

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED JUNE 30, 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) 134₂₀₀₄, *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 FRS134₂₀₀₄, 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

	6 months ended June 30	
	2009	2008
	RM'000	RM'000
Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2007	-	22,473
Special tax exempt interim dividend of 4 Sen per ordinary share of RM0.20 each, for 2007	-	14,981
Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2008	22,213	-
	22,213	37,454

8. REVENUE

	6 months ended		6 months ended	
	June 30		June 30	
	2009	2008	2009	2008
	RM'000	RM'000	USD'000	USD'000
Revenue	40,500	70,361	11,337	21,850

9. SEGMENT REPORTING

June 30, 2009	Investment holding	Manufacturing	Trading	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	-	40,495	5	-	-	40,500
Inter-segment sales	660	10,999	538	-	(12,197)	-
Total revenue	660	51,494	543	-	(12,197)	40,500
Results						
Profit/(loss) before tax	(1,054)	7,549	(111)	(42)	1,758	8,100
Income tax expense	(31)	(597)	(36)	-	-	(664)
Net profit/(loss) for the year	(1,085)	6,952	(147)	(42)	1,758	7,436
Other information						
Capital additions	-	4,792	-	-	-	4,792
Depreciation and amortization	47	730	109	25	-	911
Consolidated Balance Sheet						
Assets						
Segmental assets	121,425	188,331	8,608	1,994	(129,618)	190,740
Income tax asset	294	200	96	-	-	590
Consolidated total assets	121,719	188,531	8,704	1,994	(129,618)	191,330

June 30, 2009	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Liabilities						
Segmental liabilities	23,058	82,055	4,334	400	(74,863)	34,984
Income tax liabilities	-	921	-	451	-	1,372
Consolidated total liabilities	<u>23,058</u>	<u>82,976</u>	<u>4,334</u>	<u>851</u>	<u>(74,863)</u>	<u>36,356</u>
June 30, 2008						
Revenue						
External sales	-	70,355	6	-	-	70,361
Inter-segment sales	70,660	8,251	522	-	(79,433)	-
Total revenue	<u>70,660</u>	<u>78,606</u>	<u>528</u>	<u>-</u>	<u>(79,433)</u>	<u>70,361</u>
Results						
Profit/(Loss) before tax	68,464	37,835	105	(42)	(69,956)	36,406
Income tax expense	(363)	(1,027)	(46)	-	-	(1,436)
Net profit/(loss) for the year	<u>68,101</u>	<u>36,808</u>	<u>59</u>	<u>(42)</u>	<u>(69,956)</u>	<u>34,970</u>
Other information						
Capital additions	46	3,693	-	-	-	3,739
Depreciation and amortization	47	743	109	25	-	924
Consolidated Balance Sheet						
Assets						
Segmental assets	182,395	239,620	4,310	2,044	(208,312)	220,057
Income tax assets	548	200	221	-	-	969
Consolidated total assets	<u>182,943</u>	<u>239,820</u>	<u>4,531</u>	<u>2,044</u>	<u>(208,312)</u>	<u>221,026</u>
Liabilities						
Segmental liabilities	37,811	176,215	(326)	380	(161,432)	52,648
Income tax liabilities	-	1,081	-	462	-	1,543
Consolidated total liabilities	<u>37,811</u>	<u>177,296</u>	<u>(326)</u>	<u>842</u>	<u>(161,432)</u>	<u>54,191</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, 2008.

14. PERFORMANCE REVIEW

Revenue in Ringgit Malaysia for the period ended June 30, 2009 (RM40.500 million which equivalent to USD11.337 million), decreased by 42% as compared to June 30, 2008 (RM70.361 million which equivalent to USD21.850 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

There was no significant change in profit before taxation as compared to the immediate preceding quarter ended March 31, 2009.

The Group recognized realized foreign exchange losses of RM8.9million for the period ended June 30, 2009 upon termination of certain open contract with a bank, of which RM4.2million has been recognized as unrealized foreign exchange losses in the quarter ended March 31, 2009. The balance RM4.7million has been written off in the quarter ended June 30, 2009.

The recognition of such exchange losses shall not recur in the subsequent period of the year.

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 15), 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

	6 months ended	
	June 30	
	2009	2008
	RM'000	RM'000
Estimated tax expense:		
Current	<u>664</u>	<u>1,436</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, upon certain terms and conditions fulfilled, 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 June 30, 2009:

	6 months ended	
	June 30	
	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 June 30, 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 August 18, 2009.

22. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of June 30, 2009

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As of June 30, 2009:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD1,500,000 at approximately RM3.2341 per United States Dollar. The last settlement will complete in December 2009.
- (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 April 2011.
 - (ii) Foreign exchange derivative with monthly settlement of USD500,000, which the last settlement will complete in June 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 August 18, 2009:

- (a) The forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD1,300,000 at approximately RM3.2372 per United States Dollar. The last settlement will complete in December 2009.
- (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 April 2011.

Weighted average number of ordinary shares

	June 30	
	2009	2008
	'000	'000
Issued ordinary shares at beginning of the period	371,694	375,077
Effect of the exercise of ESOS	35	-
Effect of the shares buy-back	(849)	(2,525)
Weighted average number of ordinary shares	<u>370,880</u>	<u>372,552</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 RM4.665 million divided by the diluted weighted average number of ordinary share outstanding during the quarter of 370,880,000 calculated as follows:

Weighted average number of ordinary shares (diluted)

	June 30	
	2009	2008
	'000	'000
Weighted average number of ordinary shares	370,880	372,552
Effect of the exercise of ESOS	-	-
Weighted average number of ordinary shares (diluted)	<u>370,880</u>	<u>372,552</u>

The diluted earnings per ordinary share in 2009 and 2008 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

	June 30	
	2009	2008
	RM'000	RM'000
Deferred tax liabilities	1,272	1,303
Deferred tax assets	(237)	(365)
	<u>1,035</u>	<u>938</u>

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

	6 months ended June 30	
	2009	2008
	RM'000	RM'000
Balance at beginning of period	1,272	1,303
Transfer to income statement	-	-
Balance at end of period	<u>1,272</u>	<u>1,303</u>

The deferred tax liabilities are in respect of the following:

	June 30	
	2009	2008
	RM'000	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:

	6 months ended June 30	
	2009	2008
	RM'000	RM'000
At beginning of period:	(237)	(365)
Transfer (from)/to income statement:		
(Increase)/decrease in deferred tax assets relating to origination and reversal of temporary differences in current year	-	-
At end of period	<u>(237)</u>	<u>(365)</u>

The deferred tax assets are in respect of the following:

	June 30	
	2009	2008
	RM'000	RM'000
Tax effect of timing differences between tax capital allowances and depreciation of property, plant and 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>