MIMOS

Annual Report **2009**

Bedrock of Innovation

Bedrock of Innovation

Think of a tree, or a building that thrives upon solid bedrock. The MIMOS innovation ecosystem is such. It is built upon a foundation that encompasses a shared vision, teamwork, commitment, performance, creativity, accountability, and above all, uncompromising integrity. In pushing innovation to the local industry and to new heights, we hold on to these core values, values that focus on delivery and zero in on results. We welcome you to run with us on this bedrock, and together we can take on the future!

CONTENTS

VISION

To be a premier applied research centre in frontier technologies.

MISSION

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

SHARED VALUES

Since 2006, MIMOS has adopted a set of execution strategies aimed at achieving the organisation's vision. The set of eight execution strategies, known internally as "Strategic Adaptive Tools Realised for Innovation Acceleration" (SATRIA), stresses on the mental warrior approach needed for successful organisational transformation.

SATRIA has eight execution strategies:

SATRIA 1: Leadership Core Values

SATRIA 2: Applied Research Focus

SATRIA 3: Advanced Technology Roadmap

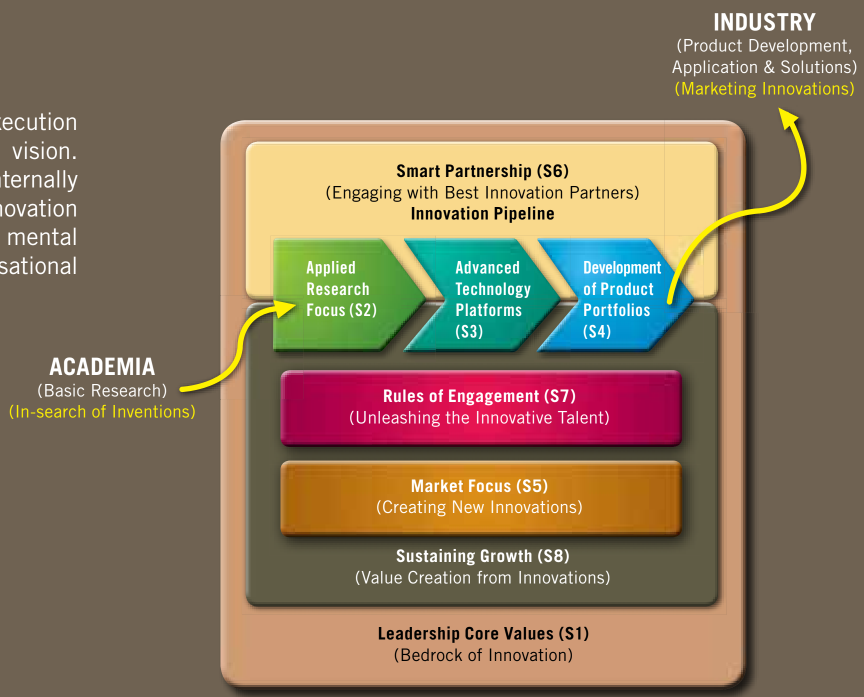
SATRIA 4: Development of Technology Portfolios

SATRIA 5: Market Focus

SATRIA 6: Smart Partnership

SATRIA 7: Sustaining Growth

SATRIA 8: Rules of Engagement



Using SATRIA to power innovation at MIMOS

SATRIA1 – LEADERSHIP CORE 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 judgement 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.

SATRIA1

LEADERSHIP CORE VALUES

1. Uncompromising Integrity
2. Envisioning Technology Leadership
3. Shared Vision among Team Members
4. Flawless Execution of Commitments
5. Edge in Performance
6. Culture of Innovation, Creativity and Productivity
7. Teaming as a Way of Life
8. Accountability for all Actions

COMPANY PROFILE

Incorporated on 16 March 1995, MIMOS Berhad is a strategic agency under the Ministry of Science, Technology and Innovation of Malaysia. MIMOS pursues exploratory and industry-driven applied research through multi-stakeholder smart partnerships with universities, research institutes, government and industries with a focus on frontier technologies.

The organisation focuses on market-driven R&D to ensure the technologies can be commercialised for sustained growth. MIMOS' R&D focuses on seven technology clusters namely Advanced Informatics, Grid Computing, Information Security, Knowledge Technology, Microsystems & Micro-Electro-Mechanical Systems (MEMS), Wireless Communications Technology and Advanced Analysis & Modelling.

CORPORATE INFORMATION

Company Name: MIMOS Berhad

Company Number: 336183-H

Date and Place of Incorporation: 16 March 1995, Malaysia

Secretaries:

1. Lee Kwai Siong
2. Lim Chiew Sim

Registered Office:

Technology Park Malaysia, Bukit Jalil
57000 Kuala Lumpur
Tel: 603-8995 5102
Fax: 603-8991 4358

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)

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

Encipta Ltd

(Company No: LL02689)

[Labuan Offshore Company]

Date of Incorporation: 08/12/2000

Equity Interest: 100%

Nature of business: Investment Holding

Status: Active

Malaysia Microelectronic Solutions Sdn Bhd

(Company No: 512608-U)

Date of Incorporation: 26/04/2000

Equity Interest: 54%

Nature of business: Integrated circuits (IC) design & marketing of IC products

Status: Active

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

ORGANISATION STRUCTURE

President & CEO

- Software Development & Central Engineering
- Technology Realisation & Operations
- Technology Strategy & Planning
- Corporate Human Resource
- Corporate Services
- Wireless Communications Cluster
- Information Security Cluster
- Microsystems & MEMS Technology Cluster
- Knowledge Technology Cluster
- Grid Computing Cluster
- Advanced Informatics Cluster
- Advanced Analysis & Modelling Cluster

BOARD Of DIRECTORS

1. **Dato' Suriah Abd Rahman**

   Independent Non-Executive Chairman

2. **Dato' Abdul Wahab bin 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. **Mohamad Rashdi Mohamad Ghazalli**

