

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	30/06/2008 RM'000	30/06/2007 RM'000	30/06/2008 RM'000	30/06/2007 RM'000
Revenue	1,958	11,663	7,604	20,976
Cost of Sales	(1,408)	(6,201)	(5,104)	(10,520)
Other Income	9	72	30	116
Profit From Operations	559	5,534	2,530	10,572
Staff and Administrative Expenses	(2,987)	(1,853)	(4,159)	(3,604)
Other Operating Expenses	(413)	(923)	(1,117)	(1,596)
Finance Costs	(52)	(38)	(58)	(44)
(Loss)/Profit before tax	(2,893)	2,720	(2,804)	5,328
Exceptional item	-	-	-	938
Income tax expenses	-	-	-	-
(Loss)/Profit for the period from continuing operations	(2,893)	2,720	(2,804)	6,266
Attributable to:				
Equity holders of the parent	(2,893)	2,720	(2,804)	6,266
Minority Interest	-	-	-	-
	(2,893)	2,720	(2,804)	6,266
Weighted average number of shares in issue ('000)	134,156	121,960	134,156	121,960
Basic Earnings Per Share (sen)	(2.2)	2.2	(2.1)	5.1
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 30 June 2008. 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 2007 and the accompanying explanatory notes attached to this Interim Consolidated Financial Statements.

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008 (UNAUDITED)

	Unaudited	Audited
	As At End Of Current Quarter	As At
	30/06/2008	31/12/2007
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	17,879	14,405
Development costs	12,920	7,217
Other investment	160	112
	<u>30,959</u>	<u>21,734</u>
CURRENT ASSETS		
Inventories	6,945	8,560
Trade receivables	17,873	22,228
Other receivables, deposits and prepayments	2,509	2,111
Fixed deposit with a licensed bank	829	3,060
Cash and bank balances	1,661	3,603
	<u>29,817</u>	<u>39,562</u>
TOTAL ASSETS	<u>60,776</u>	<u>61,296</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	13,415	13,415
Share premium	15,604	15,604
Other reserves	(71)	49
Retained earnings	23,971	26,775
	<u>52,919</u>	<u>55,843</u>
NON-CURRENT LIABILITIES		
Long Term Liabilities	1,365	-
	<u>54,284</u>	<u>55,843</u>
CURRENT LIABILITIES		
Trade payables	3,566	4,183
Other payables and accruals	2,437	1,190
Amount owing to directors	-	-
Bank Borrowings	489	80
	<u>6,492</u>	<u>5,453</u>
TOTAL LIABILITIES	<u>6,492</u>	<u>5,453</u>
TOTAL EQUITY AND LIABILITIES	<u>60,776</u>	<u>61,296</u>
Net Assets Per Share (RM)	0.39	0.42

The Condensed Consolidated Balance Sheet should be read in conjunction with this Audited Consolidated Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Share Capital	Share Premium	Retained Earnings	Forex Exchange Translation Reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2008					
Balance at 1 January 2008	13,415	15,604	26,775	49	55,843
Net loss for the period	-	-	(2,804)	-	(2,804)
Currency translation differences	-	-	-	(120)	(120)
Balance at 30 June 2008	13,415	15,604	23,971	(71)	52,919

	Share Capital	Share Premium	Retained Earnings	Forex Exchange Translation Reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2007					
Balance at 1 January 2007	12,196	4,904	18,859	72	36,031
Net profit for the period	-	-	6,266	-	6,266
Currency translation differences	-	-	-	(49)	(49)
Balance at 30 June 2007	12,196	4,904	25,125	23	42,248

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 2007 and the accompanying explanatory notes attached to this Interim Consolidated Financial Statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008
(UNAUDITED)

	6 months ended 30/06/2008 RM'000	6 months ended 30/06/2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	(2,804)	6,266
Adjustments for non cash items:-		
Amortisation of development cost	194	150
Depreciation of plant and equipment	1,058	538
Interest expenses	33	44
Interest income	(30)	(116)
Operating profit/(loss) before working capital changes	<u>(1,549)</u>	<u>6,882</u>
Decrease/(Increase) in inventories	1,615	8,542
Decrease/(Increase) in trade and other receivables	3,957	19,212
(Decrease)/Increase in trade and other payables	630	(24,062)
Cash generated from operating activities	<u>4,653</u>	<u>10,574</u>
Interest expenses	(33)	(44)
Interest income	30	116
Net cash generated from operating activities	<u><u>4,650</u></u>	<u><u>10,646</u></u>
CASH FLOW FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(4,532)	(923)
Development costs	(5,897)	(1,712)
Other investment paid	(48)	-
Net cash used in investing activities	<u><u>(10,477)</u></u>	<u><u>(2,635)</u></u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	1,774	(618)
Net cash generated from financing activities	<u><u>1,774</u></u>	<u><u>(618)</u></u>
Net increase in cash and cash equivalents	(4,053)	7,393
Foreign exchange translation differences	(120)	(49)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>6,663</u>	<u>6,179</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>2,490</u></u>	<u><u>13,523</u></u>
Break down of cash and cash equivalent at end of the financial period		
Cash and bank	1,661	2,287
Fixed deposits	829	11,236
	<u><u>2,490</u></u>	<u><u>13,523</u></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 2007 and the accompanying explanatory notes attached to the Interim Consolidated Financial Statements.

