

Annual Report **2011**



Innovation for the Nation

Innovation for the Nation

As the national R&D centre in ICT, MIMOS is committed to helping the country achieve its aspirations by driving innovation in frontier technologies. As of December 2011, many of our innovations have been adopted to implement projects under the national transformation programmes, as we pioneer new market creation in support of local industries.

With 2020 looming on the horizon, MIMOS is keenly aware of the imperative to intensify our efforts not just in the labs, but also out in the market. Innovation for the Nation is not only about realising the dream of becoming a high-income nation, but also about enriching all sectors of Malaysian society.

Contents

INNOVATION FOR THE NATION	1
Vision and Mission	3
Shared Values	4
SATRIA1 – Leadership Core Values	5
THE NUTS AND BOLTS	6
Corporate Information	7
Organisation Structure	8
Corporate Structure	9
Board of Directors	10
Senior Leadership Team	12
Foreword by the Minister	14
Message from the Chairman	16
Message from the President and CEO	18
TECHNOLOGICAL SOLUTIONS THAT SUPPORT NATIONAL DEVELOPMENT GOALS	22
CULTIVATING A CULTURE OF COLLABORATION TO PROMOTE INNOVATION	26
MAKING AN IMPACT ON THE GLOBAL VALUE CHAIN	31
LOOKING BACK AT THE YEAR THAT WAS	36
MIMOS Marks a Milestone	37
Corporate Social Responsibility	38
Corporate Calendar	39
FINANCIAL REPORT	43



What We **Stand** For

MIMOS is a strategic agency under the purview of the Ministry of Science, Technology and Innovation; responsible in driving Malaysia's economic competitiveness by developing innovations through applied research and development (R&D) in Information and Communication Technology (ICT). The organisation plays an active role in developing globally-

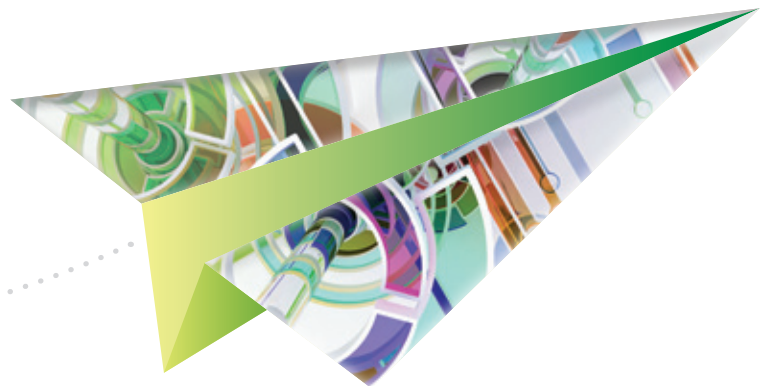
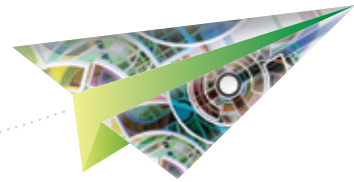
competitive homegrown industries by generating new technology ventures through the transfer of its technology platforms to local technology recipient companies. In this endeavour, MIMOS establishes smart partnerships and collaborations with universities, research institutions, the Government as well as companies local and abroad.

VISION

To be a premier applied research centre in frontier technologies.

MISSION

To pioneer innovative information and communication technologies towards growing globally-competitive homegrown industries.



Shared Values

Of the eight execution strategies, SATRIA1 - Leadership Core Values is deemed fundamental to the successful implementation of the remaining seven strategies. SATRIA1 centres on inculcating a shared set of values targeted at moulding the mental attitude of MIMOSians and to unleash their creative and innovative potentials



SATRIA1 LEADERSHIP CORE VALUES

1. Uncompromising Integrity

Acting in accordance with standard moral judgment which is consistent with MIMOS code of ethics.

2. Envisioning Technology Leadership

Demonstrating eagerness to acquire necessary technical knowledge, skills and competencies to accomplish results or to serve customer needs effectively.

3. Shared Vision among Team Members

Demonstrating an understanding of the link between one's own job responsibilities and overall organisational goals and needs, and performing one's job with the broader goals in mind.

4. Flawless Execution of Commitments

Applying, maintaining and improving extensive or in-depth specialised knowledge or skills to accomplish a result or to service one's customers effectively. Demonstrating concern for meeting internal and external customers' need in a manner that provides satisfaction for the customer with the resources available.

5. Edge in Performance

Producing quality results or services that exceed organisational standards.

6. Culture of Innovation, Creativity and Productivity

Adapting easily to change, seeing the merits of differing positions and strategies in response to new information or changes in situation.

7. Teaming as a Way of Life

Able to develop cooperation and collaboration towards producing better solutions, which generally benefit all parties involved.

8. Accountability for all Actions

Making decisions authoritatively and wisely, after adequately contemplating various available courses of action. Taking responsibility for all decisions and actions.

The Nuts and Bolts



Corporate Information

Company Name: MIMOS Berhad

Company Number: 336183-H

Date and Place of Incorporation:

16 March 1995, Malaysia

Registered Office:

Technology Park Malaysia,

Bukit Jalil

57000 Kuala Lumpur

Tel: 603-8995 5102

Fax: 603-8991 4358

Secretaries:

1. Lee Kwai Siong

2. Lim Chiew Sim

Principal Office:

Technology Park Malaysia,

Bukit Jalil, 57000 Kuala Lumpur

Tel: 603-8995 5000

Fax: 603-8996 2755

Branch Office:

MIMOS Berhad, Lot 2/3,

Fasa 1 Kulim Hi-Tech Park

09000 Kulim, Kedah Darul Aman

Tel: 604-427 3000

Fax: 604-403 3815

Auditors:

Ernst & Young

(AF 0039)



Organisation Structure

President & CEO

Software Development & Central Engineering

Technology Realisation & Operations

Technology Strategy & Planning

Corporate Human Resource

Corporate Services

Knowledge Management Centre

- Advanced Analysis & Modelling
- Advanced Informatics
- Green Technology
- Grid Computing
- Information Security
- Knowledge Technology
- Microsystems & MEMS
- Nanoelectronics
- Wireless Communications

Corporate Structure

MIMOS Berhad

(Company No: 336183-H)

Date of Incorporation: 16/03/1995

Nature of business: Undertake research and development in the field of information and communication technologies

Status: Active

OICNetworks Sdn Bhd

(Company No: 512128-P)

Date of Incorporation: 21/04/2000

Equity Interest: 49%

Status: Dormant

MIMOS Semiconductor (M) Sdn Bhd

(Company No: 498484-V)

Date of Incorporation: 10/11/1999

Equity Interest: 100%

Nature of business: Provision of management and semiconductor wafer fabrication services and also trading of semiconductor wafers.

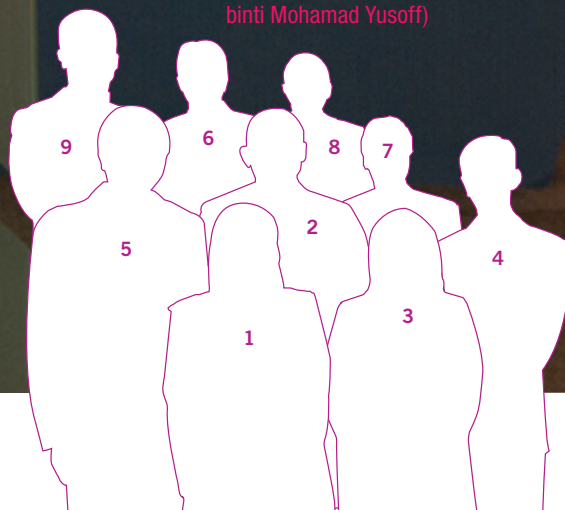
Status: Dormant with effect from 1 March, 2009



BOARD OF DIRECTORS



1. **Dato' Suriah Abd Rahman**
Independent Non-Executive Chairman
2. **Datuk Abdul Wahab Abdullah**
President and Chief Executive Officer
3. **Prof. Datin Paduka Dr. Khatijah binti Mohamad Yusoff**
Non-Independent Non-Executive Director
4. **Gho Peng Seng**
Non-Independent Non-Executive Director
5. **Mohamed Rashdi Mohamed Ghazalli**
Independent Non-Executive Director
6. **Abdul Rahim Abdul Hamid**
Independent Non-Executive Director
7. **Datu Dr Hatta Solhi**
Independent Non-Executive Director
8. **Datuk John Maluda**
Independent Non-Executive Director
9. **Prof Dato' Dr Abdul Hakim Juri**
Independent Non-Executive Director
10. **Dato' Dr Sharifah Zarah binti Syed Ahmad** *(Not in the picture)*
(Alternate Director to Prof. Datin Paduka Dr. Khatijah binti Mohamad Yusoff)



SENIOR LEADERSHIP TEAM



1



2



3



4



6



5



7



8

1. **Datuk Abdul Wahab Abdullah**
President & Chief Executive Officer
2. **Abd Aziz Abd Kadir**
Chief Operating Officer
3. **Thillai Raj Ramanathan**
Chief Technology Officer
4. **Dr Chandran Elamvazuthi**
Senior Director, Technology Strategy & Planning
5. **Prof Dr Masuri Othman**
Head, Microsystems and MEMS Cluster (until June 2011)
6. **Jun Maria Tan Abdullah**
Vice President, Corporate Human Resources
7. **Emelia Matrahah**
Vice President, Corporate Services
8. **Prof Dr Mohamed Ridza Wahiddin**
Chief Research Director
Advanced Information Security Cluster (until June 2011)
9. **Dr Dickson Lukose**
Head, Knowledge Technology Cluster



10



12



16



9



11



15



17



13



14

10. Dr Mazlan Abbas

Senior Director and Head, Wireless Communications Cluster

11. Ahmad Helmi Abdul Halim

Senior Director, Corporate Strategy

12. Mohd Ali Mustafa

Vice President, Product Development and System Integration

13. Chen Woon Wee

Senior Director, Software Development Operation
MIMOS Kulim Hi-Tech Park

14. Faisal Ahmad

Director, Market & Product Realisation

15. Nagendran Perumal

Senior Director, Software Development Operation

16. Saat Shukri Embong

Director, MEMS/NEMS & Nanoelectronics
(with effect from July 2011)

17. Zahid Abd Rahman

Senior Director, Technology Operations

A portrait of a middle-aged man with short dark hair and glasses, wearing a grey pinstripe suit, a white shirt, and a blue and yellow striped tie. He is standing with his hands clasped in front of him. The background is a blurred indoor setting with warm lighting.

FOREWORD BY THE MINISTER

"Today, as a premier national R&D centre and an agency under MOSTI's ICT cluster, MIMOS' achievements have significantly contributed towards the Ministry's KPI and the country's national development goals."

Datuk Seri Panglima Dr Maximus Johnity Ongkili, J.P.

In order to compete against other innovation-driven countries in the region like Taiwan, Singapore, and South Korea, Malaysia's focus should not only be on research, development and product pipeline but also on the outcome of commercialisation and creation of intellectual properties to accelerate the innovation process.

With the progress demonstrated by local research facilities such as MIMOS, I am confident that it is within Malaysia's reach to become a regional innovation leader.

MIMOS has come a long way since its inception in 1985 when its focus was solely on microelectronics. Today, as a premier national R&D centre and an agency under the Ministry of Science, Technology and Innovation (MOSTI), MIMOS' achievements have significantly contributed towards the Ministry's KPI and the country's national development goals.

MIMOS has contributed to 40.4% or 135 of Malaysia's 334 patent applications filed at the Patent Cooperation Treaty last year. This has contributed to Malaysia's ranking as the 25th country with the most number of patents filed.

For IPs filed by the government, MIMOS' contribution increased from 41% in 2009 to 49% last year. From 2004 till 2010, MIMOS filed 489 patents in Malaysia, aside from the 280 international patents filed since 2008.

Furthermore, MIMOS has created more than RM1 billion worth of innovations that are ready to be commercialised by local companies and that have been adopted to facilitate the implementation of Entry Point Projects under the Economic Transformation Programme (ETP), under which ICT plays a key role in all the 12 National Key Economic Areas.

In 2011, MIMOS also made headway in the global market through collaborations with Mindteck (India) Ltd to develop a knowledge management portal for life sciences. It has also collaborated with Wing Technology International Sdn Bhd to commercialise MIMOS' net tablet in Bangladesh through Digital Bangladesh Technology.

These are noteworthy achievements and in keeping with Malaysia's aim of becoming an internationally competitive inventor and exporter of innovative IT solutions. I am confident MIMOS will continue to play a significant role in enhancing our ICT capabilities by extending the marketing of its technology platforms to more countries, including African nations.

I am sure MIMOS will continue to rise to the challenge of helping Malaysia achieve its aim of becoming an innovation nation.

Thank you and God bless.



Datuk Seri Panglima Dr Maximus Johnnity Ongkili, J.P.
Minister of Science, Technology and Innovation

MESSAGE FROM THE CHAIRMAN

"In 2011, we have concentrated much of our efforts on assisting local companies to go global with our technology portfolio. This is in keeping with the national aim of transforming into an innovation-based economy."

