

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2008 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 30/9/2007 RM '000 (Restated)	Current Year to date 30/9/2008 RM '000 (Unaudited)	Preceding Year Corresponding period 30/9/2007 RM '000 (Restated)
<b>Continuing Operations</b>				
Revenue	11,736	7,856	11,736	7,856
Operating expenses	(10,508)	(7,689)	(10,508)	(7,689)
Other operating (losses) / income	(85)	301	(85)	301
Profit from operations	1,143	468	1,143	468
Finance costs	(18)	-	(18)	-
Share of profit of associated companies	424	245	424	245
Profit before tax	1,549	713	1,549	713
Tax expense	(418)	(361)	(418)	(361)
Profit For the period from continuing operations	1,131	352	1,131	352
<b>Discontinued Operation</b>				
(Loss) / Profit for the period from discontinued operation	(42)	154	(42)	154
Profit For The Period	1,089	506	1,089	506
Attributable to :				
Equity holders of the Company	1,437	591	1,437	591
Minority interests	(348)	(85)	(348)	(85)
	1,089	506	1,089	506
Earnings per share (sen)				
- Basic / diluted				
Continuing operations	2.16	0.63	2.16	0.63
Discontinued operation	(0.03)	0.13	(0.03)	0.13
	2.13	0.75	2.13	0.75

Consequent to the proposed voluntary winding up of its 55% owned subsidiary, namely Elite Paper Trading Sdn Bhd ("Elite") as disclosed in Note 8 of section B, the post-tax profit / (loss) of this subsidiary has been presented separately on the consolidated income statement as discontinued operation. 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 2008)

**KOBAY TECHNOLOGY BHD**

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008**

	(Unaudited) As at current quarter 30/09/2008 RM '000	(Audited) As at preceding financial year 30/06/2008 RM '000
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	54,748	20,801
Prepaid Lease Payments	14,759	9,214
Investment in associated companies	-	31,434
Other investments	1,897	1,090
Deferred tax assets	31	331
Loan receivables	-	29
	71,435	62,899
<b>Current Assets</b>		
Inventories	15,540	12,387
Trade and other receivables	23,592	17,301
Loan Receivables	512	477
Tax recoverable	3,834	2,717
Deposits	44,809	20,929
Cash and bank balances	6,747	3,493
	95,034	57,304
<b>Total Assets</b>	166,469	120,203
<b>Equity</b>		
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Retained profit	37,601	36,449
Exchange fluctuation reserve	123	(38)
	38,516	37,203
Equity attributable to equity holders of the Company	106,597	105,284
Minority Interest	35,059	2,383
<b>Total Equity</b>	141,656	107,667
<b>Non-Current Liabilities</b>		
Deferred Income On Government Grant	47	-
Long term borrowings	1,125	1,125
Deferred taxation	4,040	1,930
	5,212	3,055
<b>Current Liabilities</b>		
Trade and other payables	18,903	8,818
Short term borrowings	455	605
Tax liabilities	243	58
	19,601	9,481
<b>Total Liabilities</b>	24,813	12,536
<b>Total Equity and Liabilities</b>	166,469	120,203

Net assets per ordinary share attributable to equity holders of the Company(RM)

1.58

1.56

On 17 September 2008, the Company acquired additional equity interest of 1.3% in Lipo Corporation Berhad ("Lipo") and thereby resulting Lipo in becoming a 50.29% owned subsidiary of the Company. Consequently, Lipo's financial position has been consolidated into the Company's Balance Sheet as of 30 September 2008.

**(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements Statements for the year ended 30 June 2008)**

**KOBAY TECHNOLOGY BHD**

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
INTERIM REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2008**

		(Unaudited) Period ended	(Audited) Period Ended (Restated)
	Note	30/9/2008 RM '000	30/9/2007 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before tax from :			
Continuing operations		1,549	712
Discontinued operation		(42)	209
Adjustments for:			
- Non-cash items		(801)	469
- Share of profits in associated companies		(424)	(245)
- Non-operating items		1,465	344
Operating profit before changes in working capital		1,747	1,489
Changes in working capital:			
- Net change in current assets		3,455	877
- Net change in current liabilities		5,190	1,508
Net Cash generated from operating activities		10,392	3,874
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary company, net of cash acquired	11	17,744	-
Other investments -continuing operations		(854)	(1,486)
Net cash generated from / (used in) investing activities		16,890	(1,486)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest expense		(18)	(368)
Short term deposits released from / (pledged to) security value		-	1,405
Increase of bank borrowings		(150)	-
Net cash generated from financing activities		(168)	1,037
Net Change in Cash & Cash Equivalents		27,114	3,425
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		24,139	19,225
<b>CASH &amp; CASH EQUIVALENTS AS AT END OF THE PERIOD</b>		51,253	22,650

# Note: Deposits amounting to RM303,375 (30.09.2007: RM603,872) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 September 2008. As such, these amounts 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 2008)**

