



UCHI TECHNOLOGIES BERHAD
(Company No. 457890-A)
(Incorporated in Malaysia)



TECHNOLOGY GOES GREEN
Annual Report 2011



ISO 14001 ENVIRONMENTAL POLICY

Uchi is committed to preserving the environment for future generations through:

Utmost effort in implementing and continuously improving our corporate Environmental Management System

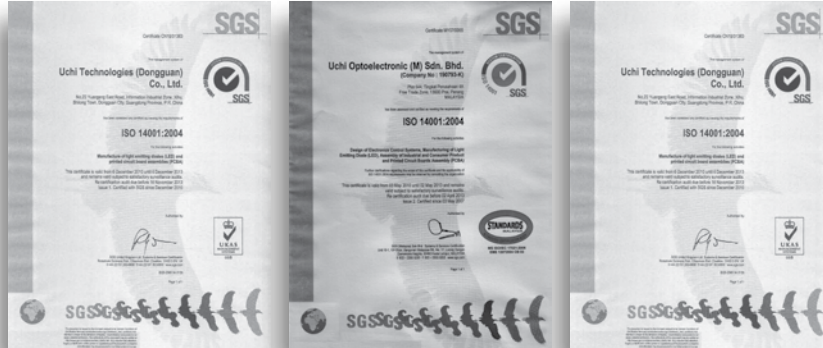
Commitment towards preventing pollution, minimizing waste and consumption of natural resources through effective management of our activities, products and services

Highly honour compliance of Malaysian Environmental Laws and other applicable regulations

Incessantly educating employee on environmental awareness and responsibility

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宇琦光电（东莞）有限公司
ISO14001环境方针

遵守法规
防污降耗
持续改进
宣导环保

致力于下一代更加美好的环境，宇琦光电（东莞）有限公司努力在商业活动、产品和服务中承诺：

1. 严格遵守中国环境法规和其他适用的要求。
2. 承诺努力污染预防，通过我们的商业活动，产品和服务的有效管理，尽量减少能资源的浪费和消耗。
3. 竭尽所能，实施并持续改进公司的环境保护管理体系。
4. 不断教育及培训职员员工的环境意识和责任。

OHSAS 18001 OHSAS POLICY



Uchi is committed to prevent injury and ill health and enhance safety and healthy environment through...

- Implementing OH&S Management System to minimize accidents;
- Promote safety and health programme for continual improvement;
- Complying with applicable OH&S legislation and other requirements; and
- Educating employees on safety and health awareness and responsibility.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Thursday, May 24, 2012 at 3.00 p.m. for the following purpose:

AGENDA

- | | |
|--|-----------------------------------|
| 1. To receive the Audited Financial Statements of the Company for the year ended December 31, 2011 together with the Reports of the Directors and of the Auditors thereon. | Please refer to
Note A |
| As Ordinary Business | |
| 2. To declare a Final Tax Exempt Dividend of 7 sen per share of RM0.20 each for the year ended December 31, 2011. | Ordinary
Resolution 1 |
| 3. To approve the payment of Directors' Fees of RM390,000.00 for the year ending December 31, 2012. | Ordinary
Resolution 2 |
| 4. To re-appoint Mr. Ng Hai Suan @ Ooi Hoay Seng pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting. | Ordinary
Resolution 3 |
| 5. To re-elect Mr. Charlie Ong Chye Lee retiring under the provision of Article 131 of the Articles of Association of the Company. | Ordinary
Resolution 4 |
| 6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | Ordinary
Resolution 5 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. **Proposed Renewal of Share Buy-Back Authority**

"That subject to the provisions under the Companies Act, 1965 (the "Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.20 each in the Company ("Uchi Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the point of purchase ("Proposed Renewal of Share Buy-Back Authority").

That the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's aggregate retained profits and/or share premium account.

That authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any Uchi Shares so purchased by the Company in the following manner:

- (i) the Uchi Shares so purchased could be cancelled; or
- (ii) the Uchi Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above;

That the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- (ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

7. Proposed Renewal of Share Buy-Back Authority (cont'd)

And that the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

**Ordinary
Resolution 6**

8. Proposed Amendments to the Articles of Association

“That the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2011 be hereby approved.”

**Special
Resolution**

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

May 2, 2012

Penang

Note A :

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint at least 1 proxy to attend and vote in his place. A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositors) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy or proxies shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy or proxies must be deposited at the Company’s Registered Office at Suite 12-02, 12th Floor, Menara MAA, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.
6. Only members registered in the Record of Depositors as at May 15, 2012 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 6 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

Proposed Amendments to the Articles of Association

The Special Resolution, if passed will give authority to amend its Articles of Association to be aligned with the recent amendments to the Main Market Listing Requirements of Bursa Securities.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

APPENDIX 1

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

ARTICLE	EXISTING PROVISIONS	AMENDED PROVISIONS
To insert new Article 2(1) (a)(b)	None	“Share Issuance Scheme”: a scheme involving a new issuance of shares to the employees.
To amend Article 14(2)	No Director shall participate in an issue of shares to employees unless the Members in general meeting have approved the specific allotment to such Director;	No Director shall participate in an issue of shares to employees or a Share Issuance Scheme unless the Members in general meeting have approved the specific allotment to such Director;
To amend Article 81	In every notice calling a general meeting, there shall appear with reasonable prominence a statement that a Member is entitled to appoint at least 1 proxy to attend and vote in his place, that a proxy may but need not be a Member and that the provisions of Section 149 (1) of the Act shall not apply to the Company. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.	(i) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. (ii) A proxy need not be a member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. (iii) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
To amend Article 103	A Member may appoint 2 or more proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not, apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.	(i) A Member of the Company who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting. (ii) Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 (“SICDA”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
To amend Article 103A	Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
To insert new Article 199	None	REPORT IN CD-ROM or DVD-ROM FORMAT Subject to the compliance with the requirements of the Exchange and any other relevant laws and regulations, if any, the Company may issue its annual report in compact disc read-only memory (“CD-ROM”) or digital versatile disc read-only memory (“DVD-ROM”) format or in a format that may be developed in future for the playback of images.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Fourteenth Annual General Meeting, a Final Tax Exempt Dividend of 7 sen per share of RM0.20 each for the year ended December 31, 2011 will be paid on July 26, 2012 to Depositors registered in the Record of Depositors at the close of business on June 29, 2012.

A Depositor shall qualify for the above entitlement only in respect of:

- a) shares transferred into the Depositor’s Securities Account before 4.00 p.m. on June 29, 2012 in respect of transfers;
- b) shares bought on Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

May 2, 2012

Penang

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

There are no individuals who are standing for election as Directors (excluding Directors standing for re-election) at this forthcoming Annual General Meeting.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY

For Uchi Technologies Berhad to Purchase Its Own Shares (“Proposed Renewal of Share Buy-Back Authority”)

1. Introduction

1.1 Renewal of Authority for Uchi Technologies Berhad (“the Company” or “UCHITEC”) to Purchase Its Own Shares

At the Company’s Annual General Meeting (“AGM”) held on May 24, 2011, the Company obtained approval from the shareholders, for the Company to renew the authority to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and / or held pursuant to the resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the point of purchase and an amount not exceeding the total retained profits of RM36,465,635 and / or share premium account of RM25,874,950 of the Company based on the audited financial statements for the financial year ended December 31, 2010.

The authority obtained by the Board of Directors for purchasing the Company’s own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing share buy-back by listed companies will lapse at the conclusion of the coming Fourteenth (14th) Annual General Meeting (“AGM”).

It is the intention of the Company to renew the authority to purchase its own shares by way of an ordinary resolution.

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Renewal of Share Buy-Back Authority and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the coming Fourteenth (14th) AGM. The notice of the AGM together with the Proxy Form is set out in this Annual Report.

2. Details of The Proposed Renewal of Share Buy-Back Authority

On April 6, 2012, the Company announced that UCHITEC is proposing to seek its shareholders’ approval at the AGM of UCHITEC to be convened in 2012 for the renewal of the authority for the purchase by UCHITEC of its own shares of RM0.20 each (the “Shares”) of up to ten per centum (10%) of the issued and paid-up capital of UCHITEC as at the point of purchase subject to compliance with Section 67A of the Companies Act, 1965 (the “Act”), Part IIIA of the Companies Regulations 1966, Bursa Securities Main Market Listing Requirements (the “Listing Requirements”) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities. The purchase of the Company’s own Shares will be carried out on the Bursa Securities through an appointed stockbroker.

The maximum funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits and/or share premium accounts of the Company. The audited retained profits and share premium accounts of the Company as of December 31, 2011 are RM 41,159,800 and RM 26,620,919 respectively.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 67A of the Act, in the following manner:

- (a) To cancel the Shares so purchased; or
- (b) To retain the Shares so purchased as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell on the Bursa Securities in accordance with the relevant rules of the Bursa Securities and/or cancellation subsequently; or
- (c) To retain part of the Shares so purchased as treasury shares and cancel the remainder.

While the purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including substantial shareholding, takeover, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

If the Company decides to cancel the Shares purchased, the Company shall make an immediate announcement on the day the cancellation is made providing the number of Shares cancelled, the date of cancellation and the outstanding issued and paid-up share capital of the Company after the cancellation. In the event the Company retains the Shares purchased as treasury shares, the said Shares may be distributed as share dividends, resold on the Bursa Securities in accordance with the Listing Requirements or subsequently cancelled.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)

For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

2. Details of The Proposed Renewal of Share Buy-Back Authority (cont'd)

The approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM until:

- (a) The conclusion of the next AGM of the Company at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) The expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) Revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

Pursuant to the Listing Requirements, the Company may only purchase its own Shares on the Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of the purchase(s). The Company may only resell its treasury shares on the Bursa Securities at:

- (a) a price which is not less than the weighted average market price of the Shares for the five (5) Market Days immediately before the resale; or
- (b) a discounted price of not more than five percent (5%) to the weighted average market price of the Shares for the five (5) Market Days immediately before the resale provided that:
 - (i) The resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) The resale price is not less than the cost of purchase of the Shares being resold.

The Proposed Renewal of Share Buy-Back Authority will allow the Directors to purchase Shares at any time within the abovementioned time period using the funds of the Group. The aforesaid funds will be financed from both internally generated funds of the Group and/or external borrowings, the portion of which to be utilised will depend on the actual number of Shares to be purchased, the price of Shares and the availability of funds at the time of the purchase(s). If borrowings are used for the Proposed Renewal of Share Buy-Back Authority, the Group will experience a decline in its net cash flow to the extent of the interest costs associated with such borrowings but the Board does not foresee any difficulty in repayment of borrowings, if any, which is used for the Proposed Renewal of Share Buy-Back Authority. Based on the audited consolidated financial statements as of December 31, 2011, the Group has a cash and cash equivalent balance of RM 154,041,071.

The actual number of Shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on the market conditions and sentiments of the stock market, the available financial resources of the Group and the amount of retained profits and share premium accounts of the Company.

As of March 28, 2012, the Record of Depositors of the Company showed that 253,902,370 Shares representing approximately 68.73% of the issued and paid-up share capital were held by public shareholders. The Board undertakes that the Proposed Renewal of Share Buy-Back Authority will be conducted in accordance with laws prevailing at the time of the purchase including compliance with the twenty-five percent (25%) public spread as required by the Listing Requirements and ensuring that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements.

The public shareholding spread of the Company before and after the Proposed Renewal of Share Buy-Back Authority is as follows:

	Before the Proposed Renewal of Share Buy-Back Authority	After the Proposed Renewal of Share Buy-Back Authority
Public shareholding spread	(a) 68.73%	(b) 65.91%

Notes:

- (a) As of March 28, 2012.
- (b) As of March 28, 2012, the issued and paid-up capital of UCHITEC is RM75,300,640 comprising 376,503,200 Shares including 7,069,900 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority involves the aggregate purchase of 37,650,320 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 28, 2012, assuming no additional exercise of ESOS options prior to the implementation of the Proposed Renewal of Share Buy-Back Authority) and the number of Shares held by the Directors of the Group, the major shareholders of the Company and persons connected with them remain unchanged.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)

For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

3. Rationale for the Proposed Renewal of Share Buy-Back Authority

The Proposed Renewal of Share Buy-Back Authority will enable the Company to utilise its financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-Back Authority may enhance the Earnings Per Share ("EPS") and reduce the liquidity level of the Shares of the Company in the Bursa Securities, which generally will have a positive impact on the market price of the Shares of the Company. Other potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:

- (a) To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- (b) To allow the Company flexibility in achieving the desired capital structure, in terms of the debts and equity composition, and the size of equity;
- (c) When the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net EPS of the Company and the Group will increase; and
- (d) The purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital appreciation on the Shares.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of the Group and may result in the Group forgoing better investment opportunities that may emerge in the future; and
- (b) As the Proposed Renewal of Share Buy-Back Authority can only be made out of retained profits and share premium accounts of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Share Buy-Back Authority, if implemented, will reduce the financial resources of the Group, but since the amount is not substantial, it will not affect the furtherance of the Group's business or payment of dividends by the Company. Nevertheless, the Board will be mindful of the interest of the Company and its shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority and in the subsequent cancellation of the Shares purchased.

4. Effects of Proposed Renewal of Share Buy-Back Authority

As of March 28, 2012, the issued and paid-up capital of UCHITEC is RM75,300,640 comprising 376,503,200 Shares including 7,069,900 Shares held as treasury shares. Assuming that the Company purchases up to 37,650,320 UCHITEC Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 28, 2012 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, earnings, directors and major shareholders' interests and net assets as well as the implication relating to the Code are as set out below:

4.1 Share Capital

The Proposed Renewal of Share Buy-Back Authority will not have any immediate material effect on the issued and paid-up share capital of the Company until such time when the Shares purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority are cancelled resulting in the total issued and paid-up share capital of the Company being decreased accordingly. On the other hand, if the Shares purchased are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not affect the issued and paid-up share capital of the Company.

4.2 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the Group will depend on the purchase prices of the Shares and the effective funding cost to the Group to finance the purchase of the Shares or any loss in interest income to the Group. Should the Company choose to hold the Shares purchased as treasury shares and resell the Shares subsequently, depending on the price at which the said Shares are resold, the Proposed Renewal of Share Buy-Back Authority may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice versa.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)
For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

4. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

4.2 Earnings (cont'd)

If the Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the EPS of the Group. However, the increase in EPS will be affected to the extent of the quantum of the reduction in the interest income and/or increase in the interest expense incurred in relation to the Proposed Renewal of Share Buy-Back Authority.

4.3 Directors' and Substantial Shareholders' Interests

The effects of the Proposed Renewal of Share Buy-Back Authority on the substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' shareholdings respectively as of March 28, 2012 are as follows:

Name	Before the Proposed Renewal of Share Buy-Back Authority				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ^(d)	No. of Shares	% ^(d)	No. of Shares	% ^(e)	No. of Shares	% ^(e)
Directors								
Kao, De-Tsan also known as Ted Kao	–	–	^(a) 94,433,360	25.56	–	–	^(a) 94,433,360	27.87
Kao, Te-Pei also known as Edward Kao	–	–	^(b) 20,162,060	5.46	–	–	^(b) 20,162,060	5.95
Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	309,700	0.08	–	–	309,700	0.09	–	–
Dr. Heinrich Komesker	200,000	0.05	–	–	200,000	0.06	–	–
Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	83,810	0.02	–	–	83,810	0.02	–	–
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–	–	–	–	–
Charlie Ong Chye Lee	–	–	–	–	–	–	–	–
Substantial Shareholders								
Eastbow	91,263,660	24.70	–	–	91,263,660	26.93	–	–
Kao, De-Tsan also known as Ted Kao	–	–	^(c) 91,263,660	24.70	–	–	^(c) 91,263,660	26.93
Lembaga Tabung Haji	37,346,640	10.11	–	–	37,346,640	11.02	–	–
Amanah Trustees Berhad Skim Amanah Saham Bumiputera	23,309,600	6.31	–	–	23,309,600	6.88	–	–

Notes:

- ^(a) By virtue of his substantial interest in Eastbow International Limited ("Eastbow") and interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.
- ^(b) By virtue of his substantial interest in Ironbridge Worldwide Limited and interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.
- ^(c) Deemed interest by virtue of his substantial interest in Eastbow.
- ^(d) Percentage shareholding computed based on 369,433,300 UCHITEC Shares excluding 7,069,900 shares held as treasury shares from total issued and paid-up share capital of 376,503,200 ordinary shares of RM0.20 each.
- ^(e) Percentage shareholding computed based on 338,852,880 UCHITEC Shares assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full and all shares so purchased are held as treasury shares.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)

For Uchi Technologies Berhad to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back Authority")

4. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

4.4 Net Assets

The effect of the Proposed Renewal of Share Buy-Back Authority on the net assets and net assets per Share of the Group will depend on the purchase prices of the Shares and the effective funding cost to the Group to finance the purchase of the Shares or any loss in interest income to the Group.

In the event that all the Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back Authority would reduce the net assets per Share of the Group when the purchase price per Share exceeds the net assets per Share at the relevant point in time, and vice versa.

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of Shares purchased.

The net assets per Share will decrease if the Shares purchased are retained as treasury shares due to the requirement for treasury shares to be carried at cost and offset against equity, resulting in a decrease in the net assets by the cost of the treasury shares. If the treasury shares are resold on the Bursa Securities, the net assets per Share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the net assets per Share will decrease by the cost of the treasury shares.

