

KOBAY TECHNOLOGY BHD. (Co. No. 308279-A)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 30 JUNE 2016
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2016 RM '000	Preceding Year Corresponding quarter ended (Restated) 30/6/2015 RM '000	Current Year to date 30/6/2016 RM '000	Preceding Year Corresponding period (Audited) 30/6/2015 RM '000
Revenue	30,655	27,667	104,750	113,919
Cost of sales	(22,916)	(19,611)	(75,555)	(84,378)
Gross profit	<u>7,739</u>	<u>8,056</u>	<u>29,195</u>	<u>29,541</u>
Operating expenses	(6,377)	(5,062)	(23,984)	(20,099)
Other expenses	(200)	-	(3,600)	-
Finance cost	(73)	(8)	(179)	(125)
Other income	2,207	2,559	5,885	4,868
Profit before tax	<u>3,297</u>	<u>5,545</u>	<u>7,318</u>	<u>14,185</u>
Tax expense	(915)	(776)	(2,611)	(3,157)
Profit for the period	<u>2,382</u>	<u>4,769</u>	<u>4,707</u>	<u>11,028</u>
Other comprehensive income :-				
Available-for-sale financial assets	-	-	-	7
Currency translation differences for foreign operations	(18)	(45)	173	588
Reclassification adjustments on disposal of foreign operation	-	(1,850)	-	(1,850)
Total comprehensive income for the period	<u>2,364</u>	<u>2,874</u>	<u>4,880</u>	<u>9,773</u>
Profit for the period attributable to :-				
Owners of the parent	1,973	4,560	4,289	10,636
Non-controlling interest	409	209	418	392
	<u>2,382</u>	<u>4,769</u>	<u>4,707</u>	<u>11,028</u>
Total comprehensive income attributable to :				
Owners of the parent	1,962	2,681	4,393	9,364
Non-controlling interest	402	193	487	409
	<u>2,364</u>	<u>2,874</u>	<u>4,880</u>	<u>9,773</u>
Basic earning per share (sen)	<u>2.91</u>	<u>6.77</u>	<u>6.32</u>	<u>15.79</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2015)

KOBAY TECHNOLOGY BHD.
(Co. No. 308279-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	(Unaudited) As at current financial period 30/06/2016 RM '000	(Audited) As at preceding financial period 30/06/2015 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	60,086	62,321
Investment Properties	2,025	2,049
Land held for property development	37,699	40,382
Intangible assets	30	250
	99,840	105,002
Current Assets		
Property development cost	10,300	-
Inventories	14,588	13,969
Trade and other receivables	27,083	25,379
Tax assets	213	239
Cash & cash equivalents	29,344	28,018
	81,528	67,605
Total Assets	181,368	172,607
Equity		
Share capital	68,081	68,081
Reserves		
Treasury shares	(221)	(888)
Share premium	2,346	1,680
Capital reserve	1,550	1,550
Currency translation reserve	236	132
Retained profits	68,165	65,907
	72,076	68,381
Equity attributable to owners of the Company	140,157	136,462
Non-controlling interests	1,566	1,139
Total Equity	141,723	137,601
Non-Current Liabilities		
Loans and borrowings	9,378	9,507
Deferred tax liabilities	4,340	3,870
Deferred income on government grant	1,978	-
	15,696	13,377
Current Liabilities		
Trade and other payables	21,661	20,005
Loans and borrowings	2,046	1,237
Tax liabilities	242	387
	23,950	21,629
Total Liabilities	39,645	35,006
Total Equity and Liabilities	181,368	172,607
Net assets per ordinary share attributable to owners of the Parent(RM)	2.06	2.03

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2015)

KOBAY TECHNOLOGY BHD.

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ENDED 30 JUNE 2016**

Group	Attributable to owners of the Parent						Distributable	Sub-total	Non-controlling Interest	Total Equity
	Non-distributable									
	Share capital	Treasury shares	Share premium	Fair Value reserve	Capital reserve	Translation reserve	Retained profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT PERIOD										
As at 1 July, 2015	68,081	(888)	1,680	-	1,550	132	65,907	136,462	1,139	137,601
Resale of treasury shares	-	667	666	-	-	-	-	1,333	-	1,333
Dividends to owners of the Company	-	-	-	-	-	-	(2,031)	(2,031)	-	(2,031)
Dividends to Non- controlling interests	-	-	-	-	-	-	-	-	(60)	(60)
Total comprehensive income for the period	-	-	-	-	-	104	4,289	4,393	487	4,880
Balance as at 30 June, 2016	68,081	(221)	2,346	-	1,550	236	68,165	140,157	1,566	141,723

