

# D&O Greentech

D & O GREEN TECHNOLOGIES BERHAD  
(645371-V)

ANNUAL REPORT

# 2010

D & O GREEN TECHNOLOGIES BERHAD ANNUAL REPORT 2010



**D&O**  
Greentech

D & O GREEN TECHNOLOGIES BERHAD  
(645371-V)

Lot 6, Batu Berendam FTZ, Phase III, 75350 Melaka, Malaysia.  
Telephone : 06 282 7101 Facsimile : 06 284 7988 Email : corp@do.com.my

#### PRODUCT RANGES:

• Light Emitting Diodes • Discrete Transistors • Metal Cans • Fiber Optic Transceiver • Optos Related Products

[www.do.com.my](http://www.do.com.my)

[www.dominant-semi.com](http://www.dominant-semi.com)



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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of D & O Green Technologies Berhad (“D&O” or the “Company”) will be held at Perdana Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 28 June 2011 at 10.00 a.m. for the following purposes:-

### AGENDA

- |            |   |                              |
|------------|---|------------------------------|
| 1.         | To receive and adopt the audited Financial Statements for the financial year ended 31 December 2010 together with the Report of the Directors and Auditors thereon. | <b>Ordinary Resolution 1</b> |
| 2.         | To re-elect the following Directors who are retiring by rotation pursuant to Article 129 of the Articles of Association of the Company:-                            |                              |
|            | (i) Cheam Dau Peng  | <b>Ordinary Resolution 2</b> |
|            | (ii) Lim Chong Puang  | <b>Ordinary Resolution 3</b> |
| 3.         | To approve the Directors’ fee of RM125,000 in respect of the financial year ended 31 December 2010.   | <b>Ordinary Resolution 4</b> |
| 4.         | To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                       | <b>Ordinary Resolution 5</b> |
| <b>5.</b>  | <b>Special Business</b>   |                              |
|            | By way of Special Business, to consider and if thought fit, to pass with or without modification, the following as resolutions:-                                    |                              |
| <b>5.1</b> | <b>Ordinary Resolution</b><br><b>Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965</b>  | <b>Ordinary Resolution 6</b> |

“THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person/persons or party/parties whomsoever the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next annual general meeting.”

## Notice of Annual General Meeting (Cont'd)

### 5. Special Business (Cont'd)

#### 5.2 Ordinary Resolution

##### ***Authority to Allot Shares Pursuant to the Employees' Share Option Scheme***

#### Ordinary Resolution 7

"THAT, pursuant to the Employees' Share Option Scheme of the Company ("the Scheme"), the Directors of the Company be and are hereby empowered and authorised, in accordance with Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time in accordance with the Scheme."

#### 5.3 Ordinary Resolution

##### ***Proposed new and existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature***

#### Ordinary Resolution 8

"THAT approval and authority be and are hereby given to the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3(a) of the Circular to Shareholders dated 16 May 2011 provided that such transactions are undertaken in the ordinary course of business, at arm's length and based on commercial terms and on terms which are not, in the Company's opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted or to be conducted during the financial year, including the types of recurrent related party transactions made and the names of the related parties, will be disclosed in the annual report of the Company pursuant to the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting ("AGM") of the Company following this AGM at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by shareholders in general meeting,

whichever is earlier.

## Notice of Annual General Meeting (Cont'd)

### 5. Special Business (Cont'd)

#### 5.4 *Special Resolution* *Proposed Amendment to the Articles of Association of the Company*

#### Special Resolution 1

"THAT the existing Article 168 of the Articles of Association of the Company be deleted in its entirety and substituted therefore with the following new Article 168:-

##### New Article 168

Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address or by direct electronic transfer to the bank account of the Member or person entitled thereto who is named in the Record of Depositors, or, if several persons are registered as joint holders of the share or are entitled thereto, to the registered address or via electronic transfer to the bank account provided by the joint holder first named on the Record of Depositors or to the extent permissible under the Central Depositories Act and the Rules of the Depository, in the Record of Depositors or to such person and to such address or the bank account as the holder or first named joint holder may in writing direct or if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to the registered address of any one of such or to such other person at such other address as such persons may direct in writing. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and payment by the Company shall be a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon or the instruction for the electronic transfer or remittance has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money represented thereby."

By Order of the Board  
**TAN PEI CHOO** (MAICSA 7023284)  
Company Secretary

Kuala Lumpur  
16 May 2011

## Notice of Annual General Meeting (Cont'd)

### NOTES:-

- 1) *A member shall be entitled to appoint a person, whether a member or not, as his proxy to attend and vote at a meeting of the Company. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.*
- 2) *Subject to Paragraph (3) below, a member shall not appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*
- 3) *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.*
- 4) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- 5) *The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at No.15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.*

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### (a) Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

Ordinary Resolution 6, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting ("AGM"), to issue and allot ordinary shares in the Company up to and not exceeding in total ten per cent (10%) of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The Company has not issued any new shares under the general authority which was approved at the last AGM held on 25 June 2010 and which will lapse at the conclusion of the Seventh AGM. A renewal of this authority is being sought at the Seventh AGM under the proposed Ordinary Resolution 6.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

#### (b) Authority to Allot Shares Pursuant to the Employees' Share Option Scheme

Ordinary Resolution 7, if passed, will give authority to Directors of the Company from the date of the Seventh Annual General Meeting, to issue and allot ordinary shares in the Company to those employees who have exercised their options under the Employees' Share Option Scheme. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

## Notice of Annual General Meeting (Cont'd)

### EXPLANATORY NOTES ON SPECIAL BUSINESS (CONT'D)

**(c) Proposed new and existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

Ordinary Resolution 8, if passed, will provide a new mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in section 2.3(a) of the Circular to Shareholders of the Company dated 16 May 2011 despatched together with the Annual Report. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

**(d) Proposed Amendment to the Articles of Association of the Company**

The Special Resolution 1, if passed, will update Article 168 of the Company's Articles of Association to facilitate the implementation of Electronic Dividend Payment ("eDividend") in line with the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to eDividend.

By Order of the Board  
**TAN PEI CHOO** (MAICSA 7023284)  
Company Secretary

Kuala Lumpur  
16 May 2011

## Corporate Information

### BOARD OF DIRECTORS

**Non-Independent Non-Executive Chairman**  
Dato' Mohammed Azlan Hashim

**Group Managing Director**  
Tay Kheng Chiong

**Executive Directors**  
Cheam Dau Peng  
Goh Nam Seng

**Non-Executive Directors**  
Goh Nan Yang  
Dr Lim Thian Soo  
Wong Meng Tak\*  
Lim Chong Puang\*  
Yeow See Yuen\*  
Low Tek Beng  
(alternate director to Cheam Dau Peng)

### AUDIT COMMITTEE

Wong Meng Tak\* (Chairman)  
Lim Chong Puang\*  
Yeow See Yuen\*

### REMUNERATION COMMITTEE

Goh Nan Yang (Chairman)  
Dr Lim Thian Soo  
Lim Chong Puang\*

### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Tay Kheng Chiong  
Goh Nan Yang  
Dr Lim Thian Soo

### NOMINATION COMMITTEE

Lim Chong Puang\* (Chairman)  
Yeow See Yuen \*  
Dr Lim Thian Soo

(\* Independent and Non-Executive Director)

### COMPANY SECRETARY

Tan Pei Choo (MAICSA 7023284)

### PRINCIPAL PLACE OF BUSINESS

Lot 6, Batu Berendam Free Trade Zone  
Phase III  
75350 Melaka  
Tel : 06-282 7101  
Fax : 06-284 7988  
Email : corp@do.com.my  
Website : http://www.do.com.my

### REGISTERED OFFICE

No. 15, Bukit Ledang  
Off Jalan Duta  
50480 Kuala Lumpur  
Tel : 03-2094 3268  
Fax : 03-2094 3188

### REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03-2264 3883  
Fax : 03-2282 1886

### REGISTER OF OPTION

Lot 6, Batu Berendam Free Trade Zone  
Phase III  
75350 Melaka  
Tel : 06-282 7101  
Fax : 06-284 7988

### AUDITORS

Crowe Horwath (AF 1018)  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2166 0000  
Fax : 03-2166 1000

### PRINCIPAL BANKERS

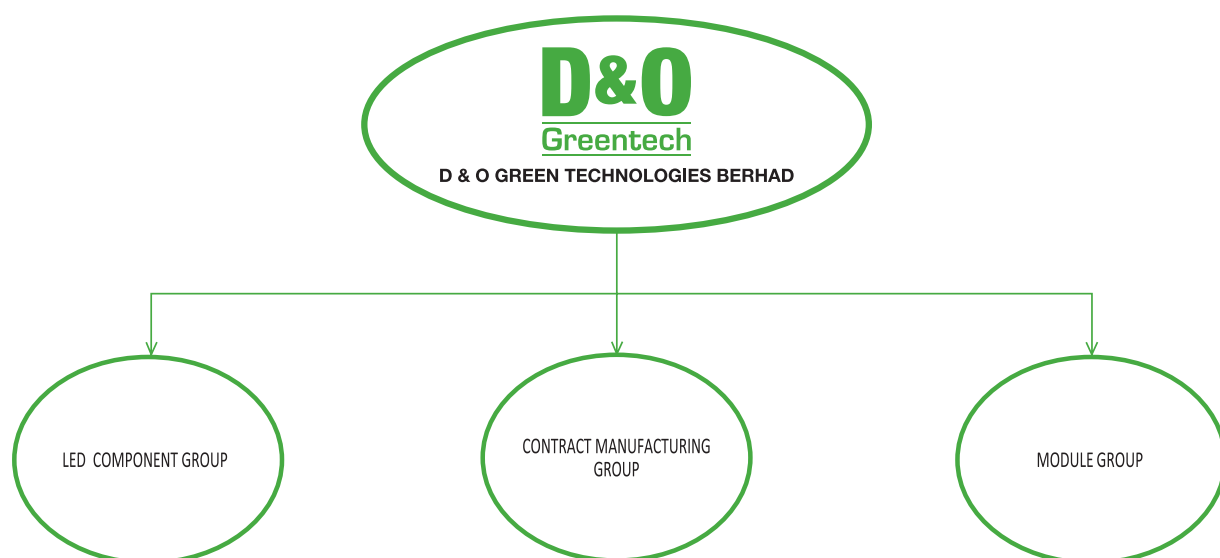
United Overseas Bank (Malaysia) Berhad  
HSBC Bank Malaysia Berhad  
AmBank (M) Berhad  
EON Bank Berhad  
Public Bank Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Board

Sector : Technology  
Stock code : 7204  
Stock name : D&O

## Corporate Structure



### SUBSIDIARY

DOMINANT OPTO TECHNOLOGIES SDN BHD (63.46%)

### SUBSIDIARY

OMEGA SEMICONDUCTOR SDN BHD (100%)

### ASSOCIATE

TONGFANG OPTOELECTRONIC (HK) LIMITED (25%)

#### SUBSIDIARIES OF DOMINANT OPTO TECHNOLOGIES SDN BHD

- i.) DOMINANT OPTO TECHNOLOGIES SDN BHD (SHANGHAI REPRESENTATIVE OFFICE) (100%)
- ii.) DOMINANT SEMICONDUCTORS EUROPE GMBH (85%)
- iii.) DOMINANT SEMICONDUCTORS KOREA INC (68%)
- iv.) DOMINANT SEMICONDUCTORS (SINGAPORE) PTE LTD (100%)

#### SUBSIDIARY OF DOMINANT SEMICONDUCTORS (SINGAPORE) PTE LTD

- i.) DOMINANT SEMICONDUCTORS (LAO) SOLE CO., LTD (100%)

#### Note:

Corporate structure did not include dormant companies

## Five Year Financial Highlights

The financial results for the year 2006 to 2010 are based on the audited financial statements of the Group for the respective financial years under review.

	Group 2006 RM'000	Group 2007 RM'000	Group 2008 RM'000	Group 2009 RM'000	Group 2010 RM'000
<b>Statements of Comprehensive Income</b>					
Revenue	119,055	121,898	108,271	208,059	182,507
Profit/(Loss) Before Tax from continuing operations	16,378	28,315	15,914	18,805	(67,629)
Profit/(Loss) After Tax from continuing operations	14,158	25,768	13,803	18,461	(67,110)
Profit/(Loss) After Tax for the financial year	14,158	25,768	13,803	18,461	(89,225)
Profit/(Loss) Attributable to Shareholder	14,158	25,768	13,834	13,817	(56,973)
Weighted Average Number of Share In Issue ('000)*	973,903	973,903	973,903	973,903	975,564
Net Earning/(Loss) Per Share (EPS) (Sen)*	1.45	2.65	1.42	1.42	(5.84)

1. For the financial year ended 31 December 2010, the Group's wholly-owned subsidiary, Omega Semiconductor Sdn Bhd ("Omega") discontinues its Molded Discrete Packaging business, which has been incurring losses following the termination of the Contract Manufacturing Agreement with a major customer in 2009.
2. The Group performed assets impairment on its fixed assets and inventory amounted RM41.19 million in the financial year ended 31 December 2010.
3. Dominant Opto Technologies Sdn Bhd had become the subsidiary of D&O as at 31 December 2008.
4. Tongfang Optoelectronic (HK) Limited had become the associate company of D&O as at 30 September 2010.
5. Net EPS has been calculated based on the weighted average number of ordinary shares in issue.

\* The weighted average number of share in issue and net EPS for year 2006 to 2009 had been restated to conform with the current financial year's presentation as an effect of bonus issue.

## Chairman's Statement

On behalf of the Board of Directors of D & O Green Technologies Berhad ("D&O" or "Company"), I take pleasure in presenting to you the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2010.

### FINANCIAL PERFORMANCE

2010 has been a tumultuous year for the Group. While LED sales volume to our traditional automotive sector more than doubled year-on-year, our recent push into the promising LED consumer electronics applications proved to be significantly more challenging than we had earlier anticipated. Intense price competition aside, this segment was plagued by frequent component supply disruption, high demand volatility, persistent inventory overhang and unusually short product cycle during the year. These factors, coupled with a strengthening Malaysia Ringgit against the US Dollar, resulted in an overall 5% decline in LED component sales revenue in 2010.

Group turnover fell at a sharper rate of 12% to RM182.5 million. As explained last year, the Group made a strategic decision to downsize its traditional contract manufacturing business since 2009. Consequently, revenue contribution from contract manufacturing fell further by 53% to RM22.1 million in 2010.

Earnings from continuing operations suffered a loss of RM67.6 million in 2010, compared to a profit of RM18.5 million in 2009. The loss in 2010 included a one-off RM41.2 million asset impairment charge on fixed assets and inventory following a comprehensive review of Dominant's business focus and direction. Excluding the impairment charge, the Group operating margin was also severely eroded by a stronger Ringgit, intense price competition in the consumer segment, lower capacity utilization, start-up costs associated with the new factory in Lao PDR, diminution in value of inventory and losses from module subsidiary Aeopto Technologies Co., Ltd. During the year, a wholly-owned subsidiary of the Group, Omega Semiconductor Sdn Bhd decided to exit from its loss making Molded Discrete Packaging business. The resulting loss from discontinued operations of RM22.1 million brought total loss for the year to RM89.2 million.

Despite the substantial losses, the Group's balance sheet remained relatively healthy with a net gearing ratio of 0.36 total equity as at 31 December 2010.

### CORPORATE AND BUSINESS REORGANISATION

Following a strategic review of the Group's businesses and direction in 2010, management embarked on a series of corporate and business reorganisation aimed at strengthening our management team and redefining the Group's business direction.

At the corporate front, all operating subsidiaries have been streamlined and regrouped under one of three core business activities, namely, the LED Component Group, Contract Manufacturing Group and Module Group. Divisions that are non-strategic and/or unprofitable were discontinued, sold or merged with strategic partners.

Consequently, we have in May 2010 merged our RFID tag manufacturing division with Securitag Assembly Group Co. Ltd (SAG), a leading global RFID tag manufacturer based in Taiwan. Following the merger, the Group continues to participate in the RFID industry through our 11% equity interest in SAG. In October 2010, the Group also consolidated its LED module manufacturing interests by disposing its 51% equity interest in Aeopto Technologies Co., Ltd to our 25% associate Tongfang Optoelectronic (HK) Limited. The Group's new organization structure is illustrated in page 8 of the Annual Report.

## Chairman's Statement (Cont'd)

### CORPORATE AND BUSINESS REORGANISATION (CONT'D)

To further increase our participation in the burgeoning global LED industry, in April 2011, D&O increased its shareholding in Dominant by accepting the provisional allotment of 25,400,000 new ordinary shares of RM1.00 each of Dominant Opto Technologies Sdn Bhd ("Dominant") issued at RM1.00 each for a total cash consideration of RM25,400,000. The Company also had on the same month acquired an additional 12,025,000 new ordinary shares of RM1.00 each of Dominant for a total cash consideration of RM12,025,000, representing the Rights Issue not taken up by other minority shareholders. As a result of the Subscription of Rights Issue, D&O's direct equity interest in Dominant increased from 51.31% to 63.46%. The additional proceeds from the Rights Issue will help to strengthen the balance sheet of Dominant and enable it to further tap the growth of global demand for quality LED components.

Within the LED Component Group led by 63.46%-owned subsidiary, Dominant, we have redefined our market focus to achieve a more balanced product portfolio. Greater effort and resources have been channeled towards further strengthening our position in the automotive sector, while we continue, albeit at a less aggressive pace, to grow sales revenue in the consumer electronics and general lighting segments.

