

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 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) 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.

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

	12 months ended December 31	
	2009	2008
	RM'000	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
Final tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2007		22,250
Special tax exempt interim dividend of 4 Sen per ordinary share of RM0.20 each, for 2007	-	14,831
Interim tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2008	22,213	-
Final tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2008	22,235	-
	44,448	74,589

8. REVENUE

	12 months ended		12 months ended	
	December 31		December 31	
	2009	2008	2009	2008
	RM'000	RM'000	USD'000	USD'000
Revenue	83,139	122,898	23,714	37,122

9. SEGMENT REPORTING

December 31, 2009	Investment holding	Manufacturing	Trading	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	-	83,129	10	-	-	83,139
Inter-segment sales	52,357	21,716	1,107	-	(75,180)	-
Total revenue	52,357	104,845	1,117	-	(75,180)	83,139
Results						
Profit/(loss) before tax	49,055	27,070	213	(72)	(48,555)	27,711
Income tax expense	(23)	(911)	127	11	38	(758)
Net profit/(loss) for the year	49,032	26,159	340	(61)	(48,517)	26,953
Other information						
Capital expenditure	-	5,160	-	-	-	5,160
Depreciation and amortization	95	1,746	219	49	-	2,109
Consolidated Balance Sheet						
Assets						
Segmental assets	149,860	157,551	11,391	1,970	(131,967)	188,805
Income tax asset	376	94	267	-	-	737
Consolidated total assets	150,236	157,645	11,658	1,970	(131,967)	189,542

December 31, 2009	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Liabilities						
Segmental liabilities	12,113	82,540	6,791	405	(76,936)	24,913
Income tax liabilities	5	896	9	440	-	1,350
Consolidated total liabilities	<u>12,118</u>	<u>83,436</u>	<u>6,800</u>	<u>845</u>	<u>(76,936)</u>	<u>26,263</u>
December 31, 2008						
Revenue						
External sales	-	122,885	13	-	-	122,898
Inter-segment sales	72,120	44,838	1,161	-	(118,119)	-
Total revenue	<u>72,120</u>	<u>167,723</u>	<u>1,174</u>	<u>-</u>	<u>(118,119)</u>	<u>122,898</u>
Results						
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)
Net profit/(loss) for the year	<u>66,706</u>	<u>64,254</u>	<u>(284)</u>	<u>(58)</u>	<u>(71,870)</u>	<u>58,748</u>
Other information						
Capital expenditure	46	10,241	-	-	-	10,287
Depreciation and amortization	94	1,511	218	49	-	1,872
Consolidated Balance Sheet						
Assets						
Segmental assets	144,639	220,577	4,147	2,019	(164,313)	207,069
Income tax assets	633	200	96	-	-	929
Consolidated total assets	<u>145,272</u>	<u>220,777</u>	<u>4,243</u>	<u>2,019</u>	<u>(164,313)</u>	<u>207,998</u>
Liabilities						
Segmental liabilities	23,810	124,138	(274)	382	(110,485)	37,571
Income tax liabilities	-	921	-	451	-	1,372
Consolidated total liabilities	<u>23,810</u>	<u>125,059</u>	<u>(274)</u>	<u>833</u>	<u>(110,485)</u>	<u>38,943</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The buildings of the Group were revalued by the directors on May 26, 2009, based on valuations carried out by an independent firm of professional valuers except for a building with carrying value of RM14,524,629 as of December 31, 2009. The directors were of the opinion that the carrying value of this building on May 26, 2009 approximates its fair value as the construction of this particular building was just completed in April 2009. The valuations were based on open market value on existing use basis and depreciated replacement cost method of valuation.

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 December 31, 2009 (RM83.139 million which equivalent to USD23.714 million), decreased by 32% as compared to December 31, 2008 (RM122.898 million which equivalent to USD37.122 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 September 30, 2009.

16. COMMENTARY ON CURRENT YEAR PROSPECT

The reduction in revenue and profit before taxation for the year ended December 31, 2009 was mainly due to:

- (a) Lower sales volume in consequence of global economic slowdown and the transition to energy saving compliant; and
- (b) the recognition of foreign exchange loss upon termination of certain open contract with a bank.