5. Share Prices

The monthly highest and lowest prices of UCHITEC Shares traded on Bursa Securities for the last twelve (12) months from March 2011 to February 2012 are as follows:

	Highest (RM)	Lowest (RM)
Year 2011:		
March	1.49	1.30
April	1.48	1.38
May	1.41	1.37
June	1.42	1.33
July	1.35	1.31
August	1.35	1.20
September	1.24	1.10
October	1.25	1.16
November	1.24	1.16
December	1.20	1.08
	Highest (RM)	Lowest (RM)
Year 2012:		
January	1.21	1.08
February	1.25	1.17

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY (cont'd)

For Uchi Technologies Berhad to Purchase Its Own Shares (“Proposed Renewal of Share Buy-Back Authority”)

6. Purchases Made by the Company of its Own Shares in the Financial Year Ended December 31, 2011

The information on the purchases made by the Company of its own shares during the financial year ended December 31, 2011 is set out on Page 25 of this annual report.

7. Interested Directors, Substantial Shareholders and Persons Connected to Them

None of the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Renewal of Share Buy-Back Authority and, if any, the resale of treasury shares. None of the persons connected to the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Renewal of Share Buy-Back Authority and if any, the resale of treasury shares.

8. Directors' Recommendation

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM.

9. Malaysian Code of Take-Overs and Mergers, 2010 (“Code”)

The Proposed Renewal of Share Buy-Back Authority if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and / or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under Paragraph 24.1 of Practice Note 9 of the Code.

10. Disclaimer Statement By Bursa Securities

Bursa Securities has not perused this Statement prior to its issuance, and hence, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

Board of Directors**Chairman**

Kao, De-Tsan also known as Ted Kao

Managing Director

Kao, Te-Pei also known as Edward Kao

Senior Independent Non-Executive Director

Ng Hai Suan @ Ooi Hoay Seng

Independent Non-Executive Director

Dr. Heinrich Komesker
Charlie Ong Chye Lee

Non-Independent Executive Director

Huang, Yen-Chang also known as Stanley Huang
(Alternate Director to Kao, De-Tsan also known as Ted Kao)
Ow Chooi Khim
(Alternate Director to Kao, Te-Pei also known as Edward Kao)

Audit Committee**Chairman**

Ng Hai Suan @ Ooi Hoay Seng

Members

Dr. Heinrich Komesker
Charlie Ong Chye Lee

Company Secretaries

Gunn Chit Geok
MAICSA 0673097

Chew Siew Cheng
MAICSA 7019191

Registered Office

Suite 12-02, 12th Floor,
Menara MAA,
170, Jalan Argyll
10050 Penang

Tel : 04-2296318

Fax : 04-2268318

Principal Bankers

HSBC Bank Malaysia Berhad
Deutsche Bank (Malaysia) Berhad

Auditors

Deloitte KassimChan
Chartered Accountants
4th Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang

Tel : 04-2288255

Fax : 04-2288355

Registrar

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : 03-22643883

Fax : 03-22821886

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad

Website : www.bursamalaysia.com

Stock Name : uchitec

Stock Code : 7100

KAO, DE-TSAN also known as TED KAO

Aged 54, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Managing Director. He was appointed as the Chairman of the Company on November 26, 2001. He is also a member of the Employee Share Option Scheme Committee of Uchitec.

Mr. Ted Kao graduated from the Department of Electrical Engineering, Ming Chi Institute of Technology, Taiwan, which was sponsored by the well known Formosa Plastic Co. Ltd. He started his career with Chain Let Co. Ltd., Taiwan, a bathroom scale manufacturer as a project engineer in 1979. Mr. Ted Kao later resigned and began intensive research on global electronic market. He was engaged by Krups Stiftung Co. (currently known as Robert Krups GmbH & Co. KG), Germany, to design electronic bathroom scales in 1980.

Mr. Ted Kao founded Uchi Electronic Co. Ltd. in Taiwan in 1981.

In 1989, Mr. Ted Kao selected Penang, Malaysia as the manufacturing base and founded Uchi Electronic (M) Sdn. Bhd., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (M) Sdn. Bhd. With his many years of experience in technology development, Mr. Ted Kao has been the mainstay of Uchi Group's technical and marketing strength.

He sits on the Board of Uchi Optoelectronic (M) Sdn. Bhd., Uchi Electronic (M) Sdn. Bhd., Uchi Industries (M) Sdn. Bhd. and also holds directorships in certain private limited companies.

KAO, TE-PEI also known as EDWARD KAO

Aged 52, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad (Uchitec) on March 10, 2000 as Executive Director. He was appointed as Managing Director of the Company on November 26, 2001. He was appointed to be a member of the Audit Committee on March 29, 2000 and resigned as a member of the Audit Committee on March 1, 2008. Currently, he is a member of the Remuneration Committee and Employee Share Option Scheme Committee of Uchitec.

He graduated from the Department of Textile Engineering, St. John's & St. Mary's Institute of Technology, Taiwan in 1980. Upon graduation, Mr. Edward Kao joined the army in Taiwan under Reserved Officer Training Course as a Platoon Leader of Logistics. In 1982, Mr. Edward Kao joined his elder brother, Mr. Ted Kao, in Uchi Electronic Co. Ltd., Taiwan (Uchi Taipei) as an Assistant of Administration. In 1984, he joined ITF Corporation, a well-established Japanese trading company. He returned to Uchi Taipei in 1986.

In 1990, Uchi Taipei ceased operations. Mr. Edward Kao moved to Penang and was appointed as a Director of Uchi Electronic (M) Sdn. Bhd., Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Industries (M) Sdn. Bhd.

Mr. Edward Kao is responsible for the Group's overall operation, business development and strategic planning.

He sits on the Board of all companies under the Group and also holds directorships in certain private limited companies.

DR. HEINRICH KOMESKER

Aged 60, German, was appointed to the Board of Uchi Technologies Berhad on January 1, 2007 as Independent Non-Executive Director. He was appointed to be a member of the Audit Committee and Nomination Committee on March 1, 2008 and June 1, 2010 respectively.

He graduated from Technical University Carolo-Wilhelmina of Braunschweig, Germany and he is a PhD holder. In January 2011, he was appointed as Chief Technical Officer of Medisana AG, a German Specialist for Home Healthcare Products.

He started his professional career as an assistant at the institute of precision engineering, measurement and control engineering at the Technical University of Braunschweig, Germany. In 1982, he shifted to Vorwerk and worked for new technology in the vacuum cleaner division in the Research and Development ("R&D") department. In 1985 he changed to Krups Company as a R&D Manager and in 1991 he was promoted as the Division Manager for Health and Care Products when Moulinex Group took over Krups. In 1992, he became the Director of the International Research Centre of Moulinex Group in Caen, France. In 1995, he became Manager of the R&D centers of microwave, cleaning and cooking appliances in Moulinex Group. From 1997, he managed the development of Espresso and Fullautomatic coffee machines for Moulinex Group in Switzerland, Germany and France. In 1999 he moved to Bosch-Siemens Group (BSH) as Director for the cleaning division. In 2002, he was promoted as Technical Director of the BSH Division for Consumer Products with plants and competence-centers in Germany, Slovenia and Spain. In May 2003, he became Chief Technology Officer of JK Holding GmbH which is a German company and world market leader for professional tanning and wellness equipment with plants in Germany and USA.

He does not hold directorship in any other company.

NG HAI SUAN @ OOI HOAY SENG

Aged 71 Malaysian, was appointed to the Board of Uchi Technologies Berhad on August 30, 2001 as Independent Non-Executive Director. He was then appointed as Senior Independent Non-Executive Director of the Company on November 27, 2001. He was appointed Chairman of the Nomination Committee and Remuneration Committee as well as a member of the Audit Committee. On July 1, 2008, he was elected Chairman of the Audit Committee.

He is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was a Partner of a firm of Chartered Accountants before his retirement from the firm. Mr. Ooi has thirty over years of experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies.

He holds directorship in a number of other private limited companies.

CHARLIE ONG CHYE LEE

Aged 68, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on July 1, 2008 as Independent Non-Executive Director. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He practised law in Penang after being called to bar in 1970 in Messrs. Mustaffa bin Hussain, later Messrs. Mustaffa, Jayaraman & Ong, then Messrs. Mustaffa, Jayaraman, Ong & Co. and Messrs. Jayaraman, Ong & Co. in which he became a partner in 1971 and retired in June 1988 when he set up his own legal practice under the name and style of Messrs. Ong & Manecksha. He was mainly involved in banking and corporate work and occasionally involved in litigation on maritime and other miscellaneous matters. In May 2004, he retired as a partner and was appointed as consultant in Messrs. Ong & Manecksha.

He holds a directorship in another public limited company.

HUANG, YEN-CHANG also known as STANLEY HUANG

Aged 41, Taiwanese, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Kao, De-Tsan also known as Ted Kao on February 1, 2011.

He graduated in 1994 from Chung Yuan Christian University, Chung-Li, Taiwan with a B.S Degree in Physics. Upon graduation, he served two years in the army. Later, he joined Uchi Optoelectronic (M) Sdn. Bhd. as a Network and System Administrator before he pursued his Master Degree in Computer Science at St Cloud State University, Minnesota, USA. After graduation, he returned to Taiwan and joined Taishin International Bank, Taipei, Taiwan as IT Department Section Head in 2002 and was promoted as Assistant Manager in 2005. In 2007, he joined Uchi Technologies Berhad and currently holds the position as a Task Force Manager.

He does not hold directorship in any other company.

OW CHOOI KHIM

Aged 43, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad, as an alternate director to Mr. Kao, Te-Pei also known as Edward Kao on April 1, 2011.

She holds a Master degree in Business Administration from the University of South Australia and is also a member of the Malaysia Institute of Accountants. Ms. Ow was with Teoh Yap & Co. in 1993 where she served for a period of 6 months as a practical trainee. Upon graduation she joined Deloitte KassimChan (formerly known as Kassim Chan & Co.) in 1994 as an Audit Assistant and was promoted to Senior Audit Assistant. She last held the position of Assistant Manager in Deloitte KassimChan before she joined Uchi Optoelectronic (M) Sdn. Bhd. as Acting Finance Department Head in 1998. Currently, she holds the position as a Finance Manager of Uchi Technologies Berhad.

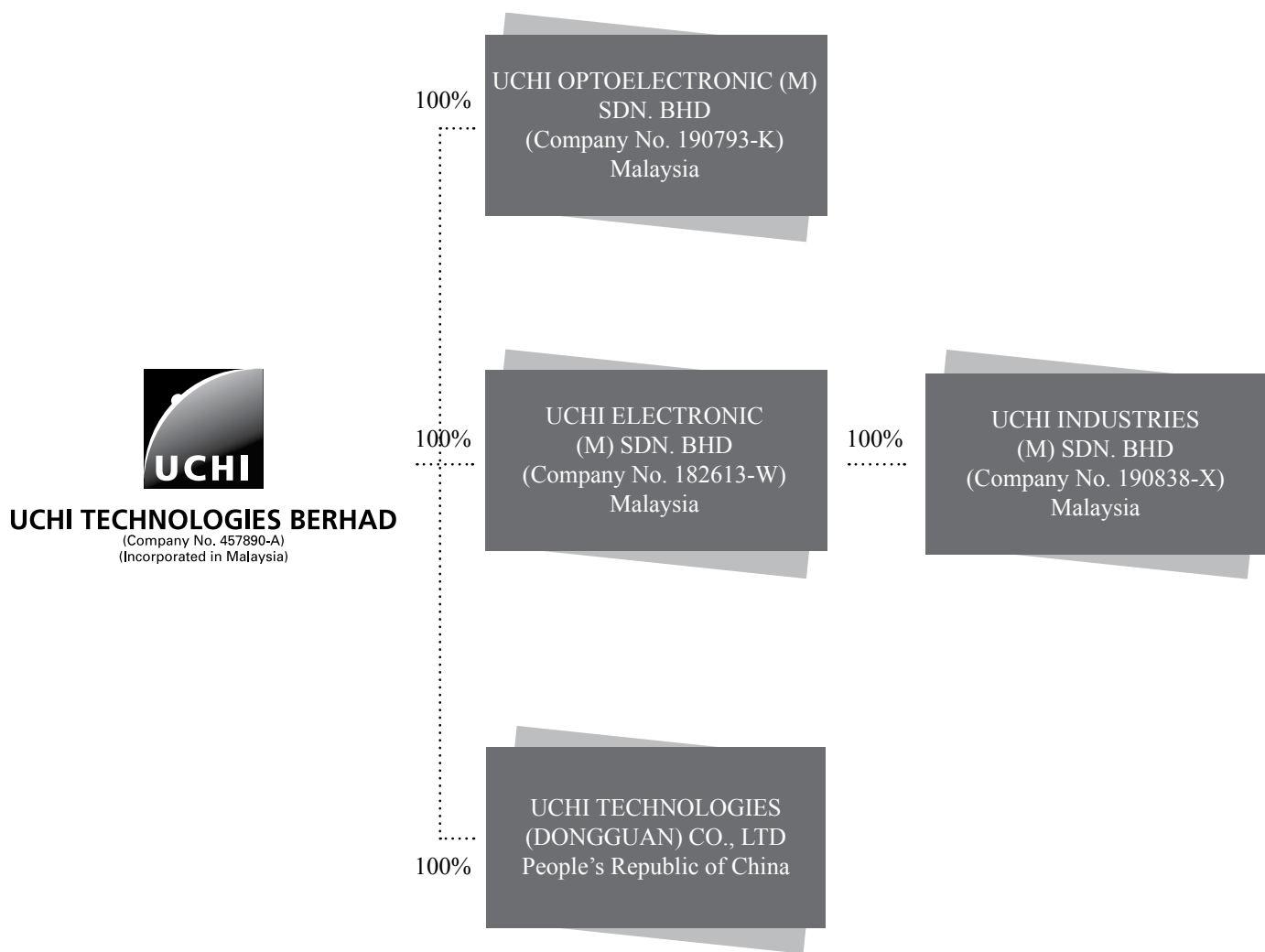
She sits on the Board of Uchi Optoelectronic (M) Sdn. Bhd., Uchi Electronic (M) Sdn. Bhd., Uchi Technologies (Dongguan) Co., Ltd. and does not hold directorship in any other company.

Note:

Mr. Ted Kao and Mr. Edward Kao are brothers. Mr. Stanley Huang is the nephew of Mr. Ted Kao.

Saved as disclosed, none of the other Directors have:

1. any family relationship with any Director and / or major shareholder of the Company; and
2. any conflict of interest with the Company; and
3. any conviction for offences within the past 10 years other than traffic offences.



FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

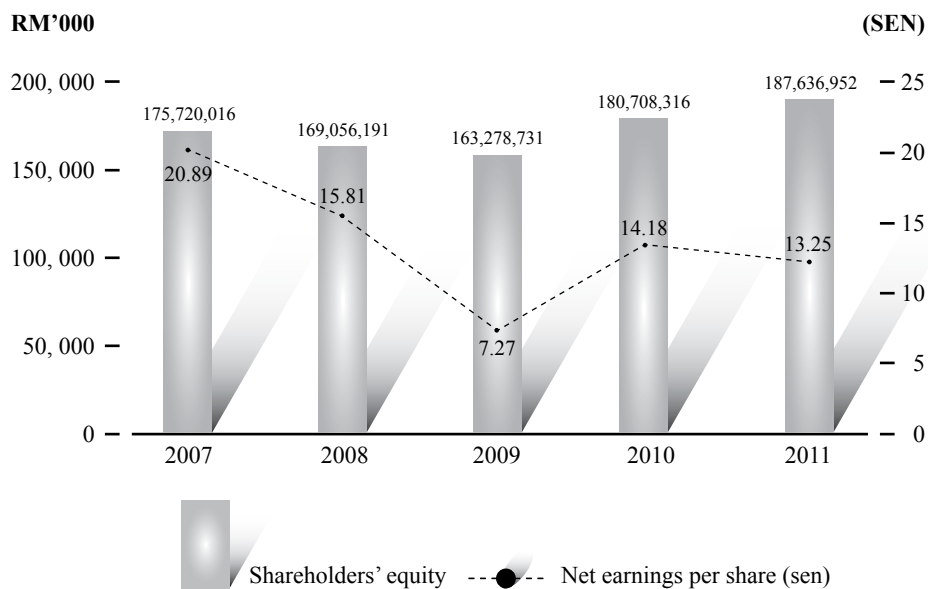
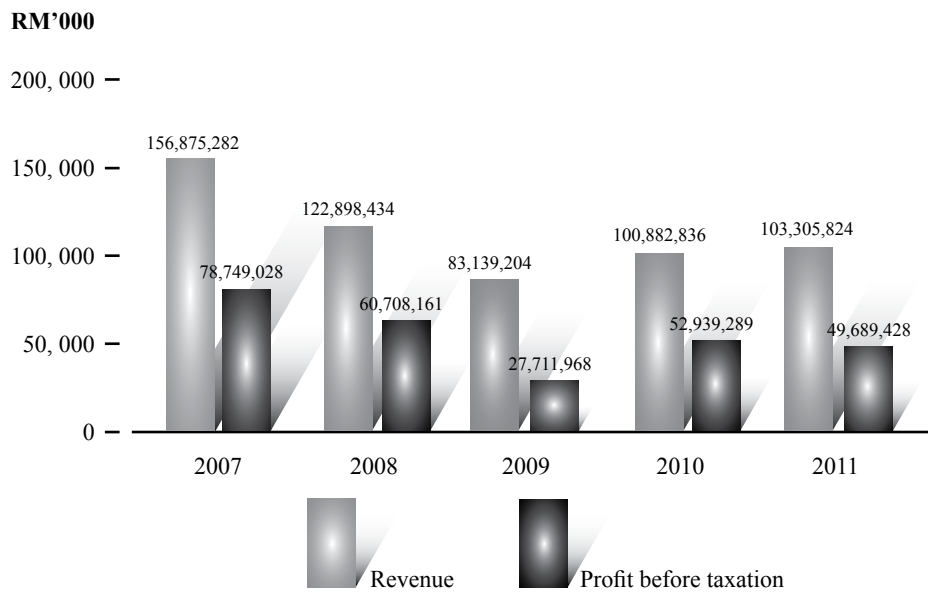
Year ended December 31	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	156,875,282	122,898,434	83,139,204	100,882,836	103,305,824
Profit before taxation	78,749,028	60,708,161	27,711,968	52,939,289	49,689,428
Profit after taxation	78,228,154	58,748,450	26,953,506	52,577,090	48,942,522
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	20	12	6	12	5
Amount Paid (net of tax)	74,592,130	44,510,700	22,267,059	44,386,163	18,471,665
Dividends proposed in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	not applicable	not applicable	not applicable	not applicable	7
Amount Payable (net of tax)	not applicable	not applicable	not applicable	not applicable	25,860,331 ¹⁾
Total Amount Paid and Payable (net of tax)	74,592,130	44,510,700	22,267,059	44,386,163	44,331,996 ²⁾
Total Assets Employed	233,227,470	207,998,993	189,524,352	213,738,266	223,116,992
Shareholders' equity	175,720,016	169,056,191	163,278,731	180,708,316	187,636,952
Net tangible assets	175,720,016	169,056,191	163,278,731	180,708,316	187,636,952
Number of ordinary shares issued and fully paid as of December 31	375,076,800 of RM0.20 each	375,076,800 of RM0.20 each	375,239,800 of RM0.20 each	375,774,200 of RM0.20 each	376,503,200 ³⁾ of RM0.20 each
Proforma weighted average number of shares	374,541,479	371,693,656	370,931,297	370,750,401	369,407,607
Net Earnings Per Share (Sen)	20.89	15.81	7.27	14.18	13.25
Return on Equity	44.5%	34.8%	16.5%	29.1%	26.1%

¹⁾ Represents approximation of dividend payable base on all ordinary shares in issue as of February 29, 2012. Actual amount of dividend payable shall be determined at the close of business on June 29, 2012 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

²⁾ Summation of dividend paid and dividend proposed ¹⁾

³⁾ Of the total 376,503,200 issued and fully paid ordinary shares, 7,069,900 shares are held as treasury shares by the Company. As at December 31, 2011, the number of outstanding shares in issue and fully paid is 369,433,300 ordinary shares of RM0.20 each.

