

---

**A. Notes to the financial report for the second financial quarter ended 31 December 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 2023 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 2023 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023 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 2023 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 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 31 December 2023.

**7. Dividend Paid**

There were no dividend paid for the quarter under review. (31.12.2022 : 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
- Asset and Investment Management – Property letting, operation of dormitory and hotel operations and investment holding.
- Other operating segments – Money lending and management services.

The comparative figures has been restated to conform with audited report FY 2023.

**A. Notes to the financial report for the second financial quarter ended 31 December 2023**

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

Year ended 31.12.2023	Manufacturing	Property Development	Pharmaceutical	Asset and Investment Management	Other Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	91,967	9,650	40,972	7,157	268		150,014
Intersegment revenue	6,940	1,433	7,400	19,640	4,209	(39,622)	-
Interest income	419	1	121	1,352	11	(1,676)	228
Interest expense	846	1,620	20	1,438	-	(1,758)	2,166
Depreciation and amortisation	8,134	107	429	1,768	89	(1,818)	8,709
Tax expense	3,061	(4)	1,270	627	-	(12)	4,942
Reportable segment profit after taxation	2,438	(799)	3,628	14,934	396	(16,876)	3,721
Reportable segment assets	252,848	187,123	40,335	500,027	20,831	(427,953)	573,211
Expenditure for non-current assets	3,168	1	22	404	2	-	3,597
Reportable segment liabilities	96,892	75,367	13,246	84,666	1,272	(94,263)	177,180

**A. Notes to the financial report for the second financial quarter ended 31 December 2023**

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

Period ended 31.12.2022	Manufacturing	Property Development	Pharmaceutical	Asset and Investment Management	Other Operating Segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	109,399	20,298	40,828	1,063	-	-	171,588
Intersegment revenue	19,038	1,163	7,996	46,496	3,223	(77,917)	-
Interest income	333	42	6	225	184		790
Interest expense	468	227	6	465	-	-	1,166
Depreciation and amortisation	4,956	37	693	1,142	13	-	6,841
Tax expense	4,371	2,007	1,366	(11)	-	-	7,733
Reportable segment profit after taxation	11,628	3,919	4,179	21,922	(307)	(22,341)	19,001
Reportable segment assets	241,915	172,067	37,326	387,489	8,379	(271,755)	575,422
Expenditure for non-current assets	10,714	12,354	353	2,252	126	-	25,800
Reportable segment liabilities	91,938	80,237	10,176	51,506	1,563	(56,726)	178,693

**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>31.12.2023</b>	31.12.2022
	<b>RM'000</b>	RM'000
Malaysia	<b>124,645</b>	134,203
Singapore	<b>5,175</b>	17,218
United States of America	<b>10,605</b>	10,814
Others	<b>9,589</b>	9,353
	<b>150,014</b>	171,588

**Information about major customer**

There was no customer who contributed more than 10% of the Group's total revenues for the period under review (31.12.2022: 1).

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

On 20 December 2023, Kobay has incorporated a new 70% owned subsidiary namely Avelon Healthcare Group Sdn Bhd for a paid up capital of RM100.00.

Other than above, there were no other major changes in the composition of the Group during the period end 31 December 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 RM172 million of which RM71 million has been utilized as at 31 December 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 December 2023.

**14. Capital Commitments**

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

	<b>31.12.2023</b>	31.12.2022
	<b>RM'000</b>	RM'000
<b>Contracted but not provided for :-</b>		
Property, Plant and Equipment	<b>2,463</b>	1,355

