

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED INCOME STATEMENT
INTERIM REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2008
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2008 RM '000	Preceding Year Corresponding quarter ended 31/3/2007 RM '000 (Restated)	Current Year to date 31/3/2008 RM '000 (Restated)	Preceding Year Corresponding period 31/3/2007 RM '000 (Restated)
Continuing Operations				
Revenue	9,205	7,566	28,218	31,514
Operating expenses	(8,854)	(7,308)	(27,611)	(27,715)
Other operating income	263	(50)	850	156
Profit from operations	614	208	1,457	3,875
Finance costs	(37)	-	(37)	-
Share of profit of associated companies	943	467	1,943	1,591
Profit before tax	1,520	675	3,363	5,466
Tax expense	590	(309)	18	(819)
Profit For the period from continuing operations	2,110	366	3,381	4,647
Profit for the period from discontinuing operations	541	308	948	563
Profit For The Period	<u>2,651</u>	<u>674</u>	<u>4,329</u>	<u>5,210</u>
Attributable to :				
Equity holders of the parent	2,554	619	4,292	4,708
Minority interests	97	55	37	502
	<u>2,651</u>	<u>674</u>	<u>4,329</u>	<u>5,210</u>
Earnings per share (sen)				
- Basic				
Continuing operations	3.35	0.67	5.60	6.53
Discontinuing operations	0.44	0.25	0.77	0.46
	<u>3.79</u>	<u>0.92</u>	<u>6.37</u>	<u>6.99</u>
- Diluted	*	*	*	*

*Antidiluted

Consequent to the proposed disposal of its 55% owned subsidiary, namely Elite Paper Trading Sdn Bhd ("Elite") as disclosed in Note 8 & 15, the results of this subsidiary has been presented separately on the consolidated income statement as discontinuing operations. The corresponding comparatives for the previous reporting quarters have been restated to reflect the change.

(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 31 MARCH 2008

	(Unaudited) As at current quarter 31/3/2008 RM '000	(Audited) As at preceding financial year 30/06/2007 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	20,776	20,784
Prepaid Lease Payments	9,191	9,287
Investment in associated companies	30,725	27,495
Other investments	1,363	1,082
Development Cost	110	404
Deferred tax assets	39	39
Loan receivables	-	38
	62,204	59,129
Current Assets		
Inventories	12,452	18,514
Trade and other receivables	9,748	29,442
Loan Receivables	516	428
Tax recoverable	2,452	1,936
Deposits	19,176	13,036
Cash and bank balances	4,370	8,393
	48,714	71,749
Assets classified as held for sale	21,767	-
Total Assets	132,685	130,878
Equity		
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Retained profit	32,958	30,686
Exchange fluctuation reserve	(43)	(113)
	33,707	31,365
Equity attributable to equity holders of the parent	101,788	99,446
Minority Interest	2,976	3,856
Total Equity	104,764	103,302
Non-Current Liabilities		
Deferred taxation	2,857	2,857
	2,857	2,857
Current Liabilities		
Trade and other payables	8,641	8,287
Short term borrowings	1,878	16,386
Tax liabilities	53	46
	10,572	24,719
Liabilities directly associated with assets classified as held for sale	14,492	-
Total Liabilities	27,921	27,576
Total Equity and Liabilities	132,685	130,878
Net assets per ordinary share attributable to equity holders of the parent (RM)	1.51	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 31 MARCH 2008**

	(Unaudited) Period ended 31/3/2008 RM '000	(Unaudited) Period Ended 31/3/2007 RM '000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,363	5,466
Adjustments for:		
- Non-cash items	1,434	1,367
- Share of profits in associated companies	(1,943)	-1,591
- Non-operating items	423	253
Operating profit before changes in working capital	<u>3,277</u>	<u>5,495</u>
Changes in working capital:		
- Net change in current assets	2,621	-166
- Net change in current liabilities	505	-4,835
- Net cash generated from operating activities -continuing operations	3,126	(5,001)
- Net cash generated from operating activities -discontinuing operations	5,168	1,901
Net Cash generated from operating activities	<u>11,571</u>	<u>2,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments (continuing operations)	(2,734)	1,334
Net cash generated from investing activities	<u>(2,734)</u>	<u>1,334</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	(37)	-
Dividend paid	(2,038)	-2,357
Short term deposits released from security value	1,600	-
Increase of bank borrowings	1,878	-
Net cash generated from financing activities -continuing operations	1,403	(2,357)
Net cash generated from financing activities -discontinuing operations	(4,053)	(2,034)
Net cash generated from financing activities	<u>(2,650)</u>	<u>(4,391)</u>
Net Change in Cash & Cash Equivalents	6,187	(662)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>19,225</u>	<u>25,832</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u><u>25,412</u></u>	<u><u>25,170</u></u>

