

KOBAY TECHNOLOGY BHD. (Co. No. 199401022600 (308279-A))

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter Ended 30/9/2021 RM '000 (Unaudited)	Preceding Year Corresponding Quarter 30/9/2020 RM '000 (Unaudited)	Current Year To Date 30/9/2021 RM '000 (Unaudited)	Preceding Year Corresponding Period 30/9/2020 RM '000 (Unaudited)
Revenue	66,136	39,103	66,136	39,103
Cost of sales	(43,198)	(25,518)	(43,198)	(25,518)
Gross profit	22,938	13,585	22,938	13,585
Operating expenses	(10,593)	(7,528)	(10,593)	(7,528)
Finance cost	(314)	(180)	(314)	(180)
Other income	1,908	1,881	1,908	1,881
Profit before tax	13,938	7,759	13,938	7,759
Tax expense	(3,718)	(2,472)	(3,718)	(2,472)
Profit for the period	10,220	5,287	10,220	5,287
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	10,220	5,287	10,220	5,287
Profit for the period attributable to :-				
Owners of the parent	9,720	5,230	9,720	5,230
Non-controlling interest	500	57	500	57
	10,220	5,287	10,220	5,287
Total comprehensive income attributable to :				
Owners of the parent	9,720	5,230	9,720	5,230
Non-controlling interest	500	57	500	57
	10,220	5,287	10,220	5,287
Basic earning per share (sen)	3.24	1.74	3.24	1.74

(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 30.6.2021 and the accompanying explanatory notes attached to this interim financial statements)

KOBAY TECHNOLOGY BHD.
(Co. No. 199401022600 (308279-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	(Unaudited) As at current financial period 30/9/2021 RM '000	(Audited) As at preceding financial period 30/6/2021 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	76,603	66,175
Investment properties	4,861	4,838
Right-of-use assets	14,752	12,773
Land held for development	43,617	43,598
Intangible assets	35,280	99
Other investments	2,621	2,301
Loan receivables	4,010	4,345
Deferred tax assets	516	516
	182,260	134,645
Current Assets		
Inventories (Properties)	7,511	7,604
Inventories	32,176	16,199
Property development costs	32,252	25,754
Trade and other receivables	70,630	57,365
Loan receivables	603	761
Derivatives	18	19
Tax assets	1,285	1,666
Cash & cash equivalents	48,084	49,265
	192,559	158,633
Total Assets	374,818	293,278
Equity		
Share capital	102,104	102,104
Reserves		
Capital reserve	1,550	1,550
Treasury shares	(9,523)	(9,523)
Retained profits	125,008	115,288
	117,035	107,315
Equity attributable to owners of the Company	219,139	209,419
Non-controlling interests	6,426	606
Total Equity	225,565	210,025
Non-Current Liabilities		
Loans and borrowings	25,224	24,964
Deferred tax liabilities	4,920	4,771
Lease liabilities	1,747	-
Deferred income on government grant	699	759
	32,589	30,494
Current Liabilities		
Trade and other payables	77,628	35,349
Derivatives	20	97
Loans and borrowings	35,149	16,077
Lease liabilities	258	-
Contract liabilities	250	71
Tax liabilities	3,359	1,165
	116,664	52,759
Total Liabilities	149,253	83,253
Total Equity and Liabilities	374,818	293,278
Net assets per ordinary share attributable to owners of the Parent(RM)	0.73	0.69

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the FYE 30.6.2021 and the accompanying explanatory notes attached to this interim financial statements)

KOBAY TECHNOLOGY BHD.
(Co. No. 199401022600 (308279-A))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

Group	← Attributable to owners of the Parent →						Non-controlling Interests RM'000	Total Equity RM'000
	Non-distributable				Distributable			
	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Sub-total RM'000		
CURRENT PERIOD								
As at 1 July, 2021	102,104	(9,523)	1,550	-	115,288	209,419	606	210,025
Total comprehensive income	-	-	-	-	9,720	9,720	500	10,220
Transactions with owners :-								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(30)	(30)
Acquisition of subsidiaries	-	-	-	-	-	-	5,350	5,350
Balance as at 30, September 2021	102,104	(9,523)	1,550	-	125,008	219,139	6,426	225,565

