

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|--|---|--|---|---|
| | Current Year Quarter Ended 31/12/2021 RM '000 (Unaudited) | Preceding Year Corresponding Quarter 31/12/2020 RM '000 (Unaudited) | Current Year To Date 31/12/2021 RM '000 (Unaudited) | Preceding Year Corresponding Period 31/12/2020 RM '000 (Unaudited) |
| Revenue | 92,833 | 35,796 | 158,969 | 74,899 |
| Cost of sales | (59,837) | (23,999) | (103,036) | (49,517) |
| Gross profit | 32,996 | 11,797 | 55,933 | 25,382 |
| Operating expenses | (12,810) | (5,799) | (23,402) | (13,327) |
| Finance cost | (547) | (204) | (861) | (384) |
| Other income | 1,750 | 1,287 | 3,658 | 3,168 |
| Profit before tax | 21,390 | 7,081 | 35,328 | 14,839 |
| Tax expense | (6,236) | (1,096) | (9,954) | (3,568) |
| Profit for the period | 15,154 | 5,985 | 25,374 | 11,271 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 15,154 | 5,985 | 25,374 | 11,271 |
| Profit for the period attributable to :- | | | | |
| Owners of the parent | 14,519 | 5,953 | 24,239 | 11,184 |
| Non-controlling interest | 635 | 32 | 1,135 | 87 |
| | 15,154 | 5,985 | 25,374 | 11,271 |
| Total comprehensive income attributable to : | | | | |
| Owners of the parent | 14,519 | 5,953 | 24,239 | 11,184 |
| Non-controlling interest | 635 | 32 | 1,135 | 87 |
| | 15,154 | 5,985 | 25,374 | 11,271 |
| Basic earning per share (sen) | 4.80 | 1.98 | 8.02 | 3.72 |

(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 31 DECEMBER 2021

| | (Unaudited) As at current financial period 31/12/2021 RM '000 | (Audited) As at preceding financial period 30/6/2021 RM '000 |
|---|---|--|
| Assets | | |
| Non-Current Assets | | |
| Property, plant and equipment | 111,457 | 66,175 |
| Investment properties | 4,766 | 4,838 |
| Right-of-use assets | 14,306 | 12,773 |
| Land held for development | 43,617 | 43,598 |
| Intangible assets | 35,106 | 99 |
| Other investments | 2,433 | 2,301 |
| Loan receivables | 4,010 | 4,345 |
| Deferred tax assets | 519 | 516 |
| | 216,212 | 134,645 |
| Current Assets | | |
| Inventories (Properties) | 7,511 | 7,604 |
| Inventories | 36,758 | 16,199 |
| Property development costs | 40,246 | 25,754 |
| Trade and other receivables | 87,910 | 57,365 |
| Loan receivables | 917 | 761 |
| Derivatives | 142 | 19 |
| Tax assets | 1,260 | 1,666 |
| Cash & cash equivalents | 115,576 | 49,265 |
| | 290,320 | 158,633 |
| Total Assets | 506,533 | 293,278 |
| Equity | | |
| Share capital | 210,918 | 102,104 |
| Reserves | | |
| Capital reserve | 1,550 | 1,550 |
| Treasury shares | (9,523) | (9,523) |
| Retained profits | 139,601 | 115,288 |
| | 131,628 | 107,315 |
| Equity attributable to owners of the Company | 342,546 | 209,419 |
| Non-controlling interests | 10,089 | 606 |
| Total Equity | 352,635 | 210,025 |
| Non-Current Liabilities | | |
| Loans and borrowings | 21,893 | 24,964 |
| Deferred tax liabilities | 5,258 | 4,771 |
| Lease liabilities | 1,025 | - |
| Deferred income on government grant | 624 | 759 |
| | 28,800 | 30,494 |
| Current Liabilities | | |
| Trade and other payables | 84,502 | 35,349 |
| Derivatives | - | 97 |
| Loans and borrowings | 27,939 | 16,077 |
| Lease liabilities | 854 | - |
| Contract liabilities | 6,227 | 71 |
| Tax liabilities | 5,575 | 1,165 |
| | 125,098 | 52,759 |
| Total Liabilities | 153,898 | 83,253 |
| Total Equity and Liabilities | 506,533 | 293,278 |
| Net assets per ordinary share attributable to owners of the Parent (RM) | 1.07 | 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 SECOND QUARTER ENDED 31 DECEMBER 2021**

