

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter Ended 30/9/2020 RM '000	Preceding Year Corresponding Quarter 30/9/2019 RM '000	Current Year To Date 30/9/2020 RM '000	Preceding Year Corresponding Period 30/9/2019 RM '000
Revenue	39,103	50,946	39,103	50,946
Cost of sales	(25,518)	(37,005)	(25,518)	(37,005)
Gross profit	13,585	13,941	13,585	13,941
Operating expenses	(7,528)	(7,969)	(7,528)	(7,969)
Finance cost	(180)	(194)	(180)	(194)
Other income	1,881	859	1,881	859
Share of joint venture's gain/(losses)	-	-	-	-
Profit before tax	7,759	6,637	7,759	6,637
Tax expense	(2,472)	(2,261)	(2,472)	(2,261)
Profit for the period	5,287	4,376	5,287	4,376
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	5,287	4,376	5,287	4,376
Profit for the period attributable to :-				
Owners of the parent	5,230	4,321	5,230	4,321
Non-controlling interest	57	55	57	55
	5,287	4,376	5,287	4,376
Total comprehensive income attributable to :				
Owners of the parent	5,230	4,321	5,230	4,321
Non-controlling interest	57	55	57	55
	5,287	4,376	5,287	4,376
Basic earning per share (sen)	5.12	4.22	5.12	4.22

(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 30.6.2020 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 30 SEPTEMBER 2020

	(Unaudited) As at current financial period 30/9/2020 RM '000	(Audited) As at preceding financial period 30/6/2020 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	68,209	69,294
Investment properties	4,809	4,840
Right-of-use assets	13,242	13,252
Land held for development	40,242	40,134
Intangible assets	99	99
Investment in joint venture	751	751
Other investment	785	2
Loan receivables	4,502	2,872
	132,638	131,243
Current Assets		
Inventories (Properties)	22,077	27,179
Inventories (Manufacturing)	12,772	11,128
Trade and other receivables	45,406	65,907
Loan receivables	205	143
Contract assets	2,003	-
Derivatives	16	-
Tax assets	1,862	1,630
Cash & cash equivalents	59,684	48,819
	144,024	154,806
Total Assets	276,663	286,049
Equity		
Share capital	102,104	102,104
Reserves		
Capital reserve	1,550	1,550
Retained profits	99,883	94,653
	101,433	96,203
Equity attributable to owners of the Company	203,537	198,307
Non-controlling interests	592	568
Total Equity	204,129	198,875
Non-Current Liabilities		
Loans and borrowings	25,187	22,709
Deferred tax liabilities	4,375	4,369
Deferred income on government grant	753	862
	30,315	27,941
Current Liabilities		
Trade and other payables	27,704	34,661
Derivatives	-	71
Loans and borrowings	11,091	19,546
Contract liabilities	-	2,097
Tax liabilities	3,423	2,858
	42,219	59,234
Total Liabilities	72,535	87,174
Total Equity and Liabilities	276,663	286,049
Net assets per ordinary share attributable to owners of the Parent(RM)	1.99	1.94

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the FYE 30.6.2020 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 FIRST QUARTER ENDED 30 SEPTEMBER 2020**

Group	← Attributable to owners of the Parent →				Sub-total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share capital RM'000	Non-distributable Capital reserve RM'000	Translation reserve RM'000	Distributable Retained profits RM'000			
CURRENT PERIOD							
As at 1 July, 2020	102,104	1,550	-	94,653	198,307	568	198,875
Loss on available-for-sale financial assets	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	5,230	5,230	57	5,287
Transactions with owners : -							
Dividend paid to owners of the Company	-	-	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	(33)	(33)
Balance as at 30, September 2020	102,104	1,550	-	99,885	203,537	592	204,129

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019**

Group	← Attributable to owners of the Parent →				Sub-total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share capital RM'000	Non-distributable Capital reserve RM'000	Translation reserve RM'000	Distributable Retained profits RM'000			
CURRENT PERIOD							
As at 1 July, 2019	102,104	1,550	87	73,788	177,529	507	178,036
Total comprehensive income	-	-	-	4,321	4,321	55	4,376
Transactions with owners : -							
Dividend paid to non-controlling interest	-	-	-	-	-	(20)	(20)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(14)	(14)
Balance as at 30, September 2019	102,104	1,550	87	78,109	181,850	528	182,378

