

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

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED DECEMBER 31, 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.

However, for financial year ended December 31, 2008, the declining sales in the third and fourth quarter were mainly due to deferment of sales order in consequence of customer's logistic plan restructuring in compliance with energy saving directive (Note 14)

**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 year ended December 31, 2008:

- (a) During the year ended December 31, 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 purchase 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 December 31, 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>12 months ended December 31</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>	-
	<u><b>74,592</b></u>	<u>98,122</u>

## 8. REVENUE

	<b>12 months ended</b>		<b>12 months ended</b>	
	<b>December 31</b>		<b>December 31</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	<u><b>122,898</b></u>	<u>156,875</u>	<u><b>37,122</b></u>	<u>45,605</u>

## 9. SEGMENT REPORTING

<b>December 31, 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	-	122,885	13	-	-	122,898
Inter-segment sales	72,120	44,838	1,161	-	(118,119)	-
<b>Total revenue</b>	<b>72,120</b>	<b>167,723</b>	<b>1,174</b>	<b>-</b>	<b>(118,119)</b>	<b>122,898</b>
<b>Results</b>						
Profit/(loss) before tax	67,229	65,784	(158)	(69)	(72,078)	60,708
Income tax expense	(523)	(1,530)	(126)	11	208	(1,960)
<b>Net profit/(loss) for the year</b>	<b>66,706</b>	<b>64,254</b>	<b>(284)</b>	<b>(58)</b>	<b>(71,870)</b>	<b>58,748</b>
<b>Other information</b>						
Capital additions	46	10,241	-	-	-	10,287
Depreciation and amortization	94	1,511	218	49	-	1,872
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	144,639	220,331	4,147	2,019	(163,416)	207,720
Income tax asset	711	200	96	-	-	1,007
<b>Consolidated total assets</b>	<b>145,350</b>	<b>220,531</b>	<b>4,243</b>	<b>2,019</b>	<b>(163,416)</b>	<b>208,727</b>
<b>Liabilities</b>						
Segmental liabilities	23,810	124,138	(274)	382	(110,782)	37,274
Income tax liabilities	-	921	-	451	-	1,372
<b>Consolidated total liabilities</b>	<b>23,810</b>	<b>125,059</b>	<b>(274)</b>	<b>833</b>	<b>(110,782)</b>	<b>38,646</b>
<b>December 31, 2007</b>						
<b>Revenue</b>						
External sales	-	156,745	130	-	-	156,875
Inter-segment sales	84,320	54,882	995	-	(140,197)	-
<b>Total revenue</b>	<b>84,320</b>	<b>211,627</b>	<b>1,125</b>	<b>-</b>	<b>(140,197)</b>	<b>156,875</b>
<b>Results</b>						
Profit/(Loss) before tax	80,826	80,919	(345)	(69)	(82,582)	78,749
Income tax expense	(482)	(916)	56	11	810	(521)
<b>Net profit/(loss) for the year</b>	<b>80,344</b>	<b>80,003</b>	<b>(289)</b>	<b>(58)</b>	<b>(81,772)</b>	<b>78,228</b>
<b>Other information</b>						
Capital additions	10	6,337	-	-	-	6,347
Depreciation and amortization	89	1,145	292	49	-	1,575

**Investment**

December 31, 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	159,283	237,052	7,295	2,068	(174,208)	231,490
Income tax assets	918	200	383	-	-	1,501
Consolidated total assets	<u>160,201</u>	<u>237,252</u>	<u>7,678</u>	<u>2,068</u>	<u>(174,208)</u>	<u>232,991</u>
<b>Liabilities</b>						
Segmental liabilities	38,789	144,679	2,889	362	(130,751)	55,968
Income tax liabilities	-	841	-	462	-	1,303
Consolidated total liabilities	<u>38,789</u>	<u>145,520</u>	<u>2,889</u>	<u>824</u>	<u>(130,751)</u>	<u>57,571</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 year ended December 31, 2008 (RM122.898 million which equivalent to USD37.122 million), decreased by 22% as compared to December 31, 2007 (RM156.875 million which equivalent to USD45.605 million), mainly due to:

- (a) Appreciation of Ringgit Malaysia against US Dollar (12 months ended December 31, 2008: RM3.31:USD1; 12 months ended December 31, 2007: RM3.44: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 RM11 million for the current quarter as compared to RM13 million, the immediate preceding quarter ended September 30, 2008 mainly due to reduction in revenue.

#### 16. COMMENTARY ON CURRENT YEAR PROSPECT

The reduction in revenue and profit before taxation for the year ended 2008 was mainly 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.



b. Summary of investment in quoted securities as at December 31, 2008

	<b>RM'000</b>
Total Quoted Investment at cost	<b>4,700</b>
Total Quoted Investment at carrying value / book value	<b>4,697</b>
Total Quoted Investment at market value	<b>4,709</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 February 18, 2009.

**22. GROUP BORROWINGS AND DEBT SECURITIES**

There was no group borrowing as of December 31, 2008.

**23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

As of December 31, 2008:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD3,600,000 at approximately RM3.2454 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

As of February 18, 2009:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD3,400,000 at approximately RM3.2473 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.

**24. MATERIAL LITIGATION**

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

## 25. DIVIDENDS DECLARED OR PAYABLE

An Interim dividend of 6 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2008, has been paid on January 19, 2009 to depositors registered in the Records of Depositors at the closed of business on December 31, 2008.

As of the date of this announcement, the Board of Directors proposed a final dividend of 6 Sen per share of RM0.20 each, exempt from income tax for the year ended 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>12 months ended December 31</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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>12 months ended December 31</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
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 May 27, 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 year, 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 December 31, 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 RM11.042 million divided by the weighted average number of ordinary shares outstanding during the quarter of 371,694,000 calculated as follows:

### *Weighted average number of ordinary shares*

	<b>December 31</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	(3,383)	-
Weighted average number of ordinary shares	<b>371,694</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 RM11.042 million divided by the diluted weighted average number of ordinary share outstanding during the quarter of 371,694,000 calculated as follows:

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

	<b>December 31</b>	
	<b>2008</b>	2007
	<b>'000</b>	'000
Weighted average number of ordinary shares	371,694	373,941
Effect of the exercise of ESOS	-	-
Weighted average number of ordinary shares (diluted)	<b>371,694</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>December 31</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Deferred tax liabilities	1,272	1,303
Deferred tax assets	(237)	(365)
	<b>1,035</b>	938

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

	<b>12 months ended December 31</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Balance at beginning of period	1,303	1,334
Transfer to income statement	(31)	(31)
Balance at end of period	<b>1,272</b>	1,303



The deferred tax liabilities are in respect of the following:

	<b>December 31</b>	
	<b>2008</b>	2007
	<b>RM'000</b>	RM'000
Revaluation surplus of revalued properties	<u>1,272</u>	<u>1,303</u>

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

	<b>12 months ended December 31</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	<b>128</b>	(67)
At end of period	<u><b>(237)</b></u>	<u>(365)</u>

The deferred tax assets are in respect of the following:

	<b>December 31</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>168</b>	276
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>	(128)
Unabsorbed capital allowance	<b>(7)</b>	(236)
Other timing differences	<b>(170)</b>	(177)
	<u><b>(237)</b></u>	<u>(365)</u>