| Group | ← Atributable to owners of the Parent → | | | | Distributable | Sub-total | Non-controlling Interests | Total Equity |
|--|---|-----------------|-----------------|---------------------|----------------|----------------|---------------------------|----------------|
| | Share capital | Treasury shares | Capital reserve | Translation reserve | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 | - | - | - | - | 24,239 | 24,239 | 1,135 | 25,374 |
| Transactions with owners :- | | | | | | | | |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | (65) | (65) |
| Acquisition of subsidiaries | - | - | - | - | - | - | 5,350 | 5,350 |
| Changes in ownership interests in subsidiaries | - | - | - | - | 74 | 74 | 3,063 | 3,137 |
| Issuance of shares under private placement | 108,814 | - | - | - | - | 108,814 | - | 108,814 |
| Balance as at 31, December 2021 | 210,918 | (9,523) | 1,550 | - | 139,601 | 342,546 | 10,089 | 352,635 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

| Group | ← Atributable to owners of the Parent → | | | | Distributable | Sub-total | Non-controlling Interests | Total Equity |
|--|---|-----------------|-----------------|---------------------|----------------|----------------|---------------------------|----------------|
| | Share capital | Treasury shares | Capital reserve | Translation reserve | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| CURRENT PERIOD | | | | | | | | |
| As at 1 July, 2020 | 102,104 | - | 1,550 | - | 94,653 | 198,307 | 568 | 198,875 |
| Total comprehensive income | - | - | - | - | 11,184 | 11,184 | 87 | 11,271 |
| Transactions with owners :- | | | | | | | | |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | (62) | (62) |
| Balance as at 31, December 2020 | 102,104 | - | 1,550 | - | 105,837 | 209,491 | 593 | 210,083 |

(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 SECOND QUARTER ENDED 31 DECEMBER 2021**

| | (Unaudited) Period Ended 31/12/2021 RM '000 | (Unaudited) Period Ended 31/12/2020 RM '000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax : | 35,328 | 14,839 |
| Adjustments for: | | |
| - Non-cash items | 4,104 | 3,730 |
| - Non-operating items | 319 | (343) |
| Operating profit before changes in working capital | <u>39,751</u> | <u>18,226</u> |
| Changes in working capital: | | |
| - Net change in current assets | (76,844) | 21,097 |
| - Net change in current/long term liabilities | 51,627 | (1,984) |
| Net cash from operating activities | <u>14,534</u> | <u>37,339</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 606 | 491 |
| Proceeds from disposal of property, plant and equipment | 149 | 80 |
| Proceeds from disposal of shares to NCI | 124 | - |
| Additions to land held for property development | - | (108) |
| Acquisition of subsidiary | (19,466) | - |
| Purchase of other investments | - | (985) |
| Purchase of property, plant and equipment | (46,176) | (1,902) |
| Net cash used in investing activities | <u>(64,763)</u> | <u>(2,424)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to non-controlling interest | (65) | (62) |
| Net proceeds from private placement | 109,000 | - |
| Net proceeds from issuance of shares to NCI | 2,940 | - |
| Payment of lease liabilities | (258) | - |
| Increase in loans and borrowings | 8,791 | 8,123 |
| Interest paid | (861) | (384) |
| Net cash from financing activities | <u>119,547</u> | <u>7,677</u> |
| Net Change in Cash & Cash Equivalents | 69,319 | 42,592 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | <u>43,013</u> | <u>45,552</u> |
| CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD | <u>112,332</u> | <u>88,144</u> |
| CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD | | |
| Highly Liquid Investments | 65,261 | 45,488 |
| Deposits not pledged | 52 | 7,062 |
| Cash & bank balances | <u>47,019</u> | <u>35,594</u> |
| | <u>112,332</u> | <u>88,144</u> |

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 second financial quarter ended 31 December 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 second financial quarter ended 31 December 2021

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

As at 31 December 2021, the number of treasury shares held was 6,000,000 shares.

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter and financial year-to-date ended 31 December 2021 except that the Company issued 19,900,000 new ordinary shares at issue price of RM5.55 per placement share under the private placement on 26 November 2021.

