
A. Notes to the financial report for the fourth financial quarter ended 30 June 2023

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.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2023

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 June 2023.

7. Dividend Paid

There were no dividend paid for the quarter under review. (30.6.2022: 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, hospitality services and money lending.

A. Notes to the financial report for the fourth financial quarter ended 30 June 2023

8. Segment Information (cont'd)

Year ended 30.6.2023	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	195,332	35,004	78,325	5,230	-	-	313,891
Intersegment revenue	30,548	4,458	14,700	5,109	105,449	(160,264)	-
Interest income	787	83	74	419	270		1,632
Interest expense	1,204	494	12	935	735	-	3,380
Depreciation and amortisation	9,076	81	1,197	2,318	148	148	12,968
Tax expense	6,566	2,601	2,636	909	(205)	-	12,507
Reportable segment profit after taxation	13,600	7,730	8,266	1,672	47,830	(51,893)	27,206
Reportable segment assets	224,937	186,399	35,921	89,904	343,850	(318,549)	562,462
Expenditure for non-current assets	16,609	10,696	432	3,228	198	-	31,163
Reportable segment liabilities	69,299	73,963	7,214	37,709	32,255	(53,631)	166,809

A. Notes to the financial report for the fourth financial quarter ended 30 June 2023

8. Segment Information (cont'd)

Year ended 30.6.2022	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	241,374	24,662	86,226	1,916	-	-	354,178
Intersegment revenue	59,791	7,199	17,313	598	19,224	(104,125)	-
Interest income	453	94	14	264	471		1,296
Interest expense	1,067	285	188	123	211	-	1,874
Depreciation and amortisation	7,854	167	1,340	1,769	126	179	11,435
Tax expense	14,243	2,158	2,586	439	1,222	(856)	19,792
Reportable segment profit after taxation	46,417	6,453	8,119	(287)	10,668	(18,485)	52,885
Reportable segment assets	254,855	132,404	35,217	75,654	296,425	(225,848)	568,707
Expenditure for non-current assets	57,144	13	9,315	49,369	251	2,304	118,396
Reportable segment liabilities	93,773	44,985	11,246	28,294	23,151	(10,852)	190,597

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:

	30.6.2023	30.6.2022
	RM'000	RM'000
Malaysia	250,722	263,316
Singapore	26,812	31,961
United States of America	20,672	21,442
Others	15,685	37,459
	313,891	354,178

Information about major customer

There was no customer who contributed more than 10% of the Group's total revenues for the period under review (30.6.2022: 1).

A. Notes to the financial report for the fourth financial quarter ended 30 June 2023

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 June 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 RM174 millions of which RM68 millions has been utilized as at 30 June 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 30 June 2023.

14. Capital Commitments

Authorised capital commitments not recognised in the interim financial statement as at 30 June 2023 were as follows: -

	30.6.2023	30.6.2022
	RM'000	RM'000
Contracted but not provided for :-		
Property, Plant and Equipment	<u>1,426</u>	<u>5,272</u>

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 30.6.2023 RM'000	Preceding year corresponding quarter 30.6.2022 RM'000	Var %	Current Year todate 30.6.2023 RM'000	Preceding year 30.6.2022 RM'000	Var %
<u>Operating Segment</u>						
Revenue:-						
Manufacturing	41,699	63,253	-34%	195,332	241,374	-19%
Property Development	3,891	10,475	-63%	35,004	24,662	42%
Pharmaceutical	19,409	21,026	-8%	78,325	86,226	-9%
Other operating segments	3,675	388	848%	5,230	1,916	173%
Unallocated non-operating segments	-	-	-	-	-	-
	68,674	95,142	-28%	313,891	354,178	-11%
Profit before tax:-						
Manufacturing	(1,211)	9,551	-113%	20,166	60,660	-67%
Property Development	831	5,837	-86%	10,331	8,612	20%
Pharmaceutical	2,954	3,292	-10%	10,902	10,705	2%
Other operating segments	199	462	-57%	2,581	151	1610%
Unallocated non-operating segments	12,035	3,393	255%	47,624	11,890	301%
	14,808	22,535		91,606	92,018	
Consolidation adjustments and eliminations	(12,425)	(6,098)		(51,893)	(19,342)	
	2,383	16,437	-86%	39,713	72,677	-45%

Statement of Profit & Loss and Other Comprehensive Income

The Group reported lower revenue and profit before tax ("PBT") of RM68.67 million and RM2.38 million respectively for current quarter, a decline of 28% and 86% respectively compared to preceding year's corresponding quarter.

