

**KOBAY TECHNOLOGY BHD (Co. No. 308279-A)**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007**  
**(The figures have not been audited)**

|   | INDIVIDUAL PERIOD                                     |  | CUMULATIVE PERIOD                              |   |
|---|---|--|--|---|
|   | Current Year<br>quarter ended<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>quarter ended<br>30/9/2006<br>RM '000 | Current Year<br>todate<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>period<br>30/9/2006<br>RM '000 |
| Revenue                                 | 25,455  | 25,264   | 25,455   | 25,264  |
| Operating expenses                      | (24,668)  | (22,842)   | (24,668)                                       | (22,842)  |
| Other operating income                  | 257   | 256  | 257  | 256   |
| Profit from operations                  | 1,044   | 2,678  | 1,044  | 2,678   |
| Finance costs                           | (368)   | (287)  | (368)  | (287)   |
| Share of profit of associated companies | 245   | 274  | 245  | 274   |
| Profit before tax                       | 921   | 2,665  | 921  | 2,665   |
| Tax expense                             | (415)   | (373)  | (415)  | (373)   |
| Profit For The Period                   | 506   | 2,292  | 506  | 2,292   |
| Attributable to :                       |   |  |  |   |
| Equity holders of the parent            | 591   | 2,028  | 591  | 2,028   |
| Minority interests                      | (85)  | 264  | (85)   | 264   |
|   | 506   | 2,292  | 506  | 2,292   |
| Earnings per share (sen)                |   |  |  |   |
| - Basic                                 | 0.88  | 3.01   | 0.88   | 3.01  |
| - Diluted *                             | -   | -  | -  | -   |

\*Antidiluted

**(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)**

# KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

|  | (Unaudited)<br>As at current<br>quarter<br>30/9/2007<br>RM '000 | (Audited)<br>As at preceding<br>financial year<br>30/06/2007<br>RM '000 |
|--|---|---|
| <b>Assets</b>  |   |   |
| <b>Non-Current Assets</b>  |   |   |
| Property, plant and equipment  | 21,036  | 20,784  |
| Prepaid Lease Payments   | 9,259   | 9,287   |
| Investment in associated companies   | 28,447  | 27,495  |
| Other investments  | 1,182   | 1,082   |
| Development Cost   | 331   | 404   |
| Deferred tax assets  | 39  | 39  |
| Loan receivables   | -   | 38  |
|  | 60,294  | 59,129  |
| <b>Current Assets</b>  |   |   |
| Inventories  | 23,354  | 18,514  |
| Trade and other receivables  | 25,297  | 29,442  |
| Loan Receivables   | 521   | 428   |
| Tax recoverable  | 1,831   | 1,936   |
| Deposits   | 16,217  | 13,036  |
| Cash and bank balances   | 7,037   | 8,393   |
|  | 74,257  | 71,749  |
| <b>Total Assets</b>  | 134,551   | 130,878   |
| <b>Equity</b>  |   |   |
| Share capital  | 68,081  | 68,081  |
| Reserves   |   |   |
| Share premium  | 1,680   | 1,680   |
| Treasury shares  | (888)   | (888)   |
| Retained profit  | 31,277  | 30,686  |
| Exchange fluctuation reserve   | (113)   | (113)   |
|  | 31,956  | 31,365  |
| Equity attributable to equity holders of the parent                            | 100,037   | 99,446  |
| Minority Interest  | 3,771   | 3,856   |
| <b>Total Equity</b>  | 103,808   | 103,302   |
| <b>Non-Current Liabilities</b>   |   |   |
| Deferred taxation  | 2,857   | 2,857   |
|  | 2,857   | 2,857   |
| <b>Current Liabilities</b>   |   |   |
| Trade and other payables   | 9,795   | 8,287   |
| Short term borrowings  | 17,791  | 16,386  |
| Tax liabilities  | 300   | 46  |
|  | 27,886  | 24,719  |
| <b>Total Liabilities</b>   | 30,743  | 27,576  |
| <b>Total Equity and Liabilities</b>  | 134,551   | 130,878   |
| Net assets per ordinary share attributable to equity holders of the parent(RM) | 1.49  | 1.48  |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)

