

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED INCOME STATEMENT
INTERIM REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2006
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited) Current Year quarter ended 30/06/2006 RM '000	(As restated) Preceding Year Corresponding quarter ended 30/06/2005 RM '000	(Unaudited) Current Year todate 30/06/2006 RM '000	(As restated) Preceding Year Corresponding period 30/06/2005 RM '000
Revenue	21,618	23,224	95,257	89,082
Operating expenses	(21,850)	(22,664)	(91,152)	(85,561)
Other operating income	402	185	1,633	531
Profit from operations	170	745	5,738	4,052
Finance costs	(343)	(83)	(1,103)	(648)
Share of profit/(losses) of associated companies	98	(333)	781	(550)
(Loss)/ profit before tax	(75)	329	5,416	2,854
Taxation				
- The Company and its subsidiaries	479	48	(656)	386
- Associated companies	(343)	(93)	(508)	(52)
Profit after tax	61	284	4,252	3,188
Minority interests	(180)	(24)	(444)	(385)
Net (loss)/profit for the period	(119)	260	3,808	2,803
Earnings per share (sen)				
- Basic	(0.18)	0.38	5.65	4.15
- Diluted	- *	- *	- *	- *

*Antidiluted

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

	(Unaudited) As at current quarter 30/06/2006 RM '000	(Audited) As at preceding financial year 30/6/2005 RM '000
1 Property, plant and equipment	24,548	32,081
2 Investment in associated companies	25,482	26,937
3 Long term investments	2,248	934
4 Goodwill on consolidation	78	80
5 Development Cost, at cost	512	109
<i>6 Current Assets</i>		
Inventories	22,371	18,220
Trade receivables	25,230	20,457
Other receivables & prepaid expenses	1,507	1,215
Finance Lease Receivables	-	6
Short Term Investment	989	-
Loan Receivables	610	1,084
Tax recoverable	1,746	878
Deposits	23,730	18,956
Cash and bank balances	2,768	3,454
	78,951	64,270
<i>7 Current Liabilities</i>		
Trade payables	5,034	2,808
Other payables & accrued expenses	4,405	3,098
Short term borrowings	15,569	14,225
Tax liabilities	1,366	1,121
	26,374	21,252
<i>8 Net Current Assets</i>	52,577	43,018
	105,445	103,159
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Capital reserve	1,609	1,609
Retained profit	28,304	26,653
Exchange fluctuation reserve	(12)	(70)
	30,693	28,984
<i>9 Shareholders' Funds</i>	98,774	97,065
10 Minority interests	3,990	3,567
11 Long term borrowings	-	-
12 Deferred taxation	2,681	2,527
	105,445	103,159
13 Net assets per share (RM)	1.47	1.44

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
INTERIM REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2006**

	(Unaudited) Year ended 30/06/2006 RM '000	(Audited) Year Ended 30/06/2005 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,416	2,854
Adjustments for:		
- Non-cash items	2,064	3,522
- Share of (profits)/losses in associated companies	(781)	550
- Non-operating items	4,407	148
Operating profit before changes in working capital	<u>11,106</u>	<u>7,074</u>
Changes in working capital:		
- Net change in current assets	(8,736)	(2,325)
- Net change in current liabilities	3,529	(2,253)
Net Cash generated from operating activities	<u>5,899</u>	<u>2,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	56	(3,897)
Net cash generated from/(used for) investing activities	<u>56</u>	<u>(3,897)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	(1,103)	(573)
Repurchase of treasury shares	-	(655)
Dividend paid	(2,157)	(2,194)
Proceeds from issuance of shares	-	825
Increase/(Decrease) of hire-purchase and bank borrowings	1,344	(14)
Net cash generated from financing activities	<u>(1,916)</u>	<u>(2,611)</u>
Net Change in Cash & Cash Equivalents	4,039	(4,012)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>21,795</u>	<u>25,807</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u><u>25,834</u></u>	<u><u>21,795</u></u>

Note: Deposits amounting to RM664,502 (30.06.2005: RM614,881) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 2006. As such, these amount are not included as cash and cash equivalents as at the aforementioned dates.

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2006**

Group	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Reserve on consolidation RM'000	Translation reserve RM'000	Retained profit RM'000	Total RM'000
<u>CURRENT YEAR</u>							
As at 1 July, 2005	68,081	(888)	1,680	1,609	(70)	26,653	97,065
Translation differences in foreign subsidiaries					58		58
Net profit for the year						3,808	3,808
Dividend paid						(2,157)	(2,157)
Balance as at 30 June 2006	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>1,609</u>	<u>(12)</u>	<u>28,304</u>	<u>98,774</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005.)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2005**

Group	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Reserve on consolidation RM'000	Translation reserve RM'000	Retained profit RM'000	Total RM'000
<u>CURRENT YEAR</u>							
As at 1 July, 2004	68,081	(233)	1,680	1,609	54	25,876	97,067
Translation differences in foreign subsidiaries					(124)		(124)
Shares Buy Back		(655)					(655)
Net profit for the year						2,803	2,803
Dividend paid						(2,026)	(2,026)
Balance as at 30 June, 2005	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>1,609</u>	<u>(70)</u>	<u>26,653</u>	<u>97,065</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2004.)

