

KOBAY TECHNOLOGY BHD (Co. No. 308279-A)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 30 JUNE 2011
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2011 RM '000	Preceding Year Corresponding quarter ended 30/6/2010 RM '000 (Restated)	Current Year to date 30/6/2011 RM '000	Preceding Year Corresponding period 30/6/2010 RM '000 (Restated)
Continuing Operations				
Revenue	28,356	28,434	110,847	79,792
Cost of sales	(21,103)	(21,739)	(83,335)	(62,519)
Gross profit	7,253	6,695	27,512	17,273
Operating expenses	(8,153)	(4,796)	(23,060)	(14,779)
Other income	716	1,191	8,445	3,027
(Loss)/ Profit before tax	(184)	3,090	12,897	5,521
Tax expense	(894)	(609)	(3,100)	(1,544)
(Loss)/Profit for the period from continuing operations	(1,078)	2,481	9,797	3,977
Discontinued Operation				
(Loss)/Profit for the period from discontinued operation	(24)	(34)	(31)	130
(Loss)/Profit for the period	(1,102)	2,447	9,766	4,107
Other comprehensive income/(loss) :				
Foreign currency translation differences for foreign operations	259	(421)	(394)	(1,108)
Available-for-sale financial assets	40	-	40	-
Total comprehensive income/(loss) for the period	(803)	2,026	9,412	2,999
Profit/(loss) for the period attributable to :				
Owners of the parent	(1,807)	1,294	6,333	1,411
Non-controlling interest	705	1,153	3,433	2,696
	(1,102)	2,447	9,766	4,107
Total comprehensive income/(loss) attributable to :				
Owners of the parent	(1,616)	1,038	6,152	778
Non-controlling interest	813	988	3,260	2,221
	(803)	2,026	9,412	2,999
(Loss)/Earnings per share (sen)				
- Basic / diluted				
Continuing operations	(2.67)	1.87	9.43	1.98
Discontinued operation	(0.02)	0.05	(0.02)	0.12
	(2.68)	1.92	9.40	2.09

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2010)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	(Unaudited) As at current financial year 30/6/2011 RM '000	(Audited) As at preceding financial year 30/06/2010 RM '000 (Restated)
Assets		
Non-Current Assets		
Property, plant and equipment	58,452	55,425
Land held for property development	7,105	7,106
Property development expenditure	9	-
Available-for-sale financial assets	1,862	2,253
Financial assets at fair value through profit or loss	-	359
Intangible assets	219	414
Loan receivables	-	16
	67,647	65,573
Current Assets		
Assets held for sale	-	8,246
Inventories	10,837	11,181
Trade and other receivables	27,314	28,748
Financial assets at fair value through profit or loss	2	-
Loan receivables	1,104	3,097
Tax assets	1,354	1,160
Cash & cash equivalents	61,598	49,109
	102,209	101,541
Total Assets	169,856	167,114
Equity		
Share capital	68,081	68,081
Reserves		
Treasury shares	(888)	(888)
Share premium	1,680	1,680
Fair value reserve	73	-
Currency translation reserve	46	267
Retained profit	42,560	36,785
	43,471	37,844
Equity attributable to owners of the parent	111,552	105,925
Non controlling interest	38,896	36,706
Total Equity	150,448	142,631
Non-Current Liabilities		
Deferred income on government grant	123	164
Deferred taxation	3,437	3,691
	3,560	3,855
Current Liabilities		
Trade and other payables	15,150	19,373
Tax liabilities	698	1,255
	15,848	20,628
Total Liabilities	19,408	24,483
Total Equity and Liabilities	169,856	167,114
	-	-
Net assets per ordinary share attributable to owners of the Parent (RM)	1.66	1.57

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2010)

KOBAY TECHNOLOGY BHD

(Co. No. 308279-A)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 30 JUNE 2011**

