

**KOBAY TECHNOLOGY BHD** (Co. No. 308279-A)  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**(The figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2010 RM '000 (Unaudited)	Preceding Year Corresponding quarter ended 30/6/2009 RM '000 (Unaudited)	Current Year todate 30/6/2010 RM '000 (Unaudited)	Preceding Year Corresponding period 30/6/2009 RM '000 (Audited)
Revenue	29,153	18,057	82,191	56,097
Operating expenses	(27,312)	(19,099)	(79,582)	(60,494)
Other operating income	742	1,419	1,759	4,401
Profit from operations	2,583	377	4,368	4
Investment revenue	350	315	1,230	1,215
Finance costs	-	-	-	(52)
Share of profit of associated companies	-	-	-	550
Profit before tax	2,933	692	5,598	1,717
Tax expense	(637)	90	(1,642)	(559)
Profit for the period	<u>2,296</u>	<u>782</u>	<u>3,956</u>	<u>1,158</u>
Attributable to :				
Equity holders of the Company	1,258	739	1,375	1,663
Minority interests	1,038	43	2,581	(505)
	<u>2,296</u>	<u>782</u>	<u>3,956</u>	<u>1,158</u>
Earnings per share (sen)				
- Basic / diluted	1.87	1.10	2.04	2.47

**(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30<sup>th</sup> June 2009)**

**KOBAY TECHNOLOGY BHD**  
(Co. No. 308279-A)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010**

	(Unaudited) As at current quarter 30/6/2010 RM '000	(Audited) As at preceding financial year 30/06/2009 RM '000
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	49,284	51,304
Prepaid lease payments	14,388	14,629
Land held for property development	7,107	-
Other investments	2,612	2,967
Intangible assets	200	-
Goodwill	296	-
Deferred tax assets	-	331
Loan receivables	16	34
	<u>73,903</u>	<u>69,265</u>
<b>Current Assets</b>		
Inventories	10,676	8,457
Trade and other receivables	29,129	12,295
Loan receivables	3,097	148
Tax assets	1,157	2,716
Deposits	41,871	52,312
Cash and bank balances	7,237	8,289
	<u>93,167</u>	<u>84,217</u>
<b>Total Assets</b>	<u>167,070</u>	<u>153,482</u>
<b>Equity</b>		
Share capital	68,081	68,081
Reserves		
Share premium	1,705	1,680
Treasury shares	(888)	(888)
Retained profit	36,791	36,526
Exchange fluctuation reserve	(206)	900
	<u>37,402</u>	<u>38,218</u>
Equity attributable to equity holders of the Company	105,483	106,299
Minority interest	37,079	33,998
<b>Total Equity</b>	<u>142,562</u>	<u>140,297</u>
<b>Non-Current Liabilities</b>		
Deferred income on government grant	164	27
Deferred taxation	3,691	4,201
	<u>3,855</u>	<u>4,228</u>
<b>Current Liabilities</b>		
Trade and other payables	19,354	8,809
Short term borrowings	-	-
Tax liabilities	1,299	148
	<u>20,653</u>	<u>8,957</u>
<b>Total Liabilities</b>	<u>24,508</u>	<u>13,185</u>
<b>Total Equity and Liabilities</b>	<u>167,070</u>	<u>153,482</u>
Net assets per ordinary share attributable to equity holders of the Company(RM)	1.57	1.58

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

**KOBAY TECHNOLOGY BHD**

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	(Unaudited) Year Ended	(Audited) Year Ended
	30/6/2010 RM '000	30/6/2009 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from :		
Continuing operations	5,598	1,717
Adjustments for:		
- Non-cash items	7,316	3,628
- Share of profits in associated companies	-	(550)
- Non-operating items	(1,230)	2,012
Operating profit before changes in working capital	11,684	6,807
Changes in working capital:		
- Net change in current assets	(20,892)	22,693
- Net change in current liabilities	9,866	(5,346)
Net Cash generated from operating activities	658	24,154
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary companies, net of cash acquired	(185)	17,877
Purchase of additional shares from minority interest	(163)	(307)
Purchase of property, plant and equipment	(5,712)	(1,136)
Purchase of land held for property development	(7,107)	-
Other investments	1,960	(526)
Net cash generated from / (used in) investing activities	(11,207)	15,908
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest expense	-	(52)
Dividend paid	(1,573)	(2,109)
Short term deposits pledged to security value	(110)	(7)
Proceeds from issuance of shares to minority Interest	736	-
Capital repayment to minority interest	(105)	(900)
Decrease in bank borrowings	-	(1,730)
Net cash used in financing activities	(1,052)	(4,798)
Currency translation differences	(2)	888
Net Change in Cash & Cash Equivalents	(11,603)	36,152
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	60,291	24,139
<b>CASH &amp; CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	48,688	60,291