Note: Deposits amounting to RM703,872 (31.3.2007: RM665,605) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 31 March 2008. 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 NINE MONTHS ENDED 31 MARCH 2008**

Group	Attributable to equity holders of the parent							Total Equity RM'000
	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	
CURRENT PERIOD								
As at 1 July, 2007	68,081	(888)	1,680	-	(113)	30,686	99,446	103,302
Translation differences in foreign subsidiaries	-	-	-	-	70	-	70	70
Net profit for the year	-	-	-	-	-	4,292	4,292	4,329
Dividend paid	-	-	-	-	-	(2,020)	(2,020)	(2,937)
Balance as at 31 March, 2008	68,081	(888)	1,680	-	(43)	32,958	101,788	104,764

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2007**

Group	Attributable to equity holders of the parent							Total Equity RM'000
	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	
CURRENT PERIOD								
As at 1 July, 2006	68,081	(888)	1,680	-	(74)	30,120	98,919	102,575
Translation differences in foreign subsidiaries	-	-	-	-	49	-	49	49
Net profit for the period	-	-	-	-	-	4,708	4,708	5,210
Dividend paid	-	-	-	-	-	(2,357)	(2,357)	(2,495)
Balance as at 31 March, 2007	68,081	(888)	1,680	-	(25)	32,471	101,319	105,339

A. Notes to the interim financial report for the second financial quarter ended 31 March 2008

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

A final tax-exempt dividend of 3 sen per share, totaling RM2.020 million in respect of the financial year ended 30 June 2007 was paid on 28 February 2008. (31.3.2007 : RM 2.357 million).

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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 Year To date Ended 31/3/08 (RM'000)	Investment				Eliminations	Consolidated Amount
	Manufacturing	Trading	Holdings	Others		
REVENUE						
External sales	27,820	120	172	106		28,218
Inter-segment sales	2,569	3	7,063	1,018	(10,653)	0
	30,389	123	7,235	1,124	(10,653)	28,218
RESULTS						
Profit/(loss) from operations	2,364	11	5,713	120	(6,751)	1,457
Finance costs						(37)
Share of profit of associated co						1,943
Profit/(loss) before tax						3,363
Income tax expense						18
Profit For the period from continuing operations						3,381
Profit for the period from discontinuing operations						948
Profit for the period						4,329

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

	31/3/2008 RM'000
Malaysia	20,536
United State of America	2,603
South America	1,116
Europe	262
Asian Countries	3,701
	28,218

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

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 changes in composition of the group for the period under review.

11. 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 RM16.4 Million(31.3.2007: RM 14.5 million).

12. 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 continuing operations for the current quarter was RM9.2 million as compared to previous year corresponding quarter of RM7.56 million. For year-to-date, revenue was RM28.2 million as compared to RM31.5 million in the previous corresponding quarter.

Profit before tax from continuing operations for current quarter has improved as compared to previous corresponding quarter attributable to higher contribution from Metal Works Division and associated companies.

However for the year-to-date results, the unfavorable variance was mainly due to the adverse performance of the Automation Division as a result of downturn in semiconductor business.

2. Comparison with preceding quarter's results

As compared to preceding quarter, the Group's revenue for continuing operations has declined from RM11.1 million to RM9.2 million. Notwithstanding with the decreased in revenue, the group has recorded an improvement in profit before tax from continuing operations, from RM1.13 million in preceding quarter to RM1.52 million in the current quarter. The positive results were due to better sales mix derived from the Metal Works Division and better contribution from associated companies.

3. Current year prospect

Barring any unforeseen circumstances, the Board anticipates the group's performance to remain satisfactory in the coming quarter.

4. Variance on forecast profit/profit guarantee

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

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5. Taxation

Taxation comprises the following :-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2008 RM '000	Preceding Year Corresponding quarter ended 31/3/2007 RM '000	Current Year todate 31/3/2008 RM '000	Preceding Year Corresponding period 31/3/2007 RM '000
Continuing Operations				
Current year	590	(323)	18	(804)
Deferred tax	-	14	-	(15)
	<u>590</u>	<u>(309)</u>	<u>18</u>	<u>(819)</u>
Discontinuing Operations				
Current year	(190)	(95)	(333)	(161)
Deferred tax	-	-	-	-
	<u>(190)</u>	<u>(95)</u>	<u>(333)</u>	<u>(161)</u>

Tax income for continuing operations for the period mainly due to tax credit arising from dividend income.