Dato' Suriah Abdul Rahman



Longevity is one measure of an organisation's success. But I think what also needs to be taken into account is how well the organisation has managed to stay relevant with the times by keeping up with the demands of an evolving economy and the rapid changes in the world today.

On all those counts, I would say MIMOS is a success. Our 25th Anniversary celebration last year reminded us how far we have come. We were founded to focus on semiconductors but we have evolved over the years and now our focus has expanded to the much broader area of R&D in frontier technologies.

MIMOS technologies comprise next generation ICT platforms, products and solutions that can be built with and on top of each other to make compelling frameworks for up-and-coming enterprises. Our modus operandi involves collaboration with internationally renowned and accredited research institutions. Great care is taken to ensure the quality and reliability of our technologies, which are subjected to rigorous lifecycle and benchmarking tests to confirm that they are on par with world standards.

In 2011, we have concentrated much of our efforts on assisting local companies to go global with our

comprehensive technology portfolio. This is in keeping with the national aim of transitioning to an innovation-based economy. It also fulfils our goals of making a positive contribution to the global value chain with our innovative technological solutions.

At MIMOS, we also place a premium on social responsibility. To that end, we make certain to ensure that the outcomes of our R&D are also applied to the benefit of local communities and those in need. For more than 11 years, we ran the K-Wheels programme – a mobile exhibition of interactive and multimedia technology that travels throughout the country, particularly in rural areas, with the aim of bridging the digital divide. We also spearhead MOSTI's K-Masjid programme, which utilises ICT to uplift the position of religious institutions as learning centres.

I would like to express my sincere gratitude to MOSTI for being our strong advocate and sounding board. To our board of directors, senior leadership team, and all MIMOS staff, I thank all of you for being active participants on this continuing journey to make MIMOS the world renowned R&D centre that we aspire to be.




Dato' Suriah Abdul Rahman
Chairman, MIMOS Berhad

MESSAGE FROM THE PRESIDENT & CEO

"At MIMOS, we do not subscribe to the silo mentality as we recognise that many useful innovations are the result of knowledge exchange and team work. That is why we have always emphasised on the importance of collaborations..."

Datuk Abdul Wahab Abdullah





2011 was a red-letter year for MIMOS as we celebrated our 25th anniversary. This gave us an opportunity to reflect on how far we have come and in doing so, we are strengthened by the realisation that we are capable of achieving so much more. MIMOS has chartered many milestones in the journey that we have undertaken to establish our reputation as the country's premier applied research centre in frontier technologies. Our achievements in the last 25 years have only motivated us to continue pushing the envelope when it comes to R&D and innovations in ICT.

Having etched a name for ourselves in Malaysia, we are now looking to make our mark as world class performers in line with the country's efforts to become a developed nation by 2020. In 2011, we have made great strides in achieving this aim.

As a government R&D centre, MIMOS believes that its success can be gauged by a number of metrics including Intellectual Property disclosures, technology collaborations established, technologies transferred, and successful spawning of innovative technology solutions that

deliver real, tangible values for government services, key economic sectors, and society at large.

Last year, we were granted 22 more patents and two industrial design patents. By the end of 2011, we had filed 98 patents with the Intellectual Property Corporation of Malaysia (MyIPO) and 107 patents with the Patent Cooperation Treaty (PCT). With 161 patent disclosures made in 2011, MIMOS' cumulative IP disclosures to date stand at 1,162.

At MIMOS, we do not subscribe to the silo mentality as we recognise that many useful innovations are the result of knowledge exchange and team work. That is why we have always emphasised on the importance of collaborations; and in 2011, we continued our tradition of joining forces with local and foreign companies as well as research institutions to work on various technology research areas. We established 10 foreign technology collaborations and 12 local collaborations.

At the local level, MIMOS has also endeavoured to commercialise our R&D

“We take pride in our role as a government agency playing a part in fulfilling the national aspiration to become a high income nation. In 2011, six of MIMOS’ innovative solutions have been adopted by various government agencies...”

through transfer of technology to deserving Malaysian companies. Last year, we sealed Technology Licensing Agreements with 12 companies, some of which have already made inroads into local and international markets.

We take pride in our role as a government agency playing a part in fulfilling the national aspiration to become a high income nation. In 2011, six of MIMOS’ innovative solutions have been adopted by various government agencies including the Ministry of Human Resources, Melaka State Government, Department of Agriculture, Malaysian Communications and Multimedia Commission (MCMC), and MARA towards enhancing public sector service delivery. Additionally, six solutions have been adopted in five Entry Point Projects (EPPs). MIMOS also signed an MoU with 13 key players in the local Electric and Electronics (E&E) sector, which will enable them to tap into our expertise, facilities, and resources. The 13 MoU partners include SMEs and multinational corporations that are key to the development of Malaysia’s E&E sector. Universiti Malaysia Perlis (UniMAP), the sole university to enter into this agreement, will benefit from this partnership in its efforts to support the initiatives of the Northern Corridor Economic Region.

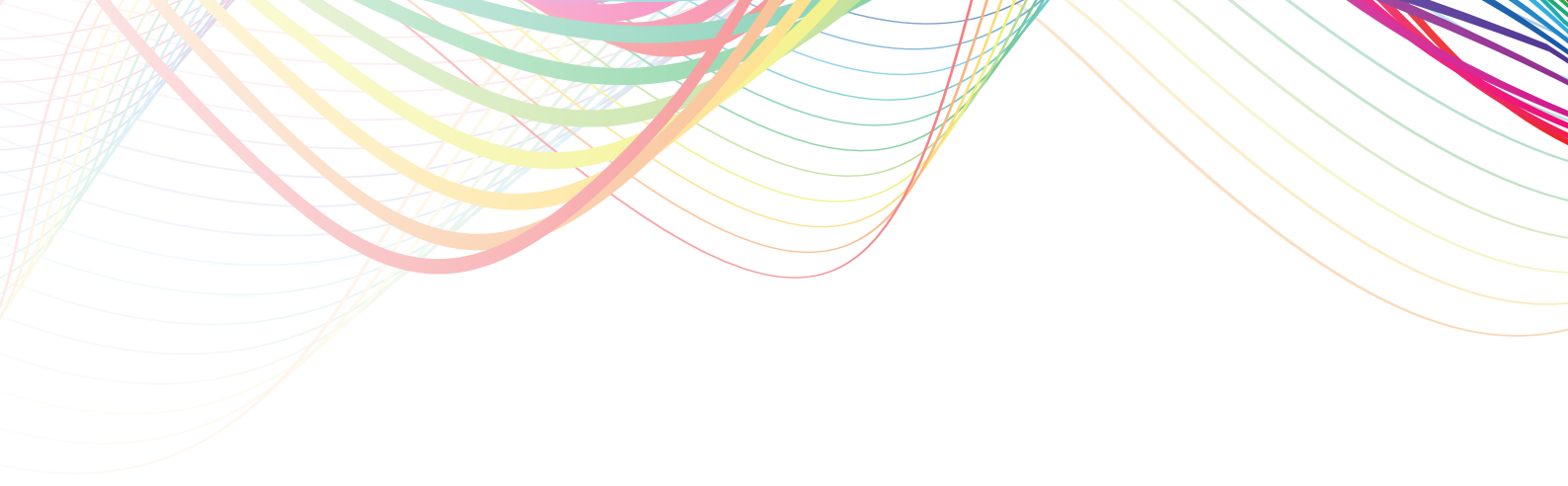
We also support national development by bringing locally-bred technology to the world stage. Last year, we worked with a number of large domestic companies

and multinational corporations to bundle their products with MIMOS technologies for the global market.

In order to step up our efforts to help the country achieve its aim of becoming a net exporter of IT products and services, we intend to increase the number of researchers in our stable. MIMOS presently has 400 researchers. The goal is to increase this number to 1,000 by 2015 so that we can bring better technologies to the global arena.

Human capital development is also crucial to achieving this aim and that is why MIMOS has established initiatives like the Global Attachment Programme (GAP), which offers experiential development to MIMOS scientists and researchers. GAP participants are attached to a renowned or selected scientific research centre, locally or abroad, for a maximum duration of three months. In 2011, six of our key technical leaders took part in this programme.

Our commitment to quality and innovation is underscored by the accreditations and awards we received last year. MIMOS’ Nanoelectronics Centre was certified by MOSTI as one of five Nanotechnology Centres of Excellence. Our Product Quality and Reliability Engineering (PQRE)’s Reliability Lab was accredited by the national laboratory accreditation scheme (SAMM) of the Department of Standards Malaysia.



In the third quarter of the year, we also achieved Level 3 Maturity of the People Capability Maturity Model (P-CMM). MIMOS holds the distinction of being the only organisation in Malaysia, and the only one in the region besides China, operating at P-CMM Maturity Level 3.

Furthermore, we continued our winning streak at the Malaysia Good Design Mark (MGDM) awards. In our fourth year at this event, we won three awards under the Media and Home Electronics category for design and quality excellence. Additionally, we were recognised with several other prestigious awards, at both national and international levels.

Our achievements this past year is a testament to the dedication and hard work of the entire MIMOS family so I thank them for their efforts and salute them for a successful 2011. At the same time, I also encourage them to build on the momentum last year to reach for greater heights in 2012.



Datuk Abdul Wahab Abdullah
President & CEO, MIMOS Berhad

Last but not least, I express my heartfelt appreciation to the Ministry of Science, Technology and Innovation, as well as our board of directors for always being our champions, cheering us on and providing a guiding hand when we needed one. With their support as well as the commitment and dedication of our team, I have no doubt that we will do Malaysia proud on the world stage.



Technological solutions that support national **development goals**

Many of the technologies developed by MIMOS have been applied to a slew of projects aimed at ensuring the country achieves its goals and targets under the 10th Malaysia Plan and the government's transformation programmes. In 2011, many of our innovative solutions were adopted by a diverse range of government agencies and private companies to facilitate implementation of projects that would promote economic growth and social development.

Enhancing Public Sector Delivery

In 2011 the following solutions were adopted by various government department and agencies to enhance public sector service delivery:

1. Intelligent Mining and Matching Framework (adopted by the Ministry of Human Resources)
2. WiFi access (adopted by the Melaka State Government)
3. AgriBazaar (adopted by the Department of Agriculture)
4. Psychometrics Assessment (adopted by MARA's scholarship division)
5. Intelligent Service Delivery Platform (iSDP), bundled in 30,000 units of MIMOS' iDOLA netbook computer (adopted by MCMC in 1Malaysia initiative)
6. Intelligent Learning Management System (iLMS) (adopted by MARA for four MRSMs and two IKMs).

Expanding WiFi Coverage in Melaka

MIMOS and three of its partners: PERNEC Corporation Berhad, Universiti Teknologi Melaka (UTeM) and K-Economy Division of Melaka sealed an agreement to proceed with developing a self-sustaining MuniFi (Municipal WiFi) model. The initiative would see the utilisation of the WiWi Technology Platform, the world's first hybrid between the WiFi and WiMAX solutions, which was developed by MIMOS and commercialised by PERNEC. Dataran Majlis Bandaraya Melaka Bersejarah, which would be positioned as the MuniFi site, will be progressively developed. The site was initially installed in 2010.

At present, Melaka enjoys approximately 38 percent of WiFi service coverage. This initiative is also part of the Melaka State Government's objective to expand coverage in the future and enable rural dwellers to enjoy Internet coverage. Under the agreement, PERNEC, through its subsidiary PERNEC Integrated Network Systems Sdn Bhd (PINS) – the WiWi Technology Recipient from MIMOS – is tasked with installing and commissioning equipment to deploy the service. The assessment and evaluation of this initiative, carried out by UTeM, will form the basis for decisions on future installations.

Supporting Entry Point Projects

The following six solutions have been adopted in five Entry Point Projects (EPPs):

1. Cloud Computing (Business Services) – adopted by TM VADS
2. MyOffice, Intelligent Informatics Platform (Communications Content & Infrastructure) – adopted by DagangNet Technologies, deployed by FAMA
3. AgriOffice and AgriBazaar (Wholesale & Retail - Virtual Marketplace) – adopted by DagangNet Technologies for Global Halal Exchange
4. WiWi (Communications Content & Infrastructure) – adopted by Quantum Intelli Code
5. Kampung WiFi (Communications Content & Infrastructure) adopted by PERNEC
6. Wireless Sensor Network (Electric and Electronics - Test and Measurement) – adopted by Department of Agriculture

Match Made in the Cloud

On July 1, MIMOS formalised its partnership with TM's wholly-owned subsidiary, VADS, to provide the latter with a Cloud Computing Platform. The smart partnership will enable VADS to offer comprehensive suites of Cloud Services to enterprise, government and SME segments, leveraging on MIMOS' orchestration technology which features innovative homegrown cloud technology backed by patented cloud security technology.

MIMOS has worked on a five-year high performance computing technology roadmap for the Ninth Malaysia Plan and is now into its second phase, which is another five-year roadmap for a Cloud Computing Initiative under the 10th Malaysia Plan.