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A. Notes to the interim financial report for the forth financial quarter ended 30 June 2006

1. Basis of preparation

This interim financial report, which is unaudited has been prepared in accordance with FRS 134 'Interim Financial Reporting' and Chapter 9, Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), and should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2005.

The interim financial report has been prepared based on the accounting policies and methods of computation consistent with those adopted for the annual audited financial statements for the year ended 30 June 2005.

2. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30 June 2005 were reported without any qualification.

3. Seasonal or cyclical operations

The business operations of the Group are subject to cyclical effects of the global semiconductors and electronics industries.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

During the quarter under review, the Group has made a provision of impairment loss on its investment in associated companies amounting to RM1.69 million.

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 estimates of amounts reported in prior interim periods of the current financial year or prior years, that have a material effect in the current quarter.

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

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities for the current financial quarter.

7. Dividend Paid

A final exempt dividend of 3 sen per share, totaling RM2,020,577 in respect of the financial year ended 30 June 2005 was paid on 28 Feb 2006(30.06.2005 : RM2,026,324).

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8. Segment report

The segment information by activities and by geographical regions for the current finance year to date are as follows : -

a) Segment information by activities

Current Period Ended 30/06/06 (RM'000)	Investment					Consolidated Amount
	Manufacturing	Trading	Holdings	Others	Eliminations	
REVENUE						
External sales	36,826	57,674	597	160		95,257
Inter-segment sales	4,098	4	12,525	1,089	(17,716)	0
	40,924	57,678	13,122	1,249	(17,716)	95,257
RESULTS						
Profit/(loss) from operations	5,898	2,584	16,013	(7,538)	(11,219)	5,738
Finance costs	(196)	(1,350)	0	0	443	(1,103)
Share of profit of associated co	0	0	0	0	781	781
Profit/(loss) before tax	5,702	1,234	16,013	(7,538)	(9,995)	5,416
Income tax expense	(1,035)	(230)	(1,958)	(60)	2,119	(1,164)
Profit/(loss) after tax	4,667	1,004	14,055	(7,598)	(7,876)	4,252
OTHER INFORMATION						
Capital additions	1,558	5	189	2	(899)	855
Depreciation and amortisation	1,668	0	149	247	0	2,064
SEGMENTAL ASSETS						
Segments assets	43,794	24,650	76,222	19,845	(59,920)	104,591
Investment in associated co	0	0	22,964	0	2,518	25,482
Income tax assets	344	57	1,221	124	0	1,746
Consolidated total assets	44,138	24,707	100,407	19,969	(57,402)	131,819
SEGMENTAL LIABILITIES						
Segment liabilities	18,949	20,165	4,887	7,032	(26,025)	25,008
Income tax liabilities	1,445	0	0	2,453	149	4,047
Consolidated total liabilities	20,394	20,165	4,887	9,485	(25,876)	29,055

b) Segment information by geographical regions

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	30/06/2006
	RM'000
Malaysia	83,532
Philippines	934
China	2,492
Thailand	809
United State of America	959
Japan	785
German	3,097
Korea	1,332
Others	1,317
	95,257

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located :

	Carrying amount of segment assets 30/06/06 RM'000	Capital additions 30/06/06 RM'000
Malaysia	101,907	818
China	2,634	37
Philippines	50	0
Thailand	0	0
	104,591	855

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9. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendment from the previous annual report.

10. Subsequent events

On 3rd July 2006, the group announced that its investment in Polytool Systems Sdn Bhd ("PS") has been changed from 100% to 85% by way of new share allotment to two individuals. At the same time, the group also announced that PS has accepted the grant of Multimedia Super Corridor Status issued by Multimedia Development Corporation Sdn Bhd.

On the same date, the group had also announced its new investment in 60% equity interest in Unetsys Sdn Bhd, comprising 60 ordinary shares of RM1 each, fully paid up for a cash consideration of RM60.00. Kobay shall also grant an interest free advance of RM120,000.00 to Unetsys Sdn Bhd, of which to be repaid upon notification from Kobay. Other minority shareholders of Unetsys shall also grant advance to the company proportionate to their shareholdings.

11. Changes in the composition of the group

There were no changes in the composition of the Group during the quarter under review.

12. Contingent assets and contingent liabilities

The contingent liabilities of the Company amounting to RM14.5million as at the date of this report, comprised of corporate guarantees issued by the Company to financial institutions for financing facilities granted to its subsidiary companies (30.06.2006: RM 12.55 million). There is no contingent asset for the current quarter and financial year-to-date.

