

## UCHI TECHNOLOGIES BERHAD

(Company No.: 457890-A)

### NOTES TO THE FINANCIAL REPORT FOR NINE MONTHS ENDED SEPTEMBER 30, 2011

#### 1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities), including compliance with the Financial Reporting Standard (FRS) 134<sub>2004</sub>, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (MASB).

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the year ended December 31, 2010 except for the mandatory adoption of the following new and revised Financial Reporting Standards (“FRSs”) and Issues Committee Interpretations (“IC Int.”) effective for the financial period beginning on January 1, 2010 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and Transitional Provision Relating to Compound Instruments)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition and embedded derivatives)

#### Improvements to FRSs issued in 2009

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of these new and revised Standards and IC Interpretations have not affected the amounts on the financial statements of the Group and of the Company except for those Standards and IC Interpretations as set out in Note 1.1 and Note 1.2.

#### 1.1 Standards affecting presentation and disclosure

##### FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group’s and the Company’s financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

Comparative disclosures have not been presented upon initial adoption of this Standard as the Group and the Company have availed themselves of the transitional provision of this standard.

### FRS 8 Operating Segments

FRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (FRS 114<sub>2004</sub> Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments has changed.

### FRS 101 Presentation of Financial Statements (Revised)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively.

## 1.2 Standards and IC Interpretations affecting the reported results or financial position

### FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company have adopted FRS 139 prospectively on January 1, 2010 in accordance with the transitional provisions in FRS 139. On that date, financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were either classified as financial liabilities at fair value through profit or loss or other financial liabilities. The accounting policies for financial assets and financial liabilities are as disclosed in Notes 3.14 to the Financial Statements.

All financial assets and financial liabilities within the scope of FRS 139 are recognised and re-measured accordingly, with the related adjustments taken to opening retained earnings as of January 1, 2010, as appropriate. The adoption of FRS 139 which have affected the amounts reported in these financial statements are as follows:

#### (a) Non-current equity investments

Previously, the Group's non-current equity investments, other than investments in subsidiaries, were carried at cost less allowance for diminution in value, which is other than a temporary decline in the value of the investments.

Upon adoption of FRS 139, these investments were classified as available-for-sale financial assets. Consequently, these investments were measured at fair value. The changes have been accounted for by restating the opening balance of the statement of financial position as at January 1, 2010:

	As previously reported as at January 1, 2010 RM	The Group	
		Change in accounting policies RM	As restated As at January 1, 2010 RM
Other investments	400,000	(400,000)	-
Available-for-sale investments	-	400,000	400,000

## (b) Derivative financial instruments

Previously, derivative financial instruments were recognised on settlement date and not upon inception of the contract.

Upon adoption of FRS 139, all derivative financial instruments held by the Group were recognised in the statement of financial position as financial assets or financial liabilities through profit or loss at the date the contracts were entered into. Consequently, on January 1, 2010, derivative financial instruments which are not designated as hedging instruments held by the Group were measured at fair value on that date.

The changes have been accounted for by restating the opening balance of the statement of financial position as at January 1, 2010:

	As previously reported as at January 1, 2010 RM	The Group	
		Change in accounting policies RM	As restated As at January 1, 2010 RM
Retained earnings	66,086,373	(4,479,923)	61,606,450
Financial liabilities carried at fair value through profit or loss	-	4,479,923	4,479,923

## (c) Impairment of trade and other receivables

Previously, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. Upon adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. As these changes in accounting policies have been applied prospectively, the changes have had no impact on amounts reported for 2009 or prior periods.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior period and has no material impact to current year's basic and diluted earnings per ordinary share.

