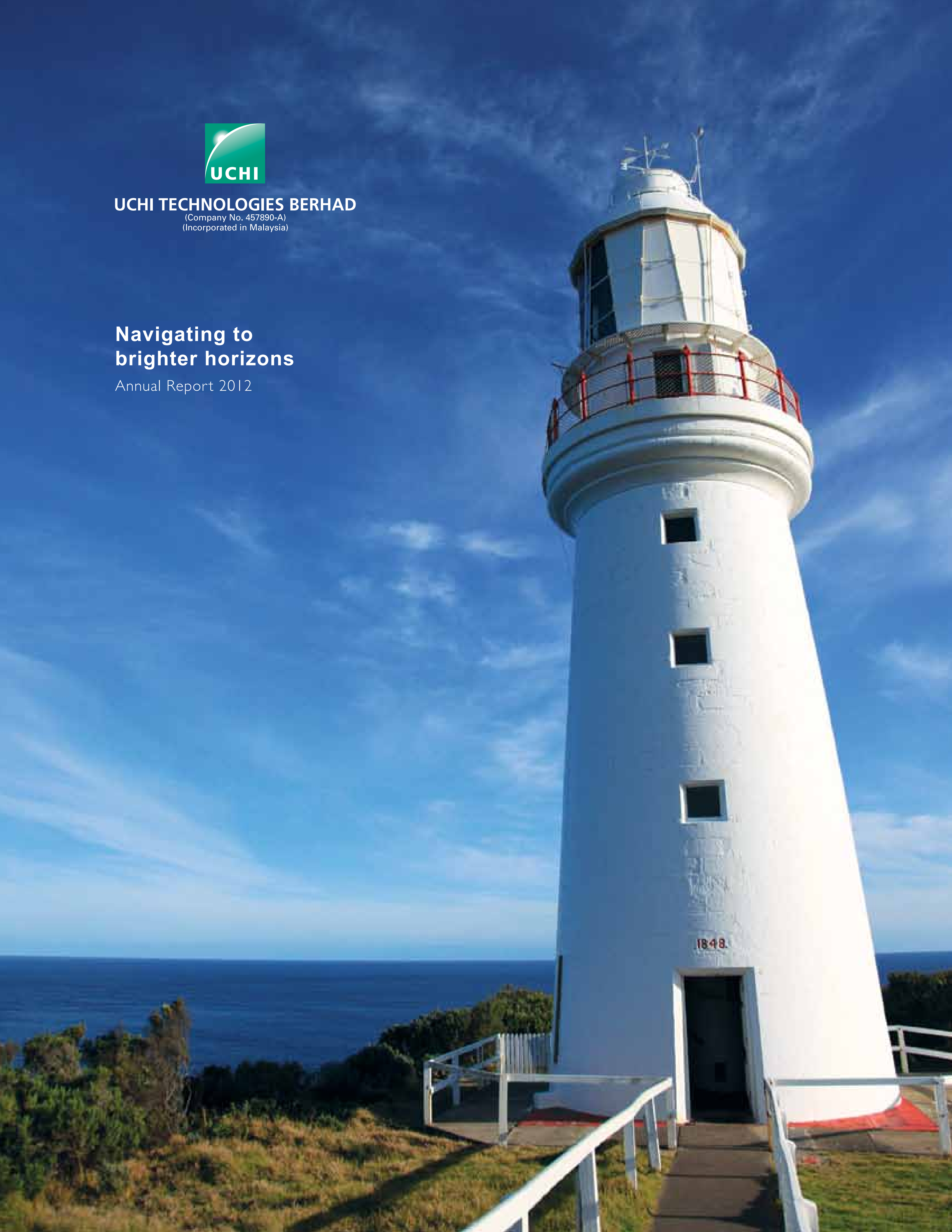
UCHI

UCHI TECHNOLOGIES BERHAD

(Company No. 457890-A)
(Incorporated in Malaysia)

Navigating to brighter horizons

Annual Report 2012



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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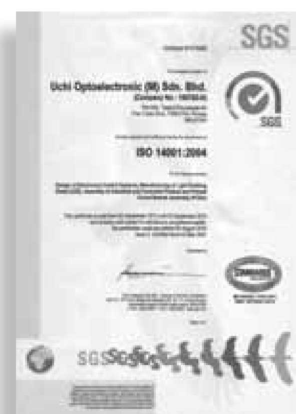
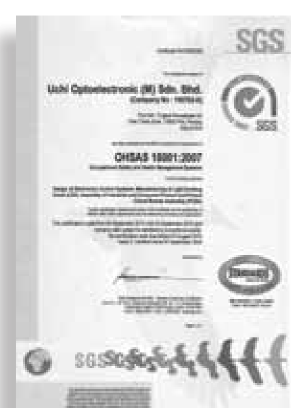


宇琦光电（东莞）有限公司
IS014001环境方针

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 IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Tuesday, May 28, 2013 at 2.00p.m.for the following purpose:

A G E N D A

1.	To receive the Audited Financial Statements of the Company for the year ended December 31, 2012 together with the Reports of the Directors and 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, 2012.	**Ordinary Resolution 1**
3.	To approve the payment of Directors' Fees of RM392,200 for the year ending December 31, 2013.	**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.	**Please refer to Note B**
5.	To re-elect Mr. Kao, Te-Pei also known as Mr. Edward Kao retiring under the provision of Article 131 of the Articles of Association of the Company.	**Ordinary Resolution 3**
6.	To re-elect Dr. Heinrich Komesker under the provision of Article 131 of the Articles of Association of the Company.	**Ordinary Resolution 4**
7.	To re-elect Mr. Chia Tong Saik retiring under the provision of Article 136 of the Articles of Association of the Company.	**Ordinary Resolution 5**
8.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	**Ordinary Resolution 6**

AS SPECIAL BUSINESS

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

9. **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.

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

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 resolution of the shareholders of the Company in a general meeting;

whichever occurs first.

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 7**

10. **Proposed Authority to Grant Options to Mr. Chia Tong Saik**

That, the Directors of the Company be and are hereby authorised, on behalf of the Company, at any time and from time to time to offer and grant to Mr. Chia Tong Saik, an Independent Non-Executive Director of the Company, options to subscribe for such number of new ordinary shares of RM0.20 each ("the Shares") in the Company under Uchi Technologies Berhad Employee Share Option Scheme 2006 ("ESOS 2006") as they shall deem fit provided that:

(a) Not more than fifty per cent (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2006 shall be allocated, in aggregate, to the Directors and senior management of the Company and its subsidiaries; and

(b) Not more than ten per cent (10%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2006 shall be allocated to any eligible Director or employee who, either singly or collectively through persons connected with the eligible Director or employee, holds twenty per cent (20%) or more of the issued and paid up share capital of the Company,

and subject always to such terms and conditions and / or adjustments which may be made in accordance with the provisions of the Bye-Laws of ESOS 2006. **Ordinary Resolution 8**

11. 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, 2013

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.

Note B :
Mr. Ng Hai Suan @ Ooi Hoay Seng who retires pursuant to Section 129(6) of the Companies Act 1965, has notified the Company that he does not wish to seek for re-appointment and accordingly will retire at the conclusion of the Fifteenth AGM.

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 Zurich, 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 20, 2013 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 7 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 Authority to Grant Options to Mr. Chia Tong Saik

The proposed Ordinary Resolution 8 if passed, will allow the Company to offer and grant options to Mr. Chia Tong Saik, an Independent Non-Executive Director of the Company, to subscribe for up to a maximum of ten per cent (10%) of the Shares which may be made available under the ESOS 2006 and to allot and issue shares upon the exercise of such options without having to convene a general meeting subject to the limitation that not more than fifty per cent (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under ESOS 2006 shall be allocated, in aggregate, to the Directors and senior management of the Company and its subsidiaries. Please refer to the Circular to Shareholders dated May 2, 2013 for more information.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Fifteenth Annual General Meeting, a Final Tax Exempt Dividend of 7 sen per share of RM0.20 each for the year ended December 31, 2012 will be paid on July 25, 2013 to Depositors registered in the Record of Depositors at the close of business on June 28, 2013.

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 28, 2013 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, 2013

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, 2012, 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 RM41,159,800 and / or share premium account of RM26,620,919 of the Company based on the audited financial statements for the financial year ended December 31, 2011.

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 Fifteenth (15^{th}) 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 Fifteenth (15^{th}) 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 8, 2013, the Company announced that UCHITEC is proposing to seek its shareholders' approval at the AGM of UCHITEC to be convened in 2013 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, 2012 are RM 47,725,835 and RM 26,625,539 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, take-over, 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.

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 per cent (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 per cent (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, 2012, the Group has a cash and cash equivalent balance of RM 134,404,420.

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, 2013, the Record of Depositors of the Company showed that 254,008,170 Shares representing approximately 68.76% 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 per cent (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] 68.76%	[b] 65.94%

Notes:

[a] As of March 28, 2013.

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

(b) As of March 28, 2013, the issued and paid-up capital of UCHITEC is RM75,301,840 comprising 376,509,200 Shares including 7,070,100 Shares held as treasury shares. Based on the assumption that the Proposed Renewal of Share Buy-Back Authority involves the aggregate purchase of 37,650,920 Shares (being approximately ten per centum (10%) of the issued and paid-up share capital of the Company as of March 28, 2013, 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.

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, 2013, the issued and paid-up capital of UCHITEC is RM75,301,840 comprising 376,509,200 Shares including 7,070,100 Shares held as treasury shares. Assuming that the Company purchases up to 37,650,920 UCHITEC Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as of March 28, 2013 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. Effects of Proposed Renewal of Share Buy-Back Authority (cont'd)

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.

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, 2013 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	–	–	–	–	–	–	–	–
Chia Tong Saik	–	–	–	–	–	–	–	–
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	–	–

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

4.3 Directors' and Substantial Shareholders' Interests (cont'd)

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 369,439,100 UCHITEC Shares excluding 7,070,100 shares held as treasury shares from total issued and paid-up share capital of 376,509,200 ordinary shares of RM0.20 each.

[(e)] Percentage shareholding computed based on 338,858,280 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.

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 2012 to February 2013 are as follows:

	Highest (RM)	**Lowest (RM)**
Year 2012:		
March	1.22	1.14
April	1.26	1.20
May	1.28	1.20
June	1.29	1.19
July	1.23	1.19
August	1.21	1.13
September	1.18	1.11
October	1.19	1.12
November	1.21	1.13
December	1.20	1.14
	Highest (RM)	**Lowest (RM)**
Year 2013:		
January	1.21	1.14
February	1.18	1.14

6. Purchases Made by the Company of its Own Shares in the Financial Year Ended December 31, 2012

The information on the purchases made by the Company of its own shares during the financial year ended December 31, 2012 is set out on Page 98 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 the 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.

CORPORATE INFORMATION

Board of Directors

Chairman cum Senior Independent Non-Executive Director
Charlie Ong Chye Lee

Managing Director
Kao, De-Tsan also known as Ted Kao

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

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

Independent Non-Executive Directors
Dr. Heinrich Komesker
Chia Tong Saik

Non-Independent Executive Directors
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
Charlie Ong Chye Lee

Members
Dr. Heinrich Komesker
Ng Hai Suan @ Ooi Hoay Seng
Chia Tong Saik

Nomination Committee

Chairman
Charlie Ong Chye Lee

Members
Dr. Heinrich Komesker
Ng Hai Suan @ Ooi Hoay Seng
Chia Tong Saik

Remuneration Committee

Chairman
Charlie Ong Chye Lee

Members
Kao, Te-Pei also known as Edward Kao
Ng Hai Suan @ Ooi Hoay Seng
Chia Tong Saik

Company Secretaries

Chew Siew Cheng
MAICSA 7019191

Gunn Chit Geok
MAICSA 0673097

Registered Office

Suite 12-02, 12th Floor,
Menara Zurich,
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 55, 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 and was redesignated as Managing Director on September 1, 2012. 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 53, 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 and was redesignated as Executive Director on September 1, 2012. 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 61, 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 Fullautmatic 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 72, 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 resigned as Senior Independent Non-Executive Director and was redesignated Non-Independent Non-Executive Director as well as a member of the Audit Committee, Nomination Committee and Remuneration Committee on September 1, 2012.

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 69, 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. On September 1, 2012, he was appointed as Senior Independent Non-Executive Director of the Company and was elected Chairman of the Board of Directors, 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.

CHIA TONG SAIK

Aged 65, Malaysian, was appointed to the Board of Directors of Uchi Technologies Berhad on January 2, 2013 as Independent Non-Executive Director. He was appointed a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a Fellow of The Association of Chartered Certified Accountants (United Kingdom). He served his articleship in Coopers & Lybrand, an international firm of Chartered Accountants from 1972 to 1975 and left the firm as Audit Manager in 1979. He joined Robert Bosch (M) Sdn. Bhd., a multinational corporation as Chief Accountant from 1979 to 1983. He became the Group Financial Controller of Malaysia Aica Berhad, a conglomerate listed on Bursa Malaysia Securities Berhad ("Bursa Securities") from 1983 to 1996. He later became the partner of JB Lau & Associates, a local firm of Public Accountants in 1996 where he remained until his retirement in 2003.

He currently does not hold any directorship in any other company.

HUANG, YEN-CHANG also known as STANLEY HUANG

Aged 42, 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 44, 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.