	(Unaudited) Period Ended 30/6/2011 RM '000	(Audited) Period Ended 30/6/2010 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from :		
Continuing operations	12,897	5,521
Discontinued operation	(31)	186
Adjustments for:		
- Non-cash items	5,763	5,539
- Non-operating items	(4,511)	934
Operating profit before changes in working capital	<u>14,118</u>	<u>12,180</u>
Changes in working capital:		
- Net change in current assets	3,785	(21,420)
- Net change in current liabilities	(4,822)	9,390
Net cash generated from operating activities	<u>13,081</u>	<u>150</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal/(acquisition) of subsidiary companies	8,789	501
Purchase of additional shares from non-controlling interest	(331)	(298)
Purchase of property, plant and equipment	(11,462)	(12,861)
Proceeds from disposal of property, plant and equipment	2,940	10
Other investments	896	2,244
Net cash used in investing activities	<u>832</u>	<u>(10,404)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expense	-	(1)
Dividend paid	(1,300)	(1,572)
Short term deposits pledged to security value	-	(83)
Issuance of shares to non-controlling interest	145	746
Capital repayment to non-controlling interest	(123)	(106)
Net cash generated from financing activities	<u>(1,278)</u>	<u>(1,016)</u>
Currency translation differences	(146)	(305)
Net Change in Cash & Cash Equivalents	12,489	(11,575)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>48,716</u>	<u>60,291</u>
CASH & CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>61,205</u>	<u>48,716</u>

Note: Deposits amounting to RM392,935 (30.6.2010: RM392,935) have been pledged to local banks for bank guarantee facilities obtained by the Group as at 30th June 2011. As such, these amounts are not included as cash and cash equivalents as at the aforementioned dates.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30th June 2010)

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 30 JUNE 2011**

Group	Attributable to owners of the Parent						Sub-total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Fair Value reserve RM'000	Translation reserve RM'000	Retained profit RM'000			
CURRENT PERIOD									
As at 1 July, 2010	68,081	(888)	1,680	-	267	36,785	105,925	36,706	142,631
Effects of adopting FRS139	-	-	-	33	-	-	33	-	33
As adjusted	68,081	(888)	1,680	33	267	36,785	105,958	36,706	142,664
Total comprehensive income for the period	-	-	-	40	(221)	6,333	6,152	3,260	9,412
Transactions with owners									
Dividend	-	-	-	-	-	(1,010)	(1,010)	-	(1,010)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(290)	(290)
Issuance of shares to non-controlling interest of subsidiary company	-	-	-	-	-	-	-	145	145
Acquisition/Disposal of subsidiary companies	-	-	-	-	-	-	-	(13)	(13)
Accretion arising from acquisition of shares from non-controlling interest	-	-	-	-	-	452	452	(789)	(337)
Capital repayment to non-controlling interest	-	-	-	-	-	-	-	(123)	(123)
Balance as at 30 June, 2011	68,081	(888)	1,680	73	46	42,560	111,552	38,896	150,448

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 30 JUNE 2010**

Group	Attributable to owners of the Parent						Sub-total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Fair Value reserve RM'000	Translation 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
Total comprehensive income for the period	-	-	-	-	(633)	1,411	778	2,221	2,999
Transactions with owners									
Dividend	-	-	-	-	-	(1,347)	(1,347)	-	(1,347)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(225)	(225)
Acquisition of a subsidiary company	-	-	-	-	-	-	-	564	564
Accretion arising from acquisition of shares from non-controlling interest	-	-	-	-	-	195	195	(493)	(298)
Issue of shares to non-controlling interest	-	-	-	-	-	-	-	746	746
Capital repayment to non-controlling interest	-	-	-	-	-	-	-	(105)	(105)
Balance as at 30 June, 2010	68,081	(888)	1,680	-	267	36,785	105,925	36,706	142,631

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

A. Notes to the financial report for fourth financial quarter ended 30 June 2011

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 30th June 2010.

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 30th June 2010 except for the adoption of the following new/revised FRSs, amendments to FRSs and IC interpretations:

(i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

Effective for annual financial period beginning on or after 1 January 2010

Standard/Interpretation

Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*

Amendments to FRS 2 *Share-based Payment*

Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Amendments to FRS 132 *Financial Instruments: Presentation*

Amendments to FRS 138 *Intangible Assets*

Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*

Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*

Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*

Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2009)*"

FRS 1 *First-time Adoption of Financial Reporting Standards* (revised in 2010)

FRS 3 *Business Combinations* (revised in 2010)

FRS 7 *Financial Instruments: Disclosures*

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

FRS 123 *Borrowing Costs*

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

FRS 139 *Financial Instruments: Recognition and Measurement*

IC Interpretation 9 *Reassessment of Embedded Derivatives*

IC Interpretation 10 *Interim Financial Reporting and Impairment*

IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions*

IC Interpretation 13 *Customer Loyalty Programmes*

IC Interpretation 14 *FRS119 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction*

IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

The adoption of the above FRSs, amendments and interpretations do not have significant impact on the financial statement of the Group, other than as described below:

Revised FRS 101 Presentation of Financial Statements

The Group has elected to present the statements of comprehensive income in a single statement.