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

Group	Attributable to owners of the Parent						Distributable	Sub-total	Non-controlling Interest	Total Equity
	Non-distributable									
	Share capital	Treasury shares	Share premium	Fair Value reserve	Capital reserve	Translation reserve	Retained profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT PERIOD										
As at 1 July, 2014	68,081	(888)	1,680	(7)	1,753	1,412	57,118	129,149	762	129,911
Total comprehensive income for the period	-	-	-	7	-	(1,280)	10,636	9,363	409	9,772
Dividends to owners of the Company	-	-	-	-	-	-	(2,021)	(2,021)	-	(2,021)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(31)	(31)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	(29)	(29)	(1)	(30)
Transfer of capital reserve upon disposal of subsidiary	-	-	-	-	(203)	-	203	-	-	-
Balance as at 30 June, 2015	68,081	(888)	1,680	-	1,550	132	65,907	136,462	1,139	137,601

 (The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2015)

KOBAY TECHNOLOGY BHD.
(Co. No. 308279-A)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 30 JUNE 2016**

	(Unaudited) Period Ended 30/6/2016 RM '000	(Audited) Period Ended 30/6/2015 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax :	7,318	14,185
Adjustments for:		
- Non-cash items	9,860	5,653
- Non-operating items	(2,366)	(2,126)
Operating profit before changes in working capital	<u>14,812</u>	<u>17,712</u>
Changes in working capital:		
- Net change in current assets	(5,682)	(12,201)
- Net change in current liabilities	(2,249)	(110)
Net cash from operating activities	<u>6,881</u>	<u>5,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(7)	(33)
Disposal of subsidiary, net of cash disposed of	-	4,554
Interest received	331	531
Sale of available -for-sales financial assets	-	90
Proceeds from disposal of property, plant and equipment	7,461	1,811
Proceeds from resale of treasury shares	1,327	-
Additions to land held for property development	(6,565)	(9,791)
Purchase of property, plant and equipment	(8,605)	(7,190)
Net cash used in investing activities	<u>(6,058)</u>	<u>(10,028)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non controlling interest	(60)	(31)
Dividend paid	(2,031)	(2,021)
Government grant received	1,978	-
Increase/(decrease) in loans and borrowings	680	(1,645)
Interest paid	(179)	(125)
Short term deposits pledged as security value	(1,825)	(322)
Net cash from/(used in) financing activities	<u>(1,437)</u>	<u>(4,144)</u>
Currency translation differences	114	311
Net Change in Cash & Cash Equivalents	(500)	(8,461)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>27,278</u>	<u>35,739</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>26,778</u>	<u>27,278</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	3,306	2,096
Deposits not pledged	531	6,958
Cash & bank balances	<u>22,941</u>	<u>18,224</u>
	<u>26,778</u>	<u>27,278</u>

Note: Deposits amounting to RM2,566,241 (30.6.2015: RM740,572) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 2016. 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 year ended 30th June 2015)

A. Notes to the financial report for the fourth financial quarter ended 30 June 2016

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 30th June 2015.

The auditors' report on the financial statements of the Group for the financial year ended 30th June 2015 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 June 2015.

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 MASB on 8 September 2015, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2018.

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 2019. 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.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2016

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

Kobay, via its wholly owned subsidiary, Ultimate Sanctuary Sdn Bhd ("USSB"), intended to enter into a joint development project with the landowner of a piece of land located in Kuala Lumpur ("the Landowner"). The Solicitor who claimed to be the solicitor cum stakeholder acting for the Landowner ("The Stakeholder") requested USSB to place a sum of RM3,400,000 ("the stakeholder sum") with the said Stakeholder as proof of funds, pending execution of the joint development agreement. On 9 September 2015, USSB vide its appointed legal counsel, paid the said stakeholder sum on condition and with the Stakeholder's undertaking not to release the stakeholder sum until execution of the joint development agreement ("JDA"). The JDA shall be finalized and executed on or before 31 October 2015, failing which, the Stakeholder shall refund the stakeholder sum together with interest.

The JDA did not materialize by 31 October 2015 but the Stakeholder failed to refund the said stakeholder sum according to the undertakings. Thereafter, the Stakeholder provided numerous written undertakings and promises to refund the stakeholder sum but failed.