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

- 100% — UCHI OPTOELECTRONIC (M) SDN. BHD
  (Company No. 190793-K)
  Malaysia
- 100% — UCHI ELECTRONIC (M) SDN. BHD
  (Company No. 182613-W)
  Malaysia
  - 100% — UCHI INDUSTRIES (M) SDN. BHD
    (Company No. 190838-X)
    Malaysia
- 100% — UCHI TECHNOLOGIES (DONGGUAN) CO., LTD
  People's Republic of China

FINANCIAL HIGHLIGHTS
FIVE YEARS FINANCIAL SUMMARY

Year ended December 31	2008 RM	2009 RM	2010 RM	2011 [4] RM	2012 RM
Revenue	122,898,434	83,139,204	100,882,836	103,305,824	92,295,052
Profit before taxation	60,708,161	27,711,968	52,939,289	49,662,861	46,259,120
Profit after taxation	58,748,450	26,953,506	52,577,090	48,911,904	44,831,224
Dividends declared and paid in respect of financial year ended:					
Gross of ordinary share RM0.20 each (Sen)	12	6	12	12	5
Amount Paid (net of tax)	44,510,700	22,267,059	44,386,163	44,332,410	18,471,955
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	25,860,737 [1]
Total Amount Paid and Payable (net of tax)	44,510,700	22,267,059	44,386,163	44,332,410	44,332,692 [2]
Total Assets Employed	207,998,993	189,524,352	213,738,266	222,578,223	234,541,742
Shareholders' equity	169,056,191	163,278,731	180,708,316	187,207,291	187,106,623
Net tangible assets	169,056,191	163,278,731	180,708,316	187,207,291	187,106,623
Number of ordinary shares issued and fully paid as of December 31	375,076,800 of RM0.20 each	375,239,800 of RM0.20 each	375,774,200 of RM0.20 each	376,503,200 of RM0.20 each	376,509,200 [3] of RM0.20 each
Proforma weighted average number of shares	371,693,656	370,931,297	370,750,401	369,407,607	369,436,395
Net Earnings Per Share (Sen)	15.81	7.27	14.18	13.24	12.13
Return on Equity	34.8%	16.5%	29.1%	26.1%	24.0%

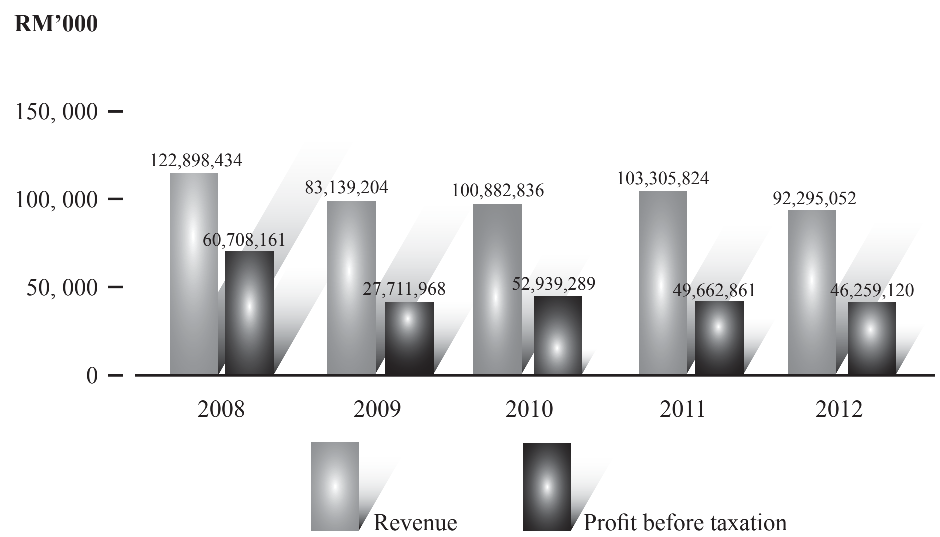
1) Represents approximation of dividend payable base on all ordinary shares in issue as of February 28, 2013. Actual amount of dividend payable shall be determined at the close of business on June 29, 2013 if the said dividends are approved by the shareholders at the forthcoming Annual General Meeting.

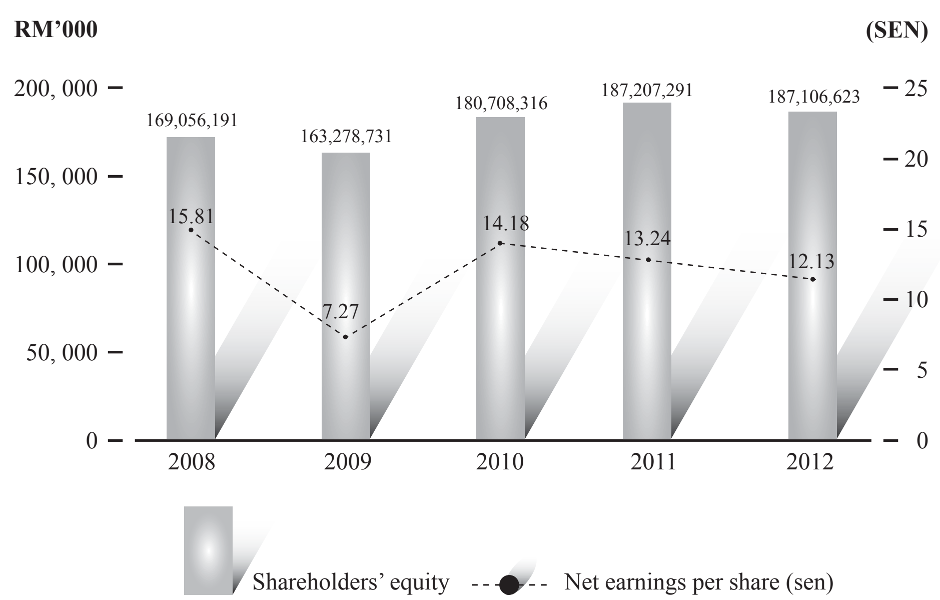
2) Summation of dividend paid and dividend proposed [1]

3) Of the total 376,509,200 issued and fully paid ordinary shares, 7,070,100 shares are held as treasury shares by the Company. As at December 31, 2012, the number of outstanding shares in issue and fully paid is 369,439,100 ordinary shares of RM0.20 each.

4) Restated as a consequence of transition to Malaysian Financial Reporting Standards ("MFRSs") in accordance with MFRS 1 First Time Adoption of MFRSs, with January 1, 2011 as the date of transition. The reconciliations of the effects of the transition to MFRSs are presented in Note 31 to the financial statements.

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 2012.

Slow Global Market Demand

A cautious global economic recovery has dampened overall market demand. In view of that, the Group registered a slightly weaker financial performance, with revenue decreasing to USD29.8 million during the year under review, signifying a drop of 12% compared to the year before. This has subsequently affected our operating profit. Nevertheless, prudent management measures have seen us stem this negative impact and effectively uphold our operating profit margin.

One way we managed to do this was by maintaining our employee benefit expenses at approximately RM14 million. Although a salary hike was unavoidable to remain competitive in the talent market, the Group has diligently implemented cost-cutting measures that have contributed to significant savings in material consumption, which, in turn, mitigated the impact of the salary hike.

Alignment of Progress with Goals

At UCHITEC, our goal has always been to ultimately exceed our customers' expectations by endeavouring our level best at excellence. We continue to pursue this by providing innovative technical solutions towards realising customers' designs, as well as enhancing, upgrading and challenging existing solutions (even our own) to ensure optimal cost-efficiency and performance, in addition to providing competent design lead time.

To facilitate this, we continue to budget 7% of our revenue for R&D activities, and plan to increase the headcount of our R&D workforce from 40 to 50 people by the end of 2013. We have also consistently upgraded our R&D equipment and facilities during the year under review.

UCHItecture – Realising Technology

Parallel with the Group's unwavering focus on continuously reinforcing our technological capabilities, it is with great pride that we announce the recent completion of UCHItecture as well as its official commencement of operations on February 27, 2013.

Although conceived primarily to increase R&D capabilities for the benefit of our customers, this environmentally-friendly facility also aims at boosting internal operational efficiency with the creation of a flexible and conducive work environment that can be used by itself or concurrent with the initial two phases.

It is therefore with much appreciation that we acknowledge the support of all our stakeholders who have contributed to the realisation of this facility. In turn, we are confident that the facility will play an integral role in propelling us towards greater industrial heights and increasing shareholder value.

Declaration of Dividends

In line with the Group's Dividend policy, whereby a minimum of 70% of our net profit is allocated every year since 2003, and to convey our gratitude to our shareholders for their invaluable support, the Board of Directors is pleased to declare a final dividend of 7 sen per share tax-exempt, subject to shareholders' approval at the forthcoming Annual General Meeting.

Together with the interim dividend of 5 sen per share that was paid in January 2013, the Financial Year 2012 will see an equivalent of 99% payout ratio. This, once again, reflects our solid financial performance, capital management and commitment to enhancing our shareholders' value.

Social and Environmental Awareness

The Group is unwavering in our focus on three integral entities, i.e. corporation, society and environment, in our corporate social responsibility endeavours. In a bid to uphold a socially and environmentally conscious business, we continue our efforts in designing, introducing and implementing numerous social, educational and health-related programmes and systems, adhering to various environmental, OHSAS and quality policies as our guidelines.

At UCHITEC, we believe that our endeavours are integral, not only in the sustainable development of the environment and our business, but also in building trust among employees, suppliers, customers and community members, and addressing the concerns of all stakeholders involved equally.

Among others, we sponsored several fund-raising charity events and organised numerous employee activities to promote healthy lifestyles. We have also adopted and implemented the Malaysian Code on Corporate Governance 2012 (MCCG 2012) in support of the government's endeavours to continuously recalibrate and enhance the effectiveness of the corporate governance framework.

And then, of course, there is our very own "green" building, the UCHItecture, that debuted in February 2013. The facility incorporates a unique 20-degree rotation and multiple block design concepts with green features, and was specifically designed to accommodate the local tropical climate as well as environmental and socio-cultural contexts.

Meanwhile, Uchi Technologies (Dongguan) Co., Ltd, our plant in Dongguan, China, recently garnered the 2012年度东莞市园林式单位 ("2012 Dongguan City Green Award"), in recognition of our ongoing efforts in nurturing a green environment in Dongguan City.

But perhaps our most significant eco impact during the year under review comes from our contribution in the designing and manufacturing of energy-saving modules for household and office equipment. These modules comply with European eco-design requirements, with standby and off-mode electrical power consumption of less than 0.5 watts.

Developing Our People

At UCHITEC, our employees are the backbone of the Group; which is why we are committed to advancing both their professional and personal development. This we do by conducting continuous workshops and trainings. We also aim to facilitate the wellbeing of our employees by encouraging and organising various employee welfare activities that not only promote healthy lifestyles and work-life balance, but also nurture their sense of solidarity as an integral part of the Group.

In 2011, our Board of Directors had announced the extension of the Group's Employee Share Option Scheme (ESOS) for another five years. Financial Year 2012 marks the ESOS's second extended year, and subsequently, 972,000 options have been allocated for our employees this time around.

Challenges moving forward

Amidst the unfavourable economic climate, the Group continues to face numerous challenges. For one, the pioneer status for the design, development and manufacture of mixed signal microprocessor-based application and system integration products previously enjoyed by our subsidiary, Uchi Optoelectronic (M) Sdn. Bhd., expired on December 31, 2012. This means that profit generated from such products commencing January 1, 2013 will be subjected to a corporate tax of 25%.

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

Nevertheless, the Group is confident that we will remain profitable and maintain a strong balance sheet even during these adverse times. For the upcoming year, we will look into addressing these challenges and concentrate on improving production efficiency through overall operation synchronisation, work process restructuring and work-flow fine-tuning, together with the full utilisation of our recently upgraded equipment and machinery.

Acknowledgements

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to our customers, shareholders, business associates, vendors, bankers, financiers and government authorities for your invaluable support and contribution to the Group's growth.

To the management and staff of UCHITEC, your tireless dedication and efforts in bringing the Group forward towards realising our goals have not gone unnoticed, and I thank you from the bottom of my heart for your diligence and dedication.

Finally, I wish to thank my fellow directors for their astute counsel and guidance during the year under review. On behalf of my fellow Board members, I take this opportunity to welcome Mr. Chia Tong Saik to the Board.

Thank you.

CHARLIE ONG CHYE LEE
Chairman

Dear shareholders,

2012 was a challenging year, particularly on the economic front. While the economic conditions in the US and Europe appear to be in a recovery stage, the general economic outlook remains cautious. Parallel with this, there has been a slowdown in global market demand, resulting in a slightly weaker financial performance by the Group. Nevertheless, we have managed to maintain our operating profit margin during the year under review despite the adverse environment.

Moderate Financial Performance

Due to the decrease in global market demand, the Group's revenue was reduced by 12% from USD33.8 million in 2011 to USD29.8 million in 2012 and operating profit declined from RM45.2 million in 2011 to RM40.5 million in 2012. The Group managed to maintain its operating profit margin at 44%, largely due to the effectiveness of our cost-cutting measures that resulted in savings in material consumption that allowed us to sustain salary hikes.

Net cash generated from operation remained in excess of RM48.0 million, representing 118.5% of operating profit. This is due to strong cash flow management of the Group. Nevertheless, as a result of our investment of RM33.7 million in capital expenditure, primarily for UCHItecture, cash and cash equivalent decreased from RM154.0 million in the previous year to RM134.4 million in 2012.

Income Review

The main contributor to the Group's income in the year under review was Original Design Manufacturing (ODM) of electronic control modules. This can be further segmented into Art-of-Living products and Biotechnology products. The former, consisting of high-end consumer electrical appliances, namely fully-auto coffee machines, contributes approximately 80% to the Group's revenue. Biotechnology products, on the other hand, consist of high-precision weighing scales contribute approximately 20% to the Group's revenue.

Our largest export market is Europe, and almost 96% of our total revenue is derived from exports to the region.

Expenditure Review

The Group's expenditure for the year under review can be segmented into four categories, i.e. Material Consumption, Employee Benefit Expenses, Depreciation & Amortisation, Research & Development (R&D) Expenses and Other Expenses.

Material Consumption expenditure formed the highest percentage at 56%. This was followed by Employee Benefit Expenses at 27%, Depreciation & Amortisation at 7%, R&D Expenses and Other Expenses at 5% each.

UCHItecture in Operation

It was a proud moment for us on February 27, 2013, when we officially opened the doors of UCHItecture to welcome our customers and employees to this newly completed facility. But perhaps more significantly, as I have previously mentioned, the design and construction of this facility is entirely funded internally, without affecting the Group's dividend policy of distributing a minimum of 70% of our profit after tax to our shareholders.

Approximately RM30 million was invested for the UCHItecture, which is equipped with a new Fast Prototyping Laboratory, QA Reliability Test Room, Clean Room, state-of-the-art equipment, enhanced logistics circulation and assembly area automation. When we came up with the idea of this facility, we envisaged it to first and foremost be beneficial to our customers by enhancing their R&D capabilities and allowing us to foster closer working relationships with them. It is therefore our fervent hope that this will soon become a reality and that our customers will make full use of this facility. We will work together synergistically, leveraging on our technological expertise to enhance their R&D activities right within our premises.

Enhancing R&D Capabilities

The Group has consistently intensified our R&D endeavours in 2012. Consequently, we are pleased to announce that we have over 30 new projects in the R&D pipeline that are scheduled to be launched in 2013 and 2014.