With the adoption of the revised FRS 101, the components of the interim financial statements presented consists of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flow and notes to the financial statements.

The effect of change in presentation are as follow :

The gain and losses that were recognized directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for the preceding corresponding period is presented separately and an allocation is made to show the amount attributable to Owners of the Parent and to Non-controlling interests. The effects on the comparatives to the Group on the adoption of the revised FRS 101 are as follows:

For the year ended 30 June 2010	Income statement As previously reported (RM'000)	Effects of adopting FRS 101 (RM'000)	Statement of Comprehensive Income As restated (RM'000)
Profit for the period	4,107		4,107
Other comprehensive income		(1,108)	(1,108)
Total comprehensive income			2,999
Total comprehensive income attributable to :			
Owners of the parent			778
Non-controlling interest			2,221

Amendments to FRS 117 Leases

Prior to the adoption of the Amendments to FRS 117, leasehold lands were treated as operation leases. The consideration paid were classified and presented as prepaid lease payments. With the adoption of the Amendment to FRS 117, the Group has reassessed and determined that all leasehold land of the Group are in substance finance lease and has reclassified leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provision and certain comparative balances have been restated as follows:

As at 30 June 2010 (Net book value)	As previously reported (RM'000)	Reclassification (RM'000)	As restated (RM'000)
Property, plant & equipment	45,428	9,997	55,425
Prepaid lease payments	9,997	(9,997)	-

The adoption of other new and revised FRSs, IC Interpretations and amendments has no effect to the Group's consolidated financial statements of the current quarter or the comparative financial statement of the preceding year corresponding period.

(ii)New and Revised FRSs, IC Interpretations and Amendments issued but not yet effective for the Group's current quarter report

Amendment to FRS 1 *Limited Exemption from Comparative FRS7 Disclosures for First-time Adoptions*

Amendments to FRS2 *Group Cash-settled Share-based Payment Transactions*

Amendments to FRS7 *Improving Disclosure about Financial Instruments*

The adoption of other New and Revised FRSs, IC Interpretations and Amendments will have no significant impact or not result in changes to the existing accounting policies.

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

There were no dividend paid during the quarter under review. (30.6.2010 : Nil).

7. Segment Information

For management purposes, the Group is organised into business units based on their products and services.

The Group's reportable operating 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) Other operating segments– Include small operations related to general trading, money lending, food & beverages, hotel operation, oil and gas maintenance services.

Current Period ended 30/6/11	Precision Tooling & Mould	Precision Components	Automation & Metal Work	Other operating segments	Unallocated non-operating segments	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	18706	67400	20161	4512	67	110847		110847
Intersegment revenue	146	29	209	241	10072	10697	-10697	
Interest revenue	50	592	46	1	651	1340		1340
Interest expense			156	85		241	-241	
Depreciation and amortisation	297	4364	776		326	5763		5763
Tax expense	692	2644	-237		2014	5113	-2013	3100
Reportable segment profit after taxation	3173	9466	-3730	-3122	9337	15124	-5327	9797
Reportable segment assets	9247	83331	23274	1601	108421	225874	-56019	169856
Expenditure for non-current assets	22	5816	536	323	4766	11462		11462
Reportable segment liabilities	2207	11203	7410	3777	8027	32624	-13216	19408

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 :

	30.06.2011 (RM'000)
Malaysia	64895
Other Asia Pacific countries	38647
United States of America	4933
Europe	2372
Total	110847

Information about major customer

Revenue from a customer from Precision Components segment contributed approximately RM13.14 million (11%) of the total Group's revenue.