# Note: Deposits amounting to RM419,950 (30.6.2009: RM309,950) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30<sup>th</sup> June 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<sup>th</sup> June 2009)**

**KOBAY TECHNOLOGY BHD**  
(Co. No. 308279-A)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

Group	← Attributable to equity holders of the Company →				Retained profit RM'000	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				
<b>CURRENT PERIOD</b>								
<b>As at 1 July, 2009</b>	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	-	-	-	-	-	-	(226)	(226)
Acquisition of subsidiary companies	-	-	25	-	-	25	1,231	1,256
Accretion arising from acquisition of shares from minority interest	-	-	-	-	237	237	(400)	(163)
Capital repayment to minority interest	-	-	-	-	-	-	(105)	(105)
Currency translation differences	-	-	-	(1,106)	-	(1,106)	-	(1,106)
Net profit for the year	-	-	-	-	1,375	1,375	2,581	3,956
Total recognised income and expenses	-	-	-	(1,106)	1,375	269	2,581	2,850
<b>Balance as at 30 June, 2010</b>	<b>68,081</b>	<b>(888)</b>	<b>1,705</b>	<b>(206)</b>	<b>36,791</b>	<b>105,483</b>	<b>37,079</b>	<b>142,562</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

Group	← Attributable to equity holders of the Company →				Retained profit RM'000	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				
<b>CURRENT PERIOD</b>								
<b>As at 1 July, 2008</b>	68,081	(888)	1,680	(38)	36,449	105,284	2,383	107,667
Dividend	-	-	-	-	(2,021)	(2,021)	-	(2,021)
Dividend paid to minority interest	-	-	-	-	-	-	(88)	(88)
Acquisition of a subsidiary company	-	-	-	-	-	-	33,151	33,151
Accretion arising from acquisition of shares from minority interest	-	-	-	-	494	494	(801)	(307)
Disposal of subsidiary	-	-	-	-	(59)	(59)	59	-
Capital repayment to minority interest	-	-	-	-	-	-	(900)	(900)
Currency translation differences	-	-	-	938	-	938	699	1,637
Net profit for the year	-	-	-	-	1,663	1,663	(505)	1,158
Total recognised income and expenses	-	-	-	938	1,663	2,601	194	2,795
<b>Balance as at 30 June, 2009</b>	<b>68,081</b>	<b>(888)</b>	<b>1,680</b>	<b>900</b>	<b>36,526</b>	<b>106,299</b>	<b>33,998</b>	<b>140,297</b>

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

**A. Notes to the interim financial report for the year ended 30 June 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<sup>th</sup> 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<sup>th</sup> June 2009 except for the adoption of the new FRS 8 Operating Segments, which took effect from 1<sup>st</sup> July 2009.

The Group has not applied the following FRSs and IC Interpretation which have been issued as at the balance sheet date but are not yet effective:-

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1-Jan-10
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1-Jan-11
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1-Jan-10
Amendments to FRS 2 <i>Share-based Payment</i>	1-Jul-10
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1-Jul-10
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1-Jan-11
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1-Jan-10/ 1-Mar-10
Amendments to FRS 138 <i>Intangible Assets</i>	1-Jul-10
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1-Jan-10
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1-Jan-10
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1-Jul-10
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1-Jan-10
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1-Jul-10
FRS 3 <i>Business Combinations</i> (revised in 2010)	1-Jul-10
FRS 4 <i>Insurance Contracts</i>	1-Jan-10
FRS 7 <i>Financial Instruments: Disclosures</i>	1-Jan-10
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1-Jan-10
FRS 123 <i>Borrowing Costs</i>	1-Jan-10
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1-Jul-10
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1-Jan-10
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1-Jan-10

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Standard/Interpretation	Effective for financial periods beginning on or after
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1-Jan-10
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1-Jan-10
IC Interpretation 12 <i>Service Concession Arrangements</i>	1-Jul-10
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1-Jan-10
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1-Jan-10
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1-Jul-10
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1-Jul-10
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1-Jul-10

The management foresees that the initial application of the above FRSs and IC Interpretations will not have any significant impacts on the financial statements except as follows:-

**Amendments to FRS 117 Leases**

Included in *Improvements to FRSs (2009)* are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie. In accordance with the transitional provisions of the amendments, the Group will reassess the classification of leasehold land on the effective date and make the necessary reclassification, if any, retrospectively.

