increased in work force to cater for future growth in the Malaysian division.

**B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS**

The Group recorded revenue of RM26.94 million in the current quarter (“Q1 2014”) as compared to RM25.78 million in the previous quarter (“Q4 2013”), an increase of RM1.16 million or 4.5%. The Group also recorded a loss before taxation (“LBT”) of RM0.52 million for the quarter under review, as compared to previous quarter LBT of RM4.73 million.

The reduction in loss by RM4.21 million was due to realized foreign exchange gain amounting to RM1.38 million coupled with improvement in overall gross profit margin from 2% to 8.68% in Q1 2014.

**B3. COMMENTARY ON PROSPECTS**

Overall the HDD industry is expected to be flat in the coming quarters globally. Nevertheless, the Group is expecting a positive growth due to our active involvement in the new product mix from our customers. The Group also anticipates continuous growth from the Non-HDD sector such as Sensor and Control and Medical Devices.

**B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE**

No profit forecast and profit guarantee was issued or announced for the period ended 31 March 2014.

**B5. TAXATION**

	<b>Current Year Quarter 31.03.2014 RM’000</b>	<b>Current Year To date 31.03.2014 RM’000</b>
Corporate tax income/(expense)		
Malaysia	(100)	(100)
Foreign	0	0
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	(100)	(100)
Deferred tax income/(expense)		
Malaysia	158	158
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	58	58
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**B6. CORPORATE PROPOSAL**

There is no corporate proposal announced as at the date of this announcement.

On 16 July 2013, the Company raised RM11,094,074 via issuance of 55,470,370 new Ordinary Shares of RM0.50 each pursuant to the renounceable Two-Call Rights Issue exercise. As at 31 March 2014, the proceeds are utilized by the Group in the following manner:-

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Timeframe for use</b>
i Purchase of plant and equipment	3,000	-	3,000	Within 2 years
ii Working capital	7,586	5,000	2,586	Within 2 years
iii Estimated share issue expenses	508	508	-	Within 6 months
<b>Total</b>	<b>11,094</b>	<b>5,508</b>	<b>5,586</b>	

**B7. BORROWINGS**

The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>Short-term (Secured) RM'000</b>	<b>Long-term (Secured) RM'000</b>
Hire purchase	3,040	5,179
Term Loans	4,879	22,084
Bankers' facilities	15,129	-
Bank overdraft	2,877	-
<b>Total</b>	<b>25,925</b>	<b>27,263</b>

The Group borrowings are dominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	36,090
US Dollar	12,286
Hong Kong Dollar	4,812
<b>Total borrowings</b>	<b>53,188</b>

**B8. MATERIAL LITIGATION**

As at the date of this announcement, there is no material litigation against the Group or vice-versa.

**B9. DIVIDEND**

No dividend has been declared for the current quarter ended 31 March 2014.

**B10. EARNINGS PER SHARE**

Basic

The basic earning per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2014	Preceding Corresponding Quarter 31.03.2013	Current Year To Date 31.03.2014	Preceding Corresponding Quarter 31.03.2013
Net (loss)/profit attributable to ordinary shareholders (RM '000)	(458)	553	(458)	553
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	159,826	120,000	159,826	120,000
Basic earning per share (sen)	(0.29)	0.46	(0.29)	0.46

Diluted

The Group does not have any convertible shares or financial instruments for the current financial quarter and financial year to-date.

**B11. (LOSS)/PROFIT BEFORE TAX**

The following items have been included in arriving at (loss)/profit before tax:

	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	Current Year To date 31.03.2014 RM'000	Preceding Year Corresponding Period 31.03.2013 RM'000
	Individual Quarter		Cumulative Quarter	
<b>After charging:-</b>				
Interest expense	649	670	649	670
Depreciation	3,322	3,569	3,322	3,569
<b>After Crediting:</b>				
Gain on foreign exchange -realised	1,379	6	1,379	6
Interest income	33	8	33	8

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

**B12. REALISED OR UNREALISED EARNINGS OR LOSSES DISCLOSURE**

The retained earnings as at 31 March 2014 and 31 December 2013 respectively are analysed as follows:

	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	32,491	30,851
- Unrealised	(835)	1,470
	<hr/>	<hr/>
	31,656	32,321
Less: Consolidation adjustments	(5,619)	(5,827)
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	<u>26,037</u>	<u>26,494</u>