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020**

Group	← Attributable to owners of the Parent →						Non-controlling Interests RM'000	Total Equity RM'000
	Non-distributable				Distributable			
	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Sub-total RM'000		
CURRENT PERIOD								
As at 1 July, 2020	102,104	-	1,550	-	94,653	198,307	568	198,875
Total comprehensive income	-	-	-	-	5,230	5,230	57	5,287
Transactions with owners :-								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(33)	(33)
Balance as at 30, September 2020	102,104	-	1,550	-	99,883	203,537	592	204,129

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 30.6.21 and the accompanying explanatory notes attached to this interim financial statements)

KOBAY TECHNOLOGY BHD.
(Co. No. 199401022600 (308279-A))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021**

	(Unaudited) Period Ended 30/9/2021 RM '000	(Unaudited) Period Ended 30/9/2020 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax :	13,938	7,759
Adjustments for:		
- Non-cash items	1,621	1,956
- Non-operating items	108	(11)
Operating profit before changes in working capital	<u>15,667</u>	9,704
Changes in working capital:		
- Net change in current assets	(28,274)	20,249
- Net change in current/long term liabilities	22,514	(11,361)
Net cash from operating activities	<u>9,907</u>	18,592
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	239	191
Proceeds from disposal of property, plant and equipment	60	50
Acquisition of subsidiary	(19,466)	-
Purchase of other investments	-	(985)
Purchase of property, plant and equipment	(7,770)	(793)
Net cash used in investing activities	<u>(26,937)</u>	(1,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(30)	(33)
Payment of lease liabilities	(132)	-
Increase/(decreased) in loans and borrowings	19,332	(5,977)
Interest paid	(314)	(180)
Net cash (used in)/from financing activities	<u>18,856</u>	(6,190)
Net Change in Cash & Cash Equivalents	1,827	10,865
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>43,013</u>	45,552
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>44,840</u>	56,417
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	17,331	20,744
Deposits not pledged	72	929
Cash & bank balances	<u>27,437</u>	34,744
	<u>44,840</u>	56,417

Deposits amounting to RM3.25 million (30.6.2021: RM3.25 million) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 2021. 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 30.6.2021 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 2021

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 2021 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2021 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021 respectively which are applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

2. Audit report of preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2021 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 real estate markets.

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 2021

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

As at 30 September 2021, the number of treasury shares held was 6,000,000 shares.

Save as disclosed in Note 7 in Part B of this report on the proposed private placement, 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. (30.9.2020 : 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 operations related to sale of pharmaceutical and healthcare products, property letting, hotel operation and money lending.

A. Notes to the financial report for the first financial quarter ended 30 September 2021

8. Segment Information (cont'd)

Current period ended 30.9.2021	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	45,479	2,945	17,712	-	-	66,136
Intersgment revenue	9,724	524	154	9,630	(20,032)	-
Interest income	111	26	61	42	-	239
Interest expense	178	15	34	88	-	314
Depreciation and amortisation	1,698	86	331	27	-	2,142
Tax expense	3,052	157	509	-	-	3,718
Reportable segment profit after taxation	9,615	250	1,651	3,170	(4,466)	10,220
Reportable segment assets	161,326	109,524	58,896	211,926	(166,853)	374,820
Expenditure for non-current assets	7,540	-	196	34	-	7,770
Reportable segment liabilities	66,020	28,329	18,621	48,136	(11,852)	149,253

A. Notes to the financial report for the first financial quarter ended 30 September 2021

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

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:

	30.9.2021	30.9.2020
	RM'000	RM'000
Malaysia	52,577	25,061
United States of America	5,669	2,847
Singapore	3,968	6,385
Others	3,922	4,810
	66,136	39,103

A. Notes to the financial report for the first financial quarter ended 30 September 2021

8. Segment Information (cont'd)

Information about major customer

For the financial period ended 30 September 2021, there was one major customer of the manufacturing segment that contributed 10% or more of the Group's total revenues (30.9.2020: 1).

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

On 5 November 2021, the Company has announced a private placement of up to 30,628,080 ordinary shares ("Placement Shares"), representing approximately 10% of the total number of issued shares of Kobay (excluding treasury shares) and the additional listing application to Bursa Securities has been approved on 10 November 2021. Further on 16 November 2021 and 25 November 2021, the issue price for the first tranche has been fixed at RM5.55 per Placement Share and comprise of 19,900,000 Placement Shares.

