

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE TWELVE MONTHS ENDED 30 JUNE 2009
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2009 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 30/6/2008 RM '000 (Unaudited)	Current Year to date 30/6/2009 RM '000 (Unaudited)	Preceding Year Corresponding period 30/6/2008 RM '000 (Audited)
Continuing Operations				
Revenue	17,759	10,168	55,799	38,386
Operating expenses	(18,955)	(8,241)	(60,230)	(35,851)
Other operating income	1,480	(716)	4,462	(320)
Profit from operations	284	1,211	31	2,215
Investment revenue	312	145	1,212	598
Finance costs	-	(22)	(52)	(59)
Share of profit of associated companies	-	709	550	2,652
Profit before tax	596	2,043	1,741	5,406
Tax expense	92	1,166	(557)	1,184
Profit for the period from continuing operations	688	3,209	1,184	6,590
Discontinued Operation				
Profit/(loss) for the period from discontinued operation	37	254	(83)	1,202
Profit for the period	725	3,463	1,101	7,792
Attributable to :				
Equity holders of the Company	627	3,491	1,551	7,783
Minority interests	98	(28)	(450)	9
	725	3,463	1,101	7,792
Earnings per share (sen)				
- Basic / diluted				
Continuing operations	0.90	4.70	2.36	10.30
Discontinued operation	0.03	0.49	(0.06)	1.26
	0.93	5.18	2.30	11.56

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 30 JUNE 2009

	(Unaudited) As at current quarter 30/6/2009 RM '000	(Audited) As at preceding financial year 30/06/2008 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	51,316	20,801
Prepaid lease payments	14,617	9,214
Investment in associated companies	-	31,434
Other investments	2,967	1,090
Deferred tax assets	331	331
Loan receivables	34	29
	69,265	62,899
Current Assets		
Inventories	8,457	12,387
Trade and other receivables	12,293	17,301
Loan receivables	148	477
Tax assets	2,727	2,717
Deposits	52,312	20,929
Cash and bank balances	8,289	3,493
	84,226	57,304
Total Assets	153,491	120,203
Equity		
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Retained profit	35,979	36,449
Exchange fluctuation reserve	1,600	(38)
	38,371	37,203
Equity attributable to equity holders of the Company	106,452	105,284
Minority interest	33,848	2,383
Total Equity	140,300	107,667
Non-Current Liabilities		
Deferred income on government grant	27	-
Long term borrowings	-	1,125
Deferred taxation	4,201	1,930
	4,228	3,055
Current Liabilities		
Trade and other payables	8,806	8,818
Short term borrowings	-	605
Tax liabilities	157	58
	8,963	9,481
Total Liabilities	13,191	12,536
Total Equity and Liabilities	153,491	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 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
FOR THE TWELVE MONTHS ENDED 30 JUNE 2009**

	(Unaudited) Year ended	(Audited) Year ended
	30/6/2009	30/6/2008
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from :		
Continuing operations	1,741	5,406
Discontinued operation	(83)	1,457
Adjustments for:		
- Non-cash items	5,273	4,538
- Share of profits in associated companies	(550)	(2,652)
- Non-operating items	(1,740)	93
Operating profit before changes in working capital	4,641	8,842
Changes in working capital:		
- Net change in current assets	25,622	17,154
- Net change in current liabilities	(5,139)	(525)
Net Cash generated from operating activities	25,124	25,471
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	(2,643)	(3,339)
Net cash generated from / (used in) investing activities	14,926	(3,339)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	(52)	(981)
Dividend paid	(2,109)	(3,502)
Short term deposits released from security value	-	1,921
Decrease in bank borrowings	(1,730)	(14,656)
Net cash generated from financing activities	(3,891)	(17,218)
Net Change in Cash & Cash Equivalents	36,159	4,914
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,139	19,225
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	60,298	24,139