### PROSPECTS

The Board expects the reorganization of our corporate structure and business in 2010 to yield significant positive impact to the financial performance of the Group in 2011. While the operating environment is expected to remain challenging, we are optimistic that recent sales and marketing efforts will translate into higher sales revenue for all key segments in 2011.

To cope with a stronger Ringgit, management will continue to strive for greater production efficiency and explore various cost cutting measures to keep overheads in check. After more than a year of construction and production test runs, Dominant's new factory in Lao PDR is finally ready for mass production. The Board believes that the new low cost plant will significantly ease cost pressures and put the Group on a stronger foundation to compete in the highly competitive consumer LED markets.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere thanks to our shareholders, stakeholders, suppliers, bankers and customers for their continued support, and to all members of the Board and the employees of the Group for their hard work and commitment.

**Dato' Mohammed Azlan Hashim**

Chairman

16 May 2011

## Corporate Social Responsibilities

D&O Group recognises the important of implementing and managing good Corporate Social Responsibility (“CSR”) practice within the ambit of our overall business activities. Besides corporate success and sustainability, stakeholders have become more discerning about social roles played by the corporate in term of the impact of business on the community, working condition and environment in general. There are several activities been organized as part of the Group’s initiatives to support CSR.

- **Community Service**

On 30 November 2010, the group continues its collaboration with General Hospital Melaka to organise a blood donation drive. It was D&O’s noble effort to help Tabung Darah Negara overcome the shortage in the blood bank and in the process save more lives.

- **Workplace**

D&O believe human capital is one of the key success factors in today business environment. Human development program is necessary to help employees acquire the skills they need to advance their career. Every year, certain funds will be allocated in developing employees skills through internal and external training.

With the aim to motivate and build up teamwork amongst the employee and encourage for healthy life style, in 2010, the Group’s Sport and Recreation Committee

- i) entered an agreement with a gymnasium located in Batu Berendam, Melaka to provide gymnasium facility for all employees
- ii) co-organised the Inter Factory futsal competition in collaboration with Perbadanan Kemajuan Negeri Melaka (*PKNM*)
- iii) organised Group’s football and bowling competition

Participation for the events was encouraging and the management is committed to continue to organise more similar events.

- **Environment**

Group’s Commitment

- a) Meeting all applicable legal environmental regulations and other requirement
- b) Promote green process and products
- c) Promote recycling
- d) Reduce environmental hazards
- e) Continue environmental improvement process

Promoting green environment and technologies has always been a strong focus for the Group. We heavily promote green technologies especially the use of light-emitting diodes, or LEDs. LEDs are more efficient and use less energy than incandescent and energy-saving florescent lights. LEDs are also more pleasing to the eye, and contain no mercury or lead.

In the Group’s daily operations, we encourage environment friendly practices. This includes but not limited to the use of recycle paper, energy-saving practices for lighting and air-conditioning.

In the long run, the Group will continue to be supportive in CSR activities to ensure that its business practices and decisions are in line with what is beneficial to the workplace, the community, the environment and the Group and keep our hearts close to the community as well as keep us moving and motivated to be part of the community.

## Profile of Directors

### **Dato' Mohammed Azlan Hashim**

Non-Independent and Non-Executive Chairman  
Malaysian

Dato' Mohammed Azlan Hashim, aged 54, was appointed as the Non-Independent Non-Executive Chairman of D&O on 16 September 2004. Dato' Azlan is also Chairman of SILK Holdings Berhad and Labuan IBFC Inc Sdn. Bhd.

He also serves as a board member of, amongst others, Khazanah Nasional Berhad, Labuan Financial Services Authority, Scomi Group Berhad and is a member of Employees Provident Fund and Kumpulan Wang Persaraan (Diperbadankan) Investment Panels.

He has extensive experience in the corporate sector, including financial services and investment. Positions that he has held included that of Chief Executive, Bumiputra Merchant Bankers Berhad, Group Managing Director, Amanah Capital Malaysia Berhad and Executive Chairman, Bursa Malaysia Berhad Group.

Dato' Azlan holds a Bachelor of Economics (Monash) and qualified as a Chartered Accountant (Australia). He is a Fellow Member of the Institute of Chartered Accountants, Australia, Member of The Malaysian Institute of Accountants, Fellow Member of Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Hon. Member of The Institute of Internal Auditors, Malaysia. He has attended all the meetings of the Board of Directors held during the financial year ended 31 December 2010.

Please refer to page 123 of this Annual Report of his securities holding.

### **Tay Kheng Chiong**

Group Managing Director  
Malaysian

Tay Kheng Chiong, aged 47, was appointed as the Group Managing Director of D&O on 16 September 2004. He is a member of the Employees' Share Option Scheme Committee. Mr Tay graduated from the University of Sunderland, England with a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics in 1989. In 1999, he obtained a Masters of Business Administration from the University of Strathclyde, Scotland. Upon graduation, he joined a multinational semiconductor company in 1989 as a Development Engineer and was promoted to Director of Manufacturing in 1999. In 2001, he joined Dominant Opto Technologies Sdn Bhd as Managing Director until 2004. He is also a director of Mega First Corporation Berhad. He is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom, since 2000. He has more than twenty (20) years of experience in the opto semiconductor industry. With his sound technical background and vast experience in the opto semiconductor industry, his forte lies in the management of the overall operations, business development and strategic direction of the D&O Group.

He has attended all the meetings of the Board of Directors held during the financial year ended 31 December 2010.

Please refer to page 123 of this Annual Report of his securities holding.

## Profile of Directors (Cont'd)

### **Cheam Dau Peng** Executive Director Malaysian

Cheam Dau Peng, aged 58, was appointed as an Executive Director of D&O on 16 September 2004. After completing his secondary school education, he started his career as a Production Supervisor with National Semiconductor (M) Sdn Bhd. Backed by more than fourteen (14) years of experience in the semiconductor industry, he has vast hands-on experience in plant operations. He was appointed as a Director of Omega Semiconductor Sdn Bhd (“Omega”) in 2001. Since then, he has played an active role in the growth and expansion of the D&O Group. Under his stewardship, Omega’s operation has expanded to offer a complete ‘full turnkey’ contract manufacturing service to its multinational companies’ customers and diversified into assembly of various OEM packages.

He has attended all the meetings of the Board of Directors held during the financial year ended 31 December 2010.

Please refer to pages 123 of this Annual Report of his securities holding.

### **Goh Nan Yang** Non-Independent and Non-Executive Director Malaysian

Goh Nan Yang, aged 48, was appointed as a Non-Independent Non-Executive Director of D&O on 16 September 2004. He is the Chairman of the Remuneration Committee and a member of the Employees’ Share Option Scheme Committee. Mr Goh graduated from the University of Toledo with a Bachelor of Science (Honours) degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid-1990’s, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia. Since then, his business has diversified into hospitality and student education ventures. He is the Chief Executive Officer and director of Pearl River Tyre (Holdings) Limited, a company listed on the Hong Kong Stock Exchange. He is also a board member in Mega First Corporation Berhad (“MFCB”), a company listed on Bursa Securities.

Mr Goh Nan Yang is deemed to be interested in various transaction between D&O Group and MFCB Group by virtue of his common directorships and deemed substantial shareholding in D&O.

He holds directorships in several private limited companies. He has attended four out of five meetings of the Board of Directors held during the financial year ended 31 December 2010.

Mr Goh Nam Seng is the brother of Mr Goh Nan Yang.

Please refer to pages 123 of this Annual Report of his securities holding.

### **Dr Lim Thian Soo** Non-Independent and Non-Executive Director Malaysian

Dr Lim Thian Soo, aged 48, was appointed as a Non-Independent Non-Executive Director of D&O on 16 September 2004. He is a member of the Employees’ Share Option Scheme Committee, Remuneration Committee and Nomination Committee. Dr Lim graduated with a Bachelor of Medicine and Bachelor of Surgery in 1986 from Edinburgh University Medical School and practised for six (6) years as a doctor in the United Kingdom. He obtained his Masters of Business Administration from City University Business School in 1993. He is currently the Group Managing Director of Mega First Corporation Berhad and also a board member of Rock Chemical Industries (Malaysia) Berhad, both companies listed on Bursa Securities. He also holds directorships in several private limited companies.

He has attended all meetings of the Board of Directors held during the financial year ended 31 December 2010.

Please refer to page 123 of this Annual Report of his securities holding.

## Profile of Directors (Cont'd)

### Goh Nam Seng

Non-Independent and Non-Executive Director

Malaysian

Goh Nam Seng, aged 55, was appointed as an Executive Director of D&O on 29 October 2008. Mr Goh is a Bachelor of Medical from Taipei Medical University and practiced as a specialist in radiology in Taiwan before he joined D&O.

He has attended three out of five meetings of the Board of Directors held during the financial year ended 31 December 2010.

Mr. Goh Nan Yang is the brother of Mr Goh Nam Seng.

Please refer to pages 123 of this Annual Report of his securities holding.

### Yeow See Yuen

Independent and Non-Executive Director

Malaysian

Yeow See Yuen, aged 44, was appointed as an Independent Non-Executive Director of D&O on 4 February 2009. He is a member of the Audit Committee and Nomination Committee. He holds a first class honours degree in Accountancy from the National University of Singapore. He started his career with Cooper & Lybrand in Singapore in the audit division. He left the firm in 1994 to join Deutsche Securities Asia Limited ("Deutsche Securities") where he spent 9 years working in the Equity Research Department. During the period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy. He is presently an Independent and Non-Executive Director of Mega First Corporation Berhad, a company listed on main board of Bursa Securities and an Independent and Non-Executive Director of Pearl River Tyre (Holdings) Limited, a company listed on the Hong Kong Stock Exchange and holds directorships in several private limited companies incorporated in Malaysia.

He has attended all the meetings of the Board of Directors held that he is eligible to attend during the financial year ended 31 December 2010.

Please refer to page 123 of this Annual Report of his securities holding.

### Wong Meng Tak

Independent and Non-Executive Director

Malaysian

Wong Meng Tak, aged 63, was appointed as an Independent Non-Executive Director of D&O on 16 September 2004. He is a Chairman of the Audit Committee. Mr Wong obtained a Bachelor of Arts (Honours) degree majoring in Economics from the University of Malaya in 1971. He began his career in 1971 with HSBC Bank (Malaysia) Berhad and held various positions within the bank. In 2002, he retired from the Bank as Senior Manager of Regional Credit.

He has attended four out of five meetings of the Board of Directors held during the financial year ended 31 December 2010.

Please refer to pages 123 of this Annual Report of his securities holding.

## Profile of Directors (Cont'd)

### **Lim Chong Puang**

Independent and Non-Executive Director  
Malaysian

Lim Chong Puang, aged 53, was appointed as an Independent Non-Executive Director of D&O on 16 September 2004. He is a member of the Audit Committee and Remuneration Committee. Mr Lim obtained a Bachelor of Arts (Honours) degree majoring in Economics and Accountancy from the University of Kent, United Kingdom in 1980. He began his career in 1981 with Ming Hoe Motors Sdn Bhd as a Sales Manager. He also holds various management positions in his family businesses which are involved in property development and plantations. Currently, he also holds directorships in Hock Jiong Enterprise Holdings Bhd and several private limited companies.

He has attended all the meetings of the Board of Directors held during the financial year ended 31 December 2010.

Please refer to pages 123 of this Annual Report of his securities holding.

### **Low Tek Beng** (*alternate director to Cheam Dau Peng*)

Non-Independent and Non-Executive Alternate Director  
Malaysian

Low Tek Beng, aged 40 was appointed as the alternate Director to Cheam Dau Peng on 16 September 2004. He obtained his first class honours Bachelor of Mechatronic degree from the University of Leeds, United Kingdom in 1994. He began his career in that same year with a multinational semiconductor company as a Product Development Engineer and was subsequently promoted to Product Development Manager before he left the company in 2000.

Please refer to pages 123 of this Annual Report of his securities holding.

### **NOTES:-**

- *None of the Directors of the Company has been convicted of any offence within the past ten (10) years other than traffic offence, if any.*
- *The Group has entered into recurrent related party transactions with parties in which the Directors of the Company, namely Tay Kheng Chiong, Cheam Dau Peng, Dr Lim Thian Soo, Goh Nan Yang, Goh Nam Seng and Low Tek Beng have direct or indirect interest in the transactions presented in page 119 and 120. Save as disclosed above, none of the other Directors have any conflict of interest within the Group.*

## Corporate Governance Statement

The Board of D & O Green Technologies Berhad (“D&O” or “Company”) is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and to improve its financial performance. Hence, the Board fully supports the Principles and Best Practices of Corporate Governance as promulgated by the Malaysian Code of Corporate Governance (“the Code”).

This disclosure statement sets out the manner in which the Company has applied the Principles of the Code and the extent of compliance with the Best Practices of the Code advocated therein in the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### PRINCIPLE STATEMENT

The principles of the Code are divided into four sections:-

- Section 1 : The Board
- Section 2 : Directors’ Remuneration
- Section 3 : Shareholders
- Section 4 : Accountability and Audit

### SECTION 1: THE BOARD

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance, standards of conduct and critical business issues. The Board comprises Directors who are entrepreneurs and experienced professionals in the fields of economics, medicine, accountancy and engineering. All these different skills put together enable the Board to effectively lead and control the Company.

#### Composition of the Board

The Board currently has nine (9) members comprising one (1) Non-Independent Non-Executive Chairman, three (3) Executive Directors (including Group Managing Director), three (3) Independent Non-Executive Directors, and two (2) Non-Independent Non-Executive Directors. The profile of each Director is presented on pages 13 to 16 of this Annual Report. The composition of independent non-executive directors is in compliance with the minimum prescribed in the Code and Listing Requirements.

The Board is satisfied that the current board composition fairly reflects the investment of minority shareholders in the Company and represents a mix of skills and experience required to discharge the Board’s duties and responsibilities. It includes sufficient number of Independent, Executive and Non-Executive Directors as prescribed by the Listing Requirement of the Bursa Securities. This is to ensure that no individual or small groups of individuals dominate the Board’s decision-making process.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman heads the Board and leads the planning discussion at the Board level, while the Managing Director is responsible for the implementation of policies and the day-to-day running of the business, as well as reporting, clarifying and communicating matters to the Board.

The Board has not appointed a Senior Independent Non-Executive Director, to whom concerns can be conveyed. The Board does not believe there is such a necessity because all members of the Board actively and freely participate during Board meetings and the Board has unrestricted and timely access to the management for any information that the Board requires in discharging their duties and responsibilities.

## Corporate Governance Statement (Cont'd)

### SECTION 1: THE BOARD (CONT'D)

#### Appointment to the Board and Re-election of Directors

Appointment of new Directors to the Board or Board Committee is recommended to the Nomination Committee for consideration and approved by the Board. All Board members who are newly appointed are subject to retirement at the Annual General Meeting of the Company. All Directors (including the Managing Director) will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election. Director over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Company Act, 1965.

#### Board Responsibilities

The Board retains full and effective control of the Group. This includes responsibility for determining the Group's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.

During the financial year ended 31 December 2010, the Board met five (5) times and the attendance of each Director at the Board Meetings is as follows:-

Directors	No. of Attendance	No. of Meetings Eligible to Attend
Dato' Mohammed Azlan Hashim	5	5
Tay Kheng Chiong	5	5
Cheam Dau Peng	5	5
Goh Nan Yang	4	5
Dr Lim Thian Soo	5	5
Wong Meng Tak	4	5
Lim Chong Puang	5	5
Goh Nam Seng	3	5
Yeow See Yuen	5	5

The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings. All meetings of the Board are duly recorded in the Board minutes by the Company Secretary. The Company Secretary also attended all the Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

## Corporate Governance Statement (Cont'd)

### SECTION 1: THE BOARD (CONT'D)

#### Board Committees

The Board has delegated specific responsibilities to four (4) subcommittees (Audit, Remuneration, Nomination and Employees' Share Option Scheme). The Committees have the authority to examine particular issues and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

#### Audit Committee

The terms of reference, the number of meetings held during the financial year and the attendance of each member can be found on pages 25 to 29 of the Audit Committee Report.

#### Nomination Committee

The Nomination Committee has three (3) members, of whom two (2) are Independent Non-Executive Directors. They are tasked with the responsibility of proposing new nominees to the Board and for assessing each director on an ongoing basis.

The Board, through the Nomination Committee continuously reviews and assesses its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.

For the financial year ended 31 December 2010, the Nomination Committee has met once with full attendance of its members. It performed assessments on the effectiveness of the board as a whole, the committees of the board and the contribution of each individual director, including the Independent Non-Executive Directors and these assessments were documented.

#### Remuneration Committee

The Remuneration Committee comprises of three (3) members, consist of majority are Non-Executive Directors. They recommend to the Board the remuneration packages of the Executive Directors. Such packages are designed to attract, retain and motivate the Directors, and are reflective of their experience and level of responsibilities. The remuneration of the Executive Directors are reviewed annually. Executive directors play no part in decisions on their own remuneration.

The Board as a whole determines the remuneration of the Non-Executive Directors. None of the individual Directors participate in determining their individual remuneration.

The Remuneration Committee met once during the year under review and the meeting was attended by all members.

#### Employees' Share Option Scheme Committee

The ESOS Committee is primarily responsible for administering the D&O Employee Share Option Scheme in accordance with the Bye-Laws approved by the shareholders of the Company on 10 September 2004. The present ESOS is to be in force for a period of 10 years effective from 15 October 2004.

The ESOS Committee which is appointed by the Board of Directors consists of three (3) members, Group managing director and 2 non-independent and non-executive directors. The composition of the ESOS Committee is set out in the Corporate Information section of this Annual Report.