## 1.3 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 which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 1	First-time Adoption of Financial Reporting Standards (revised) <sup>(a)</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) <sup>(b)</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters) <sup>(b)</sup>
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) <sup>(a)</sup>
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions) <sup>(b)</sup>
FRS 3	Business Combinations (revised) <sup>(a)</sup>
FRS 3	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary) <sup>(a)</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about

	financial instruments) <sup>(b)</sup>
FRS 124	Related Party Disclosures (Revised) <sup>(c)</sup>
FRS 127	Consolidated and Separate Financial Statements (revised) <sup>(a)</sup>
FRS 128	Investments in Associates (revised) <sup>(b)</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) <sup>(d)</sup>
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) <sup>(a)</sup>
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) <sup>(b)</sup>

Improvements to FRSs 2010 <sup>(b)</sup>

IC Interpretation 4	Determining whether an arrangement contains a lease <sup>(b)</sup>
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3) <sup>(a)</sup>
IC Interpretation 12	Service Concession Arrangements <sup>(a)</sup>
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) <sup>(g)</sup>
IC Interpretation 15	Agreements for the Construction of Real Estate <sup>(e)</sup>
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation <sup>(a)</sup>
IC Interpretation 17	Distributions of Non-cash Assets to Owners <sup>(a)</sup>
IC Interpretation 18	Transfer of Assets from Customers <sup>(f)</sup>
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments <sup>(g)</sup>

<sup>(a)</sup> Effective for annual periods beginning on or after July 1, 2010.

<sup>(b)</sup> Effective for annual periods beginning on or after January 1, 2011.

<sup>(c)</sup> Effective for annual periods beginning on or after January 1, 2012.

<sup>(d)</sup> Effective for annual periods beginning on or after March 1, 2010.

<sup>(e)</sup> Original effective date of July 1, 2009 deferred to January 1, 2012 via amendment issued by MASB on August 30, 2010

<sup>(f)</sup> Applies prospectively to transfers of assets from customers received on or after January 1, 2011.

<sup>(g)</sup> Effective for annual periods beginning on or after July 1, 2011.

The directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and 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 for the following:

Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to 11 FRSs/ IC. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. Only the following two of the improvements are expected to have an impact on the Group's and the Company's financial statements.

- (i) Amendments to FRS 7 Financial Instruments: Disclosures providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks. This amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.
- (ii) Amendments to FRS 101 Presentation of Financial Statements clarifies that an entity may present the

analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2010.

## 2.AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not subject to any qualification.

## 3.SEASONAL OR CYCLICAL FACTORS

The Group serves a wide base of multi national companies in the consumer and industrial electrical and electronic appliances industries. The demand for the Group's products in the normal course of event is seasonal with demand peaking during the third quarter of the year.

However, for the financial year ending December 31, 2011, the declining sales in the third quarter were mainly due to global economic slow down.

## 4.UNUSUAL MATERIAL EVENT

There was no unusual material event during the reporting quarter.

## 5.MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amount from either the prior interim period or prior financial years.

## 6.CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the reporting period except those disclosed in Note 26.

## 7.DIVIDENDS PAID

	9 months ended September 30	
	2011	2010
	RM'000	RM'000
Interim tax exempt dividend of 3 Sen per ordinary share of RM0.20 each, for 2009	-	11,147
Final tax exempt dividend of 3 Sen per ordinary share of RM0.20 each, for 2009	-	11,125
Interim tax exempt dividend of 5 Sen per ordinary share of RM0.20 each, for 2010	18,558	-
Final tax exempt dividend of 7 Sen per ordinary share of RM0.20 each, for 2010	25,860	-
	<u>44,418</u>	<u>22,272</u>

## 8.REVENUE

	9 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
	RM'000	RM'000	USD'000	USD'000
Revenue	<u>78,312</u>	<u>79,284</u>	<u>25,903</u>	<u>24,197</u>