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Interim Financial Report For The Financial Period ended 30 June 2008

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 compliance with Financial Reporting Standard (FRS) 134 - Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MEDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

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 2007.

The following FRSs are effective for the Group's financial statements for the financial year ending 31 December 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

The following Issues Committee ("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 Malaysia Accounting Standards Board. 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 2007 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.

A5. Items affecting assets, liabilities, equity, net income or cash flows

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 during the quarter under review.

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.

A8. Dividends paid

There were no dividends paid during the financial quarter under review.

A9. Segmental information

Financial data by geographical segment for the Group for the financial year ended 30 June 2008 by billing:

	Malaysia RM'000	Overseas RM'000	Elimination RM'000	Group RM'000
<u>Revenue</u>				
Revenue from external customers	4,219	3,385	-	7,604
Inter-segment revenue	275	-	(275)	-
				<u>7,604</u>

	Malaysia RM'000	Overseas RM'000	Elimination RM'000	Group RM'000
<u>Results</u>				
Segmental results	7	(3,294)	511	(2,776)
				(2,776)
Finance costs				(58)
Other operating income				30
				(2,804)
Exceptional Item				-
Loss before taxation				(2,804)
Income tax				-
Loss after taxation				(2,804)

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

	Malaysia RM'000	Overseas RM'000	Elimination RM'000	Group RM'000
<u>Other information</u>				
Segmental assets	62,178	14,049	(15,451)	60,776
				60,776
Segmental liabilities	2,128	17,778	(13,903)	6,003
Unallocated corporate liabilities				1,854
				7,857
Capital expenditure	4,395	137	-	4,532
Amortisation of development costs	194	-	-	194
Depreciation of equipment	782	276	-	1,058

A10. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

There was no revaluation of property, plant and equipment during the financial quarter under review.

A11. Material events subsequent to the end of the quarter

There were no material events subsequent to the financial period ended 30 June 2008 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 30 June 2008.

A14. Capital commitments

There were no capital commitments for the Group as at 30 June 2008.

A15. Significant related party transactions

As at 30 June 2008, 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	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	1,958	11,663	7,604	20,976
(Loss)/Profit after tax	(2,893)	2,720	(2,804)	6,266

2nd Quarter of 2008 vs. 2nd Quarter of 2007

The Group recorded revenue of RM1.958 million for the quarter ended 30 June 2008 ("2Q 2008"), a 83.2% decline compared to RM11.663 million for the corresponding period last year. A slow down in the global economy impacted the overall demand for the Application-Specific-Standard-Product ("ASSP") chips during the first half of the year. Despite the rollout of new chips, the weak business sentiment had caused delay to our customers' product launch which adversely affected the top and bottom line.

The Group reported loss after tax of RM2.893 million for 2Q 2008 as compared with profit after tax of RM2.720 million for the corresponding quarter that has included an exceptional gain of RM0.938 million from disposal of shares in Q1 2007. The loss was mainly due to a drop in revenue for ASSP products and a weak quarter for Electronic Design Automation ("EDA") software sales.

1st half of 2008 vs. 1st half of 2007

The revenue for the first half of 2008 declined by approximately 63.7% to RM7.604 million from RM20.976 million in 2007, which was mainly due to a disappointing 2Q 2008 performance as compared with the previous corresponding period.

Total operating expenses were kept stable and remained the same as compared with the corresponding period despite the fact that the Company has embarked on an expansion strategy, reflecting the management's cautious attitude and keen watch over its operating cost.

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 RM1.958 million and RM2.893 million respectively for the current quarter ended 30 June 2008. Compared with the immediate preceding quarter, the Group's revenue decreased by RM3.688 million and the Group's profit after tax decreased by RM2.982 million respectively.

The substantial decrease in profit was mainly due to a sharp decline in ASSP and weaker software distribution revenue.

B3. Business prospects

The Board expects the performance for this year continue to be challenging. However the management is glad to report that the back-end process issues reported earlier which resulted in the delayed ASSP products being on schedule have been resolved. There will also be a new Application-Specific Integrated Circuit ("ASIC") product launch early in Q4 this year, targeting at the emerging and fast growing Light Emitting Diode ("LED") Display panel market.

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

There were no estimate, forecast, projection or internal targets previously disclosed in a public document.

B5. Variance of actual profit from forecast profit

There was no forecast for the year which was disclosed in a public document.

B6. Income tax

The Company was granted Multimedia Super Corridor Status which qualifies the Company for Pioneer Status incentive under the Promotion of Investments Act, 1986 for the period from 30 September 2005 to 29 September 2010 whereby the statutory Income from Pioneer activities is exempted from tax.

B7. Sale of unquoted investments and/or properties

There was 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 RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Deviations RM'000 %	Explanations	Intended Time Frame for Utilisation
(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	-	-	

B10. Group borrowings and debt securities

The Group's borrowings as at 30 June 2008 are as follows:

	Short Term	Long Term	Total
<u>Secured</u>	RM'000	RM'000	RM'000
Bank Overdraft	-	-	-
Term Loan	489	1,365	1,854
	<u>489</u>	<u>1,365</u>	<u>1,854</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>75</u>	<u>1,365</u>	<u>1,440</u>

B11. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of the 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 Payable

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	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
(Loss)/Profits after tax (RM'000)	(2,893)	2,720	(2,804)	6,266

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

Basic ('000)	134,156	121,960	134,156	121,960
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)	2.2	(2.1)	5.1
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 30 June 2008. 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 August 2008.

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