## Corporate Governance Statement (Cont'd)

### SECTION 1: THE BOARD (CONT'D)

#### Directors' Training

All executive directors have been with the Company for several years and are familiar with their duties and responsibilities as Directors. In addition, any newly appointed directors will be given briefings and orientation by the executive directors and senior management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties.

During the financial year ended 31 December 2010, all Directors received regular briefings and updates on the Group's business and operations, as well as being updated on new regulations and statutory requirements.

All Directors had attended the external trainings on Updates of Financial Reporting Standards (FRSs) on 24 November 2010.

#### Supply of Information

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

In addition to quantitative information, the directors are also provided with updates on other areas such as market developments, Industry trend, business strategy and risk management.

Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

### SECTION 2: DIRECTORS' REMUNERATION

A summary of the remuneration of Directors, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are disclosed below:-

	Salaries, Bonuses & other emoluments RM'000	Benefits-in-kind RM'000	Fees RM'000
Executive Directors	1,028	—	—
Non-Executive Directors	6	—	125

## Corporate Governance Statement (Cont'd)

### SECTION 2: DIRECTORS' REMUNERATION (CONT'D)

The number of Directors whose remuneration fall into the following bands are as follows:-

Remuneration bands per annum	Executive	Non-Executive
Below RM50,000	–	6
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	2	–
RM200,001 to RM250,000	–	–
RM250,001 to RM300,000	–	–
RM300,001 to RM350,000	–	–
RM350,001 to RM400,000	1	–

The Code recommends detailed disclosure to be made for each director's remuneration. However, the Board is of the view that the transparency and accountability are not compromised by the band disclosure as prescribed by the Bursa Securities Listing Requirements.

### SECTION 3: SHAREHOLDERS

#### Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Shareholders are kept well informed of developments and performances of the Group through disclosures to the Bursa Securities and press releases (where appropriate) as well as the Annual Report. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Group. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Group and its operations.

Adequate time is given during Annual and Extraordinary General Meetings to allow the shareholders to seek clarification or ask questions on pertinent and relevant matters.

In addition to the above, the Company also welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required, to elaborate or further clarify information already disclosed to the other shareholders.

## Corporate Governance Statement (Cont'd)

### SECTION 4: ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial position and prospects of the Group are made in all disclosures to shareholders, investors and the regulatory authorities.

All financial statements were reviewed by the Audit Committee and approved by the Board of Directors to ensure accuracy, adequacy and completeness of information prior to release to regulatory authorities.

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared with reasonable accuracy from accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements the Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

#### Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets. The Statement on Internal Control made in pursuance of paragraph 15.26(b) of the Listing Requirements of Bursa Securities is separately set out on pages 30 to 32 of this Annual Report.

#### Relationship with Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Group has maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the approved accounting standards in Malaysia.

## Additional Compliance Statement

- Material Contracts with Related Parties**

There were no material contracts subsisting at the end of financial year ended 31 December 2010 or entered into since the end of financial year by the Company and its subsidiaries which involve interests of Director and major shareholders.

- Sanctions and/or Penalties imposed**

There are no sanctions or material penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

- Share buy-backs**

There was no share buy-back by the Company for the financial year.

- Option, warrants or convertible securities**

During the financial year, the Company issued 243,902,993 new shares to registered shareholders as of 12 July 2010 by way of one bonus share for every three existing shares credited as fully paid-up by way of capitalising the share premium account. Accordingly, the subscription price and outstanding ESOS granted were revised as follows:-

	As at 11.7.2010	As at 12.7.2010
Subscription Price	RM0.38	RM0.285
Outstanding ESOS shares	2,894,600	3,857,200

	Issued and Fully Paid Share Capital Number of Ordinary Shares of RM0.10 Each '000	Amount RM'000
As at 1 January 2010	730,000	73,000
Issue of Ordinary Shares pursuant to:-		
- ESOS	1,710	171
- Bonus shares issued	243,903	24,390
As at 31 December 2010	975,613	97,561

## Additional Compliance Statement (Cont'd)

- **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**

The Company did not sponsor any ADR or GDR programme during the financial year.

- **Non-audit fees**

The non-audit fees paid to the external auditors by the Group for the financial year amounted to RM5,000 for acting as the reporting accountants in connection with the capitalization of reserve for the proposed bonus issue of ordinary shares in the Company.

- **Profit estimate, forecast, projection or unaudited results**

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2010. There were no variances of 10 percent or more between the audited results for the financial year under review and the unaudited results previously announced by the Company.

- **Profit guarantee**

The Company did not give any profit guarantee during the financial year under review.

- **Revaluation of landed properties**

There was no revaluation policy adopted on landed properties during the financial year.

# Audit Committee Report

For The Financial Year Ended 31 December 2010

The Board of Directors is pleased to present below the report of Audit Committee:-

## Composition

The members of the Audit Committee are as follows:-

Name	Position
Wong Meng Tak (Independent and Non-Executive Director)	Chairman
Yeow See Yuen (Independent and Non-Executive Director)	Member
Lim Chong Puang (Independent and Non-Executive Director)	Member

## 1. Terms of Reference

### 1.1 Membership

- 1.1.1 The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, all the audit committee members must be non-executive Directors, with a majority of them being independent directors.
- 1.1.2 The Committee shall include at least one person:-
- (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and :-
    - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Listing Requirement of Bursa Malaysia Securities Berhad ("the Exchange")
- 1.1.3 No alternate Directors shall be appointed as a member of the Committee.
- 1.1.4 In the event of any vacancy resulting in the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

### 1.2 Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director.

## Audit Committee Report (Cont'd)

For The Financial Year Ended 31 December 2010

### 1. Terms of Reference (Cont'd)

#### 1.3 Secretary

- 1.3.1 The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it prior to each meeting.
- 1.3.2 The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members. The Committee members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

#### 1.4 Meetings

- 1.4.1 The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.
- 1.4.2 The Committee may call for a meeting as and when required with reasonable notice as the Committee members deem fit. The Committee members may participate in a meeting by means of telephone conference, videophone conference or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 1.4.3 All decisions at such meeting shall be decided on a show of hands on a majority of votes.
- 1.4.4 The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.
- 1.4.5 The Committee may invite any non-member Director or employee of the Company and of the Group who the Committee thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.

#### 1.5 Rights

- 1.5.1 The Audit Committee shall:-
- have authority to investigate any matter within its Terms of Reference;
  - have the resources which are required to perform its duties;
  - have full and unrestricted access to any information pertaining to the Group;
  - have direct communication channels with external and internal auditors. In this regard, the Chairman of the Committee shall engage on a continuous basis with senior management such as chairman, the chief executive officer, the chief financial officer, the internal and external auditors in order to be kept informed of matters affecting the Company or the Group;
  - have the right to obtain independent professional or other advice at the Company's expense;

## Audit Committee Report (Cont'd)

For The Financial Year Ended 31 December 2010

### 1. Terms of Reference (Cont'd)

#### 1.5 Rights (Cont'd)

##### 1.5.1 The Audit Committee shall:- (Cont'd)

- f) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company or Group, whenever deemed necessary;
- g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements;
- h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- i) meet as and when required on a reasonable notice; and
- j) the Chairman shall call for a meeting upon the request of the external auditors.
- k) have the right to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company or of the Group, whenever deemed necessary.

#### 1.6 Duties

##### 1.6.1 To review with the external auditors on:-

- a) the audit plan, its scope and nature;
- b) the Audit Report;
- c) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- d) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with management encountered during the audit.

##### 1.6.2 To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.

##### 1.6.3 To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

##### 1.6.4 To review the internal audit programme, processes the 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.

# Audit Committee Report (Cont'd)

For The Financial Year Ended 31 December 2010

## 1. Terms of Reference (Cont'd)

### 1.6 Duties (Cont'd)

1.6.5 To review with management:-

- a) Audit Reports and Management Letter issued by the external auditors and the implementation of audit recommendations;
- b) interim financial information; and
- c) the assistance given by the officers of the Company to external auditors.

1.6.6 To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the Annual Report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

1.6.7 To review the Quarterly Reports on Consolidated Results and Annual Financial Statements prior to submission to the Board of Directors, focusing particularly on:-

- a) changes in or implementation of major accounting policy and practices;
- b) significant and / or unusual matters arising from the audit;
- c) the going concern assumption;
- d) compliance with accounting standards and other legal requirements.

1.6.8 To consider the appointment or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

1.6.9 To review any appraisal or assessment of the performance of the internal audit function.

## 2. Attendance of Meetings

There were five (5) meetings held by the Audit Committee members during the financial year ended 31 December 2010 and details of their attendance are as follows:-

Name	Attendance of Audit Committee meeting
Wong Meng Tak	5/5
Lim Chong Puang	5/5
Yeow See Yuen	5/5

## Audit Committee Report (Cont'd)

For The Financial Year Ended 31 December 2010

### 3. Summary of the activities of the Audit Committee

The followings are the activities undertaken by the Audit Committee during the financial year ended 31 December 2010:-

- a) reviewed the adequacy and relevance of the scope, functions, resources, internal audit plan and results of the internal audit reviews with the internal auditors;
- b) reviewed the quarterly financial reports for announcement to the regulatory authorities and year-end statutory accounts with management.;
- c) reviewed with management their preparation for the annual financial statements prior to commencement of the annual audit;
- d) reviewed with external auditors on their audit plan (including system evaluation, audit fee, issues raised and management's response) prior to the commencement of audit;
- e) reviewed the annual statutory accounts, the Audit Report, issues and reservations arising from audits and the management letter, with the external auditors;
- f) reviewed the disclosure of related party transactions and any conflict of interest situation and transactions which may have an impact on management integrity;
- g) reviewed the latest changes of pronouncements issued by the accountancy, statutory and regulatory bodies;
- h) reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee's meetings were made available to all Board Members;
- i) prepared the Audit Committee Report for inclusion in the Company's Annual Report;
- j) reviewed the disclosure statements on compliance with the Malaysian Code of Corporate Governance, Board's responsibility on the Annual Audited Accounts and the statement of internal control and other relevant documents, for publication in the Company's Annual Report;
- k) updated with the Listing Requirements of Bursa Securities and revised Malaysian Code on Corporate Governance via in-house briefing for the furtherance of their duties; and
- l) The Audit Committee had met twice with the external auditors without the presence of the executive board members.

### 4. The Internal Audit Function

The Group's internal audit function is outsourced to a professional firm. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee. The scope of review of the outsourced internal audit function is determined and approved by the Audit Committee with feedback from Executive Management.

During the financial year, the outsourced internal audit function conducted periodic internal audit reviews in accordance with the internal audit plan approved by the Audit Committee. Areas of improvement in internal controls have been identified and formally tabled at the quarterly Audit Committee meetings. Follow up reviews were carried out to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee.

In addition to this, the Audit Committee also evaluated the competency of the audit functions performed by a professional firm on 25 February 2011.

## Statement on Internal Control

### INTRODUCTION

The Board of Directors (“the Board”) of D & O Green Technologies Berhad is pleased to present its Statement of Internal Control for financial year ended 31 December 2010, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) MAIN Market Listing Requirements and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies (“the Guidance”). This statement outlines the nature and state of the internal controls of the Group, excluding the associate company, during the financial year.

### BOARD’S RESPONSIBILITY

The Board acknowledges that it is ultimately responsible for the Group’s systems of internal control and for reviewing the adequacy and integrity of the internal control systems to ensure that shareholders’ interests and the Group’s assets are safeguarded. In this respect, the responsibility of reviewing the adequacy and integrity of the internal control systems has been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and integrity of the internal control systems through reports it receives from independent reviews conducted by the internal audit function and management.

However, as there are inherent limitations in any system on internal controls, such internal control systems put into effect by Management can only manage rather than eliminate all the risks that may impede the achievement of the Group’s business objectives or goals. Therefore, the internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

### RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of managing the Group’s business operations. On a day to day basis, the respective Head of Departments are responsible for managing the risks of their departments. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings.

During the year under review, Management with the assistance of external consultant updated the key risk profile of the Group. The results of the risk management update exercise were presented to the Audit Committee on 24 February 2010.

The above mentioned practices / initiatives by Management serve as the ongoing process used to identify, evaluate and manage significant risks.

### INTERNAL AUDIT FUNCTION

The Audit Committee and Board currently obtains regular assurance on the adequacy and effectiveness of the internal control system through independent reviews performed by the internal audit function which is outsourced to a professional firm. The Internal Audit function reports directly to the Audit Committee.

During the financial year, the internal audit function conducted reviews in accordance with the risk based internal audit plan approved by the Audit Committee. Based on the internal audit reviews carried out, the results were presented to the Audit Committee at their quarterly meetings. In addition, follow up visits were also conducted to ensure that corrective actions have been implemented in a timely manner.

The total cost incurred for the outsourcing of the Internal Audit function for the financial year ended 31 December 2010 was RM60,000.

## Statement on Internal Control (Cont'd)

### CONTROL STRUCTURE AND ENVIRONMENT

The Board is committed to maintaining a sound system of internal controls for the proper conduct of the Group's operations. However, during the financial year ended 31 December 2010, the Board noted non adherences with the Group's established standard operating procedures by certain staff through collusion with a third party which has resulted in additional costs and expenses being incurred in the current and previous financial years. These additional costs and expenses cannot be clearly quantified at this stage.

To date, the following actions have been taken by the Board/Senior Management:-

- (a) termination of the employment of the relevant staff.
- (b) initiated an investigation into the matter.
- (c) lodged a report with the Police.
- (d) filed a civil suit against the relevant staff and third party.
- (e) lodged a complaint with the Securities Commission, Malaysia.
- (f) disclosure of this matter in the Group's results announcement to Bursa Securities for the quarter ended 30 September 2010.
- (g) increased surveillance to ensure strict compliance with the Group's standard operating procedures by staff.

Based on the preliminary investigation results, the Board does not expect the financial impact of this matter to significantly and adversely affect the results of the Group in future financial years.

The Board continues to be committed to improving Group's control structure and environment comprising the following key elements:-

#### 1. Organisation Structure and Authorisation Procedures

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Senior Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

#### 2. Periodical and/or Annual Budget

Budgetary control is applied every division of the Group and actual performances are closely monitored against budgets to identify significant variances.

#### 3. Group Policies and Procedures

The Group has documented policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

## Statement on Internal Control (Cont'd)

### CONTROL STRUCTURE AND ENVIRONMENT (CONT'D)

#### 4. Human Resource Policy

Comprehensive guidelines on the employment and retention of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

#### 5. Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

#### 6. Monitoring and Review

Scheduled management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group.

- Financial and Operational Review

The monthly management accounts and the quarterly financial statements containing key financial results and comparisons against budgets are presented to the Board for their review.

- Business Planning and Budgeting Review

The Board plays an active role in discussing and reviewing the business plans and budgets prepared for the Group.

### CONCLUSION

The Board recognizes the necessity to continuously improve the systems of internal and risk management practices so that such system and practices can support the Group's operations and changing business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls and risk management practices.

This statement was approved by the Board of Directors on 22 April 2011 .



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## Directors' Report

The Directors of D & O Green 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 31 December 2010.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
(Loss)/Profit after taxation from continuing operations	(67,110)	72,120
Loss after taxation from discontinued operations	(22,115)	–
	<hr/> (89,225)	<hr/> 72,120
Attributable to:-		
Owners of the Company	(56,973)	72,120
Minority interests	(32,252)	–
	<hr/> (89,225)	<hr/> 72,120

### DIVIDENDS

The directors do not recommend the payment of any dividend for the current financial year.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM73,000,000 to RM97,561,339 by way of:-

- (a) the issuance of 1,710,400 ordinary shares of RM0.10 each at RM0.38 per share pursuant to the exercise of options under the Company's Employee Share Option Scheme (ESOS); and
- (b) the issuance of 243,902,993 new shares to registered shareholders as of 12 July 2010 by way of one bonus share for every three existing shares held credited as fully paid-up by capitalising the share premium account.

## Directors' Report (Cont'd)

**ISSUES OF SHARES AND DEBENTURES (CONT'D)**

Accordingly, the subscription price and outstanding ESOS granted were revised as follows:-

	<b>As at 11.7.2010</b>	<b>As at 12.7.2010</b>
Subscription Price	RM0.38	RM0.285
Outstanding ESOS shares	2,894,600	3,857,200

As at 31 December 2010, the outstanding ESOS granted was 3,857,200 shares, after adjusting for bonus share issue (31 December 2009: 4,605,000 shares).

	<b>Issued and Fully Paid Share Capital Number of Ordinary Shares of RM0.10 Each '000</b>	<b>Amount RM'000</b>
As at 1 January 2010	730,000	73,000
Issue of Ordinary Shares pursuant to:-		
- ESOS	1,710	171
- Bonus shares issued	243,903	24,390
<b>As at 31 December 2010</b>	<b>975,613</b>	<b>97,561</b>

The Company did not issue any debentures during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**EMPLOYEE SHARE OPTION SCHEME**

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 10 September 2004. The ESOS is to be in force for a period of 10 years effective from 15 October 2004.

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer.
- (b) The maximum number of new shares of the Company, which may be available under the Scheme, shall not exceed in aggregate fifteen percent (15%), or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.

## Directors' Report (Cont'd)

### EMPLOYEE SHARE OPTION SCHEME (CONT'D)

- (c) The option price shall be determined by the Option Committee based on the five (5)-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than ten percent (10%), or at the par value of shares of the Company, whichever is higher.
- (d) The option may be exercised by the Grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the Option.
- (e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to the date of allotment and issuance of the new shares.

