

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

**NOTES TO THE FINANCIAL REPORT  
FOR THREE MONTHS ENDED MARCH 31, 2013**

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements (Condensed Report) is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Group's financial statements for the financial year ended December 31, 2012 have been prepared in accordance with MFRSs for the first time..

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

<b>MFRSs and Amendments to MFRSs</b>		<b>Effective for annual period beginning on or after</b>
MFRS 9	Financial Instruments (FRS 9 issued by IASB in November 2009 and October 2010)	January 1, 2015
MFRS 10	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)	January 1, 2014
MFRS 12	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)	January 1, 2014
MFRS 127	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)	January 1, 2014
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	January 1, 2014

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2012.

**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 25.

**7. DIVIDENDS PAID**

	<b>3 months ended March 31</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Interim tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2011	-	18,472
Interim tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2012	<b>18,472</b>	-
	<b>18,472</b>	<b>18,472</b>

**8. REVENUE**

	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>USD'000</b>	<b>USD'000</b>
Revenue	<u>24,269</u>	<u>22,029</u>	<u>7,871</u>	<u>7,202</u>

**9. SEGMENT REPORTING**

	<b>Investment holding</b>	<b>Manufacturing</b>	<b>Trading</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</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>3 months ended March 31, 2013</b>						
<b>Revenue</b>						
External sales	-	24,267	2	-	-	24,269
Inter-segment sales	592	5,517	341	-	(6,450)	-
Total revenue	<u>592</u>	<u>29,784</u>	<u>343</u>	<u>-</u>	<u>(6,450)</u>	<u>24,269</u>
<b>Results</b>						
Profit/(loss) before tax	667	11,013	86	-	51	11,817
Income tax expense	(212)	(2,765)	(16)	-	(367)	(3,360)
Net profit/(loss) for the year	<u>455</u>	<u>8,248</u>	<u>70</u>	<u>-</u>	<u>(316)</u>	<u>8,457</u>
<b>Other information</b>						
Capital expenditure	-	5,199	-	-	-	5,199
Depreciation and amortization	4	1,396	-	-	(9)	1,391
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	150,053	145,213	11,377	2,641	(82,710)	226,574
Income tax asset	329	26	51	-	-	406
Consolidated total assets	<u>150,382</u>	<u>145,239</u>	<u>11,428</u>	<u>2,641</u>	<u>(82,710)</u>	<u>226,980</u>

	<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>3 months ended March 31, 2013</b>						
<b>Liabilities</b>						
Segmental liabilities	625	47,079	4,115	-	(24,914)	26,905
Income tax liabilities	-	3,783	9	-	358	4,150
Consolidated total liabilities	<u>625</u>	<u>50,862</u>	<u>4,124</u>	<u>-</u>	<u>(24,556)</u>	<u>31,055</u>
<b>3 months ended March 31, 2012</b>						
<b>Revenue</b>						
External sales	-	22,027	2	-	-	22,029
Inter-segment sales	616	4,350	247	-	(5,213)	-
Total revenue	<u>616</u>	<u>26,377</u>	<u>249</u>	<u>-</u>	<u>(5,213)</u>	<u>22,029</u>
<b>Result</b>						
Profit/(Loss) before tax	292	10,770	123	-	29	11,214
Income tax expense	(124)	(137)	(18)	-	-	(279)
Net profit/(loss) for the year	<u>168</u>	<u>10,633</u>	<u>105</u>	<u>-</u>	<u>29</u>	<u>10,935</u>
<b>Other information</b>						
Capital expenditure	-	3,532	-	-	-	3,532
Depreciation and amortization	5	821	1	-	-	827
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	143,313	143,624	11,126	2,651	(88,529)	212,185
Income tax assets	281	61	65	-	-	407
Consolidated total assets	<u>143,594</u>	<u>143,685</u>	<u>11,191</u>	<u>2,651</u>	<u>(88,529)</u>	<u>212,592</u>
<b>Liabilities</b>						
Segmental liabilities	622	39,868	4,081	1	(30,819)	13,753
Income tax liabilities	-	1,068	8	-	-	1,076
Consolidated total liabilities	<u>622</u>	<u>40,936</u>	<u>4,089</u>	<u>1</u>	<u>(30,819)</u>	<u>14,829</u>

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

The property, plant and equipment of the group have been brought forward without amendments from the financial statements for the year ended December 31, 2012.

