

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 31 MARCH 2010
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2010 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 31/3/2009 RM '000 (Unaudited)	Current Year to date 31/3/2010 RM '000 (Unaudited)	Preceding Year Corresponding period 31/3/2009 RM '000 (Unaudited)
Continuing Operations				
Revenue	21,446	9,520	53,038	38,040
Operating expenses	(21,289)	(11,738)	(52,270)	(41,275)
Other operating income	331	1,032	1,017	3,108
Profit/(loss) from operations	488	(1,186)	1,785	(127)
Investment revenue	111	388	880	900
Finance costs	-	(7)	-	(52)
Share of profit of associated companies	-	-	-	424
Profit/(loss) before tax	599	(805)	2,665	1,145
Tax expense	(565)	(80)	(1,005)	(649)
Profit/(loss) for the period from continuing operations	34	(885)	1,660	496
Discontinued Operation				
Loss for the period from discontinued operation	-	(62)	-	(120)
Profit/(loss) for the period	34	(947)	1,660	376
Attributable to :				
Equity holders of the Company	(372)	(709)	117	924
Minority interests	406	(238)	1,543	(548)
	34	(947)	1,660	376
(Loss)/earnings per share (sen)				
- Basic / diluted				
Continuing operations	(0.55)	(1.00)	0.17	1.46
Discontinued operation	-	(0.05)	-	(0.09)
	(0.55)	(1.05)	0.17	1.37

(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 31 MARCH 2010

	(Unaudited) As at current quarter 31/3/2010 RM '000	(Audited) As at preceding financial year 30/06/2009 RM '000
Assets		
Non-Current Assets		
Property, plant and equipment	51,410	51,304
Prepaid lease payments	14,448	14,629
Land held for property development	4,585	-
Other investments	2,872	2,967
Intangible assets	208	-
Goodwill	255	-
Deferred tax assets	384	331
Loan receivables	-	34
	74,162	69,265
Current Assets		
Inventories	9,167	8,457
Trade and other receivables	21,927	12,295
Loan receivables	3,138	148
Tax assets	1,103	2,716
Deposits	44,141	52,312
Cash and bank balances	7,516	8,289
	86,992	84,217
Total Assets	161,154	153,482
Equity		
Share capital	68,081	68,081
Reserves		
Share premium	1,706	1,680
Treasury shares	(888)	(888)
Retained profit	35,533	36,526
Exchange fluctuation reserve	213	900
	36,564	38,218
Equity attributable to equity holders of the Company	104,645	106,299
Minority interest	36,207	33,998
Total Equity	140,852	140,297
Non-Current Liabilities		
Deferred income on government grant	181	27
Deferred taxation	4,209	4,201
	4,390	4,228
Current Liabilities		
Trade and other payables	15,234	8,809
Short term borrowings	176	-
Tax liabilities	502	148
	15,912	8,957
Total Liabilities	20,302	13,185
Total Equity and Liabilities	161,154	153,482
Net assets per ordinary share attributable to equity holders of the Company(RM)	1.55	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 NINE MONTHS ENDED 31 MARCH 2010**

	(Unaudited) Period Ended	(Unaudited) Period Ended
	31/3/2010	31/3/2009
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from :		
Continuing operations	2,665	1,145
Discontinued operation	-	(120)
Adjustments for:		
- Non-cash items	4,738	2,570
- Share of profits in associated companies	-	(424)
- Non-operating items	(151)	3
Operating profit before changes in working capital	7,252	3,174
Changes in working capital:		
- Net change in current assets	(11,678)	17,201
- Net change in current liabilities	5,256	497
Net Cash generated from operating activities	830	20,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies, net of cash acquired	(50)	17,876
Purchase of additional shares from minority interest	(163)	(307)
Other investments	(8,843)	(4,737)
Net cash generated from / (used in) investing activities	(9,056)	12,832
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	-	(52)
Dividend paid	(1,525)	(2,021)
Proceeds from issuance of shares to minority Interest	736	-
Capital repayment to minority interest	(105)	-
Increase/(decrease) in bank borrowings	176	(1,730)
Net cash used in financing activities	(718)	(3,803)
Net Change in Cash & Cash Equivalents	(8,944)	29,901
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	60,291	24,139
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	51,347	54,040

Note: Deposits amounting to RM309,950 (31.3.2009: RM302,987) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 31st March 2010. 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 NINE MONTHS ENDED 31 MARCH 2010**

Group	Attributable to equity holders of the Company						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	Total RM'000		
CURRENT PERIOD								
As at 1 July, 2009	68,081	(888)	1,680	900	36,526	106,299	33,998	140,297
Dividend	-	-	-	-	(1,347)	(1,347)	-	(1,347)
Dividend paid to minority interest	-	-	-	-	-	-	(178)	(178)
Acquisition of subsidiary companies	-	-	26	-	-	26	1,349	1,375
Accretion arising from acquisition of shares from minority interest	-	-	-	-	237	237	(400)	(163)
Capital repayment to minority interest	-	-	-	-	-	-	(105)	(105)
Currency translation differences	-	-	-	(687)	-	(687)	-	(687)
Net profit for the period	-	-	-	-	117	117	1,543	1,660
Total recognised income and expenses	-	-	-	(687)	117	(570)	1,543	973
Balance as at 31 March, 2010	68,081	(888)	1,706	213	35,533	104,645	36,207	140,852

