

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

Unaudited Interim Financial Report for the second quarter ended 30 June 2010

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**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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. 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 2009.

**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 2009 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board effective for the financial period beginning 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
Revised FRS 101 (2009)	Presentation of Financial Statements
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement
Amendments FRS 1 and FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
Annual Improvements to FRSs (2009)	

As disclosed in the audited 2009 financial statements, the adoption of the above accounting standards, amendments and interpretations have no material impact on the financial statements of the Group except for the adoption of revised FRS 101 (2009) which will only impact the form and content of the presentation of the Group's financial statements for the current financial year.

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**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 2009 was 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 significant 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.

**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.

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**Segmental information**

Segmental information for the financial period ended 30 June 2010:

	<b>Malaysia</b>	<b>Overseas</b>	<b>Elimination</b>	<b>Group</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
<u>Revenue</u>				
Revenue from external customers	277	1,912	(61)	2,128
				<u>2,128</u>
<u>Results</u>				
Segmental results	(1,439)	(518)	-	(1,957)
Finance costs				(74)
Loss before taxation				(2,031)
Taxation				-
Loss after taxation				<u>(2,031)</u>

Segmental information for the financial period ended 30 June 2009:

	<b>Malaysia</b>	<b>Overseas</b>	<b>Elimination</b>	<b>Group</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
<u>Revenue</u>				
Revenue from external customers	3,040	2,388	(203)	5,225
				<u>5,225</u>
<u>Results</u>				
Segmental results	(377)	(995)	-	(1,372)
Finance costs				(438)
Loss before taxation				(1,810)
Taxation				-
Loss after taxation				<u>(1,810)</u>

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**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 2009.

**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 significant changes to 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 for the Group.

**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 significant write downs of inventories during 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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**Explanatory Notes Pursuant to Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

**Review of the performance**

The Group recorded revenue of RM0.831 million for the second quarter of 2010 compared to RM1.514 million for the same quarter last year and a loss of RM1.264 million compared to RM1.060 million, respectively. This was mainly due to delays in customers' projects and a cautious market in view of the uncertainty in the global economy.

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

The Group posted revenue and loss before tax of RM0.831 million and RM1.264 million, respectively, for the current quarter ended 30 June 2010 compared to revenue and loss before tax of RM1.297 million and RM0.767 million respectively for the quarter ended 31 March 2010. Higher losses were incurred in the quarter ended 30 June 2010, mainly due to higher amortisation charges incurred.

**Business prospects**

The Board expects the financial year 2010 to remain challenging for the Group. However the company has launched the environmental friendly LED lighting product range which opens up new market opportunity for the company and therefore, the prospect of better performance is expected in the remaining quarters.

**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 year 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 period-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 period-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 30 June 2010:

	Short Term	Long Term	Total
<u>Secured</u>	RM'000	RM'000	RM'000
Bank Overdraft	13	-	13
Term Loans	995	5,622	6,617
	<u>1,008</u>	<u>5,622</u>	<u>6,630</u>

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**Group borrowings and debt securities (Cont'd)**

The foreign currency exposure profile of the Group's borrowing as at 30 June 2010 is as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
<u>Singapore dollars</u>			
Bank Overdraft	13	-	13
Term Loans	145	1,022	1,167
	<u>158</u>	<u>1,022</u>	<u>1,180</u>

**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.

**Loss per share**

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders of RM2,031,000 (30.6.2009: RM1,810,000) by the number of ordinary shares in issue during the financial period of 134,156,000 (30.6.2009:134,156,000).

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, 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.

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