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**A. Notes to the financial report for the third financial quarter ended 31 March 2023**

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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 third financial quarter ended 31 March 2023**

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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 31 March 2023.

**7. Dividend Paid**

A first and final single tier exempt dividend of 3.0 sen per ordinary share in respect of financial year ended 30.6.22 was paid on 20 January 2023. (31.3.2022 : 2.0 sen)

**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 third financial quarter ended 31 March 2023**

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

Period ended 31.3.2023	Manufacturing	Property Development	Pharmaceutical	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	153,634	31,113	58,916	1,555	-	-	245,218
Intersegment revenue	26,632	1,633	11,408	3,881	79,214	(122,768)	-
Interest income	550	60	21	298	242		1,172
Interest expense	828	347	66	695	363	-	2,299
Depreciation and amortisation	7,003	59	1,591	971	181	-	9,804
Tax expense	6,042	2,346	1,903	590	(372)	-	10,509
Reportable segment profit after taxation	15,335	7,155	6,045	1,793	35,961	(39,468)	26,821
Reportable segment assets	234,443	183,078	36,247	81,877	336,033	(305,142)	566,537
Expenditure for non-current assets	15,738	11,973	380	1,170	198	-	29,459
Reportable segment liabilities	93,791	88,968	9,581	32,762	36,307	(89,066)	172,342

**A. Notes to the financial report for the third financial quarter ended 31 March 2023**

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

Period ended 31.3.2022	Manufacturing	Property Development	Pharmaceutical	Other Operating Segments	Unallocated Non-Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	178,121	14,187	65,200	1,528	-	-	259,036
Intersegment revenue	41,664	1,737	13,099	513	25,081	(82,094)	-
Interest income	303	75	16	184	371	-	949
Interest expense	545	156	55	36	359	-	1,151
Depreciation and amortisation	5,687	137	934	1,223	83	-	8,065
Tax expense	11,146	790	1,774	228	1,210	-	15,148
Reportable segment profit after taxation	39,963	1,984	5,639	(539)	7,287	(13,243)	41,091
Reportable segment assets	248,379	123,862	35,180	62,832	296,177	(241,743)	524,688
Expenditure for non-current assets	20,414	490	889	34,611	223	-	56,627
Reportable segment liabilities	123,178	40,328	13,440	42,575	26,641	(82,790)	163,373

**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>31.3.2023</b>	31.3.2022
	<b>RM'000</b>	RM'000
Malaysia	<b>195,185</b>	197,068
Singapore	<b>22,111</b>	20,551
United States of America	<b>15,945</b>	18,605
Others	<b>11,977</b>	22,812
	<b>245,218</b>	259,036

**Information about major customer**

There was no customer who contributed more than 10% of the Group's total revenues for the period under review (31.3.2022: 1).

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**A. Notes to the financial report for the third financial quarter ended 31 March 2023**

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**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 6 January 2023, Kobay has entered into a Share Sales Agreement with an individual to dispose off its 51% equity interest comprising 51 ordinary shares in Gen Plus Technologies Sdn. Bhd. ("Gen Plus") for a total cash consideration of RM5,000/=. The SSA was completed on 9 January 2023 and Gen Plus ceased to be subsidiary of Kobay.

Other than the above, there were no other major changes in the composition of the Group during the period ended 31 March 2023.

**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 RM90 million of which RM59 million has been utilized as at 31 March 2023.

**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 31 March 2023.

**14. Capital Commitments**

Authorised capital commitments not recognised in the interim financial statement as at 31 March 2023 were as follows: -

	<b>31.3.2023</b>	31.3.2022
	<b>RM'000</b>	RM'000
<b>Contracted but not provided for :-</b>		
Property, Plant and Equipment	<u>658</u>	<u>68,501</u>

