

**UCHI TECHNOLOGIES BERHAD**  
(Company No.: 457890-A)

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities), including compliance with the Financial Reporting Standard (FRS) 134<sub>2004</sub>, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (MASB).

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended December 31, 2007.

The preparation of an interim financial report in conformity with FRS134<sub>2004</sub>, *Interim Financial Reporting* requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2007.

**2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report of the preceding annual financial statements was not subject to any qualification.

**3. SEASONAL OR CYCLICAL FACTORS**

The Group serves a wide base of multi national companies in the consumer and industrial electrical and electronic appliances industries. The demand for the Group's products in the normal course of event is seasonal with demand peaking during the third quarter of the year.

**4. UNUSUAL MATERIAL EVENT**

There was no unusual material event during the reporting quarter.

**5. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amount from either the prior interim period or prior financial years.

**6. CHANGES IN DEBT AND EQUITY SECURITIES**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the nine months ended September 30, 2008:

- (a) During the nine months ended September 30, 2008, the Company purchased 4,232,300 of its issued share capital from the open market for an average price of RM1.80 per share. The purchased transactions were financed by the internally generated funds. The shares purchases are being held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965.
- (b) Of the total 375,076,800 issued and fully paid ordinary shares, 4,232,300 are held as treasury shares by the Company. As at September 30, 2008, the number of outstanding shares in issue and fully paid is 370,844,500 ordinary shares of RM0.20 each.

## 7. DIVIDENDS PAID

	<b>9 months ended September 30</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2006	-	22,436
Special interim dividend I of 1 Sen gross per ordinary share of RM0.20 each, less tax, for 2006	-	2,730
Special tax exempt interim dividend II of 3 Sen per ordinary share of RM0.20 each, for 2006	-	11,218
Final tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2006	-	22,505
Special final dividend I of 2 Sen gross per ordinary share of RM0.20 each, less tax, for 2006	-	5,476
Special tax exempt final dividend II of 9 Sen per ordinary share of RM0.20 each, for 2006	-	33,757
Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2007	<b>22,505</b>	-
Special tax exempt interim dividend of 4 Sen per ordinary share of RM0.20 each, for 2007	<b>15,003</b>	-
Final tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2007	<b>22,250</b>	-
Special tax exempt final dividend of 4 Sen per ordinary share of RM0.20 each, for 2007	<b>14,834</b>	-
	<b>74,592</b>	<b>98,122</b>

## 8. REVENUE

	<b>9 months ended</b>		<b>9 months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>USD'000</b>	<b>USD'000</b>
Revenue	<b>97,078</b>	118,302	<b>29,829</b>	34,089

## 9. SEGMENT REPORTING

<b>September 30, 2008</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>						
External sales	-	97,065	13	-	-	97,078
Inter-segment sales	70,990	33,232	873	-	(105,095)	-
Total revenue	70,990	130,297	886	-	(105,095)	97,078
<b>Results</b>						
Profit/(loss) before tax	67,663	51,760	25	(56)	(69,796)	49,596
Income tax expense	(443)	(1,377)	(70)	-	-	(1,890)
Net profit/(loss) for the year	67,220	50,383	(45)	(56)	(69,796)	47,706
<b>Other information</b>						
Capital additions	46	8,050	-	-	-	8,096
Depreciation and amortization	70	1,175	164	37	-	1,446
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	144,909	209,981	4,231	2,031	(166,293)	194,859
Income tax asset	486	200	221	-	-	907
Consolidated total assets	145,395	210,181	4,452	2,031	(166,293)	195,766
<b>Liabilities</b>						
Segmental liabilities	1,042	130,918	(303)	381	(118,260)	13,778
Income tax liabilities	-	1,056	-	462	-	1,518
Consolidated total liabilities	1,042	131,974	(303)	843	(118,260)	15,296
<b>September 30, 2007</b>						
<b>Revenue</b>						
External sales	-	118,176	126	-	-	118,302
Inter-segment sales	83,990	40,457	751	-	(125,198)	-
Total revenue	83,990	158,633	877	-	(125,198)	118,302
<b>Results</b>						
Profit/(Loss) before tax	81,655	62,546	(128)	(55)	(82,244)	61,774
Income tax expense	(523)	(621)	47	-	810	(287)
Net profit/(loss) for the year	81,132	61,925	(81)	(55)	(81,434)	61,487
<b>Other information</b>						
Capital additions	8	2,406	-	-	-	2,414
Depreciation and amortization	68	831	224	37	-	1,160

**Investment**

September 30, 2007	holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	152,656	215,027	7,467	2,080	(161,263)	215,967
Income tax assets	855	28	349	-	-	1,232
Consolidated total assets	<u>153,511</u>	<u>215,055</u>	<u>7,816</u>	<u>2,080</u>	<u>(161,263)</u>	<u>217,199</u>
<b>Liabilities</b>						
Segmental liabilities	792	143,931	2,824	361	(128,207)	19,701
Income tax liabilities	-	861	-	473	-	1,334
Consolidated total liabilities	<u>792</u>	<u>144,792</u>	<u>2,824</u>	<u>834</u>	<u>(128,207)</u>	<u>21,035</u>

#### 10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The short leasehold land and buildings were revalued during the financial year ended December 31, 2004, and have been brought forward without amendment from the previous annual report.