7. Dividend Paid

There were no dividend paid for the quarter under review. (31.12.2020 : 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 second financial quarter ended 31 December 2021

8. Segment Information (cont'd)

| Current period ended 31.12.2021 | 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 | 111,157 | 8,545 | 39,268 | - | - | 158,969 |
| Intersegment revenue | 24,932 | 1,139 | 311 | 16,911 | (43,293) | - |
| Interest income | 209 | 59 | 132 | 206 | - | 606 |
| Interest expense | 349 | 70 | 64 | 378 | - | 861 |
| Depreciation and amortisation | 3,649 | 96 | 916 | 27 | - | 4,688 |
| Tax expense | 7,106 | 543 | 1,114 | 1,191 | - | 9,954 |
| Reportable segment profit after taxation | 24,498 | 1,021 | 3,861 | 4,071 | (8,076) | 25,374 |
| Reportable segment assets | 186,563 | 129,498 | 86,357 | 303,693 | (199,579) | 506,533 |
| Expenditure for non-current assets | 12,173 | - | 33,946 | 57 | - | 46,176 |
| Reportable segment liabilities | 78,978 | 41,154 | 43,619 | 30,890 | (40,743) | 153,898 |

A. Notes to the financial report for the second financial quarter ended 31 December 2021

8. Segment Information (cont'd)

| Current period ended 31.12.2020 | 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 | 64,317 | 9,338 | 1,244 | - | - | 74,899 |
| Intersegment revenue | 11,355 | 1,074 | 98 | 55,160 | (67,687) | - |
| Interest income | 191 | 45 | 122 | 133 | - | 491 |
| Interest expense | 350 | 22 | - | 12 | - | 384 |
| Depreciation and amortisation | 3,266 | 71 | 244 | 56 | - | 3,637 |
| Tax expense | 3,038 | 314 | 166 | 50 | - | 3,568 |
| Reportable segment profit after taxation | 10,906 | 892 | 547 | 26,329 | (27,403) | 11,271 |
| Reportable segment assets | 135,884 | 102,139 | 19,359 | 184,705 | (134,378) | 307,709 |
| Expenditure for non-current assets | 1,884 | 112 | - | 14 | - | 2,010 |
| Reportable segment liabilities | 55,428 | 37,465 | 1,827 | 13,611 | (10,706) | 97,625 |

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:

| | 31.12.2021 RM'000 | 31.12.2020 RM'000 |
|--------------------------|----------------------|----------------------|
| Malaysia | 120,505 | 52,455 |
| United States of America | 13,167 | 10,887 |
| Singapore | 12,100 | 5,693 |
| Hong Kong | 7,367 | 0 |
| Others | 5,830 | 5,864 |
| | 158,969 | 74,899 |

A. Notes to the financial report for the second financial quarter ended 31 December 2021

8. Segment Information (cont'd)

Information about major customer

For the financial period ended 31 December 2021, there was one major customer of the manufacturing segment that contributed 10% or more of the Group's total revenues (31.12.2020: 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

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 29 November 2021, Kobay had divested its 49% equity interest in Kual Technologies Sdn. Bhd. ("KUAL") to an individual, consisting of 490,000 ordinary shares for a cash consideration of RM123,400-00. Upon completion of the divestment, KUAL become a 51% owned subsidiary of Kobay.

Other than the above, there were no other major changes in the composition of the Group during the period ended 31 December 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 RM49.8million has been utilized as at 31 December 2021.

A. Notes to the financial report for the second financial quarter ended 31 December 2021

13. Material related party transaction

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms during the current quarter and period ended 31 December 2021.

14. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 31 December 2021 were as follows: -

| | 31.12.2021 | 31.12.2020 |
|---|-------------------|------------|
| | RM'000 | RM'000 |
| Contracted but not provided for :- | | |
| Property, Plant and Equipment | 40,070 | - |
| Development land | - | 490 |
| | 40,070 | 490 |

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

1. Review of performance

| | <u>CURRENT PERIOD</u> | | | <u>CUMULATIVE PERIOD</u> | | |
|--|-----------------------|--------------------------------------|-------------|--------------------------|-------------------------------------|-------------|
| | Current quarter ended | Preceding year corresponding quarter | Var | Current Year todate | Preceding year corresponding period | Var |
| | 31.12.2021 | 31.12.2020 | | 31.12.2021 | 31.12.2020 | |
| <u>Operating Segment</u> | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue:- | | | | | | |
| Manufacturing | 65,677 | 29,934 | 119% | 111,157 | 64,317 | 73% |
| Property Development | 5,599 | 5,259 | 6% | 8,545 | 9,338 | -8% |
| Other operating segments | 21,556 | 603 | 3475% | 39,268 | 1,244 | 3057% |
| Unallocated non-operating segments | - | - | 0% | - | - | 0% |
| | 92,833 | 35,796 | 159% | 158,969 | 74,899 | 112% |
| Profit before tax:- | | | | | | |
| Manufacturing | 18,937 | 6,262 | 202% | 31,604 | 13,944 | 127% |
| Property Development | 1,157 | 679 | 70% | 1,564 | 1,206 | 30% |
| Other operating segments | 2,814 | 360 | 682% | 4,975 | 713 | 598% |
| Unallocated non-operating segments | 2,092 | 25,426 | -92% | 5,262 | 26,379 | -80% |
| | 25,000 | 32,727 | | 43,404 | 42,242 | |
| Consolidation adjustments and eliminations | (3,610) | (25,646) | | (8,077) | (27,403) | |
| | 21,390 | 7,081 | 202% | 35,328 | 14,839 | 138% |

Statement of Profit & Loss and Other Comprehensive Income

The Group reported revenue and profit before tax ("PBT") of RM92.8 million and RM21.3 million respectively for current quarter, representing a growth of 159% and 202% compared to previous year corresponding quarter.

