

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

**NOTES TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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, 2013 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 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	January 1, 2015
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and transition Disclosures	January 1, 2015
Amendments to MFRS contained in the document entitled MFRSs 2010-2012 Cycle	Annual Improvements	July 1, 2015
Amendments to MFRS contained in the document entitled MFRSs 2011-2013 Cycle	Annual Improvements	July 1, 2015

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2013.

**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>12 months ended December 31</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Interim tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2012	-	18,472
Final tax exempt dividend of 7 Sen per ordinary share of RM0.20 each, for 2012	-	25,862
Interim tax exempt dividend I of 2.52 Sen per ordinary share of RM0.20 each, for 2013		9,337
Interim dividend II of 1.48 Sen gross per ordinary share of RM0.20 each, less tax, for 2013		4,113
Final tax exempt dividend of 6 Sen per ordinary share of RM0.20 each, for 2013	<b>22,287</b>	-
	<b>22,287</b>	<b>57,784</b>

**8. REVENUE**

	<b>12 months ended December 31</b>		<b>12 months ended December 31</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>USD'000</b>	<b>USD'000</b>
Revenue	95,459	93,961	29,353	29,903
	<b>3 months ended December 31</b>		<b>3 months ended December 31</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>USD'000</b>	<b>USD'000</b>
Revenue	24,428	21,350	7,420	6,673

**9. SEGMENT REPORTING**

	<b>Investment holding</b>	<b>Manufacturing</b>	<b>Trading</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>12 months ended December 31, 2014</b>					
<b>Revenue</b>					
External sales	-	95,450	9	-	95,459
Inter-segment sales	52,138	3	783	(52,924)	-
Total revenue	52,138	95,453	792	(52,924)	95,459
<b>Results</b>					
Profit/(loss) before tax	52,139	38,852	285	(49,956)	41,320
Income tax expense	(713)	(432)	(74)	8	(1,211)
Net profit/(loss) for the year	51,426	38,420	211	(49,948)	40,109

	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>12 months ended December 31, 2014</b>					
<b>Other information</b>					
Capital expenditure	-	12,456	-	-	12,456
Depreciation and amortization	3	6,171	-	(37)	6,137
<b>Consolidated Balance Sheet</b>					
<b>Assets</b>					
Segmental assets	184,282	147,585	7,847	(97,879)	241,835
Income tax asset	71	290	42	-	403
Consolidated total assets	184,353	147,875	7,889	(97,879)	242,238
<b>Liabilities</b>					
Segmental liabilities	19,322	71,006	232	(42,846)	47,714
Income tax liabilities	116	1,033	15	341	1,505
Consolidated total liabilities	19,438	72,039	247	(42,505)	49,219
<b>12 months ended December 31, 2013</b>					
<b>Revenue</b>					
External sales	-	93,952	9	-	93,961
Inter-segment sales	42,393	3	1,123	(43,519)	-
Total revenue	42,393	93,955	1,132	(43,519)	93,961
<b>Result</b>					
Profit/(Loss) before tax	41,840	39,519	267	(39,862)	41,764
Income tax expense	(622)	(1,642)	(68)	(358)	(2,690)
Net profit/(loss) for the year	41,218	37,877	199	(40,220)	39,074
<b>Other information</b>					
Capital expenditure	-	8,984	-	-	8,984
Depreciation and amortization	11	6,018	-	(36)	5,993
<b>Consolidated Balance Sheet</b>					
<b>Assets</b>					
Segmental assets	153,538	134,773	7,714	(81,466)	214,559
Income tax assets	96	3,922	49	-	4,067
Consolidated total assets	153,634	138,695	7,763	(81,466)	218,626
<b>Liabilities</b>					
Segmental liabilities	949	51,495	318	(26,410)	26,352
Income tax liabilities	89	919	12	350	1,370
Consolidated total liabilities	1,038	52,414	330	(26,060)	27,722

## 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, 2013.

## 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, 2013.

## 14. PERFORMANCE REVIEW

Revenue in USD and Profit Before Tax for the quarter ended December 31, 2014 increased by 10% and 4% to USD7.4 million and RM9.4 million respectively as compared to the quarter ended December 31, 2013 (Revenue: USD6.7 million; Profit Before Tax: RM9.0 million) mainly due to increase in demand for the Group's products and services.