Providing Shared Services

The following thirteen partners have signed an MoU for shared services with MIMOS:

1. Malaysia Microelectronics Solutions Sdn Bhd
2. Symmid Corporation Sdn Bhd
3. Key ASIC Berhad
4. PHY Semiconductor Sdn Bhd
5. Infineon Technologies (Kulim) Sdn Bhd
6. IRIS Technologies (M) Sdn Bhd
7. Sensata Technologies (M) Sdn Bhd
8. EFGO Scientific Sdn Bhd
9. Stratsec.Net Sdn Bhd
10. Quantum Electro Opto Systems
11. Image Transforms (M) Sdn Bhd
12. Avantor Performance Materials Sdn Bhd
13. Universiti Malaysia Perlis

The 13 establishments represent five Electrical and Electronics (E&E) sectors: Fabless Design, Manufacturing, Consultancy and R&D, Equipment and Chemical, as well as Training and Education. The MoU will enable them to tap into MIMOS' various expertise, facilities and resources.

The move to offer shared services was made by MIMOS in sustaining its role and contributions to the success of the government's Economic Transformation Programme. During the course of this partnership, MIMOS will also be able to identify areas where it can offer more support to the industry.

MIMOS Nanoelectronics Centre Certified as Centre of Excellence

In June 2011, MOSTI certified MIMOS Nanoelectronics Centre as one of five Nanotechnology Centres of Excellence. The centre's current research activities include nanomaterials growth, fabrication of nanostructures, preparation of nanoparticles and nanocomposites as well as characterisation, testing and integration of innovative nanomaterials and nanostructures in Micro-Nano Electronic Mechanical Systems (NEMS/MEMS). Its current capabilities include both top-down and bottom-up nanomanufacturing on various substrates including silicon, glass, ceramic, polymers, etc.

The centre works closely with the National Nanotechnology Directorate at MOSTI to provide a common platform for universities, research centres, and industries aimed at building collaboration towards a concerted effort in developing the nation's nanotechnology capabilities. This also involves establishing MIMOS as the gateway for international collaboration in nanotechnology research. The centre

presently has 34 personnel, 11 of whom are PhD holders. Its wafer fabrication plant employs 200 people.

Demonstrating Proofs-of-concept

The following seven technology platforms featuring 12 proofs-of-concept were demonstrated to MOSTI Secretary-General Dato' Madinah Mohamad and Deputy Director of the K-Economy Section, Economic Planning Unit, Mary George at the Roadmap Technology Review (RMTR) held on Dec 7, 2011:

1. Ubiquitous Communications Platform & Solutions
2. Advanced Cloud Computing
3. National Secure Network Solutions
4. Intelligent, Multi-modal Knowledge Platform
5. Ubiquitous NEMS-based Sensor Network & Solutions
6. Self-powered Micro-Nano Electronic System with Green Technology
7. Integrated Circuit Design and Testing Services



Cultivating a culture of **collaboration** to **promote innovation**

The arduous but exciting journey from research to commercialisation is a journey that MIMOS does not take on its own. Much can be accomplished when great minds come together and this has been proven at MIMOS where collaboration is the cornerstone of our operations.

Technology Transfer

Last year, MIMOS intensified the commercialisation of its technologies to generate value by transferring its technologies to 16 local recipients comprising Malaysian companies from various industries. The technology recipients for 2011 are:

1. Biforst Technology Sdn Bhd was awarded I2P for commercialisation of its TwelveHundred brand consisting two solutions namely TwelveHundred LMS (Logistics Management System) and TwelveHundredSCM(SupplyChainManagement).
2. CEEDTec Sdn Bhd was awarded WiWi technology platform, a plug-and-play wireless network solution that enables WiFi hotspots with WiMAX coverage. This enables quadruple play of VoIP, data, IPTV and mobility.
3. Cloud Connect Sdn Bhd was awarded Grid Computing 4 (GC4) to integrate into its Automated Service Provisioning & Orchestration Solution designed for multiple cloud computing platforms.
4. Dagang Net Technologies Sdn Bhd was awarded NBvTPM's Trusted Platform Module which addresses the need to protect and conceal data and information within a local computer. This overcomes phishing, pharming and malware vulnerabilities, thus providing a secured computing environment for information transfer.
5. Infovalley Life Sciences Sdn Bhd was awarded Semantic Technology to develop an anatomy knowledge base for integration into its Xhum3D – a web-based interactive informatics system for medical students, nursing students, academia, researchers and medical professionals.
6. I-Solutions & Computing Sdn Bhd was awarded iDOLA – a netbook installed with Intelligent Service Delivery Platform (iSDP) software that brings desired contents and information services to the user's fingertips, enhancing their learning environment boundaries.
7. Jaring Communications Sdn Bhd was awarded Grid Computing developed into OneGrid.
8. Mutiara Smart Computing Sdn Bhd was awarded iDOLA, a netbook equipped with Intelligent Service Delivery Platform (iSDP) software that brings quality web content to the user, simplifying access to Internet information and services.
9. Nobelsys Services Sdn Bhd was awarded Kiosk – a set of Application Programming Interface that allows software developers to create their own interface for web service creation, subscription and Internet data gathering.
10. Perfisio Solutions Sdn Bhd was awarded Intelligent Learning Management System (iLMS) for commercialisation into Tutor iLMS – a learning solution using semantic-based educational technology platform for deploying intelligent software applications for learning and development.
11. PERNEC Integrated Network System Sdn Bhd was awarded WiWi technology platform developed into eRas – a plug and play wireless network solution that offers instantaneous multi-user Internet access over a WiFi connectivity.
12. Quantum Intelli Code Sdn Bhd was awarded Kiosk and WiWi technology platform allows WiFi hotspots to be easily deployed and managed, while users

enjoy superior and reliable network coverage with quadruple play (VoIP, data, IPTV and mobility).

13. Systematic Conglomerate Sdn Bhd was awarded I2P (Intelligent Informatics Platform), eKMS (Enterprise Knowledge Management System) – a .NET-based gateway for multiple information sources, iClip4Me used for retrieving RSS (Really Simple Syndication) feeds, web, in-depth and multimedia information from the Internet direct to the user, and NBvTPM's Trusted Platform Module (TPM) technology.
14. TPM-IT Sdn Bhd was awarded iDOLA, a netbook equipped with Intelligent Service Delivery Platform (iSDP).
15. VADS Berhad was awarded Cloud Computing Platform for commercialisation into comprehensive suites of Cloud Services for Enterprise, Government and SME segments.
16. Department of Agriculture Malaysia was awarded AgriBazaar – an Internet-based trading portal for buyers and sellers of agricultural products to provide a one stop avenue for the producers of agriculture products to swiftly meet with their potential customers without middlemen involvement and perform trade transactions online.



Improving e-Learning

e-Learning will see better days ahead when the Tutor Intelligent Learning Management System (Tutor iLMS) is further developed by MIMOS and Perfisio Solutions Sdn Bhd. Tutor iLMS, which provides an objective learning platform based on attributes and characters of students through cognitive profiling, is the first of its kind to be developed in Malaysia and Southeast Asia.

The technology, which was developed by MIMOS, will be further improved by Perfisio Solutions Sdn Bhd for application and commercialisation in Malaysia and overseas. The company will undertake proof-of-concept of Tutor iLMS at MARA institutions, namely MARA Junior Science College (MRSJ) and the MARA Skills Training Institute (IKM).

Online Market for Produce

AgriBazaar 2.0 is an agribusiness portal developed by MIMOS in collaboration with the Ministry of Agriculture and Agro-based Industry. It was launched by Prime Minister Datuk Seri Najib Tun Razak in April.

AgriBazaar 2.0 allows buyers and producers of agricultural products to interact online enabling them to improve business by offering better prices, reduce administrative costs, as well as expedite the buying and selling process. Designed for ease of use by the agricultural community, AgriBazaar offers portal solutions with enhanced features like intelligent business matching, social networking capability, online payment, as well as logistics services.

R&D Collaborations

In 2011, MIMOS forged partnerships with the following local organisations and institutions to pursue research in a wide range of areas:

1. P1 Green Packet (Multicast and 6LoWPAN)
2. Multimedia University (Video Image Identity Recovery)
3. Universiti Putra Malaysia (Cryptography)
4. Universiti Teknikal Malaysia Melaka (WiWi Multihop)
5. Universiti Tenaga Nasional (Cryptography)
6. Universiti Tunku Abdul Rahman (Cryptography)
7. Universiti Pendidikan Sultan Idris (Psychometrics)
8. Universiti Malaya (Dengue and Drug Design, Dentistry, Energy Harvester, Biodiversity, Optical Tweezers and Intelligent Learning Management Platform)
9. Universiti Pertahanan Nasional Malaysia (defence-related technologies)
10. USAINS/SilTerra (M) Sdn Bhd (Failure Analysis and Multi-Project Wafer Shuttle Services)
11. System Consultancy Services Sdn Bhd (Information Security and Semantic Technology)
12. Destini Berhad (Software Development and Cloud Computing Technology)

Focus on High Impact Research

The University of Malaya (UM) has signed an MoU with MIMOS on the sharing of expertise for R&D on high impact projects. The pact will focus on six projects: Dengue and Drug Design, Dentistry, Energy Harvester, Malaysian Biodiversity Resources, Optical Tweezers, and Intelligent Learning Platform for Tomorrow's Doctors.

The sharing of research resources and facilities will see both parties cutting their capital expenditure of up to RM100 million within a five-year period. The collaboration will also see six MIMOS researchers enrolling in PhD programmes at UM.

Deal with Defence Players

On the sidelines of the Langkawi International Maritime and Aerospace Exhibition (LIMA'11) held at the resort island, MIMOS signed two MoUs with key industry players in defence related ICT technologies. The first MoU was signed with System Consultancy Services Sdn Bhd (SCS) for collaborative R&D efforts in the areas of Information Security and Semantic Technology. SCS is a solutions provider for advanced electronics, computers and telecommunications in the fields of engineering and R&D, consultancy and support services.

The second MoU was with Destini Bhd for collaboration in Software Development and Cloud Computing Technology. Among other defence-related activities, Destini supplies defence and aviation equipment and accessories; provide maintenance, repair, and overhaul services for aviation electronics, safety and survival equipment, ground support safety equipment and electromechanical related accessories.

MySTI Accentuates MIMOS' Roles

MIMOS was selected to be the host for the inaugural MySTI Expo, which was held in July at the Kuala Lumpur Convention Centre. The event is in line with the government's commitment of making technological innovations a common denominator of growth towards creating a sustainable innovation ecosystem.

The event, aimed at inspiring and driving science, technology and innovation by showcasing how ideas are transformed into commercialisation, brings together the country's key players in technology, innovation and R&D from the industry, government and academia.

It also features and recognises locally developed technologies that have successfully been adopted by the local and global markets.

Twelve MIMOS Technology Recipients showcased technologies for government services, healthcare, agriculture, security and communications as well as manufacturing and devices. Carrying the theme "Ideation to Commercialisation", the event featured more than 50 organisations occupying 53 booths, with MOSTI agencies taking up a large portion. A number of private organisations and universities were also present to exhibit their commercialised or commercialisable technologies and research work.

More than 40,000 people visited the exhibition; and visitors to MIMOS' main booth were appropriately guided to the Technology Recipients, who represented MIMOS' research outputs that have been successfully commercialised. In the process, MIMOS' roles and initiatives in spurring R&D and commercialisation were effectively explained to the visitors, whom also comprised expatriates and foreign nationals.

Ideation Platforms for Breakthrough Research

In the effort to promote a culture of idea-sharing and open discussion towards developing industry game-changers, MIMOS has initiated three Ideation Platforms for MIMOSians to share creative ideas and discuss innovation needs. The platforms are: iSpark (a physical platform for presentation of game-changing innovative ideas in a freeform manner); iQuest (online forum for discussing potential innovations from the market perspective); and iFusion (online forum for deliberating iSpark and iQuest outputs). During three iSpark sessions held in 2011, innovative ideas were presented by 13 researchers and engineers from eight MIMOS labs. The ideas will undergo further refinement and development.



Making an impact on the **global value chain**

In the last year, MIMOS has made encouraging inroads in our aim to penetrate the global market and carve a name for ourselves at the international level. Through partnerships and collaborations, special programmes and international recognition, we are making good progress in achieving our aim of becoming a player of world class calibre in the ICT sphere.

In 2011, MIMOS worked with large domestic companies and multinational corporations to enable MIMOS-developed technology to go abroad. The following MIMOS products and technologies were bundled for the global market:

1. SAML Authentication + XML Signing Verification (Vietnam, Indonesia)
2. SAML Authentication + Storage Encryption (Vietnam, Indonesia)
3. SAML Authentication + XML Signing Verification + Storage Encryption (Vietnam)
4. iSDP + NetTablet Bangladesh

MIMOS NetTablet Wings its Way into Bangladesh Market

On 24 Feb 2011, MIMOS technology recipient Wing Technology International Sdn Bhd (WTI) and Digital Bangladesh Technology in Dhaka, Bangladesh signed an MoU to commercialise MIMOS NetTablet in Bangladesh. MIMOS NetTablet is the first Malaysian version of a Tablet PC, which won an award at the Malaysian Good Design Mark (MGDM) Awards 2010.

International Achievements

Last year, MIMOS' people and products were honoured with a number of international accolades. The following are the success stories:

Erascan Wins Red Dot Award

MIMOS has won its second Red Dot Award for the Design Concept category, this time for Erascan. Erascan is a whiteboard eraser that doubles as a digital scanner. It automatically scans all drawing or notes on

a whiteboard while erasing and converts them into digital images. Erascan saves all scanned information directly into its internal storage system. After scanning, the data can be shared or scanned wirelessly through email.