Segment Information-continued

Current Period ended 30/6/10	Precision Tooling & Mould	Precision Components	Automation & Metal Work	Other operating segments	Unallocated non-operating segments	Total	Eliminations	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue from external customer	13150	42302	19002	5313	25	79792		79792
Intersegment revenue	513	36	1073	65	4873	6560	-6560	-
Interest revenue	49	451	43	-	714	1257	-149	1108
Interest expense	-	-	54	11	-	66	-66	-
Depreciation and amortisation	572	5302	718	-	379	6971	-39	6932
Income tax expenses	342	951	545	-	11	1849	-305	1544
Reportable segment profit/(loss) after tax	1271	4431	-684	-578	3171	7611	-3504	4107
Reportable segment assets	10542	72125	27945	11483	107081	229175	-62061	167114
Expenditure for non-current assets	50	837	5070	203	7153	13314		13314
Reportable segment liabilities	2306	8946	10292	10630	13461	45635	-21152	24483

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	49200
Other Asian Countries	23952
United States of America	4029
Europe	2611
Total	79792

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

There were no material events subsequent to the end of the reporting financial period except the followings:

- a) On 4th July 2011, Lipo Corporation Bhd ("Lipo"), a 53.19% owned subsidiary of Kobay, has incorporated a wholly owned private limited subsidiary in Suzhou China, namely Suzhou Univex Metal Tech Co. Ltd. The intended registered capital is USD300,000.00. The principal activity of the Company is manufacturing of metal products and surface treatments.
- b) Paradigm Precision Components (Thailand) Co. Ltd., a 100% owned subsidiary of Lipo, has been dissolved on 11th July 2011.
- c) On 20th July 2011, Kobay SCM (S) Pte Ltd ("KSS") , a 60% owned subsidiary of Kobay, had acquired additional 40% of equity holdings in United Manufacturing Corporation Pte Ltd ("UMC") for a cash consideration of SGD4,000.00. Subsequent to the acquisition, UMC has become a wholly owned subsidiary of KSS.

10. Changes in the composition of the group

There were no changes in the composition of the Group during the quarter under review.

11. Contingent assets and contingent liabilities

There were no contingent assets or liabilities as at the date of the report. (30.06.2010: RM Nil).

12. Material related party transaction

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

13. Capital Commitments

Authorised capital commitments not recognized in the interim financial statements as at 30 June 2011 are as follows:

<u>Contracted</u>	RM'000
Property, plant & equipment	750
Land held for property development	<u>2,800</u>

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

1. Review of performance

The Group recorded a revenue of RM28.35 million and loss before tax of RM0.18 million for the current quarter as compared to previous year corresponding quarter of RM28.43 million and RM3.09 million respectively. Despite the accelerate performance by Precision Components and Precision Tooling segments, the underperformed results from automation and metal Work segments, coupled with the provision for default loan receivable and inventories written down, had caused an adverse performance for current quarter.

For Year-to-date performance, the Group recorded revenue of RM110.84 million and profit before tax of RM12.89 million. As compared to previous year corresponding period, performance for Precision Components and Precision Tooling & Mould segments have improved significantly due to robust incoming orders for high value products and prudent spending. Apart from the above, another key contributor to the Group's profit was the gain on disposal of land and building of RM1.60 million and gain on disposal of a subsidiary for RM3.86 million. However, the automation and metal works segments still suffered low output while struggling to secure for more orders.

2. Comparison with preceding quarter's results

The Group reported revenue of RM28.35 million and loss before tax of RM0.18 million for the quarter as compared to last quarter's revenue of RM23.09 million and profit before tax of RM4.67 million.

The loss before tax was due to the provision for default loan receivable by a money lending subsidiary, inventories written down and also low margin sales mix for automation and metal works segment. In addition, the impressive performance in last quarter was mainly due to capturing of gain on disposal of subsidiary of RM3.86 million.

3. Commentary on the prospects of the Group

The Board anticipates that the Group's performance to be decelerated in the coming financial year in view of the downturn indicators for manufacturing sectors. The Group will implement prudent spending and a more aggressive business plan to address the under-performed automation and metal works segments.

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 30/6/2011 RM '000	Preceding Year Corresponding quarter ended 30/6/2010 RM '000	Current Year todate 30/6/2011 RM '000	Preceding Year Corresponding period 30/6/2010 RM '000
Current tax	(1,431)	(782)	(3,354)	(1,672)
Deferred tax	537	173	254	128
	<u>(894)</u>	<u>(609)</u>	<u>(3,100)</u>	<u>(1,544)</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

During the quarter under review, there were no profits or losses arise from sale of investments or properties.