FINANCIAL HIGHLIGHTS



Dear shareholders,

On behalf of the Board of Directors of Uchi Technologies Berhad (“UCHITEC” or “the Group”), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group for the Financial Year 2011.

As the world continues to reel from the ongoing aftershocks of the global economic crisis, the worldwide consumer sentiment and the US currency remain weak. Still, we have managed to chart tolerable profit despite the adverse environment.

Reasonable Financial Growth

The unfavourable economic climate did not impede UCHITEC from recording a growth of 9% in USD revenue. However, the strengthening of the Ringgit Malaysia against USD by 6% has translated to only a 2% revenue growth in Ringgit Malaysia, from RM100.9 million in 2010 to RM103.3 million in the year under review and consequently operating profit declined by 2 % to RM45.2 million in 2011 (2010: RM46.2million).

Net cash generated from operation remained in excess of RM54.8 million, representing 121.2% of operating profit, mainly due to strong cash flow management of the Group. Despite an increase in dividend payment from RM22.3 million in 2010 to RM44.4 million in 2011, the Group still registered an increase in cash and cash equivalent from RM153.2 million in the previous year to RM154.0 million in 2011.

UCHitecture – Reinforcing Capabilities

As with past years, UCHITEC remains true to its focus on its research & development (R&D) division, and continues to allocate 7% of its total turnover for its R&D efforts in the coming year towards strengthening our technological prowess and adding value to our product offerings.

As part of these endeavours, we are excited to announce that UCHitecture, our upcoming Phase III building extension project, is expected to be completed by the end of 2012. The project, conceived primarily to increase our R&D capabilities for the benefit of our customers, will feature a new Fast Prototyping Laboratory, QA Reliability Test Room, Clean Room, state-of-the-art equipment, enhanced logistics circulations and assembly area automation, allowing our customers to directly leverage on our strong technological foundation as they establish their own R&D offices right at our premises with the aim to forge closer collaborative efforts with cut-short design cycle benefits.

In addition to benefitting our customers, the facility is also aimed at boosting our operational efficiency by providing a conducive work environment that can be used independently or even synergistically with the present Phase I and II. The place will allow for personalised work environment that promote a stronger sense of belonging among employees, as well as flexible, one-of-a-kind environmentally-friendly designs.

Ultimately, we are confident that this facility will play an integral role in propelling us towards greater industrial heights and increasing our shareholders' value.

We are also proud to announce that the UCHitecture is entirely internally funded, taking care not to affect the Group's dividend policy of distributing a minimum of 70% of our profit after tax as dividend to our shareholders. For this, we are extremely appreciative for the strong support of all our stakeholders that has enabled us to establish and build on a solid financial foundation.

Declaration of Dividends

Parallel with the Group's Dividend policy, and to convey our gratitude to our shareholders for their invaluable support, we are pleased to declare a final dividend of 7 sen per share for the Financial Year 2011, subject to the approval of our shareholders at the forthcoming Annual General Meeting. This, together with the interim dividend of 5 sen per share paid on January 19, 2012, is equivalent to a 90.6% payout ratio.

Allow me to also take this opportunity to elaborate further on UCHITEC's dividend policy, whereby a minimum of 70% of our net profit is allocated every year since 2003. This is, indeed, a fine testament of our solid financial performance, capital management and commitment to our shareholders through the years.

Progressing Sustainably

As in previous years, UCHITEC's corporate social responsibility is focused on three integral entities; i.e. corporation, society and environment. We are therefore unwavering in our efforts to enhance and reinforce the synergistic connection between the three entities towards cultivating a sustainable ecosystem for all.

In view of that, we continue to intensify our R&D endeavours to develop innovative product offerings that incorporate energy saving and/or environmentally-friendly features. Through the years, we have also garnered various international-standard certifications and accolades, including the ISO 14000 and OHSAS 18000, which reflect our earnest dedication in improving ourselves and our surroundings holistically.

In fact, our very own UCHitecture that is slated to make its debut by the end of 2012 is itself a “green” building. The structure's unique 20-degree rotation and multiple block design concepts incorporate green features, and it was specifically designed to accommodate the local tropical climate, environmental and socio-cultural contexts.

Enhancing Employee Opportunities

At UCHITEC, our employees are our key assets. As such, we always endeavour to develop their talent and capabilities via ongoing workshops and training. The Group also encourages employee welfare activities to enhance their sense of belonging and promote solidarity, in addition to sports activities that cultivate a healthy culture, both in the Group and their individual lifestyles.

On April 19, 2011, our Board of Directors announced that the Group's Employee Share Option Scheme (ESOS) that commenced in 2006 and was due to expire in August 2011, would be extended for another five years commencing August 8, 2011. Subsequently, for the financial year under review, the Group has allocated 1,167,000 options for our employees.

Cautious Optimism

In line with the volatile economic condition, coupled with increasing operating costs, the Group expects lower sales volume in Financial Year 2012, which, in turn, is expected to result in a lower financial result compared to the current year under review. Nevertheless, the Group is confident that we will be able to maintain a strong balance sheet and positive financial results, even in these unfavourable conditions.

For the upcoming year, we will look into measures to address these challenges and further improve on the productivity of our operations as well as our R&D, as we attempt to not only reduce cost, but bolster the efficiency and effectiveness of our product quality and delivery as well.

Acknowledgements

On behalf of the Board of Directors, I hereby extend our heartfelt appreciation to the management and staff of UCHITEC for your tireless dedication and efforts in bringing the Group forward towards realising our goals. We would also like to take this opportunity to thank our valuable shareholders, business associates, vendors, relevant government authorities and stakeholders for your continued support and contribution to the Group's growth.

Last but certainly not least, I would like to express my sincere gratitude to my fellow directors for their astute counsel and guidance during the year under review.

Thank you.

KAO, DE TSAN also known as **TED KAO**
Chairman

Corporate social responsibility (“CSR”) vision of Uchi Technologies Berhad (“UCHITEC”) is founded on a culture of a responsible and caring corporate citizen. We work to increase stakeholder value through our core businesses. We will not neglect our responsibility to strive for the betterment of the community and the environment.

Our CSR philosophy integrates our social and environmental responsibilities into our business strategies for the sustainable growth of the Company, which is in line with the CSR Framework for Public Listed Companies launched by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Group emphasizes CSR on four focal areas as follows:

- **Community** – to be socially responsible to the society at large and play a role as a caring corporate citizen.
- **Marketplace** – to be socially responsible in the economic boundaries it operates through exemplary corporate governance practices.
- **Workplace** – to be socially responsible to its employees by providing a conducive working environment including on matters pertaining to health and safety at workplace, developing its human capital and observing the rights of its employees.
- **Environment** – to be socially responsible and play a role in preserving the environment.

Community

The Group plays its role as a socially responsible corporate citizen in the community through various activities held with the aim of caring for the wellbeing of the society at large.

For the year ended December 31, 2011, the Group had organized social visits and donations to Ma’had Adda’wah al-Islamiyah, Persatuan Kebajikan Sinar Ceria and Majlis Pusat Kebajikan Semenanjung Malaysia, located in Penang, Malaysia.

Marketplace

At the marketplace, the Group maintains high integrity of corporate governance practices as well as enhancing the shareholders’ value through strategic business planning and exceptional management accounting practices. In achieving its corporate goals, business ethical values will not be compromised. UCHITEC was awarded the highest rank in the Information, Communication & Technology sector in KPMG Shareholder Value Awards for seven consecutive years since 2002. It showed the efforts of the Group to become a socially responsible corporate citizen.

Workplace

The Group is committed in its social responsibilities at the workplace via compliance and respect to Human Rights which includes employment of employees under fair and equitable terms as well as offering equal opportunity for career advancement based on performance. Continuous learning and development programmes were carried out through out the year to equip the employees with relevant skills, knowledge and experience which would enhance the individual employee’s competency and eventually add value to the Group. Employees’ welfare is closely monitored to avoid any violation to Labour or Human Right.

Uchi Optoelectronic (M) Sdn. Bhd., the main subsidiary company of UCHITEC is an OHSAS 18001 certified company in recognition of the Group’s commitment to achieve occupational safety and health environment. The Group adopts its Occupational Safety and Health Policy to ensure occupational safety and health of all employees is not compromised. The Group’s safety programmes go beyond the minimum statutory requirements. Constant education, training and safety workshops ensure a high level of awareness of safety requirements at all levels.

Environment

Uchi Optoelectronic (M) Sdn. Bhd. and Uchi Technologies (Dongguan) Co., Ltd. are ISO 14001 certified companies in recognition of the Group’s commitment in preserving the environment. The Group adopts its Environmental Policy to ensure the environment is preserved for future generation. Uchi Optoelectronic (M) Sdn. Bhd. is participating in the Aqua Save Program organized by Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. in collaboration with Penang State Government to ensure sustainability of water conservation. The Group adheres to all environmental laws and regulations. Production processes are constantly upgraded and products are improved to meet changing environmental laws and regulations. During the year the Group was not penalized for any instance of non-compliance with environmental laws and regulations.

The Group initiates the CSR practices for its companies. The Group believes that the perquisites of its own employees shall not be overlooked whilst undertaking CSR activities. The Group views that by taking care of the wellbeing and welfare of its employees, the Group will contribute positively towards the harmony of society as a whole. Many get along and social activities for employees were held with the objective to strengthen the bonds among employees and to enhance team spirit where employees could interact with each other more often with formal and informal activities.

CORPORATE GOVERNANCE & OTHER DISCLOSURE

(Pursuant to Paragraph 15.26 of the Listing Requirement of Bursa Malaysia Securities Berhad)

The Board of Directors of Uchi Technologies Berhad (“the Company” or “UCHITEC”) is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of safeguarding shareholders’ investment, enhancing shareholders value as well as the interests of other stakeholders.

A. DIRECTORS

The Board

The Board explicitly assumes the following principal duties and responsibilities as follows:

- Reviewing and adopting a strategic plan for the Group; and
- Overseeing the conduct of the Group’s businesses and evaluate whether the businesses are being properly managed; and
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks; and
- To conduct and review succession planning, including appointing, training, evaluating, fixing the compensation of senior management and where appropriate, replacing senior management; and
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Balance

The Board currently comprises of five (5) Directors, of which two (2) are Executive Directors and three (3) are Independent Non-Executive Directors.

The Board members have a wide range of business, financial and technical skills and experience. This mixture of skills and experience is vital to the success of the Group. The profiles and credentials of the members of the Board are provided on pages 13 & 14 of this annual report.

There is clear division of responsibilities between the Chairman and Managing Director. The Chairman is responsible for effective functioning of the Board and for formulating general Company policies and making strategic business decisions. The Managing Director is responsible for the execution of these decisions and the day-to-day management of the business.

The role of the Independent Non-Executive Directors is particularly important as they provide robust and independent view, advice and true and fair judgement which take into account the long term interest, not only of the Group but also of shareholders, employees and other stakeholders of the Group.

Mr. Ng Hai Suan @ Ooi Hoay Seng was appointed as Senior Independent Non-Executive Director. Through whom, stakeholders may convey their concerns pertaining to the Group.

Code of Ethics

The Directors and employees continue to adhere to the Code of Ethics of UCHITEC codified in the Employees’ Handbook. The principles on which this Code rely are those that concern transparency, integrity, accountability and civic social responsibility.

This Code is formulated to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:

- to establish standard of ethical conduct for Directors and employees based on acceptable belief and values that one upholds; and
- to uphold the spirit of social responsibility and accountability of the Group in line with the legislations, regulations and guidelines governing it.

Fraud and Whistle Blowing Policy

The Group is strongly committed to an environment of sound governance, sound internal controls and a culture that will safeguard stakeholders’ interest and the Group’s assets.

It is the management responsibilities to facilitate the development of controls, which will aid in the detection and prevention of fraud, misappropriations and other unethical behaviour in the workplace. All employees are obligated to support the management’s effort to effectively minimize fraud risk. As such, Fraud Policy was established with the intention to promote consistent organisation behaviour by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations.

Nonetheless, UCHITEC has introduced Whistle Blowing Policy to provide an avenue for all employees of the Group and stakeholders, to raise their concern about illegal or immoral conduct or behaviour in the Group to the Administrator without fear of reprisal. Informants are assured that their identity is kept confidential and their concern will be acted upon. Mr. Ng Hai Suan @ Ooi Hoay Seng, the Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Listing Requirement of Bursa Malaysia Securities Berhad)

A. DIRECTORS (cont'd)

Board Meetings

The Chairman is responsible for ensuring Board effectiveness and the Board meets at least four times a year, with additional meetings convened as necessary. It has a formal time schedule that is pre-determined in advance. The Agenda and Board papers for each meeting are circulated at least one week in advance before each meeting to the Board members. It has a formal schedule of matters reserved to it, which includes strategy and policy issues, major investments, financial decisions and the annual plan. The Board and its committees are supplied with all necessary information to enable them to discharge their responsibilities efficiently and effectively.

All decisions of the Board were duly recorded in the Board's minutes. The Board met five times in this financial year. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad (Bursa Securities) in relation to their attendance at the Board meetings.

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2011 are as follows:

No.	Director	Year 2011 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2011 to 31/12/2011	5	5
2.	Kao, Te-Pei also known as Edward Kao	1/1/2011 to 31/12/2011	5	5
3.	Dr. Heinrich Komesker	1/1/2011 to 31/12/2011	5	4
4.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2011 to 31/12/2011	5	5
5.	Charlie Ong Chye Lee	1/1/2011 to 31/12/2011	5	5
6.	Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	1/2/2011 to 31/12/2011	4	4
7.	Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	1/4/2011 to 31/12/2011	3	3

Supply of Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties, which is not only quantitative but also other information deemed necessary such as information on customer satisfaction, products and services qualities, market reaction and environmental performance.

The Directors review the Board reports prior to the Board meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

In addition to the Group performance discussed at the meeting, the Board would also discuss, review and decide the approval of acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

All Directors have access to the advice and services of the Company Secretaries and where necessary, seek independent professional advice at the Group's expense.

Directors' Training

All existing members have completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia, an affiliate

company of the Bursa Securities and attended various training programmes under the Continuing Education Programmes (CEP) for Directors in compliance with the requirements of Bursa Securities.

The training programmes and seminars attended by Members of the Board in 2011 are, inter-alia, on areas relating to operational management, corporate governance, risk management, and financial reporting.

Conferences, seminars and training programmes attended by Directors in 2011 were in respect of the following areas:

- Key Amendments to Listing Requirements and Corporate Disclosure Guide 2011
- Sustainable Cost Control for Manufacturers
- Insurance Management

All Directors will continue to attend such further training as may be required from time to time to keep abreast with developments in the industry as well as the current changes in laws and regulations.

Appointments of the Board

The appointment of any additional Directors is made as and when it is deemed necessary by the Board, with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee, details of which are set out on page 30 of the annual report.

A. DIRECTORS (cont'd)

Re-Election

In accordance with the Company's Articles of Association, one third of the Board members are required to retire at every Annual General Meeting and be subject to re-election by shareholders. Newly appointed directors shall hold office until the next following Annual General Meeting and shall then be eligible for re-election by shareholders.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

The Board Committees

The following committees are established to assist the Board in the discharge of its duties:

- **The Audit Committee**
The composition and terms of reference of this Committee together with its report are presented on pages 26 to 28 of this annual report.
- **The Remuneration Committee**
The composition and terms of reference of this Committee are presented on pages 31 to 32 of this annual report.
- **The Nomination Committee**
The composition and terms of reference of this Committee are presented on page 30 of this annual report.