Erascan was designed by MIMOS Product Development and Design Integration team comprising Mohd Rohaizam Mohd Tahar, Mohd Nizam Najmuddin, Najimee Amat@Omar, Saharudin Busri and Nuzairi Yasin.

KRSTE.my Wins Bronze Award in Hong Kong

KRSTE.my, an intelligent web-based resource centre developed by MIMOS won the Bronze Award at the Outstanding Knowledge Management Project Award 2011 in Hong Kong. Organised by Knowledge Management Research Centre of Hong Kong Polytechnic University, the award was introduced in 2001 to recognise individuals or teams who have demonstrated mastery of Knowledge Management techniques in their projects to fulfill their organisation's or business' goals.

KRSTE.my, which is short for Knowledge Resource for Science and Technology Excellence, provides intelligent collaborative knowledge management and learning services platform through integration with various databases and systems throughout the country, to serve as a single-point access to information on Science, Technology and Innovation (STI).

The system turns information silos into integrated knowledge resource by collating information on STI research work, resources, funding, all research results, as well as researchers' CVs into a national repository by classifying them according to the Malaysian Research and Development Classification System (MRDCS).

KRSTE.my is spearheaded by the Malaysian Science and Technology Information Centre (MASTIC), a unit under MOSTI.

MIMOS Associate Scientist Wins CSO ASEAN Award 2011

MIMOS Associate Scientist Prof Mohamed Ridza Wahiddin was announced as one of ASEAN's 10 most outstanding Chief Security Officers (CSO) at the Third CSO ASEAN Awards held in Ho Chi Minh City, Vietnam on 6 December, 2011.

CSO ASEAN Awards did not only assess technical knowledge and successful projects implemented by the CSOs in their organisations, but also focused on their leadership role, strategic vision and innovativeness in providing the highest performance for the organisation and society.

Contribution to HR Community Award Recognises MIMOS Vice President, Corporate Human Resources

A HR practitioner very much driven by process and data, Jun Maria Tan Abdullah believes in promoting best practices in organisation and people development. She uses, among others, such tools as "People Capability Maturity Model", "Six Sigma", and "TRIZ" (creative problem solving methodology) etc. in continuously improving & sustaining organisation effectiveness. Her positive and specific interventions cover workforce and talent management, organization development, cultural transformation and change management.

Jun Maria's latest pursuit involves the important design and development of a domain competency apprenticeship programme known as CODE8, specially formulated to create apprenticeship and employability opportunities in Information & Communication

Technologies for unemployed graduates in the country. Fulfilling a national duty, she has closely collaborated with the Ministry of Higher Education for the success of CODE8. In the pilot programme, 100% employability was achieved among the apprentices. Directly linked to the country's aspiration to be a developed nation by the year 2020, the programme is now being implemented country-wide.

Attaining a Higher Standard

In 2011, MIMOS achieved Level 3 for Maturity of the People Capability Maturity Model (P-CMM). With this achievement, MIMOS is now the only organisation in Malaysia and the region, with the exception of China, that is operating at P-CMM Maturity Level 3. The Carnegie Mellon Software Engineering Institute (SEI) has published the Standard CMMI Appraisal Method for Process Improvement (SCAMPI) results at its website: <http://sas.sei.cmu.edu/pars/>.

Process areas at this level focus on establishing an organisational framework for developing the workforce. Model scope and appraisal ratings cover Competency Analysis, Workforce Planning, Competency Development, Career Development, Competency-based Practices, Work Group Development and Participatory Culture. SCAMPI is the official SEI method to provide benchmark-quality ratings relative to Capability Maturity Model Integration (CMMI) models.

Global Attachment Programme

The Global Attachment Programme (GAP) has been established by MIMOS to offer experiential development to MIMOS scientists or researchers. GAP participants would be attached to a renowned or selected scientific research centre, locally or

abroad, for a maximum duration of three months. In 2011, six key technical leaders were sent to world renowned R&D institutions for a three-month attachment. The researchers represented thrust areas namely Cryptography/Information Security, Wireless Communication, Grid Computing, Micro-Nano Electronic Mechanical Systems (NEMS/MEMS), Psychometrics and Knowledge Engineering.

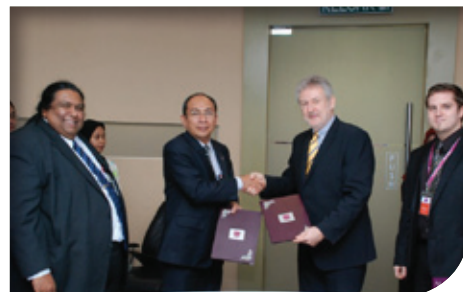
Cryptography Researcher Gains Valuable Experience Abroad

Under GAP, Iskandar Bahari, a researcher in MIMOS' Cryptography Lab of Advanced Analysis & Modelling (ADAM) Cluster, went to Royal Holloway, University of London (RHUL)'s Information Security Group (ISG) from June to August 2011. RHUL is a well known university that provides courses in Information Security and ISG has some of the world's best researchers in Information Security and Cryptography. As part of the GAP itinerary, Iskandar also attended summer school on Design and Security of Cryptographic Algorithms and Devices in Albena, Bulgaria. During his stint abroad, Iskandar learned about security analysis of block cipher in order to strengthen his knowledge and competency in the area. He worked with Dr Carlos Cid, a lecturer and well-known researcher in symmetric cryptography, especially in algebraic cryptanalysis of block and stream ciphers. Additionally, he had a chance to meet with prominent names in cryptography such as Mihir Bellare (provable security), Joan Daemen, and Vincent Rijmen (co-designers of Advanced Encryption Standard – AES), and Orr Dunkelman (cryptanalytic methods), and managed to make connections for future collaborations.

International Collaborations

In 2011, MIMOS established partnerships with the following international companies and research institutions:

1. Leibniz Information Centre for Economics, Kiel, Germany (Automated Generation of Semantic Representation of Documents)
2. University of Kiel, Germany (Automated Semantic Tag Generation)
3. University of Kiel, Germany (Relevance Analytics and Visual Analytics)
4. Loughborough University and Royal Holloway, University of London, UK (Cryptography)
5. Educational Testing Service, Princeton, USA, Assessment Systems Corporation (ACS), USA and Michigan State University, USA – (Research in Computerised Adaptive Testing [CAT]).
6. Know-Centre, Austria (Ontology Mediation and Alignment – Phase 2)
7. PLDA Inc, USA (Edge detection with FPGA and webcam)
8. Carnegie-Mellon University, USA (Infostructure Resource Management and Provisioning)
9. University of Cambridge, UK (Energy Storage and Gas Sensor)
10. Mindteck (India) Ltd (Enterprise Knowledge Management System).



Continued Collaboration with Austria's Know-Center

After a successful first phase of the collaborative Semantic Mediation project, Know-Center GmbH, Austria has signed an MoU to continue the collaboration with MIMOS. The renewed cooperation is set to strengthen Know-Center's existing relationship with Malaysia and the Asiatic region.

The joint research collaboration investigates technologies for the semi-automatic mediation of ontology in the semantic web for connecting large distributed knowledge bases. The collaboration will provide researchers from both organisations with the opportunity for a research stay at the respective partner. MIMOS is an associated scientific partner of Know-Center.



Mindteck India to Market MIMOS' eKMS

MIMOS has signed an MoU with Indian technology provider, Mindteck Ltd to adopt and market its Enterprise Knowledge Management System (eKMS). Mindteck is a public-listed global technology company that delivers business and technology services to Fortune 500 companies, multinationals and enterprises worldwide.

Under the MoU, Mindteck will customise MIMOS' eKMS to develop specific solutions for its global clients in various industry verticals such as the public, energy, semiconductor and banking, financial services and insurance sectors, amongst others. The eKMS is designed mainly for the life sciences industry.



Looking back at the **year that was**

While MIMOS' 25th anniversary celebration was the big event on our calendar last year, we kept our wheels in motion, as usual, throughout the whole year with a range of activities and events aimed at solidifying our position as the country's premier applied research centre in frontier technologies, laying the groundwork in our efforts to go global, and fulfilling our obligations as responsible corporate citizens.

MIMOS Marks a **Milestone**

MIMOS marked a momentous occasion on 5th May 2011 when it celebrated its 25th anniversary. The milestone event was attended by MOSTI Minister Dato' Seri Dr Maximus Ongkili and Secretary-General Dato' Madinah Mohamad. Special guests include former Prime Minister, Tun Dr Mahathir Mohamad, MIMOS founder Tengku Datuk Mohd Azzman Shariffadeen and the company's pioneer management team comprising Datuk Dr Mohd Arif Nun, Dr Mohamed Awang Lah, Dr Muhammad Ghazie Ismail, and Prof Emeritus Dato' Dr Mohd Zawawi Ismail.

The nostalgia-filled day began with a walk down memory lane at a mini photo gallery displaying the 25 years of MIMOS' journey and continued with presentations, a video montage, and award presentation interspersed with speeches by MIMOS Chairman, Dato' Suriah Abdul Rahman, Dr Maximus, Tengku Azzman and Dr Mahathir.

During the event, Dr Mahathir was presented with the National ICT Leadership Award, while the MIMOS Founder Award was presented to Tengku Azzman. The contributions of the pioneer management team were also acknowledged. Additionally, five MIMOS researchers and engineers were honoured with the MIMOS Innovator Awards. The researchers were Dr Mohd Rais Ahmad, Dr Hon Hock Woon, Prof Dr Mohamed Ridza Wahiddin, Saharudin Busri and Liang Kim Meng.

In conjunction with the celebration, Dr Mahathir launched a book entitled 'Innovation for Life: A Journey Beyond Frontiers', an in-house publication commemorating the organisation's 25 year journey in R&D. The 90-page coffee-table book presents a pictorial perspective of MIMOS' history, past and present roles, transformation, accomplishments and aspirations.



Corporate Social Responsibility

Continuing with K-Masjid

In 2011, MIMOS established three K-Masjid projects in East Malaysia. On 5 March, the first K-Masjid project in Kota Kinabalu, Sabah was launched at Masjid Nur-Al-Jannah in Kampung Petagas in Putatan District. The following day in Papar District, the Raudhatul Ilmiyyah mosque in Kampung Kuala became another recipient of the K-Masjid project.

In Sarawak, a K-Masjid project was launched at the Masjid Darussalam in Marudi on 25 March. This is the second K-Masjid for the state after the one in Sibuti, near Miri, which was launched the previous year.

A typical K-Masjid project comprises a K-Centre with 10 computers and a printer. The K-Centre offers basic ICT classes for the community and can function as a cybercafé, where for a nominal fee, patrons can use the computers and Internet connection. Apart from the computer facilities, the mosque is also equipped with an LCD television set, a motorised white screen, a projector and a digital video camera.

Through the use of ICT, the project intends to uplift the positions of religious institutions as learning centres and promote IT literacy in local communities. The K-Masjid portal would also serve as an ideal platform for the community to interact, access information, and make online transactions.

Keeping the Ramadan Spirit Alive

MIMOS kept the Ramadan spirit alive throughout the holy month with a range of activities including afternoon *tazkeerah* (reminders), *buka puasa* (breaking of fast), *taraweeh* (special prayers at night), food distribution and a charity drive. On 11 August, MIMOS hosted a *buka puasa* dinner for 40 children from Rumah Amal El Amin, Rawang. The event included a *tazkeerah*, distribution of *duit raya* (cash gifts) to the children, a sumptuous spread for the breaking of fast, followed by prayers. During Ramadan, MIMOS also ran a charity drive. Proceeds from the drive were used to buy food items, which were equally distributed to six orphanages.



Corporate Calendar

First Quarter

11 Jan | A delegation from the Northern Corridor Implementation Authority visited MIMOS.

12 Jan | MIMOS signed a three-year MoU with the National Defence University of Malaysia (UPNM) on defence- and security-related ICT.

18 Jan | MIMOS received a visit from Universiti Malaysia Sabah's School of Engineering and Information Technology (UMSINTEC).

10 Feb | MIMOS held a one-day event under the Psychometrics Seminar Series.

11 Feb | A delegation from Universiti Malaya led by Vice-Chancellor Prof Tan Sri Dr Ghauth Jasmon visited MIMOS.

17 Feb | MIMOS received a visit by Universiti Teknologi Malaysia students and academic staff.

21 Feb | MIMOS signed an MoU with Mindteck (India) Ltd in Bangalore to adopt and market MIMOS eKMS in India.

24 Feb | MIMOS signed an MoU with Wing Technology International Sdn Bhd (WTI) and Digital Bangladesh Technology in Dhaka to commercialise MIMOS NetTablet in Bangladesh.

3 March | A team from System Consultancy Services visited MIMOS.

4 March | MIMOS iLMS was launched: MIMOS signed a Technology Licensing Agreement with Perfisio Solutions Sdn Bhd and an MoU with MARA. The event was witnessed by Deputy Prime Minister Tan Sri Muhyiddin Yassin.