**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	Preceding year	Var	Current Year	Preceding year	Var
	ended	corresponding		to date	31.12.2022	
	31.12.2023	31.12.2022		31.12.2023	31.12.2022	
<u>Operating Segment</u>	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue:-</b>						
Manufacturing	46,842	51,830	-10%	91,967	109,399	-16%
Property Development	5,476	10,409	-47%	9,650	20,298	-52%
Pharmaceutical	21,020	19,445	8%	40,972	40,828	0%
Asset and Investment Management	3,763	463	713%	7,157	885	709%
Other operating segments	149	178	-	268	178	-
	<b>77,250</b>	<b>82,325</b>	<b>-6%</b>	<b>150,014</b>	<b>171,588</b>	<b>-13%</b>
<b>Profit before tax:-</b>						
Manufacturing	3,625	6,903	-47%	5,499	15,998	-66%
Property Development	(642)	3,039	-121%	(803)	5,927	-114%
Pharmaceutical	1,998	2,690	-26%	4,898	5,545	-12%
Asset and Investment Management	9,177	633	1350%	15,561	21,912	-29%
Other operating segments	12	9,095	-100%	396	(307)	-229%
	<b>14,170</b>	<b>22,360</b>		<b>25,551</b>	<b>49,075</b>	
Consolidation adjustments and eliminations	(8,998)	(10,387)		(16,888)	(22,341)	
	<b>5,172</b>	<b>11,973</b>	<b>-57%</b>	<b>8,663</b>	<b>26,734</b>	<b>-68%</b>

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

The Group reported lower revenue and profit before tax ("PBT") of RM77.3 million and RM5.2 million respectively for current quarter, a decrease of 6% and 57% respectively compared to preceding year's corresponding quarter.

For current YTD, revenue reported a decrease of 13% at RM150 million while PBT dropped by 68% to RM8.7 million compared to preceding year's corresponding period.

---

**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 shown unfavorable results, revenue decreased by 10% QoQ and 16% YoY and PBT decreased by 47% QoQ and 66% YoY. The decline primarily resulted from a shift towards lower-profit-margin sales, subdued market demand, and elevated setup costs associated with the establishment of a new manufacturing facility.

**Property Development**

The property division experienced a decline in performance, with revenue decreasing by 47% QoQ and 52% YoY, and PBT decreasing by 121% QoQ and 114% YoY. This decline can primarily be attributed to a low conversion rate. Despite recent positive developments such as the recovery of the tourism sector, the property market continues to face challenges.

**Pharmaceutical & Healthcare**

The pharmaceutical and healthcare products division reported a marginal 8% QoQ increase in revenue, while YoY revenue growth was negligible. However the PBT declined 26% QoQ and 12% YoY. This trend was largely influenced by heightened demand during the current quarter, driven by holiday seasonal promotional sales aimed at defending our market share. Nevertheless, this strategy resulted in a sacrifice of profit margin due to intense competition in the retail segment.

**Asset and Investment Management**

The Asset Management Division reported increase in revenue of 713% QoQ and 709% YoY. Additionally, there was a notable increase in PBT by 1,350% QoQ but decrease in PBT by 29% YoY. The profit are mainly involved in generating income through dividends paid by subsidiary companies to the holding company.

The revenue increase is largely attributed to the successful introduction of hospitality management services at Langkawi, significantly enhancing the division's performance.

**B. Additional information required by the Listing Requirements of Bursa Securities****2. Comparison with preceding quarter's results**

	<b>Current Year quarter ended 31.12.2023 RM'000</b>	Preceding quarter ended 30.9.2023 RM'000	Var %
<b><u>Operating Segment</u></b>			
<b>Revenue:-</b>			
Manufacturing	<b>46,842</b>	45,126	3.8%
Property Development	<b>5,476</b>	4,174	31.2%
Pharmaceutical	<b>21,020</b>	19,952	5.4%
Asset and Investment Management	<b>3,763</b>	3,394	10.9%
Other operating segments	<b>149</b>	118	0.0%
	<b>77,250</b>	72,764	6.2%
<b>Profit before tax:-</b>			
Manufacturing	<b>3,625</b>	1,874	93.4%
Property Development	<b>(642)</b>	(161)	298.8%
Pharmaceutical	<b>1,998</b>	2,900	-31.1%
Asset and Investment Management	<b>9,177</b>	6,384	43.8%
Other operating segments	<b>12</b>	384	-96.9%
	<b>14,170</b>	11,381	
Consolidation adjustments and eliminations	<b>(8,998)</b>	(7,890)	
	<b>5,172</b>	3,491	48.2%

The Group's reported revenue of RM77.3 million and PBT of RM5.2 million, representing an improvement of 6.2% in revenue and 48.2 % in PBT as compared to Q1 FY2024.

