

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	<u>31/12/2007</u> RM'000	<u>31/12/2006</u> RM'000	<u>31/12/2007</u> RM'000	<u>31/12/2006</u> RM'000
Revenue	7,192	17,935	42,205	46,350
Cost of Sales	(4,060)	(11,187)	(22,285)	(26,511)
Other Income	<u>23</u>	<u>1,470</u>	<u>206</u>	<u>1,527</u>
Profit From Operations	3,155	8,218	20,126	21,366
Staff and Administrative Expenses	(2,326)	(998)	(8,556)	(5,917)
Other Operating Expenses	(1,211)	(3,398)	(4,352)	(4,999)
Finance Costs	(158)	(7)	(229)	(119)
Profit before tax	(540)	3,815	6,989	10,331
Income tax expenses	-	-	-	-
Profit for the period from continuing operations	<u>(540)</u>	<u>3,815</u>	<u>6,989</u>	<u>10,331</u>
Attributable to:				
Equity holders of the parent	(540)	3,815	6,989	10,331
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(540)</u>	<u>3,815</u>	<u>6,989</u>	<u>10,331</u>
Weighted average number of shares in issue ('000)	134,156	82,032	134,156	82,032
Basic Earnings Per Share (sen)	(0.4)	4.7	5.2	12.6
Diluted Earnings Per Share (sen)^	N/A	N/A	N/A	N/A
Dividend 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 the ESOS II Options.

N/A: Not applicable

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

BCT TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 (UNAUDITED)

	Unaudited	Audited
	As At End Of Current Quarter	As At Preceding Financial Year End
	31/12/2007	31/12/2006
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	14,415	7,135
Development costs	1,391	5,077
Work in progress	5,826	-
	<u>21,632</u>	<u>12,212</u>
CURRENT ASSETS		
Inventories	8,561	22,970
Trade receivables	22,367	38,042
Other receivables, deposits and prepayments	1,989	772
Fixed deposit with a licensed bank	3,172	5,546
Cash and bank balances	3,611	633
	<u>39,700</u>	<u>67,963</u>
TOTAL ASSETS	<u>61,332</u>	<u>80,175</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	13,415	12,196
Share premium	15,604	4,904
Other reserves	61	72
Retained earnings	26,786	18,859
	<u>55,866</u>	<u>36,031</u>
Minority interest	-	-
	<u>55,866</u>	<u>36,031</u>
NON-CURRENT LIABILITIES		
Borrowings	-	453
CURRENT LIABILITIES		
Trade payables	3,810	39,704
Other payables and accruals	1,576	3,022
Amount owing to directors	-	-
Bank Borrowings	80	965
	<u>5,466</u>	<u>43,691</u>
TOTAL LIABILITIES	<u>5,466</u>	<u>44,144</u>
TOTAL EQUITY AND LIABILITIES	<u>61,332</u>	<u>80,175</u>
Net Assets Per Share (RM)	0.42	0.30

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

BCT TECHNOLOGY BERHAD (668945 - P)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2007 (UNAUDITED)

	<u>Share Capital</u>						Total RM'000
	Ordinary shares	RCPS	Share Premium	Retained Earnings	Forex Exchange Translation Reserve	Negative Goodwill	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended 31 December 2007							
Balance at 1 January 2007	12,196	-	4,904	18,859	72	-	36,031
Issue of shares	1,219	-	10,976	-	-	-	12,195
Listing Expenses	-	-	(276)	-	-	-	(276)
Net profit for the period	-	-	-	6,989	-	-	6,989
Gain on disposal of shares held in trust by trustee	-	-	-	938	-	-	938
Currency translation differences	-	-	-	-	(11)	-	(11)
Balance at 31 December 2007	13,415	-	15,604	26,786	61	-	55,866

	<u>Share Capital</u>						Total RM'000
	Ordinary shares	RCPS	Share Premium	Retained Earnings	Forex Exchange Translation Reserve	Negative Goodwill	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended 31 December 2006							
Balance at 1 January 2006	378	450	4,050	5,997	(87)	2,531	13,319
Effects of adopting: FRS 3	-	-	-	2,531	-	(2,531)	-
Issue of shares	11,818	(450)	3,638	-	-	-	15,006
Listing Expenses	-	-	(2,784)	-	-	-	(2,784)
Net profit for the period	-	-	-	10,331	-	-	10,331
Currency translation differences	-	-	-	-	159	-	159
Balance at 31 December 2006	12,196	-	4,904	18,859	72	-	36,031