The details in the movement of the options granted are as follows:-

NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH				
AT 1.1.2010 '000	EXERCISED '000	LAPSED '000	BONUS ISSUE '000	AT 31.12.2010 '000
4,605	1,710	—	962	3,857

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders of less than 200,000 options. The names of option holders as at 31 December 2010 who have been granted options of 200,000 shares or more are disclosed as follows:-

NAME	NUMBER OF SHARE OPTIONS			AT 31.12.2010 '000
	GRANTED AT 10.9.2004 '000	EXERCISED '000	BONUS ISSUE '000	
BONG KOK LIONG	200	—	67	267
TAN CHIN MING	230	92	46	184
WEE HU SHING	250	100	50	200
MARY SZE	250	100	50	200
GARY LIM BOON CHEONG	350	140	70	280
CHEAM DAU PENG	420	—	140	560
TAY KHENG CHIONG	700	280	140	560

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## Directors' Report (Cont'd)

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

Other than the contingent liability disclosed in Note 41 to the financial statements, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) 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 of the Group and of the Company 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 when they fall due.

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the following:-

- i) Change in accounting policies (Note 3(a));
- ii) Discontinuance of the Molded Discrete Packaging line (Note 31)
- iii) Impairment of plant and equipment amounting to RM14.1 million; and
- iv) Inventories written down amounting to RM27.1 million.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

## Directors' Report (cont'd)

### DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' MOHAMMED AZLAN HASHIM  
 TAY KHENG CHIONG  
 CHEAM DAU PENG  
 GOH NAM SENG  
 GOH NAN YANG  
 DR. LIM THIAN SOO  
 WONG MENG TAK  
 LIM CHONG PUANG  
 YEOW SEE YUEN  
 LOW TEK BENG (ALTERNATE TO CHEAM DAU PENG)  
 LAI KIN SHIN (CEASED TO ACT AS ALTERNATE TO GOH NAN YANG ON 15 JULY 2010)

Pursuant to Article 129 of the Articles of Association of the Company, Cheam Dau Peng, Dr. Lim Thian Soo and Lim Chong Puang retire by rotation at the forthcoming annual general meeting. Being eligible, both Cheam Dau Peng and Lim Chong Puang offer themselves for re-election. Dr. Lim Thian Soo informed that he does not wish to seek for re-election for his retirement by rotation.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2010	BOUGHT/ BONUS ISSUE	SOLD	AT 31.12.2010
<b>DIRECT INTERESTS</b>				
DATO' MOHAMMED AZLAN HASHIM	80,609,477	26,869,825	–	107,479,302
TAY KHENG CHIONG	3,867,439	1,662,479	1,984,100	3,545,818
CHEAM DAU PENG	7,163,682	2,187,894	600,000	8,751,576
GOH NAM SENG	3,000,000	1,000,000	–	4,000,000
GOH NAN YANG	100,000	33,333	–	133,333
DR. LIM THIAN SOO	23,740,232	7,913,410	–	31,653,642
WONG MENG TAK	100,000	33,333	–	133,333
LIM CHONG PUANG	100,000	33,333	–	133,333
YEOW SEE YUEN	2,240,100	746,699	–	2,986,799
LOW TEK BENG (ALTERNATE TO CHEAM DAU PENG)	100,000	276,333	–	376,333

## Directors' Report (Cont'd)

**DIRECTORS' INTERESTS (CONT'D)**

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2010	BOUGHT/ BONUS ISSUE	SOLD	AT 31.12.2010
<b>INDIRECT INTERESTS</b>				
DATO' MOHAMMED AZLAN HASHIM *	36,103,512	12,034,503	–	48,138,015
GOH NAN YANG **	84,587,805	28,195,935	–	112,783,740
DR. LIM THIAN SOO ^	50,813,970	18,910,155	3,515,500	66,208,625

\* *Deemed interest by virtue of Section 6A of the Companies Act 1965 (shareholding held through his spouse, Datin Nonadiah Binti Abdullah and the latter's shareholding in Ruang Kirana Sdn. Bhd.)*

\*\* *Deemed interest by virtue of Section 6A of the Companies Act 1965 (shareholding held through Omega Riang Sdn. Bhd.)*

^ *Deemed interest by virtue of Section 6A of the Companies Act 1965 (shareholding held through Kema Development Sdn. Bhd., Chin Bee & Sons Sdn. Bhd., Geo-Mobile Asia Sdn. Bhd., Lanai Etika Sdn. Bhd., Mega First Housing Development Sdn. Bhd. and RCI Ventures Sdn. Bhd.)*

In addition to the above, the following executive directors are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company as follows:-

	OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH				
	AT 1.1.2010	GRANTED	EXERCISED	BONUS ISSUE	AT 31.12.2010
TAY KHENG CHIONG	700,000 *	–	280,000	139,900	559,900
CHEAM DAU PENG	420,000 *	–	–	139,900	559,900

\* *Granted on 20 December 2004.*

By virtue of their shareholdings in the Company, Dato' Mohammed Azlan Hashim, Goh Nan Yang and Dr. Lim Thian Soo are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the options granted to certain directors pursuant to the ESOS of the Company.

## Directors' Report (Cont'd)

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 44 to the financial statements.

### **AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 24 MARCH 2011**

**Dato' Mohammed Azlan Hashim**

**Tay Kheng Chiong**

## Statement by Directors

We, **Dato' Mohammed Azlan Hashim** and **Tay Kheng Chiong**, being two of the directors of **D & O Green Technologies Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 44 to 116 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 46, 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  
DATED 24 MARCH 2011**

**Dato' Mohammed Azlan Hashim**

**Tay Kheng Chiong**

## Statutory Declaration

I, **Chong Yew Leong**, I/C No. 701116-04-5377, being the officer primarily responsible for the financial management of **D & O Green Technologies Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 44 to 116 are, to the best of my knowledge and belief, 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  
Chong Yew Leong, I/C No. 701116-04-5377,  
at Kuala Lumpur in the Federal Territory  
on this 24 March 2011

**Chong Yew Leong**

Before me,  
Datin Hajah Raihela Wanchik, PPN (W275)  
Commissioner for Oaths

## Independent Auditors' Report

To the member of D & O Green Technologies Berhad  
(Incorporated in Malaysia) Company No: 645371-V

### Report on the Financial Statements

We have audited the financial statements of D & O Green Technologies Berhad, which comprise the statements of financial position as at 31 December 2010, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 116.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia and for such internal control as the directors determine 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 about 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company'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 Company's internal controls. 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

## Independent Auditors' Report (Cont'd)

To the member of D & O Green Technologies Berhad  
(Incorporated in Malaysia) Company No: 645371-V

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
24 March 2011

**Poon Yew Hoe**  
Approval No: 956/04/12 (J)  
Chartered Accountant

# Statements of Financial Position

At 31 December 2010

	THE GROUP			THE COMPANY			
	Note	2010 RM'000	2009 RM'000 <i>Restated</i>	Opening Balance 2009 RM'000 <i>Restated</i>	2010 RM'000	2009 RM'000 <i>Restated</i>	Opening Balance 2009 RM'000 <i>Restated</i>
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>							
Investment in subsidiaries	5	–	–	–	135,837	67,740	67,740
Investment in an associate	6	10,680	–	–	10,880	–	–
Property, plant and equipment	7	129,783	144,878	133,964	14,585	6	7
Other investments	8	6,892	3,249	2,574	4,173	–	–
Intangible assets	9	3,661	3,905	4,149	–	–	–
Goodwill on consolidation	10	24,207	24,207	19,983	–	–	–
		175,223	176,239	160,670	165,475	67,746	67,747
<b>CURRENT ASSETS</b>							
Inventories	11	64,587	88,329	62,659	–	–	–
Trade receivables	12	26,913	54,928	33,741	–	–	–
Other receivables, deposits and prepayments	13	7,433	11,342	6,557	2,688	3	–
Dividend receivable		–	–	–	–	–	3,100
Amount owing by subsidiaries	14	–	–	–	26,337	30,282	30,108
Tax refundable		335	1,961	82	20	–	–
Investment in marketable securities	15	13,803	46,105	4,362	–	–	–
Fixed deposits with licensed banks	16	3,688	2,071	31,544	2,090	1,735	1,680
Cash and bank balances		11,800	23,505	9,054	300	60	101
		128,559	228,241	147,999	31,435	32,080	34,989
<b>TOTAL ASSETS</b>		<b>303,782</b>	<b>404,480</b>	<b>308,669</b>	<b>196,910</b>	<b>99,826</b>	<b>102,736</b>

The Annexed notes form an integral part of these financial statements.

## Statements of Financial Position (Cont'd)

At 31 December 2010

	Note	THE GROUP			THE COMPANY		
		2010	2009	Opening	2010	2009	Opening
		RM'000	RM'000	Balance	RM'000	RM'000	Balance
		Restated	Restated		Restated	Restated	
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Share capital	17	97,561	73,000	73,000	97,561	73,000	73,000
Share premium	18	2,958	26,948	26,948	2,958	26,948	26,948
Reserves	19	33,736	90,587	78,054	71,824	(296)	2,595
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>134,255</b>	<b>190,535</b>	<b>178,002</b>	<b>172,343</b>	<b>99,652</b>	<b>102,543</b>
MINORITY INTERESTS		30,545	65,529	46,479	–	–	–
<b>TOTAL EQUITY</b>		<b>164,800</b>	<b>256,064</b>	<b>224,481</b>	<b>172,343</b>	<b>99,652</b>	<b>102,543</b>
<b>NON-CURRENT LIABILITIES</b>							
Long-term borrowings	20	8,553	5,356	5,361	–	–	–
Deferred taxation	21	2,396	7,935	8,567	150	–	–
<b>CURRENT LIABILITIES</b>							
Trade payables	22	48,761	68,131	14,291	–	–	–
Other payables and accruals	23	9,002	14,951	14,343	440	136	155
Amount owing to an associate	24	3,678	–	–	8,977	–	–
Provision for taxation		296	577	–	–	38	38
Short-term borrowings	25	56,217	34,549	29,143	15,000	–	–
Bank overdrafts	27	10,079	16,917	12,483	–	–	–
		128,033	135,125	70,260	24,417	174	193
<b>TOTAL LIABILITIES</b>		<b>138,982</b>	<b>148,416</b>	<b>84,188</b>	<b>24,567</b>	<b>174</b>	<b>193</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>303,782</b>	<b>404,480</b>	<b>308,669</b>	<b>196,910</b>	<b>99,826</b>	<b>102,736</b>

The Annexed notes form an integral part of these financial statements.

# Statements of Comprehensive Income

At 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>CONTINUING OPERATIONS</b>					
REVENUE	28	182,507	208,059	3,459	1,508
COST OF SALES		(174,970)	(166,751)	–	–
GROSS PROFIT		7,537	41,308	3,459	1,508
OTHER INCOME		6,333	18,731	73,562	36
		13,870	60,039	77,021	1,544
SELLING AND DISTRIBUTION EXPENSES		(2,093)	(4,610)	(10)	(14)
ADMINISTRATIVE EXPENSES		(29,593)	(23,543)	(4,594)	(1,862)
OTHER EXPENSES		(46,174)	(11,213)	(202)	–
FINANCE COSTS		(3,624)	(1,868)	(3)	–
		(67,614)	18,805	72,212	(332)
SHARE OF RESULTS OF AN ASSOCIATE		(15)	–	–	–
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	29	(67,629)	18,805	72,212	(332)

The Annexed notes form an integral part of these financial statements.

## Statements of Comprehensive Income (Cont'd)

At 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	29	(67,629)	18,805	72,212	(332)
INCOME TAX EXPENSE	30	519	(344)	(92)	(4)
<b>(LOSS)/PROFIT AFTER TAX FROM CONTINUING OPERATIONS</b>		(67,110)	18,461	72,120	(336)
LOSS AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS	31	(22,115)	–	–	–
<b>(LOSS)/PROFIT AFTER TAXATION</b>		(89,225)	18,461	72,120	(336)
<b>OTHER COMPREHENSIVE (EXPENSES)/INCOME, NET OF TAX</b>					
FOREIGN CURRENCY TRANSLATION		(455)	(210)	–	–
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR</b>		(89,680)	18,251	72,120	(336)
<b>(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO: -</b>					
OWNERS OF THE COMPANY		(56,973)	13,817	72,120	(336)
MINORITY INTERESTS		(32,252)	4,644	–	–
		(89,225)	18,461	72,120	(336)

The Annexed notes form an integral part of these financial statements.

## Statements of Comprehensive Income (Cont'd)

At 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000 (RESTATED)	2010 RM'000	2009 RM'000
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-</b>					
OWNERS OF THE COMPANY		(56,851)	13,696	72,120	(336)
MINORITY INTERESTS		(32,829)	4,555	–	–
		(89,680)	18,251	72,120	(336)
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN):-</b>					
	32				
<b>BASIC</b>					
- CONTINUING OPERATIONS		(3.57)	1.42		
- DISCONTINUED OPERATIONS		(2.27)	NA		
<b>DILUTED</b>					
- CONTINUING OPERATIONS		NA	NA		
- DISCONTINUED OPERATIONS		NA	NA		

The Annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity

For the financial year ended 31 December 2010

THE GROUP	NOTE	Attributable to Equity Holders						Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	
Balance at 1.1.2009		73,000	26,948	(719)	78,773	178,002	46,479	224,481
Total comprehensive income for the financial year		-	-	(121)	13,817	13,696	4,555	18,251
Arising from subscription of new shares in subsidiaries		-	-	-	-	-	10,268	10,268
Arising from acquisition of a subsidiary		-	-	-	-	-	3	3
Minority shares of unpaid share premium in a subsidiary, now paid		-	-	-	-	-	4,224	4,224
Dividend paid	34	-	-	-	(2,555)	(2,555)	-	(2,555)
Balance at 31.12.2009/1.1.2010		73,000	26,948	(840)	90,035	189,143	65,529	254,672
- effect of adopting FRS 139		-	-	-	1,392	1,392	-	1,392
- as restated		73,000	26,948	(840)	91,427	190,535	65,529	256,064
Total comprehensive expenses for the financial year		-	-	122	(56,973)	(56,851)	(32,829)	(89,680)
Arising from additional investment in subsidiary		-	-	-	-	-	1,265	1,265
Arising from disposal of a subsidiary		-	-	-	-	-	(3,420)	(3,420)
Share options to employees		171	479	-	-	650	-	650
Issue of ordinary shares pursuant to bonus issue		24,390	(24,390)	-	-	-	-	-
Share issue expenses		-	(79)	-	-	(79)	-	(79)
Balance at 31.12.2010		97,561	2,958	(718)	34,454	134,255	30,545	164,800

The Annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity (Cont'd)

For the financial year ended 31 December 2010

	NOTE	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total Equity RM'000
<b>THE COMPANY</b>					
Balance at 1.1.2009		73,000	26,948	2,595	102,543
Total comprehensive expenses for the financial year		–	–	(336)	(336)
Dividend paid	34	–	–	(2,555)	(2,555)
Balance at 31.12.2009/1.1.2010		73,000	26,948	(296)	99,652
Total comprehensive income for the financial year		–	–	72,120	72,120
Share options to employees		171	479	–	650
Issue of ordinary shares pursuant to bonus issue		24,390	(24,390)	–	–
Share issue expenses		–	(79)	–	(79)
Balance at 31.12.2010		97,561	2,958	71,824	172,343

The Annexed notes form an integral part of these financial statements.

## Statements of Cash Flows

For the financial year ended 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
(Loss)/Profit before taxation from continuing operations		(67,629)	18,805	72,212	(332)
(Loss)/Profit before taxation from discontinued operations		(26,553)	–	–	–
<b>Total (Loss)/Profit before taxation</b>		<b>(94,182)</b>	<b>18,805</b>	<b>72,212</b>	<b>(332)</b>
Adjustments for:-					
Allowance for impairment losses on receivables					
- trade	12	725	735	–	–
- non-trade	13	319	–	–	–
Amortisation of intangible assets		244	244	–	–
Bad debts written off		–	378	–	–
Deposits written off		–	205	–	–
Depreciation of property, plant and equipment		18,393	20,452	480	1
Dividend income		(389)	(1,655)	(72,803)	–
Gain on disposal of quoted shares		(2)	(13,908)	–	–
Gain on disposal of unquoted investments		(30)	–	–	–
Gain on disposal of subsidiaries	33	(1,341)	–	(67)	–
Gain on derecognition of a subsidiary		(41)	–	–	–
Inventories written down		27,078	–	–	–
Impairment loss on assets from continuing operations	7	14,110	–	–	–
Impairment loss on discontinued operations					
- deposit written off	31	1,423	–	–	–
- depreciation of property, plant and equipment	31	3,592	–	–	–
- impairment loss on plant and equipment	31	21,629	–	–	–
Interest expense		3,361	1,579	–	–
Interest income		(158)	(185)	(53)	(36)
(Gain)/Loss on disposal of property, plant and equipment		(486)	9	–	–
Loss on dilution of investment in a subsidiary		–	4,996	–	–
Negative goodwill from acquisition of a subsidiary		–	(19)	–	–
Net fair value gain on marketable securities		(2,179)	–	–	–

The Annexed notes form an integral part of these financial statements.

## Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Plant and equipment written off		659	1,005	–	–
Preliminary expenses written off		–	151	–	–
Reversal of provision for foreseeable losses		–	(2,526)	–	–
Reversal of loss on dilution of investment in a subsidiary		(1,334)	–	–	–
Share of loss of an associate		15	–	–	–
Unrealised foreign exchange loss		139	–	82	–
Writeback of allowance for impairment losses on receivables		(353)	(145)	–	–
Operating (loss)/profit before working capital changes		(8,808)	30,121	(149)	(367)
Increase in inventories		(16,947)	(25,670)	–	–
Decrease/(Increase) in trade and other receivables		27,072	(27,296)	118	(3)
(Decrease)/ Increase in trade and other payables		(6,048)	56,974	11	(19)
<b>CASH (FOR)/FROM OPERATIONS</b>		<b>(4,731)</b>	<b>34,129</b>	<b>(20)</b>	<b>(389)</b>
Income tax refunded		785	(2,278)	–	(4)
Interest paid		(3,361)	(1,579)	–	–
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>		<b>(7,307)</b>	<b>30,272</b>	<b>(20)</b>	<b>(393)</b>

The Annexed notes form an integral part of these financial statements.

## Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Repayment/(Advances) to subsidiaries		–	–	1,658	(174)
Interest received		158	185	53	36
Dividend received		389	1,655	–	3,100
Purchase of marketable securities		(8,539)	(93,018)	–	–
Purchase of unquoted shares		(7,011)	(675)	(4,173)	–
Net cash inflow from acquisition of subsidiaries		–	22	–	–
Net cash inflow from disposal of subsidiaries	33	249	–	–	–
Proceeds from disposal of property, plant and equipment		519	192	–	–
Proceeds from disposal of marketable securities		43,022	66,575	–	–
Proceeds from disposal of subsidiary		–	–	2,565	–
Purchase of property, plant and equipment		(53,677)	(32,672)	(15,059)	–
Shares issued to minority shareholders by subsidiaries		–	5,272	–	–
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(24,890)</b>	<b>(52,464)</b>	<b>(14,956)</b>	<b>2,962</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Dividend paid		–	(2,555)	–	(2,555)
Proceeds from issuance of shares to minority interest		2,600	–	–	–
Drawdown of term loan		–	8,240	–	–
Net drawdown/(repayment) of bankers' acceptances		10,396	(13,697)	–	–
Drawdown of revolving credits		15,000	15,000	15,000	–
Drawdown of term loans		6,760	–	–	–
Repayment of term loans		(6,378)	(4,142)	–	–
Share issue expenses		(79)	–	(79)	–
Proceeds from issuance of shares		650	–	650	–
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>28,949</b>	<b>2,846</b>	<b>15,571</b>	<b>(2,555)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		<b>(3,248)</b>	<b>(19,346)</b>	<b>595</b>	<b>14</b>

The Annexed notes form an integral part of these financial statements.

## Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2010

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		(3,248)	(19,346)	595	14
<b>CURRENCY TRANSLATION DIFFERENCE</b>		(2)	(110)	–	–
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		8,659	28,115	1,795	1,781
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	35	5,409	8,659	2,390	1,795

The Annexed notes form an integral part of these financial statements.

# Notes to The Financial Statements

For The Financial Year Ended 31 December 2010

## 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : No. 15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur.

Principal place of business : Lot 6, Batu Berendam Free Trade Zone, Phase III, 75350 Melaka.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 March 2011.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (*including the consequential amendments*):-

### **FRSs and IC Interpretations (*including the Consequential Amendments*)**

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 3. BASIS OF PREPARATION (CONT'D)

#### (a) FRSs and IC Interpretations (including the Consequential Amendments)

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

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

- (i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

- (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 42(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**3. BASIS OF PREPARATION (CONT'D)**

- (iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	NOTE	THE GROUP AT 1.1.2010 RM
Retained profits		
Fair value gain on short-term investments	(aa)	1,392

- (aa) It was the Group's accounting policy to measure short-term investments at the lower of cost and market value, determined on an aggregate basis. In the previous financial year, the short-term investments were stated at cost. Upon adoption of FRS 139 during the financial year, these short-term investments are now classified as financial assets at fair value through profit or loss investments, measured at fair value.

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

- (iv) The Group has adopted the amendments made to FRS 117 - Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 3. BASIS OF PREPARATION (CONT'D)

(b) FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting its future transactions or arrangements.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final 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 year in which such determination is made.

##### (iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (iv) Amortisation of Development Costs/Patent Licence

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

##### (v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

##### (vi) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### (vii) *Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

##### (viii) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

##### (xi) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

##### (ix) *Share-based Payments*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

#### (c) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Functional and Foreign Currencies

##### (i) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

##### (ii) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

##### (iii) *Foreign Operations*

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

#### (e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group or the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group or the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Financial Instruments (Cont'd)

##### (i) Financial Assets

On initial recognition, financial assets are 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 Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Financial Instruments (Cont'd)

##### (ii) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges

##### (iii) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (vi) *Financial Guarantee Contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

#### (f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Investments in Associates

An associate is an entity in which the Group and the Company has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period of events or changes in circumstances indicate that the carrying values may not be recoverable.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 December 2010. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

#### (h) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	90-97 years
Buildings	5%
Renovation	20%
Plant and machinery	10 - 19%
Motor vehicles	19 - 20%
Furniture and fittings, office equipment and electrical installation	10 - 33.33%
Tooling and dieset modification	10 - 33.33%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Property, Plant and Equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

In the previous financial year, a piece of leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

#### (i) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Intangible Assets (Cont'd)

##### (i) *Research and Development Expenditure*

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 2 - 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

##### (ii) *Patent Licence*

The purchased patent licence is stated at cost less accumulated amortisation and impairment losses, if any. The patent licence is amortised on a straight-line basis over a period of 20 years. In the event that the expected future economic benefits are no longer probable of being recovered, the patent licence is written down to its recoverable amount.

#### (j) Impairment

##### (i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment (Cont'd)

##### (i) *Impairment of Financial Assets (Cont'd)*

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale 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 available-for-sale equity instruments, 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 made is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

##### (ii) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of raw materials comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition.

Cost of finished goods and work-in-progress is determined using the standard cost basis, which approximates the actual costs and includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

#### (l) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 the deferred income taxes relate to the same taxation authority.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (l) Income Taxes (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### (m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

#### (o) Employee Benefits

##### (i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

##### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### (iii) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Employee Benefits (Cont'd)

##### (iv) *Share-based Payment Transactions*

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

#### (p) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

#### (q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### (r) Revenue Recognition

##### (i) *Sale of Goods*

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Revenue Recognition (Cont'd)

##### (ii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

##### (iii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### (iv) Rental Income

Rental income is recognised on an accrual basis.

##### (v) Management Fee

Management fees are recognised when services are rendered.

#### (s) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

#### (t) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### (u) Borrowing Costs

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

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	135,837	67,740

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Group Equity Interest		Principal Activities
		2010 %	2009 %	
Omega Semiconductor Sdn. Bhd. ("OSSB")	Malaysia	100	100	Provide "full turnkey" contract manufacturing of semiconductor components.
Omega Photonics Packaging Sdn. Bhd.	Malaysia	51	–	Dormant.
Dominant Opto Technologies Sdn. Bhd. ("DOTSB") (held through OSSB in the previous financial year)	Malaysia	51.31	51.31	Manufacturing semiconductor components and machineries.
Aeopto Technologies (HK) Company Limited ("AEopto HK") # (held through OSSB in the previous financial year)	Hong Kong	100	51	An investment holding company that principally invests in semiconductor business in China.
Omega Semiconductor Technology Sdn. Bhd. ("OSTSB")	Malaysia	–	100	Dormant.
Interest held through OSTSB:				
Omega Photonics Packaging Sdn. Bhd.	Malaysia	–	51	Dormant.
<i>Interest held through OSSB:-</i>				
Equity Group Investment Limited ("EGIL") #	The British Virgin Islands	100	100	An investment holding company.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Group Equity Interest		Principal Activities
		2010 %	2009 %	
Aeopto Technologies Co., Ltd #	The People's Republic of China	–	51	Research and development of semiconductor application technologies, manufacturing, selling and assembling of semiconductor electronic and electrical components, light emitting diode (“LED”) lighting illumination and display application and module.
<i>Interest held through DOTSB:-</i>				
Dominant Opto Technologies Sdn. Bhd. (Shanghai Representative Office) #	The People's Republic of China	51.31	51.31	Introduction and sales coordination for products manufactured by DOTSB.
Dominant Semiconductors Europe GmbH #	Germany	43.61	43.61	Merchandising semiconductors components.
Dominant Semiconductors Korea Inc #	Korea	34.89	34.89	Merchandising semiconductors components.
Domilight Technologies Sdn. Bhd.	Malaysia	27.71	27.71	Dormant.
Dominant Semiconductors (Singapore) Pte. Ltd (“Dominant Singapore”) #	Singapore	51.31	51.31	An investment holding company.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Group Equity Interest		Principal Activities
		2010 %	2009 %	
Dominant Semiconductors Shenzhen Co. Ltd # ^	The People's Republic of China	–	51.31	Dormant.
<i>Interest held through Dominant Singapore:-</i>				
Dominant Semiconductors (Lao) Sole Co., Ltd	The Lao People's Democratic Republic	51.31	51.31	Manufacturing electronic light emitting diodes for export.

**Notes:-**

# Not audited by Messrs. Crowe Horwath

^ Company in the process of being struck off from the Market Supervision Administration of Shenzhen Municipality

### 6. INVESTMENT IN AN ASSOCIATE

D & O Green Technologies Berhad ("D&O") had on 3 November 2010 subscribed for an additional 28,951,400 new ordinary shares of USD0.10 each ("Shares") of Tongfang Optoelectronic (HK) Limited ("TOHK"), representing a 20.68% equity interest in TOHK, for a total cash consideration of USD2,895,140.

Consequently, TOHK became an associate of D&O with an effective equity interest of 25% of the total issued and paid-up share capital of TOHK, detailed as follows:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares in Hong Kong at cost, transferred from other investments (Note 8)	10,695	–	10,880	–
Share of post acquisition loss	(15)	–	–	–
	10,680	–	10,880	–

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**6. INVESTMENT IN AN ASSOCIATE (CONT'D)**

- (a) The share of the results in the associate is based on the unaudited financial statements of the associate.
- (b) The details of the associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2010 %	2009 %	
Tongfang Optoelectronic (HK) Limited	Hong Kong	25	–	Together with its subsidiaries, it is primarily involved in the manufacturing of consumer electronic modules and products, and trading of electronic products and components.

- (c) The summarised unaudited financial information of the associate is as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
<b>Assets and liabilities</b>		
Total assets	51,190	–
Total liabilities	35,515	–
<b>Results</b>		
Revenue	48,795	–
Loss after taxation	(59)	–

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AS	AS	ADDITIONS	DISPOSALS*	WRITE-OFFS	TRANSFERS	IMPAIRMENT LOSS	DISCONTINUED OPERATIONS	CURRENCY TRANSLATION DIFFERENCES	DEPRECIATION CHARGE	RESTATE
	PREVIOUSLY REPORTED AT 1.1.2010 RM'000	EFFECT OF RESTATE AT 1.1.2010 RM'000									AT 31.12.2010 RM'000
<b>NET BOOK VALUE</b>											
Leasehold land	-	4,214	-	-	-	-	-	-	-	(51)	4,163
Buildings	15,847	-	9,438	-	-	593	-	-	(439)	(1,456)	23,993
Renovation	2,700	-	1,863	-	-	-	-	-	(10)	(622)	3,931
Plant and machinery	87,329	-	5,115	(8,280)	(580)	34,608	(3,806)	(24,969)	(303)	(13,762)	75,352
Motor vehicles	270	-	439	(345)	-	-	-	-	(42)	(135)	187
Furniture and fitting, office equipment and electrical installation	7,165	-	6,028	(145)	(9)	-	-	-	(254)	(1,793)	10,992
Tooling and diesel modification	1,003	-	125	-	(70)	-	-	(252)	-	(574)	232
Capital work-in-progress	26,350	-	30,689	(571)	-	(35,201)	(10,304)	-	-	-	10,943
	140,664	4,214	144,878	53,677	(9,341)	(659)	(14,110)	(25,221)	(1,048)	(18,393)	129,783

\* Included in the disposals during the current financial year were plant and equipment disposed through the disposal of subsidiaries\* amounting to RM9,300,945

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	EFFECT OF RESTATEMENT		ADDITIONS	DISPOSALS	WRITE-OFFS	TRANSFERS	CURRENCY TRANSLATION DIFFERENCES	RESTATEMENT DEPRECIATION CHARGE	RESTATEMENT AT 31.12.2009
	AT 1.1.2009	FRS 117							
THE GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>NET BOOK VALUE</b>									
Leasehold land	-	4,266	-	-	-	-	-	(52)	4,214
Buildings	16,827	-	334	-	-	-	-	(1,314)	15,847
Renovation	1,206	-	1,805	-	-	165	1	(477)	2,700
Plant and machinery	89,380	-	6,368	-	(126)	7,494	(92)	(15,695)	87,329
Motor vehicles	436	-	126	(103)	-	-	(12)	(177)	270
Furniture and fittings, office equipment and electrical installation	7,323	-	1,311	(98)	-	(82)	11	(1,300)	7,165
Tooling and diesel modification	2,350	-	92	-	(2)	-	-	(1,437)	1,003
Capital work-in-progress	12,176	-	22,636	-	(877)	(7,577)	(8)	-	26,350
	129,698	4,266	133,964	32,672	(201)	(1,005)	(100)	(20,452)	144,878

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	RESTATED AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	NET BOOK VALUE RM'000
<b>At 31.12.2010</b>				
Leasehold land	4,692	(529)	–	4,163
Buildings	31,234	(6,812)	(439)	23,983
Renovation	7,672	(3,731)	(10)	3,931
Plant and machinery	144,670	(69,308)	(10)	75,352
Motor vehicles	1,341	(1,143)	(11)	187
Furniture and fittings, office equipment and electrical installation	17,485	(6,250)	(243)	10,992
Tooling and dieset modification	4,041	(3,809)	–	232
Capital work-in-progress	10,943	–	–	10,943
	222,078	(91,582)	(713)	129,783
<b>At 31.12.2009</b>				
Leasehold land	4,692	(478)	–	4,214
Buildings	26,365	(10,518)	–	15,847
Renovation	5,805	(3,106)	1	2,700
Plant and machinery	170,218	(82,783)	(106)	87,329
Motor vehicles	1,534	(1,087)	(177)	270
Furniture and fittings, office equipment and electrical installation	14,588	(7,381)	(42)	7,165
Tooling and dieset modification	6,649	(5,646)	–	1,003
Capital work-in-progress	26,356	–	(6)	26,350
	256,207	(110,999)	(330)	144,878
<b>THE COMPANY</b>				
	<b>AT 1.1.2010 RM'000</b>	<b>ADDITIONS RM'000</b>	<b>DEPRECIATION CHARGE RM'000</b>	<b>AT 31.12.2010 RM'000</b>
<b>NET BOOK VALUE</b>				
Leasehold land	–	3,118	(13)	3,105
Buildings	–	9,118	(247)	8,871
Plant and machinery	–	1,307	(78)	1,229
Furniture and fittings, office equipment and electrical installation	6	1,516	(142)	1,380
	6	15,059	(480)	14,585

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT 1.1.2009 RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2009 RM'000
NET BOOK VALUE			
Furniture and fittings, office equipment and electrical installation	7	(1)	6

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
<b>THE COMPANY</b>			
At 31.12.2010			
Leasehold land	3,118	(13)	3,105
Buildings	9,118	(247)	8,871
Plant and machinery	1,307	(78)	1,229
Furniture and fittings, office equipment and electrical installation	1,525	(145)	1,380
	15,068	(483)	14,585

At 31.12.2009

Furniture and fittings, office equipment and electrical installation	9	(3)	6
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- (a) Capital work-in-progress represents plant and machinery under construction which are not ready for commercial use at the end of the reporting period.
- (b) As at 31 December 2010, the property, plant and equipment of the Group and the Company with a carrying amount of RM31,305,457 and RM14,579,592 (2009 - RM28,695,032 and NIL), respectively were pledged to licensed banks for credit facilities granted to the Group.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 8. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares outside Malaysia				
At 1 January	3,249	2,574	–	–
Addition during the financial year	15,988	675	4,173	–
Disposal during the financial year	(1,650)	–	–	–
Transfer to investment in an associate (Note 6)	(10,695)	–	–	–
At 31 December	6,892	3,249	4,173	–

Investments in unquoted shares of the Group, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

### 9. INTANGIBLE ASSETS

	THE GROUP	
	2010 RM'000	2009 RM'000
At Cost:-		
- Development expenditure	1,218	1,218
- Patent licence	4,881	4,881
	6,099	6,099
Less: Accumulated amortisation:-		
- Development expenditure	(1,218)	(1,218)
- Patent licence	(1,220)	(976)
	(2,438)	(2,194)
Net book value	3,661	3,905

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 9. INTANGIBLE ASSETS (CONT'D)

	THE GROUP	
	2010 RM'000	2009 RM'000
Accumulated amortisation:-		
At 1 January		
- Development expenditure	(1,218)	(1,218)
- Patent licence	(976)	(732)
	(2,194)	(1,950)
Amortisation during the financial year:-		
- Development expenditure	-	-
- Patent licence	(244)	(244)
	(244)	(244)
At 31 December		
- Development expenditure	(1,218)	(1,218)
- Patent licence	(1,220)	(976)
	(2,438)	(2,194)

## 10. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2010 RM'000	2009 RM'000
Goodwill	24,207	24,207

The goodwill arose from the investment in subsidiaries and is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill on consolidation, and determined that goodwill is not impaired.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 10. GOODWILL ON CONSOLIDATION (CONT'D)

The Group assessed the recoverable amount of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the semiconductor cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	GROSS MARGIN		GROWTH RATE		DISCOUNT RATE	
	2010	2009	2010	2009	2010	2009
	10%-13%	24%	5%-58%	2%-25%	6%	7.75%
(I) BUDGETED GROSS MARGIN	The basis used to determine the value assigned to the budgeted gross margin is based on past performance and the management's expectations of market development.					
(II) GROWTH RATE	The growth rates used are based on the expected projection of the semiconductor business.					
(III) DISCOUNT RATE	The discount rates used are pre-tax and reflect specific risks.					