**Manufacturing**

The division experienced a slight improvement in the current quarter compared to Q1 FY2024, primarily driven by minor increases in sales orders, particularly within the aerospace and surface treatment divisions, leading to higher profit margins.

**Property Development**

The PBT performance of the property division experienced a decrease in the current quarter despite a 31.2% increase in revenue. This increase was primarily attributable to the completion of the Langkawi project and the kick start of a new affordable condominium project in Penang, which resulted in low construction progress. Additionally, the launch of the new project in current quarter resulted in an increase in marketing expenses.



---

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

---

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

**Pharmaceutical & Healthcare**

The division reported a 31% decrease in its PBT compared to Q1 FY2024, primarily stemming from an increase in marketing and operating costs aimed at defending its market share, despite a revenue growth of 5.4% compared to the preceding quarter.

**Asset and Investment Management**

In Q1 FY 2024, the Asset Management division commenced hotel operations, having absorbed pre-operation costs in the previous quarter resulted decrease in PBT.

The investment holding division is primarily involved in generating income through dividends paid by subsidiary companies to the holding company.

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

**Manufacturing**

Management anticipates that the slowly rebounding momentum of improvement in the manufacturing division will contribute to an increase in sales orders compared to FY2023, primarily driven by the resurgence of demand in the global economy.

In addition to sustaining current customer base within the E&E industry, the division will strategically broaden its client portfolio by entering the renewable energy sector. This expansion will be accompanied by a careful evaluation of our manufacturing operations to enhance efficiency and optimize cost structure.

**Property Development**

Management holds positive view of the division's FY2024 performance, underpinned by the prospect of increased tourist arrivals, which has the potential to fortify the property markets in both Langkawi and Penang Island.

Recognizing the escalating expenses associated with building materials and the surge in borrowing costs, management is committed to vigilant oversight of our risk management protocols. Additionally, management will judiciously time new product launches in accordance with prevailing market dynamics.

**Pharmaceutical & Healthcare**

Management holds a positive outlook for the division's performance in FY2024. Moreover, they foresee sustained strong demand for pharmaceutical and healthcare products, driven by an increasing focus on health and wellness and a shift towards preventive care within the community.

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

**Pharmaceutical & Healthcare (Continued)**

Acknowledging the rising costs of raw materials and the surge in borrowing expenses, management is committed to closely monitoring our risk management protocols. Furthermore, they plan to strategically time new product launches in alignment with prevailing market dynamics.

While remaining vigilant, management acknowledges the challenges posed by increasing costs and the looming possibility of a recession in 2024. They pledge to continuously assess and adapt the company's strategies and operations to ensure competitiveness and profitability in the face of potential adversity.

**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 31.12.2023 RM'000	Cumulative period 31.12.2023 RM'000
<b><u>Group</u></b>		
Profit for the period is arrived at after (crediting)/charging of :-		
Depreciation of property, plant and equipment	3,480	5,967
Depreciation of right-of-use assets	1,760	2,379
Depreciation of investment properties	163	314
Amortisation of intangible assets	-	49
Interest expenses	1,013	2,166
Lease expenses	(133)	29
Loss on foreign exchange	60	119
Amortisation of deferred income on government grants	(42)	(84)
Interest income	(67)	(226)

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>	
	<b>Current Year quarter ended 31.12.2023 RM'000</b>	Preceding year corresponding quarter 31.12.2022 RM'000	<b>Current Year to date 31.12.2023 RM'000</b>	Preceding corresponding year 31.12.2022 RM'000
Current tax	<b>(2,982)</b>	(3,557)	<b>(5,342)</b>	(8,190)
Deferred tax	<b>267</b>	327	<b>400</b>	457
	<b>(2,715)</b>	(3,230)	<b>(4,942)</b>	(7,733)

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.

