

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED INCOME STATEMENT
INTERIM REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2008
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2008 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 30/6/2007 RM '000 (Restated)	Current Year todate 30/6/2008 RM '000 (Unaudited)	Preceding Year Corresponding period 30/6/2007 RM '000 (Restated)
Continuing Operations				
Revenue	10,175	10,694	38,393	42,208
Operating expenses	(9,237)	(10,449)	(36,848)	(38,244)
Other operating income / (losses)	429	(2,824)	1,279	(2,668)
Profit from operations	1,367	(2,579)	2,824	1,296
Finance costs	(14)	(3)	(51)	(3)
Share of profit of associated companies	701	399	2,644	1,990
Profit before tax	2,054	(2,183)	5,417	3,283
Tax expense	702	(211)	720	(1,030)
Profit For the period from continuing operations	2,756	(2,394)	6,137	2,253
Profit for the period from discontinuing operations	274	517	1,222	1,080
Profit For The Period	3,030	(1,877)	7,359	3,333
Attributable to :				
Equity holders of the parent	3,054	(1,784)	7,346	2,924
Minority interests	(24)	(93)	13	409
	3,030	(1,877)	7,359	3,333
Earnings per share (sen)				
- Basic				
Continuing operations	4.03	(3.40)	9.63	3.13
Discontinuing operations	0.50	0.75	1.28	1.21
	4.53	(2.65)	10.91	4.34
- Diluted	*	*	*	*
*Antidiluted				

Consequent to the proposed voluntary winding up of its 55% owned subsidiary, namely Elite Paper Trading Sdn Bhd ("Elite") as disclosed in Note 8 & 15, the post-tax profit of this subsidiary has been presented separately on the consolidated income statement as discontinuing operations. The corresponding comparatives for the previous reporting quarters and preceding year corresponding period 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 30 JUNE 2008

	(Unaudited) As at current quarter 30/06/2008 RM '000	(Audited) As at preceding financial year 30/06/2007 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	20,857	20,784
Prepaid Lease Payments	9,163	9,287
Investment in associated companies	31,426	27,495
Other investments	638	1,082
Development Cost	-	404
Deferred tax assets	33	39
Loan receivables	-	38
	62,117	59,129
Current Assets		
Inventories	12,355	18,514
Trade and other receivables	13,189	29,442
Loan Receivables	506	428
Tax recoverable	2,560	1,936
Deposits	21,429	13,036
Cash and bank balances	2,393	8,393
	52,432	71,749
Assets of discontinuing operations	5,461	-
Total Assets	120,010	130,878
Equity		
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Retained profit	36,013	30,687
Exchange fluctuation reserve	(43)	(113)
	36,762	31,366
Equity attributable to equity holders of the parent	104,843	99,447
Minority Interest	2,387	3,856
Total Equity	107,230	103,303
Non-Current Liabilities		
Deferred taxation	2,082	2,857
	2,082	2,857
Current Liabilities		
Trade and other payables	8,838	8,286
Short term borrowings	1,730	16,386
Tax liabilities	47	46
	10,615	24,718
Liabilities of discontinuing operations	83	-
Total Liabilities	12,780	27,575
Total Equity and Liabilities	120,010	130,878
Net assets per ordinary share attributable to equity holders of the parent(RM)	1.55	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 YEAR ENDED 30 JUNE 2008**

	(Unaudited) Period ended	(Audited) Period Ended (Restated)
	30/6/2008	30/6/2007
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,417	3,283
Adjustments for:		
- Non-cash items	1,633	1,881
- Share of profits in associated companies	(2,644)	(1,990)
- Non-operating items	872	3,979
Operating profit before changes in working capital	5,278	7,153
Changes in working capital:		
- Net change in current assets	(1,076)	(2,868)
- Net change in current liabilities	4,372	(1,639)
- Net cash generated from operating activities -continuing operations	3,296	(4,507)
- Net cash generated from operating activities -discontinuing operations	18,895	(288)
Net Cash generated from operating activities	27,469	2,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments -continuing operations	(4,065)	(4,796)
Net cash generated from investing activities	(4,065)	(4,796)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	(51)	-
Dividend paid	(2,038)	(2,372)
Short term deposits released from / (pledged to) security value	1,600	(1,538)
Proceeds from issuance of shares to MI	-	55
Increase of bank borrowings	1,730	-
Net cash generated from financing activities -continuing operations	1,241	(3,855)
Net cash generated from financing activities -discontinuing operations	(19,652)	(314)
Net cash generated from financing activities	(18,411)	(4,169)
Net Change in Cash & Cash Equivalents	4,993	(6,607)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,225	25,832
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	24,218	19,225