Uchi Optoelectronic (M) Sdn. Bhd. was granted pioneer status by the Ministry of International Trade and Industry (MITI) for the design, development and manufacture of Touch Screen Advance Display, High Precision Light Measurement (Optoelectronic) Equipment and Mix Signal Control System for Centrifuge / Laboratory Equipment. Under this incentive, upon certain terms and conditions being 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 by MITI as January 1, 2013.

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

There was no significant change in operating profit as compared to the immediate preceding quarter ended September 30, 2014.

## 16. COMMENTARY ON CURRENT YEAR PROSPECT

To the best of our knowledge, in line with the volatile economic condition, the Group expects sales volume to remain flat for the next financial year.

Nevertheless, the Group is confident that we will remain profitable and maintain a strong balance sheet.

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

Not applicable.

## 18. INCOME TAX EXPENSES

	3 months ended December 31		12 months ended December 31	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Estimated tax expense:				
Current	<u>213</u>	<u>(6,368)</u>	<u>1,211</u>	<u>2,690</u>

The Group's income tax for the year under review reflects an effective tax rate which is lower than the statutory income tax rate due mainly to one of its subsidiary companies, Uchi Optoelectronic (M) Sdn. Bhd. was granted pioneer status by the Ministry of International Trade and Industry (MITI) for the design, development and manufacture of Touch Screen Advance Display, High Precision Light Measurement (Optoelectronic) Equipment & Mix Signal Control System for Centrifuge / Laboratory Equipment.

Under this incentive, upon certain terms and conditions being 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 January 1, 2013.

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

## 19. PROFIT FOR THE YEAR

Profit for the year is arrived at:

	3 months ended		12 months ended	
	December 31		December 31	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
After (charging)/ crediting:				
Fair value (loss)/ gain on derivative financial instruments:				
Realised	(79)	(507)	1,229	(532)
Unrealised	(2,875)	673	(3,165)	(895)
Gain/ (loss) on disposal of property, plant and equipment	(2)	(18)	67	(32)
Gain/ (loss) on foreign exchange:				
Realised	1,853	(187)	1,423	1,574
Unrealised	(734)	(29)	(218)	(313)
Depreciation and amortization expenses	(1,707)	(1,511)	(6,137)	(5,993)
Provision for rework and warranty no longer required	430	-	430	-
Provision for rework and warranty	-	(30)	-	(30)
Reversal of allowance for obsolete inventories no longer required	150	28	150	28
Impairment loss recognised on trade receivables	(176)	-	(176)	-
Reversal of impairment loss on trade receivables	-	110	-	110
Interest on short-term deposits	893	792	3,411	3,338

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 the year ended December 31, 2014.

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

There were no corporate proposals announced but yet to be completed as of February 19, 2015.

**21. GROUP BORROWINGS AND DEBT SECURITIES**

There was no group borrowing as of December 31, 2013.

**22. FINANCIAL INSTRUMENTS**

As of December 31, 2014, the foreign exchange forward contracts, which the Group had entered into to sell and remain outstanding is USD15,800,000 at approximately RM3.3335 per United States Dollar. The settlement will complete by December 2015.

As of December 31, 2014, the outstanding forward contracts are as follows:

<b>Type of Derivatives</b>	<b>Contract Value USD'000</b>	<b>Notional Value RM'000</b>	<b>Fair Value (favourable) RM'000</b>
Foreign Exchange Forward Contracts - Less than 1 year	15,800	52,670	(3,165)

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

<b>Type of Financial Liabilities</b>	<b>Individual 3 months ended December 31 RM'000</b>	<b>Cumulative 12 months ended December 31 RM'000</b>
Foreign Exchange Contracts		
- Realised gain / (loss)	(79)	1,229
- Unrealised gain / (loss)	<u>(2,875)</u>	<u>(3,165)</u>

The above foreign exchange forward 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 forward contracts is solely from the Group's working capital. These derivatives and their underlying exposures will be monitored on an on-going basis.

Foreign Exchange Forward Contracts are stated at fair value, which is equivalent to the marking of the Foreign Exchange Forward Contracts to market, using prevailing market rate. Foreign Exchange Forward Contracts with positive market values (unrealized gain) are included under current assets and Foreign Exchange Forward Contracts 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, 2013.