### 11. INVENTORIES

	THE GROUP	
	2010 RM'000	2009 RM'000
At cost:-		
Raw materials	36,406	35,523
Work-in-progress	10,584	39,308
Finished goods	17,132	12,842
	64,122	87,673
At net realisable value:-		
Work-in-progress	465	656
	64,587	88,329

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**12. TRADE RECEIVABLES**

	<b>THE GROUP</b>	
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Trade receivables	27,918	55,561
Allowance for impairment losses	(1,005)	(633)
	<b>26,913</b>	<b>54,928</b>
Allowance of impairment losses:-		
At 1 January	(633)	(163)
Addition during the financial year	(725)	(735)
Written off during the financial year	-	120
Writeback during the financial year	353	145
At 31 December	<b>(1,005)</b>	<b>(633)</b>

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables is an amount owing by related parties amounting to RM230,450 (2009 - RM1,044,896). The amount owing is unsecured, interest-free and repayable according to the normal trade credit terms. The amount owing is to be settled in cash.

The nature of the related party relationship and details of the transactions involved are disclosed in Note 37 to the financial statements.

The currency profile of the trade receivables is disclosed in Note 42.

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>	<b>2010</b> <b>RM'000</b>	<b>2009</b> <b>RM'000</b>
Other receivables	6,409	3,552	2,681	3
Deposits	793	2,083	-	-
Prepayments	500	4,772	7	-
Others	50	935	-	-
Allowance for impairment losses	(319)	-	-	-
	<b>7,433</b>	<b>11,342</b>	<b>2,688</b>	<b>3</b>

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Included in other receivables is deferred payment receivable from the disposal of subsidiaries amounting to RM2,885,580. The amount receivable is unsecured and interest-free.

The currency exposure profile of the other receivables, deposits and prepayments is disclosed in Note 42.

### 14. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 15. INVESTMENT IN MARKETABLE SECURITIES

	THE GROUP	
	2010 RM'000	2009 RM'000
At Market Value		
Quoted shares in Malaysia	10,497	9,335
Quoted shares outside Malaysia	3,306	36,770
	<hr/>	<hr/>
	13,803	46,105

Upon adoption of FRS 139 during the financial year, the Group designated its investments in quoted shares that were previously measured using the cost model as available-for-sale financial assets and these available-for-sale financial assets are measured at fair value.

### 16. DEPOSITS WITH LICENSED BANKS

- The Malaysian Ringgit denominated fixed deposits at the end of the reporting period bore effective interest rates ranging from 2.55% to 2.75% (2009 - 1.95% to 2.0%) per annum. The fixed deposits have a maturity period of 1 month (2009 - 1 month).
- Included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM79,808 (2009 - RM77,965) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 17. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	PAR VALUE RM	THE GROUP/THE COMPANY			
		2010 NUMBER OF SHARES '000	2009 NUMBER OF SHARES '000	2010 RM'000	2009 RM'000
<b>ORDINARY SHARES</b>					
AUTHORISED	0.10	2,000,000	1,000,000	200,000	100,000
<b>ISSUED AND FULLY PAID-UP</b>					
Ordinary shares of RM0.10 each					
At 1 January		730,000	730,000	73,000	73,000
Issuance of shares pursuant to bonus issue		243,903	–	24,390	–
Issuance of shares pursuant to the employee share option scheme		1,710	–	171	–
At 31 December		975,613	730,000	97,561	73,000

During the financial year, the Company increased its issued and paid-up ordinary shares from 730,000,000 to 975,613,393 by:-

- the issuance of 1,710,400 new ordinary shares of RM0.10 each pursuant to the Company's employee share option scheme at an average exercise price of RM0.38 per share. The new shares were issued for cash consideration.
- On 12 July 2010, the Company issued 243,902,993 new shares to registered shareholders as of 12 July 2010 by way of one bonus share for every three existing shares held credited as fully paid-up by capitalising the share premium account.

The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

As at 31 December 2010, the outstanding ESOS granted was 3,857,200 shares, after adjusting for bonus share issue (31 December 2009 - 4,605,000 shares)

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**18. SHARE PREMIUM**

The movements in the share premium of the Group and the Company are as follows:-

	THE GROUP/THE COMPANY	
	2010 RM'000	2009 RM'000
At 1 January	26,948	26,948
Capitalised for bonus issue	(24,390)	–
Share issue expenses	(79)	–
New shares issued under the employee share option scheme	479	–
At 31 December	2,958	26,948

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

**19. RESERVES**

	Note	THE GROUP		THE COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Distributable reserve:-					
Retained profits/ (Accumulated losses)	(a)	34,454	91,427	71,824	(296)
Non-distributable reserve:-	(b)				
Foreign currency translation reserve		(718)	(840)	–	–
		33,736	90,587	71,824	(296)

**(a) Retained Profits**

Subject to agreement with the tax authorities, at the end of the reporting period, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire profits without incurring additional tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

**(b) Foreign Exchange Translation Reserve**

Foreign exchange differences arising from the translation of foreign controlled entities are taken to the translation reserve as described in the accounting policies. The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**20. LONG-TERM BORROWINGS**

	THE GROUP	
	2010 RM'000	2009 RM'000
<b>Non-current portion:-</b>		
Term loans (Note 26)	8,553	5,356

**21. DEFERRED TAXATION**

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	7,935	8,567	–	–
Transfer to profit or loss (Continuing operations) (Note 30)	(1,101)	(632)	150	–
Transfer to profit or loss (Discontinued operations) (Note 31)	(4,438)	–	–	–
At 31 December	2,396	7,935	150	–

The deferred taxation relates to temporary differences between depreciation and capital allowances on the qualifying cost of property, plant and equipment.

**22. TRADE PAYABLES**

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days.

The currency exposure profile of the trade payables is as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Ringgit Malaysia	24,757	10,833
United States Dollar	23,518	30,085
Singapore Dollar	185	143
Japanese Yen	94	399
Euro	207	749
Chinese Renminbi	–	25,922
	48,761	68,131

Included in trade payables is an amount owing to related parties amounting to RM2,514,437 (2009 - RM1,108,470). The amount owing is unsecured, interest-free and subject to the normal trade credit terms. The amount owing is to be settled in cash.

The nature of the related party relationship and details of the transactions involved are disclosed in Note 37 to the financial statements.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 23. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other payables	5,767	10,804	294	—
Accruals	3,137	3,471	146	136
Advances/deposits received	98	676	—	—
	9,002	14,951	440	136

The currency exposure profile of the other payables and accruals is disclosed in Note 42.

### 24. AMOUNT OWING TO AN ASSOCIATE

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 25. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bankers' acceptances	23,326	13,843	—	—
Term loans (Note 26)	2,891	5,706	—	—
Revolving credits	30,000	15,000	15,000	—
	56,217	34,549	15,000	—

The Malaysian Ringgit denominated bankers' acceptances and revolving credits at the end of the reporting period bore effective interest rates ranging from 3.00% to 4.91% per annum (31 December 2009 - 1.89% to 4.55% per annum), and are secured by:-

- a pledge of the Group and the Company's property, plant and equipment as disclosed in Note 7 to the financial statements;
- a joint guarantee of the directors of the Group; and
- a corporate guarantee of the Company

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 26. TERM LOANS

	THE GROUP	
	2010 RM'000	2009 RM'000
Current portion - secured term loans: (Note 25)		
- repayable within one year	2,891	5,706
Non-current portion - secured term loans: (Note 20)		
- repayable between one and two years	3,045	1,624
- repayable between two to five years	5,508	3,732
	8,553	5,356
	11,444	11,062

The term loans at the end of the reporting period bore an effective interest rate of 5.00% (2009 - 5.00% to 6.15%) per annum. The term loans are secured in the same manner as the short-term borrowings disclosed in Note 25 to the financial statements.

The repayment terms of the term loans are as follows:-

**Term loan 1**                Repayable in 60 monthly instalments of RM155,498.97, effective from April 2009.

**Term loan 2**                Repayable in 60 monthly instalments of RM127,569.54, effective from April 2010.

### 27. BANK OVERDRAFTS

The bank overdrafts at the end of the reporting period bore effective interest rates ranging from 6.45% to 7.75% (2009 - 6.05% to 7.75%) per annum. The bank overdrafts are secured in the same manner as the short-term borrowings as disclosed in Note 25 to the financial statements.

### 28. REVENUE

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Management fee	—	—	3,459	1,508
Sale of goods	182,507	208,059	—	—
	182,507	208,059	3,459	1,508

Revenue of the Group represents the invoiced value of the goods sold less returns and trade discounts. Revenue of the Company represents management fee.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 29. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000 (RESTATED)	2010 RM'000	2009 RM'000 (RESTATED)
(Loss)/Profit before tax is arrived at after charging/ (crediting) the following:-				
Audit fee for the financial year	141	136	22	13
Allowance for impairment losses on receivables				
- trade	725	735	-	-
- non-trade	319	-	-	-
Amortisation of intangible assets	244	244	-	-
Bad debts written off	-	378	-	-
Deposits written off	-	205	-	-
Depreciation of property, plant and equipment	18,393	20,452	480	1
Directors' non-fee emoluments	1,034	816	707	493
Directors' fee	125	123	125	123
Interest expense:-				
- bank overdrafts	828	723	-	-
- bankers' acceptances	707	370	-	-
- revolving credits	964	-	-	-
- term loans	862	486	-	-
Loss on dilution of investment in a subsidiary	-	4,996	-	-
Reversal of loss on dilution of investment in a subsidiary	(1,334)	-	-	-
Preliminary expenses written off	-	151	-	-
Plant and equipment written off	659	1,005	-	-
Rental of cylinder	45	48	-	-
Rental of factory	408	24	-	-
Research and development expenses	4,380	3,878	-	-
Staff costs				
- salaries and wages	32,662	31,143	2,337	957
- social security costs	496	611	276	12
- contributions to defined contribution plans	2,317	1,270	-	100
(Gain)/Loss on disposal of property, plant and equipment	(486)	9	-	-
Gain on disposal of subsidiaries	(1,341)	-	(67)	-
Gain on derecognition of a subsidiary	(41)	-	-	-
Gain on disposal of unquoted investments	(30)	-	-	-
Dividend income	(389)	(1,655)	(72,803)	-

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**29. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (CONT'D)**

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000 (RESTATED)	2010 RM'000	2009 RM'000 (RESTATED)
Factory rental income	–	–	(640)	–
Loss/(Gain) on foreign exchange				
- realised	3,095	(676)	(2)	–
- unrealised	139	–	82	–
Gain on disposal of quoted shares	(2)	(13,908)	–	–
Interest income	(158)	(185)	(53)	(36)
Negative goodwill from acquisition of a subsidiary	–	(19)	–	–
Rental income	–	(16)	–	–
Writeback of allowance for impairment losses on receivables	(353)	(145)	–	–
Reversal of provision for foreseeable losses	–	(2,526)	–	–
Inventories written down	27,078	–	–	–
Asset impairment loss	14,110	–	–	–
Net fair value gain on marketable securities	(2,179)	–	–	–
Share of loss of an associate	15	–	–	–

**30. INCOME TAX EXPENSE**

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax for the financial year				
- Malaysian taxation	–	240	–	–
- Foreign taxation	533	554	–	–
Under/(Over)provision in the previous financial year:-				
- Malaysian taxation	(14)	182	(58)	4
- Foreign taxation	63	–	–	–
	582	976	(58)	4

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 30. INCOME TAX EXPENSE (CONT'D)

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred taxation for the financial year (Note 21):-				
- relating to originating and recognition of temporary differences	(1,101)	–	150	–
Overprovision in the previous financial year	–	(632)	–	–
	(1,101)	(632)	150	–
Total tax expense attributable to continuing operations	(519)	344	92	4
Total tax expense attributable to discontinued operations (Note 31)	(4,438)	–	–	–
	(4,957)	344	92	4

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(Loss)/Profit before tax:-				
- Continuing operations	(67,629)	18,805	72,212	(332)
- Discontinued operations	(26,553)	–	–	–
	(94,182)	18,205	72,212	(332)

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**30. INCOME TAX EXPENSE (CONT'D)**

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax at the statutory tax rate of 25%	(23,546)	4,701	18,053	(83)
Tax effects of:-				
Non-deductible expenses	18,150	1,822	364	33
Non-taxable income	(922)	(4,963)	(18,217)	-
Deferred tax asset not recognised during the financial year	6,319	50	-	50
Under/(Over)provision in previous financial years:-				
- Current tax	49	182	(58)	4
- Deferred tax	-	(632)	-	-
Reversal of deferred taxation on discontinued operations	(4,438)	-	-	-
Tax-exempt pioneer income	-	(816)	-	-
Differential in tax rates	(149)	-	-	-
Utilisation of deferred tax assets previously not recognised	(420)	-	(50)	-
<b>Income tax expense for the financial year</b>	<b>(4,957)</b>	<b>344</b>	<b>92</b>	<b>4</b>

Tax savings during the financial year arising from:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax asset:-				
Unutilised tax losses	35,356	206	363	206
Unabsorbed capital allowances	95	-	95	-
Deferred tax liability:-				
Accelerated depreciation over capital allowances	(10,176)	(6)	(1,790)	(6)
	<b>25,275</b>	<b>200</b>	<b>(1,332)</b>	<b>200</b>

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 31. LOSS AFTER TAX FROM DISCONTINUED OPERATIONS

On 22 November 2010, the Group announced that its subsidiary, Omega Semiconductor Sdn Bhd (“Omega”), which has been incurring losses following the termination of the Contract Manufacturing Agreement with a major customer in 2009, has discontinued its Molded Discrete Packaging business.

An analysis of the results of the discontinued operations is as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Revenue	1,034	–
Cost of Sales	(4,577)	–
Gross profit	(3,543)	–
Other income	42	–
Other expenses	(3,501) (23,052)	–
Loss before tax	(26,553)	–
Income tax expense - deferred taxation	4,438	–
Loss after tax from discontinued operations	(22,115)	–

(a) Included in loss before taxation from the discontinued operations are the following:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Depreciation of equipment	3,592	–
Impairment loss on plant and equipment	21,629	–
Deposit written off	1,423	–
Staff costs	592	–

(b) The cash flows attributable to the discontinued operations are as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Net cash for operating activities	91	–
Net cash for discontinued operations	91	–

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**32. (LOSS)/EARNINGS PER SHARE****(a) Basic**

	<b>THE GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(RESTATED)</b>
<b>Continuing operations</b>		
(Loss)/Profit after tax	(67,110)	18,461
Minority interest	32,252	(4,644)
<hr/>		
(Loss)/Profit attributable to owners of the Company	(34,858)	13,817
<hr/>		
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January	730,000	730,000
Effect of new ordinary shares issued through ESOS	1,661	-
Effect of bonus issue	243,903	243,903
<hr/>		
Weighted average number of ordinary shares at 31 December (in thousand units)	975,564	973,903
<hr/>		
Basic (loss)/earnings per share (Sen)	(3.57)	1.42
<hr/>		
<b>Discontinued operations</b>		
Loss attributable to owners of the Company	(22,115)	-
<hr/>		
Weighted average number of ordinary shares at 31 December (as above)	975,564	975,564
<hr/>		
Basic loss per share (Sen)	(2.27)	-
<hr/>		

**(b) Diluted**

The diluted earnings per ordinary share is not presented as the effect of assuming all outstanding ESOS being exercised will be anti dilutive and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 33. DISPOSAL OF SUBSIDIARIES

The Group disposed of its entire equity interest in Omega Semiconductor Technology Sdn Bhd on 24 May 2010 for a total consideration of RM5,450,540. The consideration was settled in cash and by deferred cash payments.

The disposal has the following financial effects on the Group and the Company as at the end of the reporting period:-

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Effects on financial position		
Investment in subsidiary	-	5,384
Property, plant and equipment	(4,868)	-
Inventories	(533)	-
	(5,401)	5,384
Total disposal proceeds	5,451	5,451
Gain on disposal to the Group	50	67
Disposal proceeds settled by:-		
Cash	2,565	2,565
Deferred payments	2,886	2,886
	5,451	5,451
Cash inflow arising from disposal		
Cash consideration	2,565	2,565
Net cash inflow from disposal	2,565	2,565

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 33. DISPOSAL OF SUBSIDIARIES (CONT'D)

The Group disposed of 51% equity interest in Aeopto Technology Co., Ltd on 25 October 2010 for a total consideration of RM5,374,916.