We have also continued our efforts in embracing green technology, and as a result, all the new projects that will be launched under the Art-of-Living product category are energy-saving compliant.

Mitigating Risk

In the current challenging operating climate, the global marketplace is filled with uncertainty. Here at UCHITEC, we have been diligently identifying the risk factors to ensure that we have optimal contingency plans ready.

First, the Group is currently concentrated on one particular market, i.e. Europe, which contributes to nearly our entire revenue. We recognise this and have increased our efforts to exhibit and promote our products at international exhibitions in Taiwan, Hong Kong and Germany to diversify our market segmentation.

Furthermore, 100% of our revenue is billed in USD, thereby exposing us to USD currency fluctuation risks. In view of that, the Group has entered into foreign currency forward contracts to reduce our exposure to fluctuations in foreign currency with the Forward Foreign Exchange Contract Management Policy that was approved by the Board of Directors in 2010.

Towards a Sustainable Future

At UCHITEC, utmost importance is placed on our sustainable development. In line with this, we adhere to the principles of sustainable development in our business model, emphasising development that meets the needs of the present without compromising the ability of the future generations to meet their own needs.

We therefore implement stringent measures to address the important issues in our operations towards enhancing economic efficiency, social equity and environmental accountability. Among the steps that we have put in place are to impute resource productivity measures right from the designing stage, operational risk management, various CSR activities and the enforcement of environmental, OHSAS and quality policies.

Facilitating Growth

The road to recovery has been a long one, and the upcoming year continues to hold challenges for the Group. Nevertheless, we are confident that we possess the capabilities to overcome this. For one, we have a strong R&D team that is equipped with the technical prowess to provide practical and innovative solutions in the shortest timeframe. We also have a resilient operating model that is highly adaptable to changes.

We will continue enhancing our competitive edge to improve on and enhance our operations, to ensure that we are consistently able to deliver a solid financial performance and operational excellence towards enhancing stakeholder value.

Appreciation

On behalf of the Board of Directors, Management and employees of UCHITEC, I would like to extend our sincere gratitude to our valued customers, business partners, vendors, bankers and financiers, investors and other stakeholders for their continued support and confidence in the Group.

My appreciation goes to our Board of Directors for its invaluable guidance and advice throughout the year under review. I take this opportunity to welcome to the Board Mr. Chia Tong Saik as director. We look forward to working closely with him to advance the Group further.

Last but certainly not least, thank you to all our management staff and employees of UCHITEC for your hard work and commitment that contributed to the progress of the Group.

Thank you.

KAO, DE TSAN also known as **TED KAO**
Managing Director

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, 2012, the Group had organized social visits and donations to St. Nicholas Home Penang, Eden Handicap Service Centre Berhad, Salvation Army Social Fund, Buddhist Tzu-Chi Merits Society Malaysia, Aspire Nursing Home and Persekutuan Kebajikan Anak-anak Yatim Islam Pulau Pinang.

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.

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.'s recent completed Phase III building, UCHItecture, featured a 20-degree rotation and multiple block design concepts and incorporated green feature design specifically to accommodate the local tropical climate, environmental and socio-cultural contexts.

Meanwhile, Uchi Technologies (Dongguan) Co., Ltd. was awarded 2012 年度东莞市园林式单位 ("2012 Dongguan City Green Award") by the local authority, recognizes its effort in nurturing and conserving the environment.

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.

The Board of Directors ("the Board") 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.

The Board is pleased to present to the shareholders that the Company has adopted the eight (8) principles and twenty-six (26) recommendations of the Malaysian Corporate Governance Code 2012 ("the Code") as the Company governance structure and processes.

A. THE BOARD CHARTER

Board Charter was established and made available on the Company website, outlining a framework designed to:

- enable the Board to provide strategic guidance for the Company and effective oversight of the management; and
- clarify the respective roles and responsibilities of Board members and the management in order to facilitate the Board and the management accountability to both the Company and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

The Board reviews and assesses the adequacy of Board Charter from time to time, as required, to ensure compliance with any relevant rules and regulations promulgated by the regulatory body.

B. DIRECTORS

The Responsibilities of the Board and Management

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 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 and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Whilst, the management is responsible to:

- Recommend the Company corporate strategy to the Board for approval and upon approval, implement the corporate strategy;
- Assume day-to-day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- Achieve the performance targets set by the Board;
- Develop, implement and manage the Company's risk management and internal control framework;
- Develop, implement and update the Company's policies, procedures and systems;
- Be alert to relevant trends in the industry and the Company's operating environment;
- Provide sufficient and relevant information to the Board to enable the Board to effectively discharge its responsibilities;
- Act as a conduit between the Board and the Company; and
- Manage the Company's human, physical and financial resources to achieve the Company's objectives.

The Board may, by resolution, delegate its authority to the Board Committees and/or the management, whom shall at all times to the direction and control of the Board.

Matters which are specifically reserved for the Board's approval are defined in the Board Charter which includes issuance of new securities, appointment of Board members, establishment of Board Committee, their membership and authority, approval of dividends, corporate governance principles and policies, approval of major capital expenditure, capital management, and acquisitions and divestitures, calling of meetings and any other specific matters nominated by the Board from time to time.

Board Balance

The Board must ensure that at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are independent Directors.

The Board currently comprises of six (6) Directors, of which one is a Non-Independent Non-Executive Director, 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.

B. DIRECTORS (cont'd)

Board Balance (cont'd)

There is clear division of responsibilities between the Chairman and Managing Director where the position of Chairman and Managing Director are held by different individuals and the Chairman is an independent and non-executive director. The Chairman, Mr. Charlie Ong Chye Lee, an Independent Non-Executive Director is responsible for working with the Board and the Management to formulate general Company policies and making strategic business decisions. The Managing Director, Mr. Kao, De-Tsan also known as Ted Kao is responsible for the execution of these decisions and the day-to-day management, operation and administration of the business.

The roles of individual Board members are stipulated in the Board Charter. 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. Charlie Ong Chye Lee was appointed as Senior Independent Non-Executive Director on September 1, 2012. Through whom, stakeholders may convey their concerns pertaining to the Group via charles.ong6288@gmail.com.

The Board's standards for determining the independence of a Director is set forth in the Board Charter. It has also stipulated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

Mr. Ng Hai Suan @ Ooi Hoay Seng, appointed on August 30, 2001, who has served as an Independent Non-Executive Directors for 11 years, was re-designated as Non-Independent Non-Executive Director with effect from September 1, 2012.

Summary of tenure of service of Independent Directors currently sit on Board are as follows:

Name of Directors	Date of Appointment	Tenure of Service as of March 31, 2013
Dr. Heinrich Komesker	January 1, 2007	6 years 3 months
Charlie Ong Chye Lee	July 1, 2008	4 years 9 months
Chia Tong Saik	January 2, 2013	3 month

The Nomination Committee is authorized to assess the independence of the Independent Directors in accordance to the Boards Independence Standards annually. Based on the assessment in 2012, the Board is generally satisfied that all the independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

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 reserve 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 four 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.

B. DIRECTORS (cont'd)

Board Meetings (cont'd)

Number of Board of Directors' meetings and number of attendance for each Director for the financial year ended December 31, 2012 are as follows:

No.	Director	Year 2012 Period of Directorship	Total No. of Meetings	Attendance
1.	Kao, De-Tsan also known as Ted Kao	1/1/2012 to 31/12/2012	4	4
2.	Kao, Te-Pei also known as Edward Kao	1/1/2012 to 31/12/2012	4	4
4.	Dr. Heinrich Komesker	1/1/2012 to 31/12/2012	4	4
5.	Ng Hai Suan @ Ooi Hoay Seng	1/1/2012 to 31/12/2012	4	4
6.	Charlie Ong Chye Lee	1/1/2012 to 31/12/2012	4	4
7.	Huang, Yen-Chang also known as Stanley Huang (Alternate Director to Kao, De-Tsan also known as Ted Kao)	1/1/2012 to 31/12/2012	4	4
8	Ow Chooi Khim (Alternate Director to Kao, Te-Pei also known as Edward Kao)	1/1/2012 to 31/12/2012	4	4

Supply of Information

The Board has unrestricted access to the management and employees of the Company to acquire 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 share, 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.

Qualified and Competent Company Secretaries

The Board acquires corporate secretarial services from a professional secretarial firm to assist the Board of Directors in discharging its duties and responsibilities.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.

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 Chairman, with the assistance of the management, provides new Directors with an initial orientation in order to familiarize them with their responsibilities as Directors under the relevant rules and regulations, and with the Company and its strategic plans, business environment, significant financial, accounting and risk management issues, compliance programs, Code of Conduct, the management and internal and independent auditors.

The Nomination Committee review and recommend, as appropriate, director orientation and continuing education programs for members of the Board. The management is responsible to source and provide the available continuing education programmes to the Directors as well as to arrange for the Director's attendance at these training programmes.

The Directors are encouraged to attend various training programmes and seminars to ensure that they are kept abreast on various issues pertaining to the industry and business environment within which the Company operates, particularly in areas of corporate governance and regulatory compliance.

B. DIRECTORS (cont'd)

Directors' Training (cont'd)

Training programmes and seminars attended by Members of the Board in 2012 are, inter-alia, on areas relating to operational management, corporate governance, risk management, and financial reporting:

- Anti-Money Laundering & Anti-Terrorism Financing
- Corporate Reporting
- Transfer Pricing
- Corporate Governance and Risk Management
- Advocacy Sessions on Disclosure for CEOs and CFOs
- Renminbi Settlement for Trade & Investment in Malaysia: Future Prospects
- Transaction by Directors & Practical Guide to Corporate Disclosure
- National Tax Seminar
- Positive Mindset & Effective Communication Creating Great Teamwork
- The Malaysian Code on Corporate Governance 2012
- Goods and Service Tax

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, who 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 decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Committee.

The Board has set forth Directors qualification and the Board's expectation towards its Board members in the Board Charter, among others, the Directors are required to commit sufficient time and energy to satisfy the requirements of the Board and Board Committee membership particularly in terms of:

- attendance and participation in Board meetings and annual general meetings

- Preparation prior to each meeting

- Availability to management upon request to provide advice and counsel

- Attending continuing education programmes to update knowledge and enhances their skills.

To ensure that the Directors have ample time to focus and fulfill their roles and responsibilities effectively, the Board has imposed in the Board Charter that Directors may serve on the boards of other public companies provided that the directorships shall not be more than five (5) and these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a Board member.

Directors are required to advise the Chairman in writing in advance of accepting an invitation to serve on the Board of another public company and to declare their directorship semi-annually.

For the year ended December 31, 2012, the Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meeting summarises on page 25 of this annual report.

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.

B. DIRECTORS (cont'd)

The Board Committees

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

i. The Audit Committee
The composition and terms of reference of this Committee together with its report are presented on pages 32 to 34 of this annual report.

ii. The Remuneration Committee
The Remuneration Committee was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised mainly of Non-Executive Directors, namely:

Chairman : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

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

Chia Tong Saik
Independent Non-Executive Director

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

A primary purpose of the Committee is to ensure that the remuneration package of members of the Board and Board Committee are internally equitable, externally competitive, motivates the Board towards the achievement of business objectives and align their focus on the long-term business of the Company.

For the year ended December 31, 2012, the Remuneration Committee reviewed and recommended to the Board the Remuneration Committee Charter and the remuneration package and other benefits extended to all Directors. Remuneration packages of Directors was 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.

The remuneration package of the members of the Board and Board Committee is as follows:

- **Salary and Benefits-in-Kind**
  The Executive Directors are entitled to a fixed component of remuneration package which includes a monthly salary, employer contributions to the Employee Provident Fund, benefits-in-kind such as the provision of accommodation allowance and medical coverage; and performance-based bonus.
- **Fee**
  The Board, based on the fixed sum as authorized by the Company's shareholders, determines fees payable to all Directors after considering comparable industry rate and the level of responsibilities undertaken by the Directors.
- **Equity-settled Share-based Payment**
  All Directors of the Company are eligible to participate in the Employee Share Option Scheme 2006. Upon shareholders' approval, the Board is authorized to grant share options to the Directors.

The details of the remuneration of the Directors for the financial year ended December 31, 2012 are as follows:

Category	Fees	Salaries & Other Emoluments	Benefits in Kind	Total
	RM	RM	RM	RM
Executive Directors	132,400	792,487	60,000	984,887
Non-Executive Directors	257,600	–	–	257,600
Total	390,000	792,487	60,000	1,242,487

Range of Aggregate Remuneration	Executive	Non-Executive
Below RM50,000	2	–
RM50,001 to RM100,000	–	3
RM350,001 to RM400,000	1	–
RM750,001 to RM800,000	1	–

B. DIRECTORS (cont'd)

The Board Committees (cont'd)

iii. The Nomination Committee

The Nomination Committee was established by a resolution of the Board on November 27, 2001. Currently, the Committee comprised exclusively of Non-Executive Directors, a majority of whom are independent, namely:

Chairman : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

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

Dr. Heinrich Komesker
Independent Non-Executive Director

Chia Tong Saik
Independent Non-Executive Director

Summary of activities of the Nomination Committee in 2012 are as follows:

- Identified and made recommendation to the Board of Directors the nominees qualified to become Board members and Board Committee members after taken into consideration the qualifications and desirable characteristic of directors and director's independent standards set forth in the Board Charter and such other factors as it deems appropriate.

  Based on the Nomination Committee's recommendation in consideration specifically of his vast experience in financial accounting and corporate finance, Mr. Chia Tong Saik was appointed as an Independent Non-Executive Director with effective from January 2, 2013 as well as a member of the Audit Committee, Nomination Committee and Remuneration Committee.

- reviewed the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors brought to the Board.

- assessed the Company's compliance with applicable laws and regulations relating to corporate governance and recommended to the Board.

Based on Nomination Committee's recommendation, the Board of Directors and Board Committees were restructured with effective from September 1, 2012 as follows:

Name of Director	Type of Change	Previous Position	New Position
Kao, De-Tsan also known as Ted Kao	Redesignation	Chairman	Managing Director
Kao, Te-Pei also known as Edward Kao	Redesignation	Managing Director	Executive Director
Ng Hai Suan @ Ooi Hoay Seng	Redesignation	Chairman of Audit Committee, Nomination Committee & Remuneration Committee	Member of Audit Committee, Nomination Committee & Remuneration Committee
	Redesignation	Senior Independent Non-Executive Director	Non-Independent Non-Executive Director
Charlie Ong Chye Lee	Redesignation	Non-Executive Director	Chairman cum Senior Independent Non-Executive Director
	Redesignation	Member of Audit Committee, Nomination Committee & Remuneration Committee	Chairman of Audit Committee, Nomination Committee & Remuneration Committee

B. DIRECTORS (cont'd)

The Board Committees (cont'd)

iii. The Nomination Committee (cont'd)

- Reviewed and reassessed the adequacy of the terms of reference of Nomination Committee and established Nomination Committee Charter which incorporating the criteria for recruitment and annual assessment and recommended to the Board to modify it. Nomination Committee Charter was established and adopted.