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## 9.SEGMENT REPORTING

<b>September 30, 2011</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>						
External sales	-	78,303	9	-	-	78,312
Inter-segment sales	1,939	19,940	904	-	(22,783)	-
<b>Total revenue</b>	<b>1,939</b>	<b>98,243</b>	<b>913</b>	<b>-</b>	<b>(22,783)</b>	<b>78,312</b>
<b>Results</b>						
Profit/(loss) before tax	(439)	37,564	141	(42)	(177)	37,047
Income tax expense	(100)	(622)	(31)	-	-	(753)
<b>Net profit/(loss) for the year</b>	<b>(539)</b>	<b>36,942</b>	<b>110</b>	<b>(42)</b>	<b>(177)</b>	<b>36,294</b>
<b>Other information</b>						
Capital expenditure	-	2,625	-	-	-	2,625
Depreciation and amortization	40	2,144	4	37	-	2,225
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	111,709	187,856	6,675	1,883	(99,056)	209,067
Income tax asset	79	171	120	-	-	370
<b>Consolidated total assets</b>	<b>111,788</b>	<b>188,027</b>	<b>6,795</b>	<b>1,883</b>	<b>(99,056)</b>	<b>209,437</b>
<b>Liabilities</b>						
Segmental liabilities	1,047	56,903	1,515	430	(43,415)	16,480
Income tax liabilities	(302)	1,202	-	429	-	1,329
<b>Consolidated total liabilities</b>	<b>745</b>	<b>58,105</b>	<b>1,515</b>	<b>859</b>	<b>(43,415)</b>	<b>17,809</b>
<b>September 30, 2010</b>						
<b>Revenue</b>						
External sales	-	79,270	14	-	-	79,284
Inter-segment sales	1,916	29,505	1,084	-	(32,505)	-
<b>Total revenue</b>	<b>1,916</b>	<b>108,775</b>	<b>1,098</b>	<b>-</b>	<b>(32,505)</b>	<b>79,284</b>
<b>Result</b>						
Profit/(Loss) before tax	(132)	40,849	657	(55)	(573)	40,746
Income tax expense	(180)	(398)	(170)	-	-	(748)
<b>Net profit/(loss) for the year</b>	<b>(312)</b>	<b>40,451</b>	<b>487</b>	<b>(55)</b>	<b>(573)</b>	<b>39,998</b>
<b>Other information</b>						
Capital expenditure	-	1,021	-	-	-	1,021
Depreciation and amortization	70	1,813	24	37	-	1,944

September 30, 2010	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segmental assets	127,238	181,901	2,664	1,932	(115,345)	198,390
Income tax assets	236	25	127	-	-	388
Consolidated total assets	<u>127,474</u>	<u>181,926</u>	<u>2,791</u>	<u>1,932</u>	<u>(115,345)</u>	<u>198,778</u>
<b>Liabilities</b>						
Segmental liabilities	1,056	72,650	(2,557)	423	(59,508)	12,064
Income tax liabilities	-	850	-	440	-	1,290
Consolidated total liabilities	<u>1,056</u>	<u>73,500</u>	<u>(2,557)</u>	<u>863</u>	<u>(59,508)</u>	<u>13,354</u>

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

The buildings of the group were revalued during the financial year ended December 31, 2009, and have been brought forward without amendment from the previous annual report.

**11. MATERIAL SUBSEQUENT EVENT**

There was no significant or material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets arising since December 31, 2010.

**14. PERFORMANCE REVIEW**

Revenue in USD for the quarter ended September 30, 2011 decreased by 9% to USD8.6 million as compared to September 30, 2010 (USD9.5 million), mainly due to decrease in demand for the Group's products and services. However the Group still register a 7% growth in revenue in USD for the nine months period ended September 30, 2011 as compared to 2010.

Operating profit for the quarter ended September 30, 2011 decreased by 18% to RM11.2 million as compared to the quarter ended September 30, 2010 (RM13.6 million) mainly due to appreciation of Ringgit Malaysia from RM3.25/USD 1 for the quarter ended September 30, 2010 to RM2.99/USD 1 for the quarter ended September 30, 2011 and decrease in demand.

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

Operating profit for the quarter ended September 30, 2011 decreased by 9% to RM11.2 million from RM12.3 million for the quarter ended June 30, 2011 mainly due to decrease in demand for the Group's products and services.