The disposal has the following financial effects on the Group as at the end of the reporting period:-

	2010 RM'000
Property, plant and equipment	(4,433)
Inventories	(13,079)
Trade and other receivables	(6,752)
Cash and bank balances	(2,316)
Borrowing	913
Current tax payable	22
Trade and other payables	18,695
Add: minority interest	3,420
Less: translation reserve	(554)
	(4,084)
Total disposal proceeds	5,375
Gain on disposal to the Group	1,291
Disposal proceeds settled by:-	
Deferred payment	5,375
	5,375
Cash outflow arising from disposals	
Cash and cash equivalents of subsidiaries disposed	(2,316)
Net cash outflow from disposal	(2,316)
Net cash inflow from subsidiaries	249

### 34. DIVIDEND

	THE COMPANY	
	2010 RM'000	2009 RM'000
First and final tax exempt dividend of 0.35 sen for the financial year ended 31 December 2009/2008	-	2,555

The directors do not recommend the payment of any dividend for the financial year ended 31 December 2010.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**35. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks (Note 16)	3,688	2,071	2,090	1,735
Cash and bank balances	11,800	23,505	300	60
Bank overdrafts	(10,079)	(16,917)	—	—
	5,409	8,659	2,390	1,795

**36. DIRECTORS' REMUNERATION**

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors:-				
- basic salaries, bonus and Employees Provident Fund	1,028	749	701	477
Non-executive directors:-				
- allowances	6	67	6	16
- fee	125	123	125	123
	1,159	939	832	616

(b) Details of directors' emoluments of the Group and the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2010 Number	2009 Number	2010 Number	2009 Number
Executive directors:-				
- RM50,001 - RM100,000	—	—	—	2
- RM100,001 - RM150,000	—	1	—	—
- RM150,001 - RM200,000	2	1	2	—
- RM250,001 - RM300,000	—	—	—	—
- RM300,001 - RM350,000	—	—	—	1
- RM350,001 - RM400,000	1	—	1	—
- RM400,001 - RM450,000	—	1	—	—
Non-executive directors:-				
- Below RM50,000	6	5	6	6
- RM50,001 - RM100,000	—	1	—	—

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**37. SIGNIFICANT RELATED PARTY DISCLOSURES**

## (a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

## (b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Associate:-				
- Disposal of subsidiary to associate	5,375	—	—	—
Subsidiaries:-				
- Management fee	—	—	3,459	1,508
- Dividend income	—	—	72,803	—
- Rental income	—	—	640	—
- Acquisition of property	—	—	15,000	—
- Acquisition of investment	—	—	1,903	—
Related parties:-				
- Purchases	3,832	3,077	—	—
- Sales	1,964	2,858	—	—
- Rental expense	94	149	—	—
Key management personnel compensation:-				
- short-term employee benefits	2,997	1,985	1,040	477

**38. OPERATING SEGMENTS**

Information on business segments is not presented as the Group operates primarily in the semiconductor industry.

The following is an analysis of the Group's business by geographical segments:-

	ASIA RM'000	EUROPE RM'000	UNITED STATES OF AMERICA RM'000	OTHER COUNTRIES RM'000	TOTAL RM'000
31 December 2010					
Revenue	131,398	30,694	19,737	678	182,507
Segment assets	296,390	7,181	—	211	303,782
Capital expenditure	53,670	7	—	—	53,677
31 December 2009					
Revenue	183,322	12,748	11,281	708	208,059
Segment assets	402,327	1,947	—	206	404,480
Capital expenditure	32,657	15	—	—	32,672

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**39. CAPITAL COMMITMENTS**

	THE GROUP	
	2010 RM'000	2009 RM'000
Property, plant and equipment:-		
- Contracted	865	8,291
- Not contracted	1,252	40,778
	<hr/> 2,117	<hr/> 49,069

**40. OPERATING LEASE COMMITMENTS**

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	THE GROUP	
	2010 RM'000	2009 RM'000
Not more than one year	26	—
Later than one year and not later than five years	40	—
	<hr/> 66	<hr/> —

**41. CONTINGENT LIABILITY**

	THE COMPANY	
	2010 RM'000	2009 RM'000
Corporate guarantees given to financial institutions for credit facilities extended to subsidiaries	15,390	17,218

**42. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**(a) Financial Risk Management Policies**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(i) Market Risk****(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Euro and Korean Won. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 42. FINANCIAL INSTRUMENTS (CONT'D)

## (a) Financial Risk Management Policies (Cont'd)

## (i) Market Risk (Cont'd)

## (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Korean Won RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Lao Kip RM'000	Total RM'000
2010											
Financial assets											
Other investments	2,317	-	-	402	-	-	4,173	-	-	-	6,892
Investment in an associate	10,680	-	-	-	-	-	-	-	-	-	10,680
Trade receivables	24,595	-	-	437	-	1,543	-	338	-	-	26,913
Other receivables	4,732	-	-	3	-	1,067	-	288	-	-	6,090
Short-term investments	-	-	3,306	-	-	-	-	10,497	-	-	13,803
Fixed deposits with licensed banks	-	-	-	-	-	1,254	-	2,434	-	-	3,688
Cash and bank balances	4,033	20	87	1,567	154	4,106	-	1,721	9	103	11,800
	46,357	20	3,393	2,409	154	7,970	4,173	15,278	9	103	79,866
Financial liabilities											
Trade payables	23,518	185	-	207	94	-	-	24,757	-	-	48,761
Other payables and accruals	811	30	5	424	-	642	-	7,090	-	-	9,002
Amount owing to an associate	3,678	-	-	-	-	-	-	-	-	-	3,678
Term loans	-	-	-	-	-	-	-	11,444	-	-	11,444
Bankers' acceptances	-	-	-	-	-	-	-	23,326	-	-	23,326
Bank overdrafts	-	-	-	24	-	-	-	10,055	-	-	10,079
Revolving credits	-	-	-	-	-	-	-	30,000	-	-	30,000
	28,007	215	5	655	94	642	-	106,672	-	-	136,290
Net financial assets/(liabilities)	18,350	(195)	3,388	1,754	60	7,328	4,173	(91,394)	9	103	(56,424)
Less: Net financial (assets)/liabilities denominated in the entity's functional currency	1,821	-	-	1,810	-	7,328	-	(91,425)	9	103	(80,354)
Currency exposure	16,529	(195)	3,388	(56)	60	-	4,173	31	-	-	23,930

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (i) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Korean Won RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Total RM'000
<b>2009</b>										
<b>Financial assets</b>										
Other investments	2,848	-	-	401	-	-	-	-	-	3,249
Trade receivables	35,038	-	-	-	-	3,730	-	1,752	14,408	54,928
Other receivables	-	-	-	2	-	1,062	-	719	1,769	3,552
Short-term investments	-	-	37,134	-	-	-	-	8,971	-	46,105
Fixed deposits with licensed banks	-	-	-	-	-	-	-	2,071	-	2,071
Cash and bank balances	10,155	18	38	31	148	5,042	6	6,748	1,319	23,505
	48,041	18	37,172	434	148	9,834	6	20,261	17,496	133,410
<b>Financial liabilities</b>										
Trade payables	30,085	143	-	749	399	-	-	10,833	25,922	68,131
Other payables and accruals	3,303	60	-	430	-	473	-	7,059	3,626	14,951
Term loans	-	-	-	-	-	-	-	11,062	-	11,062
Bankers' acceptances	-	-	-	-	-	-	-	13,843	-	13,843
Bank overdrafts	-	-	-	-	-	-	-	16,917	-	16,917
Revolving credits	-	-	-	-	-	-	-	15,000	-	15,000
	33,388	203	-	1,179	399	473	-	74,714	29,548	139,904
Net financial assets/(liabilities)	14,653	(185)	37,172	(745)	(251)	9,361	6	(54,453)	(12,052)	(6,494)
Less: Net financial (assets)/liabilities denominated in the entity's functional currency	5,926	-	-	(138)	-	9,358	-	(54,453)	(11,542)	(50,849)
Currency exposure	8,727	(185)	37,172	(607)	(251)	3	6	-	(510)	44,355

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

## 42. FINANCIAL INSTRUMENTS (CONT'D)

## (a) Financial Risk Management Policies (Cont'd)

## (i) Market Risk (Cont'd)

## (i) Foreign Currency Risk (Cont'd)

	United States Dollar RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>The Company</b>				
2010				
Financial assets				
Other investments	–	4,173	–	4,173
Investment in an associate	10,880	–	–	10,880
Investment in subsidiaries	297	–	135,540	135,837
Other receivables	2,681	–	–	2,681
Amount owing by subsidiaries	(1,903)	–	28,240	26,337
Fixed deposits with licensed banks	–	–	2,090	2,090
Cash and bank balances	–	–	300	300
	11,955	4,173	166,170	182,298
<b>Financial liabilities</b>				
Other payables and accruals	–	–	440	440
Amount owing to an associate	8,977	–	–	8,977
Revolving credit	–	–	15,000	15,000
	8,977	–	15,440	24,417
Net financial assets/(liabilities)	2,978	4,173	150,730	157,881
Less: Net financial (assets)/ liabilities denominated in the entity's functional currency	–	–	150,730	150,730
<b>Currency exposure</b>	2,978	4,173	–	7,151

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (i) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

THE COMPANY	RINGGIT MALAYSIA RM'000
2009	
<b>Financial assets</b>	
Investment in subsidiaries	67,740
Other receivables	3
Amount owing by subsidiaries	30,282
Fixed deposits with licensed banks	1,735
Cash and bank balances	60
	99,820
<b>Financial liabilities</b>	
Other payables and accruals	136
	99,684
Net financial assets/(liabilities)	99,684
Less: Net financial (assets)/liabilities denominated in the entity's functional currency	99,684
	-
<b>Currency exposure</b>	-

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**42. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000
<b>Effects on profit after tax</b>				
United States Dollar:- - weakened by 5%	(918)	(733)	(149)	-
Singapore Dollar:- - weakened by 5%	-	9	-	-
Chinese Renminbi - weakened by 5%	(1)	603	-	-
Hong Kong Dollar:- - weakened by 5%	(169)	(1,859)	-	-
Euro :- - weakened by 5%	(88)	37	-	-
Japanese Yen:- - weakened by 5%	(3)	13	-	-
Korean Won:- - weakened by 5%	(366)	(468)	-	-
New Taiwan Dollar:- - weakened by 5%	(209)	-	(209)	-
	(1,754)	(2,398)	(358)	-

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**42. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000
<b>Effects on profit after tax</b>				
Increase of 1%	(749)	(568)	(150)	—
Decrease of 1%	749	568	150	—
<b>Effects on equity</b>				
Increase of 1%	(749)	(568)	(150)	—
Decrease of 1%	749	568	150	—

**(iii) Equity Price Risk**

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to price risks by maintaining a portfolio of equities with different risk profiles.

If prices for quoted investments as at the end of the reporting period strengthened by 5% with all other variables being held constant, the Group's equity would have increased by RM692,124. A 5% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity respectively.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

##### Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2010 RM'000	2009 RM'000
Australia	22	236
Ireland	98	397
China	5,406	26,611
Europe	5,236	2,738
Hong Kong	5,104	12,371
India	516	849
Japan	343	102
Korea	2,777	3,730
Malaysia	3,525	2,966
Singapore	1,846	3,115
Taiwan	41	386
Thailand	-	6
United States	1,999	1,421
	26,913	54,928

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (ii) Credit Risk (Cont'd)

###### Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	CARRYING VALUE RM'000
2010			
Not past due	15,646	–	15,646
Past due:-			
- less than 3 months	8,672	–	8,672
- 3 to 6 months	1,345	–	1,345
- over 6 months	2,255	(1,005)	1,250
	27,918	(1,005)	26,913

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

###### *Trade receivables that are past due but not impaired*

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

###### *Trade receivables that are neither past due nor impaired*

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**42. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(iii) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
<b>2010</b>						
Bankers' acceptances	3.43	23,326	23,326	23,326	—	—
Revolving credits	4.58	30,000	30,000	30,000	—	—
Term loans	5.00	11,444	11,444	2,891	8,553	—
Trade payables		48,761	48,761	48,761	—	—
Other payables and accruals		9,002	9,002	9,002	—	—
Amount owing to an associate		3,678	3,678	3,678	—	—
Bank overdrafts	7.44	10,079	10,079	10,079	—	—
		136,290	136,290	127,737	8,553	—
<b>2009</b>						
Bankers' acceptances	2.41	13,843	13,843	13,843	—	—
Revolving credits	4.55	15,000	15,000	15,000	—	—
Term loans	5.58	11,062	11,062	5,706	5,356	—
Trade payables		68,131	68,131	68,131	—	—
Other payables and accruals		14,951	14,951	14,951	—	—
Bank overdrafts	6.81	16,917	16,917	16,917	—	—
		139,904	139,904	134,548	5,356	—

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### (iii) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
<b>2010</b>						
Revolving credit	4.42	15,000	15,000	15,000	–	–
Other payables and accruals		440	440	440	–	–
Amount owing to an associate		8,977	8,977	8,977	–	–
		24,417	24,417	24,417	–	–
<b>2009</b>						
Other payables and accruals		136	136	136	–	–
		136	136	136	–	–

#### (b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**42. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management (Cont'd)**

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Bankers' acceptances	23,326	13,843
Revolving credits	30,000	15,000
Term loans	11,444	11,062
Trade payables	48,761	68,131
Other payables and accruals	9,002	14,951
Amount owing to an associate	3,678	—
Bank overdrafts	10,079	16,917
	<b>136,290</b>	<b>139,904</b>
Less: Fixed deposits with licensed banks	3,688	2,071
Less: Cash and bank balances	11,800	23,505
<b>Net debt</b>	<b>120,802</b>	<b>114,328</b>
<b>Total equity</b>	<b>164,800</b>	<b>254,672</b>
<b>Debt-to-equity ratio</b>	<b>0.73 : 1</b>	<b>0.45 : 1</b>

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

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Classification Of Financial Instruments

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
<b>Financial assets</b>		
<u>Loans and receivables financial assets</u>		
Trade receivables	26,913	–
Other receivables	6,090	2,681
Amount owing by subsidiaries	–	26,337
Fixed deposits with licensed banks	3,688	2,090
Cash and bank balances	11,800	300
	48,491	31,408
<u>Fair value through profit and loss</u>		
Short-term investments	13,803	–
<u>Available-for-sale financial assets</u>		
Other investments	6,892	4,173
Investment in associate	10,680	10,880
	17,572	15,053
	79,866	46,461
<b>Financial liabilities</b>		
<u>Other financial liabilities</u>		
Bankers' acceptances	23,326	–
Revolving credits	30,000	15,000
Term loans	11,444	–
Trade payables	48,761	–
Other payables and accruals	9,002	440
Amount owing to an associate	3,678	8,977
Bank overdrafts	10,079	–
	136,290	24,417

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Fair Values Of Financial Instruments

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.
- (iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

### 43. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2010 RM	2009 RM
United States Dollar	3.09	3.39
Singapore Dollar	2.39	2.44
Japanese Yen	0.04	0.04
Korean Won 100	0.27	0.29
Chinese Renminbi	0.47	0.50
Euro	4.09	5.06
Hong Kong Dollar	0.40	0.44

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 24 May 2010, D & O Green Technologies Berhad (“D&O”) entered into Sale and Purchase Agreement (“S&P”) with Securitag Assembly Group Co. Ltd. (“SAG”) for the disposal of the entire 100% equity interest in Omega Semiconductor Technology Sdn Bhd to SAG for a total cash consideration of USD1.7million. The transaction was completed on the same date.
- (b) Omega, a wholly-owned subsidiary, had on 25 October 2010 disposed of the entire 51% equity interest in Aeopto Technologies Co., Ltd to Tongfang Optoelectronic (HK) Limited for a total cash consideration of USD 1,717,500. On the same date, the Joint Venture Agreement dated 18 August 2008 between Omega and AE Technologies (GD) Co., Ltd was terminated. Consequently, Aeopto Technologies Co., Ltd ceased to be a subsidiary of the Group.
- (c) On 28 October 2010 D&O acquired the remaining 4,900 ordinary shares of HKD1.00 each representing a 49% equity interest in Aeopto Technologies (HK) Co., Ltd from Wu Wen Feng for a total cash consideration of USD 93,921, equivalent to RM 293,926. Consequently, Aeopto Technologies (HK) Co., Ltd. become a wholly-owned subsidiary of the Company.