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

BCT TECHNOLOGY BERHAD (668945 - P)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2007 (UNAUDITED)

	12 months ended 31/12/2007 RM'000	12 months ended 31/12/2006 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,989	10,331
Adjustments for non cash items:-		
Allowance for doubtful debts	-	199
Allowance for impairment on goodwill	-	-
Amortisation of development cost	387	305
Bad debts written off	-	3
Depreciation of plant and equipment	1,214	360
Impairment loss on development expenditure	826	1,995
Interest expenses	229	70
Interest income	(151)	(117)
Unrealised gain on foreign exchange	-	(24)
Writeback of allowance for doubtful debts	-	(1,353)
Operating profit before working capital changes	<u>9,494</u>	<u>11,769</u>
Decrease/(Increase) in inventories	14,409	(21,750)
Decrease/(Increase) in trade and other receivables	14,458	(22,027)
(Decrease)/Increase in trade and other payables	(37,340)	36,390
Cash generated from operating activities	<u>1,021</u>	<u>4,382</u>
Interest expenses	(229)	(70)
Interest income	151	117
Net cash generated from operating activities	<u>943</u>	<u>4,429</u>
CASH FLOW FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(8,494)	(7,351)
Development costs	2,473	(3,536)
Work in progress	(5,826)	-
Net cash used in investing activities	<u>(11,847)</u>	<u>(10,887)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	(1,338)	826
Repayment to directors	-	(202)
Proceeds from issue of Share Capital	12,195	15,006
Proceeds from issue of Redeemable Convertible Preference Shares	-	-
Listing Expenses	(276)	(2,784)
Net cash generated from financing activities	<u>10,581</u>	<u>12,846</u>
CASH FLOW FROM NON FINANCING ACTIVITIES		
Proceeds from disposal of shares	938	-
Net cash generated from non financing activities	<u>938</u>	<u>-</u>
Net increase in cash and cash equivalents	615	6,388
Foreign exchange translation differences	(11)	117
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>6,179</u>	<u>(326)</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>6,783</u>	<u>6,179</u>
Break down of cash and cash equivalent at end of the financial period		
Bank overdraft	-	-
Cash and bank	3,611	633
Fixed deposits	<u>3,172</u>	<u>5,546</u>
	<u>6,783</u>	<u>6,179</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

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Interim Financial Report For The Financial Year ended 31 December 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 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. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2006.

The following FRS have been issued and are effective for the financial periods beginning on or after 1 October 2006 and will be effective for the Group's financial statements for the financial year ended 31 December 2007:-

FRS 117	Leases
FRS 124	Related Party Disclosures

The new standards will have no effects to the Group's financial statements.

The following revised FRS which are relevant to the Group's operations have been issued and are effective for the financial periods beginning on or after 1 July 2007 and will be effective for the Group's financial statements for the financial period commencing 1 January 2008:-

FRS 107	Cash Flow Statements
FRS 112	Incomes Taxes
FRS 118	Revenue
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework from the financial year ending 31 December 2007 onwards.

The following Interpretation Committee's ("IC") Interpretations have been issued and are effective for financial periods beginning on or after 1 July 2007:-

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Fund
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not applicable as they are not relevant to the Group.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group will apply this standard when it becomes effective.

A3. 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.

A4. 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.

A5. 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.

A6. 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.

A7. 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.

A8. Dividends paid

There were no dividends paid during the financial quarter under review and financial year-to-date.

A9. Segmental information

Financial data by geographical segment for the Group for the financial year ended 31 December 2007 by billing:

	Malaysia	Overseas	Elimination	Group
	RM`000	RM`000	RM`000	RM`000
<u>Revenue</u>				
Revenue from external customers	20,646	21,559	-	42,205
Inter-segment revenue	9,466	-	(9,466)	-
				<u>42,205</u>
<u>Results</u>				
Segmental results	10,715	(2,300)	(1,403)	7,012
				7,012
Finance costs				(229)
Other operating income				206
				6,989
Exceptional Item				-
Profit before taxation				6,989
Income tax				-
Profit after taxation				<u>6,989</u>

Segmental results are determined after allocation of operating expenses to each geographical segment.