**KOBAY TECHNOLOGY BHD**

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

|   | (Unaudited)<br>Period ended<br>30/9/2007<br>RM '000 | (Unaudited)<br>Period Ended<br>30/9/2006<br>RM '000 |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |   |   |
| Profit before taxation  | 921   | 2,665   |
| Adjustments for:  |   |   |
| - Non-cash items  | 469   | 467   |
| - Share of profits in associated companies                    | (245)   | (274)   |
| - Non-operating items   | 344   | 757   |
| Operating profit before changes in working capital            | <u>1,489</u>  | <u>3,615</u>  |
| Changes in working capital:                                   |   |   |
| - Net change in current assets                                | 877   | 1,125   |
| - Net change in current liabilities                           | 1,508   | 380   |
| Net Cash generated from operating activities                  | <u>3,874</u>  | <u>5,120</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |   |   |
| Other investments   | (1,486)   | 741   |
| Net cash generated from investing activities                  | <u>(1,486)</u>                                      | <u>741</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |   |   |
| Interest expense  | (368)   | (287)   |
| Increase/(decrease) of bank borrowings                        | 1,405   | (1,354)   |
| Net cash generated from financing activities                  | <u>1,037</u>  | <u>(1,641)</u>                                      |
| Net Change in Cash & Cash Equivalents                         | 3,425   | 4,220   |
| <b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b> | <u>19,225</u>                                       | <u>25,832</u>                                       |
| <b>CASH &amp; CASH EQUIVALENTS AS AT END OF THE PERIOD</b>    | <u><u>22,650</u></u>                                | <u><u>30,052</u></u>                                |

# Note: Deposits amounting to RM603,872 (30.9.2006: RM665,605) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 September 2007. 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 2007)

**KOBAY TECHNOLOGY BHD**

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007**

| Group   | ← Attributable to equity holders of the parent → |                 |               |                          |                     | Retained profit | Total          | Minority Interest | Total Equity   |
|---|--|-----------------|---------------|--------------------------|---------------------|-----------------|----------------|-------------------|----------------|
|   | Share capital                                    | Treasury shares | Share premium | Reserve on consolidation | Translation reserve |                 |                |                   |                |
|   | RM'000   | RM'000          | RM'000        | RM'000                   | RM'000              | RM'000          | RM'000         | RM'000            | RM'000         |
| <b><u>CURRENT PERIOD</u></b>                    |  |                 |               |                          |                     |                 |                |                   |                |
| As at 1 July, 2007                              | 68,081   | (888)           | 1,680         | -                        | (113)               | 30,686          | 99,446         | 3,856             | 103,302        |
| Translation differences in foreign subsidiaries | -  | -               | -             | -                        | -                   | -               | -              | -                 | -              |
| Net profit for the year                         | -  | -               | -             | -                        | -                   | 591             | 591            | (85)              | 506            |
| Balance as at 30 September, 2007                | <u>68,081</u>                                    | <u>(888)</u>    | <u>1,680</u>  | <u>-</u>                 | <u>(113)</u>        | <u>31,277</u>   | <u>100,037</u> | <u>3,771</u>      | <u>103,808</u> |

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

| Group   | ← Attributable to equity holders of the parent → |                 |               |                          |                     | Retained profit | Total          | Minority Interest | Total Equity   |
|---|--|-----------------|---------------|--------------------------|---------------------|-----------------|----------------|-------------------|----------------|
|   | Share capital                                    | Treasury shares | Share premium | Reserve on consolidation | Translation reserve |                 |                |                   |                |
|   | RM'000   | RM'000          | RM'000        | RM'000                   | RM'000              | RM'000          | RM'000         | RM'000            | RM'000         |
| <b><u>CURRENT PERIOD</u></b>                    |  |                 |               |                          |                     |                 |                |                   |                |
| As at 1 July, 2006                              | 68,081   | (888)           | 1,680         | -                        | (74)                | 30,120          | 98,919         | 3,656             | 102,575        |
| Translation differences in foreign subsidiaries | -  | -               | -             | -                        | 61                  | -               | 61             | -                 | 61             |
| Net profit for the period                       | -  | -               | -             | -                        | -                   | 2,028           | 2,028          | 264               | 2,292          |
| Balance as at 30 September, 2006                | <u>68,081</u>                                    | <u>(888)</u>    | <u>1,680</u>  | <u>-</u>                 | <u>(13)</u>         | <u>32,148</u>   | <u>101,008</u> | <u>3,920</u>      | <u>104,928</u> |

**A. Notes to the interim financial report for the first financial quarter ended 30 September 2007**

**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 'Interim Financial Reporting' and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2007.

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 2007 except for the adoption of the following new/revised FRS for the group's financial period beginning 1 July 2007 :

|         |   |
|---------|---|
| FRS 107 | Cash Flow Statements  |
| FRS 112 | Income Taxes  |
| FRS 118 | Revenue   |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistant |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates                        |
| FRS 124 | Related Party Disclosures   |
| FRS 134 | Interim Financial Reporting   |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets                |

The adoption of the above FRS do not have significant financial impact on the Group.

**2. Audit report of preceding annual financial statements**

The Group's audited financial statements for the year ended 30 June 2007 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**

There were no item affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence 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 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. Issuance, 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**

There were no dividend paid during the quarter under review(30.09.2006 : RMNil).