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 30.6.20 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 FIRST QUARTER ENDED 30 SEPTEMBER 2020**

	(Unaudited) Year Ended 30/9/2020 RM '000	(Unaudited) Year Ended 30/9/2019 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax :	7,759	6,637
Adjustments for:		
- Non-cash items	1,956	1,463
- Non-operating items	(11)	(341)
Operating profit before changes in working capital	<u>9,704</u>	7,759
Changes in working capital:		
- Net change in current assets	20,249	(6,346)
- Net change in current liabilities	(11,361)	6,526
Net cash from operating activities	<u>18,592</u>	7,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	191	341
Proceeds from disposal of property, plant and equipment	50	-
Additions to land held for property development	-	(2,423)
Purchase of financial assets through profit or loss	(985)	-
Purchase of property, plant and equipment	(793)	(6,258)
Net cash used in investing activities	<u>(1,537)</u>	(8,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of shares from non-controlling interests	-	(12)
Dividend paid to non-controlling interest	(33)	(20)
Increase in loans and borrowings	(5,977)	7,843
Interest paid	(180)	(194)
Net cash generated from financing activities	<u>(6,190)</u>	7,617
Net Change in Cash & Cash Equivalents	10,865	7,216
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>45,552</u>	36,179
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>56,417</u>	43,395
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	20,744	8,035
Deposits not pledged	929	450
Cash & bank balances	34,744	34,910
	<u>56,417</u>	43,395

Deposits amounting to RM3.27 million (30.6.2020: RM3.27 million) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 2020. 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 30.6.2020 and the accompanying explanatory notes attached to this interim financial statements)

A. Notes to the financial report for the first financial quarter ended 30 September 2020

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 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board 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 2020 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended 30 June 2020, except for the adoption of the following amendments to MFRS:

<u>Title</u>	<u>Effective Date</u>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, Interest Rate Benchmark Reform MFRS 139 and MFRS 7	1 January 2020
Amendments to MFRS 16 Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020

The adoption of the above amendments to MFRSs do not have any significant financial impact on the results and the financial position of the Group for the current quarter.

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 2020 was not subject to any qualification.

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

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.

A. Notes to the financial report for the first financial quarter ended 30 September 2020

6. Issuance, cancellations, repurchases, resale or repayments of debts and equity securities

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 under review. (30.9.2019 : Nil)

8. Segment Information

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 - Property development and property management.
- Other operating segments – Include small operations related to property letting, hotel operation and money lending.

A. Notes to the financial report for the first financial quarter ended 30 September 2020

8. Segment Information (cont'd)

Current period ended 30.9.2020	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	34,383	4,079	641	-	-	39,103
Intersegment revenue	4,953	-	49	10,713	(15,715)	-
Interest income	72	25	69	25	-	191
Interest expense	168	12	-	-	-	180
Depreciation and amortisation	1,644	38	57	36	-	1,775
Tax expense	2,257	133	82	-	-	2,472
Reportable segment profit after taxation	5,425	394	271	953	(1,756)	5,287
Reportable segment assets	147,374	90,159	19,246	163,362	(143,493)	276,648
Expenditure for non-current assets	779	4	-	10	-	793
Reportable segment liabilities	54,522	26,080	1,815	10,109	(20,007)	72,519

A. Notes to the financial report for the first financial quarter ended 30 September 2020
8. Segment Information (cont'd)

Current period ended 30.9.2019	Manufacturing	Property Development	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	43,888	6,475	583	-	-	50,946
Intersegment revenue	2,528	-	394	8,115	(11,037)	-
Interest income	167	112	22	40	-	341
Interest expense	148	17	-	29	-	194
Depreciation and amortisation	1,364	61	122	24	-	1,571
Tax expense	2,057	170	9	25	-	2,261
Reportable segment profit after taxation	6,631	(1,661)	44	2,357	(2,995)	4,376
Reportable segment assets	139,697	91,965	14,605	152,177	(133,205)	265,239
Expenditure for non-current assets	6,227	2,423	-	31	-	8,681
Reportable segment liabilities	51,858	30,363	2,203	16,851	(18,415)	82,860