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 quarter ended 31/3/2008 RM '000	Preceding Year Corresponding quarter ended 31/3/2007 RM '000	Current Year todate 31/3/2008 RM '000	Preceding Year Corresponding period 31/3/2007 RM '000
(i) Total purchase	382	331	486	418
(ii) Total disposal	120	404	202	551
(iii) Profit/(loss) on disposal	(14)	46	4	67

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

	RM '000
(i) At cost	567
(ii) At carrying value/book value	550
(iii) At market value	497

8. Status of corporate proposals

The Company has on 28 March 2008, entered into a quad-partite agreement to dispose off its 55% equity interest in Elite Paper Trading Sdn Bhd ("Elite"), comprising of 1,100,000 ordinary shares of RM1.00 each at net tangible assets value to Mega Publication Sdn Bhd and transferring Elite's business to CP Stationery Sdn Bhd. The proposed disposal is anticipated to be completed by 31 March 2009.

Save for the above, there were no corporate proposals announced as at the date of this interim report but pending completion.

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9. Group borrowings

Continuing Operations	Current Period	As at 30/6/2007
	As at 31/3/2008 RM '000	RM '000
Short term - unsecured	1,878	-
Long term - unsecured	-	-
	<u>1,878</u>	<u>-</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 do not recommend any dividend for the current quarter and financial year-to-date. (31.3.2007 : Nil)

13. Earnings Per Share ("EPS")

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2008 RM '000	Preceding Year Corresponding quarter ended 31/3/2007 RM '000	Current Year to date 31/3/2008 RM '000	Preceding Year Corresponding period 31/3/2007 RM '000
Profit from continuing operations attributable to ordinary equity holders of the parent	2,257	449	3,771	4,398
Profit from discontinuing operations attributable to ordinary equity holders of the parent	297	170	521	310
Profit attributable to ordinary equity holders of the parent	<u>2,554</u>	<u>619</u>	<u>4,292</u>	<u>4,708</u>
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)				
- Continuing operations	3.35	0.67	5.60	6.53
- Discontinuing operations	0.44	0.25	0.77	0.46
	<u>3.79</u>	<u>0.92</u>	<u>6.37</u>	<u>6.99</u>

(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.

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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 As at 31/3/2008 RM '000
Corporate Guarantee given to financial institutions for credit facilities granted to its non-wholly owned subsidiary	14,500
Loan given to non-wholly owned subsidiaries	8,584
Loan given by a licensed moneylending company within the Group to its subsidiary companies	794
Loan given by a licensed moneylending company within the Group to third parties	2,459
	<u>26,337</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. Discontinuing Operations

With reference to Note 8, the Group has entered into entered into a quad-partite agreement to dispose off 55% equity interest in Elite, comprising of 1,100,000 ordinary shares of RM1.00 each at net tangible assets value to Mega Publication Sdn Bhd and transferring Elite's business to CP Stationery Sdn Bhd.

The profit attributable to the discontinuing operations were as follows :

Results of discontinuing operations

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2008 RM '000	Preceding Year Corresponding quarter ended 31/3/2007 RM '000	Current Year todate 31/3/2008 RM '000	Preceding Year Corresponding period 31/3/2007 RM '000
Revenue	11,596	12,188	41,758	35,849
Operating expenses	(11,111)	(11,856)	(40,231)	(34,740)
Other operating income	563	424	915	694
Profit from operations	1,048	756	2,442	1,803
Finance cost	(317)	(353)	(1,161)	(1,079)
Profit before tax	731	403	1,281	724
Tax expense	(190)	(95)	(333)	(161)
Net profit for the period	<u>541</u>	<u>308</u>	<u>948</u>	<u>563</u>

Cash Flow from discontinuing operations

	Period ended 31/3/2008 RM '000	Period Ended 31/3/2007 RM '000
Net cash from operating activities	5,168	1,901
Net cash used in financing activities	(4,053)	(2,034)
Net cash from/(used in) discontinuing operations	<u>1,115</u>	<u>(133)</u>

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

15. Discontinuing Operations (continued)

Asset classified as held for sale

	As at current quarter 31/3/2008 RM '000
Inventories	9,012
Trade and other receivables	10,186
Cash and bank balances	<u>2,569</u>
	<u><u>21,767</u></u>

Liabilities classified as held for sale

	As at current quarter 31/3/2008 RM '000
Trade and other payables	86
Short term borrowings	14,204
Tax liabilities	<u>202</u>
	<u><u>14,492</u></u>

16. Authorisation for issuance of the interim financial statements

On 23rd May 2008, the Board of Directors authorised the issuance of these interim financial statements.