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**A. Notes to the financial report for the first financial quarter ended 30 September 2022**

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**1. Basis of preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards 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 2022 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 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022 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 2022 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.

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**A. Notes to the financial report for the first financial quarter ended 30 September 2022**

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

There were no issuance, repurchase and repayment of debts and equity securities during the current quarter and financial year-to-date ended 30 September 2022.

**7. Dividend Paid**

There were no dividend paid for the quarter under review. (30.9.2021 : 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.
- Pharmaceutical & Healthcare - Wholesale and retail sale of pharmaceutical and all kinds of healthcare products
- Other operating segments – Include property letting, hostel operation and money lending.

**A. Notes to the financial report for the first financial quarter ended 30 September 2022**

**8. Segment Information (cont'd)**

| Period ended<br>30.9.2022                | Manufacturing | Property<br>Development | Pharmaceutical | Other<br>Operating<br>Segments | Unallocated<br>Non-Operating<br>Segments | Eliminations | Total   |
|--|---------------|-------------------------|----------------|--------------------------------|--|--------------|---------|
|  | RM'000        | RM'000                  | RM'000         | RM'000                         | RM'000                                   | RM'000       | RM'000  |
| Revenue from external customer           | 57,569        | 9,889                   | 21,383         | 600                            | -  | -            | 89,441  |
| Intersegment revenue                     | 11,041        | 531                     | 4,413          | 1,207                          | 25,961                                   | (43,153)     | -       |
| Interest income                          | 165           | 19                      | 2              | 93                             | 127                                      |              | 406     |
| Interest expense                         | 220           | 103                     | 3              | 208                            | -  | -            | 533     |
| Depreciation and amortisation            | 2,432         | 3                       | 344            | 522                            | 61                                       | -            | 3,362   |
| Tax expense                              | 2,779         | 871                     | 691            | 224                            | (62)                                     | -            | 4,503   |
| Reportable segment profit after taxation | 6,316         | 2,017                   | 2,163          | 481                            | 11,234                                   | (11,954)     | 10,258  |
| Reportable segment assets                | 249,057       | 158,901                 | 40,206         | 77,721                         | 304,833                                  | (247,327)    | 583,391 |
| Expenditure for non-current assets       | 6,175         | 2                       | 332            | 1,170                          | -  | -            | 7,679   |
| Reportable segment liabilities           | 93,621        | 69,465                  | 15,071         | 29,879                         | 20,254                                   | (32,925)     | 195,365 |

**A. Notes to the financial report for the first financial quarter ended 30 September 2022**

**8. Segment Information (cont'd)**

| Period ended<br>30.9.2021                | Manufacturing | Property<br>Development | Pharmaceutical | Other<br>Operating<br>Segments | Unallocated<br>Non-Operating<br>Segments | Eliminations | Total   |
|--|---------------|-------------------------|----------------|--------------------------------|--|--------------|---------|
|  | RM'000        | RM'000                  | RM'000         | RM'000                         | RM'000                                   | RM'000       | RM'000  |
| Revenue from external customer           | 45,479        | 2,945                   | 17,185         | 527                            | -  | -            | 66,136  |
| Intersegment 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                     | 434            | 75                             | -  | -            | 3,718   |
| Reportable segment profit after taxation | 9,615         | 250                     | 1,483          | 168                            | 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 |

**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:

|                          | <b>30.9.2022</b> | 30.9.2021 |
|--------------------------|------------------|-----------|
|                          | <b>RM'000</b>    | RM'000    |
| Malaysia                 | <b>67,694</b>    | 52,577    |
| Singapore                | <b>10,701</b>    | 3,968     |
| United States of America | <b>5,210</b>     | 5,669     |
| Others                   | <b>5,836</b>     | 3,922     |
|                          | <b>89,441</b>    | 66,136    |

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**A. Notes to the financial report for the first financial quarter ended 30 September 2022**

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**8. Segment Information (cont'd)**

**Information about major customer**

For the financial period ended 30 September 2022, there was one major customer of the manufacturing segment that contributed 10% or more of the Group's total revenues (30.9.2021: 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**

There were no other major changes in the composition of the Group during the period ended 30 September 2022.

**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 RM87 million of which RM62 million has been utilized as at 30 September 2022.

