

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/9/2009 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 30/9/2008 RM '000 (Unaudited)	Current Year to date 30/9/2009 RM '000 (Unaudited)	Preceding Year Corresponding period 30/9/2008 RM '000 (Unaudited)
Continuing Operations				
Revenue	13,782	11,736	13,782	11,736
Operating expenses	(13,923)	(10,508)	(13,923)	(10,508)
Other operating income/(losses)	458	(314)	458	(314)
Profit from operations	317	914	317	914
Investment revenue	312	229	312	229
Finance costs	-	(18)	-	(18)
Share of profit of associated companies	-	424	-	424
Profit before tax	629	1,549	629	1,549
Tax expense	(51)	(418)	(51)	(418)
Profit for the period from continuing operations	578	1,131	578	1,131
Discontinued Operation				
Loss for the period from discontinued operation	-	(42)	-	(42)
Profit for the period	578	1,089	578	1,089
Attributable to :				
Equity holders of the Company	287	1,437	287	1,437
Minority interests	291	(348)	291	(348)
	578	1,089	578	1,089
Earnings per share (sen)				
- Basic / diluted				
Continuing operations	0.43	2.16	0.43	2.16
Discontinued operation	-	(0.03)	-	(0.03)
	0.43	2.13	0.43	2.13

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	(Unaudited) As at current quarter 30/9/2009 RM '000	(Audited) As at preceding financial year 30/06/2009 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	52,860	51,304
Prepaid lease payments	14,569	14,629
Other investments	2,278	2,967
Deferred tax assets	331	331
Loan receivables	-	34
	70,038	69,265
Current Assets		
Inventories	8,041	8,457
Trade and other receivables	13,853	12,295
Loan receivables	348	148
Tax assets	1,997	2,716
Deposits	51,344	52,312
Cash and bank balances	10,515	8,289
	86,098	84,217
Total Assets	156,136	153,482
Equity		
Share capital	68,081	68,081
Reserves		
Share premium	1,680	1,680
Treasury shares	(888)	(888)
Retained profit	37,050	36,526
Exchange fluctuation reserve	509	900
	38,351	38,218
Equity attributable to equity holders of the Company	106,432	106,299
Minority interest	33,872	33,998
Total Equity	140,304	140,297
Non-Current Liabilities		
Deferred income on government grant	215	27
Deferred taxation	4,201	4,201
	4,416	4,228
Current Liabilities		
Trade and other payables	11,260	8,809
Tax liabilities	156	148
	11,416	8,957
Total Liabilities	15,832	13,185
Total Equity and Liabilities	156,136	153,482
Net assets per ordinary share attributable to equity holders of the Company(RM)	1.58	1.58

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009**

	(Unaudited) Period Ended	(Unaudited) Period Ended
	30/9/2009	30/9/2008
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from :		
Continuing operations	629	1,549
Discontinued operation	-	(42)
Adjustments for:		
- Non-cash items	1,626	(801)
- Share of profits in associated companies	-	(424)
- Non-operating items	(475)	1,465
Operating profit before changes in working capital	1,780	1,747
Changes in working capital:		
- Net change in current assets	(589)	3,455
- Net change in current liabilities	2,647	5,190
Net Cash generated from operating activities	3,838	10,392
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies, net of cash acquired	-	17,744
Purchase of additional shares from Minority interest	(163)	-
Other investments	(2,417)	(854)
Net cash generated from / (used in) investing activities	(2,580)	16,890
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	-	(18)
Decrease in bank borrowings	-	(150)
Net cash generated from financing activities	-	(168)
Net Change in Cash & Cash Equivalents	1,258	27,114
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	60,291	24,139
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	61,549	51,253

Note: Deposits amounting to RM309,950 (30.9.2008: RM303,375) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30 September 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 2009)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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, 2009	68,081	(888)	1,680	900	36,526	106,299	33,998	140,297
Acquisition of a subsidiary company	-	-	-	-	-	-	10	10
Accretion arising from acquisition of shares from minority interest	-	-	-	-	237	237	(400)	(163)
Dividend paid to minority shareholders of subsidiary companies	-	-	-	-	-	-	(27)	(27)
Currency translation differences	-	-	-	(391)	-	(391)	-	(391)
Net profit for the period	-	-	-	-	287	287	291	578
Total recognised income and expenses	-	-	-	(391)	287	(104)	291	187
Balance as at 30 September, 2009	68,081	(888)	1,680	509	37,050	106,432	33,872	140,304