- Assessed the contribution of each individual Director in terms of skills, experience and other qualities, attendance in all Board meetings, Board Committee meetings and annual meeting of shareholders, willingness to rigorously prepare prior to each meeting, level of participation in the meeting, willingness to make himself/herself available to management upon required to provide advice and counsel, willing to develop a broad knowledge of both critical issues affecting the Company (including industry, technology and market specific information), ability to exercise independent judgment at all times, demonstration of high professionalism and integrity in decision-making process.

iv. 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's Bye-Laws, 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, 2012, the Company granted Share Options of 972,000 Ordinary Shares of RM0.20 each to eligible employees. As of December 31, 2012, balance number of Share Option available for allotment was 36,212,000 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, 2012, the actual allocation of Share Options to Directors and senior management was 45%.

The detail of Share Options granted to and exercised by the Directors during the year under review are presented on page 41 of this annual report.

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. 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.

All Directors, the management and external auditors were in attendance to respond to shareholders' questions during the meeting. The Board also shared with the shareholders the Company responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

Corporate Website

The Company maintains a corporate website at www.uchi.net which provides all relevant information about Uchitec and is accessible by the public. This corporate website enhances the investor relation function by including share price information, all announcement made via Bursa LINK, annual reports as well as the corporate governance structure of the Company.

Corporate Disclosure Policy

The Company adopted Corporate Disclosure Policy to ensure informative, timely and accurate disclosure of material information concerning the Company to the public. Uchitec recognizes that individual investors deserve the same access to material information as institutional shareholders and analysts, and is committed to providing fair and equal access to such information through broadly disseminated disclosure.

C. SHAREHOLDERS (cont'd)

Corporate Disclosure Policy (cont'd)

This Corporate Disclosure Policy deals with how Uchitec and its employees handle material non-public information. It applies to all directors, officers and employees of Uchitec and its operating subsidiaries (collectively, the "Employees") and insiders (as defined in the Listing Requirements of Bursa Securities).

This disclosure policy does not apply to communications in the ordinary course of business not involving material information.

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.

For the year ended December 31, 2012, the Directors, in discharging their responsibilities, 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, 2012 on March 28, 2013.

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 and sound framework 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 risk management and internal audit function is set out on pages 35 & 36 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 Board adopted the Auditors' Independence Policy and assessed the independence of Messrs. Deloitte KassimChan ("Deloitte") as external auditors against the said Policy which include reviewing the level of non-audit services to be rendered by Deloitte to the Company.

The Audit Committee is satisfied with Deloitte's technical competency and audit independence and recommended to the Board the re-appointment of Deloitte as auditors of the Company.

The re-appointment of Deloitte as auditors of the Company is subject to shareholders' approval at the forthcoming annual general meeting.

COMPLIANCE STATEMENT

The Board is satisfied that the Company fully complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

The collective approval by the Board on this Statement was tabled on March 28, 2013.

For and on behalf of the Board of Directors of

Uchi Technologies Berhad (Company No.: 457890-A)

CHARLIE ONG CHYE LEE
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, 2012.

AUDIT COMMITTEE

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

Chairman : Charlie Ong Chye Lee
Senior Independent Non-Executive Director

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

Dr. Heinrich Komesker
Independent Non-Executive Director

Chia Tong Saik
Independent Non-Executive Director

TERMS OF REFERENCE

1. **Objectives**

The Audit Committee is appointed by the Board to assist the Board in the oversight of:

- The integrity of the financial statement of the Company;
- The independent auditors' qualification and independence;
- The quality of the audit conducted by the internal and external auditors;
- The adequacy of the Company's control environment;
- The compliance by the Company with legal and regulatory requirements and observance of a proper code of conduct; and
- The Company's policies and practices with respect to major risk exposure.

2. **Composition**

The Audit Committee shall be appointed by the Board of Directors on the recommendation of the Nomination Committee 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.

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.

No Director may serve as member of the Audit Committee if such Director serves on the audit committee of more than two (2) other public companies unless the Board determines that such simultaneous service would not impair such director's ability to serve effectively on the Audit Committee.

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.

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 advices 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.

The Senior Finance Manager and representatives of the internal and 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.

Operation of the Committee meeting is stipulated in the Board Charter.

4. **Meetings (cont'd)**

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.

5. **Audit Committee Responsibilities**

The Committee's responsibility is to oversee the financial reporting process and practices of the Company and to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community to ensure the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements. The Audit Committee members are not expected to conduct field work or other types of technical reviews to assure themselves of the quality of work performed. The Committee shall be entitled to rely upon the integrity of the Company's financial executive management and the independent auditors. Should financial executive management or the independent auditors become aware that information provided to the Committee cannot be relied upon, that party has the responsibility to promptly report such findings to the Audit Committee and the Board of Directors.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

- Review and reassess the adequacy of this Charter annually, and when considered necessary, make recommendations to the Board to modify it;
- Review the adequacy and effectiveness of risk management and internal control system of the Group annually and when necessary, recommend for enhancement;
- Review the independence of external auditors in accordance with the Independent Policy adopted by the Board of Directors and recommend the appointment and re-appointment of the external auditors, the compensation and any questions of resignation or dismissal, if any;
- discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- review and discuss the quarterly financial statements and audited financial statements of the Company, with the Management and the independent auditors, 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;
- discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, including resolution of disagreements between management and the independent auditors regarding financial reporting (in the absence of management where necessary);
- review the external auditors' management letter and management's response;
- 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 the internal audit function;
    - approve any appointment or termination of the internal audit function;
    - review the resignation of internal audit function and its reasons for resigning;
- 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;
- 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;
- consider the major findings of internal investigations and management's response; and
- consider other topics as defined by the Board.

6. **Reporting**

The Audit Committee shall report to the Board on its activities through presentations during the next Board meeting and/or by submission of the Minutes of the Audit Committee meetings to the Board.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended December 31, 2012, the Committee met six times with full attendance of all members of the Committee, of which the Audit Committee met the external auditors twice without the management's present. 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, 2012 is as follows:

- Recommended the reappointment/appointment of the independent auditors and agreed on 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, 2012 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 fix their remuneration;

- Reviewed the implementation of the suggestion for improvement of internal control recommended by the independent auditors and 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.

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.

RISK MANAGEMENT & INTERNAL CONTROL SYSTEM

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.

Salient features of the framework of risk management and 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.
- 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.

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

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. Charlie Ong Chye Lee, the Independent Non-Executive Director of UCHITEC is appointed for the administration, revision, interpretation and application of this policy.

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 reported directly to the Audit Committee.

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.

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.

The total cost incurred for internal audit function for the financial year ended December 31, 2012 was approximately RM38,000.

CONCLUSION

In line with the guidance for directors on risk management and internal control stipulated in the 'Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers', the Board confirms that there is an ongoing and effective process for identifying, evaluating and managing the risk management and internal control of the Group to safeguard the Group's assets and stakeholders' interest. The Board further confirms that this process is regularly reviewed by the Board.

The Board has received assurance from the management, headed by the Managing Director that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Company.

This Statement is made in accordance with the resolution of the Board of Directors dated March 28, 2013.

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

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, 2012.

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

	The Group	The Company
	RM	RM
Profit for the year	44,831,224	50,868,222

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 RM25,860,745 in respect of the financial year ended December 31, 2011 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 RM18,471,955, in respect of the current financial year. The interim dividend had been paid in January 2013.

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 RM25,860,737 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 RM75,300,640 divided into 376,503,200 ordinary shares of RM0.20 each to RM75,301,840 divided into 376,509,200 ordinary shares of RM0.20 each by way of issuance of 6,000 new ordinary shares of RM0.20 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM0.97 per ordinary share.

The resultant premium arising from the shares issued pursuant to the ESOS of RM4,620 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. The Company had extended the ESOS for another period of 5 years commencing from August 8, 2011 on the same terms and conditions as mentioned in the By-Laws.

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

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:

	No. of options over ordinary shares			
Name of grantee	**Balance as of 1.1.2012**	**Granted**	**Exercised**	**Balance as of 31.12.2012**
Lok Hon Soon	–	40,000	–	40,000
Mohammad Fitri Bin Shuib	–	40,000	–	40,000
Norhasmiza Binti Hassan	–	40,000	–	40,000
Xu Hong Zhu	50,000	40,000	–	90,000
Lim Hooi Tong	146,000	60,000	–	206,000
Ong Houw Meng	87,000	90,000	–	177,000
Chuah Seng Chin	–	100,000	–	100,000

The options granted may be exercised in a staggered basis within the option period up to August 7, 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.

OTHER STATUTORY INFORMATION (cont'd)

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)
Chia Tong Saik (appointed on January 2, 2013)

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 1.1.2012	**Bought**	**Transfer**	**Balance as of 31.12.2012**
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.

DIRECTORS' INTEREST (cont'd)

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 1.1.2012	**Granted**	**Expired/ Exercised**	**Balance as of 31.12.2012**
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

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**

Penang,

March 28, 2013

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, 2012 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 44 to 95.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2012 and their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 those purposes; and

(c) the auditor's reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 32 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

As stated in Note 2 to the financial statements, Uchi Technologies Berhad adopted Malaysian Financial Reporting Standards on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended December 31, 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at January 1, 2012 do not contain misstatements that materially affect the financial position as of December 31, 2012 and financial performance and cash flows for the year then ended.

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

Penang,

March 28, 2013

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Revenue	5	**92,295,052**	103,305,824	**52,310,314**	52,474,108
Investment revenue	6	**4,058,381**	3,733,428	**2,212,137**	698,741
Other gains and losses	7	**2,025,848**	1,773,013	**14,372**	(469)
Raw materials consumed		**(28,846,400)**	(34,088,529)	**–**	–
Changes in inventories of finished goods and work-in-progress		**(405,802)**	(2,169,215)	**–**	–
Employee benefits expense	8	**(14,201,626)**	(14,554,563)	**(2,871,240)**	(3,615,896)
Depreciation of property, plant and equipment		**(3,423,337)**	(2,837,236)	**(17,505)**	(45,644)
Amortisation of prepaid lease payments on leasehold land		**(172,834)**	(169,837)	**–**	–
Other expenses		**(5,070,162)**	(5,330,024)	**(312,525)**	(332,187)
Profit before tax		**46,259,120**	49,662,861	**51,335,553**	49,178,653
Tax expense	9	**(1,427,896)**	(750,957)	**(467,331)**	(214,480)
Profit for the year	10	**44,831,224**	48,911,904	**50,868,222**	48,964,173
Other comprehensive (loss)/ income					
Exchange differences on translation of net investment in a foreign subsidiary company		**(622,315)**	2,519,611	**–**	–
Other comprehensive (loss)/ income for the year, net of tax		**(622,315)**	2,519,611	**–**	–
Total comprehensive income for the year		**44,208,909**	51,431,515	**50,868,222**	48,964,173
Earnings per share					
Basic	11	**12.13 sen**	13.24 sen		
Diluted	11	**12.13 sen**	13.24 sen		

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

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

		The Group			The Company		
	Note	**31.12.2012**	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
		RM	**RM**	**RM**	**RM**	**RM**	**RM**
ASSETS							
Non-current assets							
Property, plant and equipment	12	**69,345,035**	39,632,822	29,688,517	**16,396**	39,004	85,138
Prepaid lease payments on leasehold land	13	**6,951,434**	7,216,202	7,088,971	**–**	–	–
Investment in subsidiary companies	14	**–**	–	–	**53,483,262**	53,556,793	53,209,141
Deferred tax assets	15	**188,090**	180,019	361,260	**111,000**	52,000	79,000
Total non-current assets		**76,484,559**	47,029,043	37,138,748	**53,610,658**	53,647,797	53,373,279
Current assets							
Inventories	16	**10,811,644**	9,649,533	13,136,507	**–**	–	–
Trade and other receivables	17	**10,724,741**	10,453,960	7,083,362	**541,688**	452,720	326,986
Amount owing by subsidiary companies	17	**–**	–	–	**43,072,431**	45,408,836	95,343,643
Other financial assets	18	**506,237**	–	1,305,051	**–**	–	–
Other assets	19	**1,322,435**	1,098,961	1,053,780	**2,897**	2,000	2,000
Current tax assets		**287,706**	305,655	308,416	**238,337**	299,752	317,176
Short-term deposits	20	**131,444,248**	150,877,496	151,143,496	**71,200,958**	62,441,393	8,835,213
Cash and bank balances	20	**2,960,172**	3,163,575	2,056,704	**32,432**	13,820	70,338
Total current assets		**158,057,183**	175,549,180	176,087,316	**115,088,743**	108,618,521	104,895,356
Total assets		**234,541,742**	222,578,223	213,226,064	**168,699,401**	162,266,318	158,268,635

	Note	The Group 31.12.2012 RM	The Group 31.12.2011 RM	The Group 1.1.2011 RM	The Company 31.12.2012 RM	The Company 31.12.2011 RM	The Company 1.1.2011 RM
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	21	**75,301,840**	75,300,640	75,154,840	**75,301,840**	75,300,640	75,154,840
Reserves	22	**31,355,101**	32,070,494	27,812,542	**37,479,413**	37,572,491	35,834,150
Retained earnings	23	**91,690,100**	91,076,252	86,250,469	**47,725,835**	41,159,800	36,465,635
Less: Treasury shares, at cost	21	**(11,240,418)**	(11,240,095)	(8,908,578)	**(11,240,418)**	(11,240,095)	(8,908,578)
Total equity		**187,106,623**	187,207,291	180,309,273	**149,266,670**	142,792,836	138,546,047
Non-current liabilities							
Deferred tax liabilities	15	**1,164,476**	741,178	1,144,298	**–**	–	–
Current liabilities							
Trade and other payables	24	**26,963,125**	13,598,313	11,746,668	**960,776**	1,001,817	1,196,763
Other financial liabilities	18	**–**	944,433	–	**–**	–	–
Provision for rework and warranty	25	**820,000**	1,350,000	1,500,000	**–**	–	–
Tax liabilities		**15,563**	265,343	–	**–**	–	–
Dividend payable		**18,471,955**	18,471,665	18,525,825	**18,471,955**	18,471,665	18,525,825
Total current liabilities		**46,270,643**	34,629,754	31,772,493	**19,432,731**	19,473,482	19,722,588
Total liabilities		**47,435,119**	35,370,932	32,916,791	**19,432,731**	19,473,482	19,722,588
Total equity and liabilities		**234,541,742**	222,578,223	213,226,064	**168,699,401**	162,266,318	158,268,635