Other than the above, 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

On 5 August 2021, Kobay had announced the completion of Avelon Group's acquisition. Subsequent to that, Avelon Healthcare Sdn Bhd, Galaxis Healthcare Sdn Bhd, Avelon Arise Sdn Bhd, Galaxis Pharma Sdn Bhd and Arise Healthcare Sdn Bhd became 70%-owned subsidiaries of Kobay.

Other than the above, there were no other major changes in the composition of the Group during the period ended 30.9.2021.

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 RM84.0 million of which RM58.7million has been utilized as at 30.9.2021.

A. Notes to the financial report for the first financial quarter ended 30 September 2021

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 2021 were as follows: -

	30.9.2021	30.9.2020
	RM'000	RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	52,955	-
Development land	-	490
	52,955	490

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

	<u>CURRENT/CUMULATIVE PERIOD</u>		Var
	Current quarter ended 30.9.2021 RM'000	Preceding year corresponding quarter 30.9.2020 RM'000	
<u>Operating Segment</u>			%
Revenue:-			
Manufacturing	45,479	34,383	32.3%
Property Development	2,945	4,079	-27.8%
Other operating segments	17,712	641	2663.1%
Unallocated non-operating segments	-	-	0.0%
	66,136	39,103	69.1%
Profit before tax:-			
Manufacturing	12,667	7,682	64.9%
Property Development	407	527	-22.9%
Other operating segments	2,161	353	512.1%
Unallocated non-operating segments	3,170	953	232.7%
	18,404	9,515	
Consolidation adjustments and eliminations	(4,467)	(1,756)	
	13,938	7,759	79.6%

Statement of Profit & Loss and Other Comprehensive Income

The Group reported a revenue of RM66.14 million and profit before tax ("PBT") of RM13.94 million for current quarter, representing a growth of 69.1% and 79.6% compared to previous year corresponding quarter.

1.1 Segmental Analysis**Manufacturing**

The manufacturing division reported revenue of RM45.48 million and PBT of RM12.67 million for current quarter. Compared to preceding year's corresponding quarter, revenue and PBT increase by 32.3% and 64.9% respectively, mainly due to high-margin product mix from semiconductor, electrical and electronics ("E&E") industries.

B. Additional information required by the Listing Requirements of Bursa Securities**1. Review of performance (cont'd)****Property Development**

The property division reported an adverse performance compared to preceding year's corresponding quarter. Revenue and PBT dropped by 27.8% and 22.9% respectively due to delay in progress billing and low sales conversion.

Other segment

Revenue from other segment delivered a better results in current quarter compared to preceding year's corresponding quarter, mainly contributed by the newly acquired pharmaceutical and healthcare products business.

2. Comparison with preceding quarter's results

	Current Year quarter ended 30.6.2021 RM'000	Preceding quarter ended 30.6.2021 RM'000	Var %
<u>Operating Segment</u>			
Revenue:-			
Manufacturing	45,479	43,953	3.5%
Property Development	2,945	2,178	35.2%
Other operating segments	17,712	716	2373.4%
Unallocated non-operating segments	-	-	0.0%
	66,136	46,847	41.2%
Profit before tax:-			
Manufacturing	12,667	10,965	15.5%
Property Development	407	1,473	-72.4%
Other operating segments	2,161	1,061	103.7%
Unallocated non-operating segments	3,170	3,714	-14.6%
	18,404	17,213	
Consolidation adjustments and eliminations	(4,467)	(5,429)	
	13,938	11,784	18.3%

The Group's reported revenue of RM66.14 million and PBT of RM13.94 million, representing a slight increase of 41.2% and 18.3% respectively as compared to preceding quarter.

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

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

Manufacturing

The division delivered a positive growth of 3.5% in revenue and 15.5% in PBT in Q1 FY2022 as compared to Q4 FY2021, attributed from the higher demand from semiconductor and E&E industries.

Property Development

The division reported higher revenue as compared to Q4 2021. However, PBT declined by 72.4% mainly due to preceding quarter's results inclusive of other income arising from buyers' forfeiture deposits and contractors liquidated ascertained damages.

Other segment

Other operating segments reported better performance as compared to preceding quarter mainly due to the new business diversification into pharmaceutical and healthcare products during the quarter under review.

