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**A. Notes to the financial report for the first financial quarter ended 30 September 2014**

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**1. Basis of preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30<sup>th</sup> June 2014.

The auditors' report on the financial statements of the Group for the financial year ended 30<sup>th</sup> June 2014 was not subject to any qualification.

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<sup>th</sup> June 2014 except for the adoption of the following Financial Reporting Standards ("FRS") and Amendments to FRSs :-

IC Interpretation 21 - *Levies*

Amendments to FRS 10 , FRS 12 and FRS 127 - *Investment Entities*

Amendments to FRS 119 - *Defined Benefit Plans : Employee Contributions*

Amendments to FRS 132 - *Offsetting Financial assets and Financial Liabilities*

Amendments to FRS 139 - *Novation of Derivatives and Continuation of Hedge Accounting*

Amendments to FRSs contained in the document entitled "*Annual Improvements to FRSs 2010-2012 Cycle*"

Amendments to FRSs contained in the document entitled "*Annual Improvements to FRSs 2011-2013 Cycle*"

The directors expect that the adoption of the above standards and interpretations will not have any significant impact on the financial statements of the Group and the Company in the period of initial application.

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 Construction of Real Estate*, including their parents, significant investors and venturers ("Transitioning Entities"). Transitioning Entities are allowed to defer the adoption of the MFRS Framework for annual periods beginning on or after 1 January 2017.

## **KOBAY TECHNOLOGY BHD (Co. No. 308279-A)**

Being a Transitioning Entity as defined above, the Group and the Company have elected to continue preparing their financial statements in accordance with the FRS Framework and will first present the financial statements in accordance with the MFRS framework for the financial year ending 30 June 2018. Management is currently examining the financial impacts of transition to the MFRS framework.

### **2. Seasonal or cyclical operations**

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

### **3. 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 other events affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence during the current quarter under review.

### **4. 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 estimates of amounts reported in prior interim periods of the current financial year or prior years, that have a material effect in the current quarter.

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

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities for the current financial quarter.

### **6. Dividend Paid**

There were no dividend paid for the quarter and financial period under review (30.09.2013 : Nil)

### **7. Segment Information**

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

The Group's reportable operating segments are as follows:

- a) Precision Tooling & Equipment – Manufacture of precision molds, tooling & dies, design & manufacture of automated machines, semiconductor assembly and testing equipment.
- b) Precision Metal Components – Manufacture of precision machined components, precision stamping, sheet metal parts and surface treatment.
- c) Metal Fabrication – Manufacture of metal works and structures, modules and parts for oil and gas production and extraction equipment.
- d) Property Development – Property development
- e) Other operating segments – Include small operations related to money lending, property letting, hotel operation and supply of engineering parts.

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

Current Period ended 30/09/2014	Precision Tooling & Equipment	Precision Metal Components	Metal Fabrication	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	5,059	15,903	3,291	-	327	2	-	24,582
Intersegment revenue	53	5	-	-	98	361	(517)	-
Interest income	14	10	9	1	4	114	-	152
Interest expense	-	35	-	-	-	2	(2)	35
Depreciation and amortisation	73	871	163	-	61	57	-	1,225
Tax expense	64	307	-	-	-	24	-	395
Reportable segment profit/(loss) after taxation	101	844	154	(95)	112	(494)	245	867
Reportable segment assets	10,893	69,788	16,476	31,829	16,964	90,175	(69,954)	166,171
Expenditure for non-current assets	10	274	10	-	2,071	1	-	2,366
Reportable segment liabilities	5,298	19,163	3,701	16,686	8,561	9,966	(28,008)	35,367