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 :

	30.9.2020	30.9.2019
	RM'000	RM'000
Malaysia	25,061	30,714
Singapore	6,385	11,242
United States of America	2,847	5,500
Others	4,810	3,490
	39,103	50,946

A. Notes to the financial report for the first financial quarter ended 30 September 2020

8. Segment Information (cont'd)

Information about major customer

For the financial period ended 30 September 2020, there was one major customer of the manufacturing segment that contributed 10% or more of the Group's total revenues (30.9.2019: Nil).

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

There were no major changes in the composition of the Group during the period ended 30.9.2020.

12. Contingent assets and contingent liabilities

The Group has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of RM47 million of which RM21.46 million has been utilized as at 30.9.2020.

13. Material related party transaction

There were 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 30 September 2020 were as follows: -

	30.9.2020	30.9.2019
	RM'000	RM'000
Authorised but not contracted for :-		
Property, Plant and Equipment	-	8,125
Contracted but not provided for :-		
Development land	490	-
Landowners' entitlement for joint development projects	-	12,985
	490	12,985

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

	<u>INDIVIDUAL/CUMULATIVE PERIOD</u>		Variance
	Current quarter ended 30.9.2020 RM'000	Preceding year corresponding quarter 30.9.2019 RM'000	
<u>Operating Segment</u>			%
Revenue:-			
Manufacturing	34,383	43,888	-21.7%
Property Development	4,079	6,475	-37.0%
Other operating segments	641	583	9.9%
Unallocated non-operating segments	-	-	0.0%
	39,103	50,946	-23.2%
Profit before tax:-			
Manufacturing	7,682	8,688	-11.6%
Property Development	527	(1,491)	135.3%
Other operating segments	353	53	566.0%
Unallocated non-operating segments	953	2,382	-60.0%
	9,515	9,632	
Consolidation adjustments and eliminations	(1,756)	(2,995)	
	7,759	6,637	16.9%

Statement of Profit & Loss and Other Comprehensive Income

The Group reported a revenue of RM39.10 million for current quarter, a decrease of 23.2% as compared to preceding year's corresponding quarter. Excluding the impact on written off of development cost of RM1.75 million in preceding year corresponding period results, the Group recorded a decrease in profit before tax by 7.5% in current quarter corresponded to the drop in revenue.

1.1 Segmental Analysis**Manufacturing**

The manufacturing division recorded revenue of RM34.38 million for current quarter, a drop of 21.7% as compared to preceding year's corresponding quarter. Corresponded to the decrease in revenue, the division's profit before tax decrease by 11.6%.

The division encountered a drop in orders and delay in delivery schedule from certain customers involve in aerospace and oil & gas industries which affected by the disruptions in commercial aerospace and commercial transportation markets, driven by the COVID-19 pandemic.

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

1.1 Segmental Analysis**Property Development**

The division reported a revenue of RM4.08 million and profit before tax of RM0.52 million for current quarter.

Revenue dropped by 37.0% mainly caused by unfavorable market conditions in response to the COVID-19 pandemic. The implementation of the conditional movement control order (CMCO) has impacted commercial activities and weakened interest from foreign investors.

Excluding the written off of certain development cost of RM1.75 million from Q1 FY2019's profit before tax, there was a slight improved in profit before tax in current quarter contributed from better sales margin from landed property.

2. Comparison with preceding quarter's results

<u>Operating Segment</u>	Current Year quarter ended 30.9.2020 RM'000	Preceding quarter ended 30.6.2020 RM'000	Variance %
Revenue:-			
Manufacturing	34,383	48,126	-28.6%
Property Development	4,079	-	100.0%
Other operating segments	641	370	73.2%
Unallocated non-operating segments	-	54	-100.0%
	39,103	48,550	-19.5%
Profit before tax:-			
Manufacturing	7,682	11,551	-33.5%
Property Development	527	(522)	201.0%
Other operating segments	353	202	74.8%
Unallocated non-operating segments	953	9,730	-90.2%
	9,515	20,961	
Consolidation adjustments and eliminations	(1,756)	(12,503)	
	7,759	8,458	-8.3%

The Group's reported a decrease in revenue and profit before tax of 28.6% and 8.3% respectively as compared to preceding quarter.