**16. COMMENTARY ON CURRENT YEAR PROSPECT**

Barring any unforeseen circumstances, the Group expects to grow in its revenue in USD in year 2011.

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

Not applicable.

## 18.INCOME TAX EXPENSES

	9 months ended September 30	
	2011 RM'000	2010 RM'000
Estimated tax expense:		
Current	<u>753</u>	<u>748</u>

The Group's income tax for the quarter under review reflects an effective tax rate which is lower than the statutory income tax rate due mainly to:

The pioneer status granted by the Malaysian Industrial Development Authority to one of its subsidiary companies was for the design, development and manufacture of mixed signal microprocessor based application and system integration.

Under this incentive, upon certain terms and conditions fulfilled, 100% of the statutory income derived from the design, development and manufacture of the abovementioned products will be exempted from income tax for a period of five years commencing from the production day, which has been fixed on January 1, 2008 by the Malaysian Industrial Development Authority.

## 19.PROFITS ON ANY SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investment and/ or properties during the financial period under review.

## 20.AVAILABLE-FOR-SALE INVESTMENTS

There was no available-for-sale investments during the financial period under review.

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

There were no corporate proposals announced but yet to be completed as of November 14, 2011.

## 22.GROUP BORROWINGS AND DEBT SECURITIES

There was no group borrowing as of September 30, 2011.

## 23.FINANCIAL INSTRUMENTS

As of September 30, 2011, the forward exchange contracts, which the Group had entered into sell and remain outstanding is USD29,851,000 at approximately RM3.1095 per United States Dollar. The settlement will complete in December 2012.

As of September 30, 2011, the outstanding forward contracts are as follows:

Type of Derivatives	Contract Value USD'000	Notional Value RM'000	Fair Value (favourable) RM'000
Foreign Exchange Contracts			
- Less than 1 year	14,351	44,359	(1,486)
- 1 year to 3 years	15,500	48,462	(1,257)

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



<b>Type of Financial Liabilities</b>	<b>Individual 3 months ended September 30 RM'000</b>	<b>Cumulative 9 months ended September 30 RM'000</b>
Foreign Exchange Contracts		
- Realised gain / (loss)	486	698
- Unrealised gain / (loss)	(3,430)	(2,743)
	<u>486</u>	<u>(2,743)</u>

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

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

#### 24. MATERIAL LITIGATION

There was no material litigation pending since December 31, 2010.

#### 25. DIVIDENDS DECLARED OR PAYABLE

A final dividend of 7 Sen per share of RM0.20 each, exempt from income tax for the year ended December 31, 2010, has been paid on July 22, 2011 to depositors registered in the Record of Depositors at the closed of business on June 30, 2011.

As of the date of this announcement, the Board of Directors proposed an interim dividend of 5 Sen per share of RM0.20 each, exempt from income tax for the year ending December 31, 2011. The date of the entitlement and payment for the aforesaid dividend shall be determined by the Board of Directors at a later date.

#### 26. SHARE CAPITAL

	<b>9 months ended September 30 2011</b>	
	<b>No. of shares</b>	<b>RM'000</b>
Ordinary shares of RM0.20 each:		
Authorised:		
At beginning of the period	500,000,000	100,000
Created during the period	-	-
	<u>500,000,000</u>	<u>100,000</u>
	<b>9 months ended September 30 2011</b>	
	<b>No. of shares</b>	<b>RM'000</b>
Ordinary shares of RM0.20 each:		
Issued and fully paid:		
At beginning of the period	375,774,200	75,155
ESOS	729,000	146
	<u>376,503,200</u>	<u>75,301</u>

During the current interim period, the issued and paid up share capital of the Company was increased from RM75,154,840 to RM75,300,640 by way of issue of 729,000 ordinary shares of RM0.20 each for cash pursuant to the Employees Share Option Scheme (ESOS) of the Company at exercise prices ranging from RM0.91 to RM1.33 per ordinary share.