For current YTD, the Group reported a reduction in revenue by 11% accompanied by a 45% decrease in profit before tax (PBT) in comparison to preceding year.

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

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 19% year-over-year (YoY) while PBT decline by 113% QoQ and 67% YoY. The decline was attributed to a combination of factors including an unfavorable sales mix resulting in lower profit margins, softened market demand, customers postponed their order deliveries and high operational cost on solar panel frame and EMS projects.

Property Development

The property division reported a decrease in both revenue and PBT, amounting to 63% and 86% respectively on a quarter-over-quarter basis, primarily attributed to a low conversion rate.

For current YTD, the division achieved higher revenue and PBT primarily driven by the completion of an ongoing project in Langkawi.

Pharmaceutical & Healthcare

The pharmaceutical and healthcare products division reported a decline in revenue, with 8% decreased QoQ and 9% decreased YoY.

PBT decreased 10% QoQ due to weaker market demand and rising inflationary costs. On YoY, the division reported a higher PBT, primarily attributed to preceding year's performance was based on only 11 months, as the acquisition was completed in August 2021.

Other segment

Other operating segment primarily engaged in property letting and hospitality services recorded a rise in revenue, primarily attributable to the commencement of hospitality management services during the quarter. Nonetheless, the substantial pre-operating setup costs resulted in a decline in PBT.

On YoY, the division shown improved performance due to commencement of hospitality management activities and additional rental income generated.

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

2. Comparison with preceding quarter's results

	Current Year quarter ended 30.6.2023 RM'000	Preceding quarter ended 31.3.2023 RM'000	Var %
<u>Operating Segment</u>			
Revenue:-			
Manufacturing	41,699	44,235	-5.7%
Property Development	3,891	10,815	-64.0%
Pharmaceutical	19,409	18,088	7.3%
Other operating segments	3,675	492	647.6%
Unallocated non-operating segments	-	-	-
	68,674	73,630	-6.7%
Profit before tax:-			
Manufacturing	(1,211)	5,379	-122.5%
Property Development	831	3,574	-76.7%
Pharmaceutical	2,954	2,404	22.9%
Other operating segments	199	1,045	-81.0%
Unallocated non-operating segments	12,035	15,322	-21.5%
	14,808	27,723	
Consolidation adjustments and eliminations	(12,425)	(17,126)	
	2,383	10,596	-77.5%

The Group's reported revenue of RM68.67 million and PBT of RM2.38 million, representing a decline in revenue by 6.7% and PBT of 77.5% as compared to preceding quarter.

Manufacturing

The division reported unfavorable results for current quarter as compared to Q3 FY2023 primarily attributed to the continuous weak demand in the E&E industry which led to a softened market demand and customers postponed their order deliveries.

Property Development

The property division reported a decrease in both revenue and PBT, primarily attributed to a low conversion rate as compared to preceding quarter.

Pharmaceutical & Healthcare

The division reported higher revenue and PBT compared to the preceding quarter, primarily attributed to an improved profit margin sales mix.

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

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

Other segment

Other operating segment primarily engaged in property letting and hospitality management services recorded a rise in revenue, primarily attributable to the commencement of hospitality service activities during the quarter. However, significant pre-operating setup costs contributed to a reduction in PBT.

3. Commentary on the prospects of the Group

Manufacturing

The management anticipates the manufacturing division to face challenges in FY2024 as the Electronics and Electrical (E&E) industry is not expected to experience a significant upsurge in growth in the immediate future, given the prevailing economic conditions.

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 anticipates a positive outlook for the division's performance in FY2024, driven by a projected rise in tourist arrivals that could potentially bolster the property markets of both Langkawi and Penang Island

However, considering the current situation of increasing building material costs and higher risk aversion in financial markets, 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. Nevertheless, the high inflation rate might moderate the positive outlook for demand. The division will focus on expanding its product range and exploring business opportunities overseas, while also implementing cost control measures.