Note: Deposits amounting to RM703,872 (30.6.2007: RM2,203,872) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 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

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 2008**

Group	Attributable to equity holders of the parent					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserve RM'000	Retained profit RM'000			
CURRENT PERIOD								
As at 1 July, 2007	68,081	(888)	1,680	(113)	30,687	99,447	3,856	103,303
Translation differences in foreign subsidiaries	-	-	-	70	-	70	-	70
Net profit for the year	-	-	-	-	7,346	7,346	13	7,359
Dividend paid	-	-	-	-	(2,020)	(2,020)	(1,482)	(3,502)
Balance as at 30 June, 2008	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>(43)</u>	<u>36,013</u>	<u>104,843</u>	<u>2,387</u>	<u>107,230</u>

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

Group	Attributable to equity holders of the parent					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserve RM'000	Retained profit RM'000			
CURRENT PERIOD								
As at 1 July, 2006	68,081	(888)	1,680	(74)	30,120	98,919	3,656	102,575
Translation differences in foreign subsidiaries	-	-	-	(39)	-	(39)	-	(39)
Net profit for the period	-	-	-	-	2,924	2,924	409	3,333
Dividend paid	-	-	-	-	(2,357)	(2,357)	(209)	(2,566)
Balance as at 30 June, 2007	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>(113)</u>	<u>30,687</u>	<u>99,447</u>	<u>3,856</u>	<u>103,303</u>

A. Notes to the interim financial report for the forth financial quarter ended 30 June 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 Assistance
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. (30.6.2007 : RM Nil).

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8. Segment report

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

a) Segment information by activities

Current Period Ended 30/6/08 (RM'000)	Investment				Consolidated Amount
	Manufacturing	Trading	Holdings	Others eliminations	
REVENUE					
External sales	38,037	203	16	137	38,393
Inter-segment sales	2,964	3	8,141	1,280	(12,387)
	41,001	206	8,157	1,416	(12,387)
RESULTS					
Profit/(loss) from operations	4,742	(185)	5,721	12	(7,465)
Finance costs					(51)
Share of profit of associated co					2,644
Profit/(loss) before tax					5,417
Income tax expense					720
Profit For the period from continuing operations					6,137
Profit for the period from discontinuing operations					1,222
Profit for the period					7,359

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

	30/6/2008
	RM'000
Malaysia	25,716
United State of America	3,133
South America	4,114
Europe	554
Asian Countries	4,876
	<u>38,393</u>

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.

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 RM1.73 Million(30.6.2007: RM 16.38 million). The decrease in corporate guarantees was due to the discontinued operations of a subsidiary.

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 continuing operations for the current quarter was RM10.1 million as compared to previous year corresponding quarter of RM10.6 million. For year-to-date, revenue was RM38.3 million as compared to RM42.2 million in the previous year.

Profit before tax from continuing operations stood at RM2.0 million for current quarter, which was mainly contributed by its Metal Works Division and sharing of profit from associated companies. On the other hand, the loss for preceding year's corresponding quarter was due to the provision for doubtful debts and provision for impairment of goodwill.

As for the year-to-date results, the Group has better performed by RM2.1 million or 65% in term of the profit before tax from continuing operations as compared to preceding year. The favorable result was mainly due to the improved performance for Metal Works Division and sharing of profit from associated companies.

2. Comparison with preceding quarter's results

Revenue stood at RM10.1 million as compared to preceding quarter of RM9.2 million, whereas profit before tax from continuing operations were improved by RM0.5 million, attributable to better sales mix derived from the Metal Works and Tooling Division.

3. Current year prospect

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

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 30/6/2008 RM '000	Preceding Year Corresponding quarter ended 30/6/2007 RM '000	Current Year todate 30/6/2008 RM '000	Preceding Year Corresponding period 30/6/2007 RM '000
Continuing Operations				
Current tax	(324)	17	(306)	(787)
Deferred tax	567	49	567	34
	243	66	261	(753)
Over/(under) provision in prior years				
Current Tax	257	(137)	257	(137)
Deferred tax	202	(140)	202	(140)
	702	(211)	720	(1,030)
Discontinuing Operations				
Current tax	52	(55)	(281)	(216)
Deferred tax	-	-	-	-
	52	(55)	(281)	(216)

The effective tax rate of the group was lower than statutory tax rate and reversal of deferred taxation were mainly due to tax incentives enjoyed by certain subsidiaries and also the set off of tax losses.