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2009**

Group	Attributable to equity holders of the Company						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	Total RM'000		
CURRENT PERIOD								
As at 1 July, 2008	68,081	(888)	1,680	(38)	36,449	105,284	2,383	107,667
Dividend	-	-	-	-	(2,021)	(2,021)	-	(2,021)
Acquisition of a subsidiary company	-	-	-	-	-	-	32,716	32,716
Currency translation differences	-	-	-	1,611	-	1,611	-	1,611
Net profit for the period	-	-	-	-	924	924	(548)	376
Total recognised income and expenses	-	-	-	1,611	924	2,535	(548)	1,987
Transfer from reserve	-	-	-	-	(285)	(285)	-	(285)
Balance as at 31 March, 2009	68,081	(888)	1,680	1,573	35,067	105,513	34,551	140,064

(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 31 March 2010

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 financial 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. Seasonal or cyclical operations

The business operations of the Group are subject to cyclical effects of the global semiconductors and electronics industries.

3. 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.

4. 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.

5. 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.

6. Dividend Paid

A first and final dividend of 2.0 sen per ordinary share, tax exempt, amounting to RM1,347,051 was paid on 26th February 2010. (31.3.2009 : 3.0 sen).

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
7. Segment Information

The Group has adopted FRS 8, Operating Segments with effect from 1st 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 is 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– Include investment holding, property management, property development, trading, money lending and oil & gas maintenance services.

Current Period ended 31/3/10	Investment & Property Management & Others	Precision Tooling & Mould	Precision Components	Automation & Metal Work	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	2031	8791	31081	11135	53038		53038
Intersegment revenue	2563	397		873	3833	(3833)	
Interest revenue	412	31	363	74	880		880
Depreciation and amortisation	292	456	3688	491	4927		4927
Income tax expenses	(34)	(141)	(828)	(2)	(1005)		(1005)
Reportable segment profit/(loss) after tax	1047	550	3080	(1288)	3389	(1729)	1660
Reportable segment assets	108727	9911	73676	23751	216065	(54911)	161154
Expenditure for non-current assets	4627	46	497	3122	8292		8292
Reportable segment liabilities	17648	1445	8976	6386	34454	(14153)	20302

b) Segment information by geographical regions

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

	31.3.2010 (RM'000)
Malaysia	40465
China	1463
Thailand	1792
United States of America	2858
Europe	1898
Singapore	4360
Other Asian Countries	202
Total	53038

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Current Period ended 31/3/09	Investment & Property Management & Others	Precision Tooling & Mould	Precision Components	Automation & Metal Work	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	137	8631	17555	11718	38040		38040
Intersegment revenue	2878	1380	110	357	4726	(4726)	
Interest revenue	562	42	247	48	900		900
Depreciation and amortisation	282	540	2420	593	3835		3835
Income tax expenses	(156)	(192)	(109)	(295)	(753)	104	(649)
Reportable segment profit/(loss) after tax	1011	53	(617)	580	1026	(530)	496
Reportable segment assets	105730	10739	73120	26259	215848	(56561)	159287
Expenditure for non-current assets	183	59	1486	144	1872	(841)	1031
Reportable segment liabilities	20682	2253	6233	7932	37100	(17877)	19223

b) Segment information by geographical regions

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

	31.3.2009 (RM'000)
Malaysia	20843
China	6000
Thailand	1384
United States of America	5263
Europe	2702
Singapore	535
Other Asian Countries	1313
	38040

8. 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.

9. Subsequent events

On 18th May 2010, The Company has entered into Shares Sale Agreement with En. Ahmad Sabri Bin Md. Taha to acquire 135,000 ordinary shares of RM1/= each in KWH Technologies Sdn Bhd ("KWH") for a total cash consideration of RM135,000.00. As a result of the acquisition, KWH has become a 59.9% owned subsidiary.

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)**10. Changes in the composition of the group**

There were no changes in composition of the Group for current quarter.

The effect of the acquisitions on the financial position of the Group for the period ended 31st March 2010 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	41	41
Trade and other receivables	770	770
Deferred tax assets	52	52
Intangible assets	208	208
Cash and bank balances	772	772
Trade and other payables	<u>(672)</u>	<u>(672)</u>
Net assets acquired	1,171	1,171
Minority interest	<u>(604)</u>	<u>(604)</u>
Share of net assets acquired	567	567
Cost of acquisition	<u>(822)</u>	
Goodwill on consolidation	<u><u>(255)</u></u>	
Cash flow arising on acquisition :		
Purchase consideration satisfied by cash	822	
Less : Cash and cash equivalents of subsidiary companies acquired	<u>(772)</u>	
Net cash outflow of the Group	<u><u>50</u></u>	

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (31.3.2009: RM Nil).