## KOBAY TECHNOLOGY BHD (Co. No. 308279-A)

### 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<br>Ended 30/09/07 (RM'000) | Investment    |               |              |            | Eliminations   | Consolidated<br>Amount |
|---|---------------|---------------|--------------|------------|----------------|------------------------|
|   | Manufacturing | Trading       | Holdings     | Others     |                |                        |
| <b>REVENUE</b>                            |               |               |              |            |                |                        |
| External sales                            | 7,700         | 17,718        | 0            | 37         |                | 25,455                 |
| Inter-segment sales                       | 1,472         | 0             | 1,165        | 373        | (3,010)        | 0                      |
|   | <b>9,172</b>  | <b>17,718</b> | <b>1,165</b> | <b>410</b> | <b>(3,010)</b> | <b>25,455</b>          |
| <b>RESULTS</b>                            |               |               |              |            |                |                        |
| Profit/(loss) from operations             | 755           | 637           | 566          | 66         | (980)          | 1,044                  |
| Finance costs                             | (175)         | (423)         | 0            | 0          | 230            | (368)                  |
| Share of profit of associated co          | 0             | 0             | 0            | 0          | 245            | 245                    |
| Profit/(loss) before tax                  | 580           | 214           | 566          | 66         | (505)          | 921                    |
| Income tax expense                        | (341)         | (54)          | 0            | (20)       | 0              | (415)                  |
| Profit/(loss) after tax                   | 239           | 160           | 566          | 46         | (505)          | 506                    |
| <b>OTHER INFORMATION</b>                  |               |               |              |            |                |                        |
| Capital additions                         | 674           | 0             | 0            | 1          | 0              | 675                    |
| Depreciation and amortisation             | 380           | 0             | 26           | 62         | 0              | 468                    |
| <b>SEGMENTAL ASSETS</b>                   |               |               |              |            |                |                        |
| Segment assets                            | 45,722        | 26,881        | 52,793       | 30,059     | (51,182)       | 104,273                |
| Investment in associated co               | 0             | 0             | 23,520       | 0          | 4,927          | 28,447                 |
| Income tax assets                         | 440           | 0             | 1,262        | 129        | 0              | 1,831                  |
| Consolidated total assets                 | 46,162        | 26,881        | 77,575       | 30,188     | (46,255)       | 134,551                |
| <b>SEGMENTAL LIABILITIES</b>              |               |               |              |            |                |                        |
| Segment liabilities                       | 19,873        | 22,292        | 4,292        | 20,242     | (39,113)       | 27,586                 |
| Income tax liabilities                    | 1,518         | 30            | 0            | 1,030      | 579            | 3,157                  |
| Consolidated total liabilities            | 21,391        | 22,322        | 4,292        | 21,272     | (38,534)       | 30,743                 |

#### 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:

|                          | 30/9/2007<br>RM'000 |
|--------------------------|---------------------|
| Malaysia                 | 23,927              |
| Europe                   | 111                 |
| United States of America | 273                 |
| Other Asian Countries    | 1,144               |
|                          | <u>25,455</u>       |

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<br>of segment assets<br>30/9/07<br>RM'000 | Capital<br>additions<br>30/9/07<br>RM'000 |
|-------------|---|---|
| Malaysia    | 102,312   | 675                                       |
| China       | 1,924   | 0   |
| Philippines | 37  | 0   |
|             | <u>104,273</u>  | <u>675</u>                                |

## KOBAY TECHNOLOGY BHD (Co. No. 308279-A)

### 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

The group has announced that its 61% owned subsidiary, Kobay Tecnica Sdn Bhd has on 31<sup>st</sup> October 2007, disposed off its entire equity interest of 70%, comprising of 116,666 ordinary shares of RM1.00 each in KT Machine Tools Sdn. Bhd. ("KTMT"), for a total cash consideration of RM2.00. Upon the disposal, KTMT ceased to be a subsidiary of KT.

Save for the above, there were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statement.

### 11. Changes in the composition of the group

There were no other changes in composition of the group for the period under review.

### 12. Contingent assets and contingent liabilities

The contingent liabilities of the Company comprises of corporate guarantees issued by the Company to financial institutions for financing facilities granted to its subsidiary companies which amounting to RM14.5 Million(30.9.2006: RM 14.5 million).

### 13. Material related party transaction

There were no material transaction entered by the group with any related party.

---

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

---

### 1. Review of performance

Revenue for the current quarter stood at RM25.45 million, which was at par with previous year corresponding quarter. However, the profit before tax has dropped from RM2.66 million to RM0.92 million, mainly caused by the unfavorable sales mix.

