

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED INCOME STATEMENTS
INTERIM REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2009
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2009 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 31/3/2008 RM '000 (Restated)	Current Year to date 31/3/2009 RM '000 (Unaudited)	Preceding Year Corresponding period 31/3/2008 RM '000 (Restated)
Continuing Operations				
Revenue	9,520	9,205	38,040	28,218
Operating expenses	(11,738)	(8,853)	(41,275)	(27,610)
Other operating income	1,032	37	3,108	396
(Loss)/Profit from operations	(1,186)	389	(127)	1,004
Investment revenue	388	225	900	453
Finance costs	(7)	(37)	(52)	(37)
Share of profit of associated companies	-	943	424	1,943
(Loss)/Profit before tax	(805)	1,520	1,145	3,363
Tax expense	(80)	590	(649)	18
(Loss)/Profit for the period from continuing operations	(885)	2,110	496	3,381
Discontinued Operation				
(Loss) / Profit for the period from discontinued operation	(62)	541	(120)	948
(Loss)/Profit for the period	(947)	2,651	376	4,329
Attributable to :				
Equity holders of the Company	(709)	2,554	924	4,292
Minority interests	(238)	97	(548)	37
	(947)	2,651	376	4,329
Earnings per share (sen)				
- Basic / diluted				
Continuing operations	(1.00)	3.35	1.46	5.60
Discontinued operation	(0.05)	0.44	(0.09)	0.77
	(1.05)	3.79	1.37	6.37

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 statements as discontinued operation. The corresponding comparatives for the previous reporting quarters and preceding year corresponding period have been restated to reflect the change.

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 result has been consolidated into the Company's Income statements since Quarter 2 of FY2009.

(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 SHEETS AS AT 31 MARCH 2009

	(Unaudited) As at current quarter 31/3/2009 RM '000	(Audited) As at preceding financial year 30/06/2008 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	52,996	20,801
Prepaid lease payments	14,639	9,214
Investment in associated companies	-	31,434
Other investments	5,461	1,090
Goodwill	250	-
Deferred tax assets	31	331
Loan receivables	-	29
	73,377	62,899
Current Assets		
Inventories	14,889	12,387
Trade and other receivables	13,946	17,301
Loan receivables	289	477
Tax assets	2,443	2,717
Deposits	46,369	20,929
Cash and bank balances	7,974	3,493
	85,910	57,304
Total Assets	159,287	120,203
Equity		
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Retained profit	35,067	36,449
Exchange fluctuation reserve	1,573	(38)
	37,432	37,203
Equity attributable to equity holders of the Company	105,513	105,284
Minority interest	34,551	2,383
Total Equity	140,064	107,667
Non-Current Liabilities		
Deferred income on government grant	34	-
Long term borrowings	-	1,125
Deferred taxation	4,039	1,930
	4,073	3,055
Current Liabilities		
Trade and other payables	14,974	8,818
Short term borrowings	-	605
Tax liabilities	176	58
	15,150	9,481
Total Liabilities	19,223	12,536
Total Equity and Liabilities	159,287	120,203
Net assets per ordinary share attributable to equity holders of the Company(RM)	1.56	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 Sheets since Quarter 2 of FY2009.

(The Condensed Consolidated Balance Sheets 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 CASH FLOW STATEMENTS
INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2009**

	(Unaudited) Nine months ended 31/3/2009 RM '000	(Unaudited) Nine months ended 31/3/2008 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from :		
Continuing operations	1,145	3,363
Discontinued operation	(120)	1,281
Adjustments for:		
- Non-cash items	2,570	1,434
- Share of profits in associated companies	(424)	(1,943)
- Non-operating items	3	423
Operating profit before changes in working capital	3,174	4,558
Changes in working capital:		
- Net change in current assets	17,201	5,995
- Net change in current liabilities	497	1,207
Net Cash generated from operating activities	20,872	11,760
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies, net of cash acquired	17,876	-
Purchase of additional shares from Minority interest	(307)	-
Other investments	(4,737)	(2,734)
Net cash generated from / (used in) investing activities	12,832	(2,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	(52)	(1,198)
Dividend paid	(2,021)	(2,937)
Short term deposits released from security value	-	1,600
Decrease in bank borrowings	(1,730)	(304)
Net cash generated from financing activities	(3,803)	(2,839)
Net Change in Cash & Cash Equivalents	29,901	6,187
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,139	19,225
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	54,040	25,412