As of September 30, 2011, out of the total number of 376,503,200 of ordinary shares of RM0.20 each issued and paid-up, 7,069,800 are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.20 each in issue and fully paid is 369,433,400.

## 27. EARNINGS PER SHARE

### *Basic earnings per share*

The calculation of basic earnings per share for the quarter is based on the net profit attributable to ordinary shareholders of RM36.294 million divided by the weighted average number of ordinary shares outstanding during the quarter of 369,399,000 calculated as follows:

#### *Weighted average number of ordinary shares*

	<b>9 months ended September 30</b>	
	<b>2011</b>	2010
	<b>'000</b>	'000
Number of ordinary shares at beginning of the period	<b>370,517</b>	371,008
Effect of share options exercised during the period	<b>390</b>	79
Effect of the shares bought back and held as treasury shares	<b>(1,508)</b>	(15)
Weighted average number of ordinary shares in issue	<u><b>369,399</b></u>	<u>371,072</u>

### *Fully diluted earnings per share*

The calculation of diluted earnings per share for the quarter is based on the net profit attributable to ordinary shareholders of RM36.294 million divided by the diluted weighted average number of ordinary share outstanding during the quarter of 369,831,000 calculated as follows:

Weighted average number of ordinary shares (diluted)

	<b>9 months ended September 30</b>	
	<b>2011</b>	2010
	<b>'000</b>	'000
Weighted average number of ordinary shares	<b>369,399</b>	371,072
Employee share options:		
Weighted average number of unissued shares	<b>18,143</b>	12,042
Weighted average number of shares that would have been issued at fair value	<b>(17,711)</b>	(11,957)
Adjusted weighted average number of shares in issue or issuable	<u><b>369,831</b></u>	<u>371,157</u>

## 28. DEFERRED TAX

	<b>September 30</b>	
	<b>2011</b>	2010
	<b>RM'000</b>	RM'000
Deferred tax liabilities	<b>1,257</b>	1,290
Deferred tax assets	<b>(370)</b>	(233)
	<u><b>887</b></u>	<u>1,057</u>

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

	<b>9 months ended September 30</b>	
	<b>2011</b>	2010
	<b>RM'000</b>	RM'000
Balance at beginning of period	<b>1,257</b>	1,290
Transfer to income statement	-	-
Balance at end of period	<u><b>1,257</b></u>	<u>1,290</u>

The deferred tax liabilities are in respect of the following:

	<b>September 30</b>	
	<b>2011</b>	2010
	<b>RM'000</b>	RM'000
Revaluation surplus of revalued properties	<u><b>1,257</b></u>	<u>1,290</u>

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

	<b>9 months ended September 30</b>	
	<b>2011</b>	2010
	<b>RM'000</b>	RM'000
At beginning of period:	<b>370</b>	233
Transfer from/(to) income statement:		
Increase/(decrease) in deferred tax assets relating to origination and reversal of temporary differences in current year	-	-
At end of period	<u><b>370</b></u>	<u>233</u>

The deferred tax assets are in respect of the following:

	<b>September 30</b>	
	<b>2011</b>	2010
	<b>RM'000</b>	RM'000
Tax effect of temporary differences arising from:		
Property, plant and equipment	(226)	(227)
Provision for rework and warranty	91	126
Receivables	46	45
Unused tax capital allowances	85	155
Unused tax losses	22	22
Others	352	112
	<u><b>370</b></u>	<u>233</u>

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## 29.SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

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

The breakdown of the retained earnings of the Group as at September 30, 2011 and June 30, 2011 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<b>As at September 30, 2011</b>	<b>As at June 30, 2011</b>
	RM'000	RM'000
Total retained earnings/ (accumulated losses) of the Group		
- Realised	112,094	98,821
- Unrealised	(3,380)	(1,214)
	<u>108,714</u>	<u>97,607</u>
Less: Consolidation adjustments	(13,540)	(13,423)
Total retained profits/ (accumulated losses) as per statement of financial position	<u>95,174</u>	<u>84,184</u>

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

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

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