

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE 2nd QUARTER ENDED 30 JUNE 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2016 RM'000	Preceding Year Corresponding Quarter 30.6.2015 RM'000	Current Year To date 30.6.2016 RM'000	Preceding Year Corresponding Period 30.6.2015 RM'000
Revenue	38,065	39,752	79,092	74,710
Cost of Sales	(27,795)	(32,844)	(60,441)	(64,246)
Gross profit	10,270	6,908	18,651	10,464
Other operating income*	865	1,716	3,164	4,414
General & administrative expenses	(8,098)	(5,517)	(13,094)	(11,038)
Profit from operations	3,037	3,107	8,721	3,840
Finance costs	(264)	(279)	(617)	(800)
Profit before tax	2,773	2,828	8,104	3,040
Tax (expense)/income	(1,136)	(220)	(1,900)	115
Net profit for the period	1,637	2,608	6,204	3,155
Other Comprehensive income, net of tax				
Exchange gain/(loss) on translation of net investment in foreign subsidiary companies**	9,839	760	(692)	245
Total Comprehensive income for the period	11,476	3,368	5,512	3,400
Gross profit margin (%)	26.98	17.38	23.50	14.01
Profit after tax margin (%)	4.30	6.56	7.84	4.22
Weighted average number of shares ('000)	170,295	175,470	170,295	175,470
Earnings per ordinary share (sen)				
- Basic	0.96	1.49	3.64	1.80
- Diluted	0.96	1.49	3.64	1.80

* Included one off income from the full recovery of USD0.66 million or equivalent to RM 2.75 million in previous quarter under review as per announcement dated 3 February 2016.

** Foreign currency differences arising from translation of financial position of foreign entities.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
30 JUNE 2016**

	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	59,698	63,513
Deferred tax assets	453	529
Investment in club memberships, at cost	61	61
Total Non-Current Assets	<u>60,212</u>	<u>64,103</u>
CURRENT ASSETS		
Inventories	16,011	26,397
Trade receivables	45,652	50,338
Other receivables and prepaid expenses	2,172	2,372
Tax recoverable	-	42
Cash and bank balances	29,805	25,255
Total Current Assets	<u>93,640</u>	<u>104,404</u>
TOTAL ASSETS	<u><u>153,852</u></u>	<u><u>168,507</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	87,735	87,735
Less: Treasury shares	(2,962)	-
Reserves	31,301	27,707
Shareholders' Equity	<u>116,074</u>	<u>115,442</u>
NON-CURRENT LIABILITIES		
Term loans	4,642	6,342
Hire-purchase payables	2,637	3,849
Deferred tax liabilities	417	243
Total Non-Current and Deferred Liabilities	<u>7,696</u>	<u>10,434</u>
CURRENT LIABILITIES		
Trade payables	15,762	14,802
Other payables and accrued expenses	2,923	9,890
Term loans	2,920	2,723
Hire-purchase payables	2,897	3,346
Other bank borrowings	1,420	7,744
Tax payable	4,160	4,126
Total Current Liabilities	<u>30,082</u>	<u>42,631</u>
Total Liabilities	<u>37,778</u>	<u>53,065</u>
TOTAL EQUITY AND LIABILITIES	<u><u>153,852</u></u>	<u><u>168,507</u></u>
Net assets per ordinary share (RM)	0.682	0.658

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2nd QUARTER ENDED 30 JUNE 2016**

	Shares Capital RM'000	Treasury shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Balance as of 1 January 2016	87,735	-	(12,484)	40,191	115,442
Total Comprehensive Income for the period	-	-	(692)	6,204	5,512
Single tier final dividend of 1.1 sen per share	-	-	-	(1,918)	(1,918)
Buy back of ordinary shares	-	(2,962)	-	-	(2,962)
As at 30 June 2016	<u>87,735</u>	<u>(2,962)</u>	<u>(13,176)</u>	<u>44,477</u>	<u>116,074</u>

	Share Capital RM'000	Treasury Share RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Balance as of 1 January 2015	87,735	-	(20,515)	32,758	99,978
Total Comprehensive Income for the year	-	-	8,031	10,942	18,973
Single tier special interim dividend of 2 sen per share	-	-	-	(3,509)	(3,509)
As at 31 December 2015	<u>87,735</u>	<u>-</u>	<u>(12,484)</u>	<u>40,191</u>	<u>115,442</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 2015 and the accompanying notes to the Interim Financial Statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2016**