On 27 November 2015, the Company had lodged a police report against the Stakeholder and subsequently the stakeholder was charged under Section 420 of the Penal Code.

As the recoverability of the stakeholder sum is in doubt, the Company has made a full impairment on the receivable amounted to RM3.4 million in Qtr 3 2016.

Save for the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows 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 the estimates that have a material effect in the current quarter under review.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2016

5. 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.

6. Dividend Paid

A first and final single tier exempt dividend of 3.0 sen per ordinary share in respect of financial year ended 30.6.15 was paid on 20th January 2016. (30.6.2015 : 3.0 sen)

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.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2016

7. Segment Information (cont'd)

Current Period ended 30.6.2016	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	17,001	69,283	15,812	-	2,654	-	-	104,750
Intersegment revenue	613	296	-	-	1,320	15,379	(17,608)	-
Interest income	45	97	76	11	55	47		331
Interest expense	-	79	-	328	-	115	(343)	179
Depreciation and amortisation	272	4,079	704	35	498	212		5,800
Tax expense	22	2,211	40	-	331	7	-	2,611
Reportable segment profit/(loss) after taxation	1,014	9,593	214	(2,437)	652	# 20,659	(24,988)	4,707
Reportable segment assets	11,643	73,548	14,419	53,182	17,346	116,787	(105,557)	181,368
Expenditure for non-current assets	256	6,916	383	7,129	64	422	-	15,170
Reportable segment liabilities	4,558	19,973	1,417	15,312	2,197	14,617	(18,429)	39,645

- # Inclusive of :
- 1) impairment loss on loan and receivable amounted to RM3.4 million as stated in Part A(3)
 - 2) a gain of RM2.4 million on disposal of a factory building
 - 3) a gain of RM13.9 million on intra – group disposal of investment which is eliminated in the group's consolidated accounts.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2016

7. Segment Information (cont'd)

Corresponding Period ended 30.6.2015	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	21,010	65,538	21,895	-	5,474	2	-	113,919
Intersegment revenue	1,068	40	-	-	402	7,241	(8,751)	-
Interest income	56	60	30	1	20	364	-	531
Interest expense	-	125	-	-	-	9	(9)	125
Depreciation and amortisation	332	3,829	663	1	487	66	32	5,410
Tax expense	129	2,862	-	-	166	-	-	3,157
Reportable segment profit/(loss) after taxation	1,054	7,170	3,168	(769)	782	5,459	(5,836)	11,028
Reportable segment assets	10,257	69,146	19,440	41,405	17,296	92,828	(77,765)	172,607
Expenditure for non-current assets	847	4,498	224	12,489	2,131	33	-	20,222
Reportable segment liabilities	4,223	17,152	3,652	1,099	2,572	10,309	(4,001)	35,006

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 :

	Current Year todate 30.6.2016 RM'000	Preceding Corresponding Period 30.6.2015 RM'000
Malaysia	64,977	66,313
United States of America	13,945	16,973
Singapore	17,774	18,216
Other Foreign Countries	8,054	12,417
	<u>104,750</u>	<u>113,919</u>

A. Notes to the financial report for the fourth financial quarter ended 30 June 2016

7. Segment Information (cont'd)

Information about major customer

For the financial year ended 30 June 2016, there was no customer who contributed more than 10% of the total Group's revenues for the period under review.

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 material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

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 June 2016.

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities for the Group as at the date of the report. (30.6.2015 : RM: Nil).

12. Material related party transaction

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

13. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 30 June 2016 were as follows: -

	30.6.2016 RM'000	30.6.2015 RM'000
Approved but not contracted :-		
Property, Plant and Equipment	-	-
Contracted but not provided for :-		
Property, Plant and Equipment	600	1,069