3. Commentary on the prospects of the Group

Manufacturing

As reported in the Economic Report 2022, the Malaysia's manufacturing sector is expected to expand by 4.7% in 2022, attributed to the steady performance of both export- and domestic-oriented industries. Ride on the strong global demand and tight supply for the semiconductor/E&E industries, the Group's manufacturing division shall continue to benefit from the growth in related industries and contribute positively to the Group's performance.

In addition, the Group had completed the acquisition of a new factory plant in October 2021, measuring approximately 15.13 acres to cater for its venturing into the manufacturing of aluminum frames for solar panels for the renewable energy-related businesses. This will expand the clientele exposure of manufacturing division and ultimately elevate the performance of the division.

Property Development

The management anticipates that the property market to recover gradually on the back of a more positive outlook following the acceleration in vaccination drive, the improvement in construction activities, the reactivation of Malaysia My Second Home programme and the lifting in interstate and overseas travel restrictions by end of 2021.

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

Other segment

For businesses other operating segments, the management anticipates that the demand for pharmaceutical and healthcare products will remain strong underpinned by the increase in awareness for health and wellness, boosted by the present status and condition of the COVID-19 pandemic.

Barring unforeseen circumstances, the management is of the view that the Group's performance are expected to be favourable for remaining quarters of FY2022.

4. Variance on forecast profit/profit guarantee

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

5. Profit for the period

<u>Group</u>	Current/Cumulative quarter 30.9.2021 RM'000
Profit for the period is arrived at after (crediting)/charging of : -	
Depreciation of property, plant and equipment	1,937
Depreciation of right-of-use assets	205
Interest expenses	314
Lease expenses	33
Amortisation of deferred income on government grants	(34)
Gain on disposal of property, plant & equipment	(37)
Fair value gain on financial instrument	(54)
Fair value gain on other investment	(376)
(Gain)/loss on foreign exchange	256
Interest income	(239)

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>CURRENT/CUMULATIVE QUARTER</u>	
	Current Year quarter ended 30.9.2021 RM'000	Preceding corresponding quarter 30.9.2020 RM'000
Current tax	(3,569)	(2,466)
Deferred tax	(149)	(6)
	<u>(3,718)</u>	<u>(2,472)</u>

7. Status of corporate proposals

Save for the private placement proposals as disclosed in Note 11 of Part A, there were no other corporate proposals announced as at the date of this interim report but pending completion.

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: -

	30.9.2021 RM'000
Not past due	43,248
Past due 1 to 30 days	4,913
Past due 31 to 120 days	4,755
Past due more than 120 days	1,379
	<u>54,294</u>

Trade receivables amounting to RM11.04 million that are past due and not impaired are creditworthy debtors.

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

9. Group borrowings and debts securities

	30.9.2021	30.9.2020
	RM'000	RM'000
Secured :-		
Term loans	29,483	28,976
Revolving credit	15,407	3,973
Bank Overdraft	10,071	-
Unsecured :-		
Revolving credit	5,008	3,329
Banker's Acceptance	404	-
	60,373	36,278
Disclosed as :-		
Current liabilities	35,149	11,091
Non-current liabilities	25,224	25,187
	60,373	36,278
Currency Profile :-		
Ringgit Malaysia	53,858	32,305
US Dollar	6,515	3,973
	60,373	36,278

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 2021 ranged from 2.5% to 5.47% per annum (30.9.2020: 2.65% to 5.47%).

10. Derivative Financial Instrument

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

	30.9.2021	30.9.2020
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	18	16
- Current liabilities	(20)	-
	(2)	16

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.

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

12. Material litigation

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

13. Dividend

The Board of Directors does not recommends any dividend for the financial quarter ended 30 September 2021 (30.9.2020 : Nil).

14. Earnings Per Share ("EPS")

	INDIVIDUAL		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2021 RM '000	Preceding Year Corresponding quarter 30/9/2020 RM '000	Current Year todate 30/9/2021 RM '000	Preceding Year Corresponding period 30/9/2020 RM '000
Profit attributable to ordinary equity holders of the Parent	9,720	5,230	9,720	5,230
Weighted average number of ordinary shares in issue ('000)	300,281	300,281	300,281	300,281
Basic earnings per share (sen)	3.24	1.74	3.24	1.74

The calculation of earnings per share for Q1 FY2021 has been adjusted retrospectively to reflect the bonus issue of 2 for every 1 existing ordinary share which was completed on 1 June 2021.

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