	Current Year To-date 30.6.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,104	15,981
Adjustments for:		
Inventories written down	-	2,512
Depreciation of property, plant and equipment	4,892	12,867
Impairment loss on loans and receivables	1,721	2,868
Interest expenses	617	1,679
Gain on disposal of property, plant and equipment	-	(71)
Property, plant and equipment written off	283	1,719
Reversal of inventories written down	-	(3,354)
Interest income	(152)	(109)
Unrealised loss/(gain) on foreign exchange	220	(31)
Operating profit before working capital changes	15,685	34,061
Changes in working capital		
Net change in current assets	13,551	(1,543)
Net change in current liabilities	(6,007)	(5,144)
Cash generated from operations	23,229	27,374
Tax paid	(1,580)	(1,657)
Tax refund	6	94
Net cash generated from operating activities	21,655	25,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	74
Interest received	152	109
Purchase of property, plant and equipment	(1,580)	(5,001)
Net cash used in investing activities	(1,428)	(4,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire-purchase	(1,661)	(3,786)
Repayment of term loans	(1,503)	(3,217)
Repurchase of treasury shares	(2,962)	-
Decrease in other bank borrowings	(5,895)	(7,310)
Interest paid	(617)	(1,679)
Net cash used in financing activities	(12,638)	(15,992)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2016 (CONTINUED)**

	Current Year To-date 30.6.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,589	5,001
Effects of foreign exchange rate changes	(2,610)	5,690
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	24,826	14,135
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	29,805	24,826
CASH AND CASH EQUIVALENTS COMPRISE:		
CASH AND BANK BALANCES	29,805	25,255
BANK OVERDRAFT	-	(429)
	29,805	24,826

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 2015.

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 2015.

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

IC Interpretation 21	Levies
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
Amendments to MFRS 136	Recoverable Amount Disclosure for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

Effective date : To be announced

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

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 2015.

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 year quarter ended 30 June 2016.

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

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2016.

During the financial period ended 30 June 2016, the company repurchased 5,175,000 of its issued share capital from the open market for an average price of RM0.57 per share. The repurchase transactions were financed by the internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965. There is no shares being cancelled or resold during the financial period under review.

As of 30 June 2016, out of the total 175,470,370 issued and fully paid-up share capital, 5,175,000 are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 170,295,370 ordinary shares of RM0.50 each. Shares purchased were stated at cost.

A8. DIVIDEND PAID

A single tier final dividend of 1.1 sen per ordinary share for the financial year ended 31 December 2015 was paid on 15 June 2016.

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 except as per announcement dated 31 December 2014 on the voluntary winding-up of its wholly-owned subsidiary, I.P.G. Metal Industry (M) Sdn. Bhd. (“IPG”) pursuant to Section 254(1)(b) of the Companies Act, 1965.

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) China

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Year to Date – 30 June 2016					
Segment revenue					
Sales to external customers	16,702	58,722	3,668	-	79,092
Inter-segment sales	46,385	3,679	10,412	(60,476)	-
Total	63,087	62,401	14,080	(60,476)	79,092
Segment revenue – current quarter	29,271	30,930	6,742	(28,878)	38,065
As at 30 June 2016					
Total assets	187,856	37,531	49,552	(121,087)	153,852
Total liabilities	73,542	24,782	10,042	(70,588)	37,778
Year to Date – 30 June 2015					
Segment revenue					
Sales to external customers	17,584	52,700	4,426	-	74,710
Inter-segment sales	49,019	8,178	13,197	(70,394)	-
Total	66,603	60,878	17,623	(70,394)	74,710
Segment revenue – current quarter	31,608	34,780	8,781	(35,417)	39,752
As at 30 June 2015					
Total assets	208,244	34,486	46,750	(139,817)	149,663
Total liabilities	91,525	26,462	5,662	(77,364)	46,285

A11. SEGMENTAL INFORMATION (CONTINUED)

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

	Current Year Quarter 30.6.2016		Preceding Year Corresponding Quarter 30.6.2015	
	RM'000	Percentage	RM'000	Percentage
HDD	28,230	74%	28,183	71%
*Non-HDD	9,835	26%	11,569	29%
Total revenue	<u>38,065</u>	<u>100%</u>	<u>39,752</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.

	Current Year Quarter 30.6.2016	Current Year To Date 31.3.2016
Revenue		
Malaysia	4,989	12,591
Outside Malaysia	<u>33,076</u>	<u>66,501</u>
Total	<u>38,065</u>	<u>79,092</u>

A12. CONTINGENT LIABILITIES

As at 30 June 2016, the Group has no material contingent liabilities save for corporate guarantee of RM85 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 30 June 2016.