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

Corresponding Period ended 30/09/2013	Precision Tooling & Equipment	Precision Metal Components	Metal Fabrication	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	4,720	17,391	3,596	-	256	-	-	25,963
Intersegment revenue	78	-	-	-	102	316	(496)	-
Interest income	10	17	9	-	2	143	-	181
Interest expense	-	37	-	-	15	-	(15)	37
Depreciation and amortisation	88	940	190	-	115	17	-	1,350
Tax expense	70	334	-	-	4	-	-	408
Reportable segment profit/(loss) after taxation	242	1,131	65	(7)	(10)	(466)	14	969
Reportable segment assets	11,153	53,190	15,024	15,138	28,229	85,074	(64,103)	143,705
Expenditure for non-current assets	3	1,265	221	-	18	5	-	1,512
Reportable segment liabilities	3,701	20,593	1,462	2,426	7,466	3,579	(16,453)	22,774

**Segment information by geographical regions**

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

	30.09.2014 (RM'000)	30.09.2013 (RM'000)
Malaysia	14,356	15,995
China	1,630	1,579
Singapore	3,898	4,440
Europe	7	136
United Kingdom	814	517
United States of America	2,782	2,717
Other Asia Pacific Countries	1,097	579
<b>Total</b>	<b>24,584</b>	<b>25,963</b>

**Information about major customer**

Revenue from a customer of Precision Metal Components segment contributed approximately RM2.50 million (10.21%) of the total Group's revenues.

**8. 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.

**9. Subsequent events**

There were no other material events subsequent to the end of the reporting financial period.

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

There were no major changes in the composition of the Group during the financial quarter ended 30<sup>th</sup> September 2014.

**11. Contingent assets and contingent liabilities**

There were no contingent assets or liabilities as at the date of the report. (30.09.2013: RM Nil).

**12. Material related party transaction**

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

**13. Capital Commitments**

There were no capital commitments as at 30<sup>th</sup> September 2014.

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

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**1. Review of performance**

The Group recorded revenue of RM24.58 million, with a profit after tax of RM0.86 million for current quarter, a decrease in revenue and profit after tax of 5% and 10% respectively as compared the preceding year corresponding quarter.

The precision metal components segment encountered a decrease in revenue and profit after tax of 9% and 25% respectively. The unfavorable results mainly due to drop in precision stamping's business performance.

The metal fabrication segment has recorded revenue of RM3.29 million and profit after tax of RM0.15 million, which shown a moderate improvement driven by improved incoming orders.

The revenue of precision tooling & equipment segment grew marginally by 7% as compared to preceding year corresponding period. However, the price competitiveness has led the segment to report a lower profit margin.

## KOBAY TECHNOLOGY BHD (Co. No. 308279-A)

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

The Group reported revenue of RM24.58 million and profit after tax of RM0.86 million during the quarter, which showed a contracting result as compared with preceding quarter of RM25.42 million in revenue and RM1.36 million profit after tax.

All manufacturing segments encountered a moderate decrease in revenue. Meanwhile, the precision metal components segment reported a decline in profit after tax of 42% due to the operational losses and losses in disposal of plant & machinery by its China's operation.

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

In view of the volatile economic condition, the Group expects the performance to remain flat for the coming quarters.

The precision metal component segment is expected to benefit from improved global trade and its business realignment to high value products. Meanwhile, the management will continue to down size and review the business continuity of the non-performing China operations which had been bringing negative impact to the Group performance for the past few quarters.

The metal fabrication segment is expected to stay at a moderate growth. The management will focus on upholding the segment's productivity and incoming orders.

The precision tooling & equipment segment operation is expected to remain flat in its performance with no significant growth expected.

Barring unforeseen circumstances, the management is hopeful to obtain approvals from relevant authorities for at least one of its projects to be launched by end of FYE 2015 for its property development segments.

Overall, the Group will continue its conservative stance in working capital management and taking new measures and strategies to ensure stability in all business segments.