#### 11. MATERIAL SUBSEQUENT EVENT

There was no significant or material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

#### 12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

#### 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets arising since December 31, 2007.

#### 14. PERFORMANCE REVIEW

Revenue in Ringgit Malaysia for the period ended September 30, 2008 (RM97.078 million which equivalent to USD29.829 million), decreased by 18% as compared to September 30, 2007 (RM118.302 million which equivalent to USD34.089 million), mainly due to:

- (a) Appreciation of Ringgit Malaysia against US Dollar (9 months ended September 30, 2008: RM3.25:USD1; 9 months ended September 30, 2007: RM3.47:USD1).
- (b) Deferment of sales order in consequence of customer's logistic planning restructuring (refer Note 16).

#### 15. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group recorded a profit before taxation of RM13 million for the current quarter as compared to RM17 million, the immediate preceding quarter ended June 30, 2008 mainly due to reduction in revenue.

#### 16. COMMENTARY ON CURRENT YEAR PROSPECT

Barring any unforeseen circumstances and to the best of our knowledge at this juncture, the Group anticipates a reduction in revenue for the year ending 2008 due to deferment of sales order in consequence of customer's logistic plan restructuring, which stems from European energy-saving directive with effect from January 1, 2010.

## 17. VARIANCE OF ACTUAL AND FORECASTED PROFIT AND SHORTFALL IN PROFIT GUARANTEE

Not applicable.

## 18. INCOME TAX EXPENSES

	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Estimated tax expense:		
Current	<u>1,890</u>	<u>287</u>

The Group's income tax for the quarter under review reflects an effective tax rate which is lower than the statutory income tax rate due mainly to:

The pioneer status granted by the Malaysian Industrial Development Authority to one of its subsidiary companies for the design, development and manufacture of mixed signal microprocessor based application and system integration.

Under this incentive, 100% of the statutory income derived from the design, development and manufacture of the abovementioned products will be exempted from income tax for a period of five years commencing from the production day, which has been fixed on January 1, 2008 by the Malaysian Industrial Development Authority.

## 19. PROFITS ON ANY SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investment and/ or properties during the financial period under review.

## 20. OTHER INVESTMENT

a. Summary of dealings in quoted securities for the financial period ended September 30, 2008:

	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Purchase of Quoted Securities	<u>-</u>	<u>-</u>
	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Sales of Quoted Securities	8,412	-
Carrying Amount of Quoted Securities	<u>7,718</u>	<u>-</u>
Gain on Sales of Quoted Securities	<u>694</u>	<u>-</u>

b. Summary of investment in quoted securities as at September 30, 2008

	<b>RM'000</b>
Total Quoted Investment at cost	<b>4,700</b>
Total Quoted Investment at carrying value / book value	<b>4,666</b>
Total Quoted Investment at market value	<b>4,681</b>

**21. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT YET TO BE COMPLETED**

There were no corporate proposals announced but yet to be completed as of November 17, 2008.

**22. GROUP BORROWINGS AND DEBT SECURITIES**

There was no group borrowing as of September 30, 2008.

**23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

As of September 30, 2008:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD3,800,000 at approximately RM3.2222 per United States Dollar.
- (b) The Group has entered into the followings with foreign banks:
  - (i) Foreign exchange derivative with a monthly settlement of USD1,000,000, which the last settlement will complete in the second quarter of 2011.
  - (ii) Foreign exchange derivative with monthly settlement of USD1,000,000 and USD500,000 each, which the last settlement will complete in 2010. The foreign exchange derivative is subject to the termination at the contracting bank's discretion, upon certain terms and condition being met

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- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD3,800,000 at approximately RM3.2222 per United States Dollar.
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  - (i) Foreign exchange derivative with a monthly settlement of USD1,000,000, which the last settlement will complete in the second quarter of 2011.
  - (ii) Foreign exchange derivative with monthly settlement of USD1,000,000 and USD500,000 each, which the last settlement will complete in 2010. The foreign exchange derivative is subject to the termination at the contracting bank's discretion, upon certain terms and condition being met.

