

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Revenue	652	7,021	5,431	42,034
Cost of Sales	(440)	(3,934)	(3,992)	(22,159)
Other Income	1	95	33	278
Profit From Operations	213	3,182	1,472	20,153
Staff and Administrative Expenses	(1,566)	(2,219)	(8,399)	(8,449)
Other Operating Expenses	(24,519)	(1,358)	(24,893)	(4,499)
Finance Costs	(43)	(156)	(39)	(227)
(Loss)/Profit before tax	(25,915)	(551)	(31,859)	6,978
Exceptional item	-	(938)	-	-
Income tax expenses	-	-	(3)	-
(Loss)/Profit for the period from continuing operations	(25,915)	(1,489)	(31,862)	6,978
Attributable to:				
Equity holders of the parent	(25,915)	(1,489)	(31,862)	6,978
Minority Interest	-	-	-	-
Weighted average number of shares in issue ('000)	134,156	134,156	134,156	134,156
Basic Earnings Per Share (sen)	(19.3)	(1.1)	(23.7)	5.5
Diluted Earnings Per Share (sen)	(19.2)	(1.1)	(23.6)	5.2
Dividend Per Share (sen)	N/A	N/A	N/A	N/A

Notes:

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 31 DECEMBER 2008 (UNAUDITED)

	Unaudited	Audited
	As At End Of Current Quarter	As At
	31/12/2008	31/12/2007
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	17,066	14,405
Development costs	6,935	7,217
Other investment	-	112
	<u>24,001</u>	<u>21,734</u>
CURRENT ASSETS		
Inventories	727	8,560
Trade receivables	3,656	22,228
Other receivables, deposits and prepayments	2,209	2,111
Fixed deposit with a licensed bank	21	3,060
Cash and bank balances	992	3,603
	<u>7,605</u>	<u>39,562</u>
TOTAL ASSETS	<u>31,606</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	-	49
Retained earnings	(5,220)	26,775
	<u>23,799</u>	<u>55,843</u>
NON-CURRENT LIABILITIES		
Long Term Liabilities	1,225	-
	<u>25,024</u>	<u>55,843</u>
CURRENT LIABILITIES		
Trade payables	3,458	4,183
Other payables and accruals	2,450	1,190
Amount owing to directors	27	-
Bank Borrowings	647	80
	<u>6,582</u>	<u>5,453</u>
TOTAL LIABILITIES	<u>7,807</u>	<u>5,453</u>
TOTAL EQUITY AND LIABILITIES	<u>31,606</u>	<u>61,296</u>
Net Assets Per Share (RM)	0.18	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 31 DECEMBER 2008 (UNAUDITED)

	Share Capital	Share Premium	Retained Earnings	Forex Exchange Translation Reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 December 2008					
Balance at 1 January 2008	13,415	15,604	26,775	49	55,843
Net loss for the period	-	-	(31,862)	-	(31,862)
Currency translation differences	-	-	-	(182)	(182)
Balance at 31 December 2008	13,415	15,604	(5,087)	(133)	23,799

	Share Capital	Share Premium	Retained Earnings	Forex Exchange Translation Reserve	Total
	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
Gain on disposal of shares held in trust by trustee	-	-	938	-	938
Listing expenses	-	(276)	-	-	(276)
Net profit for the period	-	-	6,978	-	6,978
Currency translation differences	-	-	-	(23)	(23)
Balance at 31 December 2007	13,415	15,604	26,775	49	55,843

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 31 DECEMBER 2008
(UNAUDITED)

	Unaudited 12 months ended 31/12/2008 RM'000	Audited 12 months ended 31/12/2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	(31,859)	6,978
Adjustments for non cash items:-		
Amortisation of development cost	387	387
Bad debts written off	6,987	14
Depreciation of plant and equipment	2,173	1,210
Impairment loss on development expenditure	3,094	820
Interest expenses	39	204
Interest income	(33)	(151)
Unrealised gain on foreign exchange	-	1,108
Writeback of allowance for doubtful debts	-	(68)
Provision for stock written off	8,009	-
Provision for WIP written off	4,285	-
Operating profit/(loss) before working capital changes	(6,918)	10,502
Decrease/(Increase) in inventories	(176)	14,411
Decrease/(Increase) in trade and other receivables	11,487	13,410
(Decrease)/Increase in trade and other payables	562	(37,341)
Cash generated from operating activities	4,955	982
Interest expenses	(39)	(204)
Income tax paid	(3)	-
Net cash generated from operating activities	4,913	778
CASH FLOW FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(4,834)	(8,470)
Development costs	(7,484)	(3,318)
Interest income	33	151
Other investment paid	112	(112)
Proceeds from disposal of shares	-	938
Net cash used in investing activities	(12,173)	(10,811)
CASH FLOW FROM FINANCING ACTIVITIES		
Net drawdown of bank borrowings	1,792	(1,338)
Listing expenses paid	-	(277)
Proceeds from issue of Share Capital	-	12,195
Net cash generated from financing activities	1,792	10,580
Net increase/ (decrease) in cash and cash equivalents	(5,468)	547
Foreign exchange translation differences	(182)	(63)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	6,663	6,179
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,013	6,663
Break down of cash and cash equivalent at end of the financial period		
Cash and bank	992	3,603
Fixed deposits	21	3,060
	1,013	6,663