For year-to-date, the Group reported a growth in revenue of 112% and profit before tax of 138% compared to preceding year corresponding period.

1.1 Segmental Analysis

Manufacturing

The manufacturing division reported revenue of RM65.6 million and PBT of RM18.9 million for current quarter and revenue of RM111.1 million and PBT of 31.6 million for current year to-date. The division delivered a strong performance compared to its Q2 preceding year's corresponding quarter/period, mainly due to high demand 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 a slight improvement in its bottom line for both Q2 and YTD FY2022 compared to preceding year's corresponding quarter/period due to increase in progress billing for current ongoing project.

Other segment

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

2. Comparison with preceding quarter's results

| | Current Year quarter ended 31.12.2021 RM'000 | Preceding quarter ended 30.9.2021 RM'000 | Var % |
|--|---|---|--------------|
| <u>Operating Segment</u> | | | |
| Revenue:- | | | |
| Manufacturing | 65,677 | 45,479 | 44.4% |
| Property Development | 5,599 | 2,945 | 90.1% |
| Other operating segments | 21,556 | 17,712 | 21.7% |
| Unallocated non-operating segments | - | - | 0.0% |
| | 92,833 | 66,136 | 40.4% |
| Profit before tax:- | | | |
| Manufacturing | 18,937 | 12,667 | 49.5% |
| Property Development | 1,157 | 407 | 184.6% |
| Other operating segments | 2,814 | 2,161 | 30.2% |
| Unallocated non-operating segments | 2,092 | 3,170 | -34.0% |
| | 25,000 | 18,404 | |
| Consolidation adjustments and eliminations | (3,610) | (4,467) | |
| | 21,390 | 13,937 | 53.5% |

The Group's reported revenue of RM92.8 million and PBT of RM21.3 million, representing an increase of 40.4% and 53.5% 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 continued to deliver a positive growth of 44.4% in revenue and 49.5% in PBT in Q2 FY2022 as compared to Q1 FY2022, attributed from the growing customers' demand from semiconductor, electrical and electronics ("E&E") industries.

Property Development

The division reported better performance as compared to Q1 2022 contributed from progress billings to buyers during the quarter.

Other segment

Other operating segments reported better performance in Q2 FY2022 as compared to preceding quarter mainly due to the Q1 FY2022 only captured 2 months post-acquisition profit of pharmaceuticals and healthcare business, effective August 21.

3. Commentary on the prospects of the Group

Manufacturing

The management anticipates that the manufacturing division will continue to grow at a strong pace riding on the current semiconductor shortage coupled with increasing demand for semiconductor chips in a post COVID-19 environment.

In addition, the division are in the midst of setting up a new factory plant to cater for its' venturing into the manufacturing of aluminum frames for solar panels for renewable energy-related businesses, further expand the clientele exposure and ultimately elevate the performance of the division. The new plant is expecting to kick off for operation by beginning of Q4 2022.

Property Development

The management anticipates that the property market the property market will recover gradually on the back of a more positive outlook following the improvement in construction activities, resumption of more economic activities, successful vaccination rollout, supportive policy measures and reopening of foreign borders to attract foreign buyers in near term.

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

Other segment

For other operating business 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.

In overall, the management shall continue to explore and expand our product mix into high-value strategic markets and improving the overall cost structure. 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

| | Current quarter 31.12.2021 RM'000 | Cumulative period 31.12.2021 RM'000 |
|--|--|--|
| <u>Group</u> | | |
| Profit for the period is arrived at after (crediting)/charging of :- | | |
| Depreciation of property, plant and equipment | 2,133 | 4,070 |
| Depreciation of right-of-use assets | 413 | 618 |
| Interest expenses | 547 | 861 |
| Lease expenses | 31 | 64 |
| Amortisation of deferred income on government grants | (102) | (135) |
| Gain on disposal of property, plant & equipment | (62) | (99) |
| Fair value gain on financial instrument | (40) | (94) |
| Fair value gain on other investment | - | (376) |
| (Gain)/loss on foreign exchange | (61) | 195 |
| Interest income | (367) | (606) |

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</u> | | <u>CUMULATIVE PERIOD</u> | |
|--------------|---|--|---|--|
| | Current Year quarter ended 31.12.2021 RM'000 | Preceding year corresponding quarter 31.12.2020 RM'000 | Current Year to date 31.12.2021 RM'000 | Preceding corresponding year 31.12.2020 RM'000 |
| Current tax | (5,898) | (1,113) | (9,467) | (3,579) |
| Deferred tax | (338) | 17 | (487) | 11 |
| | (6,236) | (1,096) | (9,954) | (3,568) |

7. Status of corporate proposals

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.

