

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

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED MARCH 31, 2009**

**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, 2008.

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, 2008.

**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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the reporting period except those disclosed in Note 26.

## 7. DIVIDENDS PAID

|  | <b>3 months ended March 31</b> |               |
|--|--------------------------------|---------------|
|  | <b>2009</b>                    | 2008          |
|  | <b>RM'000</b>                  | RM'000        |
| Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2007         | -                              | 22,505        |
| Special tax exempt interim dividend of 4 Sen per ordinary share of RM0.20 each, for 2007 | -                              | 15,003        |
| Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2008         | <b>22,505</b>                  | -             |
|  | <b>22,505</b>                  | <b>37,508</b> |

## 8. REVENUE

|         | <b>3 months ended</b> |        | <b>3 months ended</b> |         |
|---------|-----------------------|--------|-----------------------|---------|
|         | <b>March 31</b>       |        | <b>March 31</b>       |         |
|         | <b>2009</b>           | 2008   | <b>2009</b>           | 2008    |
|         | <b>RM'000</b>         | RM'000 | <b>USD'000</b>        | USD'000 |
| Revenue | <b>18,138</b>         | 36,816 | <b>4,910</b>          | 11,443  |

## 9. SEGMENT REPORTING

|                                   | <b>Investment holding</b> | <b>Manufacturing</b> | <b>Trading</b> | <b>Others</b> | <b>Eliminations</b> | <b>Total</b>  |
|-----------------------------------|---------------------------|----------------------|----------------|---------------|---------------------|---------------|
| <b>March 31, 2009</b>             | <b>RM'000</b>             | <b>RM'000</b>        | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b>       | <b>RM'000</b> |
| <b>Revenue</b>                    |                           |                      |                |               |                     |               |
| External sales                    | -                         | 18,136               | 2              | -             | -                   | 18,138        |
| Inter-segment sales               | 330                       | 4,858                | 238            | -             | (5,426)             | -             |
| Total revenue                     | 330                       | 22,994               | 240            | -             | (5,426)             | 18,138        |
| <b>Results</b>                    |                           |                      |                |               |                     |               |
| Profit/(loss) before tax          | (485)                     | 2,326                | (65)           | (30)          | 1,400               | 3,146         |
| Income tax expense                | (15)                      | (338)                | (22)           | -             | -                   | (375)         |
| Net profit/(loss) for the year    | (500)                     | 1,988                | (87)           | (30)          | 1,400               | 2,771         |
| <b>Other information</b>          |                           |                      |                |               |                     |               |
| Capital additions                 | -                         | 4,521                | -              | -             | -                   | 4,521         |
| Depreciation and amortization     | 24                        | 413                  | 55             | 12            | -                   | 504           |
| <b>Consolidated Balance Sheet</b> |                           |                      |                |               |                     |               |
| <b>Assets</b>                     |                           |                      |                |               |                     |               |
| Segmental assets                  | 121,746                   | 197,715              | 6,623          | 2,006         | (139,798)           | 188,292       |
| Income tax asset                  | 294                       | 200                  | 96             | -             | -                   | 590           |
| Consolidated total assets         | 122,040                   | 197,915              | 6,719          | 2,006         | (139,798)           | 188,882       |