**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, 2012.

### 14. PERFORMANCE REVIEW

Revenue in USD and Profit Before Tax for the quarter ended March 31, 2013 increased by 9% and 5% to USD7.9 million and RM11.8 million respectively as compared to the quarter ended March 31, 2012 (Revenue: USD7.2 million; Profit Before Tax: RM11.2 million) mainly due to increase in demand for the Group's products and services.

Pioneer status enjoyed by the subsidiary, Uchi Optoelectronic (M) Sdn. Bhd., had expired on December 31, 2012. The Group have submitted the application for pioneer status for our new products in September 2012 but, to date, have not received a reply from the relevant authorities. While awaiting for the reply, tax expenses for the income derived for the three months period ended March 31, 2013 is taken up at corporate tax rate of 25%. As such, Profit After Tax for the quarter ended March 31, 2013 reduced to RM8.5 million as compared to RM10.9 million.

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

The Group recorded a profit before taxation of RM11.8 million for the current quarter as compared to RM14.7 million in the immediate preceding quarter ended December 31, 2012 mainly due to reduction in revenue.

### 16. COMMENTARY ON CURRENT YEAR PROSPECT

Barring any unforeseen circumstances, the Group expects revenue in USD to remain flat for the year ending December 31, 2013.

Amidst the unfavourable economic climate, the Group continues to face numerous challenges. For one, the pioneer status previously enjoyed by the subsidiary, Uchi Optoelectronic (M) Sdn. Bhd., expired on December 31, 2012. This means that profit generated from such products commencing January 1, 2013 will be subject to a corporate tax of 25%.

The Group have submitted the application for pioneer status for our new products in September 2012 but, to date, have not received a reply from the relevant authorities. The Group is also experiencing a wage hike due to the implementation of minimum wage policies in Malaysia and China; while the fluctuating USD currency continues to be another significant risk factor as our entire revenue is billed using USD.

Nevertheless, the Group is confident that we will remain profitable and maintain a strong balance sheet 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	
	March 31	
	2013	2012
	RM'000	RM'000
Estimated tax expense:		
Current	<u>3,360</u>	<u>279</u>

The Group is operating in the jurisdictions of Malaysia and the People's Republic of China. The corporate income tax rate for Malaysia for the year of assessment 2013 is 25%.

Uchi Technologies Berhad

(Company No.: 457890-A)

Notes to Interim Financial Report

For Three Months Ended March 31, 2013

Page 5 of 9

The applicable statutory income tax rate of the foreign subsidiary company incorporate in the People's Republic of China is 25%.

The effective tax rate of the Group for the current corresponding quarters was higher than statutory tax rate of the respective year principally due to certain expenses which were not deductible for tax purposes.

## 19. PROFIT FOR THE QUARTER

Profit for the quarter is arrived at:

	3 months ended	
	March 31	
	2013	2012
	RM'000	RM'000
After (charging)/ crediting:		
Fair value (loss)/ gain on derivative financial instruments:		
Realised	(138)	1,247
Unrealised	105	(598)
Gain/ (loss) on disposal of property, plant and equipment	(16)	(21)
Impairment losses recognised on trade receivables	-	(42)
Gain/ (loss) on foreign exchange:		
Realised	255	(704)
Unrealised	(84)	(40)
Depreciation and amortization	(1,391)	(827)
Interest on short-term deposits	876	1,231

Other than the above, there were no interest expense, provision for and write off of inventories, gain or loss on disposal of investment, impairment of assets, and exceptional items for current quarter ended March 31, 2013.

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

There were no corporate proposals announced but yet to be completed as of May 21, 2013.

## 21. GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of December 31, 2012.

## 22. FINANCIAL INSTRUMENTS

As of March 31, 2013, the forward exchange contracts, which the Group had entered into to sell and remain outstanding is USD4,750,000 at approximately RM3.1493 per United States Dollar. The settlement will complete in December 2013.

Uchi Technologies Berhad

(Company No.: 457890-A)

Notes to Interim Financial Report

For Three Months Ended March 31, 2013

Page 6 of 9

As of March 31, 2013, the outstanding forward contracts are as follows:

Type of Derivatives	Contract Value USD'000	Notional Value RM'000	Fair Value (favourable) RM'000
Foreign Exchange Contracts			
- Less than 1 year	4,750	14,959	105

Summary of the losses arising from the fair value changes of financial liabilities was as follow:

Type of Financial Liabilities	Individual 3 months ended March 31 RM'000	Cumulative 3 months ended March 31 RM'000
Foreign Exchange Contracts		
- Realised gain / (loss)	(138)	(138)
- Unrealised gain / (loss)	105	105

The above foreign exchange contracts were entered into by the Group to minimize its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. In line with the Group's Forward Foreign Exchange Management Policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed the net exposure value. The cash requirement for settling these foreign exchange contracts is solely from the Group's working capital. These derivatives and their underlying exposures will be monitored on an on-going basis.