### 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 30/09/2014	Preceding Year Corresponding quarter ended 30/09/2013	Current Year todate 30/09/2014	Preceding Corresponding Period 30/09/2013
<b>Group</b>	RM'000	RM'000	RM '000	RM '000
Profit for the period is arrived at after (crediting)/charging :-				
Interest income	(152)	(181)	(152)	(181)
Interest expenses	35	37	35	37

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

Depreciation of property, plant and equipment	1,225	1,350	1,225	1,350
Loss on disposal of property, plant and equipment	125	3	125	3
Loss/(Gain)on forex	22	(133)	22	(133)
Loss on derivatives	-	51	-	51
Property, plant and equipment written off	7	4	7	4

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:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/09/2014 RM '000	Preceding Year Corresponding quarter ended 30/09/2013 RM '000	Current Year to date 30/09/2014 RM '000	Preceding Year Corresponding Period 30/09/2013 RM '000
Current tax	(395)	(370)	(395)	(370)
Deferred tax	-	(38)	-	(38)
	<b>(395)</b>	<b>(408)</b>	<b>(395)</b>	<b>(408)</b>

The effective tax rates for the period are higher than the statutory tax rate mainly due to the losses of certain subsidiaries cannot be set off against taxable profits made by other subsidiaries.

**7. Status of corporate proposals**

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

**8. Group borrowings and debts securities**

Particular of the loan and borrowing for the Group as at 30<sup>th</sup> September 2014:-

<b><u>Short Term Loan &amp; Borrowing</u></b>	Total Loan And Borrowing (RM'000) 30/09/2014	#	Total Loan And Borrowing (RM'000) 30/09/2013
Repayable within 12 months	1,237		640
Repayable later than 12 months	10,739		2,154
<b>Total</b>	<b>11,976</b>		<b>2,794</b>

# There is a term loan of RM9.38 million which carries no finance cost as the loan is offset with equivalent cash deposit that available in the facility account.

**9. Derivative Financial Instrument**

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

**10. 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.

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

	30/09/2014 RM'000	30/09/2013 RM'000
<i>Total retained profits of the Company and its subsidiaries</i>		
Realised	64,434	50,868
Unrealised	<u>(1,118)</u>	<u>(3,762)</u>
	63,316	47,106
Consolidation adjustments and eliminations	<u>(5,312)</u>	<u>1,907</u>
	<b><u>58,004</u></b>	<b><u>49,013</u></b>

**12. Material litigation**

There is 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 30<sup>th</sup> September 2014 (30.09.2013 : Nil).



**KOBAY TECHNOLOGY BHD (Co. No. 308279-A)**
**14. Earnings Per Share ("EPS")**
Basic earning/(loss) per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/09/2014  RM '000	Preceding Year Corresponding quarter ended 30/09/2013  RM '000	Current Year to date 30/09/2014  RM '000	Preceding Year Corresponding Period 30/09/2013  RM '000
Profit/(loss) attributable to ordinary equity holders of the parent	887	724	887	724
Weighted average number of :				
- Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
- Effect of Shares Buy Back	<u>(728)</u>	<u>(728)</u>	<u>(728)</u>	<u>(728)</u>
	<b><u>67,353</u></b>	<b><u>67,353</u></b>	<b><u>67,353</u></b>	<b><u>67,353</u></b>
Earning/(loss) per share (sen)				
<b>Basic/diluted</b>	<b><u>1.32</u></b>	<b><u>1.08</u></b>	<b><u>1.32</u></b>	<b><u>1.08</u></b>

The Group has no dilution in its earnings per ordinary share in the quarter under review and financial year to date as there are no dilutive potential ordinary shares.

**15. Provision for Financial Assistance**

Pursuant to Paragraph 8.23 and 10.08 of the Listing Requirements and Practice Note No. 11/2001 of the Bursa Malaysia Securities Berhad, the followings are the financial assistance provided by the Group as at 30<sup>th</sup> September 2014:-

	As at 30/09/2014 RM'000
Loan given by a licensed money lending subsidiary within the Group to third parties	2,006
Less : Impairment /written off of default loan receivables	<u>(2,006)</u>
Total	<b><u>-</u></b>

The provision of the financial assistance does not have any effect on the issued and paid-up capital and substantial shareholders' shareholding of the Company and does not have any material impact on the net assets, net tangible assets, earnings and gearing of the Group.

**16. Audit report of preceding annual financial statements**

The Group's audited financial statements for the year ended 30<sup>th</sup> June 2014 were reported without any qualification.