Note: Deposits amounting to RM302,987 (30.6.2008: RM282,576) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 June 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
FOR THE TWELVE MONTHS ENDED 30 JUNE 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			
CURRENT PERIOD								
As at 1 July, 2008	68,081	(888)	1,680	(38)	36,449	105,284	2,383	107,667
Translation differences in foreign subsidiaries	-	-	-	1,638	-	1,638	-	1,638
Acquisition of subsidiary companies	-	-	-	-	-	-	32,003	32,003
Transfer from Reserve	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	1,551	1,551	(450)	1,101
Dividend paid	-	-	-	-	(2,021)	(2,021)	-	(2,021)
Dividend paid to minority shareholders of subsidiary companies	-	-	-	-	-	-	(88)	(88)
Balance as at 30 June , 2009	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>1,600</u>	<u>35,979</u>	<u>106,452</u>	<u>33,848</u>	<u>140,300</u>

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 30 JUNE 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			
CURRENT PERIOD								
As at 1 July, 2007	68,081	(888)	1,680	(113)	30,686	99,446	3,856	103,302
Translation differences in foreign subsidiaries	-	-	-	75	-	75	-	75
Net profit for the period	-	-	-	-	7,783	7,783	9	7,792
Dividend paid	-	-	-	-	(2,020)	(2,020)	-	(2,020)
Dividend paid to minority shareholders of subsidiary companies	-	-	-	-	-	-	(1,482)	(1,482)
Balance as at 30 June , 2008	<u>68,081</u>	<u>(888)</u>	<u>1,680</u>	<u>(38)</u>	<u>36,449</u>	<u>105,284</u>	<u>2,383</u>	<u>107,667</u>

A. Notes to the interim financial report for the year ended 30 June 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 RM0.983 million arising from charge out of negative goodwill on consolidation in quarter ended 30 September 2009.

On 29 June 2009, the Company has disposed off two subsidiary companies, namely Kobay Tecnica Sdn Bhd and A-Pac Multimedia Sdn Bhd. There was a gain on disposal of investment amounting to RM0.7 million arising from the above disposal.

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. (30.6.2008 : 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 Year Ended 30/6/09 (RM'000)	Manufacturing	Trading	Investment Holdings	Others	Adjustment	Consolidated Amount
REVENUE						
External sales	55,655	59	36	49		55,799
Inter-segment sales	2,022	0	3,063	849	(5,935)	-
	57,678	59	3,098	898	(5,935)	55,799
RESULTS						
Profit from operation	1,022	12	1,914	138	(1,843)	1,243
Finance costs						(52)
Share of profit of associated company						550
Profit before tax						1,741
Income tax expense						(557)
Profit for the period from continuing operations						1,184
Loss for the period from discontinued operation						(83)
Profit for the period						1,101
OTHER INFORMATION						
Capital additions	1,891	-	183	-	(841)	1,234
Depreciation and amortisation	5,029	0	80	203		5,312
SEGMENTAL ASSETS						
Segments assets	98,417	271	32,184	19,892		150,764
Income tax assets	2,220	-	368	139		2,727
Consolidated total assets						153,491
SEGMENTAL LIABILITIES						
Segment liabilities	5,215	11	65	3,542		8,833
Income tax liabilities	2,781	37	-	1,540		4,358
Consolidated total liabilities						13,191

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:

	30/6/2009 RM'000
Malaysia	26,478
United States of America	10,811
South America	3,195
Europe	979
United Kingdom	2,143
Asian Countries	12,192
	55,799

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 15th July 2009, Kobay has incorporated a private limited subsidiary in Singapore namely Kobay SCM (S) Pte. Ltd with equity holding of 60%, of which 1 share is held by Kobay's trustee.

Subsequent to year end, Kobay has further acquired 301,700 shares in Lipo, whereby its equity interest in Lipo has increased from 51.49% to 52.09%.

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.

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

11. Changes in the composition of the group

On 29th June 2009, Kobay has disposed off its 61% equity interest in Kobay Tecnica Sdn Bhd and 60% equity interest in A-Pac Sdn Bhd for a cash consideration of RM1/= each.

After the disposal, both companies have ceased to be subsidiaries of Kobay.

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

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 RM17.75 million as compared to previous year's corresponding quarter of RM10.16 million. The increase in revenue was due to the consolidation of Lipo Group's revenue during the quarter and higher contribution from Automation Division.

However, profit before tax was in contrary to its revenue where it reported a drop RM1.4 million as compared to previous year's corresponding quarter. Generally, global economic crisis has brought negative impact to the Group's business especially the semiconductor and oil and gas division.

For year-to-date performance, the revenue stood at RM55.7 million and profit before tax at RM1.7 million. 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 business downturn from all the business sectors.