   Independent Non-Executive Director

6. **Abdul Rahim Abdul Hamid**

   Independent Non-Executive Director

7. **Datu Dr Hatta Solhi**

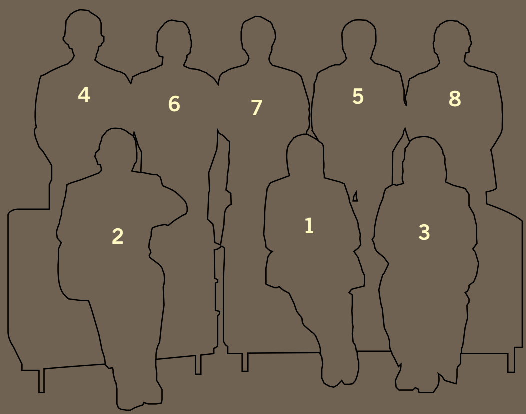
   Independent Non-Executive Director

8. **Datuk John Maluda**

   Independent Non-Executive Director

9. **Dato' Dr Sharifah Zarah binti Syed Ahmad**

   (Alternate Director to Prof. Datin Paduka Dr. Khatijah binti Mohamad Yusoff)



SENIOR LEADERSHIP TEAM

1. **Dato' Abdul Wahab Abdullah**
   President & Chief Executive Officer

2. **Abdul Aziz Abdul Kadir**
   Chief Operating Officer

3. **Thillai Raj T. Ramanathan**
   Chief Technology Officer

4. **Dr Chandran Elamvazuthi**
   Director, Technology Strategy & Planning

5. **Prof Dr Masuri Othman**
   Head, Microsystems and MEMS Cluster

6. **Mohd Ali Mustafa**
   Vice President, Product Development and System Integration

7. **Jun Maria Tan Abdullah**
   Vice President, Corporate Human Resources

8. **Emelia Matrahah**
   Vice President, Corporate Services

9. **Prof Dr Mohamed Ridza Wahidin**
   Chief Research Director, Advanced Information Security Cluster

10. **Dr Lukose Dickson**
    Head, Knowledge Technology Cluster

11. **Dr Mazlan Abbas**
    Senior Director and Head, Wireless Communications Cluster

"Today, MIMOS has shown us early signs of their transformational success, in the form of innovative ICT and a notable number of world-standard technology platforms for commercialisation by the indigenous industries."

Dato' Seri Dr Maximus Johnity Ongkili

FOREWORD BY THE MINISTER

When the Government recommended the transformation of MIMOS three years ago, we were excited about the potential results that the reengineered organisation might bring for the country. Today, MIMOS has shown us early signs of their transformational success, in the form of innovative ICT and a notable number of world-standard technology platforms for commercialisation by the indigenous industries. I am happy to note that MIMOS, while undertaking that transformation journey, has also stimulated the R&D community, local and abroad, to generate innovations that would contribute to the nation's advancement as a robust industrialised economy.

In 2009 MIMOS has reported a successful Implementation of its programmes, which included providing direct support to MOSTI-organised activities, in line with the ministry's mission of championing scientific discovery and transforming innovation. Towards this end, I am especially happy that MIMOS has done its bit not only in increasing the country's competitiveness but also in promoting a culture of innovation.

A programme that inculcates and nurtures the right working culture plays a vital role in building a high performance organisation that is excellent in research and innovation. I understand that MIMOS has seen positive results from its change management and human resource development programmes. As Malaysia is still deficient of manpower with the scientific know-how to perform research and development activities on a more intensive scale, we need to continuously develop the young potentials, train them and instil in them an innovation culture and spirit which will help them contribute to the betterment of the society and nation.

I must congratulate MIMOS for working together with my fellow colleagues at the Ministry of Higher Education to coach young graduates by allowing them to work alongside their researchers, scientists and engineers, in leading-edge projects. This is in line with Malaysia's goal of increasing the number of researchers, scientists and engineers (RSE) from 18 per 10,000 workforce in 2008 to 50 per 10,000 by 2010.

I wish to congratulate and thank MIMOS for its relentless efforts and the job well done throughout the year. With its transformation beautifully taking shape, I am convinced that MIMOS will continue to drive the nation's competitiveness by bringing about innovative technologies for us all in the years and decades to come.

Thank you and God bless.

Dato' Seri Dr Maximus Johnity Ongkili
Minister of Science, Technology and Innovation

MESSAGE FROM CHAIRMAN

It gives me great pleasure to note that MIMOS has concluded another inspiring year as the government's lead agency in research and development in ICT. In 2009, it is clear that our efforts have bore fruits as can be seen in the significant increase in interest and uptake for our technology platforms by the indigenous industries.

MIMOS' endeavours are focused on creating a funnel of innovations for technology transfer towards pushing local industries to the global market. As such, our efforts can only be regarded successful when our technology platforms find a place in the market. In this instance, MIMOS did amply to make the grade.

MIMOS' success is dependent upon many factors; prime among which is our internal innovation framework that espouses collaborative efforts with universities, other research organisations and the industry. Key to achieving these strategic relationships is a culture of innovation that is imbued in each MIMOSian. The innovation culture – the shared values – becomes the bedrock on which synergetic collaborations are nurtured and innovation realised.

In this regard, I am also heartened by the confidence and willingness of our research collaborators, market collaborators and technology recipients in working together with MIMOS and letting us be part of their missions. As much as we are excited to work together with them in developing the technologies, we are also eager to put together our best people and resources towards the common goal. To MIMOS, the partnerships are a significant step forward for the nation as we shift from a factor-driven economy to a knowledge-based one.

I congratulate and express my sincerest appreciations to all MIMOSians who have together contributed to the organisation's notable accomplishments as we wind up 2009. Only with each and everyone's instrumental role can we build and grow this dynamic organisation. Of course, I would also attribute this success to the excellent leadership and commitment by MIMOS' Members of the Board and Senior Leadership Team.

Lastly, I would like to thank the Ministry of Science, Technology and Innovation for their wise patronage, professional guidance and undivided support in helping MIMOS to lead R&D efforts for the country.

Dato' Suriah Abdul Rahman
Chairman, MIMOS Berhad

“The innovation culture – the shared values – becomes the bedrock on which synergetic collaborations are nurtured and innovation realised.”

Dato’ Suriah Abdul Rahman

MESSAGE FROM PRESIDENT & CEO

Shared values: Bedrock of Innovation

I am pleased to present a very fulfilling report for the year 2009, as MIMOS marks its 24th year in driving Malaysia's innovation in ICT. Although I personally was not here for the first 21 years, I am proud to note that my team of directors, senior leadership and staff since I joined in 2006 have given their best to ensure continued success of the organisation. In fact, the past three years have seen tremendous growth and self-discovery particularly in terms of IP generation, collaborations and technology transfer.