- **The Employee Share Option Scheme ("ESOS") Committee (of which, also comprise of management staff)**

The ESOS Committee was established on August 7, 2006 and was empowered to act, execute, enter into any transaction pertaining thereto for and on behalf of the Company in such manner deemed fit by it and in accordance with the Bye-Laws of Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006"), regulations and guidelines in force from time to time.

Upon the recommendation by the ESOS Committee and in pursuant to the Bye-Law 18.1 of the ESOS 2006, the Board of Directors extended the expiry of the ESOS 2006 for another five years commencing August 8, 2011.

During the financial year ended December 31, 2011, the Company granted Share Options of 1,167,000 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2011, balance number of Share Option available for allotment was 36,573,500 Ordinary Shares of RM0.20 each.

The aggregate maximum allocation of share options to Directors and senior management of the Group shall not exceed 50% of the Share Options available under the ESOS 2006. As of December 31, 2011, the actual allocation of Share Options to Directors and senior management was 44%.

The detail of Share Options granted to and exercised by the Directors during the year under review are presented on page 37 of this annual report.

B. DIRECTORS' REMUNERATION

The Level and Make-Up of Remuneration

For the financial year ended December 31, 2011, the Remuneration Committee was responsible for setting up the policy framework and for making recommendations to the Board on remuneration packages and other benefits extended to all the Directors.

The details of the remuneration, inclusive of equity-settled shared-based payment, of the Directors for the financial year ended December 31, 2011 are as follows:

Category	Fees RM	Salaries & Other Emoluments RM	Benefits in Kind RM	Equity-settled Share-based Payment RM	Total RM
Executive Directors	130,733	1,029,360	60,000	289,899	1,509,992
Non-Executive Directors	257,600	-	-	88,634	346,234
Total	388,333	1,029,360	60,000	378,533	1,856,226
Range of Aggregate Remuneration				Executive	Non-Executive
Below RM50,000				1	-
RM50,001 to RM100,000				1	-
RM100,001 to RM150,000				-	3
RM400,001 to RM450,000				1	-
RM950,001 to RM1,000,000				1	-

CORPORATE GOVERNANCE & OTHER DISCLOSURE (cont'd)

(Pursuant to Paragraph 15.26 of the Listing Requirement of Bursa Malaysia Securities Berhad)

C. SHAREHOLDERS

Relations With Shareholders and Investors

The Board values dialogue with investors and recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Managing Director has regular dialogue sessions with institutional investors, fund managers and analysts to explain the Group's strategy, performance and major developments.

The Annual General Meeting (AGM) & Extraordinary General Meeting (EGM)

Both AGM and EGM, act as the principal forum for dialogue with shareholders. At each AGM, the Board presents the progress and performance of the Group and encourages shareholders to participate in the "Questions and Answers" session. All Directors are in attendance to respond to shareholders' questions during the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a clear and meaningful assessment of the Company's financial positions and their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the annual financial statements, quarterly result announcements as well as the Chairman's statement and review of the operations in the annual report.

The Board, assisted by the Audit Committee, ensures that in presenting the financial statements and quarterly announcements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

Responsibility Statement

The Board is required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In discharging their responsibilities, the Directors, with the assistance of the Audit Committee:

- Reviewed the appropriateness of the accounting policies used and consistency in its application;
- Ensured accounting and other records are properly kept to enable the preparation of financial statements with reasonable accuracy;
- Reviewed the presentation of the financial statements with the external auditors to ensure that the financial statements are prepared in accordance with the approved accounting standards, the provision of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities;
- Ensured the financial statements presents a true and fair view of the state of affairs of the Group and of the Company at the end of financial year, their results and cash flows for the financial year;
- Ensured accounting estimates included in the financial statements are reasonable and prudent; and
- Ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

The Directors approved the audited financial statements for the year ended December 31, 2011 on March 28, 2012.

Internal Control

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets, and to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to financial controls, operational and compliance controls as well as risk management. While the internal control system is devised to cater for particular needs of the Group and the risk, such controls by their nature can only provide reasonable assurance but not absolute assurance against unintended material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis.

Statement on Internal Control incorporating report on internal audit function is set out on page 29 of this annual report.

Relationship with the Auditor

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The role of Audit Committee in relation to the external auditors is described on pages 26 to 28 of this annual report.

E. OTHER DISCLOSURE

Share Buy-Back

During the financial year ended December 31, 2011, the Company purchased 1,812,200 of its issued share capital from the open market using internally generated funds and held as treasury shares.

Month	No. of Shares	Unit Cost			Total Cost*
		Lowest	Highest	Average	
		RM	RM	RM	RM
February	1,382,100	1.27	1.34	1.31	1,783,146
March	430,000	1.30	1.49	1.40	548,212
November	100	1.16	1.24	1.20	159
Total	1,812,200				2,331,517

* Including brokerage, commission, clearing house fee and stamp duty.

Total number of shares bought back and held as treasury shares as at December 31, 2011 is 7,069,900 shares.

Options, Warrants or Convertible Securities

A total of 729,000 options were exercised during the financial year in respect of the Company's employee share option scheme (ESOS).

The Company did not issue any convertible securities or warrants during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company does not have an ADR or GDR programme in place.

Imposition of sanctions / penalties

There were no material sanctions and / or penalties imposed on the Company and its subsidiary, directors or management by the relevant regulatory bodies.

Material Contracts or Loans

As of December 31, 2011, there was no existing material contract or loan outside the ordinary course of business of the Company and its subsidiaries involving directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous year.

Profit Estimate, Forecast or Projection

There were no profit estimate, forecast or projection or unaudited results released which differ by 10 percent or more from the audited results.

Profit Guarantee

There was no profit guarantee given in respect of the Company.

Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended December 31, 2011.

Non-Audit Fee

The total amount of non-audit fee paid and payable to the external auditors by the Group for the year ended December 31, 2011 amounted to RM18,620.

Recurrent Related Party Transactions Statement

The Company did not incur any significant recurrent related party transactions of revenue / trading nature during the financial year ended December 31, 2011.

Revaluation Policy on Landed Properties

Revaluation policy on landed properties is disclosed in Note 3-Significant Accounting Policies of Notes to the Financial Statements on page 51 of this annual report.

The collective approval by the Board on this Statement was tabled on March 28, 2012.

For and on behalf of the Board of Directors of
Uchi Technologies Berhad (Company No.: 457890-A)

Kao, De-Tsan also known as **Ted Kao**
Chairman

The Board of Directors of Uchi Technologies Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2011.

AUDIT COMMITTEE

The Audit Committee was established by a resolution of the Board on March 29, 2000. The Committee comprised of the following:

Chairman : Ng Hai Suan @ Ooi Hoay Seng
CA (M), CPA (M)
(Senior Independent Non-Executive Director)

Members : Dr. Heinrich Komesker
(Independent Non-Executive Director)

Charlie Ong Chye Lee
(Independent Non-Executive Director)

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee is governed by the following terms of reference:

1. Objectives

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

2. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. An Independent Director shall be the one who fulfils the requirements as provided in the Listing Requirements of Bursa Malaysia Securities Berhad.

At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director. No alternate Director shall be appointed as a member of the Committee.

If a member of the Audit Committee, for whatever reason, ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

3. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

The Committee shall also able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.

The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

It shall also have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee shall deem fit and necessary.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings which in any event shall not be less than four (4) times a year.

The quorum shall consist of two (2) members of whom the majority of members present must be independent directors.

5. Attendance at Meetings

The Senior Finance Manager, the Head of Internal Audit and a representative of the external auditors should normally attend meeting. Other Board members may attend meeting upon the invitation of the Committee. However, the Committee should meet with the external auditors without Executive Board members present at least twice a year. The Committee may invite any person to be in attendance to assist in its deliberations.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to committee members prior to each meeting.

6. Duties

The duties of the Audit Committee include the following:

- to consider and recommend the appointment and re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal, if any;
- to discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- to review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - significant and unusual events;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- to review the external auditors' management letter and management's response;

- to do the following where an internal audit function exists;
 - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not, appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning;
- to consider any related party transactions that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to review the allocation of options during the year under the Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006") to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS 2006;
- to consider the major findings of internal investigations and management's response;
- to consider other topics as defined by the Board.

7. Reporting

The Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2011, the Committee met six times with full attendance of all members of the Committee. The minutes of the Committee meetings were formally tabled to the Board for its attention and action.

Summary of activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended December 31, 2011 is as follows:

- Recommended the reappointment/appointment of the independent auditors and their remuneration;
- Reviewed the independent auditors' audit plan and the adequacy of the scope of work for the year;
- Reviewed the audited financial statements for the year ended December 31, 2011 and the un-audited quarterly financial results of the Group;
- Reported and recommended to the Board to approve the annual financial statements and un-audited quarterly financial results;
- Reviewed the independent auditors' audit reports and considered the audit issues, recommendations and the management's written response;
- Reviewed with the Company's management and the independent auditors' general policies and procedures to reasonably assure the adequacy of internal accounting and financial reporting controls;
- Reviewed the adequacy of the Risk Assessment and Evaluation Framework and approved the adoption of such Framework;
- Reviewed the report on internal audit performed by the internal audit team; and
- Reviewed the allocation of options during the year under the ESOS 2006 to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the Bye-Laws of the ESOS 2006.

STATEMENT OF INTERNAL CONTROL

The Board of Directors is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risk of failure to achieve business objectives, and to provide only reasonable and not absolute assurance against material misstatement or loss.

In line with the guidance for directors on internal control stipulated in the 'Statement on Internal Control: Guidance for Directors of Public Listed Companies', the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board further confirms that this process is regularly reviewed by the Board.

ENTERPRISE RISK MANAGEMENT

The Board regards risk management as an integral part of business operations. The Board undertakes to identify potential risks faced by the Group through a risk assessment and evaluation framework, where the following factors are considered:

- The nature and extent of risks facing the Group;
- The extent and categories of risk which it regards as acceptable for the Group to bear;
- The likelihood of the risks concerned materializing;
- The Group's ability to reduce the incidence of risks that may materialize and their impact on the business; and
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

SYSTEM OF INTERNAL CONTROL

Salient features of the framework of internal control system of the Group are as follows:

- Operating procedures that set out the policies, procedures and practices adopted in the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements;
- The organizational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated;
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks;

- Financial results, which includes key performance indicators are reviewed quarterly by the Board and the Audit Committee;
- Executive Directors and Head of Departments meet regularly to discuss operational, corporate, financial and key management issues; and
- Effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit functions to a professional services firm to assist the Audit Committee in discharging its duties and responsibilities.

The internal audit team provides an independent assessment on the efficiency and effectiveness of the Group's internal control systems. The internal audit focuses on regular and systematic reviews of the systems of financial and operational internal control in anticipating potential risk exposures over key business processes and controlling proper conduct of business of the Group.

The internal audit function adopts a risk-based approach and prepares its audit plan based on the risk assessment and evaluation framework of the Group. The internal audit plan is reviewed and approved by the Audit Committee.

The internal audit reports were forwarded to the Management concerned for attention and necessary action and presented to the Audit Committee. The Management is responsible for ensuring that a written reply on action plan is sent to the Internal Auditors and corrective actions are taken.

The total cost incurred for internal audit function for the financial year ended December 31, 2011 was approximately RM38,000.

WEAKNESS IN INTERNAL CONTROL THAT RESULTS IN MATERIAL LOSS

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The Management continues to take measures to strengthen the control environment.

This Statement is made in accordance with the resolution of the Board of Directors dated March 28, 2012.

The Nomination Committee (“the Committee”) was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised of the following members, namely:

Chairman : Ng Hai Suan @ Ooi Hoay Seng
Senior Independent Non-Executive Director

Members : Charlie Ong Chye Lee
Independent Non-Executive Director

Dr. Heinrich Komesker
Independent Non-Executive Director

TERMS OF REFERENCE OF NOMINATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

The Committee shall be appointed by the Board of Directors from amongst their members and comprising exclusively of Non-Executive Directors, a majority of whom, are independent. The Committee shall consist of not less than three (3) members.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.

If the number of members, for whatever reasons, falls below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

The term of office for all members of the Committee is subject to renewal on a yearly basis.

2. Authority

The Committee is authorized to assess and propose new nominees for the Board and further empowered to assess the existing directors on an on-going basis. The actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.

3. Duties

- To propose new nominees for the Board of Directors; The Committee shall also consider candidates for directorships proposed by the Managing Director / Directors and within the bounds of practicality by any other senior executive or any director or shareholder.
- To make recommendations to the Board of Directors to fill seats on Board Committee;
- To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board; and
- To carry out annually the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings. The quorum shall consist of two (2) members.

Directors shall not participate in decisions on their own nomination.

5. Attendance at Meetings

The Committee may invite any person to be in attendance to assist in its deliberations.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

6. Reporting

The Committee is authorized to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes.

The minutes of meetings shall be, circulated by the Secretary of the Committee to the Committee members. The Chairman of the Committee shall report to the Board after each Nomination Committee meeting.

SUMMARY OF ACTIVITIES

The details of attendance of each member at the Committee meetings held during the financial year ended December 31, 2011 are as follows :

Name of Committee Member	Total No. of Meetings	Attendance
Ng Hai Suan @ Ooi Hoay Seng	2	2
Charlie Ong Chye Lee	2	2
Dr. Heinrich Komesker	2	1

Summary of the activities are as follows:

- reviewed the mix of skills of experience and other qualities, including core competencies, of the Board members ; and
- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director

The Remuneration Committee (“the Committee”) was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised of the following members, namely:

Chairman : Ng Hai Suan @ Ooi Hoay Seng
Senior Independent Non-Executive Director

Member : Charlie Ong Chye Lee
Independent Non-Executive Director

Kao, Te-Pei also known as Edward Kao
Managing Director

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

The Committee is governed by the following terms of reference:

1. Composition

The Committee shall be appointed by the Board of Directors from amongst their members and comprising wholly or mainly of Non-Executive Directors and shall consist of not less than three (3) members.

The members of the Committee shall elect a Chairman from amongst their number who shall be Independent Non-Executive Director.

If the number of members, for whatever reasons, falls below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make up the minimum number of three (3) members.

The term of office for all members of the Committee is subject to renewal on a yearly basis.

2. Authority

The Committee is authorized to review and recommend to the Board the remuneration package of the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors shall play no part in decisions on their own remuneration packages.

Remuneration packages of Directors shall be a matter to be decided by the Board as a whole with the Director concerned abstaining in deliberation and voting on decisions in respect of his / her individual remuneration.

3. Duties

The Committee shall review and recommend to the Board the remuneration of each of the Executive Directors in all its forms, drawing from outside advice as necessary. However, the determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, if any, should be a matter for the Board as a whole. The individual concerned should, abstain from discussion of their own remuneration.

4. Meetings

The Committee is at liberty to determine the frequency of its meetings. The quorum shall consist of two (2) members.

5. Attendance at Meetings

The Committee may invite any person to be in attendance to assist in its deliberation.

The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

6. Reporting

The Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes.

The minutes of meetings shall be, circulated by the Secretary of the Committee to the Committee members. The Chairman of the Committee shall report to the Board after each Remuneration Committee meeting.

SUMMARY OF ACTIVITIES

The Committee met once during the financial year ended December 31, 2011 with full attendance of the Committee.

The Committee reviewed and recommended to the Board the remuneration of each of the Executive Directors, taken into consideration the responsibilities, the contribution and performance of each individual Director.

The Executive Directors play no part in determining their own remuneration packages whilst the remuneration packages of Non-Executive Directors, which is reflective of their experiences, and level of responsibilities, are determined collectively by the Board.

The remuneration of the Directors for the financial year ended December 31, 2011 is summarized on Page 23 of this annual report.

FINANCIAL STATEMENTS



ISO 9001 QUALITY POLICY

Exceed Customers' Expectations Through Continuous Improvement

Total customer satisfaction is our business priority. In line with this commitment, we provide:

Products and services which fully meet our internal and external customers requirements at all times with on time and defect free delivery; and

Continuous product quality improvement through employees training and development and implementation of Plan Do Check Action (PDCA) cycle

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宇琦光电（东莞）有限公司
ISO9001

质量方针：
满足顾客需求，持续不断改善

质量目标：
全部顾客满意是我们的首要目标

The directors of **UCHI TECHNOLOGIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2011.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

	<u>The Group</u> RM	<u>The Company</u> RM
Profit for the year	<u>48,942,522</u>	<u>48,964,173</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A final dividend of 7 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM25,860,338 in respect of the financial year ended December 31, 2010 which was declared and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors declared an interim dividend of 5 sen per ordinary share of RM0.20 each, tax exempt, amounting to RM18,471,665, in respect of the current financial year. The interim dividend had been paid in January 2012.

The directors also proposed a final dividend of 7 sen per ordinary share of RM0.20 each, tax exempt, in respect of the current financial year. The proposed dividend if payable in respect of all ordinary shares in issue as at the date of issue of the financial statements would amount to RM25,860,331 and has not been included as liabilities in the financial statements. The dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and the date of entitlement of dividend has not yet been determined as at the date of the issue of the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM75,154,840 divided into 375,774,200 ordinary shares of RM0.20 each to RM75,300,640 divided into 376,503,200 ordinary shares of RM0.20 each by way of issuance of 729,000 new 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 RM1.33 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM745,969 was credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006. During the year, the Company had extended the ESOS for another period of 5 years commencing from August 9, 2011 on the same terms and conditions as mentioned in the By-Laws.

Details of the ESOS are set out in Note 21 to the financial statements.