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 31 December 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 MESDAQ 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 FRS 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 31 December 2008 by billing:

	Malaysia	Overseas	Elimination	Group
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue from external customers	335	5,096	-	5,431
Inter-segment revenue	429	-	(429)	-
				<u>5,431</u>

	Malaysia	Overseas	Elimination	Group
	RM'000	RM'000	RM'000	RM'000
<u>Results</u>				
Segmental results	(24,809)	(7,545)	501	(31,853)
				(31,853)
Finance costs				(39)
Other operating income				33
				(31,859)
Exceptional Item				-
Loss before taxation				(31,859)
Income tax				(3)
Loss after taxation				(31,862)

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	35,923	11,698	(16,015)	31,606
				31,606
Segmental liabilities	1,018	19,374	(14,457)	5,935
Unallocated corporate liabilities				1,872
				7,807
Capital expenditure	4,395	439	-	4,834
Amortisation of development costs	387	-	-	387
Depreciation of equipment	1,589	584	-	2,173

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 31 December 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 31 December 2008.

A14. Capital commitments

There were no capital commitments for the Group as at 31 December 2008.

A15 Significant related party transactions

As at 31 December 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	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	652	7,021	5,431	42,034
(Loss)/Profit before tax	(25,915)	(551)	(31,859)	6,978

4th Quarter of 2008 vs. 4th Quarter of 2007

The Group recorded revenue of approximately RM 0.652 million for the quarter ended 31 December 2008 ("4Q 2008"), a 90.71% decline compared to approximately RM7.021 million achieved in the corresponding period of last year. This is due to the continuing deterioration of global economy which had badly affected manufacturing sector in China, whereby the Company's core business activity is centered on. The overall demand for the Application-Specific-Standard-Product ("ASSP") chips during the quarter under review was seriously affected by a series of cancellation and postponement of customers' orders. This was also compounded by sudden factories closure.

The Group reported loss before tax of approximately RM25.915 million for 4Q 2008 as compared with loss before tax of approximately RM0.551 million for the corresponding period of last year. Higher losses were incurred upon additional provision for inventories and accounts receivables of approximately RM13.975 million. Provision for impairment on research & development charges and others intangibles were approximately RM7.621 million during the quarter under review. Effectively, the operating losses of the Company before the provisions shall be approximately RM4.362 million.

Twelve months of 2008 vs. Twelve months of 2007

The revenue for the twelve months ended 31 December 2008 declined by approximately 87.08% to RM5.431 million from that of RM42.034 million in the corresponding period of 2007. This was mainly due to the continuing lower sales for year 2008 in the light of the weak market sentiments with unexpected cancellation of orders and stagnant new sales. The Group recorded loss before tax of approximately RM31.859 million as a result of the higher provisions mentioned above as compared to profit before tax of approximately RM6.978 million in the corresponding period of last year.

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

The Group posted revenue and loss before tax of RM0.652 million and RM25.915 million respectively for the current quarter ended 31 December 2008. Compared with the immediate preceding quarter, the Group's revenue decreased by RM0.530 million and the Group's loss before tax increased by RM22.775 million.

The higher losses were mainly due to higher provisions being provided during the quarter in view of the continued economic slowdown, very slow sales for the ASSP chips and reduced software distribution revenue.

B3. Business prospects

The Board expects the performance for this year to remain challenging as the prospects of the global economy remain uncertain because the current financial crisis has yet to bottom out. Recession fears are mounting globally with some countries already in recession. The company will continue to reduce the impact through prudent expenditure and exploring new sources of revenue.

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	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	4,000	-	-	-	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	15,006	-	-	-	

B10. Group borrowings and debt securities

The Group's borrowings as at 31 December 2008 are as follows:

	Short Term	Long Term	Total
<u>Secured</u>	RM'000	RM'000	RM'000
Bank Overdraft	460	-	460
Term Loan	187	1,225	1,412
	<u>647</u>	<u>1,225</u>	<u>1,872</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>647</u>	<u>1,225</u>	<u>1,872</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	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
(Loss)/Profits after tax (RM'000)	(25,915)	(1,489)	(31,862)	6,978

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

Basic ('000)	134,156	134,156	134,156	134,156
Diluted ('000)	135,046	135,046	135,046	135,046
Basic Earnings per Share(Sen)	(19.3)	(1.1)	(23.7)	5.5
Diluted Earnings per Share (Sen)	(19.2)	(1.1)	(23.6)	5.2

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.

BY ORDER OF THE BOARD
BCT TECHNOLOGY BERHAD

Kuala Lumpur
26 February 2009