**FRS 3 Business Combinations (revised in 2010)**

FRS 3 (revised in 2010), which supersedes FRS 3 *Business Combinations* (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be expensed as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group will apply this FRS prospectively to business combinations for which the acquisition date is on or after the effective date.

**FRS 7 Financial Instruments: Disclosures and FRS 139 Financial Instruments: Recognition and Measurement**

By virtue of the exemptions given by FRS 7 and FRS 139, the impacts on the financial statements upon initial application of these FRSs (and the amendments thereto) are not disclosed.

**FRS 101 Presentation of Financial Statements (revised in 2009)**

FRS 101 (revised in 2009), which supersedes FRS 101 *Presentation of Financial Statements* (revised in 2005), affects the presentation of owner changes in equity and comprehensive income. It requires an entity to present all owner changes in equity in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). FRS 101 (revised in 2009) also changes the titles of the financial statements to reflect their function more closely, for example, the titles "balance sheet" and "cash flow statement" are renamed as "statement of financial position" and "statement of cash flows" respectively.

**FRS 123 Borrowing Costs**

FRS 123, which supersedes FRS 123<sup>2004</sup> *Borrowing Costs*, removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions of FRS 123, the Group will apply this FRS prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date.

**FRS 127 Consolidated and Separate Financial Statements (revised in 2010)**

FRS 127 (revised in 2010), which supersedes FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005), requires the total comprehensive income of a subsidiary to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

**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 except for one of the subsidiaries has revised the estimated useful life of certain equipments causing the additional depreciation charge of RM0.67 million during the 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**

There were no dividend paid during the quarter under review. (30.6.2009 : Nil).

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

The Group has adopted FRS 8, Operating Segments with effect from 1<sup>st</sup> 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, sheet metal parts and surface treatment.
- 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 Year ended 30/6/10	Precision Tooling & Mould	Precision Components	Automation & Metal Work	Investment & Property Management & Others	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	13150	44314	19634	5093	82191		82191
Intersegment revenue	513	36	1073	5087	6709	(6709)	
Interest revenue	48	436	46	700	1230		1230
Depreciation and amortisation	568	5586	699	379	7232		7232
Reportable segment profit before taxation	1612	5438	(2)	2358	9406	(3808)	5598
Reportable segment assets	10543	72125	28102	118317	229087	(62018)	167070
Expenditure for non-current assets	50	836	4780	7153	12819		12819
Reportable segment liabilities	2306	8946	10315	24091	45658	(21150)	24508

**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 :

	30.6.2010 (RM'000)
Malaysia	47122
China	11138
Singapore	12814
Other Asia Pacific countries	4477
United States of America	4029
Europe	2611
Total	82191



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

Current year ended 30/6/09	Precision Tooling & Mould	Precision Components	Automation & Metal Work	Investment & Property Management & Others	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	10948	23967	21057	126	56097		56097
Intersegment revenue	64			2968	3032	(3032)	
Interest revenue	51	342	80	878	1351	(137)	1214
Depreciation and amortisation	716	3759	767	379	5621	(39)	5581
Reportable segment profit /(loss) before taxation	102	(163)	1522	1981	3441	(1724)	1717
Reportable segment assets	10198	72498	20678	102220	205594	(52112)	153482
Expenditure for non-current assets	65	1520	203	190	1977	* 39084	41062
Reportable segment liabilities	2224	5595	1828	16222	25870	(12686)	13185

**Note \*** : Including an amount of RM39.9 million arising from acquisition of subsidiaries

**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 :

	30.6.2009 (RM'000)
Malaysia	26776
United States of America	14007
China	10487
Europe	3122
Other Asia Pacific countries	1527
Others	178
	56097

**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 18<sup>th</sup> August 2010, Kobay SCM (S) Pte Ltd ("KSCM"), a 60% owned subsidiary of Kobay, has entered into a Shares Sale and Purchase Agreement with two individuals to acquire 60% equity interest in United Manufacturing Corporation Pte Ltd for a cash consideration of SGD39,000.00.

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**

On 18<sup>th</sup> May 2010, the Company has entered into Shares Sale Agreement with an individual to acquire additional 9% equity interest in KWH Technologies Sdn Bhd ("KWH") for a cash consideration of RM0.135 million. Subsequent to the acquisition, the equity holding of Kobay in KWH has increased from 50.9% to 59.9%.