Derivative financial instruments are stated at fair value, which is equivalent to the marking of the derivatives to market, using prevailing market rate. Derivatives with positive market values (unrealized gain) are included under current assets and derivatives with negative market values (unrealized losses) are included under current liabilities in the statement of financial position.

### 23. MATERIAL LITIGATION

There was no material litigation pending since December 31, 2012.

### 24. DIVIDENDS DECLARED OR PAYABLE

A final dividend of 7 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2012, if approved by the shareholders, will be paid on July 25, 2013 to depositors registered in the Record of Depositors at the closed of business on June 28, 2013.

As of the date of this announcement, there were no dividends declared or payable for the year ending December 31, 2013.

### 25. SHARE CAPITAL

	3 months ended March 31 2013	
	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>

	<b>3 months ended March 31 2013</b>	
	<b>No. of shares</b>	<b>RM'000</b>
Ordinary shares of RM0.20 each: Issued and fully paid:		
At beginning of the period	376,509,200	75,302
ESOS	-	-
	<u>376,509,200</u>	<u>75,302</u>

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

As of March 31, 2013, out of the total number of 376,509,200 of ordinary shares of RM0.20 each issued and paid-up, 7,070,100 are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 369,439,100.

## 26. EARNINGS PER SHARE

### *Basic earnings per share*

The calculation of basic earnings per ordinary share for the quarter is based on the net profit attributable to ordinary shareholders of RM8.457 million divided by the weighted average number of ordinary shares outstanding during the quarter of 369,439,100 calculated as follows:

### *Weighted average number of ordinary shares*

	<b>3 months ended March 31</b>	
	<b>2013</b>	<b>2012</b>
	<b>'000</b>	<b>'000</b>
Number of ordinary shares at beginning of the period	<b>376,509</b>	376,503
Effect of share options exercised during the period	-	-
Effect of the shares bought back and held as treasury shares	<b>(7,070)</b>	(7,070)
Weighted average number of ordinary shares in issue	<u><b>369,439</b></u>	<u>369,433</u>

### *Fully diluted earnings per share*

The diluted earnings per ordinary share for the quarter ended March 31, 2013 and 2012 are similar to basic 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.

Uchi Technologies Berhad

(Company No.: 457890-A)

Notes to Interim Financial Report

For Three Months Ended March 31, 2013

Page 8 of 9

## 27. DEFERRED TAX ASSETS/ (LIABILITIES)

	Opening balance	Recognised in	Closing balance
	RM'000	profit or loss	RM'000
		RM'000	
<b>3 months ended March 31, 2013</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	18	-	18
Unused tax losses	22	-	22
Provision for rework and warranty	205	-	205
Trade receivables	41	(6)	35
Inventories	2	61	63
Others	870	(218)	652
	<u>1,158</u>	<u>(163)</u>	<u>995</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(672)	(367)	(1,039)
Property, plant and equipment	(1,462)	(1,875)	(3,337)
	<u>(2,134)</u>	<u>(2,242)</u>	<u>(4,376)</u>
<b>Net</b>	<u>(976)</u>	<u>(2,405)</u>	<u>(3,381)</u>
<b>3 months ended March 31, 2012</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	32	-	32
Unused tax losses	22	-	22
Provision for rework and warranty	89	-	89
Trade receivables	46	-	46
Inventories	39	-	39
Others	138	-	138
	<u>366</u>	<u>-</u>	<u>366</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(807)	-	(807)
Property, plant and equipment	(229)	-	(229)
	<u>(1,036)</u>	<u>-</u>	<u>(1,036)</u>
<b>Net</b>	<u>(670)</u>	<u>-</u>	<u>(670)</u>



**28. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES**

On March 25, 2010 Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group as at March 31, 2013 and December 31, 2012 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<b>As at March 31, 2013</b>	<b>As at December 31, 2012</b>
	RM'000	RM'000
Total retained earnings/ (accumulated losses) of the Group		
- Realised	119,027	107,770
- Unrealised	(1,071)	1,411
	117,956	109,181
Less: Consolidation adjustments	(17,807)	(17,491)
Total retained profits as per statement of financial position	100,149	91,690

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on March 25, 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements”, as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an assets or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and is not made for any other purposes.