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 Year Quarter – 30 June 2016

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	29,271	30,930	6,742	(28,878)	38,065
EBDITA *	3,429	1,198	820	76	5,523
Depreciation	(1,657)	(24)	(805)	-	(2,486)
Profit from operation	1,772	1,174	15	76	3,037
Finance costs	(257)	(7)	-	-	(264)
PBT **	1,515	1,167	15	76	2,773

Preceding Year Quarter – 30 June 2015

	Malaysia RM'000	Singapore RM'000	China RM'000	Eliminations RM'000	Total RM'000
Revenue	31,608	34,780	8,781	(35,417)	39,752
EBDITA *	3,051	1,856	1,373	5	6,285
Depreciation	(2,380)	(20)	(778)	-	(3,178)
Profit/(Loss) from operation	671	1,836	595	5	3,107
Finance costs	(201)	(5)	(73)	-	(279)
PBT **	470	1,831	522	5	2,828

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

** PBT - Profit Before Tax

The Group recorded profit before taxation (“PBT”) of RM2.77 million in the quarter under review (“Q2 2016”) as compared to PBT of RM2.83 million in the preceding year corresponding quarter (“Q2 2015”).

The main reason contributing to the slight decreased in result are as follow :

1. Allowance of doubtful debts amount to RM1.72 million and
2. Appreciation of Ringgit Malaysia against US Dollar resulted in forex loss of RM1.42 million.

Nevertheless, this impact has been mitigate by the continued improvement of production efficiency and effectiveness to improve in Gross profit margin by few percentage and also improve in interest income from RM20 thousand to RM130 thousand in the quarter under review.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded revenue of RM38.06 million in the current quarter ("Q2 2016") as compared to RM41.03 million in the previous quarter ("Q1 2016"), a decrease of RM2.97 million or 7.24%. The Group recorded a profit before taxation ("PBT") of RM2.77 million for the quarter under review, as compared to previous quarter PBT of RM5.33 million.

The reasons contributing to the decrease in the result are as follow:

1. Recognition of one off other income from the full recovery of USD0.66 million (equivalent to RM 2.75 million) in previous quarter under review.
2. A marginal decrease of 7.24% in sales for Q2 2016.
3. Appreciation of Ringgit Malaysia against USD.

B3. COMMENTARY ON PROSPECTS

In general, the global HDD industry is expected to contract in the coming quarters due to the weak global economy. However, our new product mix development with the HDD customers is expected to continue sustain our HDD businesses which will to a certain extent mitigate the expected contraction.

B4. VARIANCES FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast and profit guarantee was issued or announced for the period ended 30 June 2016.

B5. TAXATION

	Current Year Quarter 30.6.2016 RM'000	Current Year To date 30.6.2016 RM'000
Corporate tax expense		
Malaysia	(750)	(1,416)
Foreign	(234)	(234)
	<u>(984)</u>	<u>(1,650)</u>
Deferred tax expense		
Malaysia	(152)	(250)
	<u>(1,136)</u>	<u>(1,900)</u>

B6. CORPORATE PROPOSAL

There were no other corporate proposals in the current quarter under review.

B7. BORROWINGS

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

	Short-term (Secured) RM'000	Long-term (Secured) RM'000
Hire purchase	2,897	2,637
Term Loans	2,920	4,642
Bankers' facilities	1,420	-
Total	<u>7,237</u>	<u>7,279</u>

The Group borrowings are dominated in the following currencies:

	RM'000
Ringgit Malaysia	14,516
China Renminbi	-
Total borrowings	<u>14,516</u>

B8. MATERIAL LITIGATION

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

B9. DIVIDEND

The shareholders of the company has on its 14th AGM held on 19 May 2016 approved a single tier Final dividend of 1.1 sen per ordinary share for the financial year ended 31 December 2015. This dividend was paid to shareholders on 15 June 2016.

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 30.6.2016	Preceding Corresponding Quarter 30.6.2015	Current Year To Date 30.6.2016	Preceding year Corresponding Period 30.6.2015
Net profit attributable to ordinary shareholders (RM '000)	1,637	2,608	6,204	3,155
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	170,295	175,470	170,295	175,470
Basic earning per share (sen)	0.96	1.49	3.64	1.80

Diluted

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

B11. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To date	Corresponding Period
	Individual Quarter		Cumulative Quarter	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
After charging:-				
Interest expense	264	250	617	745
Depreciation	2,486	3,178	4,892	5,985
Property, plant and equipment written off	-	-	283	-
Loss on foreign exchange				
-Realised	1,200	-	1,879	-
-Unrealised	220	250	220	250
Inventories written down	-	-	-	550
Allowance for doubtful debts	1,721	-	1,721	1,315
After Crediting:				
Gain on foreign exchange				
- Realised	-	1,914	-	3,881
- Unrealised	-	-	-	220
Interest income	124	20	152	50

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 30 June 2016 and 31 December 2015 respectively are analysed as follows:

	30.6.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	37,399	34,566
- Unrealised	3,502	2,015
	<hr/>	<hr/>
	40,901	36,581
Consolidation adjustments	3,576	3,610
	<hr/>	<hr/>
	44,477	40,191
	<hr/>	<hr/>