5 March | Sabah's first K-Masjid project was launched at Masjid Nur Al-Jannah Kampung Petagas, Putatan District by the Deputy Chief Minister who is also the Petagas state assemblyman, Datuk Seri Yahya Hussin.

6 March | K-Masjid project was launched at Masjid Raudhatul Ilmiyyah in Kampung Kuala, Papar by Deputy Health Minister Malaysia who is also Papar Member of Parliament, Datuk Rosnah Abd Rashid Shirlin.

10 March | MIMOS won three Malaysia Good Design Mark (MGDM) Awards 2010.

11 March | President of Multimedia University Malaysia, Dato' Dr Muhamad Rasat Muhamad visited MIMOS.

15 March | Deputy Chancellor of Universiti Utara Malaysia Prof Dato' Dr Mohamed Mustafa Ishak visited MIMOS.

14-16 March | MIMOS organised Technology Tracking and Forecasting Workshop by Tech Cast LLC, USA.

14-18 March | Inaugural Mathematics in Industry Study Group (MISG) Malaysia 2011 workshop organised by MIMOS and Universiti Teknologi Malaysia, Johor, in collaboration with University of Oxford.

16 March | MIMOS inked an MoU with USAINS/SilTerra in Penang for collaborations on Multi-Project-Wafer Shuttle Services and Failure Analysis Services.

24 March | MIMOS held its Q1 Townhall at the Auditorium.

25 March | K-Masjid project launched at Masjid Darussalam in Marudi by Sarawak Chief Minister Tan Sri Abd Taib Mahmud.

29 March | MIMOS organised a seminar on Nanoelectronics.

30 March | MIMOS organised a seminar on Failure Analysis.



Second Quarter

8 Apr | K-Masjid project in Kampung Segedup, Kuching was launched.

11 Apr | MOSTI Minister handed over 45 units of iDOLA 1Malaysia netbooks to nine selected schools in Sarawak and 20 units to Sarawak Cybercafe Association at SMK Sundar in Lawas, Sarawak. The netbooks were packaged with MIMOS' Intelligent Service Delivery Platform.

15 Apr | MIMOS received a visit by a delegation from University Teknologi Petronas.

20 Apr | A delegation from the Malaysian Armed Forces Cyber Warfare Branch visited MIMOS.

21 Apr | MIMOS signed an MoU with System Consultancy Services Sdn Bhd for a collaboration to develop encryption technology.

4 May | A delegation from TM visited MIMOS.

5 May | MIMOS celebrated its 25th Anniversary in a nostalgic but joyful occasion attended by former Prime Minister Tun Dr Mahathir, MOSTI Minister and MIMOS' Pioneer Management Team comprising Tengku Datuk Dr Azzman Shariffadeen, Datuk Dr Mohd Arif Nun, Dr Mohamed Awang Lah, Dr Ghazie Ismail and Prof Emeritus Dato' Dr Mohd Zawawi Ismail.

20-22 May | MIMOS participated in an exhibition held in conjunction with Pesta Kaamatan at Kota Marudu, Sabah.

24 May | MIMOS received a visit by a delegation from the Embassy of the Republic of Poland led by HE the Ambassador.

30-31 May | MIMOS took part in an exhibition organised by MOSTI at Pesta Kaamatan in Kota Kinabalu.

6 June | MIMOS received a visit from the Uganda National Council for Science and Technology (UNCST) Executive Secretary Dr Peter Ndemere.

6-17 June | MIMOS hosted renowned American space scientist Dr William Clancey in Malaysia for the Expert Talk Series.

14-16 June | MIMOS participated in NanoMalaysia Summit and Exhibition held at PWTC, Kuala Lumpur. MIMOS Nanoelectronics

Centre was awarded the National Centre of Excellence (CoE) status by MOSTI.

19-21 June | MIMOS took part in an exhibition organised by MOSTI in conjunction with the Langkawi International Dialogue in Putrajaya. MIMOS' booth was a hit among the delegations.

20 June | A group of delegates from the Langkawi International Dialogue including ministers and senior state officials visited MIMOS.

29 June | MIMOS organised Performance Unleashed 2011, an international conference bringing together global experts in ICT performance from Google, Twitter, eBay and Joyent.



Third Quarter

1 July | MIMOS signed a Technology Partnership agreement with VADS Berhad on Cloud Computing.

2 July | Kampung WiFi launched by Minister of Information Communication and Culture Datuk Seri Utama Dr. Rais Yatim in Kg Puom in Jelebu, Negeri Sembilan. MIMOS provided the last mile connectivity with WiWi Outdoor Access Point.

5 July | MIMOS participated in an exhibition held on the sidelines of the Economic Transformation Programme (ETP) Update at the Kuala Lumpur Convention Centre.

18-22 July | MIMOS in collaboration with Universiti Tenaga Nasional (UNITEN) organised Knowledge Technology Week 2011.

19 July | MIMOS participated in the Asia Symposium on Quality Electronic Design (ASQED) 2011 in Penang.

22 July | The Malaysian Society for Occupational Health and Safety (MSOSH)-OSH Award 2011 Dinner was held where MIMOS received the Gold (Class II) Award.

26 July | Technology Box handover to four MIMOS Technology Recipient companies.

26 July | MIMOS received People Capability Maturity Model (P-CMM) v 2.0 Maturity Level 3.

29-31 July | MIMOS managed MOSTI's Malaysia Science, Technology & Innovation (MySTI) 2011 Exposition, which was held at the KL Convention Centre.

3 Aug | MIMOS and Know-Centre (Austria) signed an MoU for a second phase of the collaboration on Ontology Mediation and Alignment.

4 Aug | MIMOS held its Q3 Townhall at the auditorium.

5 Aug | MIMOS-KHTP held a buka puasa dinner at its premises in Kulim.

11 Aug | MIMOS-TPM held a buka puasa dinner with a group of children from Rumah Amal El Amin, Rawang.

15 Aug | MIMOS received a visit by senior officials from the Malaysian Armed Forces and Ministry of Defence led by Minister Dato' Seri Dr Ahmad Zahid Hamidi.

16 Aug | MIMOS held a buka puasa dinner with the media at Dancing Fish Restaurant in Bangsar.

17 Aug | Bubur lambuk distributed to MIMOSians on the occasion of Ramadan.

18 Aug | Six researchers from five research clusters presented their innovative ideas at the iSpark session #1 held at the Auditorium.

18 Aug | MIMOS Nanoelectronics CoE held a Show & Tell session with the media.

24 Aug | Ramadan Charity Handover Ceremony held at MIMOS, attended by representatives from shelter homes.

24 Aug | Former Prime Minister Tun Abdullah Ahmad Badawi made an unofficial visit to MIMOS.

25 Aug | Convoys were flagged off from MIMOS to distribute proceeds from the Ramadan Charity in the form of food items to six orphanages.

10 Sept | Strategic MIMOS Achievers and Recognised Talents (SMART) Day was organised for children of MIMOS staff who excelled and would be sitting for UPSR, PMR, SPM and STPM exams.

13 Sept | MIMOS held its Merdeka-Raya Open House at Bukit Jalil Golf Resort.

19 Sept | A delegation from Sapura Group visited MIMOS.

23 Sept | Four researchers from four clusters presented their ideas at iSpark #2 session at the Auditorium.

26 Sept | MIMOS held a Media Messaging Workshop.

29 Sept | A delegation from Institute of Strategic and International Studies (ISIS) led by its CEO Dato' Dr Mahani Zainal Abidin visited MIMOS.

30 Sept | Satang Group senior management visited MIMOS.

Fourth Quarter

4 Oct | A delegation from the National Aerospace & Defence Industry (NADI) visited MIMOS.

10 Oct | MIMOS signed MoUs with Sabah Department of Agriculture on Wireless Sensor Network and Sabah Economic Development and Investment Authority (SEDIA) on Semantic Technology.

10 Oct | MIMOS participated in an exhibition held alongside the Fourth International Conference on Measurement and Evaluation in Education (ICMEE 2011) at Universiti Sains Malaysia, Penang.

10 Oct | Public talk by Prof. Kenny Paterson, professor in the Information Security Group at Royal Holloway, University of London.

17 Oct | MIMOS received a visit by a delegation from Centre of Defence Research & Technology (CODRAT), National Defence University of Malaysia.

18 Oct | Three researchers from two labs presented their ideas at iSpark session #3 at the Auditorium.

19 Oct | CEO Datuk Abdul Wahab Abdullah spoke on “Research Driving Innovation Economy” at PIKOM Leadership Summit 2011.

24 Oct | MIMOS signed an MoU with Universiti Malaya on the sharing of expertise in conducting R&D on high-impact projects.

25 Oct | A talk on “Cyber Infrastructure and its Usage at Local, Regional, and National Levels” by Prof Daniel Katz of University of Chicago was held at the Auditorium.

27 Oct | K-Masjid project for Batang Lupar, Sarawak launched at Masjid Bandar Sri Aman.

30 Oct | K-Masjid project launched at Masjid Raudhatul Mardhiah in Parit, Perak.

30 Oct | ICT activities organised at Masjid Al-Kauthar, Kampung Paya, Berseri in Perlis as part of K-Masjid initiative.

1 Nov | MIMOS organised a Technology Townhall for MIMOSians.

3 Nov | MIMOS held a workshop on Nano-Raman microscopy.

3 Nov | MIMOS received a visit by Logistic Director of Royal Malaysian Police, Dato’ Pahlawan Zulkifli Abdullah

11 Nov | MIMOS held its Q4 Townhall and commemorated Hari Integriti with a special milestone at 11.11am graced by MOSTI Secretary-General Dato’ Madinah Mohamad.

15 Nov | MIMOS participated in the National Innovation Conference and Exhibition (NICE) 2011, organised in conjunction with the Kuala Lumpur Innovation Forum (KLIF) 2011, held at Putra World Trade Centre.

19 Nov | MIMOS-MSCTrustgate Ping-Pong Friendly held at MIMOS, won by the host.

21 Nov | MIMOS attended an ICT-based community programme for women under K-Masjid at Masjid Al-Ehsan in Sabak Bernam, Selangor.

26 Nov | Graduation Ceremony for Tadika MIMOS was held.

26 Nov | MIMOS Family Day was held at Sunway Lagoon with the theme “Raiders of the Crown Jewel”. A total of 1,600 people attended the event.

29 Nov | MIMOS signed an MoU with 13 major players in E&E on shared services in Failure Analysis.

30 Nov | MIMOS Technology Preview was held with the theme “Creating Wealth Through Technologies.”

7 Dec | MIMOS organised ICT-based community activities at Masjid An-Nur, Rembau, Negeri Sembilan.

10 Dec | Launch of InfoSTI@MOSTI in Pekan, Pahang, attended by Deputy MOSTI Minister Datuk Hj Fadillah Yusof and Pahang Menteri Besar Dato’ Sri Adnan Yaakob.

13 Dec | MIMOS held a “Women & ICT” activity at K-Masjid project at Masjid Raudhatul Mardhiah in Parit, Perak.

Financial Report 2011



Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activity of the Company is to undertake research and development in the field of information and communication technologies.

The principal activities of its subsidiaries are provision of management and wafer fabrication services and trading of semiconductor wafer which ceased operation in 2009 as disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for the formation of a special purpose subsidiary company, Frontier Novatur Sdn Bhd ("Frontier") on 17 August 2011 as a strategy for commercialisation and monetising MIMOS' technology.

Results

	Group RM	Company RM
Loss for the year	(4,627,022)	(4,602,144)
Attributable to:		
Equity holders of the Company	(4,627,022)	(4,602,144)
Minority interests	-	-
	<u>(4,627,022)</u>	<u>(4,602,144)</u>

There were no material transfers to or from reserves or provisions during the financial year.

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Suriah binti Abd Rahman

Gho Peng Seng

Prof. Datin Paduka Dr. Khatijah binti Mohamad Yusoff

Abdul Rahim bin Abdul Hamid

Mohamed Rashdi bin Mohamed Ghazalli

Datuk John Maluda @ Wanji

Datu Dr. Hatta bin Solhi

Prof. Dato' Dr. Abdul Hakim bin Juri

(Appointed on 19 August 2011)

Dato' Dr. Sharifah Zarah binti Syed Ahmad

(alternate director to Prof. Datin Paduka Dr. Khatijah binti Mohamad Yusoff)

Datuk Abdul Wahab bin Abdullah

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Notes 6 and 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

None of the directors in office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, any interest in shares of the Company and its related corporations during the financial year.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (contd.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) 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.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which 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 or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent event

Details of subsequent event are disclosed in Note 27 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2012.



DATO' SURIAH BINTI ABD RAHMAN



ABDUL RAHIM BIN ABDUL HAMID

Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

We, DATO' SURIAH BINTI ABD RAHMAN and ABDUL RAHIM BIN ABDUL HAMID, being two of the directors of MIMOS Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 57 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 financial position of the Group and of the Company as at 31 December 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2012.