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

Manufacturing

The division's revenue and profit before tax dropped by 28.6% and 33.5% respectively as compared to preceding quarter due to slowdown in economic activity.

Property Development

The division reported better performance for current quarter mainly generated from sales of completed units.

3. Commentary on the prospects of the Group

The management anticipated that its financial performance for the remaining quarters to be challenging as a result of economic slowdown caused by the COVID-19 pandemic.

Manufacturing

The division foresees a reduction in demand cause by softened economic activity. However, the division shall continue to explore new markets by acquiring new capabilities and improve efficiency to secure their competitive position. The management expects that the division shall continue to deliver positive contributions for the remaining quarters.

Property Development

Property market is expected to remain soft for the remaining quarters in view of weakened interest from local and foreign buyers. The movement curbs brings restriction on commercial activities, leading to a dampening effect on the overall property market.

In overall, the management is cautiously optimistic that by adjusting business strategy and managing its cash flow, the group's results shall remain positive for the remaining quarters.

4. Variance on forecast profit/profit guarantee

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

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

5. Profit for the period

<u>Group</u>	Current/Cumulative quarter 30.9.2020 RM'000
Profit for the period is arrived at after (crediting)/charging of :-	
Depreciation of property,plant and equipment	1,641
Depreciation of right-of-use assets	134
Interest expenses	180
Amortisation of deferred income on government grants	(109)
Gain on disposal of property,plant & equipment	(50)
Fair value gain on financial instrument	(54)
Gain on foreign exchange	(16)
Interest income	(191)

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/CUMULATIVE PERIOD</u>	
	Current Year quarter ended 30.9.2020 RM'000	Preceding corresponding quarter period 30.9.2019 RM'000
Current tax	(2,466)	(2,230)
Deferred tax	(6)	(31)
	<u>(2,472)</u>	<u>(2,261)</u>

The effective tax rate of the Group was higher than the statutory tax rate mainly due to losses in certain subsidiaries which are not available for set off against taxable profit in other subsidiaries within the Group.

7. Status of corporate proposals

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

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

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: -

	30.9.2020
	RM'000
Not past due	29,721
Past due 1 to 30 days	4,275
Past due 31 to 120 days	5,400
Past due more than 120 days	349
	39,745

Trade receivables amounting to RM10.0 million that are past due and not impaired are creditworthy debtors.

9. Group borrowings and debts securities

	30.9.2020	30.9.2019
	RM'000	RM'000
Secured :-		
Term loans	28,976	19,133
Revolving credit	3,973	10,774
Unsecured :-		
Revolving credit	3,329	-
	36,278	29,907
Disclosed as :-		
Current liabilities	11,091	8,117
Non-current liabilities	25,187	21,790
	36,278	29,907
Currency Profile :-		
Ringgit Malaysia	32,305	25,913
US Dollar	3,973	3,994
	36,278	29,907

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

The effective interest rate of loans and borrowings as at 30 September 2020 ranged from 2.65% to 5.47% per annum (30.9.2019: 3.9% to 6.67%).

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

10. Derivative Financial Instrument

Derivatives consists of forward exchange contracts which are used to hedge the exposure to currency risk.

	30.9.2020	30.9.2019
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	16	47
- Current liabilities	-	(14)
	<u>16</u>	<u>33</u>

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 current quarter.

12. Material litigation

There was no pending material litigation as at the date of this report.

13. Dividend

The Board of Directors does not recommends any dividend for the financial quarter ended 30 September 2020 (30.9.2019 : Nil).

14. Earnings Per Share ("EPS")

	INDIVIDUAL/CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2020 RM '000	Preceding Year Corresponding quarter 30/9/2019 RM '000
Profit attributable to ordinary equity holders of the Parent	5,230	4,321
Weighted average number of ordinary shares in issue ('000)	102,104	102,104
Basic earnings per share (sen)	<u>5.12</u>	<u>4.22</u>

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