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

**1. Review of performance**

<u>Operating Segment</u>	<u>CURRENT PERIOD</u>			<u>CUMULATIVE PERIOD</u>		
	<u>Current suarter ended</u>	<u>Preceding year corresponding quarter</u>	<u>Var</u>	<u>Current Year todate</u>	<u>Preceding year</u>	<u>Var</u>
	<u>31.3.2023</u>	<u>31.3.2022</u>		<u>31.3.2023</u>	<u>31.3.2022</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
<b>Revenue:-</b>						
Manufacturing	44,235	66,964	-34%	153,634	178,121	-14%
Property Development	10,815	5,643	92%	31,113	14,187	119%
Pharmaceutical	18,088	26,959	-33%	58,916	65,200	-10%
Other operating segments	492	502	-2%	1,555	1,528	2%
Unallocated non-operating segments	-	-	-	-	-	-
	<b>73,630</b>	<b>100,067</b>	<b>-26%</b>	<b>245,218</b>	<b>259,036</b>	<b>-5%</b>
<b>Profit before tax:-</b>						
Manufacturing	5,379	19,505	-72%	21,377	51,109	-58%
Property Development	3,574	1,211	195%	9,500	2,775	242%
Pharmaceutical	2,404	2,910	-17%	7,948	7,413	7%
Other operating segments	1,045	(783)	234%	2,383	(311)	866%
Unallocated non-operating segments	15,322	3,235	374%	35,589	8,497	319%
	<b>27,723</b>	<b>26,078</b>		<b>76,798</b>	<b>69,483</b>	
Consolidation adjustments and eliminations	(17,126)	(5,167)		(39,468)	(13,244)	
	<b>10,597</b>	<b>20,911</b>	<b>-49%</b>	<b>37,330</b>	<b>56,240</b>	<b>-34%</b>

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

The Group reported lower revenue and profit before tax ("PBT") of RM73.6 million and RM10.5 million respectively for current quarter, a decline of 26% and 49% respectively compared to preceding year's corresponding quarter.

For current YTD, the Group reported a decline in revenue of 5% while PBT decreased by 34% as compared to preceding year's corresponding period.

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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 reported unfavorable results, revenue decline by 34% quarter-over-quarter (QoQ) and 14% year-over-year (YoY) while PBT decline by 72% QoQ and 58% YoY. The decrease was primarily driven by lower profit margin sales mix, weaker market demand, and high cost of setting up a new manufacturing plant.

**Property Development**

The property division achieved higher revenue and PBT mainly attributed to site progress of ongoing project at Langkawi.

**Pharmaceutical & Healthcare**

The pharmaceutical and healthcare products division reported a decline in revenue, with 33% decreased QoQ and 10% decreased YoY.

PBT decreased 17% QoQ due to weaker market demand and rising inflationary costs. YoY, the division shown improved PBT mainly due to preceding year's corresponding period captured only 8 months performance upon completion of acquisition in August 21.

**Other segment**

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

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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**

<b><u>Operating Segment</u></b>	<b>Current Year quarter ended 31.3.2023 RM'000</b>	<b>Preceding quarter ended 31.12.2022 RM'000</b>	<b>Var %</b>
<b>Revenue:-</b>			
Manufacturing	<b>44,235</b>	51,830	-14.7%
Property Development	<b>10,815</b>	10,409	3.9%
Pharmaceutical	<b>18,088</b>	19,445	-7.0%
Other operating segments	<b>492</b>	463	6.1%
Unallocated non-operating segments	-	-	-
	<b>73,630</b>	<b>82,147</b>	<b>-10.4%</b>
<b>Profit before tax:-</b>			
Manufacturing	<b>5,379</b>	6,903	-22.1%
Property Development	<b>3,574</b>	3,039	17.6%
Pharmaceutical	<b>2,404</b>	2,690	-10.6%
Other operating segments	<b>1,045</b>	632	65.5%
Unallocated non-operating segments	<b>15,322</b>	9,095	68.5%
	<b>27,723</b>	<b>22,359</b>	
Consolidation adjustments and eliminations	<b>(17,126)</b>	<b>(10,387)</b>	
	<b>10,597</b>	<b>11,973</b>	<b>-11.5%</b>

The Group's reported revenue of RM73.6 million and PBT of RM10.5 million, representing a decline in revenue by 10.4% and PBT of 11.5% as compared to preceding quarter.

**Manufacturing**

The division reported unfavorable results for current quarter as compared to Q2 FY2023 mainly due to persistent weak demand in the semiconductor industry and high set up cost for new manufacturing plant.

**Property Development**

The improved performance of the property division has been attributed to the site progress of the ongoing project in Langkawi.



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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**

During Q3 FY2023, the division reported a decline in both revenue and PBT, with a respective decrease of 7.0% and 10.6% compared to the preceding quarter. This decline was primarily attributed to impact of inflation on market demand and the rise in costs of essential raw materials.

**Other segment**

Other operating segments are mainly involved in property letting businesses where performance was mainly relates to rental income generated and related administration costs.

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

**Manufacturing**

The management expects the manufacturing division to face challenges in remaining quarter of FY2023, in light of the current economic climate. Apart from maintaining existing demand from customers in the E&E industry, the division plans to broaden its clientele exposure to include renewable energy-related businesses, optimize its manufacturing footprint, and enhance its overall cost structure.

