

**Interim Financial Report For The Quarter Ended 31 March 2007**

The figures have not been audited.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A Explanatory Notes Pursuant to Financial Reporting Standard 134: Interim Financial Reporting**

**A1. Basis of preparation**

The Interim Financial Statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard ("FRS") No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the revamped Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the MESDAQ Market and should be read in conjunction with the Company's Audited Consolidated Financial Statements for the financial year ended 31 December 2006. These explanatory notes attached to the Interim Consolidated Financial Statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2006.

The same accounting policies have been used in the interim consolidated financial statements as compared with the Audited Consolidated Financial Statements for the financial year ended 31 December 2006.

**A2. Auditors' report on preceding annual financial statements**

The auditors' report on the Company's audited consolidated financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The Group's operations were not materially affected by seasonal or cyclical factors during the financial quarter under review and financial year-to-date.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

During the financial quarter under review and financial year-to-date, there were no items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence.

**A5. Material changes in estimates**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that may have a material effect in the financial quarter under review.

**A6. Debt or equity securities**

There were no issuances, cancellations, repurchases, resale or repayments of debt or equity securities during the financial quarter under review and financial year-to-date.

**A7. Dividends paid or proposed**

There were no dividends paid nor proposed during the financial quarter under review and financial year-to-date.

**A8. Segmental information**

Financial data by geographical segment for the Group for the period ended 31 March 2007 by billing:

	<b>Malaysia</b>	<b>Overseas</b>	<b>Elimination</b>	<b>Group</b>
	<b>RM`000</b>	<b>RM`000</b>	<b>RM`000</b>	<b>RM`000</b>
<u>Revenue</u>				
Revenue from external customers	8,558	755	-	9,313
Inter-segment revenue	140	-	(140)	<u>-</u>
				<u><u>9,313</u></u>
<u>Results</u>				
Segmental results	<u>3,706</u>	<u>(1,326)</u>	190	2,570
				2,570
Finance costs				(6)
Other operating income				<u>44</u>
				2,608
Exceptional Item				<u>938</u>
Profit before taxation				3,546
Income tax				<u>-</u>
Profit after taxation				<u><u>3,546</u></u>
<b><i>Segmental results are determined after allocation of operating expenses to each geographical segment.</i></b>				
<u>Other information</u>				
Segmental assets	63,078	9,912	(8,078)	64,912
Unallocated corporate assets				<u>-</u>
				<u>64,912</u>
Segmental liabilities	21,110	10,734	(7,644)	24,200
Unallocated corporate liabilities				<u>1,178</u>
				<u>25,378</u>
Capital expenditure	-	-	-	-
Amortisation of development costs	-	17	-	17
Depreciation of equipment	156	103	-	259

**A9. Valuation of property, plant and equipment**

The Group does not have any property and plant, and has not carried out any valuation on its equipment since the previous financial year ended 31 December 2006.

**A10. Material events subsequent to the end of the quarter**

There were no material events subsequent to the financial year ended 31 December 2006 that have not been reflected in the financial statements for the financial quarter under review.

**A11. Changes in the composition of the group**

There were no changes in the composition of the Group including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings and discontinued operations, during the financial quarter under review.

**A12. Contingent liabilities or contingent assets**

The Group does not have any contingent liabilities or contingent assets as at 31 March 2007.

**A13. Capital commitments**

There were no capital commitments for the Group as at 31 March 2007

**A14. Significant related party transactions**

As at 31 March 2007, there were no significant related party transactions

**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market**

**B1. Review of the performance for the Current Quarter and Year-to-date**

	Quarter ended		Year-to-date	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	9,313	7,097	9,313	7,097
Profit after tax	3,546	2,059	3,546	2,059

The Group recorded a revenue increase of approximately RM2.216 million in the current financial quarter as compared to the corresponding quarter in 2006. This was mainly due to the increased in sales of application-specific standard product (ASSP) products in the current financial quarter as compared to the corresponding quarter in 2006. The profit after tax of approximately RM3.546 million for the current financial quarter represents a 72.22% increase over the RM2.059 million recorded in the corresponding quarter in 2006. The higher gross profit margin recorded in the current financial quarter as compared to the corresponding quarter in 2006 was mainly due to the higher margin of some existing ASSP products and the higher than expected profit margin derived from EDA commission sales during the financial quarter under review.

The Company recorded an exceptional gain of RM0.938 million from the disposal of BCT Tech shares of resigned employees in accordance with the terms of the ESOS during the financial quarter under review. The profit after tax of the current financial quarter after excluding the exceptional gain of RM2.608 million represent a 26.66% increase over the profit after tax of RM2.059 million in the corresponding quarter in 2006.