**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 2008**

Group	← Attributable to equity holders of the Company →					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation / Capital Reserve RM'000	Retained profit RM'000			
<b><u>CURRENT PERIOD</u></b>								
<b>As at 1 July, 2008</b>	68,081	(888)	1,680	(113)	36,449	105,209	2,383	107,592
Translation differences in foreign subsidiaries	-	-	-	236	-	236	-	236
Acquisition of a subsidiary company	-	-	-	-	-	-	33,024	33,024
Transfer from Reserve	-	-	-	-	(285)	(285)	-	(285)
Net profit for the period	-	-	-	-	1,437	1,437	(348)	1,089
<b>Balance as at 30 September, 2008</b>	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>123</u>	<u>37,601</u>	<u>106,597</u>	<u>35,059</u>	<u>141,656</u>

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

Group	← Attributable to equity holders of the Company →					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			
<b><u>CURRENT PERIOD</u></b>								
<b>As at 1 July, 2007</b>	68,081	(888)	1,680	(113)	30,686	99,446	3,656	103,102
Net profit for the period	-	-	-	-	591	591	(85)	506
<b>Balance as at 30 September, 2007</b>	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>(113)</u>	<u>31,277</u>	<u>100,037</u>	<u>3,571</u>	<u>103,608</u>

**A. Notes to the interim financial report for the first financial quarter ended 30 September 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 2008.

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 2008.

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

The Group's audited financial statements for the year ended 30 June 2008 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**

On 17 September 2008, the Company acquired additional equity interest of 1.3% in Lipo Corporation Berhad ("Lipo") and thereby resulting Lipo in becoming a 50.29% owned subsidiary of the Company. Consolidation of Lipo has caused the correspondence increase in assets, liabilities, equity and cash flow of the Group. In addition, the group has also recognized a gain of RM1.265 million arising from charge out of negative goodwill on consolidation.

Save for the above, there were no other events affecting the assets, liabilities, equity, net income, or cash flows 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. (30.9.2007 : RM Nil).

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

### 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 30/09/08 (RM'000)	Investment				Adjustment	Consolidated Amount
	Manufacturing	Trading	Holdings	Others		
<b>REVENUE</b>						
External sales	11,656	51	1	24		11,732
Inter-segment sales	754	2	913	261	(1,931)	-
	<b>12,411</b>	<b>53</b>	<b>914</b>	<b>285</b>	<b>(1,931)</b>	<b>11,732</b>
<b>RESULTS</b>						
Profit from operation	131	18	462	84	447	1,143
Finance costs						(18)
Share of profit of associated company						424
Profit before tax						1,549
Income tax expense						(418)
Profit for the period from continuing operations						1,131
Loss for the period from discontinued operation						(42)
Profit for the period						1,089

#### 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:

	30/09/2008 RM'000
Malaysia	6,364
United States of America	204
South America	3,195
Europe	918
Asian Countries	1,051
	<u>11,732</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

On 29<sup>th</sup> October 2008, the Company has entered into a Share Sale Agreements with two vendors to acquire 81% of equity interest in Maker Technologies Sdn Bhd for a consideration of RM1.0 million. Subsequent to that, Maker has become a 100% owned subsidiary of Kobay.

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

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

On 17 September 2008, the Company acquired additional equity interest of 1.3% in Lipo Corporation Berhad ("Lipo"), thereby resulting in Lipo becoming a 50.29% owned subsidiary of Kobay.

The effect of the acquisition on the financial position of the Group during the quarter are as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Net assets as of date of acquisition :		
Property, plant and equipment	34,268	34,268
Prepaid leasehold lands	5,625	5,625
Inventories	3,845	3,845
Trade and other receivable	10,505	10,505
Tax Assets	1,184	1,184
Short Term Deposit	14,796	14,796
Cash and bank balances	3,365	3,365
Trade and other payables	(5,144)	(5,144)
Deferred Taxation	(2,110)	(2,110)
Deferred Income on Government Grant	(47)	(47)
Tax Liabilities	(121)	(121)
Minority Interest	(261)	(261)
Net assets acquired	65,905	65,905
Minority interest	(32,761)	
Share of net assets acquired	33,144	
Cost of acquisition / investment	(31,879)	
Negative goodwill on consolidation	1,265	
	RM'000	
Purchase considerations satisfied by :		
Cash	398	
Previously held under Associated Company	31,481	
Total cost of acquisition	31,879	
Cash flow arising on acquisition :		
Purchase consideration satisfied by cash	398	
Less : Cash and cash equivalents of subsidiary company acquired	(18,142) *	
Net cash inflow of the Group	(17,744)	
*Cash and bank balances	3,365	
Deposits with licensed bank	14,796	
Less : Deposits pledged to local banks for bank guarantee facilities	(19)	
Cash and cash equivalents acquired	18,142	

### 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 company which amounting to RM1.58 Million(30.6.2008: 1.73 Million).