Note: Deposits amounting to RM302,987 (31.3.2008: RM703,872) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 31 March 2009. 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 STATEMENTS OF CHANGES IN EQUITY
INTERIM REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2009**

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			
As at 1 July, 2008	68,081	(888)	1,680	(38)	36,449	105,284	2,383	107,667
Translation differences in foreign subsidiaries	-	-	-	1,611	-	1,611	-	1,611
Acquisition of a subsidiary company	-	-	-	-	-	-	32,716	32,716
Transfer from Reserve	-	-	-	-	(285)	(285)	-	(285)
Net profit for the period	-	-	-	-	924	924	(548)	376
Dividend paid	-	-	-	-	(2,021)	(2,021)	-	(2,021)
Balance as at 31 March, 2009	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>1,573</u>	<u>35,067</u>	<u>105,513</u>	<u>34,551</u>	<u>140,064</u>

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
INTERIM REPORT FOR THE NINE MONTHS ENDED 31 MARCH 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 reserve RM'000	Retained profit RM'000			
As at 1 July, 2007	68,081	(888)	1,680	(113)	30,686	99,446	3,856	103,302
Translation differences in foreign subsidiaries	-	-	-	70	-	70	-	70
Net profit for the period	-	-	-	-	4,292	4,292	37	4,329
Dividend paid	-	-	-	-	(2,020)	(2,020)	(917)	(2,937)
Balance as at 31 March, 2008	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>(43)</u>	<u>32,958</u>	<u>101,788</u>	<u>2,976</u>	<u>104,764</u>

A. Notes to the interim financial report for the second financial quarter ended 31 March 2009

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 its associated company, namely 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 in quarter ended 30 September 2009.

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

A final dividend of 3 sen per share, totaling RM2.021 million in respect of the financial year ended 30 June 2008 was paid on 27th February 2009. (31.3.2008 : RM2.020 million).

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						Consolidated
Ended 31/3/09 (RM'000)	Manufacturing	Trading	Investment Holdings	Others	Adjustment	Amount
REVENUE						
External sales	37,903	58	34	45		38,040
Inter-segment sales	1,848	0	2,192	686	(4,726)	-
	39,751	58	2,226	731	(4,726)	38,040
RESULTS						
Segment results	726	14	980	173	(1,119)	773
Finance costs						(52)
Share of profit of associated company						424
Profit before tax						1,145
Income tax expense						(649)
Profit for the period from continuing operations						496
Loss for the period from discontinued operation						(120)
Profit for the period						376
OTHER INFORMATION						
Capital additions	1,689	-	183	-	(841)	1,031
Depreciation and amortisation	3,553	-	80	203		3,835
SEGMENTAL ASSETS						
Segments assets	104,489	1,167	31,352	19,837	-	156,845
Investment in associated co	-	-	-	-	-	-
Income tax assets	2,071	-	215	157		2,443
Consolidated total assets						159,288
SEGMENTAL LIABILITIES						
Segment liabilities	10,922	14	503	3,568	-	15,008
Income tax liabilities	2,701	66	4	1,444	-	4,215
Consolidated total liabilities						19,223

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:

	31/3/2009
	RM'000
Malaysia	20,843
United States of America	2,068
South America	3,195
Europe	1,349
UK	1,353
Asian Countries	9,232
	38,040

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

On 3rd March 2009, the Company has acquired additional 288,000 shares in Lipo Corporation Berhad ("Lipo"), which resulted the increase in its equity shareholding in Lipo from 50.92% to 51.49%.

Save for the above, there were no changes in composition of the Group for the period under review.

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

12. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (30.6.2008: RM1.73 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 RM9.52 million as compared to previous year's corresponding quarter of RM9.20 million. The slight increase in revenue was due to the consolidation of Lipo Group's revenue during the quarter.

The Group reported a loss before tax of RM0.8 million for the current quarter. Generally, the global economic crisis has brought negative impact to the Group's business. Budgetary control and cost cutting among the MNCs customers have caused the shrink in orders for the current quarter under review.

For year-to-date performance, the revenue and profit before tax stood at RM38.04 million and RM1.145 million respectively. Revenue increased by 34.8% while profit before tax dropped by 66% as compared to preceding year corresponding period. The incorporation of Lipo's results has caused the increase in revenue. However, the profit before tax has not shown the corresponding increase due to operation loss incurred by its automation division and Lipo Group.