12. Material related party transaction

There was no material transaction entered by the group with any related party.

13. Capital Commitments

Capital commitment contracted but not provided for in the financial statements as at 31.3.2010 are as follows:

Land held for property development	RM'000 <u>2,200</u>
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B. Additional information required by the Listing Requirements of Bursa Securities

1. Review of performance

The Group recorded a revenue of RM21.44 million and profit before tax of RM0.59 million for the current quarter. The increase in revenue and profit before tax as compared to previous year's corresponding quarter were mainly due to higher contribution from the precision components division and newly acquired subsidiaries.

Despite the upward performance from precision components division, the Group has encountered a very low profit for the quarter due to weaken sales orders for automation and metal works division, which pulled down the overall performance. Furthermore, one of the newly acquired subsidiary that is currently under setting up stage had contributed negative results during the quarter under review.

2. Comparison with preceding quarter's results

The Group reported a revenue of RM21.44 million and profit before tax of RM0.59 million as compared to previous quarter of RM17.81 million and RM1.43 million respectively.

The deteriorated profit mainly came from automation and metal works division. The automation division was under pressure of precipitous drop in incoming orders in the past two quarters. Other divisions are on their recovery pace.

3. Current year prospect

The Board anticipates that the performance of the Group for the coming quarters will remain challenging. The Group will continue to look for expansion plan for future growth, coupled with a cautious stance on spending.

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 31/3/2010 RM '000	Preceding Year Corresponding quarter ended 31/3/2009 RM '000	Current Year todate 31/3/2010 RM '000	Preceding Year Corresponding period 31/3/2009 RM '000
Continuing Operations				
Current tax	(520)	(80)	(960)	(349)
Deferred tax	(45)	-	(45)	(300)
	<u>(565)</u>	<u>(80)</u>	<u>(1,005)</u>	<u>(649)</u>

The effective tax rates for the quarter and period are higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

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 thereof for the current quarter and financial year-to-date are as follows :

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2010 RM '000	Preceding Year Corresponding quarter ended 31/3/2009 RM '000	Current Year todate 31/3/2010 RM '000	Preceding Year Corresponding period 31/3/2009 RM '000
(i) Total purchase	1,144	717	2,438	6,349
(ii) Total disposal	1,175	251	3,429	2,680
(iii) Profit on disposal	36	6	310	38

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

	RM '000
(i) At cost	619
(ii) At carrying value/book value	619
(iii) At market value	613

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 a short term borrowings of RM176,000 as at 31st March 2010. (30.6.2009 : 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 does not recommend any dividend payment for the financial quarter ended 31st March 2010 (31.3.2009: nil).

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 31/3/2010 RM '000	Preceding Year Corresponding quarter ended 31/3/2009 RM '000	Current Year to date 31/3/2010 RM '000	Preceding Year Corresponding period 31/3/2009 RM '000
(Loss)/profit from continuing operations attributable to ordinary equity holders of the Company	(372)	(674)	117	986
Loss from discontinued operation attributable to ordinary equity holders of the Company	0	(35)	0	(62)
(Loss)/profit attributable to ordinary equity holders of the Company	<u>(372)</u>	<u>(709)</u>	<u>117</u>	<u>924</u>
Weighted average number of ordinary shares ('000)				
- Issued ordinary shares at beginning of period	68,081	68,081	68,081	68,081
- Effect of Shares Buy Back	(728)	(728)	(728)	(728)
	<u>67,353</u>	<u>67,353</u>	<u>67,353</u>	<u>67,353</u>
Basic (loss)/earnings per share (sen)				
- Continuing operations	(0.55)	(1.00)	0.17	1.46
- Discontinued operation	0.00	(0.05)	0.00	(0.09)
	<u>(0.55)</u>	<u>(1.05)</u>	<u>0.17</u>	<u>1.37</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 31/3/2010 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>3,138</u>
	<u>8,651</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 31/3/2010 RM '000	Preceding Year Corresponding quarter ended 31/3/2009 RM '000	Current Year todate 31/3/2010 RM '000	Preceding Year Corresponding period 31/3/2009 RM '000
Revenue	-	-	-	-
Operating expenses	-	(73)	-	(159)
Other operating income	-	11	-	39
Loss from operations	-	(62)	-	(120)
Investment revenue	-	-	-	-
Finance cost	-	-	-	-
Loss before tax	-	(62)	-	(120)
Tax expense	-	-	-	-
Net loss for the period	-	(62)	-	(120)

Cash Flow attributable to discontinued operation

	Quarter Ended 31/3/2010 RM '000	Quarter Ended 31/3/2009 RM '000
Operating cash flows	-	(1,056)
Investing cash flows	-	-
Financing cash flows	-	(10)
Net cash attributable to discontinued operation	-	(1,066)

16. 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.

17. Authorisation for issuance of the interim financial statements

On 26th May 2010, the Board of Directors authorised the issuance of these interim financial statements.