I like to attribute this encouraging development to the serious efforts by my team, in transforming MIMOS into a high performance and innovative organisation. Three years ago we redefined our corporate culture, and underlined our set of shared values. Greatest emphasis was laid on Leadership Core Values, which we regard as the key success factor and bedrock of our innovation. Now, with our technology platforms making inroads into the markets local and abroad this year, I daresay MIMOS is paving the way to further success.

Our focus for 2009 has been on technology transfer for commercialisation. Compared to a year ago, we have a much clearer picture on our direction in 2009. In a nutshell, we licensed 10 technology platforms to 16 local recipients, with three of them in the process of marketing the technologies globally. We unveiled seven commercial solutions with research collaborators, technology recipients and market collaborators, and developed eight proofs-of-concept. We also sealed strategic technology alliances with four organisations including foreign universities; established five more Centres of Excellence with multinational companies and launched seven international collaborative projects.

In terms of IP, 740 disclosures were made as at Q4. Eighty-five or 25 percent of the 340 IPs filed to-date are commercialisable. For the third year in a row, MIMOS ranked second in the country's top research institute patent filer with 131 patents filed in 2009 compared to 110 filed during the previous year. MIMOS was also the only Malaysian organisation reported by World Intellectual Property Organisation (WIPO) in the top 1000 Patent Cooperation Treaty (PCT) global applicants list, at the 186th place. MIMOS was ranked at 30th spot by WIPO for 2009 patent filings.

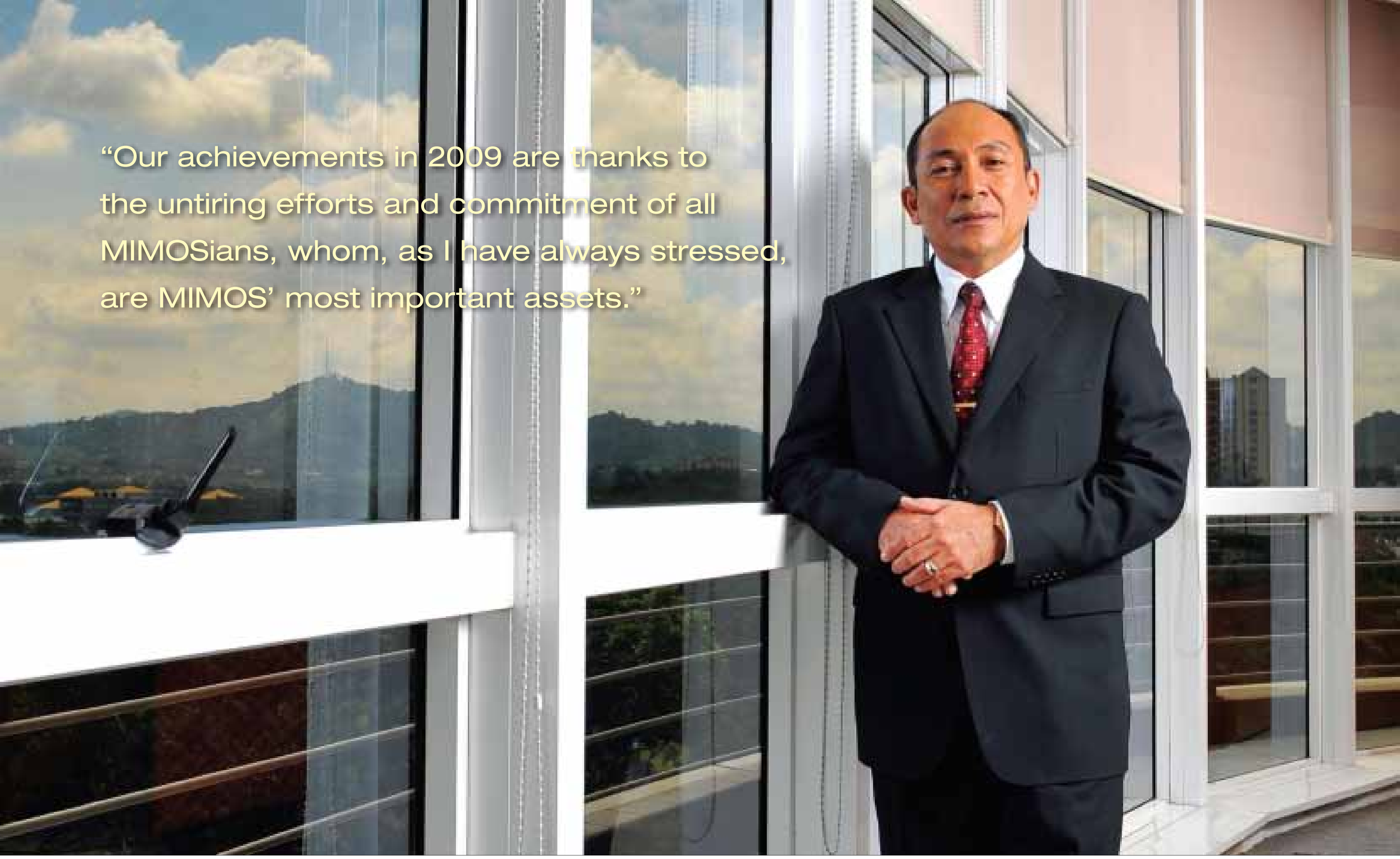
Growth and development

In terms of physical growth, this year saw us making a presence in the northern region – a move that would create new job opportunities and lend support to the Northern Corridor Economic Region. MIMOS' branch at Kulim Hi-Tech Park, which was officially launched in April, serves as a software centre for all precision agriculture products, providing the full value-chain to the agriculture sector in the northern region. The northern office also offers training opportunities to the indigenous industries and creates entrepreneurs in precision agriculture.

It is pertinent to note that MIMOS believes Malaysia is not short of talents who have the right competency to contribute to the development of the country. Due to our specialised research areas however, five per cent of our staff are foreign professionals. I am proud to note that this select group of foreign researchers, scientists and engineers have become MIMOS' loyal associates as they exchange knowledge and experiences with their Malaysian counterparts.

"Three years ago we redefined our corporate culture, and underlined our set of shared values. Greatest emphasis was laid on Leadership Core Values, which we regard as the key success factor and bedrock of our innovation."

Dato' Abdul Wahab Abdullah



> "Our achievements in 2009 are thanks to the untiring efforts and commitment of all MIMOSians, whom, as I have always stressed, are MIMOS' most important assets."