**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 ended 30 September 2022.

**14. Capital Commitments**

Authorised capital commitments not recognised in the interim financial statement as at 30 September 2022 were as follows: -

|   | <b>30.9.2022</b> | 30.9.2021 |
|---|------------------|-----------|
|   | <b>RM'000</b>    | RM'000    |
| <b>Contracted but not provided for :-</b> |                  |           |
| Property, Plant and Equipment             | <b>3,530</b>     | 52,955    |
| Development land                          | <b>10,030</b>    | -         |
|   | <b>13,560</b>    | 52,955    |

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

**1. Review of performance**

|  | <u>CURRENT/CUMULATIVE PERIOD</u>             |   | Var        |
|--|--|---|------------|
|  | Current quarter ended<br>30.9.2022<br>RM'000 | Preceding year corresponding quarter<br>30.9.2021<br>RM'000 |            |
| <b><u>Operating Segment</u></b>            |  |   | %          |
| <b>Revenue:-</b>                           |  |   |            |
| Manufacturing                              | 57,569                                       | 45,479  | 27%        |
| Property Development                       | 9,889  | 2,945   | 236%       |
| Pharmaceutical                             | 21,383                                       | 17,185  | 24%        |
| Other operating segments                   | 600  | 527   | 14%        |
| Unallocated non-operating segments         | -  | -   | -          |
|  | <b>89,441</b>                                | <b>66,136</b>   | <b>35%</b> |
| <b>Profit before tax:-</b>                 |  |   |            |
| Manufacturing                              | 9,095  | 12,667  | -28%       |
| Property Development                       | 2,888  | 407   | 610%       |
| Pharmaceutical                             | 2,854  | 1,917   | 49%        |
| Other operating segments                   | 706  | 244   | 189%       |
| Unallocated non-operating segments         | 11,172                                       | 3,170   | 252%       |
|  | <b>26,716</b>                                | <b>18,405</b>   |            |
| Consolidation adjustments and eliminations | (11,955)                                     | (4,467)   |            |
|  | <b>14,761</b>                                | <b>13,938</b>   | <b>6%</b>  |

**Statement of Profit & Loss and Other Comprehensive Income**

The Group reported revenue and profit before tax ("PBT") of RM89.4 million and RM14.7 million respectively for current quarter. Compared to previous year's corresponding quarter, revenue increase by 35% while profit before tax at only 6% due to higher pre-operation cost on new businesses incurred by manufacturing division.

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

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**1. Review of performance (cont'd)**

**1.1 Segmental Analysis**

**Manufacturing**

The manufacturing division continued to deliver higher performance compared to preceding year's corresponding period, driven by the demand from semiconductor, electrical and electronics ("E&E") industries. Revenue reported at RM57.6 million, an increase of 27% YoY, nevertheless PBT dropped by 28% YoY mainly due to pre-operation cost incurred in certain manufacturing companies.

**Property Development**

The property division's performance rose almost 3-fold, largely arising from construction progress for current ongoing project.

**Pharmaceutical & Healthcare**

The pharmaceutical and healthcare products division reported better performance for current quarter mainly due to preceding year's corresponding period captured only 2 months performance upon completion of acquisition in August 21. Nonetheless, the division shown an improved PBT margin of 13% vs 11% reported in Q1 FY22.

**Other segment**

Other operating segment which mainly involved in property letting businesses, reported a better PBT YoY due to additional rental income generated.

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

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

| <u>Operating Segment</u>                   | <b>Current Year<br/>quarter ended<br/>30.9.2022<br/>RM'000</b> | <b>Preceding<br/>quarter ended<br/>30.6.2022<br/>RM'000</b> | <b>Var<br/>%</b> |
|--|--|---|------------------|
| <b>Revenue:-</b>                           |  |   |                  |
| Manufacturing                              | <b>57,569</b>  | 63,774  | -9.7%            |
| Property Development                       | <b>9,889</b>   | 9,933   | -0.4%            |
| Pharmaceutical                             | <b>21,383</b>  | 21,023  | 1.7%             |
| Other operating segments                   | <b>600</b>   | 502   | 19.5%            |
| Unallocated non-operating segments         | -  | -   | 0.0%             |
|  | <b>89,441</b>  | <b>95,232</b>   | <b>-6.1%</b>     |
| <b>Profit before tax:-</b>                 |  |   |                  |
| Manufacturing                              | <b>9,095</b>   | 10,782  | -15.6%           |
| Property Development                       | <b>2,888</b>   | 4,786   | -39.7%           |
| Pharmaceutical                             | <b>2,854</b>   | 3,145   | -9.2%            |
| Other operating segments                   | <b>706</b>   | 462   | 52.8%            |
| Unallocated non-operating segments         | <b>11,172</b>  | 1,646   | 578.8%           |
|  | <b>26,716</b>  | <b>20,821</b>   |                  |
| Consolidation adjustments and eliminations | <b>(11,955)</b>  | (5,131)   |                  |
|  | <b>14,761</b>  | <b>15,690</b>   | <b>-5.9%</b>     |