**24. MATERIAL LITIGATION**

There was no material litigation pending since December 31, 2007.

**25. DIVIDENDS DECLARED OR PAYABLE**

A final dividend of 6 Sen per share of RM0.20 each, exempt from income tax and a special final dividend of 4 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2007, has been paid on July 18, 2008 to depositors registered in the Records of Depositors at the closed of business on June 30, 2008.

As of the date of this announcement, the Board of Directors proposed an interim dividend of 6 Sen per share of RM0.20 each, exempt from income tax for the year ending December 31, 2008. The date of the entitlement and payment for the aforesaid dividend shall be determined by the Board of Directors at a later date.

## 26. SHARE CAPITAL

	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Ordinary shares of RM0.20 each:		
Authorised:		
At beginning of the period	<b>100,000</b>	100,000
Created during the period	-	-
	<b><u>100,000</u></b>	<u>100,000</u>

	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Ordinary shares of RM0.20 each:		
Issued and fully paid:		
At beginning of the period	<b>75,015</b>	75,015
ESOS	-	-
	<b><u>75,015</u></b>	<u>75,015</u>

During the current interim period, the issued and paid up share capital of the Company remain unchanged.

At an Extraordinary General Meeting held on November 24, 2008, the Company's shareholders approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital.

During the financial period, the Company repurchased 4,232,300 (2007: Nil) of its issued and fully paid-up ordinary shares from the open market. The average price paid for the shares repurchased was approximately RM1.80 (2007: Nil) per ordinary share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. The Company has the right to reissue the shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As of September 30, 2008, out of the total 375,076,800 (2007: 373,940,800) issued and paid-up share capital, 4,232,300 (2007: Nil) are held as treasury shares. Hence, the number of outstanding ordinary shares in issue and fully paid-up is 370,844,500 (2007: 373,940,800) ordinary shares of RM0.20 each.

## 27. EARNINGS PER SHARE

### *Basic earnings per share*

The calculation of basic earnings per share for the quarter is based on the net profit attributable to ordinary shareholders of RM12.736 million divided by the weighted average number of ordinary shares outstanding during the quarter of 371,979,000 calculated as follows:

***Weighted average number of ordinary shares***

	<b>September 30</b>	
	<b>2008</b>	2007
	<b>'000</b>	'000
Issued ordinary shares at beginning of the period	375,077	373,941
Effect of the exercise of ESOS	-	-
Effect of the shares buy-back	(3,098)	-
Weighted average number of ordinary shares	<b>371,979</b>	373,941

***Fully diluted earnings per share***

The calculation of diluted earnings per share for the quarter is based on the net profit attributable to ordinary shareholders of RM12.736 million divided by the diluted weighted average number of ordinary share outstanding during the quarter of 371,979,000 calculated as follows:

***Weighted average number of ordinary shares (diluted)***

	<b>September 30</b>	
	<b>2008</b>	2007
	<b>'000</b>	'000
Weighted average number of ordinary shares	371,979	373,941
Effect of the exercise of ESOS	-	-
Weighted average number of ordinary shares (diluted)	<b>371,979</b>	373,941

The diluted earnings per ordinary share in 2007 and 2006 has not been presented as the effect of the conversions of employee share option to ordinary shares would be anti-dilutive due to the fair value of the ordinary shares is currently lower than the subscription price.

**28. DEFERRED TAX**

	<b>September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Deferred tax liabilities	1,303	1,334
Deferred tax assets	(365)	(355)
	<b>938</b>	979

The movement for the period in the Group's deferred tax liabilities was as follows:

	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Balance at beginning of period	1,303	1,334
Transfer to income statement	-	-
Balance at end of period	<b>1,303</b>	1,334



The deferred tax liabilities are in respect of the following:

	<b>September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Revaluation surplus of revalued properties	<b>1,303</b>	1,334

The movement for the period in the Group's deferred tax assets was as follows:

	<b>9 months ended September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
At beginning of period:	<b>(365)</b>	(298)
Transfer (from)/to income statement:		
(Increase)/decrease in deferred tax assets relating to origination and reversal of temporary differences in current year	-	(57)
At end of period	<b>(365)</b>	(355)

The deferred tax assets are in respect of the following:

	<b>September 30</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and equipment	<b>276</b>	308
Tax effect in respect of:		
Allowance for doubtful debts	<b>(100)</b>	(100)
Allowance for obsolete inventories	-	-
Provision for rework and warranty	<b>(128)</b>	(148)
Unabsorbed capital allowance	<b>(236)</b>	(236)
Other timing differences	<b>(177)</b>	(179)
	<b>(365)</b>	(355)