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

The Group

	Share Capital RM	Share Premium RM	Translation Reserve RM	Share Option Reserve RM	Retained Earnings RM	Treasury Shares RM	Total RM
Balance as of January 1, 2011	75,154,840	25,874,950	(1,243,962)	3,181,554	86,250,469	(8,908,578)	180,309,273
Profit for the year	–	–	–	–	48,911,904	–	48,911,904
Other comprehensive income for the year	–	–	2,519,611	–	–	–	2,519,611
Total comprehensive income for the year	–	–	2,519,611	–	48,911,904	–	51,431,515
Adjustment of 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	1,275,649	4,173,926	91,076,252	(11,240,095)	187,207,291
Balance as of January 1, 2012	**75,300,640**	**26,620,919**	**1,275,649**	**4,173,926**	**91,076,252**	**(11,240,095)**	**187,207,291**
Profit for the year	**–**	**–**	**–**	**–**	**44,831,224**	**–**	**44,831,224**
Other comprehensive loss for the year	**–**	**–**	**(622,315)**	**–**	**–**	**–**	**(622,315)**
Total comprehensive (loss)/ income for the year	**–**	**–**	**(622,315)**	**–**	**44,831,224**	**–**	**44,208,909**
Share-based payment forfeited	**–**	**–**	**–**	**(115,324)**	**115,324**	**–**	**–**
Allotment of 6,000 new ordinary shares of RM0.20 each at RM0.97 per share pursuant to the ESOS	**1,200**	**4,620**	**–**	**–**	**–**	**–**	**5,820**
Recognition of share-based payment	**–**	**–**	**–**	**17,626**	**–**	**–**	**17,626**
Buy-back of ordinary shares	**–**	**–**	**–**	**–**	**–**	**(323)**	**(323)**
Dividends (Note 27)	**–**	**–**	**–**	**–**	**(44,332,700)**	**–**	**(44,332,700)**
Balance as of December 31, 2012	**75,301,840**	**26,625,539**	**653,334**	**4,076,228**	**91,690,100**	**(11,240,418)**	**187,106,623**

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2012

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, 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
Balance as of January 1, 2012	**75,300,640**	**26,620,919**	**6,777,646**	**4,173,926**	**41,159,800**	**(11,240,095)**	**142,792,836**
Profit for the year	**–**	**–**	**–**	**–**	**50,868,222**	**–**	**50,868,222**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**50,868,222**	**–**	**50,868,222**
Share-based payment forfeited	**–**	**–**	**–**	**(30,513)**	**30,513**	**–**	**–**
Allotment of 6,000 new ordinary shares of RM0.20 each at RM0.97 per share pursuant to the ESOS	**1,200**	**4,620**	**–**	**–**	**–**	**–**	**5,820**
Recognition of share-based payment:							
Recognised in income statement	**–**	**–**	**–**	**6,346**	**–**	**–**	**6,346**
Included in investment in subsidiary companies	**–**	**–**	**–**	**(73,531)**	**–**	**–**	**(73,531)**
Buy-back of ordinary shares	**–**	**–**	**–**	**–**	**–**	**(323)**	**(323)**
Dividends (Note 27)	**–**	**–**	**–**	**–**	**(44,332,700)**	**–**	**(44,332,700)**
Balance as of December 31, 2012	**75,301,840**	**26,625,539**	**6,777,646**	**4,076,228**	**47,725,835**	**(11,240,418)**	**149,266,670**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	**44,831,224**	48,911,904	**50,868,222**	48,964,173
Adjustments for:				
Depreciation of property, plant and equipment	**3,423,337**	2,837,236	**17,505**	45,644
Tax expense recognised in profit or loss	**1,427,896**	750,957	**467,331**	214,480
Amortisation of prepaid lease payments on leasehold land	**172,834**	169,837	**–**	–
Provision for rework and warranty	**170,320**	426,370	**–**	–
Unrealised loss/ (gain) on foreign exchange	**145,384**	(224,102)	**25**	(21)
Allowance for doubtful debts	**138,052**	192,536	**–**	–
Loss/ (gain) on disposal of property, plant and equipment	**50,567**	46,816	**(14,397)**	490
Expense recognised in respect of equity-settled share-based payment	**17,626**	1,089,517	**6,346**	706,715
Property, plant and equipment written off	**2**	15	**–**	–
Interest revenue recognised in profit or loss	**(4,058,381)**	(3,733,428)	**(2,212,137)**	(698,741)
Provision for rework and warranty no longer required	**(530,000)**	(150,000)	**–**	–
Fair value (gain)/ loss on derivative financial instruments	**(506,237)**	944,433	**–**	–
Allowance for obsolete inventories no longer required	**(282,037)**	(1,006,279)	**–**	–
Allowance for doubtful debts no longer required	**(192,536)**	(175,508)	**–**	–
Gross dividends income	**–**	–	**(50,000,000)**	(50,000,000)
	44,808,051	50,080,304	**(867,105)**	(767,260)
Movements in working capital:				
(Decrease)/ increase inventories	**(880,074)**	4,493,253	**–**	–
(Decrease)/ increase trade and other receivables	**(677,089)**	(3,076,538)	**19,504**	64,800
Decrease in other assets	**(223,474)**	(45,181)	**–**	–
(Decrease)/ increase in other financial assets/ liabilities	**(944,433)**	1,305,051	**–**	–
Increase/ (decrease) in trade and other payables	**5,873,131**	2,017,677	**(41,041)**	(161,854)
Cash generated from/ (used in) operations	**47,956,112**	54,774,566	**(888,642)**	(864,314)
Tax refunded	**5,903**	87,749	**–**	–
Tax paid	**(1,251,340)**	(788,862)	**(464,916)**	(170,056)
Rework and warranty costs paid	**(170,320)**	(426,370)	**–**	–
Net cash generated from/ (used in) operating activities	**46,540,355**	53,647,083	**(1,353,558)**	(1,034,370)

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2012

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**4,256,869**	3,639,343	**2,102,768**	508,207
Proceeds from disposal of property, plant and equipment	**118,759**	20,761	**19,500**	–
Purchase of property, plant and equipment (Note 24)	**(26,042,842)**	(11,572,721)	**–**	–
Additions to prepaid lease payments	**–**	(22,885)	**–**	–
Dividends received from a subsidiary company	**–**	–	**50,000,000**	50,000,000
Net repayment by subsidiary companies	**–**	–	**2,336,405**	49,934,807
Net cash (used in)/ generated from investing activities	**(21,667,214)**	(7,935,502)	**54,458,673**	100,443,014
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares pursuant to the ESOS	**5,820**	891,769	**5,820**	891,769
Dividends paid	**(44,332,410)**	(44,419,254)	**(44,332,410)**	(44,419,254)
Payments for shares buy-back	**(323)**	(2,331,517)	**(323)**	(2,331,517)
Net cash used in financing activities	**(44,326,913)**	(45,859,002)	**(44,326,913)**	(45,859,002)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(19,453,772)**	(147,421)	**8,778,202**	53,549,642
Effect of foreign exchange rate changes	**(182,879)**	988,292	**(25)**	20
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**154,041,071**	153,200,200	**62,455,213**	8,905,551
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)	**134,404,420**	154,041,071	**71,233,390**	62,455,213

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

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 Zurich, 170, Jalan Argyll, 10050 Penang, Malaysia.

The principal place of business of the Company is located at 3097, 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, 2013

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Adoption of Malaysian Financial Reporting Standards

The Group and the Company's financial statements for the financial year ended December 31, 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards, with January 1, 2011 as the date of transition. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 31 to the financial statements.

Standards and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations ("IC Int.") which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to Government Loans) (a)
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures – Offsetting Financial Assets and Financial Liabilities) (a)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) (b)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) (b)
MFRS 10	Consolidated Financial Statements (a)
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance) (a)
MFRS 10	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127) (d)
MFRS 11	Joint Arrangements (a)
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance) (a)
MFRS 12	Disclosure of Interests in Other Entities (a)
MFRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance) (a)
MFRS 12	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127) (d)
MFRS 13	Fair Value Measurement (a)
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) (c)
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011) (a)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011) (a)
MFRS 127	Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127) (d)
MFRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) (a)
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) (d)

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

IC Int. 20 Stripping Costs in the Production Phase of a Surface Mine [(a)]
Amendments to MFRSs contained in the document entitled Annual Improvements 2009-2011 cycle [(a)]

(a) Effective for annual periods beginning on or after January 1, 2013
(b) Effective for annual periods beginning on or after January 1, 2015 instead of January 1, 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" on March 1, 2012
(c) Effective for annual periods beginning on or after July 1, 2012
(d) Effective for annual periods beginning on or after January 1, 2014

The directors anticipate that the adoption of the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group and the Company has not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of March 1, 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after January 1, 2015 instead of on or after January 1, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduce new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

(a) All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire

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

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (cont'd)

amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors do not anticipate that the application of MFRS 9 will have a significant impact on amounts reported in respect of the Group and of the Company's financial assets and financial liabilities.

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, comprising MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Key requirements of these five Standards are described below.

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Int. 112 Consolidation - Special Purpose Entities will be withdrawn upon effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is control. In addition, MFRS 10 includes a new definition of control that contains three elements:

(a) power over an investee,
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

The directors do not anticipate that the application of these five standards will have a significant impact on amounts reported in the consolidated financial statements.

MFRS 13

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 Financial Instruments: Disclosures will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The Directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

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

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the "statement of comprehensive income" is renamed "statement of profit or loss and other comprehensive income" and the "income statement" is renamed "statement of profit or loss".

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to MFRSs: Annual Improvements 2009 – 2011 Cycle

The *Annual Improvements 2009 – 2011 Cycle* include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 101 *Presentation of Financial Statements*
- Amendments to MFRS 116 *Property, Plant and equipment;* and
- Amendments to MFRS 132 *Financial Instruments: Presentation*

Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement of reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments of MFRS 116 will have a significant effect on the Group and the Company's financial statements.

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distribution to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group and the Company's financial statements as this treatment has already been adopted.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 122 $_{2004}$ Business Combinations, which were accounted for using the merger method.

MFRS 1 provides the option to apply MFRS 3 Business combinations prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after January 1, 2011. However, there are no business combinations occurring after January 1, 2006.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue and revenue recognition (cont'd)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost, or the fair value in opening MFRS statement of financial position as deemed cost, less any subsequent accumulated depreciation and accumulated impairment losses. 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 lives.

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%

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.

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.

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 amortization and had no impairment loss been recognised for the asset in prior years.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(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 MFRS 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

(e) Impairment of financial assets (cont')

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(d) Financial liabilities at FVTPL (cont'd)

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

Derivative financial instruments

The Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Group and 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.

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**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Sale of goods:				
Manufacturing	**92,288,898**	103,295,624	**–**	–
Trading	**6,154**	10,200	**–**	–
Dividend income from a subsidiary company	**–**	–	**50,000,000**	50,000,000
Management fee	**–**	–	**2,310,314**	2,474,108
	92,295,052	103,305,824	**52,310,314**	52,474,108

6. INVESTMENT REVENUE

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	**RM**	RM
Interest revenue on short-term deposits	**4,058,381**	3,733,428	**2,212,137**	698,741

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Interest revenue for financial assets not designated as at fair value through profit or loss:				
Loans and receivables (including cash and bank balances)	**4,058,381**	3,733,428	**2,212,137**	698,741

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Fair value gain/ (loss) on derivative financial instruments:				
Realised	**2,171,366**	(138,240)	**–**	–
Unrealised	**506,237**	(944,433)	**–**	–
Allowance for obsolete inventories no longer required	**282,037**	1,006,279	**–**	–
Allowance for doubtful debts no longer required	**192,536**	175,508	**–**	–
(Loss)/ gain on foreign exchange:				
Realised	**(876,385)**	1,778,587	**–**	–
Unrealised	**(145,384)**	224,102	**(25)**	21
Allowance for doubtful debts	**(138,052)**	(192,536)	**–**	–
(Loss)/ gain on disposal of property, plant and equipment	**(50,567)**	(46,816)	**14,397**	(490)
Property, plant and equipment written off	**(2)**	(15)	**–**	–
Others	**84,062**	(89,423)	**–**	–
	2,025,848	1,773,013	**14,372**	(469)

8. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Contributions to employees provident fund	**948,856**	849,902	**287,883**	268,500
Equity-settled share-based payment	**17,626**	1,089,517	**6,346**	706,715
Other employee benefits expense	**13,235,144**	12,615,144	**2,577,011**	2,640,681
	14,201,626	14,554,563	**2,871,240**	3,615,896

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.

8. EMPLOYEE BENEFITS EXPENSE (cont'd)

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

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive directors of the Company:				
Fee	**132,400**	130,733	**132,400**	130,733
Contributions to employees provident fund	**102,689**	135,360	**102,689**	135,360
Equity-settled share-based payment	**–**	289,899	**–**	289,899
Other emoluments	**689,798**	894,000	**689,798**	894,000
Benefits-in-kind	**60,000**	60,000	**60,000**	60,000
Non-executive directors of the Company:				
Fee	**257,600**	257,600	**257,600**	257,600
Equity-settled share-based payment	**–**	88,634	**–**	88,634
	1,242,487	1,856,226	**1,242,487**	1,856,226

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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current year:				
Current tax expense in respect of the current year	**1,017,617**	940,969	**550,925**	177,000
Deferred tax expense/ (income) relating to the origination and reversal of temporary differences	**415,227**	(221,879)	**(59,000)**	27,000
	1,432,844	719,090	**491,925**	204,000
Adjustments recognised in the current year in relation to current tax expense in prior years	**(4,948)**	31,867	**(24,594)**	10,480
Total tax expense	**1,427,896**	750,957	**467,331**	214,480

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 2012 is 25% (2011: 25%).