2. Comparison with preceding quarter's results

Revenue increased by 86% from RM9.52 million to RM17.75 million, while profit before tax increased to RM0.59million from loss of RM0.805k in preceding quarter.

The favorable variance for current quarter mainly due to realization of a project sales by the Automation Division and the recognition of other operating income arising from disposal of quoted and unquoted investments.

3. Current year prospect

In view of the gloomy economic outlook, the Board anticipates that the performance of the Group for the coming quarters remain challenging. The Group will carry out various cost cutting measures and strengthen its marketing arm to breakthrough the economic downtime.

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 30/6/2009 RM '000	Preceding Year Corresponding quarter ended 30/6/2008 RM '000	Current Year todate 30/6/2009 RM '000	Preceding Year Corresponding period 30/6/2008 RM '000
Continuing Operations				
Current tax	563	(52)	(86)	(34)
Deferred tax	(471)	1,218	(471)	1,218
	<u>92</u>	<u>1,166</u>	<u>(557)</u>	<u>1,184</u>
Discontinued Operation				
Current tax	-	78	-	(255)
Deferred tax	-	-	-	-
	<u>-</u>	<u>78</u>	<u>-</u>	<u>(255)</u>

The current year todote 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.

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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 30/6/2009 RM '000	Preceding Year Corresponding quarter ended 30/6/2008 RM '000	Current Year to date 30/6/2009 RM '000	Preceding Year Corresponding period 30/6/2008 RM '000
(i) Total purchase	324	-	6,673	486
(ii) Total disposal	2,572	123	5,252	325
(iii) Profit on disposal	426	27	464	31

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

	RM '000
(i) At cost	1,608
(ii) At carrying value/book value	1,501
(iii) At market value	1,625

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.

On 9th June 2009, Bend Weld Engineering Sdn Bhd ("BWE"), a 100% owned subsidiary of Kobay, has entered into a Sale & Purchase Agreement with 3 joint parties to acquire a piece of land in Johor for a total purchase consideration of RM2,799,252. The acquisition 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 30/6/2009	As at 30/6/2008
	RM '000	RM '000
Continuing Operations		
Short term - unsecured	-	1,125
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.

12. Dividend

The Board of Directors recommended the payment of first and final tax exempt dividend of 2% in respect of the financial year ended 30 June 2009 (30.6.2008: 3%).

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 30/6/2009 RM '000	Preceding Year Corresponding quarter ended 30/6/2008 RM '000	Current Year todate 30/6/2009 RM '000	Preceding Year Corresponding period 30/6/2008 RM '000
Profit from continuing operations attributable to ordinary equity holders of the Company	606	3,164	1,592	6,935
(Loss)/Profit from discontinued operation attributable to ordinary equity holders of the Company	21	327	(41)	848
Profit attributable to ordinary equity holders of the Company	<u>627</u>	<u>3,491</u>	<u>1,551</u>	<u>7,783</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	0.90	4.70	2.36	10.30
- Discontinued operation	0.03	0.49	(0.06)	1.26
	<u>0.93</u>	<u>5.18</u>	<u>2.30</u>	<u>11.56</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 30/6/2009 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>2,184</u>
	<u>7,207</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 30/6/2009 RM '000	Preceding Year Corresponding quarter ended 30/6/2008 RM '000	Current Year todate 30/6/2009 RM '000	Preceding Year Corresponding period 30/6/2008 RM '000
Revenue	-	9,261	-	51,019
Operating expenses	21	(9,350)	(138)	(49,581)
Other operating income	16	26	55	764
Profit from operations	37	(63)	(83)	2,202
Investment revenue	-	177	-	177
Finance cost	-	239	-	(922)
Profit before tax	37	176	(83)	1,457
Tax expense	-	78	-	(255)
Net profit for the period	37	254	(83)	1,202

Cash Flow attributable to discontinued operation

	Year Ended 30/6/2009 RM '000	Year Ended 30/6/2008 RM '000
Operating cash flows	(947)	20,061
Investing cash flows	-	132
Financing cash flows	(10)	(21,442)
Net cash attributable to discontinued operation	(957)	(1,249)

16. Authorisation for issuance of the interim financial statements

On 27 August 2009, the Board of Directors authorised the issuance of these interim financial statements.