Barring unforeseen circumstances, the management is of the view that FY2024 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 30.6.2023 RM'000	Cumulative period 30.6.2023 RM'000
Profit for the period is arrived at after (crediting)/charging of : -		
Depreciation of property, plant and equipment	2,317	9,690
Depreciation of right-of-use assets	776	3,130
Amortisation of intangible assets	70	148
Interest expenses	1,081	3,380
Lease expenses	33	99
Loss on foreign exchange	139	1,728
Amortisation of deferred income on government grants	(34)	(136)
Gain on disposal of property, plant & equipment	(193)	(335)
Interest income	<u>(460)</u>	<u>(1,632)</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 30.6.2023 RM'000	Preceding year corresponding quarter 30.6.2022 RM'000	Current Year to date 30.6.2023 RM'000	Preceding corresponding year 30.6.2022 RM'000
Current tax	(1,807)	(4,837)	(11,641)	(18,692)
Deferred tax	(191)	193	(866)	(1,100)
	<u>(1,998)</u>	<u>(4,644)</u>	<u>(12,507)</u>	<u>(19,792)</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 30 June 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	-36,801	23,194	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	-87,251	23,194	

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: -

	30.06.2023
	RM'000
Not past due	44,423
Past due 1 to 30 days	2,978
Past due 31 to 120 days	2,060
Past due more than 120 days	5,506
	54,966

Trade receivables amounting to RM10.54 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**

	30.6.2023	30.6.2022
	RM'000	RM'000
Secured :-		
Term loans	44,605	42,226
Revolving credit	36,280	21,202
Bank overdraft	9,957	-
Finance lease liability	192	-
Unsecured :-		
Revolving credit	4,954	5,137
Banker's Acceptance	-	-
	95,988	68,565
Disclosed as :-		
Current liabilities	46,980	32,072
Non-current liabilities	49,008	36,493
	95,988	68,565
Currency Profile :-		
Ringgit Malaysia	87,056	61,726
US Dollar	8,932	6,839
	95,988	68,565

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 June 2023 ranged from 3.05% to 6.7% per annum (30.6.2022: 3.52% to 5.67%).

11. Derivative Financial Instrument

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

	30.6.2023	30.6.2022
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	-	1
- Current liabilities	(32)	(907)

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.

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

13. Material litigation

On 15 August 2023, Paradigm Metal Industries Sdn. Bhd. (“PMI”), a wholly owned subsidiary of Kobay had received a Writ of Summons and Statement of Claims from a vendor, Salutica Allied Solutions Sdn. Bhd (“the Plaintiff”). Both the Plaintiff and PMI had entered into Framework Purchase Agreement dated 10 November 2021 to supply various electronic products to PMI. There were operational related disputes that remain unresolved by Plaintiff for which inclusive but not limited to wrongly built parts causing high rejection by end customer. PMI has legitimate claims against the Plaintiff under the Agreement of which details are within the knowledge of the Plaintiff, hence PMI have strong defence of set-off and counter claim against the Plaintiff.

PMI is seeking legal advice to defence against the matter and is not expected to have major financial and operational impact to the Group for current financial year.

Other than the above, there was no pending material litigation as at the date of this interim report.

14. Dividend

The Board of Directors recommend for a first and final dividend of 2.0 sen per ordinary share under the single-tier system in respect of financial year ended 30 June 2023. The proposed dividend is subject to shareholders’ approval at the forthcoming Annual General Meeting. (30.6.2022: 3.0 sen).

15. Earnings Per Share (“EPS”)

	INDIVIDUAL		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2023 RM '000	Preceding Year Corresponding quarter 30/6/2022 RM '000	Current Year to date 30/6/2023 RM '000	Preceding Year Corresponding period 30/6/2022 RM '000
Profit attributable to ordinary equity holders of the Parent	613	12,024	28,081	51,371
Weighted average number of ordinary shares in issue ('000)	320,181	312,112	320,181	312,112
Basic earnings per share (sen)	0.19	3.85	8.77	16.46

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