The applicable statutory income tax rate of the foreign subsidiary company incorporated in the People's Republic of China is 25% (2011: 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, Uchi Optoelectronic (M) Sdn. Bhd. 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	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Profit before tax	**46,259,120**	49,662,861	**51,335,553**	49,178,653
Tax expense calculated using statutory income tax rate of 25% (2011: 25%)	**11,565,000**	12,416,000	**12,834,000**	12,295,000
Effect of expenses that are not deductible in determining taxable profit	**621,320**	830,769	**157,925**	409,000
Effect of tax exempt income for pioneer products	**(10,481,000)**	(10,961,000)	**–**	–
Effect of tax exempt income for dividend income	**–**	–	**(12,500,000)**	(12,500,000)
Effect of income that are not taxable in determining taxable profit	**(272,476)**	(1,566,679)	**–**	–
	1,432,844	719,090	**491,925**	204,000
Adjustments recognised in the current year in relation to current tax expense in prior years	**(4,948)**	31,867	**(24,594)**	10,480
Tax expense recognised in profit or loss	**1,427,896**	750,957	**467,331**	214,480

As of December 31, 2012, the approximate amounts of unused reinvestment allowances, unused tax losses and unused tax capital allowances of the Group which are available for set off against future taxable income are as follows:

	The Group	
	2012	**2011**
	RM	**RM**
Unused reinvestment allowances	**1,236,000**	1,236,000
Unused tax losses	**87,000**	87,000
Unused tax capital allowances	**72,000**	126,000

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	
	2012	2011	2012	2011
	RM	RM	RM	RM
After charging:				
Research and development expenses	**3,625,290**	2,948,004	**–**	–
Provision for rework and warranty	**170,320**	426,370	**–**	–
Audit fee:				
Current	**95,311**	85,244	**43,000**	37,000
Overprovision in prior year	**–**	(4,000)	**–**	(3,000)
And crediting:				
Provision for rework and warranty no longer required	**530,000**	150,000	**–**	–

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	
	2012	2011
	RM	RM
Profit attributable to ordinary equity holders of the Company	**44,831,224**	48,911,904
	2012	**2011**
	Units	**Units**
Number of ordinary shares at beginning of year	**376,503,200**	375,774,200
Effect of share options exercised during the year	**3,164**	483,216
Effect of shares bought back and held as treasury shares	**(7,069,969)**	(6,849,809)
Weighted average number of ordinary shares in issue	**369,436,395**	369,407,607
Basic earnings per share (sen)	**12.13**	13.24

	2012	2011
	Units	Units
Weighted average number of ordinary shares	**369,436,395**	369,407,607
Employee share options:		
Weighted average number of unissued shares	**6,500**	146,000
Weighted average number of shares that would have been issued at fair value	**(5,304)**	(103,207)
Adjusted weighted average number of ordinary shares in issue or issuable	**369,437,591**	369,450,400
Diluted earnings per share (sen)	**12.13**	13.24

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings	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
Cost										
Balance as of 1.1.2012	5,167,266	26,584,093	12,520,924	529,170	946,872	281,069	1,556,013	2,156,228	2,071,008	51,812,643
Additions	–	21,981,263	4,702,258	1,059,800	2,597,175	421,005	368,274	2,213,735	386,608	33,730,118
Disposals/ Write–off	–	–	(252,168)	–	–	(1,314)	(80,631)	–	(103,352)	(437,465)
Translation reserve	–	(376,109)	(67,825)	(13,125)	(21,572)	(1,846)	(9,975)	(49,786)	(10,881)	(551,119)
Balance as of 31.12.2012	5,167,266	48,189,247	16,903,189	1,575,845	3,522,475	698,914	1,833,681	4,320,177	2,343,383	84,554,177
Balance as of 1.1.2011	–	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	2,003,958	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 31.12.2011	5,167,266	26,584,093	12,520,924	529,170	946,872	281,069	1,556,013	2,156,228	2,071,008	51,812,643

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

	Freehold Land	Buildings	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
Accumulated depreciation										
Balance as of 1.1.2012	–	2,280,043	6,507,900	243,652	440,643	124,704	983,721	511,594	1,087,564	12,179,821
Charge for the year	–	989,133	1,327,934	103,280	185,285	40,328	301,985	199,343	276,049	3,423,337
Disposals/ Write–off	–	–	(159,494)	–	–	(420)	(57,479)	–	(50,744)	(268,137)
Translation reserve	–	(39,543)	(47,651)	(5,760)	(9,750)	(978)	(6,418)	(9,263)	(6,516)	(125,879)
Balance as of 31.12.2012	–	3,229,633	7,628,689	341,172	616,178	163,634	1,221,809	701,674	1,306,353	15,209,142
Balance as of 1.1.2011	–	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	–	881,567	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 31.12.2011	–	2,280,043	6,507,900	243,652	440,643	124,704	983,721	511,594	1,087,564	12,179,821
Net book value										
Balance as of 31.12.2012	5,167,266	44,959,614	9,274,500	1,234,673	2,906,297	535,280	611,872	3,618,503	1,037,030	69,345,035
Balance as of 31.12.2011	5,167,266	24,304,050	6,013,024	285,518	506,229	156,365	572,292	1,644,634	983,444	39,632,822
Balance as of 1.1.2011	–	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 1.1.2012	12,803	138,305	372,995	524,103
Disposals/ Write-off	–	–	(38,277)	(38,277)
Balance as of 31.12.2012	12,803	138,305	334,718	485,826
Balance as of 1.1.2011	12,803	140,855	372,995	526,653
Disposals/ Write-off	–	(2,550)	–	(2,550)
Balance as of 31.12.2011	12,803	138,305	372,995	524,103
Accumulated depreciation				
Balance as of 1.1.2012	11,438	108,959	364,702	485,099
Charge for the year	776	13,539	3,190	17,505
Disposals/ Write-off	–	–	(33,174)	(33,174)
Balance as of 31.12.2012	12,214	122,498	334,718	469,430
Balance as of 1.1.2011	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 31.12.2011	11,438	108,959	364,702	485,099
Net book value				
Balance as of 31.12.2012	589	15,807	–	16,396
Balance as of 31.12.2011	1,365	29,346	8,293	39,004
Balance as of 1.1.2011	2,527	44,348	38,263	85,138

13. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Short leasehold land:			
At beginning of year	**7,216,202**	7,088,971	7,528,626
Addition during the year	**–**	22,885	–
Amortisation during the year	**(172,834)**	(169,837)	(169,899)
Translation reserve	**(91,934)**	274,183	(269,756)
At end of year	**6,951,434**	7,216,202	7,088,971

As of December 31, 2012, the unexpired lease periods of the Group's short leasehold land are 42 and 37 years respectively.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Unquoted shares, at cost	**57,904,062**	57,977,593	57,629,941
Less: Accumulated impairment losses	**(4,420,800)**	(4,420,800)	(4,420,800)
	53,483,262	53,556,793	53,209,141

Included in the cost of investment in subsidiary companies during the year is an amount of RM73,531 (2011: RM347,652) representing the recognition of equity-settled share-based payment for share options forfeited/ granted by the Company to the subsidiary companies' employees to acquire ordinary shares of the Company.

The subsidiary companies are as follows:

	Country of incorporation	Principal activities	Percentage of ownership		
			31.12.2012	31.12.2011	1.1.2011
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%	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%	100%
Uchi Technologies (Dongguan) Co., Ltd.*	People's Republic of China	Design, research, development, manufacture and trading of electronic modules.	**100%**	100%	100%
Indirect holdings					
Uchi Industries (M) Sdn. Bhd.*	Malaysia	Currently under members' voluntary winding up	**100%**	100%	100%

* Audited by Deloitte KassimChan for purposes of consolidation.

15. DEFERRED TAX ASSETS/ (LIABILITIES)

The Group

	Opening balance RM	Recognised in profit or loss RM	Closing balance RM
31.12.2012:			
Deferred tax assets			
Unused capital allowances	**32,000**	**(14,000)**	**18,000**
Unused tax losses	**22,000**	**–**	**22,000**
Provision for rework and warranty	**88,700**	**116,300**	**205,000**
Trade receivables	**46,090**	**(5,090)**	**41,000**
Inventories	**38,819**	**(36,929)**	**1,890**
Others	**138,410**	**731,790**	**870,200**
	366,019	**792,071**	**1,158,090**
Deferred tax liabilities			
Gain on revaluation of properties	**(698,178)**	**25,702**	**(672,476)**
Property, plant and equipment	**(229,000)**	**(1,233,000)**	**(1,462,000)**
	(927,178)	**(1,207,298)**	**(2,134,476)**
Net	**(561,159)**	**(415,227)**	**(976,386)**
31.12.2011:			
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	45,300	88,700
Trade receivables	5,000	41,090	46,090
Inventories	96,060	(57,241)	38,819
Others	169,600	(31,190)	138,410
	425,060	(59,041)	366,019
Deferred tax liabilities			
Gain on revaluation of properties	(1,144,298)	446,120	(698,178)
Property, plant and equipment	(63,800)	(165,200)	(229,000)
	(1,208,098)	280,920	(927,178)
Net	(783,038)	221,879	(561,159)

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

The Company

	Opening balance	Recognised in profit or loss	Closing balance
	RM	**RM**	**RM**
31.12.2012:			
Deferred tax assets			
Accrued expenses	**61,000**	**54,000**	**115,000**
Deferred tax liability			
Property, plant and equipment	**(9,000)**	**5,000**	**(4,000)**
Net	**52,000**	**59,000**	**111,000**
31.12.2011:			
Deferred tax assets			
Accrued expenses	99,000	(38,000)	61,000
Deferred tax liability			
Property, plant and equipment	(20,000)	11,000	(9,000)
Net	**79,000**	(27,000)	52,000

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

		The Group	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Deferred tax assets	**188,090**	180,019	361,260
Deferred tax liabilities	**(1,164,476)**	(741,178)	(1,144,298)
	(976,386)	(561,159)	(783,038)

		The Company	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Deferred tax assets	**111,000**	52,000	79,000

16. INVENTORIES

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Raw materials	**7,536,194**	5,977,702	7,652,211
Work-in-progress	**2,321,120**	1,838,564	2,455,426
Finished goods	**954,330**	1,833,267	3,028,870
	10,811,644	9,649,533	13,136,507

The cost of inventories recognised as an expense in the Group's financial statements during the financial year is RM44,517,376 (2011: RM48,514,079).

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

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Trade receivables	**9,930,721**	9,478,593	6,096,045
Less: Allowance for doubtful debts	**(138,052)**	(192,536)	(175,508)
	9,792,669	9,286,057	5,920,537
Interest receivable	**880,929**	1,079,417	985,330
Other receivables	**51,143**	88,486	177,495
	10,724,741	10,453,960	7,083,362

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Interest receivable	**496,405**	387,036	196,502
Other receivables	**45,283**	65,684	130,484
	541,688	452,720	326,986

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

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

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 30 to 60 days (31.12.2011: 30 to 60 days; 1.1.2011: 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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
1 - 30 days	**277,252**	32,113	500,817
31 - 60 days	**187,798**	375,208	11,689
More than 60 days	**96,497**	66,714	–
	561,547	474,035	512,506

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 dispute over quality issues on products sold. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables:

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
61-90 days	**53,203**	67,343	511
91-120 days	**84,849**	27,893	22,765
More than 120 days	**–**	97,300	152,232
	138,052	192,536	175,508

Movement in the allowance for doubtful debts of trade receivables:

	The Group	
	2012	**2011**
	RM	**RM**
Balance at beginning of the year	**192,536**	175,508
Additions during the year	**138,052**	192,536
Amounts recovered during the year	**(192,536)**	(175,508)
Balance at end of year	**138,052**	192,536

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

Analysis of trade and other receivables by currencies:

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
United States Dollar	**9,789,334**	9,260,320	5,920,537
Ringgit Malaysia	**929,547**	1,170,838	1,148,140
Chinese Renminbi	**5,860**	22,802	14,685
	10,724,741	10,453,960	7,083,362

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
United States Dollar	**–**	–	–
Ringgit Malaysia	**541,688**	452,720	326,986
Chinese Renminbi	**–**	–	–
	541,688	452,720	326,986

The amount owing by subsidiary companies are as follows:

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Uchi Optoelectronic (M) Sdn. Bhd.	**43,068,145**	45,396,319	90,863,057
Uchi Electronic (M) Sdn. Bhd.	**4,286**	12,517	4,480,586
Balance at end of year	**43,072,431**	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	
	2012	**2011**
	RM	**RM**
Management fee received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**2,288,235**	2,447,602
Uchi Electronic (M) Sdn. Bhd.	**22,079**	26,506
Dividend income received:		
Uchi Optoelectronic (M) Sdn. Bhd.	**50,000,000**	50,000,000

18. OTHER FINANCIAL ASSETS/ (LIABILITIES)

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Financial assets/ (liabilities) carried at fair value through profit or loss:			
Derivative financial instruments:			
Foreign currency forward contracts	**506,237**	(944,433)	1,305,051

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 2013.

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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Prepaid expenses	**930,153**	921,218	899,304
Refundable deposits	**392,282**	177,743	154,476
	1,322,435	1,098,961	1,053,780

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Refundable deposits	**2,897**	2,000	2,000

20. CASH AND CASH EQUIVALENTS

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

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Short-term deposits	**131,444,248**	150,877,496	151,143,496
Cash and bank balances	**2,960,172**	3,163,575	2,056,704
	134,404,420	154,041,071	153,200,200

20. CASH AND CASH EQUIVALENTS (cont'd)

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Short-term deposits	**71,200,958**	62,441,393	8,835,213
Cash and bank balances	**32,432**	13,820	70,338
	71,233,390	62,455,213	8,905,551

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

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	%	**%**	**%**
Short-term deposits	**2.65 - 3.85**	2.20 - 3.70	1.71 - 3.40

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	%	**%**	**%**
Short-term deposits	**2.80 - 3.85**	2.80 - 3.70	2.50 - 3.40

The above short-term deposits are maturing within January 2013 to June 2013.