However, in light of the current condition, the Group managed to achieve positive financial results and maintain a strong balance sheet.

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

Not applicable.

18. INCOME TAX EXPENSES

	12 months ended December 31	
	2009	2008
	RM'000	RM'000
Estimated tax expense:		
Current	<u>758</u>	<u>1,960</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 was 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 December 31, 2009:

	12 months ended	
	December 31	
	2009	2008
	RM'000	RM'000
Sales of Quoted Securities	4,407	8,412
Carrying Amount of Quoted Securities	4,300	7,718
Gain on Sales of Quoted Securities	107	694

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

	RM'000
Total Quoted Investment at cost	400
Total Quoted Investment at carrying value / book value	400
Total Quoted Investment at market value	422

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 17, 2010.

22. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of December 31, 2009

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As of December 31, 2009:

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 February 17, 2010:

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.

24. MATERIAL LITIGATION

There was no material litigation pending since December 31, 2008.

25. DIVIDENDS DECLARED OR PAYABLE

An interim dividend of 3 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2009, has been paid on January 18, 2010 to depositors registered in the Records of Depositors at the closed of business on December 31, 2009.

As of the date of this announcement, the Board of Directors proposed a final dividend of 3 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2009. 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

	12 months ended December 31 2009	
	No. of shares	RM'000
Ordinary shares of RM0.20 each:		
Authorised:		
At beginning of the period	500,000,000	100,000
Created during the period	-	-
	<u>500,000,000</u>	<u>100,000</u>
Ordinary shares of RM0.20 each:		
Issued and fully paid:		
At beginning of the period	375,076,800	75,015
ESOS	163,000	33
	<u>375,239,800</u>	<u>75,048</u>

During the current interim period, the issued and paid up share capital of the Company was increased from RM75,015,360 to RM75,047,960 by way of issue of 163,000 ordinary shares of RM0.20 each for cash pursuant to the Employees Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM0.91 to RM0.97 per ordinary share.

As of December 31, 2009, out of the total number of 375,239,800 of ordinary shares of RM0.20 each issued and paid-up, 4,232,300 are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 371,007,500.

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 RM10.330 million divided by the weighted average number of ordinary shares outstanding during the quarter of 370,931,000 calculated as follows:

Weighted average number of ordinary shares

	December 31	
	2009	2008
	'000	'000
Issued ordinary shares at beginning of the period	371,694	375,077
Effect of the exercise of ESOS	87	-
Effect of the shares buy-back	(850)	(3,383)
Weighted average number of ordinary shares	<u>370,931</u>	<u>371,694</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 RM10.330 million divided by the diluted weighted average number of ordinary share outstanding during the quarter of 370,931,000 calculated as follows:

Weighted average number of ordinary shares (diluted)

	December 31	
	2009	2008
	'000	'000
Weighted average number of ordinary shares	370,931	371,694
Effect of the exercise of ESOS	-	-
Weighted average number of ordinary shares (diluted)	<u>370,931</u>	<u>371,694</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

	December 31	
	2009	2008
	RM'000	RM'000
Deferred tax liabilities	1,289	1,272
Deferred tax assets	(233)	(237)
	<u>1,056</u>	<u>1,035</u>

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

	12 months ended December 31	
	2009	2008
	RM'000	RM'000
Balance at beginning of period	1,272	1,303
Transfer to income statement	(33)	(31)
Transfer from revaluation reserve	50	-
Balance at end of period	<u>1,289</u>	<u>1,272</u>

The deferred tax liabilities are in respect of the following:

	December 31	
	2009	2008
	RM'000	RM'000
Revaluation surplus of revalued properties	<u>1,289</u>	<u>1,272</u>

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

	12 months ended December 31	
	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	<u>4</u>	<u>128</u>
At end of period	<u>(233)</u>	<u>(237)</u>

The deferred tax assets are in respect of the following:

	December 31	
	2009	2008
	RM'000	RM'000
Tax effect of temporary differences arising from:		
Property, plant and equipment	197	199
Provision for rework and warranty	(126)	(119)
Receivables	(44)	(51)
Others	(45)	(266)
Unused tax capital allowances	(215)	-
	<u>(233)</u>	<u>(237)</u>