The Group's reported revenue of RM89.4 million and PBT of RM14.7 million, representing a dropped of 6.1% in revenue and 5.9 % in PBT as compared to Q4 FY2022.

**Manufacturing**

The division reported adverse results in Q1 FY2023 as compared to Q4 FY2022 mainly due to the underperformed oil & gas business segments, softened new orders and high set up cost for new manufacturing plant which yet to generate revenue.

**Property Development**

The property division reported a decrease in performance due to low sales conversion for current quarter.



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

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

**Pharmaceutical & Healthcare**

The division reported a dropped in PBT margin from 15% in Q4 FY2022 to 13.3% mainly due increase in operating cost.

**Other segment**

Other operating segments shown a better performance in Q4 FY2022 as the newly acquired factory has commenced its rental collection in current quarter.

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

**Manufacturing**

The management anticipates that the manufacturing division growth momentum will be slower compared to FY2022 in view of weaker global growth.

While maintaining the existing demand from customers in E&E industry, the division shall further expand the clientele exposure into renewable energy-related businesses, rationalizing our manufacturing footprint, and improving our overall cost structure.

**Property Development**

The management anticipates that the division's performance shall deliver positive performance in FY2023 on the back of the completion of our maiden Langkawi Projects by end of Year 2022.

In view of the escalating cost of building materials and increase in borrowing costs, the management will take measures to closely monitor its risk management regimes and to pace out new launches according to market demands.

**Pharmaceutical & Healthcare**

The division shall continue to work on widening its product range, along with cost control efforts to improve its profitability and market competitiveness.

The management anticipates that the demand for pharmaceutical and healthcare products will remain strong underpinned by the increase in awareness for health and wellness and the swing from treatment to prevention mindset in the overall community.

Barring unforeseen circumstances, the management is of the view that FY2023 will be a challenging year in view of operational cost pressures and weaker macroeconomic conditions across the world. The management will continue to adopt prudent approach in its business operations and diversifying our clientele base to incorporate various industries and businesses to mitigate and spread our risk in facing this economic challenges.

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

**4. Variance on forecast profit/profit guarantee**

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

**5. Profit for the period**

| Group  | Current/Cumulative quarter<br>30.9.2022<br>RM'000 |
|--|---|
| Profit for the period is arrived at after (crediting)/charging of :- |   |
| Depreciation of property, plant and equipment                        | 2,531   |
| Depreciation of right-of-use assets                                  | 805   |
| Amortisation of intangible assets                                    | 26  |
| Interest expenses  | 533   |
| Lease expenses   | 24  |
| Loss on foreign exchange   | 488   |
| Amortisation of deferred income on government grants                 | (34)  |
| Gain on disposal of property, plant & equipment                      | (81)  |
| Interest income  | (406)   |

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>CURRENT/CUMULATIVE QUARTER</u>                    |  |
|--------------|--|--|
|              | Current Year<br>quarter ended<br>30.9.2022<br>RM'000 | Preceding<br>corresponding<br>quarter<br>30.9.2021<br>RM'000 |
| Current tax  | (4,633)  | (3,569)  |
| Deferred tax | 130  | (149)  |
|              | <u>(4,503)</u>                                       | <u>(3,718)</u>   |

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

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

**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. 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 RM110 million after deducting transactions costs pursuant to the Private Placement.

On 29 April 2022, the Company has obtained the approval from Bursa Securities for an extension of time to complete the implementation of the Private Placement and the said extension was lapsed on 9 November 2022.