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

1. Review of performance

The group reported a revenue of RM21.6 million and loss before tax of RM0.075 million for 4th quarter ended 30th June 2006. As compared to preceding year corresponding quarter, the revenue and profit before tax has dropped by 6.9% and 122.8% respectively. The unfavorable result was mainly arose from the provision for impairment loss on its investment in associated companies which amounted to RM1.69 million.

However, for the year-to-date results, the Group's revenue and profit before tax has shown improvement of 6.9% and 89.7% respectively as compared to previous year. The improvement in profit before tax was due to better sales mix and gain on disposal of land & building.

2. Comparison with preceding quarter's results

As compared to previous quarter, total revenue and profit before tax for the group has decreased by 7.3% and 105.2% respectively. The significant dropped in profit before tax was due to the provision for impairment loss on its investment in associated companies which amounting to RM1.69 million.

3. Current year prospect

Barring any unforeseen circumstances, the Board expects the performance to be positive in the coming financial year.

4. Variance on forecast profit/profit guarantee

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

5. Taxation

Taxation comprises the following :-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/06/2006 RM '000	(As restated) Preceding Year Corresponding quarter ended 30/06/2005 RM '000	Current Year todate 30/06/2006 RM '000	(As restated) Preceding Year Corresponding period 30/06/2005 RM '000
Current year	494	(142)	(502)	(556)
Deferred tax	(15)	(91)	(154)	42
	<u>479</u>	<u>(233)</u>	<u>(656)</u>	<u>(514)</u>
Over provision in prior years	-	262	-	881
Tax Income		19		19
Share of tax in associated companies	(343)	(93)	(508)	(52)
	<u>136</u>	<u>(45)</u>	<u>(1,164)</u>	<u>334</u>

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6. Profit / (loss) on sale of investments and/or properties

For the financial year-to-date, there was a gain on disposal of land & building by a subsidiary company, which amounting to RM0.51 million.

7. Purchases and sales of quoted securities and unit trusts

- (a) Total purchase or disposal of quoted securities and unit trusts, and profit therefrom for the current quarter and financial year-to-date are as follows :

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/06/2006 RM '000	(As restated) Preceding Year Corresponding quarter ended 30/06/2005 RM '000	Current Year todate 30/06/2006 RM '000	(As restated) Preceding Year Corresponding period 30/06/2005 RM '000
(i) Total purchase	24	115	78	259
(ii) Total disposal	215	69	364	197
(iii) (Loss)/profit on disposal	(12)	5	9	13

- (b) Total quoted investment as at end of the current quarter are as follows :

	RM '000
(i) At cost	384
(ii) At carrying value/book value	384
(iii) At market value	300

8. Status of corporate proposals

There were no corporate proposals announced as at the date of this interim report but pending completion.

9. Group borrowings

	Current Period As at 30/06/2006 RM '000	Preceding Year As at 30/06/2005 RM '000
Short term - secured	15,569	13,901
Long term - secured	-	324
	<u>15,569</u>	<u>14,225</u>

There were no foreign borrowings as at the date of this report.

10. Off balance sheet financial instruments

The Group did not enter into any off balance sheet financial instruments as at the date of this report.

11. Material litigation

The Group is not engaged in any material litigation as at the date of this report except for the claims against one of the shareholders of its subsidiary as reported in the previous quarters.

12. Dividend

The Board of Directors is recommending a first and final tax exempt dividend of 3.5% for the current quarter and financial year-to-date (30.6.2005 : 3%) which will subject to the shareholders' approval in the forthcoming Annual General Meeting.

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13. Earnings Per Share

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/06/2006 RM '000	(As restated) Preceding Year Corresponding quarter ended 30/06/2005 RM '000	Current Year todate 30/06/2006 RM '000	(As restated) Preceding Year Corresponding period 30/06/2005 RM '000
Net (loss)/profit after MI for the period	(119)	260	3,808	2,803
Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
Effect of Shares Buy Back	(728)	(524)	(728)	(524)
Weighted average number of ordinary shares	<u>67,353</u>	<u>67,557</u>	<u>67,353</u>	<u>67,557</u>
Basic earnings per share (sen)	(0.18)	0.38	5.65	4.15

(b) Diluted earnings per share

Net profit after MI for the period	(119)	260	3,808	2,803
Number of ordinary shares ('000)	67,353	67,557	67,353	67,557
Weighted average number of shares under option during this financial year ('000)	4,495	4,495	4,495	4,495
Average fair value of one ordinary share during the period (RM)	0.78	1.11	0.78	1.11
Exercise price for share under option during this financial year (RM)	1.20	1.20	1.20	1.20
Number of shares that would have been issued at fair value (RM'000) : (4,495,000 x 1.20)/0.78	(6,915)	(4,859)	(6,915)	(4,859)
Adjusted weighted average number of ordinary shares in issue and under option ('000)	64,933	67,193	64,933	67,193
Diluted earnings per share (sen)	- *	- *	- *	- *

*Antidiluted

14. Authorisation for issuance of the interim financial statements

On 24th Aug 2006, the Board of Directors authorised the issuance of these interim financial statements.