Fostering collaborations

To further strengthen our innovation ecosystem, we have added more partner institutions to our list of strategic alliances. In the early part of the year, we established collaboration with Universiti Teknologi Malaysia on the development of Wireless Communication Technology. In April, we launched the MIMOS-University Malaysia Sabah Centre of Excellence in Semantic Agents. The establishment of the centre signifies MIMOS' efforts in further building human capital competency for Sabah Development Corridor in line with the country's K-economy aspirations. Finally in December we signed an MoU with Universiti Malaysia Perlis on developing Integrated Circuit for Power Management Product.

In the private sector, MIMOS collaborated with Universiti Teknologi PETRONAS on Grid Computing, Micro-Electro Mechanical Systems (MEMS) and Software Testing; and with Monash University Malaysia, combining the university's expertise is neuroscience with MIMOS' grid computing capabilities. Collaborations with universities empower MIMOS to undertake market-focused and strategic applied research to grow the indigenous industries; build competencies in frontier technology research; and develop joint projects for wealth creation, knowledge generation and societal well-being.

On the industry side, an agreement was sealed with Telekom Malaysia (TM) to collaborate on R&D activities, commercialisation and potential technology transfer in grid computing, semantic search engine, wireless access and Internet Protocol version 6 (IPv6). Another significant pact was inked with Hewlett-Packard Malaysia (HP) on cloud computing research and education. The collaboration would see the creation of a global multi-data centre, open source test bed called Open Cirrus™ by HP and other two renowned international partners namely Intel Corporation and Yahoo! Inc.

This will be a great opportunity to place Malaysia on the world cloud computing research community map, at the same time provide our local research community with a platform to collaborate with the global community. We recognise that with major strides in advancing ICT development in the country, cloud computing is the next step. With a headstart in MIMOS' involvement in cloud computing research, Malaysia will be able to reap the benefits as an early adopter. Also beyond our shores, MIMOS signed an MoU with Germany's Fraunhofer Institute for Open Communication Systems (FOKUS) where we will build and enhance IP Multimedia Subsystem (IMS) capabilities among Malaysians and spur local IMS applications, with the aim of nurturing domain experts.

Back in our homeland, to chip in to the National Broadband Initiative in achieving 50 per cent broadband penetration by 2010, we launched our very own WiWi Technology Platform, the world's first WiMAX-Wi-Fi hybrid solution and collaborations with three local WiMAX operators. This is a significant pact that will accelerate Malaysia's WiMAX ecosystem.

Recognitions

Adding to the accolades and awards we received in previous years, MIMOS won two awards at the National Intellectual Property Award 2009 and three at the Malaysia Good Design Mark Awards 2009. The awards are clear testimonies that our technology platforms have been recognised by the industries for their quality and innovativeness. This will further heighten our commitment in becoming the country's premier applied research and development centre in frontier technologies.

Acknowledgment

Our achievements in 2009 are thanks to the untiring efforts and commitment of all MIMOSians, whom, as I have always stressed, are MIMOS' most important assets. Certainly, I must also thank MOSTI and MIMOS Board of Directors for their unceasing guidance, support and encouragement throughout the year. Based on the rewarding year and with continued support from all stakeholders, we foresee another good year in 2010 that will see more value coming out of MIMOS labs.

Thank you.