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 30/6/2008 RM '000	Preceding Year Corresponding quarter ended 30/6/2007 RM '000	Current Year todate 30/6/2008 RM '000	Preceding Year Corresponding period 30/6/2007 RM '000
(i) Total purchase	-	290	486	708
(ii) Total disposal	123	284	325	835
(iii) Profit on disposal	27	18	31	85

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

	RM '000
(i) At cost	442
(ii) At carrying value/book value	325
(iii) At market value	325

8. Status of corporate proposals

Further to the announcement dated 28 March 2008 on the proposed business rationalization and disposal of Elite Paper Trading Sdn. Bhd. ("Elite"), a 55% owned subsidiary of Kobay Technology Bhd, on 1st July 2008, the Company has entered into a Supplementary Agreement with Mega Publication Sdn Bhd ("Mega") to voluntary winding-up of Elite instead of disposing Kobay's 55% shares in Elite to Mega as previously stated.

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 Year	
	As at 30/6/2008	As at 30/6/2007
	RM '000	RM '000
Short term - unsecured	1,730	-
Long term - unsecured	-	-
	<u>1,730</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 recommended the payment of first and final tax exempt dividend of 3.0% in respect of the financial year ended 30th June 2008. (30.06.2007: 3%)

13. Earnings Per Share ("EPS")

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2008 RM '000	Preceding Year Corresponding quarter ended 30/6/2007 RM '000	Current Year to date 30/6/2008 RM '000	Preceding Year Corresponding period 30/6/2007 RM '000
Profit from continuing operations attributable to ordinary equity holders of the parent	2,716	(2,287)	6,487	2,111
Profit from discontinuing operations attributable to ordinary equity holders of the parent	338	503	859	813
Profit attributable to ordinary equity holders of the parent	<u>3,054</u>	<u>(1,784)</u>	<u>7,346</u>	<u>2,924</u>
Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
Effect of Shares Buy Back	<u>(728)</u>	<u>(728)</u>	<u>(728)</u>	<u>(728)</u>
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	4.03	(3.40)	9.63	3.13
- Discontinuing operations	<u>0.50</u>	<u>0.75</u>	<u>1.28</u>	<u>1.21</u>
	<u>4.53</u>	<u>(2.65)</u>	<u>10.91</u>	<u>4.34</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 30/6/2008 RM '000
Loan given to non-wholly owned subsidiaries	8,084
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	2,495
	<u>11,373</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 of Section B above, the Group has entered into an agreement to transfer Elite's business to CP Stationery Sdn Bhd and also subsequently entered into a supplementary agreement to voluntary winding up of the company.

The profit attributable to the discontinuing operations were as follows :

Results of discontinuing operations

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2008 RM '000	Preceding Year Corresponding quarter ended 30/6/2007 RM '000	Current Year to date 30/6/2008 RM '000	Preceding Year Corresponding period 30/6/2007 RM '000
Revenue	9,271	15,503	51,029	51,352
Operating expenses	(9,531)	(15,380)	(49,762)	(50,120)
Other operating income	411	386	1,326	1,080
Profit from operations	151	509	2,593	2,312
Finance cost	71	63	(1,090)	(1,016)
Profit before tax	222	572	1,503	1,296
Tax expense	52	(55)	(281)	(216)
Net profit for the period	274	517	1,222	1,080

Cash Flow from discontinuing operations

	Year ended 30/6/2008 RM '000	Year Ended 30/6/2007 RM '000
Net cash from operating activities	18,895	(288)
Net cash used in financing activities	(19,652)	(314)
Net cash used in discontinuing operations	<u>(757)</u>	<u>(602)</u>

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15. Discontinuing Operations (continued)

Assets for discontinuing operations as stated in note 8.

	As at current quarter 30/6/2008 RM '000
Trade and other receivables	4,361
Cash and bank balances	1,100
	<u>5,461</u>

Liabilities classified as held for sale in relation to discontinuing operations.

	As at current quarter 30/6/2008 RM '000
Tax liabilities	83
	<u>83</u>

16. Authorisation for issuance of the interim financial statements

On 21st August 2008, the Board of Directors authorised the issuance of these interim financial statements.