According to Section 169 (11) of the Companies Act, 1965, the Company is required to disclose the names of persons to whom any option has been granted during the financial year. Pursuant to Section 169A of the Companies Act, 1965, the Company has applied and has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options below 40,000. The names of option holders granted options to subscribe for 40,000 or more ordinary shares of RM0.20 each during the financial year are as follows:

Name of grantee	No. of options over ordinary shares			Balance as of 31.12.2011
	Balance as of 1.1.2011	Granted	Exercised	
Ang Beng Chye	119,000	80,000	–	199,000
Durairaju A/L Sonamuthu	–	40,000	–	40,000
Jeyabalan A/L Patma Naban	–	40,000	–	40,000
Lai YouWen	–	76,000	–	76,000
Lau Beng Hai	142,000	50,000	–	192,000
Lim Chee Wei	–	40,000	–	40,000
Mohamad Zahit Bin Zainol	146,000	80,000	–	226,000
Mohd Yusof Bin Ahmad	–	40,000	–	40,000
Ng Lay Wah	–	40,000	–	40,000
Ong Pek See	105,000	130,000	(10,000)	225,000
Qiu GuanZhong	117,000	50,000	–	167,000
Tai Kuan Tek	–	40,000	–	40,000

The options granted may be exercised in a staggered basis within the period of 5 years up to August 2016. The option price for the ordinary shares under the ESOS ranges between RM0.91 to RM3.31 per ordinary share.

Details of options granted to directors are disclosed in the Section on Directors' Interest in this report.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Kao, De-Tsan also known as Ted Kao

Kao, Te-Pei also known as Edward Kao

Dr. Heinrich Komesker

Ng Hai Suan @ Ooi Hoay Seng

Charlie Ong Chye Lee

Huang, Yen-Chang also known as Stanley Huang

(Alternate to Kao, De-Tsan also known as Ted Kao)

Ow Chooi Khim

(Alternate to Kao, Te-Pei also known as Edward Kao)

(appointed on April 1, 2011)

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM0.20 each			Balance as of 31.12.2011
	Balance as of 1.1.2011	Bought	Transfer	
Direct interest:				
Dr. Heinrich Komesker	200,000	–	–	200,000
Huang, Yen-Chang also known as Stanley Huang	309,700	–	–	309,700
Ow Chooi Khim	83,810	–	–	83,810
Indirect interest:				
Kao, De-Tsan also known as Ted Kao	94,433,360	–	–	94,433,360
Kao, Te-Pei also known as Edward Kao	20,162,060	–	–	20,162,060

The other directors do not hold any shares in the Company during and at the end of the financial year.

In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company:

	No. of options over ordinary shares			Balance as of 31.12.2011
	Balance as of 1.1.2011	Granted	Expired/ Exercised	
Kao, De-Tsan also known as Ted Kao	3,510,000	–	–	3,510,000
Kao, Te-Pei also known as Edward Kao	3,510,000	–	–	3,510,000
Ow Chooi Khim	2,350,000	–	–	2,350,000
Ng Hai Suan @ Ooi Hoay Seng	1,500,000	–	–	1,500,000
Dr. Heinrich Komesker	1,300,000	–	–	1,300,000
Charlie Ong Chye Lee	1,000,000	–	–	1,000,000
Huang, Yen-Chang also known as Stanley Huang	700,000	–	–	700,000

During the year, the Company had extended the ESOS for another period of 5 years. The extended options are exercisable at any time within the period of 5 years up to August 2016. The option price for the ordinary shares under the ESOS ranges between RM0.91 to RM3.31 per ordinary share.

By virtue of his interest in the shares of the Company, Mr. Kao, De-Tsan also known as Ted Kao is also deemed to have an interest in the shares of all the subsidiary companies of Uchi Technologies Berhad to the extent that Uchi Technologies Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

KAO, DE-TSAN also known as **TED KAO**

KAO, TE-PEI also known as **EDWARD KAO**

March 28, 2012

Penang

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCHI TECHNOLOGIES BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Uchi Technologies Berhad, which comprise the statements of financial position of the Group and of the Company as of December 31, 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 84.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2011 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;
- (b) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (c) the auditor's reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 31 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants

TAN BOON HOE

Partner – 1836/07/13 (J)

Chartered Accountant

March 28, 2012

Penang

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	The Group		The Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Revenue	5	103,305,824	100,882,836	52,474,108	33,178,540
Investment revenue	6	3,733,428	2,989,531	698,741	918,943
Other gains and losses	7	1,773,013	3,512,887	(469)	2,256
Raw materials consumed		(34,088,529)	(37,478,455)	–	–
Changes in inventories of finished goods and work-in-progress		(2,169,215)	2,413,190	–	–
Employee benefits expense	8	(14,554,563)	(13,184,411)	(3,615,896)	(3,543,068)
Depreciation of property, plant and equipment		(2,837,236)	(2,485,232)	(45,644)	(93,482)
Amortisation of prepaid lease payments on leasehold land		(143,270)	(181,652)	–	–
Other expenses		(5,330,024)	(3,529,405)	(332,187)	(398,477)
Profit before tax		49,689,428	52,939,289	49,178,653	30,064,712
Tax expense	9	(746,906)	(362,199)	(214,480)	(140,834)
Profit for the year	10	48,942,522	52,577,090	48,964,173	29,923,878
Other comprehensive income/ (loss)					
Exchange differences on translation of net investment in a foreign subsidiary company		2,519,611	(1,212,235)	–	–
Other comprehensive income/ (loss) for the year, net of tax		2,519,611	(1,212,235)	–	–
Total comprehensive income for the year		51,462,133	51,364,855	48,964,173	29,923,878
Earnings per share					
Basic	11	13.25 sen	14.18 sen		
Diluted	11	13.25 sen	14.16 sen		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011

	Note	The Group		The Company	
		2011 RM	2010 RM	2011 RM	2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	39,632,822	29,688,517	39,004	85,138
Prepaid lease payments on leasehold land	13	7,754,971	7,601,173	–	–
Investment in subsidiary companies	14	–	–	53,556,793	53,209,141
Deferred tax assets	15	180,019	361,260	52,000	79,000
Total non-current assets		47,567,812	37,650,950	53,647,797	53,373,279
Current assets					
Inventories	16	9,649,533	13,136,507	–	–
Trade and other receivables	17	10,453,960	7,083,362	452,720	326,986
Amount owing by subsidiary companies	17	–	–	45,408,836	95,343,643
Other financial assets	18	–	1,305,051	–	–
Other assets	19	1,098,961	1,053,780	2,000	2,000
Current tax assets		305,655	308,416	299,752	317,176
Short-term deposits	20	150,877,496	151,143,496	62,441,393	8,835,213
Cash and bank balances	20	3,163,575	2,056,704	13,820	70,338
Total current assets		175,549,180	176,087,316	108,618,521	104,895,356
Total assets		223,116,992	213,738,266	162,266,318	158,268,635
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	75,300,640	75,154,840	75,300,640	75,154,840
Reserves	22	34,166,266	29,814,690	37,572,491	35,834,150
Retained earnings	23	89,410,141	84,647,364	41,159,800	36,465,635
Less: Treasury shares, at cost	21	(11,240,095)	(8,908,578)	(11,240,095)	(8,908,578)
Total equity		187,636,952	180,708,316	142,792,836	138,546,047
Non-current liabilities					
Deferred tax liabilities	15	850,286	1,257,457	–	–
Current liabilities					
Trade and other payables	24	13,598,313	11,746,668	1,001,817	1,196,763
Other financial liabilities	18	944,433	–	–	–
Provision for rework and warranty	25	1,350,000	1,500,000	–	–
Tax liabilities		265,343	–	–	–
Dividend payable		18,471,665	18,525,825	18,471,665	18,525,825
Total current liabilities		34,629,754	31,772,493	19,473,482	19,722,588
Total liabilities		35,480,040	33,029,950	19,473,482	19,722,588
Total equity and liabilities		223,116,992	213,738,266	162,266,318	158,268,635

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

The Group

	Share Capital RM	Share Premium RM	Revaluation/ Translation Reserve* RM	Share Option Reserve RM	Retained Earnings RM	Treasury Shares RM	Total RM
Balance as of							
January 1, 2010	75,047,960	25,289,866	2,053,815	2,387,254	61,606,450	(7,586,537)	158,798,808
Profit for the year	–	–	–	–	52,577,090	–	52,577,090
Other comprehensive loss for the year	–	–	(1,212,235)	–	–	–	(1,212,235)
Total comprehensive (loss)/ income for the year	–	–	(1,212,235)	–	52,577,090	–	51,364,855
Transfer of revaluation surplus	–	–	(83,394)	–	83,394	–	–
Share-based payment forfeited	–	–	–	(43,089)	43,089	–	–
Allotment of 534,400 new ordinary shares of RM0.20 each at RM0.97 to RM1.33 per share pursuant to the ESOS	106,880	585,084	–	–	–	–	691,964
Recognition of share- based payment	–	–	–	837,389	–	–	837,389
Buy-back of ordinary shares	–	–	–	–	–	(1,322,041)	(1,322,041)
Dividends (Note 27)	–	–	–	–	(29,662,659)	–	(29,662,659)
Balance as of December 31, 2010	75,154,840	25,874,950	758,186	3,181,554	84,647,364	(8,908,578)	180,708,316
Balance as of							
January 1, 2011	75,154,840	25,874,950	758,186	3,181,554	84,647,364	(8,908,578)	180,708,316
Profit for the year	–	–	–	–	48,942,522	–	48,942,522
Other comprehensive income for the year	–	–	2,519,611	–	–	–	2,519,611
Total comprehensive income for the year	–	–	2,519,611	–	48,942,522	–	51,462,133
Transfer of revaluation surplus	–	–	(55,113)	–	55,113	–	–
Adjustment of revaluation reserve	–	–	148,737	–	–	–	148,737
Share-based payment forfeited	–	–	–	(97,145)	97,145	–	–
Allotment of 729,000 new ordinary shares of RM0.20 each at RM0.91 to RM1.33 per share pursuant to the ESOS	145,800	745,969	–	–	–	–	891,769
Recognition of share- based payment	–	–	–	1,089,517	–	–	1,089,517
Buy-back of ordinary shares	–	–	–	–	–	(2,331,517)	(2,331,517)
Dividends (Note 27)	–	–	–	–	(44,332,003)	–	(44,332,003)
Balance as of December 31, 2011	75,300,640	26,620,919	3,371,421	4,173,926	89,410,141	(11,240,095)	187,636,952

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2011

The Group

*An analysis of the movement of these reserves is shown below:

	Revaluation Reserve	Translation Reserve	Total
	RM	RM	RM
Balance as of January 1, 2010	2,085,542	(31,727)	2,053,815
Other comprehensive loss for the year	–	(1,212,235)	(1,212,235)
Transfer of revaluation surplus	(83,394)	–	(83,394)
Balance as of December 31, 2010	2,002,148	(1,243,962)	758,186
Balance as of January 1, 2011	2,002,148	(1,243,962)	758,186
Other comprehensive income for the year	–	2,519,611	2,519,611
Transfer of revaluation surplus	(55,113)	–	(55,113)
Adjustment of revaluation reserve	148,737	–	148,737
Balance as of December 31, 2011	2,095,772	1,275,649	3,371,421

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2011

The Company

	Share Capital RM	Share Premium RM	Merger Reserve RM	Share Option Reserve RM	Retained Earnings RM	Treasury Shares RM	Total RM
Balance as of							
January 1, 2010	75,047,960	25,289,866	6,777,646	2,387,254	36,202,261	(7,586,537)	138,118,450
Profit for the year	–	–	–	–	29,923,878	–	29,923,878
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	29,923,878	–	29,923,878
Share-based payment forfeited	–	–	–	(2,155)	2,155	–	–
Allotment of 534,400 new ordinary shares of RM0.20 each at RM0.91 to RM1.33 per share pursuant to the ESOS	106,880	585,084	–	–	–	–	691,964
Recognition of share- based payment:							
Recognised in income statement	–	–	–	574,005	–	–	574,005
Included in investment in subsidiary companies	–	–	–	222,450	–	–	222,450
Buy-back of ordinary shares	–	–	–	–	–	(1,322,041)	(1,322,041)
Dividends (Note 27)	–	–	–	–	(29,662,659)	–	(29,662,659)
Balance as of December 31, 2010	75,154,840	25,874,950	6,777,646	3,181,554	36,465,635	(8,908,578)	138,546,047
Balance as of							
January 1, 2011	75,154,840	25,874,950	6,777,646	3,181,554	36,465,635	(8,908,578)	138,546,047
Profit for the year	–	–	–	–	48,964,173	–	48,964,173
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	48,964,173	–	48,964,173
Share-based payment forfeited	–	–	–	(61,995)	61,995	–	–
Allotment of 729,000 new ordinary shares of RM0.20 each at RM0.91 to RM1.33 per share pursuant to the ESOS	145,800	745,969	–	–	–	–	891,769
Recognition of share- based payment:							
Recognised in income statement	–	–	–	706,715	–	–	706,715
Included in investment in subsidiary companies	–	–	–	347,652	–	–	347,652
Buy-back of ordinary shares	–	–	–	–	–	(2,331,517)	(2,331,517)
Dividends (Note 27)	–	–	–	–	(44,332,003)	–	(44,332,003)
Balance as of December 31, 2011	75,300,640	26,620,919	6,777,646	4,173,926	41,159,800	(11,240,095)	142,792,836

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	48,942,522	52,577,090	48,964,173	29,923,878
Depreciation of property, plant and equipment	2,837,236	2,485,232	45,644	93,482
Expense recognised in respect of equity-settled share-based payment	1,089,517	837,389	706,715	574,005
Fair value loss/ (gain) on derivative financial instruments	944,433	(1,305,051)	–	–
Tax expense recognised in profit or loss	746,906	362,199	214,480	140,834
Provision for rework and warranty	426,370	–	–	–
Allowance for doubtful debts	192,536	55,706	–	–
Amortisation of prepaid lease payments on leasehold land	143,270	181,652	–	–
Loss/ (gain) on disposal of property, plant and equipment	46,816	(109,463)	490	(1,929)
Property, plant and equipment written off	15	–	–	–
Interest revenue recognised in profit or loss	(3,733,428)	(2,989,531)	(698,741)	(918,943)
Allowance for obsolete inventories no longer required	(1,006,279)	(8,791)	–	–
Unrealised (gain)/ loss on foreign exchange	(224,102)	463,072	(21)	(327)
Allowance for doubtful debts no longer required	(175,508)	–	–	–
Provision for rework and warranty no longer required	(150,000)	(950,628)	–	–
Allowance for obsolete inventories	–	222,303	–	–
Gain on disposal of available-for-sale investments	–	(23,675)	–	–
Gross dividends income	–	–	(50,000,000)	(30,480,000)
	50,080,304	51,797,504	(767,260)	(669,000)
Movements in working capital:				
(Increase)/ decrease in:				
Inventories	4,493,253	(3,121,752)	–	–
Trade and other receivables	(3,076,538)	4,660,701	64,800	119,516
Other assets	(45,181)	(692,870)	–	–
Other financial assets/ liabilities	1,305,051	(4,479,923)	–	–
Increase/ (decrease) in trade and other payables	2,017,677	1,093,982	(161,854)	227,445
Cash generated from/ (used in) operations	54,774,566	49,257,642	(864,314)	(322,039)
Tax refunded	87,749	211,428	–	45,312
Tax paid	(788,862)	(600,866)	(170,056)	(91,216)
Rework and warranty costs paid	(426,370)	(249,372)	–	–
Net cash generated from/ (used in) operating activities	53,647,083	48,618,832	(1,034,370)	(367,943)

(FORWARD)

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2011

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,639,343	3,590,395	508,207	899,463
Proceeds from disposal of property, plant and equipment	20,761	110,935	–	2,200
Purchase of property, plant and equipment	(11,572,721)	(1,995,543)	–	–
Additions to prepaid lease payments	(22,885)	–	–	–
Proceeds from disposal of other investments	–	423,675	–	–
Dividends received from a subsidiary company	–	–	50,000,000	30,360,000
Net repayment by/ (advances to) subsidiary companies	–	–	49,934,807	(32,263,196)
Net cash (used in)/ generated from investing activities	<u>(7,935,502)</u>	<u>2,129,462</u>	<u>100,443,014</u>	<u>(1,001,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	891,769	691,964	891,769	691,964
Dividends paid	(44,419,254)	(22,280,868)	(44,419,254)	(22,280,868)
Payments for shares buy-back	(2,331,517)	(1,322,041)	(2,331,517)	(1,322,041)
Net cash used in financing activities	<u>(45,859,002)</u>	<u>(22,910,945)</u>	<u>(45,859,002)</u>	<u>(22,910,945)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(147,421)	27,837,349	53,549,642	(24,280,421)
Effect of foreign exchange rate changes	988,292	408,102	20	327
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	153,200,200	124,954,749	8,905,551	33,185,645
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)	154,041,071	153,200,200	62,455,213	8,905,551

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. GENERAL INFORMATION

The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 14. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office of the Company is located at Suite 12-02, 12th Floor, Menara MAA, 170, Jalan Argyll, 10050 Penang, Malaysia.

The principal place of business of the Company is located at Plot 544, Tingkat Perusahaan 4A, Free Trade Zone, 13600 Prai, Penang, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on March 28, 2012.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the provisions of the Companies Act, 1965 in Malaysia.

Adoption of new and revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised Standards and Issues Committee (“IC”) Interpretations issued by the Malaysian Accounting Standards Board (“MASB”) that are relevant to their operations and effective for the Group’s financial period beginning on January 1, 2011 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 3	Business Combinations (revised)
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
Improvements to FRSs 2010	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers

The adoption of these new and revised Standards and IC Interpretations have not materially affected the amounts reported on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

On November 19, 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (MFRS Framework) in conjunction with its planned convergence of FRSs with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board on January 1, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after January 1, 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/ or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also includes those entities that consolidates, equity accounts or proportionately consolidates an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after January 1, 2012.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (MFRS 1) in their financial statements for the financial year ending December 31, 2012, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company, expressed in Ringgit Malaysia ("RM"), have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the purchase method of accounting, except for certain business combinations with agreement dates before January 1, 2006 that meet the conditions of a merger as set out in FRS 122₂₀₀₄ Business Combinations, which were accounted for using the merger method.