**B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter**

The Group's recorded revenue and profit before tax of approximately RM9.313 million and RM3.546 million respectively for the current financial quarter, are approximately RM8.608 million or 48.03% and RM0.469 million or 11.68% lower than the immediate preceding quarter. The decreases in revenue and profit before tax were mainly due to the slower sales of ASSP products in the current financial quarter as compared to the immediate preceding quarter due to the longer factory down time during the festive season coupled with the shorter number of business days during the first quarter of the year. The higher net profit margin recorded in the current financial quarter as compared with the immediate preceding quarter was mainly contributed by the sales mixed in the current financial quarter which consists of more products with higher selling price and gross margin. The trade receivables decreased by approximately RM16.865 million as compared to the immediate preceding quarter due to management's decision to tighten credit control. Inventory levels also recorded a decrease of RM3.734 million to RM19.236 million as compared to the immediate preceding quarter. The Company will aggressively reduce its buffer inventory with the aggressive marketing strategy and timely rolling out of its planned new products for the coming quarter in 2007.

**B3. Business prospects**

The Group expects to increase its sales with the timely launching of new products as well as more aggressive marketing of existing products. The Company will also continue its efforts to identify potential companies for partnership, joint ventures and/or acquisition in line with the proposed utilisation of its IPO proceeds as stated in the Company's prospectus dated 26 June 2006.

**B4. Statement of revenue or profit estimate, forecast, projection or internal targets previously announced or disclosed in a public document**

Not applicable as no estimate, forecast, projection or internal targets were previously disclosed in a public document.

**B5. Variance of actual profit from forecast profit**

Not applicable as there was no forecast for the year which was disclosed in a public document.

**B6. Income tax**

Not applicable as the Company was granted Pioneer Status under the Promotion of Investment Act, 1986 whereby 100% of the Pioneer Statutory Income is tax exempt. This has been confirmed by the Ministry of International Trade and Industry (MITI) on 27 July 2006.

**B7. Sale of unquoted investments and/or properties**

There were no disposal of unquoted investments and/or properties during the financial quarter under review and financial year-to-date.

**B8. Purchase or disposal of quoted securities**

There were no purchases or disposal of quoted securities for the financial quarter under review and financial year-to-date.

**B9a. Corporate proposals**

Save as disclosed below, there were no corporate proposals announced during the financial quarter under review and up to the date of issue of this report:

Proposed private placement of up to 12,196,000 new ordinary shares of RM0.10 each in the Company representing 10% of the existing issued and paid-up share capital of the Company (Private Placement). The Private Placement was approved by the Securities Commission ("SC") and the Foreign Investment Committee (via the SC) on 12 April 2007. Bursa Malaysia Securities Berhad has given its approval in principle for the listing of and quotation for up to 12,196,000 new ordinary shares of RM0.10 each in BCT arising from the Private Placement representing not more than 10% of the existing issued and paid-up share capital of the Company on 14 May 2007.

**B9b. Status of utilisation of proceeds**

As at the date of this report, the gross proceeds raised from the Public Issue of RM15.01 million were/is to be utilised in the following manner:

	Proposed Utilisation	Actual Utilisation	Unutilised Amount	Deviations	Explanations	Intended Time Frame for Utilisation
	RM'000	RM'000	RM'000	RM'000 %		
Development expenditure	4,500	3,721	779	-	-	Within 24 months from listing date (21 July 2006)
Marketing and business development	4,000	3,020	980	-	-	Within 24 months from listing date
Working capital	4,706	2,200	2,506	-	-	Within 12 months from listing date
Estimated listing expenses	1,800	1,800	-	-	-	Within 1 month from listing date
<b>Total</b>	<b>15,006</b>	<b>10,741</b>	<b>4,265</b>	<b>-</b>	<b>-</b>	

**B10. Group borrowings and debt securities**

The Group's borrowings as at 31 March 2007 are as follows:

	Short Term	Long Term	Total
<u>Secured</u>	RM'000	RM'000	RM'000
Bank Overdraft	-	-	-
Term Loan	1,178	-	1,178
	<u>1,178</u>	<u>-</u>	<u>1,178</u>

The foreign currency exposure profile of the Group's borrowing is as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Singapore dollars	<u>22</u>	<u>-</u>	<u>22</u>

**B11. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of issue of this report.

**B12. Material litigations**

There were no material litigations or pending material litigations involving the Group as at the date of issue of this report.

**B13. Dividends**

No dividend has been declared or recommended in respect of the financial quarter under review.

**B14. Earnings per share**

The earnings per share were calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares of RM0.10 each during the reporting period as follows:

	Current Quarter Ended		Cumulative Quarter Ended	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Profits after tax (RM'000)	3,546	2,059	3,546	2,059

Weighted average numbers of ordinary shares of RM0.10 each for computing earnings per share are as follow:

Basic ('000)	121,960	3,780	121,960	3,780
Diluted ('000) ^	N/A	N/A	N/A	N/A
Basic Earnings per Share(Sen)	<u>2.9</u>	<u>54.5</u>	<u>2.9</u>	<u>54.5</u>
Diluted Earnings per Share (Sen)	N/A	N/A	N/A	N/A

Notes :

^ No diluted earnings per share has been computed as the Group presently does not have any dilutive potential ordinary shares. The Group had established and implemented its ESOS II on 3 May 2006. However, no Options have been granted as of to date. As such the diluted earnings per share will only be computed upon granting of ESOS II Options.

N/A: Not applicable

**B15. Authorisation for issue**

The Interim Financial Statements and the accompanying notes were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors passed on 14 May 2007.

BY ORDER OF THE BOARD  
**BCT TECHNOLOGY BERHAD**