	Malaysia	Overseas	Elimination	Group
	RM`000	RM`000	RM`000	RM`000
<u>Other information</u>				
Segmental assets	61,582	14,080	(14,330)	61,332
Unallocated corporate assets				-
				<hr/> 61,332
Segmental liabilities	1,854	15,834	(12,302)	5,386
Unallocated corporate liabilities				80
				<hr/> 5,466
Capital expenditure	5,494	3,000	-	8,494
Amortisation of development costs	387	-	-	387
Depreciation of equipment	743	471	-	1,214

A10. 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.

A11. 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.

A12. 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.

A13. Contingent liabilities or contingent assets

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

A14. Capital commitments

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

A15 Significant related party transactions

As at 31 December 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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	7,192	17,935	42,205	46,350
Profit after tax	(540)	3,815	6,989	10,331

4th Quarter 2007 vs. 4th Quarter 2006

The Group posted revenue of RM7.192 million for the 3 months ended 31 December 2007, a decrease of 59.8% compared to the previous corresponding period of RM17.935 million. The decline in revenue was mainly attributed to slower sales in ASSP during the quarter under review as a result of deteriorating global consumer electronics market condition especially in USA, coupled with the price erosion of ASSP products. The delay in launching of the two new IC products during the quarter has further impacted the full year revenue.

The Group reported a loss after tax of RM0.54 million for quarter ended 31 December 2007 as compared with profit after tax ("PAT") of RM3.815 million for the corresponding quarter. It was mainly due to a drop in revenue for ASSP products and an increase in operating expenses resultant from higher sales & marketing expenses and staff related expenses incurred towards the end of the quarter.

The impairment charges on research & development project of RM0.826 million has further increased the losses incurred in the fourth quarter of 2007.

12-month ended 31 December 2007 vs. 12-month ended 31 December 2006

The Group recorded revenue of RM42.205 million for the financial year ended 31 December 2007, a decline of approximately 8.9% compared to RM46.350 million registered in previous year. The decrease in revenue was mainly attributed to lower demand for ASSP products and the delay in launching the new chips which were targeted to hit the market in fourth quarter of 2007.

Profit after tax of RM6.989 million for the 12 months ended 31 December 2007 was lower by approximately 32.3% than that of RM10.331 million recorded for previous year. The drop in PAT was mainly due to the price drop of certain existing ASSP products and higher impairment charges as well as the significant increase in unrealized foreign exchange losses of RM1.11 million recorded during the year. Another contributing factor was the failure of meeting customers' demand for new ASSP products due to process problems of our sub-contractors.

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

The Group posted revenue and loss after tax of RM7.192 million and RM0.540 million respectively for the current quarter ended 31 December 2007. Compared with the immediate preceding quarter, the Group's revenue and PAT decreased by RM6.845 million and RM2.741 million respectively.

The decrease in PAT was mainly due to slower than expected overall market condition and missed opportunity for the launch of new products. This had an adverse impact on the revaluation of Group's net receivables denominated in USD to the functional currencies for reporting purposes.

B3. Business prospects

The recent snow-storm in China and its disruptive effect on the holiday season and continued process problems encountered by the sub-contractors of the Group, has further reduced the number of chips shipped out to customers.

Management is continuing to resolve the above process problems including sourcing for alternative suppliers. The Group expects that sales for the first quarter of year 2008 will remain slow.

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

There were no corporate proposals announced during the financial quarter under review and up to the date of issue of this report.

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 %		
(1) Development expenditure	4,500	4,500	-	-	-	Within 24 months from listing date (21 July 2006)
(2) Marketing and business development	4,000	3,420	580	-	-	Within 24 months from listing date
(3) Working capital	4,706	4,706	-	-	-	Within 12 months from listing date
(4) Estimated listing expenses	1,800	1,800	-	-	-	Within 1 month from listing date
Total	15,006	14,426	580	-	-	

Private Placement

As at the date of this 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	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	12,196	-	-	-	

B10. Group borrowings and debt securities

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

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank Overdraft	-	-	-
Term Loan	80	-	80
	<u>80</u>	<u>-</u>	<u>80</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 proposed 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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Profits after tax (RM'000)	(540)	3,815	6,989	10,331

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

Basic ('000)	134,156	82,032	134,156	82,032
Diluted ('000) ^	N/A	N/A	N/A	N/A
Basic Earnings per Share(Sen)	(0.4)	4.7	5.2	12.6
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 26 February 2008.

BY ORDER OF THE BOARD
BCT TECHNOLOGY BERHAD