Dato' Abdul Wahab Abdullah
President & CEO, MIMOS Berhad

BLUEPRINT

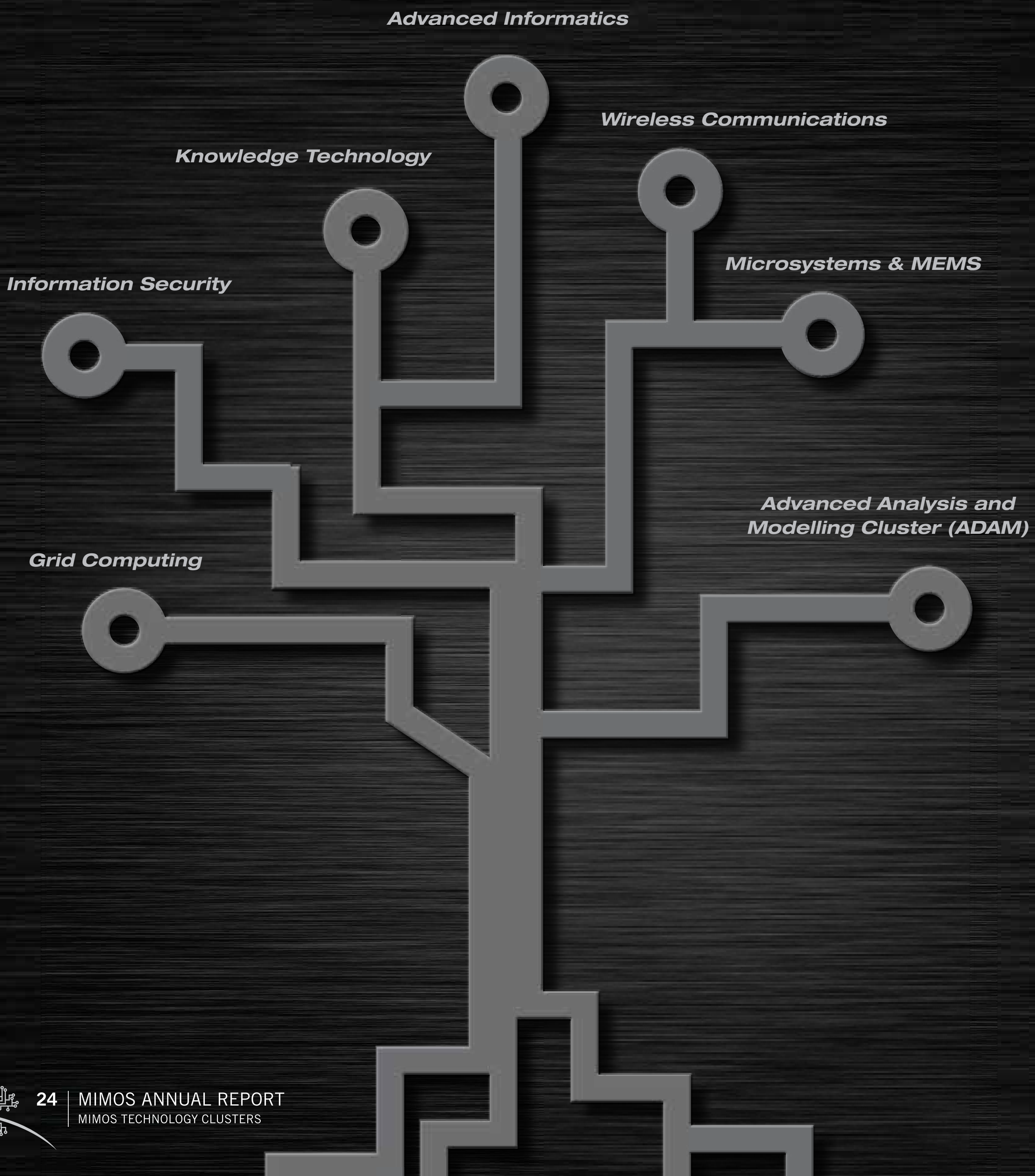
MIMOS Technology Clusters

Driving the National Competitiveness

The MIMOS Innovation Ecosystem

Centres of Excellence

MIMOS TECHNOLOGY CLUSTERS



MIMOS focuses on market-driven R&D to ensure that our technologies can be commercialised:

Information Security

MIMOS Information Security Cluster's vision is to protect Malaysia's cyberspace and safeguard the country's critical information by providing a self-sufficient, highly secure computing environment and information infrastructure. This Cluster provides a platform for the ultimate security in information communication and storage to ensure that sensitive and valuable information are concealed from prying eyes so that government and business transactions can retain their data integrity.

Grid Computing

MIMOS Grid Computing spearheads the KnowledgeGRID Malaysia, a National Grid Computing Initiative under the Ninth Malaysia Plan. This initiative is carried out with close collaboration with local universities, R&D institutions and industries with the objective of providing secure, dependable and comprehensive access to computing power to everyone without incurring financial burden. MIMOS Grid Computing is committed to ensure the grid to be the next knowledge infrastructure for the nation – one which maximises high performance computing resources to accelerate research and industrial development for national wealth and value creation. MIMOS Grid Computing aims to transform computing & ICT capabilities into the next utility service for the country.

Knowledge Technology

MIMOS Knowledge Technology Cluster's mission is to accelerate the development of new algorithms and components related to knowledge extraction, representation and reasoning, natural language processing, semantic visualisation and multi-agents through collaborative efforts with other leading research institutions, world class technology companies and universities. The research and development carried out will support other applied and advanced technology centres at MIMOS in their various technology initiatives.

Wireless Communications

Wireless Communication technologies make it possible to communicate with anyone around the world at any time from virtually everywhere. New wireless broadband technologies wmeanwhile, are bringing the promise of high bandwidth everwhere. High-speed wireless networks composed of an array of underlying technologies, using converged devices will change the broadband landscape. The new communication paradigm will make it possible to deliver converged interactive services comprising of voice, video and data at the highest quality. Our challenge is to accelerate the adoption of this new paradigm for the benefit of the nation.

Advanced Informatics

MIMOS Centre for Advanced Informatics is responsible for the research and development of innovative techniques related to the processing and representation of information for practical problems with commercial potential. The centre aims to excel in the areas of pattern analysis and pattern recognition as they relate to machine learning, machine intelligence and multi-constraint optimisation. The Centre develops localised, cost-effective and robust solutions in pattern analysis and pattern recognition which can be applied to numerous domains including surveillance and biometrics. The development of intelligent imaging solutions will help extend the capability of physical security monitoring by decreasing the frequency of human error.

Microsystems & MEMS

MIMOS Microsystems & MEMS Cluster strives to be a world leader in MEMS Technology in the development of innovative sensor platforms that will have a pervasive impact on the local economy and society. The Cluster covers the areas of micro-sensor design, smart interface electronics, wireless connectivity, advanced packaging and soil engineering to deliver platform solutions. One of the Cluster's key initiatives is the development of a micro-sensory platform that can be used for environmental monitoring in precision agriculture.

Advanced Analysis and Modelling Cluster (ADAM)

Launched on 15 Dec 2009, the Advanced Analysis and Modelling Cluster (ADAM) develops and analyses mathematical models and computer simulations of research problems challenging the various MIMOS research clusters. The main focus is on map engine platform and geospatial applications that facilitate geospatial data processing such as for preservation of national heritage and fish forecasting. ADAM's work is made easier through a strong research collaboration network comprising of local and foreign distinguished mathematicians, and accessibility to the National Grid Computing facilities housed in MIMOS. Current areas of research include remote sensing (satellite image processing for object recognition and classification using open source software and tools) and compression techniques for downloading satellite image into mobile system.

DRIVING THE NATIONAL COMPETITIVENESS

MIMOS' work is based on the premise that the nation's competitiveness depends intensely on the vibrancy of its indigenous innovation. As a strategic agency of MOSTI, MIMOS takes the lead in driving the national innovation agenda by undertaking strategic R&D for emerging technologies. Focusing the R&D programme on market-driven applied research, we work with the universities and industry to deliver technologies to the industry for commercialisation. Outputs are subsequently channelled towards developing advanced technology platforms in niche areas, upon which local industries can develop products for the world market.

As of end of 2009 MIMOS has developed 10 technology platforms and licensed them to 16 local technology recipients, a number of which have gone global with MIMOS-developed technologies. In terms of intellectual property, MIMOS patent contributions have helped to move the country's competitiveness ranking from 33rd position in 2008 to 30th position in 2009.

THE MIMOS INNOVATION ECOSYSTEM

An innovative process – turning ideas into technology platforms – is about interaction and collaboration among key actors of the system. To nurture the f ow of technology towards realising innovation, MIMOS works together with policy makers, higher learning institutions, research institutions, and the industry.

MIMOS' innovation ecosystem recognises the role of higher learning institutions in conducting Basic Research. Ideally, scientific discoveries achieved in the Basic Research stage are adopted by researchers in the Applied Research stage. Technology components developed in the Applied Research stage are subsequently picked up by those in the Advanced Technology stage. The platforms are subsequently adopted in the development of products in the Development stage.

Our innovation ecosystem allows us to serve as a focal innovator to coordinate and integrate inputs from technology suppliers. The commercialisation of MIMOS' applied research output is in line with the government's aspiration of Malaysia becoming a net exporter of ICT products by 2020.

In terms of intellectual property, MIMOS patent contributions have helped to move the country's competitiveness ranking from 33rd position in 2008 to 30th position in 2009.