DATO' SURIAH BINTI ABDUL RAHMAN



ABDUL RAHIM BIN ABDUL HAMID

Statutory declaration

Pursuant to Section 169(16) of the Companies Act 1965

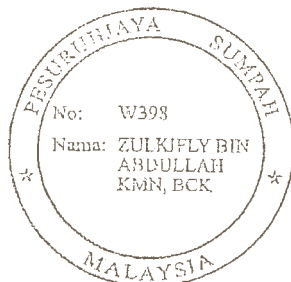
I, DATUK ABDUL WAHAB BIN ABDULLAH, being the director primarily responsible for the financial management of MIMOS Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 57 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed DATUK ABDUL WAHAB BIN ABDULLAH
at Kuala Lumpur in the Federal Territory
on 1 June 2012



DATUK ABDUL WAHAB BIN ABDULLAH

Before me,



Lot 2.42, Tingkal 2, The Mall
100, Jalan Putra
50350 Kuala Lumpur, Malaysia
M/P: 019-283 9000

Independent Auditors' Report

to the members of MIMOS Berhad

Report on the financial statements

We have audited the financial statements of Mimos Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 57.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, 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 control relevant to the entity's preparation of the 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 control. An audit also includes evaluating the appropriateness of the 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 at 31 December 2011 and of the financial performance and cash flows of the Group and the Company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report 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 have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Independent Auditor's Report (cont'd.)

- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

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.



Ernst & Young
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia

1 June 2012



Wan Daneena Liza binti Wan Abdul Rahman
No. 2978/03/14(J)
Chartered Accountant

Statements of comprehensive income

for the financial year ended 31 December 2011

		Group		Company	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
		RM	RM	RM	RM
Continuing operations					
Revenue	3	4,539,810	9,571,369	4,539,810	9,571,369
Cost of sales	4	(3,487,488)	(5,984,361)	(3,487,488)	(5,984,361)
Gross profit		1,052,322	3,587,008	1,052,322	3,587,008
Grant income		178,543,103	191,739,026	178,543,103	191,739,026
Other operating income		8,079,827	41,166,718	8,079,827	41,107,951
Administrative expenses		(140,758,081)	(157,345,313)	(140,733,203)	(158,029,435)
Other operating expenses		(51,421,681)	(52,679,774)	(51,421,681)	(52,679,774)
(Loss)/profit from operations		(4,504,510)	26,467,665	(4,479,632)	25,724,776
Finance costs	5	(98,245)	(47,893)	(98,245)	(47,893)
(Loss)/profit before tax	6	(4,602,755)	26,419,772	(4,577,877)	25,676,883
Taxation	8	(24,267)	(960,180)	(24,267)	(960,180)
(Loss)/profit from continuing operations		(4,627,022)	25,459,592	(4,602,144)	24,716,703
Discontinued operations					
Profit from discontinued operations		-	1,095,259	-	-
(Loss)/profit for the year		(4,627,022)	26,554,851	(4,602,144)	24,716,703
Other comprehensive income:					
Foreign currency translation		-	(676,710)	-	-
Total comprehensive (loss)/income for the year		(4,627,022)	25,878,141	(4,602,144)	24,716,703
Profit attributable to:					
Owner of the parent		(4,627,022)	27,126,519	(4,602,144)	24,716,703
Minority interests		-	(571,668)	-	-
		(4,627,022)	26,554,851	(4,602,144)	24,716,703
Total comprehensive income attributable to:					
Owner of the parent		(4,627,022)	26,449,809	(4,602,144)	24,716,703
Minority interests		-	(571,668)	-	-
		(4,627,022)	25,878,141	(4,602,144)	24,716,703

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of financial position

as at 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Assets					
Non-current assets					
Property, plant and equipment	9	132,979,380	143,097,194	132,976,460	143,093,795
Intangible assets	10	28,103,821	39,236,591	28,103,821	39,236,591
Investments in subsidiaries	11	-	-	538,785	538,783
Investments in associates	12	1	1	1	1
Other investments	13	2	2	2	2
Trade and other receivables	16	4,266,921	-	4,266,921	-
		<u>165,350,125</u>	<u>182,333,788</u>	<u>165,885,990</u>	<u>182,869,172</u>
Current assets					
Short term investments	14	-	-	-	-
Inventories	15	2,929,226	2,509,154	2,929,226	2,509,154
Trade and other receivables	16	16,075,908	18,119,987	16,521,285	18,554,615
Tax recoverable		1,333,524	1,249,583	1,261,664	1,177,722
Cash and bank balances	17	99,882,250	133,586,112	99,447,204	133,139,826
		<u>120,220,908</u>	<u>155,464,836</u>	<u>120,159,379</u>	<u>155,381,317</u>
Total assets		<u>285,571,033</u>	<u>337,798,624</u>	<u>286,045,369</u>	<u>338,250,489</u>

Statements of financial position

as at 31 December 2011 (cont'd.)

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	19	100,000,000	100,000,000	100,000,000	100,000,000
Accumulated losses		(24,169,076)	(19,542,054)	(23,676,762)	(19,074,618)
		75,830,924	80,457,946	76,323,238	80,925,382
Minority interests					
		-	-	-	-
Total equity		75,830,924	80,457,946	76,323,238	80,925,382
Non-current liabilities					
Funds accounts	20	162,147,072	236,474,158	162,147,072	236,474,158
Current liabilities					
Trade and other payables	18	47,593,037	20,866,520	47,575,059	20,850,949
Total liabilities		209,740,109	257,340,678	209,722,131	257,325,107
Total equity and liabilities		285,571,033	337,798,624	286,045,369	338,250,489

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of changes in equity

for the financial year ended 31 December 2011

	----- Attributable to equity holders of the parent -----				Minority interests	Total equity
	Share capital	Accumulated losses	Exchange reserves	Total		
	RM	RM	RM	RM	RM	RM
At 1 January 2010	100,000,000	(46,668,573)	(3,511,335)	49,820,092	3,649,529	53,469,621
Disposal of subsidiaries	-	-	4,188,045	4,188,045	(3,077,861)	1,110,184
Total comprehensive income for the year	-	27,126,519	(676,710)	26,449,809	(571,668)	25,878,141
At 31 December 2010	100,000,000	(19,542,054)	-	80,457,946	-	80,457,946
At 1 January 2011	100,000,000	(19,542,054)	-	80,457,946	-	80,457,946
Total comprehensive loss for the year	-	(4,627,022)	-	(4,627,022)	-	(4,627,022)
At 31 December 2011	100,000,000	(24,169,076)	-	75,830,924	-	75,830,924

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company statement of changes in equity

for the financial year ended 31 December 2011

	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2010	100,000,000	(43,791,321)	56,208,679
Total comprehensive income for the year	-	24,716,703	24,716,703
At 31 December 2010	100,000,000	(19,074,618)	80,925,382
At 1 January 2011	100,000,000	(19,074,618)	80,925,382
Total comprehensive income for the year	-	(4,602,144)	(4,602,144)
At 31 December 2011	100,000,000	(23,676,762)	76,323,238

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2011

	2011 RM	2010 RM
Cash flows from operating activities		
(Loss)/profit before tax from:		
Continued operations	(4,602,755)	26,419,772
Discontinued operations	-	1,095,259
Adjustments for:		
Amortisation of intangible assets	13,761,388	12,329,042
Depreciation of property, plant and equipment	24,310,098	27,126,611
Gain on disposal of a subsidiaries	-	(45,015)
(Writeback of)/allowance for impairment on trade receivables	(399,572)	192,059
Allowance for impairment on other receivables	681,820	-
Waiver of long term loan	-	(36,500,000)
Provision for legal claim	2,384,250	-
Interest income	(3,504,951)	(3,951,987)
Grant income	(178,543,103)	(191,739,026)
Property, plant and equipment written off	33,010	1,430,578
Operating loss before working capital changes	145,879,815	(163,642,707)
Change in working capital:		
Inventories	(420,072)	(2,509,154)
Receivables	(2,505,090)	13,279,532
Payables	6,818,994	(12,123,406)
Cash used in operations	141,985,983	(164,995,735)
Tax refund	1,058,454	-
Tax paid	(1,166,662)	(1,115,890)
Net cash used in operating activities	(142,094,191)	(166,111,625)

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2011 (cont'd.)

	2011 RM	2010 RM
Cash flows from investing activities		
Acquisition of property, plant and equipment	(14,345,754)	(33,981,570)
Acquisition of intangible assets (2,508,158) (12,035,568)		
Net cash inflow from disposal of a subsidiary - 7,323,103		
Interest received 3,504,951 3,951,987		
Net cash used in investing activities	<u>(13,348,961)</u>	<u>(34,742,048)</u>
Cash flows from financing activities		
Repayment of long term loan	-	(39,500,000)
Development funds received	136,067,311	186,920,246
Transferred to approved projects	(14,328,021)	(43,572,093)
Net cash generated from financing activities	<u>121,739,290</u>	<u>103,848,153</u>
Net movement in cash and cash equivalents	(33,703,862)	(97,005,520)
Cash and cash equivalents at beginning of year	133,586,112	230,591,632
Cash and cash equivalents at end of year (Note 17)	<u>99,882,250</u>	<u>133,586,112</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company Statement of Cash Flows

for the financial year ended 31 December 2011

	2011 RM	2010 RM
Cash flows from operating activities		
(Loss)/profit before tax	(4,577,877)	25,676,883
Adjustments for:		
Depreciation of property, plant and equipment	24,309,619	27,126,130
Amortisation of intangible assets	13,761,388	12,329,042
(Writeback of)/allowance for impairment on trade receivables	(399,572)	192,059
Allowance for impairment on other receivables	681,820	-
Loss on disposal of a subsidiary	-	728,369
Waiver of long term loan	-	(36,500,000)
Provision for legal claim	2,384,250	-
Interest income	(3,504,951)	(3,840,721)
Grant income	(178,543,103)	(191,739,026)
Property, plant and equipment written off	33,010	1,430,578
Operating loss before working capital changes:	(145,855,416)	(164,596,686)
Change in working capital:		
Inventories	(420,072)	(2,509,154)
Receivables	(2,515,839)	13,257,804
Payables	6,816,587	15,232,495
Cash used in operations	(141,974,740)	(138,615,541)
Tax refund	1,058,453	-
Tax paid	(1,166,662)	(1,115,890)
Net cash used in operating activities	142,082,949	(139,731,431)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(14,345,754)	(33,981,570)
Acquisition of intangible assets	(2,508,158)	(12,035,568)
Interest received	3,504,951	3,840,721
Investment in a subsidiary	(2)	-
Proceeds from disposal of a subsidiary	-	7,323,103
Net cash used in investing activities	(13,348,963)	(34,853,314)

Company Statement of Cash Flows

for the financial year ended 31 December 2011 (cont'd.)

	2011 RM	2010 RM
Cash flows from financing activities		
Development funds received from the government	136,067,311	186,920,246
Repayment of long term loan	-	(39,500,000)
Transfers to approved projects	(14,328,021)	(43,572,093)
Net cash generated from financing activities	<u>121,739,290</u>	<u>103,848,153</u>
 Net movement in cash and cash equivalents	 (33,692,622)	 (70,736,592)
Cash and cash equivalents at beginning of year	<u>133,139,826</u>	<u>203,876,418</u>
Cash and cash equivalents at end of year (Note 17)	<u>99,447,204</u>	<u>133,139,826</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements

for the financial year ended 31 December 2011

1. Corporate information

The principal activity of the Company is to undertake research and development in the field of information and communication technologies.

The principal activities of its subsidiaries are provision of management and wafer fabrication services and trading of semiconductor wafer which ceased operation in 2009 as disclosed in Note 11.

There have been no significant changes in the nature of the principal activities during the financial year, except for the incorporation of a new subsidiary as disclosed in Note 11.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company is located at Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur.

The holding company is Minister of Finance (Incorporated) ("MOF Inc"), a body corporate which was incorporated under the Minister of Finance (Incorporation) Act, 1967.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 1 First-time Adoption of Financial Reporting Standards*

Amendments to FRS 2 Share-based Payment*

FRS 3 Business Combinations

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations*

Amendments to FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 138 Intangible Assets

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

IC Interpretation 12 Service Concession Arrangements*

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation*

IC Interpretation 17 Distributions of Non-cash Assets to Owners*

Amendments to FRS 132: Classification of Rights Issues*

IC Interpretation 18 Transfers of Assets from Customers*

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 1: Limited Exemptions for First-time Adopters*

Amendments to FRS 1: Additional Exemptions for First-time Adopters*

IC Interpretation 4 Determining Whether an Arrangement contains a Lease*

Improvements to FRS issued in 2010

** Not applicable to the Group and the Company*

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS) Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(b) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in Ringgit Malaysia (RM) and are recorded on initial recognition in the RM at exchange rates approximating those ruling at the dates of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straightline basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2%
Renovations and landscaping	10%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Office equipment	20%
Computer software	20% - 33 1/3%
Computer hardware	20% - 33 1/3%
Laboratory and workshop equipment	33 1/3%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

(d) Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Intangible assets (cont'd.)

Intangible assets with finite useful lives are amortised using the straight line method over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method 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 are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

- Computer software

Computer software costs are capitalised as intangible assets which are measured initially at cost and is amortised on a straight line basis over its economic life ranging from 3 to 5 years.

(e) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cashgenerating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(g) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(h) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for sale financial assets.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Financial assets (cont'd.)

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Government grants

Development grants in respect of capital expenditure receivable from the Malaysian Government are credited to the Development Fund Account. Amounts utilised are recognised in profit or loss over the life of the assets

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Government grants (cont'd.)

acquired by the annual transfer of an amount equal to the depreciation charge.