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
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 reserve RM'000	Retained profit RM'000			
CURRENT PERIOD								
As at 1 July, 2008	68,081	(888)	1,680	(113)	36,449	105,209	2,383	107,592
Acquisition of a subsidiary company	-	-	-	-	-	-	33024	33,024
Currency translation differences	-	-	-	236	-	236	-	236
Net profit for the period	-	-	-	-	1,437	1,437	(348)	1,089
Total recognised income and expenses	-	-	-	236	1,437	1,673	(348)	1,325
Transfer from reserve	-	-	-	-	(285)	(285)	-	(285)
Balance as at 30 September, 2008	68,081	(888)	1,680	123	37,601	106,597	35,059	141,656

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009)

A. Notes to the interim financial report for the period ended 30 September 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 2009.

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 2009 except for the adoption of the new FRS 8 Operating Segments, which took effect from 1st July 2009.

2. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30 June 2009 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 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. (30.9.2008 : Nil).

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

8. Segment Information

The Group has adopted FRS 8, Operating Segments with effect from 1 July 2009. The new FRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segments and to assess their performance. The Group's primary reporting format are based on business segment. Adoption of this new standard did not have any material effect on the financial position or performance of the Group.

The Group's reportable segments are as follows :

- a) Precision tooling & mould – Manufacture of machinery parts, tools, dies and moulds.
- b) Precision components – Manufacture of precision machined components, precision stamping and sheet metal parts .
- c) Automation & Metal Work – Design and manufacture of automated machines, development of automation software and manufacture of all types of metal plates, modules and parts for oil and gas production.
- d) Investment & property management & Others– Includes investment holding, property management, trading and money lending.

Current Period Ended 30/9/09	Precision Tooling & Mould (RM'000)	Precision Components (RM'000)	Automation & Metal Work (RM'000)	Investment & Property Management & Others (RM'000)	Total (RM'000)	Eliminations (RM'000)	Total Equity (RM'000)
Revenue from external customer	2829	8236	2712	5	13782		13782
Intersegment revenue	232	259	674	824	1990	(1990)	
Investment revenue	12	110	24	166	312		312
Depreciation and amortisation	159	1211	160	97	1626		1626
Income tax expenses	(26)	(47)		22	(51)		(51)
Reportable segment profit/(loss) after tax	141	420	28	558	1147	(569)	578
Reportable segment assets	11124	73647	22061	100387	207219	(51083)	156136
Expenditure for non-current assets		254	2961		3215		3215
Reportable segment liabilities	3108	6737	3183	13807	26835	(11003)	15832

Revenues from one customer of Automation & Metal work segment represent approximately 15% of the Group's total revenue.

b) Segment information by geographical regions

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services :

	30.9.2009 (RM'000)
Malaysia	8909
Other Asian Countries	3769
North America	818
Europe	269
South America	17
	<u>13782</u>

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

Period Ended 30/9/08	Precision Tooling & Mould (RM'000)	Precision Components (RM'000)	Automation & Metal Work (RM'000)	Investment & Property Management & Others (RM'000)	Total (RM'000)	Eliminations (RM'000)	Total Equity (RM'000)
Revenue from external customer	3712		7946	77	11736		11736
Intersegment revenue	707		46	1174	1927	(1927)	
Investment revenue	13		18	197	229		229
Depreciation and amortisation	178		212	115	505		505
Income tax expenses	(103)		(300)	(15)	(418)		(418)
Reportable segment profit/(loss) after tax	453		(795)	549	207	923	1131
Share of profits of associates		424			424		424
Reportable segment assets	10445	73589	31438	103635	219108	(52638)	166469
Expenditure for non-current assets	10		34	3	47		47
Reportable segment liabilities	3520	7422	13139	18667	42749	(17936)	24813

b) Segment information by geographical regions

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services :

	30.9.2008 (RM'000)
Malaysia	6368
Other Asian Countries	1051
North America	204
Europe	918
South America	3195
	<u>11736</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 9th September 2009, Kobay SCM (S) Pte Ltd ("KSS"), a 60% owned subsidiary of the Company, has entered into a Shareholders Agreement with Mr Hubertus Benedikt Heigl, Dr. Helmuth Kurt Heigl and Mr Chai Meng Meng to facilitate its investment in Microhandling Asia Pte Ltd ("MHA") in Singapore.

On 15th October 2009, MHA has become a 50.8% owned subsidiary of KSS.

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 15th July 2009, the Company has incorporated a private limited subsidiary in Singapore namely Kobay SCM (S) Pte. Ltd with equity holding of 60%.