|                                   | <b>Investment<br/>holding<br/>RM'000</b> | <b>Manufacturing<br/>RM'000</b> | <b>Trading<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------------------|--|---------------------------------|---------------------------|--------------------------|--------------------------------|-------------------------|
| <b>March 31, 2009</b>             |  |                                 |                           |                          |                                |                         |
| <b>Liabilities</b>                |  |                                 |                           |                          |                                |                         |
| Segmental liabilities             | 785                                      | 96,941                          | 2,290                     | 400                      | (87,177)                       | 13,239                  |
| Income tax liabilities            | -  | 921                             | -                         | 451                      | -                              | 1,372                   |
| Consolidated total liabilities    | 785                                      | 97,862                          | 2,290                     | 851                      | (87,177)                       | 14,611                  |
| <b>March 31, 2008</b>             |  |                                 |                           |                          |                                |                         |
| <b>Revenue</b>                    |  |                                 |                           |                          |                                |                         |
| External sales                    | -  | 36,810                          | 6                         | -                        | -                              | 36,816                  |
| Inter-segment sales               | 330                                      | 10,291                          | 248                       | -                        | (10,869)                       | -                       |
| Total revenue                     | 330                                      | 47,101                          | 254                       | -                        | (10,869)                       | 36,816                  |
| <b>Results</b>                    |  |                                 |                           |                          |                                |                         |
| Profit/(Loss) before tax          | (612)                                    | 19,216                          | 224                       | (29)                     | 387                            | 19,186                  |
| Income tax expense                | (49)                                     | (540)                           | (25)                      | -                        | -                              | (614)                   |
| Net profit/(loss) for the year    | (661)                                    | 18,676                          | 199                       | (29)                     | 387                            | 18,572                  |
| <b>Other information</b>          |  |                                 |                           |                          |                                |                         |
| Capital additions                 | 46                                       | 1,696                           | -                         | -                        | -                              | 1,742                   |
| Depreciation and amortization     | 23                                       | 333                             | 55                        | 12                       | -                              | 423                     |
| <b>Consolidated Balance Sheet</b> |  |                                 |                           |                          |                                |                         |
| <b>Assets</b>                     |  |                                 |                           |                          |                                |                         |
| Segmental assets                  | 113,075                                  | 219,361                         | 5,493                     | 2,056                    | (139,915)                      | 200,070                 |
| Income tax assets                 | 888                                      | 200                             | 383                       | -                        | -                              | 1,471                   |
| Consolidated total assets         | 113,963                                  | 219,561                         | 5,876                     | 2,056                    | (139,915)                      | 201,541                 |
| <b>Liabilities</b>                |  |                                 |                           |                          |                                |                         |
| Segmental liabilities             | 671                                      | 106,163                         | 879                       | 379                      | (94,581)                       | 13,511                  |
| Income tax liabilities            | -  | 969                             | -                         | 462                      | -                              | 1,431                   |
| Consolidated total liabilities    | 671                                      | 107,132                         | 879                       | 841                      | (94,581)                       | 14,942                  |

## 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 except that the Group recognized realized foreign exchange losses of RM8.9million in April 2009 upon termination of certain open contract with a bank, of which RM4.2million has been recognized as unrealized foreign exchange losses in the current quarter.

The recognition of such exchange losses shall be reflected in the financial results for the first and second quarter for the current year and shall not recur in the subsequent period of the year.

## 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, 2008.

### 14. PERFORMANCE REVIEW

Revenue in Ringgit Malaysia for the period ended March 31, 2009 (RM18.138 million which equivalent to USD4.910 million), decreased by 51% as compared to March 31, 2008 (RM36.816 million which equivalent to USD11.443 million), mainly due to lower sales volume in consequence of customer's logistic planning restructuring and unfavourable global economic condition.

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

The Group recorded a profit before taxation of RM2.8 million for the current quarter as compared to RM11 million in the immediate preceding quarter ended December 31, 2008 mainly due to reduction in revenue and the recognition of foreign exchange losses of RM6.0 million.

### 16. COMMENTARY ON CURRENT YEAR PROSPECT

To the best of our knowledge, in line with the global economic slowdown and the transition to energy-saving compliant, the Group expects lower sales volume for the current financial year.

In consideration of lower sales volume and the recognition of foreign exchange losses (refer Note 11), the Group's financial result for the current financial year is expected to be lower as compared to previous financial year. However, the Group expects to maintain a strong balance sheet and achieve tolerable financial results in light of current condition.

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

Not applicable.

### 18. INCOME TAX EXPENSES

|                        | 3 months ended<br>March 31 |        |
|------------------------|----------------------------|--------|
|                        | 2009                       | 2008   |
|                        | RM'000                     | RM'000 |
| Estimated tax expense: |                            |        |
| Current                | 375                        | 614    |

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 March 31, 2009:

|                                      | 3 months ended |        |
|--------------------------------------|----------------|--------|
|                                      | March 31       |        |
|                                      | 2009           | 2008   |
|                                      | RM'000         | RM'000 |
| Sales of Quoted Securities           | -              | 8,412  |
| Carrying Amount of Quoted Securities | -              | 7,718  |
| Gain on Sales of Quoted Securities   | -              | 694    |

- b. Summary of investment in quoted securities as at March 31, 2009

|  | RM'000 |
|--|--------|
| Total Quoted Investment at cost                        | 4,700  |
| Total Quoted Investment at carrying value / book value | 4,700  |
| Total Quoted Investment at market value                | 4,823  |

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

There were no corporate proposals announced but yet to be completed as of May 8, 2009.