Operating grants receivable from the Malaysian Government are credited to the Development Fund Account and recognised in profit or loss in the same period as the related expenses which they are intended to compensate.

Grants receivable from the Malaysian Government in respect of investments in nondepreciable assets are recognised in profit or loss in the period in which it becomes receivable.

(n) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Employee benefits

Define contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(p) Leases

As lessee

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

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Discontinued operation

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue relating to sales of goods is recognised net of sales tax and discounts upon the transfer of risks and rewards to the buyer.

(ii) Rendering of services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(iii) Interest income

Interest income is recognised based on the effective interest rate method.

(iv) Dividend income

Dividend income is accounted for when the right to receive payment is established.

(v) Management fees

Management fees are recognised when services are rendered.

(s) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Income tax (cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.5. Significant accounting estimates and judgments

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgments made in applying accounting policies

The judgments made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of investments

The Group and the Company determines whether its investments are impaired following certain indications of impairment such as, amongst others, declining budgeted cash flows, limited funding to meet its obligations as and when they fall due, significant changes with adverse effects on the investment and deteriorating financial performance of the investment.

Depending on their nature and the principal activities in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value, sector average price-earning ratio methods and comparable recent market values of other companies with similar activities.

(ii) Income taxes and deferred tax asset

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

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The details of income taxes and deferred tax liabilities are as disclosed in Note 8.

2. Significant accounting policies (cont'd.)

2.5 Significant accounting estimates and judgments (cont'd.)

(a) Judgments made in applying accounting policies (cont'd.)

(b) Key sources of estimation uncertainty

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

(i) Impairment of investments

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

3. Revenue

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods	1,374,931	1,381,817	195,518	1,381,817
Rendering of services	3,164,879	8,189,552	4,815,474	8,189,552
	4,539,810	9,571,369	5,010,992	9,571,369

4. Cost of sales

	Group		Company	
	2011 RM	2010 (Restated) RM	2011 RM	2010 (Restated) RM
Cost of inventories sold	1,132,025	1,043,924	1,132,025	1,043,924
Cost of services rendered	2,355,463	4,940,437	2,355,463	4,940,437
	3,487,488	5,984,361	3,487,488	5,984,361

5. Finance costs

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Bank and commission charges	98,245	47,893	98,245	47,893

6. (Loss)/profit before tax

The following amounts have been included in arriving at (loss)/profit before tax of continuing operations:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Employee benefits expense (Note 7)	93,695,268	92,954,759	93,695,268	92,954,759
Auditors' remuneration				
- statutory audit	53,000	53,000	50,000	50,000
- other services	5,000	38,000	5,000	38,000
Amortisation of intangible assets	13,761,388	12,329,042	13,761,388	12,329,042
Non-executive directors' remuneration				
- other emoluments	141,815	117,000	141,815	117,000
Depreciation of property, plant and equipment	24,310,098	27,126,611	24,309,619	27,126,130
(Writeback of)/allowance for impairment on trade receivables	(399,572)	192,059	(399,572)	192,059
Allowance for impairment on other receivables	681,820	-	681,820	-
(Gain)/loss on disposal of subsidiaries	-	(45,015)	-	728,369
Waiver of long term loan	-	(36,500,000)	-	(36,500,000)
Lease rental of equipment	1,310,965	4,495,193	1,310,965	4,495,193
Property, plant and equipment written off	33,010	1,430,578	33,010	1,430,578
Interest income	(3,504,951)	(3,951,987)	(3,504,951)	(3,840,721)
Realised net foreign exchange loss/(gain)	16,633	(211,338)	16,633	(211,338)
Provision for legal claim	2,384,250	-	2,384,250	-
Management fees for Semiconductor Technology Center ("STC") project	(3,786,745)	-	(3,786,745)	-

7. Employee benefits expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries	74,251,942	73,336,296	74,251,942	73,336,296
Social security costs	318,101	3	318,101	314,459
Defined contribution plan	10,534,826	10,496,257	10,534,826	10,496,257
Other staff related expenses	8,590,399	8,807,747	8,590,399	8,807,747
	<u>93,695,268</u>	<u>92,954,759</u>	<u>93,695,268</u>	<u>92,954,759</u>

The following amounts have been included in employee benefits expense:

	Group/Company	
	2011 RM	2010 RM
Executive director's remuneration	1,239,340	1,182,660
Contract employees	<u>19,384,680</u>	<u>20,131,127</u>

The total number of employees as at 31 December 2011 is 740 (2010: 748) whereby 217 (2010: 188) of the total were hired on contract basis for project purposes.

8. Income tax expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
Malaysian income tax	876,238	960,180	876,238	960,180
Overprovision in prior years	(851,971)	-	(851,971)	-
	<u>24,267</u>	<u>960,180</u>	<u>24,267</u>	<u>960,180</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

8. Income tax expense (cont'd.)

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

	2011 RM	2010 RM
Group		
(Loss)/profit before tax:		
Continuing operations	(4,602,755)	26,419,772
Discontinued operations	-	1,095,259
	<u>(4,602,755)</u>	<u>27,515,031</u>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	(1,150,689)	7,236,402
Income not subject to tax	-	(9,125,000)
Grant income not subject to tax	(8,751,030)	(9,622,037)
Expenses not deductible for tax purposes	2,313,018	5,533,907
Deferred tax assets not recognised during the year	8,464,939	6,936,908
Overprovision of income tax expense in prior years	(851,971)	-
Income tax for the year	<u>24,267</u>	<u>960,180</u>
Company		
(Loss)/profit before tax	<u>(4,577,877)</u>	<u>25,676,883</u>
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	(1,144,469)	6,776,865
Income not subject to tax	-	(9,125,000)
Grant income not subject to tax	(8,751,030)	(9,622,037)
Expenses not deductible for tax purposes	2,311,018	6,001,068
Deferred tax assets not recognised during the year	,460,719	6,929,284
Overprovision of income tax expense in prior years	(851,971)	-
Income tax for the year	<u>24,267</u>	<u>960,180</u>

8. Income tax expense (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unutilised tax losses	5,106,896	5,090,496	1,023,448	1,023,448
Other temporary differences	19,586,160	17,930,003	19,586,160	17,930,003
Unabsorbed capital allowances	114,399,445	82,212,247	114,264,600	82,077,881
	<u>139,092,501</u>	<u>105,232,746</u>	<u>134,874,208</u>	<u>101,031,332</u>

The unabsorbed capital allowances and unabsorbed tax losses of the Group and the Company are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

9. Property, plant and equipment

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Group			
At 31 December 2011			
Cost			
At 1 January	4,188,693	974,157	9,890,517
Additions	62,009	-	230,958
Write off	-	-	-
Reclassification	-	-	-
Transfer to intangible assets	-	-	-
Adjustments	-	-	-
At 31 December	4,250,702	974,157	10,121,475
Accumulated depreciation			
At 1 January	1,240,773	789,720	5,310,898
Charge for the year (Note 6)	447,405	77,382	1,603,536
At 31 December	1,688,178	867,102	6,914,434
Net carrying amount			
At 31 December 2011	2,562,524	107,055	3,207,041

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
55,438,975	103,274,663	26,865,802	27,765,204	12,379,175	240,777,186
896,836	11,808,794	1,587,483	-	-	14,586,080
(33,010)	-	-	-	-	(33,010)
-	7,210,000	127,483	-	(7,337,483)	-
-	-	-	-	(120,460)	(120,460)
-	-	-	-	(240,326)	(240,326)
56,302,801	122,293,457	28,580,768	27,765,204	4,680,906	254,969,470
46,551,893	31,204,144	8,125,984	4,456,580	-	97,679,992
4,968,946	13,989,310	2,686,918	536,601	-	24,310,098
51,520,839	45,193,454	10,812,902	4,993,181	-	121,990,090
4,781,962	77,100,003	17,767,866	22,772,023	4,680,906	132,979,380

9. Property, plant and equipment (cont'd.)

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Group (cont'd)			
At 31 December 2010			
Cost			
At 1 January	3,548,590	795,746	8,400,036
Additions	640,103	178,411	1,490,481
Write off	-	-	-
Reclassification	-	-	-
Transfer to intangible assets	-	-	-
At 31 December	4,188,693	974,157	9,890,517
At 31 December 2010			
Accumulated depreciation			
At 1 January	805,083	696,664	3,938,856
Charge for the year (Note 6)	435,690	93,056	1,372,042
At 31 December	1,240,773	789,720	5,310,898
Net carrying amount			
At 31 December 2010	2,947,920	184,437	4,579,619

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
50,455,607	76,104,238	23,366,750	27,765,204	20,152,516	210,588,687
4,983,368	13,365,923	3,499,052	-	9,824,232	33,981,570
-	-	-	-	(1,430,578)	(1,430,578)
-	13,804,502	-	-	(13,804,502)	-
-	-	-	-	(2,362,493)	(2,362,493)
55,438,975	103,274,663	26,865,802	27,765,204	12,379,175	240,777,186
35,236,302	20,348,730	5,607,767	3,919,979	-	70,553,381
11,315,591	10,855,414	2,518,217	536,601	-	27,126,611
46,551,893	31,204,144	8,125,984	4,456,580	-	97,679,992
8,887,082	72,070,519	18,739,818	23,308,624	12,379,175	143,097,194

9. Property, plant and equipment (cont'd.)

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Company			
At 31 December 2011			
Cost			
At 1 January	4,188,693	974,157	9,885,716
Additions	62,009	-	230,958
Write off	-	-	-
Reclassification	-	-	-
Transfer to intangible assets	-	-	-
Adjustments	-	-	-
At 31 December	4,250,702	974,157	10,116,674
Accumulated depreciation			
At 1 January	1,240,773	789,720	5,309,496
Charge for the year (Note 6)	447,405	77,382	1,603,057
At 31 December	1,688,178	867,102	6,912,553
Net carrying amount			
At 31 December 2010	2,562,524	107,055	3,204,121

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
55,306,009	103,274,663	26,865,802	27,765,204	12,379,175	240,639,419
896,836	11,808,794	1,587,483	-	-	14,586,080
(33,010)	-	-	-	-	(33,010)
-	7,210,000	127,483	-	(7,337,483)	-
-	-	-	-	(120,460)	(120,460)
-	-	-	-	(240,326)	(240,326)
56,169,835	122,293,457	28,580,768	27,765,204	4,680,906	254,831,703
46,418,927	31,204,144	8,125,984	4,456,580	-	97,545,624
4,968,946	13,989,310	2,686,918	536,601	-	24,309,619
51,387,873	45,193,454	10,812,902	4,993,181	-	121,855,243
4,781,962	77,100,003	17,767,866	22,772,023	4,680,906	132,976,460

9. Property, plant and equipment (cont'd.)

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Company (cont'd)			
At 31 December 2010			
Cost			
At 1 January	3,548,590	795,746	8,395,235
Additions	640,103	178,411	1,490,481
Write off	-	-	-
Reclassification	-	-	-
Transfer to intangible assets	-	-	-
At 31 December	4,188,693	974,157	9,885,716
Accumulated depreciation			
At 1 January	805,079	696,664	3,805,561
Charge for the year (Note 6)	435,694	93,056	1,503,935
At 31 December	1,240,773	789,720	5,309,496
Net carrying amount			
At 31 December 2010	2,947,920	184,437	4,576,220

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
50,322,641	76,104,238	23,366,750	27,765,204	20,152,516	210,450,920
4,983,368	13,365,923	3,499,052	-	9,824,232	33,981,570
-	-	-	-	(1,430,578)	(1,430,578)
-	13,804,502	-	-	(13,804,502)	-
-	-	-	-	(2,362,493)	(2,362,493)
55,306,009	103,274,663	26,865,802	27,765,204	12,379,175	240,639,419
35,235,714	20,348,730	5,607,767	3,919,979	-	70,419,494
11,183,213	10,855,414	2,518,217	536,601	-	27,126,130
46,418,927	31,204,144	8,125,984	4,456,580	-	97,545,624
8,887,082	72,070,519	18,739,818	23,308,624	12,379,175	143,093,795

10. Intangible assets

	Group Computer software RM	Company Computer software RM
Cost		
At 1 January 2010	76,132,690	76,145,053
Additions	12,035,568	12,035,568
Transfer from property, plant and equipment	2,362,493	2,362,493
At 31 December 2010	90,530,751	90,543,114
Additions	2,508,158	2,508,158
Transfer from property, plant and equipment	120,460	120,460
At 31 December 2010	93,159,369	93,171,732
Accumulated amortisation and impairment losses		
At 1 January 2010	38,965,118	38,977,481
Amortisation (Note 6)	12,329,042	12,329,042
At 31 December 2010	51,294,160	51,306,523
Amortisation (Note 6)	13,761,388	13,761,388
At 31 December 2011	65,055,548	65,067,911
Net carrying amount		
At 31 December 2011	28,103,821	28,103,821
At 31 December 2010	39,236,591	39,236,591

11. Investments in subsidiaries

	2011 RM	2010 RM
Unquoted shares, at cost	5,000,000	5,000,000
Less : Accumulated impairment losses	(4,461,215)	(4,461,217)
	<u>538,785</u>	<u>538,783</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest	
			2011 %	2010 %
MIMOS Semiconductor (M) Sdn. Bhd.	Malaysia	Provision of management and wafer fabrication services and trading of semiconductor wafer (ceased operation in 2009)	100	100
Frontier Novatur Sdn. Bhd.*	Malaysia	Dormant	100	-

* The subsidiary was incorporated on 17 August 2011 with a paid up share capital of RM2.00.