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

<u>Operating Segment</u>	<u>INDIVIDUAL PERIOD</u>			<u>CUMULATIVE PERIOD</u>		
	Current Year quarter ended	Preceding Year Corresponding quarter ended	Variance	Current Year todate	Preceding Corresponding Period	Variance
	30.6.2016	30.6.2015		30.6.2016	30.6.2015	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:-						
Precision Tooling & Equipment	7,870	5,639	39.6%	17,001	21,010	-19.1%
Precision Metal Components	18,768	15,804	18.8%	69,283	65,538	5.7%
Metal Fabrication	3,431	5,976	-42.6%	15,812	21,895	-27.8%
Property Development	-	-	-	-	-	-
Other operating segments	586	248	136.3%	2,654	5,474	-51.5%
Unallocated non-operating segments	-	-	-	-	2	-100.0%
	<u>30,655</u>	<u>27,667</u>		<u>104,750</u>	<u>113,919</u>	
Profit before tax:-						
Precision Tooling & Equipment	1,003	345	190.7%	1,036	1,183	-12.4%
Precision Metal Components	4,546	3,152	44.2%	11,804	10,032	17.7%
Metal Fabrication	(871)	1,292	-167.4%	254	3,168	-92.0%
Property Development	(998)	(323)	-209.0%	(2,437)	(769)	-216.9%
Other operating segments	120	118	1.7%	983	948	3.7%
Unallocated non-operating segments	17,326	3,580	384.0%	20,666	5,459	278.6%
	<u>21,126</u>	<u>8,164</u>		<u>32,306</u>	<u>20,021</u>	
Consolidation adjustments and eliminations	(17,829)	(2,619)		(24,988)	(5,836)	
	<u>3,297</u>	<u>5,545</u>		<u>7,318</u>	<u>14,185</u>	

The Group posted a growth in revenue of 10.8% to RM30.65 million in current quarter from RM27.66 million in the preceding corresponding quarter. However, profit before tax has dropped by 40.5% for current financial quarter.

For year to date, the Group reported lower revenue and profit before tax of RM104.75 million and RM7.31 million respectively as compared to preceding year. Except for precision metal components segment that outperformed in current financial year, other manufacturing and property segments reported adverse results as compared to preceding year.

The precision metal components segment has recorded an increase in revenue and profit before tax by 18.8% and 44.2% respectively for current quarter as compared to preceding year corresponding quarter. This improved performance was driven by upsurge incoming orders for aerospace and life science products. For year to-date, the segment outperformed as compared to preceding year mainly driven by higher incoming orders from both existing and new customers and the disposal of its loss making China operation.

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

1. Review of performance (cont'd)

Followed by the substantial decline in crude oil price which caused the cut down of oil production, the incoming order for metal fabrication segment has dropped tremendously in current financial year. Profit before tax for the current quarter and year to-date has shrunk by 167.4% and 92% respectively as compared to preceding corresponding periods.

The precision tooling & equipment segment reported higher revenue and profit before tax for current quarter under review as compared to previous corresponding quarter. The growth was mainly driven by an increase in equipment sales. However the year-to-date results still shown a reduction as the equipment orders came in and delivered in 2nd half of the financial year.

The property development segment was still operating at losses pending project kick off. The segment reported a loss of RM1.0 million for current quarter and RM2.43 million for current financial year, which pull down the overall performance of the Group.

Reported under the unallocated non-operating segments, there was a gain on disposal of a factory building amounting to RM2.4 million for current quarter. For year-to-date, the gain was offset by an impairment loss on loan and receivable of RM3.4 million by a defaulted stakeholder sum paid, as disclosed in Part A (3).

2. Comparison with preceding quarter's results

The Group reported a revenue of RM30.65 million and profit before tax of RM3.29 million for current quarter, represented a growth of 33% in revenue and 229.9% in profit before tax as compared to Qtr 3 2016.

However, should the gain on disposal of a factory building of RM2.4 million in current quarter and the impairment loss on loan and receivables of RM3.4 million in preceding quarter be excluded from comparison, the profit before tax for Qtr 3 2016 and Qtr 4 2016 were reported at RM0.86 and RM0.89 respectively. Despite revenue increased by 33% in Qtr 4 2016, the actual performance did not improve correspondingly, due to the negative performance from property and metal fabrication segments.

The precision metal components segment recorded a revenue of RM18.7 million and profit before tax of RM4.5 million for current quarter under review. Business up surged in Q4FY16 has stimulated revenue to increase by 17.5%, and corresponding improvement in profit before tax by 152%.

The precision tooling & equipment segment recorded improvement in current quarter mainly due to delivery of better margin equipment sales.

The metal fabrication segment recorded a negative performance for current quarter due to significant drop in orders from oil and gas business.

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

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

The increasing fixed overhead cost for property development segments had caused the losses to hike at RM1 million for current quarter, compared to RM0.64 million in preceding quarter.

3. Commentary on the prospects of the Group

The precision metal component segment is expected to sustain its current performance for the coming quarters of FYE 2017. The segment will continue to penetrate into export market on high value products for sectors in aerospace and medical sectors, reform its engineering strength to seize more business opportunities. Apart from embarking on the aerospace business for growth, the newly set up metal casting division will be another potential driver for business growth in FYE 2017.