**24. DIVIDENDS DECLARED OR PAYABLE**

An interim dividend of 5 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2014, was paid on January 27, 2015 to depositors registered in the Record of Depositors at the closed of business on December 31, 2014.

As of the date of this announcement, the Board of Directors proposed a final dividend of 5 Sen per share of RM0.20 each, exempt from income tax for the year ending December 31, 2014. The date of the entitlement and payment for the aforesaid dividend shall be determined by the Board of Directors at a later date. The final dividend will be tabled at the forthcoming Annual General Meeting for the shareholders' approval.

## 25. SHARE CAPITAL

	<b>12 months ended December 31</b>	
	<b>2014</b>	
	<b>No. of shares</b>	<b>RM'000</b>
Authorised:		
Ordinary shares of RM0.20 each	500,000,000	100,000
Issued and fully paid:		
Ordinary shares of RM0.20 each:		
At beginning of the period	377,600,600	75,520
Issue of shares pursuant to ESOS	1,354,800	271
At end of the period	378,955,400	75,791

During the financial year, the issued and paid up share capital of the Company was increased from RM75,520,120 to RM75,791,080 by way of issue of 1,354,800 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 RM1.35 per ordinary share.

As of December 31, 2014, out of the total number of 378,955,400 of ordinary shares of RM0.20 each issued and paid-up, 7,070,500 are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 371,884,900.

## 26. EARNINGS PER SHARE

### *Basic earnings per share*

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	<b>12 months ended December 31</b>	
	<b>2014</b>	<b>2013</b>
	<b>'000</b>	<b>'000</b>
Profit for the year attributable to owners of the Company (RM)	<b>40,109</b>	39,074
Weighted average number of ordinary shares for the purposes of basic earnings per share (unit)	<b>371,196</b>	369,588
Basic earnings per share (sen)	<b>10.81</b>	10.57

**Diluted earnings per share**

The earnings used in the calculation of diluted earnings per share are as follows:

	<b>12 months ended December 31</b>	
	<b>2014</b>	2013
	<b>'000</b>	'000
Profit for the year attributable to owners of the Company (RM)	<b>40,109</b>	39,074
Weighted average number of ordinary shares used in the calculation of basic earnings per share (unit)	<b>371,196</b>	369,588
Shares deemed to be issued for no consideration in respect of employee share options (unit)	<b>1,144</b>	260
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (unit)	<b>372,340</b>	369,848
Diluted earnings per share (sen)	<b>10.77</b>	10.56

**27. DEFERRED TAX ASSETS/ (LIABILITIES)**

	Opening balance	Recognised in profit or loss	Closing balance
	RM'000	RM'000	RM'000
<b>12 months ended December 31, 2014</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	6	(1)	5
Unused tax losses	22	(2)	20
Provision for rework and warranty	82	(26)	56
Inventories	7	(5)	2
Others	235	(55)	180
	<u>352</u>	<u>(89)</u>	<u>263</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(1,014)	26	(988)
Trade receivables	(5)	4	(1)
Property, plant and equipment	(401)	(73)	(474)
	<u>(1,420)</u>	<u>(43)</u>	<u>(1,463)</u>
<b>Net</b>	<u>(1,068)</u>	<u>(132)</u>	<u>(1,200)</u>
<b>12 months ended December 31, 2013</b>			
<b>Deferred tax assets</b>			
Unused capital allowances	18	(12)	6
Unused tax losses	22	-	22
Provision for rework and warranty	205	(123)	82
Inventories	2	5	7
Others	870	(635)	235
	<u>1,117</u>	<u>(765)</u>	<u>352</u>
<b>Deferred tax liabilities</b>			
Gain on revaluation of properties	(672)	(342)	(1,014)
Trade receivables	41	(46)	(5)
Property, plant and equipment	(1,462)	1,061	(401)
	<u>(2,093)</u>	<u>673</u>	<u>(1,420)</u>
<b>Net</b>	<u>(976)</u>	<u>(92)</u>	<u>(1,068)</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 December 31, 2014 and September 30, 2014 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<b>As at December 31, 2014</b>	<b>As at September 30, 2014</b>
	RM'000	RM'000
Total retained earnings/ (accumulated losses) of the Group		
- Realised	105,320	114,029
- Unrealised	1,223	1,920
	106,543	115,949
Less: Consolidation adjustments	(15,641)	(15,708)
Total retained profits as per statement of financial position	90,902	100,241

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.