2. Comparison with preceding quarter's results

Revenue reduced by 43.3% from RM16.78 million to RM9.52 million as compared to previous quarter.

The Group's has also suffered a loss before tax of RM0.8 million as compared to profit of RM0.4 million in previous quarter.

The performance of the Group has deteriorated following the slump in global demand since Quarter 2 of FY2009.

3. Current year prospect

The Board anticipates that the Group will face a challenging time for the remaining quarter as the performance will hinge on the extent of the recovery of global economy. However, the Group will implement various cost cutting measures to cut down the operating costs.

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 31/3/2009 RM '000	Preceding Year Corresponding quarter ended 31/3/2008 RM '000	Current Year todate 31/3/2009 RM '000	Preceding Year Corresponding period 31/3/2008 RM '000
Continuing Operations				
Current tax	(80)	590	(349)	18
Deferred tax	-	-	(300)	-
	<u>(80)</u>	<u>590</u>	<u>(649)</u>	<u>18</u>
Discontinued Operation				
Current tax	-	(190)	-	(333)
Deferred tax	-	-	-	-
	<u>-</u>	<u>(190)</u>	<u>-</u>	<u>(333)</u>

The current year todate effective tax rate of the group was higher than statutory tax rate mainly due to tax losses of certain subsidiaries are unable to utilise by others.

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 31/3/2009 RM '000	Preceding Year Corresponding quarter ended 31/3/2008 RM '000	Current Year todate 31/3/2009 RM '000	Preceding Year Corresponding period 31/3/2008 RM '000
(i) Total purchase	717	382	6,349	486
(ii) Total disposal	251	120	2,680	202
(iii) Profit on disposal	6	(14)	38	4

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

	RM '000
(i) At cost	4,111
(ii) At carrying value/book value	3,995
(iii) At market value	3,371

The Group did not provide any impairment loss on its investment in quoted securities as subsequent to the reporting period, the difference between fair value and carrying value of the quoted securities is not material.

8. Status of corporate proposals

On 15th January 2009, the Company announced the appointment of liquidator for members' voluntary winding up of its 55% owned subsidiary company, namely Elite Paper Trading 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

Continuing Operations	Current Year As at 31/12/2008 RM '000	As at 30/6/2008 RM '000
	Short term - unsecured	-
Long term - unsecured	-	605
	<u>-</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 under review. (31.3.2008: 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 31/3/2009 RM '000	Preceding Year Corresponding quarter ended 31/3/2008 RM '000	Current Year todate 31/3/2009 RM '000	Preceding Year Corresponding period 31/3/2008 RM '000
(loss)/Profit from continuing operations attributable to ordinary equity holders of the Company	(674)	2,257	986	3,771
(Loss) / Profit from discontinued operation attributable to ordinary equity holders of the Company	(35)	297	(62)	521
(Loss)/Profit attributable to ordinary equity holders of the Company	<u>(709)</u>	<u>2,554</u>	<u>924</u>	<u>4,292</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	(1.00)	3.35	1.46	5.60
- Discontinued operation	(0.05)	0.44	(0.09)	0.77
	<u>(1.05)</u>	<u>3.79</u>	<u>1.37</u>	<u>6.37</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 31/3/2009 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>2,251</u>
	<u><u>7,274</u></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 31/3/2009 RM '000	Preceding Year Corresponding quarter ended 31/3/2008 RM '000	Current Year to date 31/3/2009 RM '000	Preceding Year Corresponding period 31/3/2008 RM '000
Revenue	-	11,596	-	41,758
Operating expenses	(73)	(11,111)	(159)	(40,231)
Other operating income	11	563	39	915
Profit from operations	(62)	1,048	(120)	2,442
Finance cost	-	(317)	-	(1,161)
Profit before tax	(62)	731	(120)	1,281
Tax expense	-	(190)	-	(333)
Net profit for the period	(62)	541	(120)	948

Cash Flow attributable to discontinued operation

	Quarter ended 31/3/2009 RM '000	Quarter Ended 31/3/2008 RM '000
Net cash (used in)/from operating activities	(1,056)	5,168
Net cash used in financing activities	(10)	(4,053)
Net cash attributable to discontinued operation	(1,066)	1,115

16. Authorisation for issuance of the interim financial statements

On 22nd May 2009, the Board of Directors authorised the issuance of these interim financial statements.