The Group has adopted the exemption provided by FRS 3 to apply this standard prospectively. Accordingly, business combinations entered into prior to January 1, 2006 have not been restated to comply with this standard.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statements of comprehensive income.

When the merger method is used, the cost of investment in the Company's books is recorded at cost. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit balance is adjusted against any suitable reserve. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the current and previous financial years.

The financial statements of all subsidiary companies are consolidated under the merger method except for the financial statements of Uchi Technologies (Dongguan) Co., Ltd. and Uchi Industries (M) Sdn. Bhd. which are consolidated under the purchase method.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue and revenue recognition

Revenue of the Group represents gross invoiced value of sales less returns and discounts. Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services.

(a) Sale of goods

Revenue from sale of goods are recognised when all the following conditions have been satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Dividend and interest revenue

Interest revenue is recognised on a time proportion basis that takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such revenue will accrue to the Group.

Dividend revenue is recognised when the shareholder's right to receive payment is established.

(c) Other income

Management fee and other operating income are recognised on an accrual basis.

Income tax

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

(c) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits costs

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the employees' provident fund. Such contributions are recognised as expenses as incurred. Once the obligations have been paid, the Group has no further payment obligations.

(c) Share-based payment

The Company's Employees' Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as staff cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Foreign currency conversion

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Ringgit Malaysia, which is also the presentation currency of the financial statements of the Company and the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity as translation reserve. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation accumulated in the Group's translation reserve shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and development expenses

Research and development expenses are charged to the profit or loss in the period in which they are incurred.

Borrowing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Construction-in-progress is not depreciated. Depreciation of property, plant and equipment is computed on the straight-line method in order to write-off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates are as follows:

Buildings	2.15% - 4.50%
Plant and machinery	9% - 18%
Fire-fighting and security system	12% - 18%
Air-conditioning system	12% - 18%
Furniture and fittings	12% - 18%
Office equipment	12% - 18%
Electrical installation	10% - 18%
Motor vehicles	18% - 20%

The Group carried its buildings at revalued amount. These assets shall be revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued property differs materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to other comprehensive income/ revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against other comprehensive income/ revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in the carrying amount is charged to profit or loss. An increase in revaluation directly related to a previous decrease in carrying amount for that asset that was recognised as an expense, is credited to profit or loss to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in other comprehensive income. On disposal of revalued assets and crystallisation of deferred tax liabilities on revalued assets, the amounts in revaluation reserve account relating to such assets are transferred to the retained earnings account.

At the end of reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

Impairment of assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of fair value less cost to sell and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Subsidiaries

Subsidiary companies are those companies in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment losses.

Where there is an indication of impairment in the value of the assets, the carrying amounts of the investments are assessed and written down immediately to their recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location. Cost of work-in-progress and finished goods consists of the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(b) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in Note 18.

(c) Available for sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(e) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(f) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group and the Company

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments issued by the Group and the Company (cont'd)

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(d) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

(e) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(f) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments

The Company enters into derivative financial instruments, foreign exchange contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 18.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are made when the Group and the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are made for the estimated liability on products still under warranty at the end of the financial year. These provisions are estimated, having regard to service warranty costs experienced over the last few years and a weighting of all possible outcome against their associated probabilities. Other warranty costs are accrued as and when the liability arises.

Treasury shares

Where the Company reacquires its own equity share capital, the consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statements on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Cash and cash equivalents

The Company adopts the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consist of cash and bank balances, demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

There are no critical accounting judgements made by management in the process of applying the Group's accounting policies that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

The key assumptions made concerning the future, and, other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Sale of goods:				
Manufacturing	103,295,624	100,869,070	–	–
Trading	10,200	13,766	–	–
Dividend income from a subsidiary company	–	–	50,000,000	30,480,000
Management fee	–	–	2,474,108	2,698,540
	103,305,824	100,882,836	52,474,108	33,178,540

6. INVESTMENT REVENUE

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest revenue on short-term deposits	3,733,428	2,989,531	698,741	918,943

The following is an analysis of investment revenue earned on financial assets by category of asset:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Loans and receivables (including cash and bank balances)	3,733,428	2,989,531	698,741	918,943

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Gain/ (loss) on foreign exchange:				
Realised	1,778,587	(2,421,349)	–	–
Unrealised	224,102	(463,072)	21	327
Reversal of allowance for obsolete inventories no longer required	1,006,279	8,791	–	–
Reversal of allowance for doubtful debts no longer required	175,508	–	–	–
Fair value (loss)/ gain on derivative financial instruments:				
Realised	(138,240)	5,139,518	–	–
Unrealised	(944,433)	1,305,051	–	–
Allowance for doubtful debts	(192,536)	(55,706)	–	–
(Loss)/ gain on disposal of property, plant and equipment	(46,816)	109,463	(490)	1,929
Property, plant and equipment written off	(15)	–	–	–
Gain on disposal of available-for-sale investments	–	23,675	–	–
Allowance for obsolete inventories	–	(222,303)	–	–
Others	(89,423)	88,819	–	–
	1,773,013	3,512,887	(469)	2,256

8. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Contributions to employees provident fund	849,902	835,871	268,500	282,128
Equity-settled share-based payment	1,089,517	837,389	706,715	574,005
Other employee benefits expense	12,615,144	11,511,151	2,640,681	2,686,935
	14,554,563	13,184,411	3,615,896	3,543,068

Employee benefits expense of the Group and of the Company include directors' remuneration, salaries, bonuses, contributions to employees provident fund, equity-settled share-based payment and all other employee related expenses.

Details of remuneration of the directors of the Group and of the Company are as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive directors of the Company:				
Fee	130,733	122,400	130,733	122,400
Contributions to employees provident fund	135,360	162,080	135,360	162,080
Equity-settled share-based payment	289,899	138,118	289,899	138,118
Other emoluments	894,000	1,063,331	894,000	1,063,331
Benefits-in-kind	60,000	60,000	60,000	60,000
Non-executive directors of the Company:				
Fee	257,600	285,183	257,600	285,183
Equity-settled share-based payment	88,634	91,831	88,634	91,831
	1,856,226	1,922,943	1,856,226	1,922,943

Remuneration of executive and non-executive directors, who are the key management personnel of the Group and of the Company, are disclosed above.

9. TAX EXPENSE

Tax expense recognised in profit or loss

Tax expense comprises:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current year:				
Current tax expense in respect of the current year	940,969	644,842	177,000	224,000
Deferred tax (income)/ expense relating to the origination and reversal of temporary differences	(225,930)	(160,491)	27,000	(42,000)
	715,039	484,351	204,000	182,000
Adjustments recognised in the current year in relation to current tax expense in prior years	31,867	(122,152)	10,480	(41,166)
Total tax expense	746,906	362,199	214,480	140,834

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 2011 is 25% (2010: 25%).

The applicable statutory income tax rate of the foreign subsidiary company incorporated in the People's Republic of China is 25% (2010: 25%). This subsidiary company falls under the scope of "Income Tax of the People's Republic of China for Enterprises with Foreign Investment Zones opened to foreign investment" and its profit will be exempted from income tax for two years commencing from the first cumulative profit-making year and will be subject to income tax at a reduction of 50% of the statutory income tax rate for the following three years. This subsidiary company started to make taxable profit in 2008.

One of the subsidiary companies was granted pioneer status by the Ministry of International Trade and Industry for the design, development and manufacture of mixed signal microprocessor based application and system integration products. Under this incentive, upon certain terms and conditions fulfilled, 100% of the subsidiary company's 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, 2008.

9. TAX EXPENSE (cont'd)

The total tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before tax	49,689,428	52,939,289	49,178,653	30,064,712
Tax expense calculated using statutory income tax rate of 25% (2010: 25%)	12,422,000	13,234,000	12,295,000	7,516,000
Effect of expenses that are not deductible in determining taxable profit	820,718	363,487	409,000	166,000
Effect of tax exempt income for pioneer products	(10,961,000)	(12,390,300)	–	–
Effect of tax exempt income for dividend income	–	–	(12,500,000)	(7,500,000)
Effect of income that are not taxable in determining taxable profit	(1,566,679)	(722,836)	–	–
	715,039	484,351	204,000	182,000
Adjustments recognised in the current year in relation to current tax expense in prior years	31,867	(122,152)	10,480	(41,166)
Tax expense recognised in profit or loss	746,906	362,199	214,480	140,834

As of December 31, 2011, the approximate amounts of unused reinvestment allowances, unused tax capital allowances and unused tax losses of the Group which are available for set off against future taxable income are as follows:

	The Group	
	2011 RM	2010 RM
Unused reinvestment allowances	1,236,000	1,236,000
Unused tax capital allowances	126,000	356,000
Unused tax losses	87,000	87,000

The above tax benefits are subject to agreement by the tax authority.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
After charging:				
Research and development expenses	3,945,525	4,067,067	–	–
Provision for rework and warranty	426,370	–	–	–
Audit fee:				
Current	85,244	85,704	37,000	40,000
Overprovision in prior year	(4,000)	–	(3,000)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
And crediting:				
Provision for rework and warranty no longer required	150,000	950,628	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2011	2010
	RM	RM
Profit attributable to ordinary equity holders of the Company	<u>48,942,522</u>	<u>52,577,090</u>
	2011	2010
	Units	Units
Number of ordinary shares at beginning of year	375,774,200	375,239,800
Effect of share options exercised during the year	483,216	229,408
Effect of shares bought back and held as treasury shares	<u>(6,849,809)</u>	<u>(4,718,807)</u>
Weighted average number of ordinary shares in issue	<u>369,407,607</u>	<u>370,750,401</u>
Basic earnings per share (sen)	<u>13.25</u>	<u>14.18</u>
Weighted average number of ordinary shares	369,407,607	370,750,401
Employee share options:		
Weighted average number of unissued shares	146,000	18,995,920
Weighted average number of shares that would have been issued at fair value	<u>(103,207)</u>	<u>(18,541,368)</u>
Adjusted weighted average number of ordinary shares in issue or issuable	<u>369,450,400</u>	<u>371,204,953</u>
Diluted earnings per share (sen)	<u>13.25</u>	<u>14.16</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2011

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost unless stated otherwise	Buildings at 2009 valuation		Building at cost	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	Freehold land	RM									
Cost/ Revaluation											
Balance as of											
January 1, 2011	-	23,460,275	-	9,523,535	490,110	882,631	244,323	1,386,038	2,008,030	1,895,921	39,890,863
Additions	5,167,266	3,958	2,000,000	3,928,412	-	-	31,886	226,516	-	214,683	11,572,721
Disposals/											
Write-off	-	-	-	(1,135,937)	-	-	(630)	(86,277)	-	(71,376)	(1,294,220)
Translation reserve	-	1,119,860	-	204,914	39,060	64,241	5,490	29,736	148,198	31,780	1,643,279
Balance as of											
December 31, 2011	5,167,266	24,584,093	2,000,000	12,520,924	529,170	946,872	281,069	1,556,013	2,156,228	2,071,008	51,812,643
Balance as of											
January 1, 2010	-	24,265,719	-	9,171,966	526,680	911,953	241,750	1,295,718	2,139,317	1,399,039	39,952,142
Additions	-	246,533	-	560,032	600	31,811	7,616	131,491	9,227	1,008,233	1,995,543
Disposals/											
Write-off	-	-	-	(1,033)	-	-	-	(13,605)	-	(487,840)	(502,478)
Translation reserve	-	(1,051,977)	-	(207,430)	(37,170)	(61,133)	(5,043)	(27,566)	(140,514)	(23,511)	(1,554,344)
Balance as of											
December 31, 2010	-	23,460,275	-	9,523,535	490,110	882,631	244,323	1,386,038	2,008,030	1,895,921	39,890,863

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost unless stated otherwise	Freehold land	Buildings at 2009 valuation	Building at cost	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation											
Balance as of January 1, 2011	-	1,285,640	-	6,504,455	137,472	258,140	91,232	762,633	310,012	852,762	10,202,346
Charge for the year	-	878,234	3,333	972,210	89,717	154,583	31,249	245,272	175,299	287,339	2,837,236
Disposals/ Write-off	-	-	-	(1,111,684)	-	-	(605)	(42,963)	-	(71,376)	(1,226,628)
Translation reserve	-	112,836	-	142,919	16,463	27,920	2,828	18,779	26,283	18,839	366,867
Balance as of December 31, 2011	-	2,276,710	3,333	6,507,900	243,652	440,643	124,704	983,721	511,594	1,087,564	12,179,821

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost unless stated otherwise	Freehold land	Buildings at 2009 valuation	Building at cost	Plant and machinery	Fire fighting and security system	Air conditioning system	Furniture and fittings	Office equipment	Electrical installation	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation											
Balance as of January 1, 2010	-	445,009	-	5,841,756	53,044	115,955	61,177	597,692	135,005	1,174,246	8,423,884
Charge for the year	-	874,984	-	785,126	89,873	152,181	31,546	190,346	180,666	180,510	2,485,232
Disposals/Write-off	-	-	-	(726)	-	-	-	(12,441)	-	(487,839)	(501,006)
Translation reserve	-	(34,353)	-	(121,701)	(5,445)	(9,996)	(1,491)	(12,964)	(5,659)	(14,155)	(205,764)
Balance as of December 31, 2010	-	1,285,640	-	6,504,455	137,472	258,140	91,232	762,633	310,012	852,762	10,202,346
Net book value											
Balance as of December 31, 2011	5,167,266	22,307,383	1,996,667	6,013,024	285,518	506,229	156,365	572,292	1,644,634	983,444	39,632,822
Balance as of December 31, 2010	-	22,174,635	-	3,019,080	352,638	624,491	153,091	623,405	1,698,018	1,043,159	29,688,517

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company

	Furniture and fittings	Office equipment	Motor vehicles	Total
	RM	RM	RM	RM
Cost				
Balance as of January 1, 2011	12,803	140,855	372,995	526,653
Disposals/ Write-off	–	(2,550)	–	(2,550)
Balance as of December 31, 2011	<u>12,803</u>	<u>138,305</u>	<u>372,995</u>	<u>524,103</u>
Balance as of January 1, 2010	12,803	146,266	378,351	537,420
Disposals/ Write-off	–	(5,411)	(5,356)	(10,767)
Balance as of December 31, 2010	<u>12,803</u>	<u>140,855</u>	<u>372,995</u>	<u>526,653</u>
Accumulated depreciation				
Balance as of January 1, 2011	10,276	96,507	334,732	441,515
Charge for the year	1,162	14,512	29,970	45,644
Disposals/ Write-off	–	(2,060)	–	(2,060)
Balance as of December 31, 2011	<u>11,438</u>	<u>108,959</u>	<u>364,702</u>	<u>485,099</u>
Balance as of January 1, 2010	8,740	84,656	265,133	358,529
Charge for the year	1,536	16,991	74,955	93,482
Disposals/ Write-off	–	(5,140)	(5,356)	(10,496)
Balance as of December 31, 2010	<u>10,276</u>	<u>96,507</u>	<u>334,732</u>	<u>441,515</u>
Net book value				
Balance as of December 31, 2011	<u>1,365</u>	<u>29,346</u>	<u>8,293</u>	<u>39,004</u>
Balance as of December 31, 2010	<u>2,527</u>	<u>44,348</u>	<u>38,263</u>	<u>85,138</u>

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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.

Had these assets been carried at historical costs, the carrying amounts of the buildings which were revalued would be as follows:

	The Group	
	2011	2010
	RM	RM
Cost	24,910,216	23,790,356
Less: Accumulated depreciation	(4,170,866)	(3,220,381)
Carrying amounts	<u>20,739,350</u>	<u>20,569,975</u>

13. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group	
	2011	2010
	RM	RM
Short leasehold land:		
At beginning of year	7,601,173	8,052,581
Addition during the year	22,885	–
Amortisation during the year	(143,270)	(181,652)
Translation reserve	274,183	(269,756)
At end of year	<u>7,754,971</u>	<u>7,601,173</u>

As of December 31, 2011, the unexpired lease periods of the Group's short leasehold land are 43 and 38 years respectively.

A parcel of short leasehold land was revalued by the directors on May 26, 2004 based on a valuation carried out by an independent firm of professional valuers, using open market value on existing use basis. As allowed by transitional provisions, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments. Such prepaid lease payments are amortised over the lease term.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2011	2010
	RM	RM
Unquoted shares, at cost	57,977,593	57,629,941
Less: Accumulated impairment losses	(4,420,800)	(4,420,800)
	<u>53,556,793</u>	<u>53,209,141</u>

Included in the cost of investment in subsidiary companies during the year is an amount of RM347,652 (2010: RM222,450) representing the recognition of equity-settled share-based payment for share options granted by the Company to the subsidiary companies' employees to acquire ordinary shares of the Company.

14. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of ownership</u>	
			2011	2010
Direct holdings				
Uchi Optoelectronic (M) Sdn. Bhd.	Malaysia	Design, research, development and manufacture of mixed signal microprocessor based application and system integration products.	100%	100%
Uchi Electronic (M) Sdn. Bhd.	Malaysia	Assembly of electrical components onto printed circuit boards and trading of complete electric module and saturated paper for PCB lamination.	100%	100%
Uchi Technologies (Dongguan) Co., Ltd.*	People's Republic of China	Design, research, development, manufacture and trading of electronic modules.	100%	100%
Indirect holdings				
Uchi Industries (M) Sdn. Bhd.	Malaysia	Inactive and the management intends to wind up the Company.	100%	100%

*Audited by Deloitte KassimChan for purposes of consolidation.