Save for the above, 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 30<sup>th</sup> June 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	54	54
Intangible assets	199	199
Cash and bank balances	772	772
Trade and other payables	<u>(679)</u>	<u>(679)</u>
Net assets acquired	1,157	1,157
Minority interest	<u>(496)</u>	<u>(496)</u>
Share of net assets acquired	661	661
Cost of acquisition	<u>(957)</u>	
Goodwill on consolidation	<u><u>(296)</u></u>	
Cash flow arising on acquisition :		
Purchase consideration satisfied by cash	957	
Less : Cash and cash equivalents of subsidiary companies acquired	<u>(772)</u>	
Net cash outflow of the Group	<u><u>185</u></u>	

**11. Contingent assets and contingent liabilities**

There were no contingent assets or liabilities as at the date of the report (30.6.2009: RM Nil).

**12. Material related party transaction**

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

**13. Capital Commitments**

There was no capital commitment contracted but not provided for in the financial statements as at 30<sup>th</sup> June 2010.

**B. Additional information required by the Listing Requirements of Bursa Securities**

**1. Review of performance**

The Group recorded a revenue of RM29.15 million and profit before tax of RM2.93 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, tooling division and newly acquired subsidiaries.

Despite the improved performance from other divisions, the Metal Works division still underperformed. In addition, one of the newly acquired subsidiary that is currently under initial stage of operations had also contributed negative results during the quarter under review.

The Group's revenue and profit before tax for the 12 months ended 30<sup>th</sup> June 2010 were RM82.1 million and RM5.59 million respectively, which shown an increase of 46% and 226% as compared to preceding year corresponding period.

The improvement in revenue and profit before tax were mainly due to higher contribution from the business divisions as stated above.

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

The Group reported a revenue of RM29.15 million and profit before tax of RM2.93 million as compared to previous quarter of RM21.44 million and RM0.59 million respectively.

The increase in revenue for Tooling & Precision Components division has contributed to better performance for the quarter. However, Metal Works division still continued to perform unsatisfactory as a result of the precipitous drop in incoming orders in the past few quarters.

**3. Commentary on the prospects of the Group**

The Board anticipates that the performance of the Group for the coming financial year will remain challenging. The Group will continue to look for expansion plan for future growth, coupled with a cautious stance on spending. Additionally, proactive action has also been taken to address the under-performed Metal Works division. A new production plant has been constructed in Johor and will commence operations in the coming quarter. With the new production space at the strategically located 4 hectares land, the division is ready to cater for projects of bigger size sub-sea oil structure.

**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 30/6/2010 RM '000	Preceding Year Corresponding quarter ended 30/6/2009 RM '000	Current Year todate 30/6/2010 RM '000	Preceding Year Corresponding period 30/6/2009 RM '000
Current tax	(859)	(55)	(1,819)	(404)
Deferred tax	222	145	177	(155)
	<u>(637)</u>	<u>90</u>	<u>(1,642)</u>	<u>(559)</u>

The effective tax rates for the quarter and period were higher than the statutory tax rate mainly due to the losses of certain subsidiaries which unable to set off against taxable profits made by other subsidiaries, and certain expenses which were 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 30/6/2010 RM '000	Preceding Year Corresponding quarter ended 30/6/2009 RM '000	Current Year todate 30/6/2010 RM '000	Preceding Year Corresponding period 30/6/2009 RM '000
(i) Total purchase	721	324	3,159	6,673
(ii) Total disposal	883	2,572	4,312	5,252
(iii) Profit on disposal	54	426	364	464

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

	RM '000
(i) At cost	359
(ii) At carrying value/book value	359
(iii) At market value	354

**8. Status of corporate proposals**

On 15<sup>th</sup> 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 exercise 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 were no borrowings for the Group as at 30<sup>th</sup> June 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 recommended the payment of first and final tax exempt dividend of 1.5% in respect of the financial year ended 30<sup>th</sup> June 2010 (30.6.2009: 2%).

**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 30/6/2010 RM '000	Preceding Year Corresponding quarter ended 30/6/2009 RM '000	Current Year todate 30/6/2010 RM '000	Preceding Year Corresponding period 30/6/2009 RM '000
Profit attributable to ordinary equity holders of the Company	1,258	739	1,375	1,663
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)
	67,353	67,353	67,353	67,353
Basic earnings per share (sen)	1.87	1.10	2.04	2.47

**(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 30/6/2010 RM '000
Loan given to non-wholly owned subsidiaries	6,826
Loan given by a licensed moneylending company within the Group to third parties	3,094
	<u>9,920</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.

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

The Group's audited financial statements for the year ended 30<sup>th</sup> June 2009 were reported without any qualification.