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 30/6/2011 RM '000	Preceding Year	Current Year to date 30/6/2011 RM '000	Preceding Year
		Corresponding quarter ended 30/6/2010 RM '000		Corresponding period 30/6/2010 RM '000
		(i) Total purchase		-
(ii) Total disposal	721	883	1,743	4,312
(iii) Fair value gain recognised in profit	15	-	-	-
(iv) Profit on disposal	30	54	73	364

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

	RM '000
(i) At cost	-
(ii) At carrying value/market value	-

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 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 and debts securities

There were no borrowings and debts securities for the Group as at 30 June 2011. (30.6.2010 : Nil)

10. Derivative Financial Instrument

Financial assets at fair value through profit or loss

During the quarter, The Group entered into the foreign exchange forward contract to hedge exposure to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

The outstanding of foreign exchange forward contract as at 30 June 2011 was as follows:

	Carrying Amount RM'000	Fair Value RM'000	Gain on Fair Value Changes RM'000
Foreign exchange forward contract	610	608	2

Forward foreign exchange contract is entered into with credit worthy financial institute to hedge part of the Group's sales from exchange rate movements. Given that the contract is entered into with credit worthy financial institute, credit risk for non-performance by the counterpart is minimal.

With the adoption of FRS 139, all derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheets date, and will be classified as financial assets or financial liabilities at fair value through profit and loss. Derivative contracts is recognized and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognized in the income statement at each reporting date.

11. Gain and losses arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for the current quarter and current financial year to date.

12. Breakdown of realised and unrealised profits or losses of the Group

	30/6/2011 RM'000	31/3/2011 RM'000
<i>Total retained profits of the Company and its subsidiaries</i>		
Realised	55,362	56,080
Unrealised	(3,437)	(3,408)
	<hr/>	<hr/>
Consolidation adjustments and eliminations	51,925	52,672
	(9,365)	(8,304)
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	42,560	44,368
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KOBAY TECHNOLOGY BHD (Co. No. 308279-A)**13. Material litigation**

The Group is not engaged in any material litigation as at the date of this report.

14. Dividend

The Board of Directors recommends for a first and final dividend of 2.0 sen per share, tax exempt, amounting to RM1.347 million in respect of the financial year ended 30 June 2011. The proposed dividend are subject to shareholders' approval at the forthcoming Annual General Meeting (30.6.2010: 1.5 sen).

15. Earnings Per Share ("EPS")**(a) Basic earnings per share**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year quarter ended 30/6/2011 RM '000	Preceding Year Corresponding quarter ended 30/6/2010 RM '000	Current Year to date 30/6/2011 RM '000	Preceding Year Corresponding period 30/6/2010 RM '000
(Loss)/Profit attributable to ordinary equity holders of the Parent	(1,795)	1,257	6,348	1,333
(Loss) /Profit from discontinued operation attributable to ordinary equity holders of the Company	(12)	37	(15)	78
(Loss)/Profit attributable to ordinary equity holders of the Company	<u>(1,807)</u>	<u>1,294</u>	<u>6,333</u>	<u>1,411</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	<u>(728)</u>	<u>(728)</u>	<u>(728)</u>	<u>(728)</u>
	<u>67,353</u>	<u>67,353</u>	<u>67,353</u>	<u>67,353</u>
Basic (loss)/earnings per share (sen)				
- Continuing operations	(2.67)	1.87	9.43	1.98
- Discontinued operation	<u>(0.02)</u>	<u>0.05</u>	<u>(0.02)</u>	<u>0.12</u>
	<u>(2.68)</u>	<u>1.92</u>	<u>9.40</u>	<u>2.09</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.

16. 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 as at 30th June 2011: -

	Current Period As at 30/6/2011 RM '000
Loan given to non-wholly owned subsidiaries	998
Loan given by a licensed moneylending company within the Group to third parties	<u>1,104</u>
	<u>2,102</u>

The provision of the financial assistance does not have any effect on the issued and paid-up capital and substantial shareholders' shareholding of the Company and would not have any material impact on the net assets, net tangible assets, earnings and gearing of the Group except as follows:

During the quarter under review, the Group has made an allowance for impairment for a loan receivable of RM2.0 million, which was given to a third party (previously was a subsidiary) under the licensed moneylending company as a portion of the loan was in default as at year end.

17. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30th June 2010 were reported without any qualification.