15. DEFERRED TAX ASSETS/ (LIABILITIES)

The Group

	<u>Opening balance</u>	<u>Recognised in profit or loss</u>	<u>Closing balance</u>
	RM	RM	RM
2011:			
Deferred tax assets			
Unused capital allowances	89,000	(57,000)	32,000
Unused tax losses	22,000	–	22,000
Provision for rework and warranty	43,400	(43,400)	–
Trade receivables	5,000	(5,000)	–
Property, plant and equipment	(63,800)	53,800	(10,000)
Inventories	96,060	(57,241)	38,819
Others	169,600	(72,400)	97,200
	<u>361,260</u>	<u>(181,241)</u>	<u>180,019</u>
Deferred tax liabilities			
Gain on revaluation of properties	(1,257,457)	450,172	(807,285)
Provision for rework and warranty	–	88,700	88,700
Trade receivables	–	46,089	46,089
Property, plant and equipment	–	(219,000)	(219,000)
Others	–	41,210	41,210
	<u>(1,257,457)</u>	<u>407,171</u>	<u>(850,286)</u>
	<u>(896,197)</u>	<u>225,930</u>	<u>(670,267)</u>
2010:			
Deferred tax assets			
Unused capital allowances	155,000	(66,000)	89,000
Unused tax losses	22,000	–	22,000
Provision for rework and warranty	126,000	(82,600)	43,400
Trade receivables	45,000	(40,000)	5,000
Property, plant and equipment	(227,000)	163,200	(63,800)
Inventories	–	96,060	96,060
Others	112,000	57,600	169,600
	<u>233,000</u>	<u>128,260</u>	<u>361,260</u>
Deferred tax liabilities			
Gain on revaluation of properties	(1,289,688)	32,231	(1,257,457)
	<u>(1,056,688)</u>	<u>160,491</u>	<u>(896,197)</u>

15. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

The Company

	<u>Opening balance</u>	<u>Recognised in profit or loss</u>	<u>Closing balance</u>
	RM	RM	RM
2011:			
Deferred tax assets			
Property, plant and equipment	(20,000)	11,000	(9,000)
Others	99,000	(38,000)	61,000
	<u>79,000</u>	<u>(27,000)</u>	<u>52,000</u>
2010:			
Deferred tax assets			
Property, plant and equipment	(23,000)	3,000	(20,000)
Others	60,000	39,000	99,000
	<u>37,000</u>	<u>42,000</u>	<u>79,000</u>

16. INVENTORIES

	The Group	
	<u>2011</u>	<u>2010</u>
	RM	RM
Raw materials	5,977,702	7,652,211
Work-in-progress	1,838,564	2,455,426
Finished goods	1,833,267	3,028,870
	<u>9,649,533</u>	<u>13,136,507</u>

The cost of inventories recognised as an expense in the Group's financial statements during the financial year is RM48,514,079 (2010: RM47,272,588).

17. TRADE AND OTHER RECEIVABLES AND AMOUNT OWING BY SUBSIDIARY COMPANIES

	The Group		The Company	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Trade receivables	9,478,593	6,096,045	-	-
Less: Allowance for doubtful debts	(192,536)	(175,508)	-	-
	<u>9,286,057</u>	<u>5,920,537</u>	-	-
Interest receivable	1,079,417	985,330	387,036	196,502
Other receivables	88,486	177,495	65,684	130,484
	<u>10,453,960</u>	<u>7,083,362</u>	<u>452,720</u>	<u>326,986</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised costs.

17. TRADE AND OTHER RECEIVABLES AND AMOUNT OWING BY SUBSIDIARY COMPANIES (cont'd)

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 60 days (2010: 30 to 60 days).

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired trade receivables:

	The Group	
	2011	2010
	RM	RM
1 - 30 days	32,113	500,817
31 - 60 days	375,208	11,689
More than 60 days	66,714	-
	<u>474,035</u>	<u>512,506</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The allowance for doubtful debts on trade receivables are made for individually impaired receivables, relating to entities that have defaulted on payments. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables:

	The Group	
	2011	2010
	RM	RM
61-90 days	67,343	511
91-120 days	27,893	22,765
More than 120 days	97,300	152,232
	<u>192,536</u>	<u>175,508</u>

Movement in the allowance for doubtful debts of trade receivables:

	The Group	
	2011	2010
	RM	RM
Balance at beginning of the year	175,508	119,802
Additions during the year	192,536	55,706
Amounts recovered during the year	(175,508)	-
Balance at end of year	<u>192,536</u>	<u>175,508</u>

17. TRADE AND OTHER RECEIVABLES AND AMOUNT OWING BY SUBSIDIARY COMPANIES (cont'd)

Analysis of trade and other receivables by currencies:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
United States Dollar	9,260,320	5,920,537	–	–
Ringgit Malaysia	1,170,838	1,148,140	452,720	326,986
Chinese Renminbi	22,802	14,685	–	–
	10,453,960	7,083,362	452,720	326,986

The amount owing by subsidiary companies are as follows:

	The Company	
	2011	2010
	RM	RM
Uchi Optoelectronic (M) Sdn. Bhd.	45,396,319	90,863,057
Uchi Electronic (M) Sdn. Bhd.	12,517	4,480,586
	45,408,836	95,343,643

The amounts owing by subsidiary companies were denominated in Ringgit Malaysia.

The amounts owing by subsidiary companies arose mainly from advances which are unsecured, interest free and repayable on demand.

The financial statements of the Company reflect the following significant intercompany transactions which are based on prices and terms negotiated between the Company and its subsidiary companies:

	The Company	
	2011	2010
	RM	RM
Management fee received:		
Uchi Optoelectronic (M) Sdn. Bhd.	2,447,602	2,671,642
Uchi Electronic (M) Sdn. Bhd.	26,507	26,898
	2,474,109	2,698,540
Dividends received:		
Uchi Optoelectronic (M) Sdn. Bhd.	50,000,000	30,480,000
	50,000,000	30,480,000

18. OTHER FINANCIAL ASSETS/ (LIABILITIES)

	The Group	
	2011	2010
	RM	RM
Financial (liabilities)/ assets carried at fair value through profit or loss:		
Derivative financial instruments:		
Foreign currency forward contracts	<u>(944,433)</u>	<u>1,305,051</u>

The Group uses foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Foreign currency forward contracts are used to hedge the Group's sales denominated in United States Dollar for which firm commitments existed at the reporting date, extending to December 2012.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from swap points matching maturities of the contracts.

19. OTHER ASSETS

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Prepaid expenses	921,218	899,304	-	-
Refundable deposits	177,743	154,476	2,000	2,000
	<u>1,098,961</u>	<u>1,053,780</u>	<u>2,000</u>	<u>2,000</u>

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows consist of the following:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Short-term deposits	150,877,496	151,143,496	62,441,393	8,835,213
Cash and bank balances	3,163,575	2,056,704	13,820	70,338
	<u>154,041,071</u>	<u>153,200,200</u>	<u>62,455,213</u>	<u>8,905,551</u>

The effective interest rates of the short-term deposits are as follows:

	The Group		The Company	
	2011	2010	2011	2010
	%	%	%	%
Short-term deposits	<u>2.20 – 3.70</u>	<u>1.71 – 3.40</u>	<u>2.80 – 3.70</u>	<u>2.50 – 3.40</u>

The above short-term deposits are maturing within January 2012 to June 2012.

20. CASH AND CASH EQUIVALENTS (cont'd)

Analysis cash and cash equivalents by currencies:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Ringgit Malaysia	138,094,777	121,808,256	62,454,544	8,904,885
United States Dollar	11,025,077	23,970,811	669	666
Chinese Renminbi	4,872,616	7,401,615	–	–
Euro	45,696	15,060	–	–
Other foreign currencies	2,905	4,458	–	–
	154,041,071	153,200,200	62,455,213	8,905,551

21. SHARE CAPITAL

	The Group and the Company			
	2011		2010	
	No. of shares	RM	No. of shares	RM
Authorised:				
Ordinary shares of RM0.20 each	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM0.20 each:				
At beginning of year	375,774,200	75,154,840	375,239,800	75,047,960
Issue of shares pursuant to ESOS	729,000	145,800	534,400	106,880
At end of year	376,503,200	75,300,640	375,774,200	75,154,840

At the Annual General Meeting held on May 24, 2011, the Company's shareholders renewed the Company's authority to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM75,154,840 divided into 375,774,200 ordinary shares of RM0.20 each to RM75,300,640 divided into 376,503,200 ordinary shares of RM0.20 each by way of issuance of 729,000 new 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 RM1.33 per ordinary share.

The premium arising from the shares issued pursuant to the ESOS of RM745,969 was credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

During the financial year, the Company repurchased 1,812,200 (2010: 1,025,400) of its issued and fully paid ordinary shares from the open market. The average price paid for the ordinary shares repurchased was approximately RM1.29 (2010: RM1.29) per ordinary share. The repurchase transactions were financed by internally generated funds. Share buybacks have been accounted for under the treasury stock method. When shares are repurchased, they are held as treasury shares at the cost of repurchase and set off against equity in accordance with Section 67A of the Companies Act, 1965.

As of December 31, 2011, out of the total number of 376,503,200 (2010: 375,774,200) of ordinary shares of RM0.20 each issued and paid-up, 7,069,900 (2010: 5,257,700) are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 369,433,300 (2010: 370,516,500).

21. SHARE CAPITAL (cont'd)

On August 8, 2006, the Company implemented a new ESOS for a period of 5 years. The new ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on May 26, 2006. During the year, the Company had extended the ESOS for another period of 5 years commencing from August 9, 2011 on the same terms and conditions as mentioned in the By-Laws. The extended share options are exercisable at any time within the option period up to August 2016.

The principal features of the ESOS are as follows:

- (a) The total number of shares offered under the ESOS scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (b) Persons who are eligible to participate in the ESOS are all employees including directors of the Group who as at the date of offer are confirmed in writing of his/ her employment in the Group.
- (c) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.
- (d) The options granted may be exercised upon giving notice in writing to the Company within a period of 5 years from the date of offer of the option or such shorter period as may be specifically stated in the offer.
- (e) The new ordinary shares to be allotted upon any exercise of the ESOS will upon allotment rank pari passu in all respects with the then existing ordinary shares of the Company except that these new ordinary shares will not be entitled to any dividends or distributions which may be declared prior to the allotment of these shares.

Share options are conditional on the employee confirmation of service. The share options are exercisable in a staggered basis within the period of 5 years and have a contractual term of five years. The Group or the Company has no legal or constructive obligation to repurchase or settle the share options in cash.

The persons to whom the share options have been granted have no right to participate by virtue of the share options in any share options of any other companies in the Group.

Movements in the outstanding shares options for ordinary shares of RM0.20 each granted to the Group's employees/ directors and their related weighted average exercise prices are as follows:

	2011		2010	
	Weighted average exercise price RM/share	Share options for ordinary shares of RM0.20 each	Weighted average exercise price RM/share	Share options for ordinary shares of RM0.20 each
At start of year	2.18	37,448,500	2.49	27,947,300
Granted	1.31	1,167,000	1.31	10,978,900
Forfeited	2.14	(1,313,000)	1.85	(943,300)
Exercised	1.22	(729,000)	1.29	(534,400)
At end of year	2.17	<u>36,573,500</u>	2.18	<u>37,448,500</u>

Out of the outstanding share options, share options to subscribe for 36,252,300 (2010: 31,502,000) ordinary shares of RM0.20 each extended and offered under the ESOS scheme were exercisable at the end of the year.

The share options outstanding at year end had exercise prices ranging from RM0.91 to RM3.31 (2010: RM0.91 to RM3.31), and a weighted average remaining contractual life of 5 years (2010: 1 year).

Share options to subscribe for 36,573,500 (2010: 37,448,500) ordinary share of RM0.20 each extended and offered under the ESOS scheme granted during the period will expire on August 8, 2016.

21. SHARE CAPITAL (cont'd)

The weighted average fair value of share options extended/ granted during the period determined using the binomial model was RM0.04008 (2010: RM0.07627) per ordinary share of RM0.20 each. The significant inputs into the model were as follows:

	<u>2011</u>	<u>2010</u>
Valuation assumptions:		
Expected volatility	18.25%	43.10%
Expected dividend yield	9%	4% - 5%
Expected option life	1 - 5 years	1 year
Weighted average share price at date of grant	RM1.31 per share	RM1.31 per share
Risk-free interest rate (per annum)	3%	3%

The volatility measured at the standard deviation of continuously compounded share return is based on statistical analysis of daily share prices over the last 1¼ years (2010: 1¼ years).

On February 8, 2012 share options to subscribe for 517,000 ordinary shares of RM0.20 each offered under the ESOS scheme were granted to employees with an exercise price of RM1.20 per share.

22. RESERVES

	The Group		The Company	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Non-distributable:				
Share premium	26,620,919	25,874,950	26,620,919	25,874,950
Revaluation reserve	2,095,772	2,002,148	-	-
Merger reserve	-	-	6,777,646	6,777,646
Translation reserve	1,275,649	(1,243,962)	-	-
Share option reserve	4,173,926	3,181,554	4,173,926	3,181,554
	<u>34,166,266</u>	<u>29,814,690</u>	<u>37,572,491</u>	<u>35,834,150</u>

The share premium arose from the issue of shares at a premium, net of share issue expenses and bonus issue.

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. The revaluation reserve represents surplus arising from revaluation of the Group's short leasehold land and buildings.

The merger reserve represents the difference between the cost of investment in subsidiary companies and the nominal value of shares issued as consideration.

The translation reserve is used to record exchange differences arising on translation of foreign subsidiary companies.

The share option reserve represents the equity-settled share options granted to the Group's employees. This reserve is made up of the cumulative value of services received from employees recorded upon grant of share options.

23. RETAINED EARNINGS

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous full imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies with Section 108 tax credit are given an irrevocable option to disregard the tax credit or to continue to utilise such tax credits until the tax credits are fully utilised or upon the expiry of the 6 years transitional period on December 31, 2013, whichever is earlier. During the transitional period, the Section 108 tax credit will be reduced by any tax credits utilised and any tax paid will not be added to this account.

As of the reporting date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board, the Company has Section 108 tax credit and the balance in the tax exempt account to frank dividends out of its entire retained earnings as of December 31, 2011.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade payables	4,865,918	5,080,546	–	–
Amount owing to directors	270,000	400,000	270,000	400,000
Other payables	3,239,257	2,758,384	15,191	86,900
Accrued expenses	5,223,138	3,507,738	716,626	709,863
	13,598,313	11,746,668	1,001,817	1,196,763

Analysis of trade and other payables by currencies:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
United States Dollar	8,467,506	5,849,850	–	–
Ringgit Malaysia	3,989,139	4,740,660	1,001,817	1,196,763
Chinese Renminbi	1,086,860	984,996	–	–
Euro	52,388	104,582	–	–
Other foreign currencies	2,420	66,580	–	–
	13,598,313	11,746,668	1,001,817	1,196,763

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 60 days (2010: 30 to 60 days).

The amount owing to the directors represent directors' remuneration payable to them.

Other payables comprise mainly amounts outstanding for ongoing costs.

25. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2011	2010
	RM	RM
At beginning of year	1,500,000	2,700,000
Additional provision	426,370	-
Rework and warranty costs incurred	(426,370)	(249,372)
Provision no longer required	(150,000)	(950,628)
At end of year	<u>1,350,000</u>	<u>1,500,000</u>

The Group gives warranty on its products and undertakes to replace defective products. A provision is recognised for expected warranty claims on products sold, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred after one year from the balance sheet date. Assumptions used to calculate the provision for rework and warranty were based on current sales levels and current information available about returns based on the warranties period for all products sold.

26. BANKING FACILITIES

As of December 31, 2011, the Group has bank overdraft and other banking facilities totalling RM28,602,000 (2010: RM28,602,000) which are generally covered by corporate guarantees from the Company for RM38,622,000 (2010: RM38,622,000). As of December 31, 2011, the Group did not utilise the bank overdraft facility.

The bank overdraft facility bears interest at a rate of 1% (2010: 1%) per annum above the lending bank's base lending rate.

The effective interest rate of the bank overdraft as of December 31, 2011 is 7.60%.

27. DIVIDENDS

	The Group and the Company	
	2011	2010
	RM	RM
Dividends declared and paid:		
Final tax exempt dividend of 7 sen and 3 sen per ordinary share of RM0.20 each, for 2010 and 2009 respectively	25,860,338	11,136,834
Dividends declared and payable:		
Interim tax exempt dividend of 5 sen per ordinary share of RM0.20 each, for 2011 and 2010 respectively	18,471,665	18,525,825
	<u>44,332,003</u>	<u>29,662,659</u>

28. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained profits for dividend payments to shareholders. The Group's overall strategy remains unchanged from 2010.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Foreign currency risk management

The Group has exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities. Foreign currency forward contracts are used to reduce the Group's transactional exposure to foreign currency exchange rate fluctuations.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States Dollar and Chinese Renminbi against the Ringgit Malaysia.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency are as follows:

	Assets		Liabilities	
	2011 RM	2010 RM	2011 RM	2010 RM
United States Dollar	20,285,397	29,891,348	8,467,506	5,849,850
Chinese Renminbi	4,895,418	7,416,300	1,086,860	984,996
Euro	45,696	15,060	52,388	104,582
Others	2,905	4,458	2,420	66,580

The following table details the Group's sensitivity to a 10% increase and decrease in the RM against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the RM weakens 10% against the relevant currency. For a 10% strengthening of the RM against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	2011 RM	2010 RM
Impact on profit or loss:		
United States Dollar	1,181,789	2,404,150
Chinese Renminbi	380,856	643,130
Euro	(669)	(8,952)
Others	48	(6,212)

ii. Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to the Group's short-term deposits with licensed banks. It has no significant interest-bearing financial assets or liabilities other than the short-term deposits. The short-term deposits are placed with licensed banks. The Group does not use derivative financial instruments to hedge its risk.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of reporting period.