Analysis of cash and cash equivalents by currencies:

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Ringgit Malaysia	**109,332,761**	138,094,777	121,808,256
United States Dollar	**20,876,522**	11,025,077	23,970,811
Chinese Renminbi	**4,149,965**	4,872,616	7,401,615
Euro	**40,320**	45,696	15,060
Other foreign currencies	**4,852**	2,905	4,458
	134,404,420	154,041,071	153,200,200

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Ringgit Malaysia	**71,232,749**	62,454,544	8,904,885
United States Dollar	**641**	669	666
	71,233,390	62,455,213	8,905,551

21. SHARE CAPITAL

	The Group and The Company			
	31.12.2012		31.12.2011	
	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	**376,503,200**	**75,300,640**	375,774,200	75,154,840
Issue of shares pursuant to ESOS	**6,000**	**1,200**	729,000	145,800
At end of year	**376,509,200**	**75,301,840**	376,503,200	75,300,640

At the Annual General Meeting held on May 24, 2012, 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 RM75,300,640 divided into 376,503,200 ordinary shares of RM0.20 each to RM75,301,840 divided into 376,509,200 ordinary shares of RM0.20 each by way of issuance of 6,000 new ordinary shares of RM0.20 each for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price at RM0.97 per ordinary share.

The premium arising from the shares issued pursuant to the ESOS of RM4,620 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 200 (2011: 1,812,200) of its issued and fully paid ordinary shares from the open market. The average price paid for the ordinary shares repurchased was approximately RM1.62 (2011: 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, 2012, out of the total number of 376,509,200 (31.12.2011: 376,503,200; 1.1.2011: 375,774,200) of ordinary shares of RM0.20 each issued and paid-up, 7,070,100 (31.12.2011: 7,069,900; 1.1.2011: 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 369,439,100 (31.12.2011: 369,433,300; 1.1.2011: 370,516,500).

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. The Company had extended the ESOS for another period of 5 years commencing from August 8, 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 7, 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.

21. SHARE CAPITAL (cont'd)

(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 option period up to August 7, 2016. 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:

	31.12.2012		**31.12.2011**	
	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	**2.17**	**36,573,500**	2.18	37,448,500
Granted	**1.20**	**972,000**	1.31	1,167,000
Forfeited	**1.76**	**(1,327,500)**	2.14	(1,313,000)
Exercised	**0.97**	**(6,000)**	1.22	(729,000)
At end of year	**2.16**	**36,212,000**	2.17	36,573,500

Out of the outstanding share options, share options to subscribe for 35,376,700 (31.12.2011: 36,252,300; 1.1.2011: 31,502,000) ordinary shares of RM0.20 each under the ESOS scheme are exercisable at the end of the year.

The share options outstanding at year end had exercise prices ranging from RM0.91 to RM3.31 (31.12.2011: RM0.91 to RM3.31; 1.1.2011: RM0.91 to RM3.31), and a weighted average remaining contractual life of 4 years (31.12.2011: 5 years; 1.1.2011: 1 year).

Share options to subscribe for 36,212,000 (31.12.2011: 36,573,500; 1.1.2011: 37,448,500) ordinary share of RM0.20 each under the ESOS scheme are exercisable within the option period up to August 7, 2016.

The weighted average fair value of share options granted during the period determined using the binomial model was RM0.0478 (2011: RM0.04008) per ordinary share of RM0.20 each. The significant inputs into the model were as follows:

	2012	**2011**
Valuation assumptions:		
Expected volatility	**20.27%**	18.25%
Expected dividend yield	**10%**	9%
Expected option life	**4 years**	1 - 5 years
Weighted average share price at date of grant	**RM1.20 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 (2011: 1¼ years).

On February 8, 2013 share options to subscribe for 1,430,000 ordinary shares of RM0.20 each offered under the ESOS scheme were granted to employees with an exercise price of RM1.15 per share.

22. RESERVES

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Share premium	**26,625,539**	26,620,919	25,874,950
Translation reserve	**653,334**	1,275,649	(1,243,962)
Share option reserve	**4,076,228**	4,173,926	3,181,554
	31,355,101	32,070,494	27,812,542

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Share premium	**26,625,539**	26,620,919	25,874,950
Merger reserve	**6,777,646**	6,777,646	6,777,646
Share option reserve	**4,076,228**	4,173,926	3,181,554
	37,479,413	37,572,491	35,834,150

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

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 sufficient 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, 2012.

24. TRADE AND OTHER PAYABLES

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Trade payables	**8,526,157**	4,865,918	5,080,546
Amount owing to directors	**190,000**	270,000	400,000
Other payables	**4,200,861**	3,239,257	2,758,384
Accrued expenses	**14,046,107**	5,223,138	3,507,738
	26,963,125	13,598,313	11,746,668

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Amount owing to directors	**190,000**	270,000	400,000
Other payables	**–**	15,191	86,900
Accrued expenses	**770,776**	716,626	709,863
	960,776	1,001,817	1,196,763

Analysis of trade and other payables by currencies:

	The Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
United States Dollar	**12,546,104**	8,467,506	5,849,850
Ringgit Malaysia	**13,238,632**	3,989,139	4,740,660
Chinese Renminbi	**1,095,225**	1,086,860	984,996
Euro	**–**	52,388	104,582
Other foreign currencies	**83,164**	2,420	66,580
	26,963,125	13,598,313	11,746,668

	The Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Ringgit Malaysia	**960,776**	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 (31.12.2011: 30 to 60 days; 1.1.2011: 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.

Included in accrued expenses of the Group is an amount of RM7,687,276 (31.12.2011: RM Nil; 1.1.2011: RM Nil) which comprise of liabilities for purchase of property, plant and equipment.

25. PROVISION FOR REWORK AND WARRANTY

	The Group	
	2012	2011
	RM	RM
At beginning of year	**1,350,000**	1,500,000
Additional provision	**170,320**	426,370
Rework and warranty costs incurred	**(170,320)**	(426,370)
Provision no longer required	**(530,000)**	(150,000)
At end of year	**820,000**	1,350,000

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, 2012, the Group has bank overdraft and other banking facilities totalling RM117,172,000 (31.12.2011: RM128,602,000; 1.1.2011: RM128,602,000) which are generally covered by corporate guarantees from the Company for RM37,192,000 (31.12.2011: RM38,622,000; 1.1.2011: RM38,622,000). As of December 31, 2012, the Group did not utilise the bank overdraft facility.

The bank overdraft facility bears interest at a rate of 1% (31.12.2011: 1%; 1.1.2011: 1%) per annum above the lending bank's base lending rate.

The effective interest rate of the bank overdraft as of December 31, 2012 is 7.60%.

27. DIVIDENDS

	The Group and the Company	
	2012	2011
	RM	RM
Dividends declared and paid:		
Final tax exempt dividend of 7 sen per ordinary share of RM0.20 each, for 2011 and 2010 respectively	**25,860,745**	25,860,338
Dividends declared and payable:		
Interim tax exempt dividend of 5 sen per ordinary share of RM0.20 each, for 2012 and 2011 respectively	**18,471,955**	18,471,665
	44,332,700	44,332,003

Subsequent to year ended, 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.

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 2011.

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.

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, Chinese Renminbi and Euro against the Ringgit Malaysia ("RM").

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		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
United States Dollar	**30,665,856**	20,285,397	29,891,348
Chinese Renminbi	**4,155,825**	4,895,418	7,416,300
Euro	**40,320**	45,696	15,060
Others	**4,852**	2,905	4,458

	Liabilities		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
United States Dollar	**12,546,104**	8,467,506	5,849,850
Chinese Renminbi	**1,095,225**	1,086,860	984,996
Euro	**–**	52,388	104,582
Others	**83,164**	2,420	66,580

28. FINANCIAL INSTRUMENTS (cont'd)

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

i. Foreign currency risk management (cont'd)

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 and a negative number indicates a decrease in profit where the RM strengthen 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Increase/ (decrease) on profit or loss:			
United States Dollar	**(1,811,975)**	(1,181,789)	(2,404,150)
Chinese Renminbi	**(306,060)**	(380,856)	(643,130)
Euro	**(4,032)**	669	8,952
Others	**7,831**	(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.

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 going basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	31.12.2012		31.12.2011		1.1.2011	
	RM	% of total	RM	% of total	RM	% of total
By country:						
European countries	**9,127,576**	**93**	8,079,765	87	5,024,232	85
United States	**12,763**	**1**	113,101	1	644,649	11
Other Asia Pacific countries	**652,330**	**6**	1,093,191	12	251,656	4
	9,792,669	**100**	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.

28. FINANCIAL INSTRUMENTS (cont'd)

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

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.

c. Foreign currency forward contracts

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

	Average exchange rate		
	31.12.2012	**31.12.2011**	**1.1.2011**
Sell USD			
Less than 3 months	**3.15**	3.11	3.23
3 - 6 months	**3.14**	3.12	3.23
6 - 9 months	**3.25**	3.13	3.19
9 - 12 months	**3.13**	3.15	–

	Foreign currency		
	31.12.2012	**31.12.2011**	**1.1.2011**
	USD	**USD**	**USD**
Sell USD			
Less than 3 months	**5,000,000**	6,500,000	6,400,000
3 - 6 months	**1,400,000**	3,000,000	3,000,000
6 - 9 months	**200,000**	3,000,000	600,000
9 - 12 months	**900,000**	3,000,000	–

	Contract value		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Sell USD			
Less than 3 months	**15,734,680**	20,247,290	20,686,590
3 - 6 months	**4,400,640**	9,360,620	9,695,860
6 - 9 months	**649,660**	9,402,830	1,914,440
9 - 12 months	**2,820,200**	9,451,700	–

	Fair value		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Sell USD			
Less than 3 months	**389,761**	(421,068)	889,766
3 - 6 months	**82,702**	(202,301)	378,313
6 - 9 months	**26,759**	(178,607)	36,972
9 - 12 months	**7,015**	(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, 2012, the Group has the following commitments in respect of capital expenditure on property, plant and equipment:

	The Group	
	2012	**2011**
	RM	RM
Approved and contracted for	**–**	26,142,500
Approved but not contracted for	**–**	14,347,265

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 MFRS 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.

Segment revenue and results

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

The Group	**Investment holding**	**Manufacturing**	**Trading**	**Elimination**	**Consolidated**
	RM	**RM**	**RM**	**RM**	**RM**
2012					
Revenue					
External sales	**–**	**92,288,898**	**6,154**	**–**	**92,295,052**
Inter-segment sales	**52,310,314**	**23,322,034**	**845,120**	**(76,477,468)**	**–**
Total revenue	**52,310,314**	**115,610,932**	**851,274**	**(76,477,468)**	**92,295,052**
Results					
Segment results	**49,100,508**	**40,896,443**	**46,840**	**(49,868,900)**	**40,174,891**
Investment revenue					**4,058,381**
Other gains and losses					**2,025,848**
Profit before tax					**46,259,120**
Tax expense					**(1,427,896)**
Profit for the year					**44,831,224**

30. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

The Group	**Investment holding**	**Manufacturing**	**Trading**	**Elimination**	**Consolidated**
	RM	**RM**	**RM**	**RM**	**RM**
2011					
Revenue					
External sales	–	103,295,624	10,200	–	103,305,824
Inter-segment sales	52,474,108	27,628,871	1,176,276	(81,279,255)	–
Total revenue	52,474,108	130,924,495	1,186,476	(81,279,255)	103,305,824
Results					
Segment results	48,473,782	45,344,242	1,773,783	(51,435,387)	44,156,420
Investment revenue					3,733,428
Other gains and losses					1,773,013
Profit before tax					49,662,861
Tax expense					(750,957)
Profit for the year					48,911,904

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.

Segment assets and liabilities

The Group	**Investment holding**	**Manufacturing**	**Trading**	**Consolidated**
	RM	**RM**	**RM**	**RM**
31.12.2012				
Assets				
Segment assets	**3,674,958**	**97,475,633**	**1,471,107**	**102,621,698**
Unallocated corporate assets				**131,920,044**
Consolidated total assets				**234,541,742**
Liabilities				
Segment liabilities	**956,490**	**26,560,577**	**266,058**	**27,783,125**
Unallocated corporate liabilities				**19,651,994**
Consolidated total liabilities				**47,435,119**
31.12.2011				
Assets				
Segment assets	3,409,446	67,743,893	61,714	71,215,053
Unallocated corporate assets				151,363,170
Consolidated total assets				222,578,223
Liabilities				
Segment liabilities	1,003,017	13,425,136	1,464,593	15,892,746
Unallocated corporate liabilities				19,478,186
Consolidated total liabilities				35,370,932

30. SEGMENT INFORMATION (cont'd)

Segment assets and liabilities (cont'd)

The Group	Investment holding	Manufacturing	Trading	Consolidated
	RM	RM	RM	RM
1.1.2011				
Assets				
Segment assets	2,404,637	58,846,175	162,080	61,412,892
Unallocated corporate assets				151,813,172
Consolidated total assets				213,226,064
Liabilities				
Segment liabilities	1,197,963	11,935,140	113,565	13,246,668
Unallocated corporate liabilities				19,670,123
Consolidated total liabilities				32,916,791

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.

Other segment information

The Group	Investment holding	Manufacturing	Trading	Elimination	Consolidated
	RM	RM	RM	RM	RM
2012					
Other information					
Capital expenditure	**–**	**33,730,118**	**–**	**–**	**33,730,118**
Depreciation and amortisation	**17,505**	**3,576,451**	**2,215**	**–**	**3,596,171**
Non-cash expenses other than depreciation and amortisation	**6,371**	**515,578**	**2**	**–**	**521,951**
2011					
Other information					
Capital expenditure	–	11,572,721	–	–	11,572,721
Depreciation and amortisation	45,644	2,956,780	4,649	–	3,007,073
Non-cash expenses other than depreciation and amortisation	707,205	1,986,104	6,378	–	2,699,687

30. SEGMENT INFORMATION (cont'd)

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	
	2012	**2011**
	RM	**RM**
Mixed signal microprocessor based application and system integration products	**92,151,914**	103,129,001
Others	**143,138**	176,823
	92,295,052	103,305,824

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			
	Revenue from external customers		Non-current assets*	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
European countries	**88,952,723**	95,279,504	**–**	–
United States	**582,551**	3,318,608	**–**	–
Malaysia	**–**	230	**57,920,185**	26,498,194
People's Republic of China	**–**	–	**18,376,284**	20,350,830
Other Asia Pacific countries	**2,759,778**	4,707,482	**–**	–
	92,295,052	103,305,824	**76,296,469**	46,849,024

* Non-current assets exclude deferred tax assets.

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	
	2012	**2011**
	RM	**RM**
Customer A	**72,857,222**	73,348,431
Customer B	**8,934,279**	11,984,354
	81,791,501	85,332,785

31. EXPLANATION OF TRANSITION TO MFRSs

This is the first year that the Group's and the Company's financial statements are prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended December 31, 2011 and the date of transition to MFRSs was therefore, January 1, 2011.