**Property Development**

The management is optimistic about the division's performance on the back of the completion of our maiden Langkawi Projects by FY2023.

However, considering the current situation of increasing building material costs and rising interest rates, the management will implement measures to closely monitor the risk management procedures and strategically pace out new launches based on market demand.

**Pharmaceutical & Healthcare**

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. The division will focus on expanding its product range and exploring business opportunities overseas, while also implementing cost control measures.

In overall, barring unforeseen circumstances, the management is of the view that FY2023 will be a challenging year in view of inflationary pressure on operating costs and at risk of recession in global or local economy. The management will continuously evaluate and adjust the company's strategies and operations to ensure ongoing competitiveness and profitability.

**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**

<u>Group</u>	Current quarter 31.3.2023 RM'000	Cumulative period 31.3.2023 RM'000
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Profit for the period is arrived at after (crediting)/charging of :-

Depreciation of property, plant and equipment	2,199	7,373
Depreciation of right-of-use assets	738	2,353
Amortisation of intangible assets	26	78
Interest expenses	1,133	2,299
Lease expenses	19	66
(Gain)/Loss on foreign exchange	(12)	1,589
Amortisation of deferred income on government grants	(34)	(102)
Gain on disposal of property, plant & equipment	(61)	(142)
Interest income	<u>(382)</u>	<u>(1,172)</u>

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</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year quarter ended 31.3.2023 RM'000	Preceding year corresponding quarter 31.3.2022 RM'000	Current Year to date 31.3.2023 RM'000	Preceding corresponding year 31.3.2022 RM'000
Current tax	(1,643)	(4,389)	(9,834)	(13,855)
Deferred tax	(1,132)	(806)	(675)	(1,293)
	<u>(2,775)</u>	<u>(5,195)</u>	<u>(10,509)</u>	<u>(15,148)</u>

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

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

**7. Status of corporate proposals**

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 31 March 23 are as follow:-

	Purpose	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	59,995	-36,715	23,280	Within 2 years
2	Partial repayment of bank borrowings	50,000	-50,000	0	Within 6 months
3	Estimated expenses in relation to the Proposed Private Placement	450	-450	0	
	Total	110,445	-87,165	23,280	

**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>31.03.2023</b>
	<b>RM'000</b>
Not past due	<b>41,062</b>
Past due 1 to 30 days	<b>3,518</b>
Past due 31 to 120 days	<b>4,935</b>
Past due more than 120 days	<b>5,169</b>
	<b>54,684</b>

Trade receivables amounting to RM13.6 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**

	<b>31.3.2023</b>	31.3.2022
	<b>RM'000</b>	RM'000
<b>Secured :-</b>		
Term loans	<b>39,182</b>	30,524
Revolving credit	<b>33,154</b>	10,231
Bank overdraft	<b>17,173</b>	-
Finance lease liability	<b>273</b>	-
<b>Unsecured :-</b>		
Revolving credit	<b>5,045</b>	5,023
Banker's Acceptance	-	287
	<b>94,827</b>	46,065
<b>Disclosed as :-</b>		
Current liabilities	<b>61,815</b>	20,263
Non-current liabilities	<b>33,012</b>	25,802
	<b>94,827</b>	46,065
<b>Currency Profile :-</b>		
Ringgit Malaysia	<b>86,154</b>	42,034
US Dollar	<b>8,673</b>	4,031
	<b>94,827</b>	46,065

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 March 2023 ranged from 3.0% to 6.7% per annum (31.3.2023: 2.5% to 5.47%).

**11. Derivative Financial Instrument**

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

	<b>31.3.2023</b>	31.3.2022
	<b>RM'000</b>	RM'000
Forward exchange contracts - at fair value		
- Current assets	-	60
- Current liabilities	<b>25</b>	-

**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.

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


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**14. Dividend**

The Board of Directors does not recommends any dividend for the financial quarter ended 31.3 2023 (31.3.2022 : Nil).

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

	INDIVIDUAL		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2023 RM '000	Preceding Year Corresponding quarter 31/3/2022 RM '000	Current Year todate 31/3/2023 RM '000	Preceding Year Corresponding period 31/3/2022 RM '000
Profit attributable to ordinary equity holders of the Parent	<b>7,922</b>	15,107	<b>27,468</b>	39,347
Weighted average number of ordinary shares in issue ('000)	<b>320,181</b>	307,150	<b>320,181</b>	307,150
Basic earnings per share (sen)	<b>2.47</b>	4.92	<b>8.58</b>	12.81

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