### 13. Material related party transaction

There was 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 RM11.73 million as compared to previous year's corresponding quarter of RM7.85 million. The significant increase in revenue was mainly due to completion of modular project undertaken by the Group's Metal Works Division.

Profit before tax for the current quarter increased by 117% to RM1.54 million as compared to corresponding quarter. Higher profits were derived from the Metal Works Division and a gain of RM1.2 million arising from the acquisition of Lipo, offset by losses incurred by Automation Division.

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

Revenue and profit before tax from continuing operations stood at RM11.73 million and RM1.54 million respectively as compared to previous quarter of RM10.17 million and RM2.05 million.

Profit before tax was lower than preceding quarter due to the unfavourable performance of the Automation Division during quarter.

**3. Current year prospect**

The Board anticipates that the group will face a challenging time in the following quarters in view of the tough economic outlook.

**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 30/9/2008 RM '000	Preceding Year Corresponding quarter ended 30/9/2007 RM '000	Current Year to date 30/9/2008 RM '000	Preceding Year Corresponding period 30/9/2007 RM '000
<b>Continuing Operations</b>				
Current tax	(118)	(361)	(118)	(361)
Deferred tax	(300)	-	(300)	-
	<u>(418)</u>	<u>(361)</u>	<u>(418)</u>	<u>(361)</u>
<b>Discontinued Operation</b>				
Current tax	-	(54)	-	(54)
Deferred tax	-	-	-	-
	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>(54)</u>

The effective tax rate of the group was lower than statutory tax rate mainly due to tax incentives and tax losses available in certain subsidiaries.

**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.



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

### 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 30/9/2008 RM '000	Preceding Year Corresponding quarter ended 30/9/2007 RM '000	Current Year todate 30/9/2008 RM '000	Preceding Year Corresponding period 30/9/2007 RM '000
(i) Total purchase	154	104	154	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	596
(ii) At carrying value/book value	476
(iii) At market value	425

### 8. Status of corporate proposals

On 30<sup>th</sup> June 2008, the Company has entered into a Supplementary Agreement with Mega Publication Holdings Sdn Bhd ('Mega') to voluntarily winding-up of its 55% owned subsidiary company, Elite Paper Tradings Sdn Bhd. The proposal is still pending completion as at the date of this report.

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

### 9. Group borrowings

	Current Year As at 30/9/2008 RM '000	As at 30/6/2008 RM '000
<b>Continuing Operations</b>		
Short term - unsecured	1,125	1,125
Long term - unsecured	455	605
	<u>1,580</u>	<u>1,730</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 does not recommended any dividend for the period ended under review.  
(30.09.2007: Nil %)

**KOBAY TECHNOLOGY BHD (Co. No. 308279-A)****13. Earnings Per Share ("EPS")****(a) Basic earnings per share**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2008 RM '000	Preceding Year Corresponding quarter ended 30/9/2007 RM '000	Current Year todate 30/9/2008 RM '000	Preceding Year Corresponding period 30/9/2007 RM '000
Profit from continuing operations attributable to ordinary equity holders of the Company	1,455	421	1,455	421
(Loss) / Profit from discontinued operation attributable to ordinary equity holders of the Company	(18)	85	(18)	85
Profit attributable to ordinary equity holders of the Company	<u>1,437</u>	<u>506</u>	<u>1,437</u>	<u>506</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	2.16	0.63	2.16	0.63
- Discontinued operation	(0.03)	0.13	(0.03)	0.13
	<u>2.13</u>	<u>0.75</u>	<u>2.13</u>	<u>0.75</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.

**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 followings are the financial assistance provided by the Group for the current financial period under review :-

	Current Period As at 30/9/2008 RM '000
Loan given to non-wholly owned subsidiaries	5,023
Loan given by a licensed moneylending company within the Group to third parties	<u>2,496</u>
	<u>7,519</u>

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

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

### 15. Discontinued Operation

An analysis of the results of discontinued operation is as follows :

#### Results of discontinued operation

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2008 RM '000	Preceding Year Corresponding quarter ended 30/9/2007 RM '000	Current Year todate 30/9/2008 RM '000	Preceding Year Corresponding period 30/9/2007 RM '000
Revenue	-	17,655	-	17,655
Operating expenses	(43)	(16,911)	(43)	(16,911)
Other operating income	2	(44)	2	(44)
Profit from operations	(41)	700	(41)	700
Finance cost	(1)	(369)	(1)	(369)
Profit before tax	(42)	331	(42)	331
Tax expense	-	(54)	-	(54)
Net profit for the period	(42)	277	(42)	277

#### Cash Flow attributable to discontinued operation

	Quarter ended 30/9/2008 RM '000	Quarter Ended 30/9/2007 RM '000
Net cash used in operating activities	(1,040)	(213)
Net cash (used in) / from financing activities	(10)	1,025
Net cash attributable to discontinued operation	(1,050)	812

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

On 14th November 2008, the Board of Directors authorised the issuance of these interim financial statements.