An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3 to the financial statements. The transition to MFRSs has been accounted for in accordance with MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, with January 1, 2011 as the date of transition.

The disclosures set out below explain how the transition from FRSs to MFRSs have affected the financial position, financial performance and cash flows of the Group. The changes in accounting policies as a consequence of transition to MFRSs are as described in the notes following the aforementioned disclosures. The transition to MFRS does not have any impact on the reported financial position, financial performance and cash flows of the Company.

a. Effect of MFRSs adoption for the statement of financial position of the Group

	1.1.2011 (date of transition)			31.12.2011 (end of last period presented under FRSs)		
	FRSs	Effect of transition to MFRSs	Opening MFRSs statement of financial position	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	29,688,517	–	29,688,517	39,632,822	–	39,632,822
Prepaid lease payments on leasehold land	7,601,173	(512,202)	7,088,971	7,754,971	(538,769)	7,216,202
Deferred tax assets	361,260	–	361,260	180,019	–	180,019
	37,650,950	(512,202)	37,138,748	47,567,812	(538,769)	47,029,043
Current assets						
Inventories	13,136,507	–	13,136,507	9,649,533	–	9,649,533
Trade and other receivables	7,083,362	–	7,083,362	10,453,960	–	10,453,960
Other financial assets	1,305,051	–	1,305,051	–	–	–
Other assets	1,053,780	–	1,053,780	1,098,961	–	1,098,961
Current tax assets	308,416	–	308,416	305,655	–	305,655
Short-term deposits	151,143,496	–	151,143,496	150,877,496	–	150,877,496
Cash and bank balances	2,056,704	–	2,056,704	3,163,575	–	3,163,575
Total current assets	176,087,316	–	176,087,316	175,549,180	–	175,549,180
Total assets	213,738,266	(512,202)	213,226,064	223,116,992	(538,769)	222,578,223

31. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

a. Effect of MFRSs adoption for the statement of financial position of the Group (cont'd)

	1.1.2011 (date of transition)			31.12.2011 (end of last period presented under FRSs)		
	FRSs	Effect of transition to MFRSs	Opening MFRSs statement of financial position	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	75,154,840	–	75,154,840	75,300,640	–	75,300,640
Reserves	29,814,690	(2,002,148)	27,812,542	34,166,266	(2,095,772)	32,070,494
Retained earnings	84,647,364	1,603,105	86,250,469	89,410,141	1,666,111	91,076,252
Less: treasury shares at cost	(8,908,578)	–	(8,908,578)	(11,240,095)	–	(11,240,095)
Total equity	180,708,316	(399,043)	180,309,273	187,636,952	(429,661)	187,207,291
Non-current liabilities						
Deferred tax liabilities	1,257,457	(113,159)	1,144,298	850,286	(109,108)	741,178
Current liabilities						
Trade and other payables	11,746,668	–	11,746,668	13,598,313	–	13,598,313
Other financial liabilities	–	–	–	944,433	–	944,433
Provision for rework and warranty	1,500,000	–	1,500,000	1,350,000	–	1,350,000
Tax liabilities	–	–	–	265,343	–	265,343
Dividend payable	18,525,825	–	18,525,825	18,471,665	–	18,471,665
Total current liabilities	31,772,493	–	31,772,493	34,629,754	–	34,629,754
Total liabilities	33,029,950	(113,159)	32,916,791	35,480,040	(109,108)	35,370,932
Total equity and liabilities	213,738,266	(512,202)	213,226,064	223,116,992	(538,769)	222,578,223

31. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

b. Reconciliation of retained earnings of the Group

	As at 1.1.2011 (date of transition)	As at 31.12.2011 (end of last period presented under FRSs)
	RM	RM
Total retained earnings under FRSs	84,647,364	89,410,141
Transfer of revaluation surplus	2,002,148	2,095,772
Adjustment on deferred tax liabilities	113,159	109,108
Adjustment on the carrying amount of prepaid lease payments on leasehold land	(512,202)	(538,769)
Total adjustment to retained earnings	1,603,105	1,666,111
Total retained earnings under MFRSs	86,250,469	91,076,252

c. Effect of MRFSs adoption for the statement of comprehensive income of the Group

	Year ended 31.12.2011 (end of last period presented under FRSs)		
	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
Revenue	103,305,824	–	103,305,824
Investment revenue	3,733,428	–	3,733,428
Other gains and losses	1,773,013	–	1,773,013
Raw materials consumed	(34,088,529)	–	(34,088,529)
Changes in inventories of finished goods and work-in-progress	(2,169,215)	–	(2,169,215)
Employee benefits expense	(14,554,563)	–	(14,554,563)
Depreciation of property, plant and equipment	(2,837,236)	–	(2,837,236)
Amortisation of prepaid lease payments on leasehold land	(143,270)	(26,567)	(169,837)
Other expenses	(5,330,024)	–	(5,330,024)
Profit before tax	49,689,428	(26,567)	49,662,861
Tax expense	(746,906)	(4,051)	(750,957)
Profit after tax for the year	48,942,522	(30,618)	48,911,904
Other comprehensive income	2,519,611	–	2,519,611
Total comprehensive income for the year	51,462,133	(30,618)	51,431,515

31. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

d. Effect of MFRSs adoption for the statement of cash flows of the Group

The transition to MFRSs have not resulted in material differences between the statement of cash flows presented under MFRSs and statement of cash flows presented in accordance with FRSs.

Notes to the reconciliations

(a) Property, plant and equipment

Prior to the adoption of MFRSs, the Group had availed itself of the transitional provision which was made available upon first application of the MASB Approved Accounting Standards IAS 16 (revised) Property, plant and equipment which was effective for periods beginning on or after September 1, 1998. By virtue of this transitional provision, the Group had recorded its buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluation subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRSs, the Group had decided to measure the buildings using the cost model under MFRS 116 Property, plant and equipment. Thus, at the date of transition to MFRSs, the optional exemption in MFRS 1 was applied to regard the revalued amounts of the buildings in 2009 as deemed cost under MFRSs as these revalued amounts were broadly comparable to fair value at that date. The revaluation surplus of RM877,718 as at January 1, 2011 was transferred to retained earnings.

The aggregate fair value of these buildings as at January 1, 2011 was determined to be RM22,174,635 compared to the then carrying amount of RM22,174,635 under FRSs.

(b) Prepaid lease payments on leasehold land

Prior to the adoption of MFRSs, the Group had availed itself of the transitional provision in FRS 117 Leases. By virtue of this transitional provision, the Company had retained the unamortised revalued amount of leasehold land as the surrogate carrying amount of the prepaid lease payments on leasehold land in 2006.

Upon transition to MFRSs, no similar transition provision is available in MFRS 117 Leases. However, at the date of transition to MFRSs, the Group had applied the optional exemption in MFRS 1 to regard the revalued amount of the leasehold land as deemed cost under MFRSs as the first revaluation was made in relation to an initial public offering which took place in 1999. The difference in the carrying amounts of the leasehold land between the date of the first revaluation in 1999 and the surrogate carrying amount in 2006 as of January 1, 2011 had been adjusted retrospectively. The difference in the carrying amounts as of January 1, 2011 was RM512,202. The revaluation surplus which was transferred to retained earnings as at January 1, 2011 was RM1,124,430.

The aggregate fair value of these leasehold lands as at January 1, 2011 was determined to be RM3,593,249 compared to the then carrying amount of RM4,105,451 under FRSs.

31. EXPLANATION OF TRANSITION TO MFRSs (cont'd)

Notes to the reconciliations (cont'd)

(c) Deferred tax liability

The impact upon transition to MFRSs as described above have resulted in the following changes to the deferred tax liability:

	As at 1.1.2011 (date of transition)	**As at 31.12.2011 (end of last period presented under FRSs)**
	RM	**RM**
Decrease in deferred tax liability from gain on revaluation of properties	113,159	109,108

32. 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, 2012 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiary companies				
Realised	**107,769,436**	107,416,110	**47,614,860**	41,107,780
Unrealised	**1,411,366**	1,232,754	**110,975**	52,020
	109,180,802	108,648,864	**47,725,835**	41,159,800
Less: Consolidation adjustments	**(17,490,702)**	(17,572,612)	**–**	–
Total retained profits as per statements of financial position	**91,690,100**	91,076,252	**47,725,835**	41,159,800

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, 2012

The directors of **UCHI TECHNOLOGIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International 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, 2012 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 32, 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**

Penang,

March 28, 2013

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, 2013) **OW CHOOI KHIM**

Before me,

DATO' DR. CHELVARAI @ SELVARAJOO A/L ERULANDY, DBBS, PHD (Hons)
Commissioner For Oaths

Share Buy-Back

During the financial year ended December 31, 2012, the Company purchased 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*
		RM	RM
May	100	1.25	166
November	100	1.16	157
Total	**200**		**323**

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

Total number of shares bought back and held as treasury shares as at December 31, 2012 is 7,070,100 shares.

Options, Warrants or Convertible Securities

A total of 6,000 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, 2012, 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 per cent 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, 2012.

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, 2012 amounted to RM17,250.

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, 2012.

Location	Description	Tenure / Date of Expiry of Lease	Age (Years)	Land Area / Built-up Area (Sq. Ft.)	Net Book Value at 31.12.2012 (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	1,781,077	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	18	33,144	2,474,350	26.5.2009
	–Phase II		12	92,864	6,118,590	–
HS (D) 4319/PT No. 3048 (New Lot No. 4972) Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial Land	60 years leasehold expiring on 6.12.2049	–	139,944	1,649,897	26.5.2004
(3097 Tingkat Perusahaan 4A, Perai FTZ Phase II, Perai)	Factory Building	60 years leasehold expiring on 6.12.2049	1	148,145	21,871,128	–
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		2		1,956,668	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	3,520,460	–
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	4	161,124	12,538,878	26.5.2009

ANALYSIS OF SHAREHOLDINGS

As at March 28, 2013

Share capital

Authorised	:	RM100,000,000.00
Issued and paid-up	:	RM73,887,820 *
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, 2013, exclusive of 7,070,100 treasury shares bought back.

Size of holdings			No of holders	%	No. of shares	%
Less than	than	100 shares	95	1.66	4,491	0.00
100	–	1,000 shares	758	13.23	638,024	0.17
1,001	–	10,000 shares	3,249	56.71	17,897,847	4.85
10,001	–	100,000 shares	1,382	24.12	43,140,925	11.68
100,001	–	18,441,319	242	4.23	155,837,913	42.18
18,441,320	and	above	3	0.05	151,919,900	41.12
Total			**5,729**	**100.00**	**369,439,100**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	**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

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.	Valuecap Sdn Bhd	14,400,000	3.90
5.	Amanahraya Trustees Berhad [Public Islamic Select Treasures Fund]	13,933,100	3.77
6.	Ironbridge Worldwide Limited	13,172,710	3.57
7.	Amanahraya Trustees Berhad [Public Islamic Opportunities Fund]	7,292,700	1.97
8.	CIMSEC Nominees (Tempatan) Sdn Bhd [CIMB for Koo Kow Kiang @ Ko Keck Ting (PB)]	7,000,000	1.90
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) Sdn Bhd [Great Eastern Life Assurance (Malaysia) Berhad (DR)]	5,632,700	1.52
12.	Shoptra Jaya (M) Sdn Bhd	3,547,300	0.96
13.	Kao Wang, Ying-Ying	3,169,700	0.86
14.	CITIGroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)]	2,412,200	0.65
15.	AMSEC Nominees (Tempatan) Sdn Bhd [AMTrustee Berhad for Pacific Pearl Fund (UT-PPM-PPF)]	2,411,000	0.65
16.	HLIB Nominees (Tempatan) Sdn Bhd [Hong Leong Fund Management Sdn Bhd For Hong Leong Assurance Bhd. (Life)]	1,350,000	0.37
17.	HLIB Nominees (Tempatan) Sdn Bhd [Hong Leong Fund Management Sdn Bhd For Hong Leong Foundation]	1,350,000	0.37
18.	Amanahraya Trustees Berhad [Public Savings Fund]	1,330,700	0.36
19.	Lee See Jin	1,289,100	0.35
20.	Chang, Shin-Fang	1,250,000	0.34
21.	CITIGroup Nominees (Asing) Sdn Bhd [CBNY for DFA Emerging Markets Small CAP Series]	1,248,800	0.34
22.	Mayban Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Su Tiing Uh]	1,100,200	0.30
23.	Hong Leong Assurance Berhad [As Beneficial Owner (Life Par)]	1,040,000	0.28
24.	Kerk Chian Hua	1,025,500	0.28
25.	Zulkifli Bin Hussain	1,000,000	0.27
26.	HSBC Nominees (Asing) Sdn Bhd [Exempt An for Jpmorgan Chase Bank, National Association (U.S.A.)]	965,300	0.26
27.	Cartaban Nominees (Asing) Sdn Bhd [Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)]	961,200	0.26
28.	Mayban Nominees (Tempatan) Sdn Bhd [Syarikat Takaful Malaysia Berhad (TKTK-280349)]	947,000	0.26
29.	TA Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Liew Yam Fee]	930,000	0.25
30.	Quarry Lane Sdn Bhd	900,000	0.24
	Total	253,318,460	68.57

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	**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 Fifteenth Annual General Meeting of the Company to be held at the Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Tuesday, May 28, 2013 at 2.00p.m.and at any adjournment thereof. My/our proxy is to vote as indicated below:

		Resolutions	For	Against
Resolution 1	–	Declaration of Final Tax Exempt Dividend of 7 sen per share of RM0.20 each		
Resolution 2	–	Approval of Directors' Fee of RM392,200		
Resolution 3	–	Re-election of Mr. Kao, Te-Pei also known as Mr. Edward Kao		
Resolution 4		Re-election of Dr. Heinrich Komesker		
Resolution 5	–	Re-election of Mr. Chia Tong Saik		
Resolution 6	–	Re-appointment of Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to determine their remuneration		
Resolution 7	–	Renewal of share buy-back authority		
Resolution 8	–	Authority to grant options to Mr. Chia Tong Saik		

(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 ______________ 2013

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 Zurich, 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. Even though the proxy form has clearly instructed that the votes are to be marked with "X", those proxy forms which are indicated with "√" by the shareholder 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 20, 2013 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)

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Malaysia

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