

BCT TECHNOLOGY BERHAD (668945-P)
(Incorporated in Malaysia)

Unaudited Interim Financial Report for the first quarter ended 31 March 2009

NOTES TO THE INTERIM FINANCIAL REPORT

Explanatory Notes Pursuant to Financial Reporting Standard 134 Interim Financial Reporting

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 2008. 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 2008.

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 2008.

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 2008 were not subject to any qualification.

Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

Material changes in estimates

There were no changes in estimates of amounts which give a material effect for the financial quarter under review.

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Debt or equity securities

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

Dividends paid

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

Segmental information

Segmental information for the financial period ended 31 March 2009:

	Malaysia	Overseas	Elimination	Group
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue from external customers	2,114	1,597	-	3,711
Inter-segment revenue	-	34	(34)	-
				<u>3,711</u>
<u>Results</u>				
Segmental results	492	(1,214)	-	(722)
Finance costs				(30)
Other operating income				<u>2</u>
Loss before taxation				(750)
Taxation				<u>-</u>
Loss after taxation				<u>(750)</u>

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Segmental information for the financial period ended 31 March 2008:-

	Malaysia	Overseas	Elimination	Group
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Revenue from external customers	4,051	1,595	-	5,646
Inter-segment revenue	157	-	(157)	-
				<u>5,646</u>
<u>Results</u>				
Segmental results	1,478	(1,569)	165	74
Finance costs				(6)
Other operating income				21
Profit before taxation				<u>89</u>
Taxation				-
Profit after taxation				<u>89</u>

Valuation of property, plant and equipment

Property, plant and equipment have been brought forward, without amendment from the audited financial statements for the year ended 31 December 2008.

Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current interim period that have not been reflected in the financial statements for the financial quarter under review.

Changes in the composition of the group

There were no changes in the composition of the Group during the financial quarter under review.

Contingent liabilities or contingent assets

At the date of this report, there were no contingent liabilities or contingent assets.

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Capital commitments

There were no capital commitments for the Group.

Significant related party transactions

There were no significant related party transactions in the current financial period.

Inventories

There were no allowances on inventories made in the current financial period to date.

Provisions for warranties

There were no provisions for warranties for the current financial period to date.

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Review of the performance

The Group recorded revenue of RM3.7million for the first quarter of 2009 compared to RM5.6million for the same quarter last year and a loss of RM0.8million compared to a profit of RM89,000. The decline was mainly due to the gestation period required for clients' acceptance of our chips. In view of the current poor market condition, the management is taking a prudent stand by reducing our operating cost aggressively, which includes salary reduction and restructuring our work force to make our operation more cost effective.

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

The Group posted revenue and loss before tax of RM3.7million and RM0.8million respectively for the current first quarter ended 31 March 2009 compared to a revenue and loss before tax of RM0.6million and RM31million respectively for the quarter ended 31 December 2008. Higher revenue is due to strong software sales to Oil & Gas companies in the region. The huge losses made in the previous quarter were mainly due to bad debts written off, impairment loss on development expenditure and inventories written off. As for this quarter, we have a stronger revenue and much lower operating costs, hence, the losses were reduced significantly.

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 Group will continue to reduce its impact through prudent expenditure and exploring new sources of revenue.

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

There were no estimates, forecasts, projections or internal targets previously disclosed in a public document.

Variance of actual profit from forecast profit

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

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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.

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.

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.

Corporate proposals

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

Status of utilisation of proceeds

There were no corporate proposals announced during the quarter under review.

Group borrowings and debt securities

The Group's borrowings as at 31 March 2009:-

	Short Term	Long Term	Total
<u>Secured</u>	RM'000	RM'000	RM'000
Bank Overdraft	432	-	432
Term Loan	187	1,170	1,357
	<u>619</u>	<u>1,170</u>	<u>1,789</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>619</u>	<u>1,170</u>	<u>1,789</u>

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Off balance sheet financial instruments

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

Material litigations

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

Dividends Payable

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

Earnings per share

The basic (loss)/earnings per share is arrived at by dividing the Group's loss attributable to shareholders of RM750,000 (2008: 89,000) by the number of ordinary shares in issue during the financial period approximately 134,156,000 (2008:134,156,000).

The fully diluted loss per share for the Group in the current financial period was not presented as the assumed conversion from the exercise of the share options, granted during the current financial year, under ESOS would be anti-dilutive.

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 May 2009.

BY ORDER OF THE BOARD
BCT TECHNOLOGY BERHAD