CENTRES OF EXCELLENCE

Collaborations with universities and industry are realised through the setting-up of Centres of Excellence (CoEs). The University CoEs are intended to leverage on the strengths of universities in conducting basic research while the Industry CoEs tap on the core competence of specific industry to enhance the capabilities of others. MIMOS is working towards tapping 80 percent of the talent strength of universities and industry to realise innovation. CoEs established to date are as follows:

University Centres of Excellence

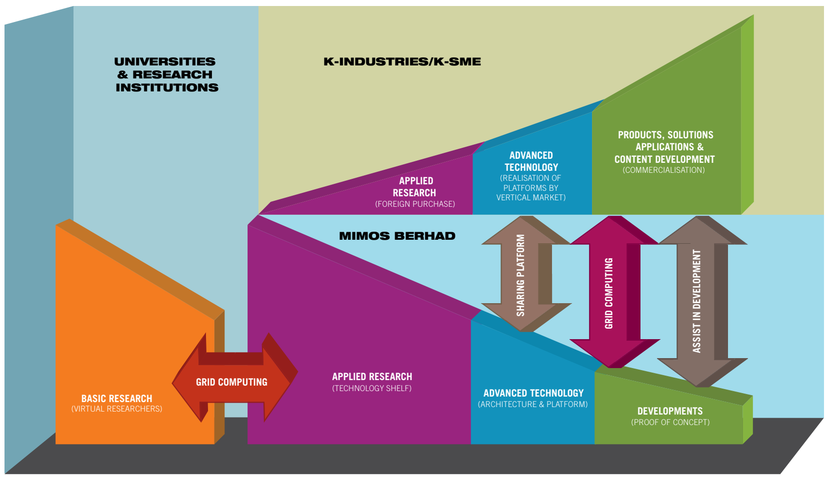
1. MIMOS-International Islamic University Malaysia (IIUM) Centre of Excellence in Cyberspace Security Lab
2. MIMOS-Universiti Malaysia Sabah (UMS) Centre of Excellence in Semantic Agents
3. MIMOS-Universiti Malaysia Sarawak (UNIMAS) Centre of Excellence in Semantic Technology & Augmented Reality
4. MIMOS-Universiti Kebangsaan Malaysia (UKM) Centre of Excellence in Micro-Nano Sensor Technology
5. MIMOS-University Tunku Abdul Rahman (UTAR) Joint Lab in Pattern Recognition and Machine Vision
6. MIMOS-Universiti Teknologi Malaysia (UTM) Centre of Excellence in Wireless Communications

Industry Centres of Excellence

1. MIMOS-CISCO Asian Centre of Excellence in Networking Technologies (ACENT)
2. MIMOS-AGILENT Centre of Excellence in Test and Measurement Technologies (CEMTA)
3. MIMOS-Silicon Graphic International (SGI) Centre of Excellence in High Performance Computing
4. MIMOS-Microsoft Innovation Centre
5. MIMOS-Altair CoE
6. MIMOS-Yahoo!-HP-Intel CoE for Cloud Computing

Apart from the university and industry CoEs, MIMOS has established three other Centres of Excellence that provide services to the industry and research community:

1. **MIMOS IP Multimedia Subsystem (IMS) CoE**
2. **MIMOS Test CoE**
3. **MIMOS Usability CoE**



The MIMOS Innovation Ecosystem

The University CoEs are intended to leverage on the strengths of universities in conducting basic research while the Industry CoEs tap on the core competence of specific industry to enhance the capabilities of others.

CORNERSTONES

2009 in Brief

Corporate Social Responsibility

Human Resource Management

World-Class Industry Practices

2009 IN BRIEF

MIMOS scored another noteworthy year in 2009, with seven technology platforms transferred, eight proofs-of-concept completed and a significant number of research collaborations established. Three of our technology platforms have started to touch the global market while a number of our people have become representatives in International Standards Committees.

As far as intellectual property is concerned, as of end of 2009 MIMOS has filed 340 patents with Intellectual Property Corporation of Malaysia (MyIPO), out of which 25 percent (85 patents) are already being commercialised. Malaysia was ranked 30th for 2009 PCT (Patent Cooperation Treaty) patent filings by the World Intellectual Property Organization (WIPO). MIMOS' PCT filings for 2009 were 90, which constituted 41 percent of the total Malaysian submissions of 218. MIMOS was ranked 186th out the top 1000 PCT global applicant list and the only entity listed from Malaysia.

With these accomplishments, we have, to a good extent, proven our commitment in delivering value through our innovation. Our key achievements in 2009 can be summarised as follows:

12 Tier-1 Technology Recipients were nurtured:

1. Mutiara.com Sdn Bhd
2. Quantum Beez Sdn Bhd
3. In-Fusion Solutions Sdn Bhd
4. Innovision Business Solutions (M) Sdn Bhd
5. Bill Adam Associates Sdn Bhd
6. InfoValley Life Sciences Sdn Bhd
7. CeedTec Sdn Bhd
8. Biforst Technology Sdn Bhd
9. Jaring Communications Sdn Bhd
10. Pernec Integrated Network Systems Sdn Bhd
11. Phytofolia Sdn Bhd
12. Fabtronic Sdn Bhd.

Three of the above Technology Recipients will market their products globally:

1. Bill Adam Associates Sdn Bhd will introduce UK's first mobile phone mapping application using MIMOS' Personaliser Platform On Demand (PPOD) before end of 2009
2. CeedTec Sdn Bhd has received contract from WDSI Sdn Bhd for 100,000 units of WiWi Gen. 1.5
3. Innovision Sdn Bhd has received a Letter of Intent for sensors from a client based in Dubai.

We transferred seven technology platforms and commercial solutions:

1. Intelligent Pollination Monitoring System for Oil Palm – to FELDA (collaborator)
2. Greenhouse Monitoring System – to MARDI (collaborator) and Innovision Business Solution (M) Sdn Bhd (technology recipient)
3. Hybrid Wireless Solution (WiWi Gen 1.5) – to CeedTec/PERNEC (technology recipients), P1/RedTone/Asiaspace (market collaborators)
4. High Performance Computing – to Jaring Communication Sdn Bhd (technology recipient)
5. Ontology-driven Intelligent Diagnosis Advisor – to In-Fusion Solutions Sdn Bhd (technology recipient)
6. Infosteology using STP 1.1.1 – to InfoValley Life Sciences Sdn Bhd (technology recipient)
7. Personaliser Platform On Demand – to Bill Adam Associates Sdn Bhd (technology recipient).