28. FINANCIAL INSTRUMENTS (cont'd)

b. Financial risk management objectives and policies (cont'd)

iii. Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. The trade receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management. The Group places its cash and cash equivalents with a number of major and high credit rating commercial banks.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2011		2010	
	RM	% of total	RM	% of total
By country:				
European countries	8,079,765	87	5,024,232	85
United States	113,101	1	644,649	11
Other Asia Pacific countries	1,093,191	12	251,656	4
	9,286,057	100	5,920,537	100

Further details of credit risks on trade and other receivables are disclosed in Note 17 to the financial statements.

iv. Liquidity risk management

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirements of working capital.

The maturity profile and effective interest rate of fixed interest rate instruments are disclosed in Note 20.

The maturity profile of other financial assets and financial liabilities (non-interest bearing and non-derivative) are repayable on demand or within 1 year.

v. Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
DECEMBER 31, 2011

28. FINANCIAL INSTRUMENTS (cont'd)

c. Foreign currency forward contracts

The following table details the foreign currency forward contracts outstanding as at reporting date:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2011	2010	2011 USD	2010 USD	2011 RM	2010 RM	2011 RM	2010 RM
Sell USD								
Less than 3 months	3.11	3.23	6,500,000	6,400,000	20,247,290	20,686,590	(421,068)	889,766
3 – 6 months	3.12	3.23	3,000,000	3,000,000	9,360,620	9,695,860	(202,301)	378,313
6 – 9 months	3.13	3.19	3,000,000	600,000	9,402,830	1,914,440	(178,607)	36,972
9 – 12 months	3.15	–	3,000,000	–	9,451,700	–	(142,457)	–

d. Fair values of financial assets and liabilities

The fair value of derivative financial instruments are set out in Note 18 to the financial statements.

The carrying values of the other financial assets and liabilities approximate their fair values.

29. CAPITAL COMMITMENTS

As of December 31, 2011, the Group has the following commitments in respect of capital expenditure on property, plant and equipment:

	The Group	
	2011 RM	2010 RM
Approved and contracted for	26,142,500	699,531
Approved but not contracted for	14,347,265	46,452,092

30. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under FRS 8 Operating Segments are therefore as follows:

- investment holding (includes management services).
- manufacturing of mixed signal microprocessor based application and system integration products.
- trading of complete electric module and saturated paper for PCB lamination.

30. SEGMENT INFORMATION (cont'd)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	<u>Investment holding</u> RM	<u>Manufacturing</u> RM	<u>Trading</u> RM	<u>Elimination</u> RM	<u>Consolidated</u> RM
2011					
Revenue					
External sales	–	103,295,624	10,200	–	103,305,824
Inter-segment sales	<u>52,474,109</u>	<u>27,628,871</u>	<u>1,176,276</u>	<u>(81,279,256)</u>	<u>–</u>
Total revenue	<u>52,474,109</u>	<u>130,924,495</u>	<u>1,186,476</u>	<u>(81,279,256)</u>	<u>103,305,824</u>
Results					
Segment results	<u>48,473,783</u>	<u>45,370,809</u>	<u>1,773,784</u>	<u>(51,435,389)</u>	44,182,987
Investment revenue					3,733,428
Other gains and losses					<u>1,773,013</u>
Profit before tax					49,689,428
Tax expense					<u>(746,906)</u>
Profit for the year					<u>48,942,522</u>
2010					
Revenue					
External sales	–	100,869,070	13,766	–	100,882,836
Inter-segment sales	<u>33,178,540</u>	<u>36,692,347</u>	<u>1,210,414</u>	<u>(71,081,301)</u>	<u>–</u>
Total revenue	<u>33,178,540</u>	<u>137,561,417</u>	<u>1,224,180</u>	<u>(71,081,301)</u>	<u>100,882,836</u>
Results					
Segment results	<u>29,075,071</u>	<u>48,345,662</u>	<u>139,113</u>	<u>(31,122,975)</u>	46,436,871
Investment revenue					2,989,531
Other gains and losses					<u>3,512,887</u>
Profit before tax					52,939,289
Tax expense					<u>(362,199)</u>
Profit for the year					<u>52,577,090</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit/ loss represents the profit earned/ loss suffered by each segment without investment revenue, other gains and losses, finance costs and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

30. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities

The Group

	<u>Investment holding</u> RM	<u>Manufacturing</u> RM	<u>Trading</u> RM	<u>Consolidated</u> RM
2011				
Assets				
Segment assets	3,409,446	68,282,662	61,714	71,753,822
Unallocated corporate assets				<u>151,363,170</u>
Consolidated total assets				<u>223,116,992</u>
Liabilities				
Segment liabilities	1,003,017	13,425,136	1,464,593	15,892,746
Unallocated corporate liabilities				<u>19,587,294</u>
Consolidated total liabilities				<u>35,480,040</u>
2010				
Assets				
Segment assets	2,404,637	59,358,377	162,080	61,925,094
Unallocated corporate assets				<u>151,813,172</u>
Consolidated total assets				<u>213,738,266</u>
Liabilities				
Segment liabilities	1,197,963	11,935,140	113,565	13,246,668
Unallocated corporate liabilities				<u>19,783,282</u>
Consolidated total liabilities				<u>33,029,950</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- a. all assets are allocated to reportable segments except for other investments, short-term deposits, deferred tax assets and current tax assets.
- b. all liabilities are allocated to reportable segments except for dividends payable, current tax liabilities and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

30. SEGMENT INFORMATION (cont'd)

Other segment information

The Group

	<u>Investment holding</u> RM	<u>Manufacturing</u> RM	<u>Trading</u> RM	<u>Elimination</u> RM	<u>Consolidated</u> RM
2011					
Other information					
Capital expenditure	–	11,572,721	–	–	11,572,721
Depreciation and amortisation	45,644	2,930,213	4,649	–	2,980,506
Non-cash expenses other than depreciation and amortisation	707,205	1,986,104	6,378	–	2,699,687
2010					
Other information					
Capital expenditure	–	1,995,543	–	–	1,995,543
Depreciation and amortisation	142,823	2,498,781	25,280	–	2,666,884
Non-cash expenses other than depreciation and amortisation	573,678	1,000,597	4,195	–	1,578,470

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	The Group	
	<u>2011</u> RM	<u>2010</u> RM
Mixed signal microprocessor based application and system integration products	103,129,001	100,390,228
Others	176,823	492,608
	<u>103,305,824</u>	<u>100,882,836</u>

Geographical information

The Group operates in two principal geographical areas – Malaysia (country of domicile) and People's Republic of China.

The Group's revenue from external customers and information about its non-current assets* by geographical location are detailed below:

	The Group			
	<u>Revenue from external customers</u>		<u>Non-current assets*</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
European countries	95,279,504	93,413,203	–	–
United States	3,318,608	4,088,587	–	–
People's Republic of China	–	–	20,350,830	20,259,962
Malaysia	230	–	27,036,963	17,029,728
Other Asia Pacific countries	4,707,482	3,381,046	–	–
	<u>103,305,824</u>	<u>100,882,836</u>	<u>47,387,793</u>	<u>37,289,690</u>

* Non-current assets exclude deferred tax assets.

30. SEGMENT INFORMATION (cont'd)

Information about major customers

The revenue arising from sales to the Group's major customers (single customer that contributes 10% or more of the Group's revenue) are as follows:

	The Group	
	2011	2010
	RM	RM
Customer A	73,348,431	73,986,059
Customer B	11,984,354	11,286,781
	85,332,785	85,272,840

31. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFITS/ 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 of December 31, 2011 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiary companies				
Realised	107,608,424	98,306,184	41,107,780	36,386,308
Unrealised	(863,018)	(296,761)	52,020	79,327
	106,745,406	98,009,423	41,159,800	36,465,635
Less: Consolidation adjustments	(17,335,265)	(13,362,059)	–	–
Total retained profits as per statements of financial position	89,410,141	84,647,364	41,159,800	36,465,635

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 Disclosure Pursuant to Bursa Securities Listing Requirements” as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a 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 asset 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 directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

DECEMBER 31, 2011

The directors of **UCHI TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2011 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 31, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

KAO, DE-TSAN also known as **TED KAO**

KAO, TE-PEI also known as **EDWARD KAO**

March 28, 2012

Penang

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **OW CHOOI KHIM**, the director primarily responsible for the financial management of **UCHI TECHNOLOGIES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)	
the abovenamed OW CHOOI KHIM)	
at GEORGETOWN in the State of PENANG)	
on March 28, 2012)	OW CHOOI KHIM

Before me,

GOH SUAN BEE
Commissioner For Oaths

LIST OF PROPERTIES

DECEMBER 31, 2011

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2011 (RM)	Date of Last Revaluation
Registered Beneficial Owner: Uchi Optoelectronic (M) Sdn. Bhd.						
HS (D) 4360/PT No. 3054 (New Lot No. 4971) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 1.1.2050	–	139,926	2,130,638	26.5.2004
(Plot 544, Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building -Phase I	60 years leasehold expiring on 1.1.2050	17	33,144	2,542,085	26.5.2009
	-Phase II		11	92,864	6,286,602	–
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land under Development	60 years leasehold expiring on 6.12.2049	–	139,944	1,931,954	26.5.2004
(Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)						
Geran (First Grade) 4262, (No. 22 Lebuhraya Rose, 10350 Penang) Lot 207 Seksyen 1, Bandar Georgetown, Daerah Timur Laut, Pulau Pinang.	Land	Freehold	–	18,242	5,167,266	1.12.2011
(No. 22 Lebuhraya Rose, 10350 Penang)	2 Storey R&D Building		1		1,996,667	1.12.2011
Registered Beneficial Owner: Uchi Technologies (Dongguan) Co., Ltd.						
Lot No. 1905010100037 Information Industrial Park, Xi Hu Area, ShiLong Town, Dongguan City, People's Republic of China	Industrial Land	48 years leasehold expiring on 26.2.2054	–	208,671	3,692,381	–
No.22 Yuangang East Road, Information Industrial Zone, Xi Hu, ShiLong Town, Dongguan City, People's Republic of China	Factory Building	48 years leasehold expiring on 26.2.2054	3	161,124	13,478,696	26.5.2009

SHAREHOLDINGS STATISTICS

MARCH 28, 2012

Share capital

Authorised	:	RM100,000,000.00
Issued and paid-up	:	RM73,886,660 *
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One voting right for one ordinary share

* The issued and paid-up capital is as per Record of Depositors as at March 28, 2012, exclusive of 7,069,900 treasury shares bought back.

Size of holdings	No of holders	%	No. of shares	%
Less than 100 shares	99	1.78	4,632	0.00
100 – 1,000 shares	757	13.61	642,196	0.18
1,001 – 10,000 shares	3,146	56.54	17,144,752	4.64
10,001 – 100,000 shares	1,327	23.85	40,005,015	10.83
100,001 – 18,471,664	232	4.17	159,716,805	43.23
18,471,665 and above	3	0.05	151,919,900	41.12
Total	5,564	100.00	369,433,300	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Eastbow International Limited	91,263,660	24.70	–	–
Kao, De-Tsan also known as Ted Kao	–	–	91,263,660 #	24.70
Lembaga Tabung Haji	37,346,640	10.11	–	–
Amanahraya Trustees Berhad [Skim Amanah Saham Bumiputera]	23,309,600	6.31	–	–

Deemed interested by virtue of his substantial shareholding in Eastbow International Limited

SHAREHOLDINGS STATISTICS (cont'd)

MARCH 28, 2012

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

No.	Name	No.of Shares	%
1.	Eastbow International Limited	91,263,660	24.70
2.	Lembaga Tabung Haji	37,346,640	10.11
3.	Amanahraya Trustees Berhad [Skim Amanah Saham Bumiputera]	23,309,600	6.31
4.	Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board]	16,599,600	4.49
5.	Amanahraya Trustees Berhad [Public Islamic Select Treasures Fund]	13,933,100	3.77
6.	Ironbridge Worldwide Limited	13,172,710	3.57
7.	CIMSEC Nominees (Tempatan) Sdn Bhd [CIMB for Koo Kow Kiang @ Ko Keck Ting (PB)]	8,977,000	2.43
8.	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	7,292,700	1.97
9.	HSBC Nominees (Asing) Sdn Bhd [Sumitomo T&B NY for Asia Oceania Dividend Yield Stock Motherfund]	6,000,000	1.62
10.	Chang, Shin-Fang	5,739,350	1.55
11.	Malaysia Nominees (Tempatan) Sendirian Berhad [Great Eastern Life Assurance (Malaysia) Berhad (DR)]	5,632,700	1.52
12.	Valuecap Sdn Bhd	4,475,500	1.21
13.	Kao Wang, Ying-Ying	3,169,700	0.86
14.	CIMSEC Nominees (Tempatan) Sdn Bhd [CIMB Bank for Koo Kow Kiang @ Ko Keck Ting (MY0646)]	3,123,000	0.85
15.	Cartaban Nominees (Asing) Sdn Bhd [SSBT Fund J728 for SPDR S&P Emerging Asia Pacific ETF]	2,271,700	0.61
16.	Malaysia Nominees (Tempatan) Sendirian Berhad [Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)]	1,919,000	0.52
17.	Cartaban Nominees (Asing) Sdn Bhd [Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)]	1,914,000	0.52
18.	Citigroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (I-Vcap)]	1,505,500	0.41
19.	Amanahraya Trustees Berhad [Public Savings Fund]	1,391,400	0.38
20.	HLG Nominee (Tempatan) Sdn Bhd [Hong Leong Fund Management Sdn Bhd for Hong Leong Assurance Bhd (Life)]	1,350,000	0.37
21.	HLG Nominee (Tempatan) Sdn Bhd [Hong Leong Fund Management Sdn Bhd for Hong Leong Foundation]	1,350,000	0.37
22.	Lee See Jin	1,289,100	0.35
23.	Chang, Shin-Fang	1,250,000	0.34
24.	Mayban Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Su Tiing Uh]	1,091,300	0.30
25.	Hong Leong Assurance Berhad [As Beneficial Owner (Life Par)]	1,040,000	0.28
26.	Kerk Chian Hua	1,025,500	0.28
27.	Citigroup Nominees (Tempatan) Sdn Bhd [Exempt AN for American International Assurance Berhad]	963,200	0.26
28.	Quarry Lane Sdn Bhd	900,000	0.24
29.	Lim Weng Ho	858,500	0.23
30.	Mayban Nominees (Tempatan) Sdn Bhd [Syarikat Takaful Malaysia Berhad (TKTK-280349)]	845,000	0.23
	Total	260,999,460	70.65

SHAREHOLDINGS STATISTICS (cont'd)
MARCH 28, 2012

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Kao, De-Tsan also known as Ted Kao	–	–	94,433,360 *	25.56
Kao, Te-Pei also known as Edward Kao	–	–	20,162,060 **	5.46
Ng Hai Suan @ Ooi Hoay Seng	–	–	–	–
Dr. Heinrich Komesker	200,000	0.05	–	–
Charlie Ong Chye Lee	–	–	–	–
Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	309,700	0.08	–	–
Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	83,810	0.02	–	–

* Deemed interested by virtue of his substantial shareholding in Eastbow International Limited and interest of spouse by virtue of Section 134(12) (c) of the Companies Act, 1965.

** Deemed interested by virtue of his substantial shareholding in Ironbridge Worldwide Limited and interest of spouse by virtue of Section 134(12) (c) of the Companies Act, 1965.

UCHI TECHNOLOGIES BERHAD (457890-A)
(Incorporated in Malaysia)

PROXY FORM

#CDS account no. of authorised nominee

I/We _____ (name of shareholder as per NRIC, in capital letters)
 NRIC No. _____ (new) _____ (old)/ID No./Company No. _____
 of _____

_____ (full address) being a member(s) of the abovenamed Company, hereby
 appoint _____ (name of proxy as per NRIC, in capital letters)

NRIC No. _____ (new) _____ (old) or failing him/her _____
 (name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old) or failing him/

her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Thursday, May 24, 2012, at 3.00 p.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

	Resolutions	For	Against
Ordinary Resolution 1	Declaration of Final Tax Exempt Dividend of 7 sen per share of RM0.20 each		
Ordinary Resolution 2	Approval of Directors' Fee of RM390,000		
Ordinary Resolution 3	Re-appointment of Mr. Ng Hai Suan @ Ooi Hoay Seng		
Ordinary Resolution 4	Re-election of Mr. Charlie Ong Chye Lee		
Ordinary Resolution 5	Re-appointment of Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to determine their remuneration		
Ordinary Resolution 6	Renewal of share buy-back authority		
Special Resolution	Amendment to the Articles of Association		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____ 2012

Number of shares held	
-----------------------	--

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-		
	No. of shares	Percentage
Proxy 1	_____	_____ %
Proxy 2	_____	_____ %

 Signature/Common Seal of Appointer

 Contact No. of Shareholder/Proxy

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint at least 1 proxy to attend and vote in his place. A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy or proxies shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Suite 12-02, 12th Floor, Menara MAA, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.
6. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
7. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
8. Only members registered in the Record of Depositors as at May 15, 2012 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

Applicable to shares held through a nominee account.

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The Secretaries

UCHI TECHNOLOGIES BERHAD (457890-A)

Suite 12-02, 12th Floor, Menara MAA,
170, Jalan Argyll, 10050 Penang,
Malaysia

fold here

UCHI TECHNOLOGIES BERHAD (Company No. 457890-A)
(Incorporated in Malaysia)

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Free Trade Zone, 13600 Prai, Malaysia
Tel: 604-399 0035 Fax: 604-399 0034
E-mail: info@uo.uchi.net

Cover Photography: Moses Lau Yew Soon