## 22. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of March 31, 2009

## 23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As of March 31, 2009:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD2,700,000 at approximately RM3.2598 per United States Dollar.
- (b) The Group has entered into the followings with foreign banks:
- Foreign exchange derivative with a monthly settlement of USD1,000,000, which the last settlement will complete in the second quarter of 2011.
  - 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 May 8, 2009:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD2,300,000 at approximately RM3.2680 per United States Dollar.
- (b) The Group has entered into the followings with foreign banks:
- Foreign exchange derivative with a monthly settlement of USD1,000,000, which the last settlement will complete in the second quarter of 2011.
  - Foreign exchange derivative with monthly settlement of USD500,000, 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.



## 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 RM2.771 million divided by the weighted average number of ordinary shares outstanding during the quarter of 370,845,000 calculated as follows:

### *Weighted average number of ordinary shares*

|   | <b>March 31</b>       |                |
|---|-----------------------|----------------|
|   | <b>2009</b>           | 2008           |
|   | <b>'000</b>           | '000           |
| Issued ordinary shares at beginning of the period | <b>371,694</b>        | 373,941        |
| Effect of the exercise of ESOS                    | -                     | -              |
| Effect of the shares buy-back                     | <b>(849)</b>          | -              |
| Weighted average number of ordinary shares        | <u><b>370,845</b></u> | <u>373,941</u> |

### *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 RM2.771 million divided by the diluted weighted average number of ordinary share outstanding during the quarter of 370,845,000 calculated as follows:

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

|  | <b>March 31</b>       |                |
|--|-----------------------|----------------|
|  | <b>2009</b>           | 2008           |
|  | <b>'000</b>           | '000           |
| Weighted average number of ordinary shares           | <b>370,845</b>        | 373,941        |
| Effect of the exercise of ESOS                       | -                     | -              |
| Weighted average number of ordinary shares (diluted) | <u><b>370,845</b></u> | <u>373,941</u> |

The diluted earnings per ordinary share in 2008 and 2007 are similar to basis earning per share 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>March 31</b>     |            |
|--------------------------|---------------------|------------|
|                          | <b>2009</b>         | 2008       |
|                          | <b>RM'000</b>       | RM'000     |
| Deferred tax liabilities | <b>1,272</b>        | 1,303      |
| Deferred tax assets      | <b>(237)</b>        | (365)      |
|                          | <u><b>1,035</b></u> | <u>938</u> |

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

|                                | <b>3 months ended March 31</b> |              |
|--------------------------------|--------------------------------|--------------|
|                                | <b>2009</b>                    | 2008         |
|                                | <b>RM'000</b>                  | RM'000       |
| Balance at beginning of period | <b>1,272</b>                   | 1,303        |
| Transfer to income statement   | -                              | -            |
| Balance at end of period       | <u><b>1,272</b></u>            | <u>1,303</u> |

The deferred tax liabilities are in respect of the following:

|  | <b>March 31</b> |              |
|--|-----------------|--------------|
|  | <b>2009</b>     | 2008         |
|  | <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>3 months ended March 31</b> |              |
|--|--------------------------------|--------------|
|  | <b>2009</b>                    | 2008         |
|  | <b>RM'000</b>                  | RM'000       |
| At beginning of period:  | (237)                          | (365)        |
| Transfer (from)/to income statement:   |                                |              |
| (Increase)/decrease in deferred tax assets relating to<br>origination and reversal of temporary differences in<br>current year | -                              | -            |
| At end of period   | <u>(237)</u>                   | <u>(365)</u> |

The deferred tax assets are in respect of the following:

|   | <b>March 31</b> |              |
|---|-----------------|--------------|
|   | <b>2009</b>     | 2008         |
|   | <b>RM'000</b>   | RM'000       |
| Tax effect of timing differences between tax capital<br>allowances and depreciation of property, plant and<br>equipment | 168             | 276          |
| Tax effect in respect of:   |                 |              |
| Allowance for doubtful debts  | (100)           | (100)        |
| Allowance for obsolete inventories  | -               | -            |
| Provision for rework and warranty   | (128)           | (128)        |
| Unabsorbed capital allowance  | (7)             | (236)        |
| Other timing differences  | (170)           | (177)        |
|   | <u>(237)</u>    | <u>(365)</u> |