On 1 July 2022, the Company has announced that its wholly owned subsidiary, Kobay Project Venture Sdn Bhd has entered into a sale & Purchase Agreement on 30 June 2022 to purchase two pieces of development lands from two individuals for a consideration sum of Ringgit Malaysia Eleven Million and Eight Hundred Thousand (RM11,800,000.00). The SPA is pending completion as at the date of this report.

Save for the above, there were no other corporate proposals announced as at the date of this interim report but pending completion.

**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 30 September 22 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                              | 59,995                             | -32,994                                   | 27,001                                    | Within 2 years                      |
| 2 | Partial repayment of bank borrowings  | 50,000                              | 50,000                             | -50,000                                   | 0   | Within 6 months                     |
| 3 | Working capital for the Group's manufacturing division                              | 39,690                              | 0                                  | 0   | 0   | Lapsed                              |
| 4 | Estimated expenses in relation to the Proposed Private Placement                    | 450                                 | 450                                | -450                                      | 0   |                                     |
|   | Total   | 150,140                             | 110,445                            | -83,444                                   | 27,001                                    |                                     |

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

**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: -

|                             | <b>30.09.2022</b>    |
|-----------------------------|----------------------|
|                             | <b>RM'000</b>        |
| Not past due                | <b>54,391</b>        |
| Past due 1 to 30 days       | <b>7,423</b>         |
| Past due 31 to 120 days     | <b>11,428</b>        |
| Past due more than 120 days | <b>1,976</b>         |
|                             | <b><u>75,218</u></b> |

Trade receivables amounting to RM20.83 million that are past due and not impaired are creditworthy debtors.

**10. Group borrowings and debts securities**

|                            | <b>30.9.2022</b>     | 30.9.2021     |
|----------------------------|----------------------|---------------|
|                            | <b>RM'000</b>        | RM'000        |
| <b>Secured :-</b>          |                      |               |
| Term loans                 | <b>43,759</b>        | 29,483        |
| Revolving credit           | <b>25,118</b>        | 15,407        |
| Bank overdraft             | -                    | 10,071        |
| <b>Unsecured :-</b>        |                      |               |
| Revolving credit           | <b>5,272</b>         | 5,008         |
| Banker's Acceptance        | -                    | 404           |
|                            | <b><u>74,149</u></b> | <u>60,373</u> |
| <b>Disclosed as :-</b>     |                      |               |
| Current liabilities        | <b>36,130</b>        | 35,149        |
| Non-current liabilities    | <b>30,019</b>        | 25,224        |
|                            | <b><u>74,149</u></b> | <u>60,373</u> |
| <b>Currency Profile :-</b> |                      |               |
| Ringgit Malaysia           | <b>66,959</b>        | 53,858        |
| US Dollar                  | <b>7,190</b>         | 6,515         |
|                            | <b><u>74,149</u></b> | <u>60,373</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 30 September 2022 ranged from 3.05% to 5.92% per annum (30.9.2021: 2.5% to 5.47%).

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

**11. Derivative Financial Instrument**

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

|  | <b>30.9.2022</b> | 30.9.2021 |
|--|------------------|-----------|
|  | <b>RM'000</b>    | RM'000    |
| Forward exchange contracts - at fair value |                  |           |
| - Current assets                           | <b>3</b>         | 18        |
| - Current liabilities                      | <b>(1,006)</b>   | (20)      |

**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.

**14. Dividend**

The Board of Directors does not recommends any dividend for the financial quarter ended 30 September 2022 (30.9.2021 : Nil).

**15. Earnings Per Share ("EPS")**

|  | INDIVIDUAL   |  | CUMULATIVE PERIOD                                     |   |
|--|--|--|---|---|
|  | Current Year<br>quarter ended<br><b>30/9/2022</b><br>RM '000 | Preceding Year<br>Corresponding<br>quarter<br>30/9/2021<br>RM '000 | Current Year<br>todate<br><b>30/9/2022</b><br>RM '000 | Preceding Year<br>Corresponding<br>period<br>30/9/2021<br>RM '000 |
| Profit attributable to ordinary equity holders of the Parent | <b>10,515</b>  | 9,720  | <b>10,515</b>   | 9,720   |
| Weighted average number of ordinary shares in issue ('000)   | <b>317,128</b>   | 300,281  | <b>317,128</b>  | 300,281   |
| Basic earnings per share (sen)                               | <b>3.32</b>  | 3.24   | <b>3.32</b>   | 3.24  |

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