

BCT TECHNOLOGY BERHAD (668945-P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Interim Financial Report For The Quarter ended 30 June 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 financial year ended 30 June 2007 by billing:

	Malaysia	Overseas	Elimination	Group
	RM`000	RM`000	RM`000	RM`000
<u>Revenue</u>				
Revenue from external customers	18,240	2,736	-	20,976
Inter-segment revenue	409	-	(409)	-
				<u>20,976</u>
<u>Results</u>				
Segmental results	<u>7,464</u>	<u>(2,246)</u>	<u>38</u>	<u>5,256</u>
				5,256
Finance costs				(44)
Other operating income				<u>116</u>
				5,328
Exceptional Item				<u>938</u>
Profit before taxation				6,266
Income tax				-
Profit after taxation				<u>6,266</u>
<i>Segmental results are determined after allocation of operating expenses to each geographical segment.</i>				
<u>Other information</u>				
Segmental assets	58,818	12,713	(9,819)	61,712
Unallocated corporate assets				-
				<u>61,712</u>
Segmental liabilities	14,470	13,429	(9,235)	18,664
Unallocated corporate liabilities				<u>800</u>
				<u>19,464</u>
Capital expenditure	886	37	-	923
Amortisation of development costs	-	150	-	150
Depreciation of equipment	204	334	-	538

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 period 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 30 June 2007.

A13. Capital commitments

There were no capital commitments for the Group as at 30 June 2007.

A14 Significant related party transactions

As at 30 June 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	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	11,663	6,927	20,976	14,024
Profit after tax	2,720	2,122	6,266	4,181

2nd Quarter 2007 vs 2nd Quarter 2006

The Group's operations continued to perform well in the second quarter of 2007. Revenue grew by 68% to RM11.7 million from RM6.9 million for the corresponding quarter of 2006. Higher sales from chip products, especially power management products, lifted Gross Profit from operation by 66% to RM5.5 million. Gross Margins achieved during the quarter remain constant at approximately 47%.

Total operating expenses, including staff and administrative costs, were higher at RM2.8 million as compared to RM1.2 million in the second quarter of 2006. This was due mainly to expansion exercise undertaken by the Group to strengthen its Design, Sales & Marketing capabilities.

Overall, Profit after Tax recorded an increase of 28% to RM2.7 million as compared to RM2.1 million in the corresponding quarter last year.

1st half 2007 vs 1st half 2006

Revenue growth of approximately 50% to RM20.9 million from RM14.0 million was mainly attributable to a wider products range offered and higher unit selling prices commanded as compared with the corresponding period.

Total operating expenses has increased by more than double to RM5.2 million from RM2.5 million as compared with the first half of 2006 as a result from the expansion exercise. This is due to larger headcount and higher administrative expenses.

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

Trade receivables decreased by approximately RM4.1 million to RM17.0 million as compared to the immediate preceding quarter in line with better credit control and collection. During the period, inventory levels also recorded a decrease of RM4.8 million to RM14.4 million from RM19.2 million as compared to the immediate preceding quarter. The decrease mainly resulted from aggressive sales & marketing by the Company.

B3. Business prospects

Moving forward, the Group continues to see strong and sustainable growth trends in Asia, especially in the power management segment of the industry. Consequently, the Group expects to remain profitable in the next quarter barring any unforeseen circumstances.

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 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. The transaction was completed on 4 July 2007.

B9b Status of utilisation of proceeds

IPO

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	%		
(1) Development expenditure	4,500	3,721	779	-	-	Within 24 months from listing date (21 July 2006)
(2) Marketing and business development	4,000	3,020	980	-	-	Within 24 months from listing date
(3) Working capital	4,706	2,200	2,506	-	-	Within 12 months from listing date
(4) Estimated listing expenses	1,800	1,800	-	-	-	Within 1 month from listing date
Total	15,006	10,741	4,265	-	-	

Private Placement

As of the date of the report, the gross proceeds raised from the Private Placement of RM12.196 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	%		
Working Capital	11,924	0	11,924	-	-	Within 6 months from private placement date
Estimated Private Placement expenses	272	272	-	-	-	Within 1 month from private placement date
Total	12,196	272	11,924	-	-	

B10. Group borrowings and debt securities

The Group's borrowings as at 30 June 2007 are as follows:

<u>Secured</u>	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Bank Overdraft	-	-	-
Term Loan	800	-	800
	<u>800</u>	<u>-</u>	<u>800</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>15</u>	<u>-</u>	<u>15</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	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Profits after tax (RM'000)	2,720	2,122	6,266	4,181

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

Basic ('000)	121,960	45,484	121,960	45,484
Diluted ('000) ^	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Basic Earnings per Share(Sen)	2.2	4.7	5.1	9.2
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

B14. 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 August 2007.

BY ORDER OF THE BOARD
BCT TECHNOLOGY BERHAD