On 22nd July 2009, the Company has further acquired 301,700 shares in Lipo, whereby its equity interest in Lipo has increased from 51.49% to 52.09%.

On 11th September 2009, the Company has announced on the dissolution of its 100% owned subsidiary, namely Polytool Industries (Phils.) Inc, effective from 30th September 2009.

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.(30.9.2008: RM1.58 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

The Group recorded a revenue of RM13.78 million for the current quarter as compared to previous year's corresponding quarter of RM11.73 million. The increase in revenue was due to the incorporation of Lipo Group's revenue in current quarter, which set off against the significant dropped in revenue from the metal works division.

However, profit before tax was in contrary to its revenue where it reported a drop of RM0.92 million as compared to previous year's corresponding quarter. The Group's performance has yet to recover from the hit arising from the global economic crisis especially the metal works and tooling division.

2. Comparison with preceding quarter's results

The Group reported a revenue of RM13.78 million and profit before tax of RM0.62 million as compared to previous quarter of RM17.75 million and RM0.59 million respectively.

The Group's performance for the current quarter remains soft with slow pace of recovery. The higher revenue recorded in preceding quarter was mainly due to the realization of a project sales by the automation division.

3. Current year prospect

In view of the murky economic outlook, the Board anticipates that the performance of the Group for the coming quarters remain challenging. The Group will continue to focus on strengthening 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 30/9/2009 RM '000	Preceding Year Corresponding quarter ended 30/9/2008 RM '000	Current Year todate 30/9/2009 RM '000	Preceding Year Corresponding period 30/9/2008 RM '000
Continuing Operations				
Current tax	420	(118)	420	(118)
Deferred tax	(471)	(300)	(471)	(300)
	<u>(51)</u>	<u>(418)</u>	<u>(51)</u>	<u>(418)</u>

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

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)**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 30/9/2009 RM '000	Preceding Year Corresponding quarter ended 30/9/2008 RM '000	Current Year to date 30/9/2009 RM '000	Preceding Year Corresponding period 30/9/2008 RM '000
(i) Total purchase	850	154	850	154
(ii) Total disposal	1,879	-	1,879	-
(iii) Profit on disposal	217	-	217	-

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

	RM '000
(i) At cost	1,060
(ii) At carrying value/book value	1,011
(iii) At market value	1,065

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

The Group has no borrowings as at 30th September 2009. (30.9.2008 : Nil)

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 do not recommend any dividend payment for the financial quarter ended 30th September 2009 (30.9.2008: nil).

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year	Preceding Year	Current Year	Preceding Year
	quarter ended 30/9/2009 RM '000	Corresponding quarter ended 30/9/2008 RM '000	to date 30/9/2009 RM '000	Corresponding period 30/9/2008 RM '000
Profit from continuing operations attributable to ordinary equity holders of the Company	287	1,455	287	1,455
Loss from discontinued operation attributable to ordinary equity holders of the Company	0	(18)	0	(18)
Profit attributable to ordinary equity holders of the Company	<u>287</u>	<u>1,437</u>	<u>287</u>	<u>1,437</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	0.43	2.16	0.43	2.16
- Discontinued operation	0.00	(0.03)	0.00	(0.03)
	<u>0.43</u>	<u>2.13</u>	<u>0.43</u>	<u>2.13</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 30/9/2009 RM '000
Loan given to non-wholly owned subsidiaries	5,513
Loan given by a licensed moneylending company within the Group to third parties	<u>348</u>
	<u>5,861</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 30/9/2009 RM '000	Preceding Year Corresponding quarter ended 30/9/2008 RM '000	Current Year todate 30/9/2009 RM '000	Preceding Year Corresponding period 30/9/2008 RM '000
Revenue	-	-	-	-
Operating expenses	-	(43)	-	(43)
Other operating income	-	2	-	2
Profit from operations	-	(41)	-	(41)
Investment revenue	-	-	-	-
Finance cost	-	(1)	-	(1)
Profit before tax	-	(42)	-	(42)
Tax expense	-	-	-	-
Net profit for the period	-	(42)	-	(42)

Cash Flow attributable to discontinued operation

	Quarter Ended 30/9/2009 RM '000	Quarter Ended 30/9/2008 RM '000
Operating cash flows	-	(1,040)
Investing cash flows	-	-
Financing cash flows	-	(10)
Net cash attributable to discontinued operation	-	(1,050)

16. Authorisation for issuance of the interim financial statements

On 16 November 2009, the Board of Directors authorised the issuance of these interim financial statements.