**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 December 23 are as follow:-

<b>Purpose</b>	<b>Proceeds from 1st Tranche (RM'000)</b>	<b>Actual Utilisation (1st Tranche) (RM'000)</b>	<b>Balance Unutilised (1st Tranche) (RM'000)</b>	<b>Estimated timeframe for utilisation</b>
Setting up new aluminium manufacturing plant for the Group's manufacturing division	59,995	-39,150	20,845	Within 2 years
Partial repayment of bank borrowings	50,000	-50,000	0	Within 6 months
Estimated expenses in relation to the Proposed Private Placement	450	-450	0	
<b>Total</b>	<b>110,445</b>	<b>-89,600</b>	<b>20,845</b>	

**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>31.12.2023</b>
	<b>RM'000</b>
Not past due	<b>56,761</b>
Past due 1 to 30 days	<b>6,788</b>
Past due 31 to 120 days	<b>1,874</b>
Past due more than 120 days	<b>6,643</b>
	<b>72,066</b>

Trade receivables amounting to RM22.29 million that are past due and not impaired are creditworthy debtors

**10. Group borrowings and debts securities**

	<b>31.12.2023</b>	31.12.2022
	<b>RM'000</b>	RM'000
<b>Secured :-</b>		
Term loans	<b>41,465</b>	40,323
Revolving credit	<b>30,943</b>	26,187
Bank overdraft	<b>16,280</b>	4,000
Finance lease liability	-	299
<b>Unsecured :-</b>		
Revolving credit	<b>10,974</b>	5,042
Banker acceptance	<b>4,676</b>	-
	<b>104,338</b>	75,851
<b>Disclosed as :-</b>		
Current liabilities	<b>68,499</b>	37,378
Non-current liabilities	<b>35,839</b>	38,473
	<b>104,338</b>	75,851
<b>Currency Profile :-</b>		
Ringgit Malaysia	<b>94,726</b>	68,121
US Dollar	<b>9,612</b>	7,730
	<b>104,338</b>	75,851

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 2023 ranged from 3.3% to 6.8% per annum (31.12.2022: 3.3% to 6.8%).

---

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

---

**10. Derivative Financial Instrument**

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

	<b>31.12.2023</b>	31.12.2022
	<b>RM'000</b>	RM'000
Forward exchange contracts - at fair value		
- Current assets	<b>141</b>	1
- Current liabilities	<b>10</b>	-

**11. Gain and losses arising from Fair Value Changes of Financial Liabilities**

There were no gain and losses arising from fair value changes of financial liabilities for current quarter.

**12. Material litigation**

In reference to the litigation case from the previous quarter, there was no significant development on the legal matters as of the date of this interim report except for the followings:

On 19 December 2023, the company has announced that Bend Weld Engineering Sdn Bhd, a wholly-owned subsidiary via its solicitors, has served proceedings by way of Claim Form and Particulars of Claim which filed in the High Court of Justice, Business and Property Courts of England and Wales, Technology and Construction Court (KBD) against FMC Technologies Limited (Company Number 002599569), a company incorporated in United Kingdom.

**13. Dividend**

The Board of Directors does not recommends any dividend for the financial quarter ended 31.12 2023 (31.12.2022 : Nil)

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

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

**(a) Basic earnings per share**

	INDIVIDUAL		CUMULATIVE PERIOD	
	Current Year quarter ended <b>31/12/2023</b> RM '000	Preceding Year Corresponding quarter 31/12/2022 RM '000	Current Year to date <b>31/12/2023</b> RM '000	Preceding Year Corresponding period 31/12/2022 RM '000
Profit attributable to ordinary equity holders of the Parent	<b>3,069</b>	9,033	<b>4,597</b>	19,548
Weighted average number of ordinary shares in issue ('000)	<b>320,181</b>	320,181	<b>320,181</b>	320,181
Basic earnings per share (sen)	<b>0.96</b>	2.82	<b>1.44</b>	6.11

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