The performance of metal fabrication segment is expected to be challenging in coming quarters in view of the continuous low oil price that limit the oil production activities. However, the segment will continue its efforts to broaden its customer base and product range to overcome the downturn in oil & gas industry.

The performance of precision tooling & equipment segment is expected to remain weak in coming financial year. Sales growth is expected to be slow due to cost control in semiconductor industry and price competitiveness in market.

The property development segment is expected to kick off its project in coming 6 months with anticipation that it will help to mitigate the segment's losses.

Barring unforeseen circumstances, the Board expects the Group to achieve a satisfactory result in coming financial year.

4. Variance on forecast profit/profit guarantee

No profit forecast or profit guarantee was issued during the period.

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)**5. Profit for the period**

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2016	Preceding Year Corresponding quarter ended 30.6.2015	Current Year todate 30.6.2016	Preceding Corresponding Period 30.6.2015
Group	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after (crediting)/charging :-				
Interest income	(84)	(172)	(331)	(531)
Interest expenses	73	8	179	125
Depreciation of Property, plant and equipment	1,552	1,717	5,801	5,410
Impairment loss on loan and receivable	200	38	3,600	38
(Gain)/loss on disposal of property, plant and equipment	(2,410)	(89)	(2,403)	8
Impairment loss on intangible assets	251	-	251	-
Loss/(Gain) on foreign exchange	509	(419)	(801)	(1,124)
Gain on disposal of subsidiary	-	-	-	(1,762)
Property, plant and equipment written off	3	69	12	79

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

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

6. Taxation

Taxation comprises the following:-

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2016 RM'000	Preceding Year Corresponding quarter ended 30.6.2015 RM'000	Current Year todate 30.6.2016 RM'000	Preceding Corresponding Period 30.6.2015 RM'000
Current tax	(506)	(607)	(2,141)	(2,945)
Deferred tax	(409)	(169)	(470)	(212)
	<u>(915)</u>	<u>(776)</u>	<u>(2,611)</u>	<u>(3,157)</u>

The effective tax rate for the cumulative period is 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

On 1 June 2016, Kobay's wholly owned subsidiary, Lipo Corporation Sdn. Bhd. ("Lipo") and its 60% owned subsidiary, Kobay SCM (S) Pte. Ltd. ("KSCM") have entered into a Sale of Shares Agreement with Mr. Chai Meng Meng ("Chai") to acquire his 4,000 ordinary shares represents 40% equity interest in KSCM for a cash consideration of SGD280,000-00 and 1,000 ordinary shares represents 0.2% equity interest in Microhandling Asia Pte. Ltd. ("MHA") for a cash consideration of SGD1-00. The proposal is still pending completion as at the date of this interim report.

8. Group borrowings and debts securities

Particular of the loans and borrowings for the Group as at 30 June 2016:-

	30.6.2016 RM'000	30.6.2015 RM'000
Repayable within 12 months	2,046	1,237
Repayable later than 12 months ^(a)	9,378	9,507
	<u>11,424</u>	<u>10,744</u>

^(a) Included herein is a term loan of RM9.41 million (30.6.2015: RM8.47 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. 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

	30.6.2016	30.6.2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	88,563	73,956
- Unrealised	(1,905)	(1,400)
	<hr/>	<hr/>
	86,658	72,566
Consolidation adjustments and eliminations	(18,493)	(6,649)
	<hr/>	<hr/>
	68,165	65,907
	<hr/>	<hr/>

12. Material litigation

Further to Part A(3), on 14 June 2016, Kobay has appointed a solicitor to initiate a civil suit against the stakeholder for the default sum of RM3.4 million.

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 year ended 30 June 2016. (30.6.2015 : 3.0 sen).

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

14. Earnings Per Share ("EPS")

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.6.2016 RM'000	Preceding Year Corresponding quarter ended 30.6.2015 RM'000	Current Year todate 30.6.2016 RM'000	Preceding Corresponding Period 30.6.2015 RM'000
Profit attributable to ordinary equity holders of the parent	1,973	4,560	4,289	10,636
Weighted average number of :				
- Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
- Effect of Shares Buy Back	(182)	(728)	(182)	(728)
	<u>67,899</u>	<u>67,353</u>	<u>67,899</u>	<u>67,353</u>
Earnings per Share (sen)	2.91	6.77	6.32	15.79

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

15. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30th June 2015 were reported without any qualification.