12. Investments in associates

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unquoted shares:				
At cost	4,900,000	4,900,000	4,900,000	4,900,000
Share of post acquisition reserves	-	-	-	-
	4,900,000	4,900,000	4,900,000	4,900,000
Less: Accumulated impairment losses	(4,899,999)	(4,899,999)	(4,899,999)	(4,899,999)
	1	1	1	1

The financial statements of the associate is coterminous with the Group.

Details of the associated companies are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2011 %	2010 %
OICNetworks Sdn. Bhd.	Malaysia	Dormant	49	49

The summarised financial information of the associates are as follows:

	2011 RM	2010 RM
Assets and liabilities		
Current assets	197,632	3,745
Non-current assets	51	51
Total assets	197,683	3,796
Current liabilities	3,600,000	3,401,433
Total liabilities	3,600,000	3,401,433
Results		
Revenue	-	-
Loss for the year	(11,960)	(10,453)

13. Other investments

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unquoted shares, at cost	1,717,250	1,717,250	1,717,250	1,717,250
Less : Accumulated impairment losses	(1,717,248)	(1,717,248)	(1,717,248)	(1,717,248)
	2	2	2	2

Other investments represent mainly preference shares acquired in companies incorporated in various countries. These companies are mainly involved in Information Technology (“IT”) related projects. These investments are classified as available-for-sale financial assets but are continued to be stated at cost less impairment losses since their fair value cannot be reliably measured.

14. Short term investments

	Group/Company	
	2011 RM	2010 RM
Unquoted shares, at cost	40,000,000	40,000,000
Less: Accumulated impairment losses	(40,000,000)	(40,000,000)
	-	-

15. Inventories

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost				
Raw materials	628,484	820,741	628,484	820,741
Spare parts	2,300,742	1,688,413	2,300,742	1,688,413
	2,929,226	2,509,154	2,929,226	2,509,154

16. Trade receivables and other receivables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade receivables	6,663,343	4,108,888	6,663,343	4,108,888
Less: Allowance for impairment	(2,666,438)	(3,066,010)	(2,666,438)	(3,066,010)
	3,996,905	1,042,878	3,996,905	1,042,878
Other receivables:				
Due from associates	-	71,827	-	71,827
Due from subsidiaries	-	-	10,749	1
Due from related companies	37,659	4,425,132	37,659	4,425,132
Due from the Government	1,118,733	118,733	1,118,733	118,733
Deposits	353,654	353,654	353,654	353,654
Prepayments	1,231,370	1,988,026	1,231,370	1,988,026
Sundry receivables	9,337,587	10,119,737	9,772,215	10,554,215
Total other receivables	12,079,003	17,077,109	12,524,380	17,511,737
	16,075,908	18,119,987	16,521,285	18,554,615
Non-Current				
Other receivable:				
Due from related companies	4,948,741	-	4,948,741	-
Less: Allowance for impairment	(681,820)	-	(681,820)	-
Other receivables, net	4,266,921	-	4,266,921	-
Total trade and other receivables (current and non-current)	20,342,829	18,119,987	20,788,206	18,554,615
Less: Prepayments	(1,231,370)	(1,988,026)	(1,231,370)	(1,988,026)
Add: Cash and bank balances (Note 17)	99,882,250	133,596,112	99,447,204	133,139,826
Total loans and receivables	118,993,709	149,728,073	119,004,040	149,706,415

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2010: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

16. Trade receivables and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group/Company	
	2011 RM	2010 RM
Neither past due nor impaired	2,565,180	-
1 to 30 days past due not impaired	59,735	243,643
31 to 60 days past due not impaired	1 63,633	190,934
61 to 90 days past due not impaired	783,132	156,787
91 to 180 days past due not impaired	425,225	451,514
	1,431,725	1,042,878
Impaired	2,666,438	3,066,010
	<u>6,663,343</u>	<u>4,108,888</u>

Receivables that are neither past due nor impaired

Trade receivables are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 34% (2010: nil) of the Group's trade receivables arise from customers with one year of experience with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been negotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,431,725 (2011:RM1,042,878) that are past due at the reporting date but not impaired. No impairment is made. The amounts are expected to be collected in the next 12 months from the reporting date.

Receivables that are impaired

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011 RM	2010 RM
At 1 January	3,066,010	2,873,951
Charge for the year	-	192,059
Reversal of impairment losses	(399,572)	-
At 31 December	<u>2,666,438</u>	<u>3,066,010</u>

16. Trade receivables and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related parties balances

Amounts due from associate, subsidiaries and related companies are unsecured, noninterest bearing and are repayable on demand.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM681,820 (2010: nil) for impairment of unsecured receivables from a related party with a gross amount of RM4,948,741 (2010: RM4,968,059).

17. Cash and bank balances

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	1,682,250	19,386,112	1,247,204	18,939,826
Deposits with licensed banks	9 8,200,000	114,200,000	98,200,000	114,200,000
	<u>99,882,250</u>	<u>133,586,112</u>	<u>99,447,204</u>	<u>133,139,826</u>

Included in cash and bank balances of the Group and of the Company are balance of grant monies received from the Government amounting to RM41,491,024 (2010: RM66,718,419) which is restricted for use on approved capital and operational expenditure related to research and development.

The weighted average effective interest rates and average maturity of deposits at the year end are as follows:

	2011		2010	
	Weighted average interest rates % (per annum)	Average maturity Days	Weighted average interest rates % (per annum)	Average maturity Days
Licensed banks	3.30	90	3.30	90

17. Cash and bank balances (cont'd.)

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	99,882,250	133,586,112	99,447,204	133,139,826

18. Trade and other payables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	6,054,664	2,371,780	6,054,664	2,371,780
Other payables:				
Accrued operating expenses	37,195,717	4,999,121	37,177,739	14,983,550
Other payables	4,145,025	3,495,619	4,145,025	3,495,619
Amount due to an associate	197,631	-	197,631	-
Total financial liabilities carried at amortised cost	47,593,037	20,866,520	47,575,059	20,850,949

(a) Trade and other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 90 days (2010: 90 days).

(b) Amount due to an associate

This amount is unsecured, non-interest bearing and is repayable on demand.

19. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised:				
At 1 January/31 December	150,000,000	150,000,000	150,000,000	150,000,000
Issued and fully paid-up:				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000

20. Funds accounts

	Note	Group/Company	
		2011 RM	2010 RM
Development fund	(a)	124,809,401	190,280,301
Intensification of research in priority areas fund (IRPA)	(b)	-	3
Operational fund	(c)	2,832,955	3,341,637
Other funds	(d)	34,504,716	42,852,217
		<u>162,147,072</u>	<u>236,474,158</u>

(a) Development fund

This represents grants received from the Government of Malaysia for the approved research and development projects under the 7th, 8th, 9th and 10th Malaysian Plans.

	Group/Company	
	2010 RM	2009 RM
At 1 January	190,280,301	208,200,772
Add : Grants received from the Government of Malaysia	<u>23,400,000</u>	<u>91,869,415</u>
	213,680,301	300,070,187
Less: Amortised to income statement:		
- Depreciation	(34,065,879)	(36,897,898)
- Other expenses	(53,702,397)	(72,891,988)
Transfer to operational fund and other funds	<u>(1,102,624)</u>	<u>-</u>
At 31 December	<u>124,809,401</u>	<u>190,280,301</u>

20. Funds accounts (cont'd.)

(b) Intensification of research in priority areas fund (IRPA)

This represents grants received from the Government of Malaysia for the purpose of the Company's development projects.

	Group/Company	
	2011	2010
	RM	RM
At 1 January	3	3,986,738
Less: Funds distributed to approved projects	-	(3,986,735)
Less: Amortised to profit or loss:		
- Other expenses	(3)	-
At 31 December	-	3

(c) Operational fund

This represents grants received from the Government of Malaysia for the purpose of financing the Company's operations.

	Group/Company	
	2011	2010
	2011	(Restated)
	RM	RM
At 1 January	3,341,637	-
Add : Grants received from the Government of Malaysia	80,000,000	84,139,442
Transfer from development fund	602,506	-
	83,944,143	84,139,442
Less : Amortised to profit or loss:		
- Depreciation	(758,143)	(976,823)
- Other expenses	(80,353,045)	(79,820,982)
At 31 December	2,832,955	3,341,637

20. Funds accounts (cont'd.)

(d) Other fund

This represents grants received from the Government of Malaysia other than the grants under the various Malaysian Plans, IRPA and operational funds. It includes training, science, National Key Economic Areas ("NKEA") and other funds.

	Group/Company	
	2011 RM	2010 RM
At 1 January	42,852,217	74,763,128
Add : Grants received from the Government of Malaysia	32,667,311	10,911,389
Transfer from development fund	500,118	-
	76,019,646	85,674,517
Less : Funds utilised for approved projects	(14,328,021)	(41,670,965)
Amortised to income statement:		
- Depreciation	(262,743)	-
- Other expenses	(9,400,893)	(1,151,335)
Transfer to other payables	(17,523,273)	-
At 31 December	34,504,716	42,852,217

21. Compensation of key management personnel

Key management personnel is defined as those having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all directors of the Group and the Company and certain members of senior management of the Group and the Company.

The Group and the Company regard the following to be the senior management of the Group and of the Company:

- (i) Chief Executive Officer;
- (ii) Chief Operating Officer;
- (iii) Chief Technology Officer;
- (iv) Chief Financial Officer; and
- (v) Vice President of Corporate Human Resource.

21. Compensation of key management personnel (cont'd)

The remuneration of directors and other members of key management during the year is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive director's remuneration:				
- salaries and short-term benefits	1,075,095	998,160	1,075,095	998,160
- defined contribution plan	164,245	184,500	164,245	184,500
Non-executive directors' remuneration:				
- other emoluments	141,815	117,000	141,815	117,000
Other key management personnels:				
- salaries and short-term benefits	1,576,244	1,487,727	1,576,244	1,487,727
- defined contribution plan	214,517	241,472	214,517	241,472
	<u>3,171,916</u>	<u>3,028,859</u>	<u>3,171,916</u>	<u>3,028,859</u>

22. Capital commitments

	Group/Company	
	2011 RM	2010 RM
(a) Capital expenditure		
Approved but not contracted for	<u>12,981,002</u>	<u>15,129,653</u>

(b) The Group have entered into non-cancellable lease agreements which resulted in the following lease commitments:

	Group/Company	
	2011 RM	2010 RM
Amounts payable within:		
1 year after reporting date	4,816,000	4,816,000
More than 1 year but not later than 5 years	50,000	2,453,000
More than 5 years	410,000	420,000
	<u>5,276,000</u>	<u>7,689,000</u>

22. Capital commitments (cont'd)

The Company occupies land and buildings owned by the Government of Malaysia at a nominal lease rental of RM10,000 per annum for a period of 55 years based on the Corporatisation Agreement dated 27 August 2003 between the Government of Malaysia and MIMOS Berhad commencing from November 2001 to October 2056.

23. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	16
Trade and other payables	18

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

24. Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board reviews and agrees policies and procedures for the management of these risks and they are summarised below.

The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables and other receivables. For other financial asset cash and bank balances, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position with positive fair values.

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

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors except for RM4,595,442 (2010: RM 4,968,058) receivable from a former subsidiary. Trade receivables are non-interest bearing.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 16. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(b) Liquidity risk

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 16. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

The Group manages its operating cash flows and the availability of the funding to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investment to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	← 2011 →	
	On demand or within one year RM	One to five years RM
Financial liabilities:		Total RM
Trade and other payables	47,593,037	- 47,593,037
Total undiscounted financial liabilities	7,593,037	- 47,593,037

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates.

The Group does not have any interest-bearing long term debt as at 2011. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better return than cash at bank.

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

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising mainly from sales that are denominated in a currency other than the functional currency of the Group, RM. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

The Group's exposure to foreign currency risk is minimal.

25. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition.

The Company's operations and development costs are fully funded via government grants.

26. Comparatives

The presentation and classification of items in the current financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified as to conform with current year's presentation as follows:

	As previously stated RM	Adjustments RM	As restated RM
Group			
Administrative expenses	(162,673,474)	5,328,161	(157,345,313)
Other operating expenses	(47,351,613)	(5,328,161)	(52,679,774)
Company			
Administrative expenses	(163,357,596)	5,328,161	(158,029,435)
Other operating expenses	(47,351,613)	(5,328,161)	(52,679,774)

27. Subsequent event

On 20 April 2012, the Company entered into a settlement agreement with a third party for a out-of-court settlement amounting to USD750,000 in relation to the termination of a management agreement of a former subsidiary company which was disposed in prior year. Accordingly, a provision for legal claim amounting to RM2,384,250 was made in the financial statements of the Company as at 31 December 2011.

28. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 1 June 2012.



Innovation for Life™

www.mimos.my