Eight proofs-of-concept (PoC) completed:

1. MEMS Sensors for Biomedical in-vitro PoC: Sensors for blood pH
2. MEMS Sensors for sub-primary nutrients and environment PoC: Sensors for Ca, NH4, Mg, phosphate and dissolved oxygen developed at lab level. Sensors field tested
3. Next Generation Supply Chain and Trading Platform PoC - Complied with release readiness review
4. Integrated Command Centre PoC: Panoramic video processing, thermal detection and image processing modules completed

Three of our technology platforms have started to touch the global market while a number of our people have become representatives in International Standards Committees.

5. Automatic Network Switching PoC: Automatic network switching proof of concept completed

6. Device Switching for IPTV PoC: Device switching for IPTV proof of concept completed.

7. Semantic Agents Platform PoC: Semantic Web Constructor and Intelligence Management Platform (IMP) completed. IMP tested and implemented on the Grid

8. Lab Multimodal Understanding Engine PoC: Readiness Release Review (RRR) completed for Image Understanding Engine (V1).

Established strategic technology alliances with four partners:

1. University of Illinois, Urbana on Open Cirrus
2. Carnegie Mellon University on Open Cirrus
3. Istituto Nazionale di Ricerca Metrologica (INRIM), Italy on QKD research and development of quantum standards
4. Universitas Hasanuddin, Makassar, Indonesia, on precision agriculture research.

Set up three Centres of Excellence with Multinational Companies:

1. Digital Assets Management with SGI – Digital Asset Management Solution deployed in MIMOS
2. Cloud Computing CoE with HP, Intel and Yahoo!
3. WiMAX Interoperability Lab – Agilent / SIRIM located at MIMOS.

Commenced six International collaborative projects:

1. *Organisation*: Fraunhofer Institute for Open Communication Systems (FOKUS), Germany

   Project: IMS prototype applications

2. *Organisation*: Anna University, India

   Project: Semantics technology for grid management and grid deployment packaging

3. *Organisation*: Altair

   Project: Semantics Business Intelligence

4. *Organisation*: Open Cirrus Cloud Testbed with HP, Yahoo and Intel

   Project: Global, multiple data centre; open source test bed designed to advance cloud computing research

5. *Organisation*: KNOW-Center, Austria

   Project: Semantic Visualisation

6. *Organisation*: Istituto Nazionale di Ricerca Metrologica (INRIM), Italy

   Project: Quantum information.

Made representation in 10 International Standards Committees

1. *Committee*: International Mobile Telecommunications Advanced Working Group

   Representation: Dr Mazlan Abbas (Head, Wireless Communications Cluster)

2. *Committee*: European Telecommunication Standards Institute (ETSI) Quantum Information (Application Interface)

   Representation: Prof Dr Mohamed Ridza Wahidin (Chief Research Director, Advanced Information Security Cluster) - Standards Working Group

3. *Committee*: Cryptography Standards (Malaysia) – Technical Committee Group TCG5/Working Group 2

   Representation: Dr Suhairi Saharudin (Head of Research Quantum - Quantum Cryptography)

4. *Committee*: World Wide Web Consortium (W3C)

   Representation: Dr Dickson Lukose (Head, Knowledge Technology Cluster) – Sub-Committee Member

5. *Committee*: STI-International Semantic Technology Working Committee

   Representation: Dr Dickson Lukose (Head, Knowledge Technology Cluster) – Voting Member

6. *Committee*: 2010 World Engineering Congress

   Representation: Assoc. Prof Dr Ramlan Mahmod (Information Security Cluster)

7. *Committee*: Technical Working Group, Network Working Group & Certification Working Group for WiMAX Forum

   Representation: Dr. Mazlan Abbas (Head, Wireless Communications Cluster)

8. *Committee*: Technical Committee TC 10 Biometrics

   Representation: Liang Kim Meng (Advanced Informatics Cluster)

9. *Committee*: Internet Engineering Task Force

   Representation: Shariq Haseeb (Wireless Communications Cluster)

10. *Committee*: Asia-Pacific Advanced Network Forum

    Representation: Dr Mazlan Abbas (Head, Wireless Communications Cluster).

International paper publications:

We published 47 peer-reviewed papers

1. Journal papers (9)
2. IEEE (Engineering) papers (6)
3. International Conference papers (32).

Finally, we won five awards:

- At the National Intellectual Property (NIP) Award 2009 we won two awards:
  1. Trademark Award for KnowledgeGRID Malaysia
  2. Industrial Design Award for our WiWi Access Point Unit
- At the Malaysia Good Design Mark Awards 2009 we won three awards in the Media and Home Electronics Products category for:
  1. Agriculture data collector
  2. WiWi wireless router
  3. Jen-ii.

MIMOS scored another noteworthy year in 2009, with seven technology platforms transferred, eight proofs-of-concept completed and a significant number of research collaborations established.

CORPORATE SOCIAL RESPONSIBILITY

Assisting the government in bridging the digital divide has been one of MIMOS' key accountabilities since the very early years. As a strategic agency of MOSTI, MIMOS is tasked with implementing ICT programmes at the community level, where MIMOS plays the role of technology and expertise provider as well as project manager.

Our mobile internet unit, the K-Wheels, travels throughout the country all year long, both to rural and urban areas with the aim of raising ICT awareness among the people at all levels of society. The custom-designed coach is a self-contained mobile multimedia learning station equipped with ICT peripherals, software, audio-visual aids and a facilitator.

In the pipeline and to be launched in 2010 are two more community programmes under the auspices of MOSTI; K-School and K-Masjid. K-School is geared towards more effective teaching and learning; using ICT-based systems and tools to improve education delivery and school administration systems, enabling the teachers to focus more on their role as educators.

K-Masjid is aimed at building the capacity of the Muslim community, especially those in the rural areas, by equipping targeted mosques with ICT facilities. More than just installing computers at the mosques, K-Masjid allows Muslim folks in every home to access information and knowledge including Friday sermons and daily lectures from the mosque using custom-designed software and other web communications tools.

HUMAN RESOURCE MANAGEMENT

MIMOS believes that for Malaysia to successfully achieve Vision 2020, it needs to create a talent pool that has the right skills and is in the right place, at the right time. The creation of an industry-ready pool of talents is part of MIMOS' efforts in growing globally-competitive indigenous industries.