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

The group's revenue has decreased from RM26.24 million to RM25.45 million as compared to preceding quarter. Notwithstanding with the decreased in revenue, the group has recorded an improvement in profit before tax, from a loss of RM1.63 million in preceding quarter to RM0.92 million in the current quarter. The loss in preceding quarter mainly arises from the provision of doubtful debts of RM2.0 million by one of the subsidiaries.

### 3. Current year prospect

Baring any unforeseen circumstances, the Board expects the group's performance to remain positive in the coming quarters.

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

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

## KOBAY TECHNOLOGY BHD (Co. No. 308279-A)

### 5. Taxation

Taxation comprises the following :-

|              | INDIVIDUAL PERIOD                                     |  | CUMULATIVE PERIOD                              |   |
|--------------|---|--|--|---|
|              | Current Year<br>quarter ended<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>quarter ended<br>30/9/2006<br>RM '000 | Current Year<br>todate<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>period<br>30/9/2006<br>RM '000 |
| Current year | (415)   | (336)  | (415)  | (336)   |
| Deferred tax | -   | (37)   | -  | (37)  |
|              | <u>(415)</u>  | <u>(373)</u>   | <u>(415)</u>                                   | <u>(373)</u>  |

The effective tax rate for the period is higher than the statutory tax rate mainly due to the losses of subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

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

There were no profits on sale of unquoted investments and/or properties for the current quarter.

### 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<br>quarter ended<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>quarter ended<br>30/9/2006<br>RM '000 | Current Year<br>todate<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>period<br>30/9/2006<br>RM '000 |
| (i) Total purchase       | 104   | -  | 104  | -   |
| (ii) Total disposal      | -   | -  | -  | -   |
| (iii) Profit on disposal | -   | -  | -  | -   |

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

|                                   | RM '000 |
|-----------------------------------|---------|
| (i) At cost                       | 387     |
| (ii) At carrying value/book value | 371     |
| (iii) At market value             | 369     |

### 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<br>As at 30/9/2007<br>RM '000 | As at 30/6/2007<br>RM '000 |
|------------------------|--|----------------------------|
| Short term - unsecured | 17,791                                       | 16,386                     |
| Long term - unsecured  | -  | -                          |
|                        | <u>17,791</u>                                | <u>16,386</u>              |

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



## KOBAY TECHNOLOGY BHD (Co. No. 308279-A)

### 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 do not recommend any dividend for the current quarter and financial year-to-date. (30.09.2006: Nil)

### 13. Earnings Per Share

#### (a) Basic earnings per share

|   | INDIVIDUAL PERIOD                                     |  | CUMULATIVE PERIOD                              |   |
|---|---|--|--|---|
|   | Current Year<br>quarter ended<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>quarter ended<br>30/9/2006<br>RM '000 | Current Year<br>todate<br>30/9/2007<br>RM '000 | Preceding Year<br>Corresponding<br>period<br>30/9/2006<br>RM '000 |
| Profit attributable to ordinary equity holders<br>of the parent | 591   | 2,028  | 591  | 2,028   |
| Issued ordinary shares at beginning of period                   | 68,081  | 68,081   | 68,081   | 68,081  |
| Effect of Shares Buy Back                                       | (728)   | (728)  | (728)  | (728)   |
| Weighted average number of ordinary shares                      | <u>67,353</u>   | <u>67,353</u>  | <u>67,353</u>                                  | <u>67,353</u>   |
| Basic earnings per share (sen)                                  | 0.88  | 3.01   | 0.88   | 3.01  |

#### (b) Diluted earnings per share

The effects on the basic EPS for the year arising from the assumed exercise of the employee share options is anti-dilutive. Accordingly the diluted EPS for the current period has not been presented.

### 14. Provision for Financial Assistance

Pursuant to Paragraph 8.23 and 10.08 of the Listing Requirements and Practice Note No. 11/2001 of the Bursa Malaysia Securities Berhad, the following are the financial assistance provided by the Group for the current financial period under review : -

|  | Current Period<br>As at 30/9/2007<br>RM '000 |
|--|--|
| Corporate Guarantee given to financial institutions for credit facilities granted to its non-wholly owned subsidiary | 14,500                                       |
| Loan given to a non-wholly owned subsidiary  | 8,665  |
| Loan given by a licensed moneylending company within the Group to its subsidiary companies                           | 1,294  |
| Loan given by a licensed moneylending company within the Group to third parties                                      | <u>2,489</u>                                 |
|  | <u>26,948</u>                                |

The provision of the financial assistance does not have any impact on the issued and paid-up capital and substantial shareholders' shareholding of Kobay and would not have any material effect on the net assets, net tangible assets, gearing and earnings of the Group.

### 15. Authorisation for issuance of the interim financial statements

On 29<sup>th</sup> November 2007, the Board of Directors authorised the issuance of these interim financial statements.