**45. COMPARATIVE FIGURES**

The following comparative figures have been reclassified to conform to the presentation of the current financial year:-

	<b>THE GROUP</b>	
	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
Statement of Comprehensive Income (extract):-		
Other comprehensive income	-	(210)
Statement of financial position (extract):-		
Property, plant and equipment	140,664	144,878
Prepaid land lease payments	4,214	-

The Group has adopted FRS 139 and the changes have been accounted for by restating the following opening balances of the Group as at 1 January 2010:-

	<b>THE GROUP</b>	
	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
Statement of financial position (extract):-		
Investment in marketable securities	44,713	46,105
Reserves	89,195	90,587

## Notes to The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2010

**46. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES**

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as follows:-

	<b>THE GROUP 2010 RM'000</b>	<b>THE COMPANY 2010 RM'000</b>
Total retained profits/(accumulated losses):-		
- realised	35,170	72,056
- unrealised	(701)	(232)
	<hr/> 34,469	<hr/> 71,824
Total share of retained profits of associate:		
- realised	(15)	-
- unrealised	-	-
	<hr/> 34,454	<hr/> 71,824
At 31 December	<hr/> 34,454	<hr/> 71,824

## List of Properties

Held as at 31 December 2010

No.	Name of Registered Owner/ Location	Description/ Existing Use	Land Area (Sq Ft)	Built-up Area (Sq Ft)	Approximate Age of Building	Date of Issuance	Tenure	Audited Net Book Value as at 31 Dec 2010 RM'000
1	HS(D) 21091 PT4623 Mukim Bachang Daerah Melaka Tengah 75350 Melaka  Postal Address Lot 6 8726 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise and one (1) block four storey factory	231,862	189,686	20 years	27.08.1990	Leasehold 99 years Expiring on 16.02.2091	11,062
2	HS(D) 30783 PT4748 Mukim Bachang Daerah Melaka Tengah 75350 Melaka  Postal Address Lot 3 8756 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	24,510	19,021	17 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	2,311
3	HS(D) 30784 PT4749 Mukim Bachang Daerah Melaka Tengah 75350 Melaka  Postal Address Lot 4 8758 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise	31,733	27,433	17 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	2,048

## List of Properties (Cont'd)

Held as at 31 December 2010

No.	Name of Registered Owner/ Location	Description/ Existing Use	Land Area (Sq Ft)	Built-up Area (Sq Ft)	Approximate Age of Building	Date of Issuance	Tenure	Audited Net Book Value as at 31 Dec 2010 RM'000
4	HS(D) 30785 PT4750 Mukim Bachang Daerah Melaka Tengah 75350 Melaka	One (1) block of double storey factory cum office premise	24,575	25,374	17 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	1,961
	Postal Address Lot 8 8760 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka							
5	HS(D) 30786 PT4751 Mukim Bachang Daerah Melaka Tengah 75350 Melaka	One (1) block of double storey factory cum office premise	16,631	19,215	17 years	20.05.1993	Leasehold 99 years Expiring on 17.09.2094	1,207
	Lot 7 8762 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka							

## Recurrent Related Party Transactions (“RRPT”)

The breakdown of the aggregate value of the Recurrent Related Party Transactions during the financial year ended 31 December 2010 of a revenue or trading nature carried out by D&O Group in its normal course of business on an arm’s length basis is as follows:-

No.	Nature of Transaction	Companies within D&O Group	Related Parties	Relationship	Aggregated Amount ('000)
1	Purchase of Carton Boxes for packaging purposes by Omega	Omega Semiconductor Sdn Bhd (“Omega”)	Hexachase Packaging Sdn Bhd	Note a	269
2	Purchase of Printing material, namely ribbon, stickers and labels for packaging purposes by Omega	Omega	Hexachase Labels Sdn Bhd	Note b	70
3	Purchase of production machinery and equipment, production and logistics software and fabricated tool and jig by Omega	Omega	GA Technologies Sdn Bhd	Note e	49
4	Purchase of Carton Boxes for packaging purposes by Dominant	Dominant Opto Technologies Sdn Bhd (“Dominant”)	Hexachase Packaging Sdn Bhd	Note a	39
5	Purchase of production machinery and equipment, production and logistics software and fabricated tool and jig by Dominant	Dominant	GA Technologies Sdn Bhd	Note e	3,275
6	Purchase of Printing material, namely ribbon, stickers and labels for packaging purposes by Dominant	Dominant	Hexachase Labels Sdn Bhd	Note b	55
7	Purchase of information technology software, hardware and services by Dominant	Dominant	KK Computer Sdn Bhd	Note f	75
8	Rental of Production space to Dominant	Omega	Dominant	Note c	1,280
9	Provision of Original Equipment Manufacturing (OEM) assembly services for LED to Dominant	Omega	Dominant	Note c	905
10	Provision of die sorting services to Dominant	Omega	Dominant	Note c	138
11	Provision of operating support functions (Administrative, Logistic, purchasing and etc) management services	D&O Green Technologies Bhd (“D&O”)	Dominant	Note c	2,857
12	Sales of LED	Dominant	Nexus Solid State Lighting Bhd	Note d	1,964

## Recurrent Related Party Transactions (“RRPT”) (Cont'd)

No.	Nature of Transaction	Companies within D&O Group	Related Parties	Relationship	Aggregated Amount ('000)
13	Rental of production equipment to Dominant	Omega	Dominant	Note c	268
14	Rental of production space to Dominant	D&O	Dominant	Note c	640

**NOTES:-**

- a) *Hexachase Packaging Sdn Bhd is a subsidiary of Hexachase Corporation Sdn Bhd. Cheam Dau Peng is a Director and shareholder of D&O. He is deemed to have interest in Hexachase Packaging Sdn Bhd by virtue of his shareholding in Hexachase Corporation Sdn Bhd. Dr Lim Thian Soo is a Director and shareholder of D&O. He is deemed to have interest in Hexachase Packaging Sdn Bhd via Hexachase Corporation Sdn Bhd by virtue of his indirect substantial shareholding in Mega First Corporation Bhd. Mega First Corporation Bhd holds 50% equity in Hexachase Corporation Sdn Bhd, of which 2% is held via Mega First Corporate Services Sdn Bhd, its wholly owned subsidiary. Lim Thiam Cheok and Lim Yam Poh, siblings of Dr Lim Thian Soo, are deemed substantial shareholders of D&O by virtue of their shareholding in Kema Development Sdn Bhd and Chin Bee & Sons Sdn Bhd. They are deemed to have interest in Hexachase Packaging Sdn Bhd via Hexachase Corporation Sdn Bhd by virtue of their indirect substantial shareholding in Mega First Corporation Bhd.*
- b) *Hexachase Labels Sdn Bhd is a subsidiary of Hexachase Corporation Sdn Bhd. Cheam Dau Peng is a Director and shareholder of D&O. He is also a Director both in Hexachase Labels Sdn Bhd and Hexachase Corporation Sdn Bhd and deemed to have interest in Hexachase Labels Sdn Bhd by virtue of his shareholding in Hexachase Corporation Sdn Bhd. Dr Lim Thian Soo is a Director and shareholder of D&O. He is deemed to have interest in Hexachase Labels Sdn Bhd via Hexachase Corporation Sdn Bhd by virtue of his indirect substantial shareholding in Mega First Corporation Bhd. Mega First Corporation Bhd holds 50% equity in Hexachase Corporation Sdn Bhd, of which 2% is held via Mega First Corporate Services Sdn Bhd, its wholly owned subsidiary. Lim Thiam Cheok and Lim Yam Poh, siblings of Dr Lim Thian Soo, are deemed substantial shareholders of D&O by virtue of their shareholding in Kema Development Sdn Bhd and Chin Bee & Sons Sdn Bhd. They are deemed to have interest in Hexachase Labels Sdn Bhd via Hexachase Corporation Sdn Bhd by virtue of their indirect substantial shareholding in Mega First Corporation Bhd.*
- c) *Tay Kheng Chiong, Lim Thian Soo and Low Tek Beng are Directors and shareholders of D&O and both Tay Kheng Chiong and Low Tek Beng are also Directors and shareholders of Dominant whereas Lim Thian Soo is a shareholder of Dominant. Lim Thian Soo is deemed interested in Dominant by virtue of his direct and indirect shareholding in D&O and Chin Bee & Sons Sdn Bhd. Lim Thiam Cheok and Lim Yam Poh, siblings of Lim Thian Soo, are deemed substantial shareholders of D&O, are deemed interested in Dominant by virtue of their indirect shareholding in D&O and Chin Bee & Sons Sdn Bhd. Lim Yam Chiew, sister of Lim Thian Soo and sister-in-law of Goh Nan Yang, is a deemed interested in Dominant by virtue of her deemed substantial shareholder of D&O and indirect shareholding in Dominant via Omega Riang Sdn Bhd, Golden Horizon Resources Ltd (“Golden Horizon”) and Chin Bee & Sons Sdn Bhd. She is deemed to have interest in Dominant by virtue of her indirect shareholding in Chin Bee & Sons Sdn Bhd, Golden Horizon and Thames Electronics Sdn Bhd. Goh Nan Yang being a Director and shareholder of D&O is deemed interested in Dominant by virtue of his indirect shareholding in Thames Electronics Sdn Bhd and Golden Horizon.*
- d) *Tay Kheng Chiong is a director and shareholder of D&O. Tay Kheng Hwee, the director and shareholder of Nexus Solid State Lighting Sdn Bhd, is the brother of Tay Kheng Chiong. Ong Tiong Hin, brother-in-law of Tay Kheng Chiong is the director and shareholder of Nexus Solid State Lighting Sdn Bhd*
- e) *Tay Kheng Chiong and Low Tek Beng are Directors and shareholders of D&O and both Tay Kheng Chiong and Low Tek Beng are shareholder of GA Technologies Sdn Bhd.*
- f) *Tay Kheng Seng and Bong Kok Choo, the directors and shareholders of KK Computer Sdn Bhd, are the brother and sister-in-law of Tay Kheng Chiong, respectively. Tay Li Li, sister of Tay Kheng Chiong, is a shareholder of KK Computer Sdn Bhd.*

## Statistics on Shareholdings

As at 22 April 2011

### ANALYSIS OF SHAREHOLDINGS

Authorised Capital	:	RM200,000,000 divided into 2,000,000,000 ordinary shares of RM0.10 each.
Issued and Paid-up Capital	:	RM97,561,339.30 divided into 975,613,393 ordinary shares of RM0.10 each.

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100	72	3,126	0.00
100 to 1,000	28	11,392	0.00
1,001 to 10,000	528	2,872,807	0.29
10,001 to 100,000	835	29,117,630	2.98
100,001 to less than 5% of issued shares	214	472,240,982	48.41
5% and above of issued shares	4	471,367,456	48.32
<b>Total</b>	<b>1,681</b>	<b>975,613,393</b>	<b>100.00</b>

#### NOTE:-

There is only one class of shares in the issued and paid-up share capital of the Company, that is Ordinary Shares of RM0.10 each. Each share entitles the holder to one vote.

### THIRTY LARGEST SHAREHOLDERS

As at 22 April 2011

No.	Name of Securities Account Holder	No. of Shares Held	%
1	PRT Capital Pte Ltd	161,525,200	16.56
2	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore For Keen Capital Investments Limited	133,333,333	13.67
3	Omega Riang Sdn Bhd	112,783,740	11.56
4	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohammed Azlan Bin Hashim (49657 PZDM)	63,725,183	6.53
5	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohammed Azlan Bin Hashim	43,554,119	4.47
6	CIMB Group Nominees (Tempatan) Sdn Bhd Mohammed Azlan Bin Hashim for Nonadiah Binti Abdullah (49657 PZDM)	43,554,113	4.46
7	Lim Thian Soo	31,653,642	3.25
8	Lim Thiam Cheok	31,520,309	3.23
9	Kema Development Sdn Bhd	28,974,581	2.97
10	Lim Soo Kiow	26,549,885	2.72
11	Chin Bee & Sons Sdn Bhd	25,487,912	2.61
12	Cambrew Asia Limited	24,440,266	2.51
13	Chu Beng Han	21,841,168	2.24
14	ECML Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Keen Capital Investments Ltd (N2-60391) (009)	19,718,933	2.02
	<b>Balance Carried Forward</b>	<b>768,662,384</b>	<b>78.80</b>

## Statistics on Shareholdings (Cont'd)

As at 22 April 2011

### THIRTY LARGEST SHAREHOLDERS (CONT'D)

As at 22 April 2011

No.	Name of Securities Account Holder	No. of Shares Held	%
	<b>Balance Brought Forward</b>	768,662,384	78.80
15	RCI Ventures Sdn Bhd	10,182,666	1.04
16	Ong Chize Wee	9,866,666	1.01
17	Tai Yin Moi	8,603,910	0.88
18	Goh Chye Keat	6,895,066	0.71
19	Cheam Dau Peng	6,447,576	0.66
20	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	6,039,333	0.62
21	Mega First Housing Development Sdn Bhd	5,933,933	0.61
22	Gary Lim Boon Cheong	5,795,448	0.59
23	CK Goh Holdings Sdn Bhd	5,628,933	0.58
24	Chu Beng Chin	5,418,278	0.56
25	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Magna Reserve Sdn Bhd	4,583,902	0.47
26	ECML Nominees (Tempatan) Sdn Bhd DMG & Partners Securities Pte Ltd for Goh Nam Seng (009)	4,000,000	0.41
27	Tay Kheng Chiong	3,545,818	0.36
28	Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	3,333,333	0.34
29	Chng Soo Moi	3,060,666	0.31
30	Lim Yam Poh	2,934,134	0.30
	<b>Total</b>	<b>860,932,046</b>	<b>88.25</b>

### SUBSTANTIAL SHAREHOLDERS

as at 22 April 2011

No.	Name of Substantial Shareholder	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	PRT Capital Pte Ltd	161,525,200	16.56	0	0.00
2	Keen Capital Investments Limited	153,170,932	15.70	0	0.00
3	Omega Riang Sdn Bhd	112,783,740	11.56	0	0.00
4	Pearl River Tyre (Holdings) Limited	0	0	161,525,200 <sup>a</sup>	16.56
5	Dato' Mohammed Azlan Hashim	107,479,302	11.02	48,138,015 <sup>b</sup>	4.93
6	Datin Nonadiah Abdullah	43,554,113	4.46	112,063,204 <sup>c</sup>	11.49
7	Lim Thian Soo	31,653,642	3.24	69,920,625 <sup>d</sup>	7.17
8	Lim Thiam Cheok	31,520,309	3.23	69,920,625 <sup>d</sup>	7.17
9	Lim Yam Poh	2,934,134	0.30	69,920,625 <sup>d</sup>	7.17
10	Lim Yam Chiew	2,927,468	0.30	138,271,652 <sup>e</sup>	14.17
11	Goh Nan Yang	133,333	0.01	112,783,740 <sup>f</sup>	11.56

## Statistics on Shareholdings (Cont'd)

As at 22 April 2011

**DIRECTORS' INTEREST**

As at 22 April 2011

No.	Name of Directors	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	Dato' Mohammed Azlan Hashim	107,479,302	11.02	48,138,015 <sup>b</sup>	4.93
2	Tay Kheng Chiong	3,545,818	0.36	0	0.00
3	Cheam Dau Peng	8,751,576	0.90	106,666 <sup>g</sup>	0.01
4	Goh Nan Yang	133,333	0.01	112,783,740 <sup>f</sup>	11.56
5	Lim Thian Soo	31,653,642	3.24	69,920,625 <sup>d</sup>	7.17
6	Yeow See Yuen	2,986,799	0.31	0	0.00
7	Wong Meng Tak	133,333	0.01	0	0.00
8	Lim Chong Puang	133,333	0.01	0	0.00
9	Goh Nam Seng	4,000,000	0.41	2,189,200 <sup>g</sup>	0.22
10	Low Tek Beng (alternate to Cheam Dau Peng)	376,333	0.04	0	0.00

**NOTES:-**

- a) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholding held through PRT Capital Pte Ltd)
- b) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through his spouse, Datin Nonadiah binti Abdullah and the latter's shareholding in Ruang Kirana Sdn Bhd.)
- c) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Ruang Kirana Sdn Bhd and her spouse, Dato' Mohammed Azlan Hashim)
- d) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Kema Development Sdn Bhd, Chin Bee & Sons Sdn Bhd, Geo-Mobile Asia Sdn Bhd, Lanai Etika Sdn Bhd, Mega First Housing Development Sdn Bhd and RCI Ventures Sdn Bhd)
- e) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through Omega Riag Sdn Bhd ("ORSB") and Chin Bee & Sons Sdn Bhd)
- f) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 (shareholdings held through ORSB)
- g) Deemed Interested in the shareholdings of his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

Save as disclosed below, there are no other relationship or associations amongst the other substantial shareholders and Directors:-

- a) Goh Nan Yang and Goh Nam Seng are the brother-in-law of Lim Yam Chiew
- b) Lim Yam Chiew, Lim Thiam Cheok, Lim Yam Poh and Dr Lim Thian Soo are siblings;
- c) Goh Nan Yang and Goh Nam Seng are siblings; and
- d) Datin Nonadiah binti Abdullah is the spouse of Dato' Mohammed Azlan Hashim.

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# D&O

## Greentech

### D & O GREEN TECHNOLOGIES BERHAD

(Company No. 645371-V)  
(Incorporated in Malaysia)

## PROXY FORM

(To be completed in capital letters)

No. of Shares held:	CDS Account No.

\* I/We \_\_\_\_\_

I/C or Company No \_\_\_\_\_ of \_\_\_\_\_

being a Member/Members of D & O Green Technologies Berhad, hereby appoint #THE CHAIRMAN OF THE MEETING

or Mr/Ms \_\_\_\_\_ NRIC No \_\_\_\_\_

of \_\_\_\_\_ or failing whom, \_\_\_\_\_

NRIC No. \_\_\_\_\_ of \_\_\_\_\_

as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Seventh Annual General Meeting of the Company to be held at Perdana Hall, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 28 June 2011 at 10.00 a.m. or at any adjournment thereof.

\*My/Our proxy shall vote as indicated below :-

Ordinary Resolution		For	Against	Abstain
1	Financial statement for the financial year ended 31 December 2010			
2	Re-election of Cheam Dau Peng as Director			
3	Re-election of Lim Chong Puang as Director			
4	Approval of Directors' fee			
5	Re-appointment of Auditors			
6	Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965			
7	Authority to Allot Shares pursuant to the Employees' Share Option Scheme			
8	Renewal of Shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature			
9	Amendment to the Articles of Association of the Company			

Please indicate with an "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy may vote or abstain at his/her discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
Proxy 1	%
Proxy 2	%
Total 100	%

\_\_\_\_\_  
Signature/Common Seal of Member(s)

Date: \_\_\_\_\_

Tel. No. \_\_\_\_\_

# If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

\* Delete if not applicable.

**Notes:-**

- 1) A member shall be entitled to appoint a person, whether a member or not, as his proxy to attend and vote at a meeting of the Company. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.
- 2) Subject to Paragraph (3) below, a member shall not appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
- 3) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.
- 4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- 5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at No.15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.



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Postage  
Stamp

**D&O**  
Greentech

The Secretary  
**D & O GREEN TECHNOLOGIES BERHAD**  
(Company No.: 645371-V)  
No.15 Bukit Ledang  
Off Jalan Duta  
50480 Kuala Lumpur

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