On 26 November 2021, the First Tranche of the Private Placement comprising 19,900,000 Placement Shares has been completed following the listing and quotation of 19,900,000 Placement Shares on the Main Market of Bursa Securities. The net proceeds derived from the Private Placement was RM109 million after deducting transactions costs pursuant to the Private Placement.

Save for the above, there were no other 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. Status of Utilisation of Proceeds Raised from the Private Placement

The status of utilization of proceeds raised from the Private Placement during the financial period ended 31 December 21 is as follow:-

| | Purpose | Total Proposed Utilisation (RM'000) | Proceeds from 1st Tranche (RM'000) | Actual Utilisation (1st Tranche) (RM'000) | Balance Unutilised (1st Tranche) (RM'000) | Estimated timeframe for utilisation |
|---|---|-------------------------------------|------------------------------------|---|---|-------------------------------------|
| 1 | Setting up new aluminium manufacturing plant for the Group's manufacturing division | 60,000 | 58,550 | - | 58,550 | Within 2 years |
| 2 | Partial repayment of bank borrowings | 50,000 | 50,000 | (43,500) | 6,500 | Within 6 months |
| 3 | Working capital for the Group's manufacturing division | 39,690 | - | - | - | Within 2 years |
| 4 | Estimated expenses in relation to the Proposed Private Placement | 450 | 450 | (450) | - | |
| | Total | 150,140 | 109,000 | (43,950) | 65,050 | |

9. 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: -

| | 31.12.2021 |
|-----------------------------|----------------------|
| | RM'000 |
| Not past due | 62,967 |
| Past due 1 to 30 days | 5,656 |
| Past due 31 to 120 days | 3,681 |
| Past due more than 120 days | 533 |
| | <u>72,837</u> |

Trade receivables amounting to RM9.87 million that are past due and not impaired are creditworthy debtors.

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

10. Group borrowings and debts securities

| | 31.12.2021 | 31.12.2020 |
|----------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Secured :- | | |
| Term loans | 31,636 | 28,629 |
| Revolving credit | 13,196 | 21,750 |
| Unsecured :- | | |
| Revolving credit | 5,000 | - |
| Banker's Acceptance | - | - |
| | <u>49,832</u> | <u>50,379</u> |
| Disclosed as :- | | |
| Current liabilities | 27,939 | 25,070 |
| Non-current liabilities | 21,893 | 25,309 |
| | <u>49,832</u> | <u>50,379</u> |
| Currency Profile :- | | |
| Ringgit Malaysia | 45,837 | 46,536 |
| US Dollar | 3,995 | 3,843 |
| | <u>49,832</u> | <u>50,379</u> |

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 31 December 2021 ranged from 2.5% to 5.42% per annum (31.12.2020: 2.5% to 5.42%).

11. Derivative Financial Instrument

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

| | 31.12.2021 | 31.12.2020 |
|--|------------|------------|
| | RM'000 | RM'000 |
| Forward exchange contracts - at fair value | | |
| - Current assets | 142 | 198 |

12. 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.

13. Material litigation

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

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

14. Dividend

The Board of Directors does not recommends any dividend for the financial quarter ended 31 December 2021 (31.12.2020: Nil).

15. Earnings Per Share ("EPS")

| | INDIVIDUAL | | CUMULATIVE PERIOD | |
|---|--|---|---|--|
| | Current Year quarter ended 31/12/2021 RM '000 | Preceding Year Corresponding quarter 31/12/2020 RM '000 | Current Year todate 31/12/2021 RM '000 | Preceding Year Corresponding period 31/12/2020 RM '000 |
| Profit attributable to ordinary equity holders of the Parent | 14,519 | 5,953 | 24,239 | 11,184 |
| Weighted average number of ordinary shares in issue ('000) | 302,244 | 300,281 | 302,244 | 300,281 |
| Basic earnings per share (sen) | 4.80 | 1.98 | 8.02 | 3.72 |

The calculation of earnings per share for Q2 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.