In October, MIMOS launched a one-year apprenticeship programme called the Centre of Domain Expertise Acceleration in ICT (CODE8). The programme is conducted in collaboration with the Ministry of Higher Education (MOHE), in line with the National Higher Education Plan to develop human capital in the country. More specifically, the programme is in line with the national aspiration of expanding the number of researchers, scientists and engineers (RSE) from 18 per 10,000 workforce in 2008 to 50 per 10,000 by 2010.

CODE8 is a mentoring and coaching programme designed to provide workplace experience to fresh local and foreign graduates in the fields of ICT such as microelectronics, software engineering, knowledge engineering, artificial intelligence and wireless communications. Aimed at accelerating the young graduates' skills in domain fields and equipping them with value-added skills to make them more easily accepted in the industry, the programme combines on-the-job training with in-house classes and seminars facilitated by world class experts in the subject matters.

CODE8 allows the apprentices to work side-by-side with MIMOS' top international engineers, researchers and scientists, who are themselves mentors and coaches in projects and research that have been classified as leading edge. In the process, the apprentices will also have the opportunity to gain hands-on experience working on real projects using the latest high-tech equipment available.

Under the collaboration with MOHE, the Ministry will provide funding while MIMOS will provide the technical expertise. At the end of the programme, MIMOS will assist in finding job placements for all apprentices in accordance with their competencies.

WORLD-CLASS INDUSTRY PRACTICES

CMMI is an internationally recognised standard for continuous process improvement, sponsored by the Office of the Secretary of Defence and the National Defence Industrial Association, USA. The project involves appraisers from the industry, government and the Carnegie Mellon University Software Engineering Institute. In October 2009, MIMOS achieved the Carnegie Mellon University Software Engineering Institute (SEI) CMMI Maturity Level 5.

MIMOS is the first Malaysian Government agency to obtain this prestigious achievement, the highest maturity level for world-class industry process. With this distinguished award, MIMOS is now among the top 100 elite corporations worldwide that meet the highest software quality standards.

CMMI Maturity Level 5 does not only indicate an organisation's capability of having an optimised process but also ref ects the high maturity culture and practices of the organisation. Moving from Maturity Level 3 (which we achieved in September 2007) to Level 5 requires a complete change in mindset. High maturity culture is evident in daily activities, communication and achievements.

MIMOS' achievement in successfully implementing high maturity practices has brought about transformation in the MIMOS work culture as well as tangible performance improvements.

Project teams are equipped with the process knowledge and tools for pursuing improvements and innovation that will help MIMOS build more robust technology, product and services. Output and contributions from R&D labs are quantitatively and statistically validated. Employee morale has also improved as processes and priorities become more streamlined.

MIMOS' achievement in successfully implementing high maturity practices has brought about transformation in the MIMOS work culture as well as tangible performance improvements.

MILESTONES

Corporate Diary

MIMOS in the News

CORPORATE DIARY

JANUARY

7 January

MIMOS organised a seminar on 21st Century Roadmap for Education in Malaysia.

8 January

MIMOS signed an MoA with France's National Centre for Scientific Research, via its research entity The Montpellier Laboratory of Computer Science, Robotics and Microelectronics, to collaborate on semantic technology platforms.

14 January

Corporate visit by Implementation Coordination Unit, Prime Minister's Department.

15 January

K-Wheels made a stop in Kuala Terengganu. Various ICT and awareness programmes were organised for the community. At the Bukit Jalil campus on the same day, MIMOS received a corporate visit by a high-powered delegation from Institut Teknologi Bandung, Indonesia, led by its Dean of School of Electrical Engineering and Informatics Prof Dr Adang Suwandi Ahmad.

17 January

Barely two days after visiting Kuala Terengganu, K-Wheels was in Gelang Patah, Johor, where the coach attracted children and adults alike.

19-23 January

MIMOS organised a sharing session with Taiwanese researches on the experience of using Grid to monitor environmental change.

22 January

Visit by delegates from Nigeria.

23 January

Visit by delegates from Asia University and ADB.

29 January

MIMOS held Q1 Townhall meeting with good turnout.

FEBRUARY

5 February

MIMOS signed an MoU with Felda Agricultural Services Sdn Bhd on the development of intelligent plantations – the first of its kind in the world.

7-9 February

K-Wheels attracted a large crowd when it made a three-day pit stop at Sek Men Kuala Pegang in Baling, Kedah.

12 February

MIMOS received a visit by a delegation from Universiti Malaysia Perlis.

19 February

A Media Understanding and Strategic Workshop was held at the MINES, Sungai Besi. Meanwhile, at the campus we received a corporate visit by delegates from MIDA led by Deputy Director-General Dato' Afifuddin Abd Kadir.

22 February

Simultaneous launching of InfoSTI@MOSTI programme held at MOSTI office in Kota Marudu, Sabah and Kampung Semariang Batu in Petra Jaya, Sarawak. MIMOS provided wireless Internet facilities in selected areas and developed the InfoSTI portal.

24 February

Corporate visit by MSC Cyberport, Johor and MOSTI Heads of Agency.

25 February

Corporate visit by respective delegates from Sabah and Sarawak State Economic Planning Units (UPEN).

26 February

MIMOS received corporate visit by respective delegates from KPerak and MAVCAP.

MARCH

2 March

MIMOS signed an MoA with TM to collaborate on R&D activities, commercialisation and potential technology transfer in grid computing, semantic search, wireless access and Internet Protocol version 6 (IPv6) at Menara Telekom in Kuala Lumpur.

10 March

MIMOS signed an MoA with The Computer and Automation Research Institute, Hungarian Academy of Sciences (MTA SZTAKI) on grid computing.


11 March


16 March


25 March


7 April


14 April

11 March

MIMOS signed an MoA with Universiti Kuala Lumpur to enable the university to develop ICT and electronics-based products using MIMOS technologies.

12 March

PT5 (National Cyber Security Policy Working Group) meeting and briefing to Critical National Information Infrastructure (CNII) Regulators and MOSTI officials.

16 March

MIMOS held the first New Hire Orientation Programme for the year.

We also received a corporate visit by respective delegates from the Embassy of the Republic of Poland in Kuala Lumpur and University of Warsaw, Poland.

18-19 March

First KnowledgeGRID Malaysia Forum held at International Islamic University Malaysia, Gombak.

23 March

Visit by Master's students of Multimedia University.

25 March

MIMOS signed an MoU with Fraunhofer Institute for Open Communication Systems (FOKUS), Germany to collaborate R&D on IP Multimedia Subsystem (IMS) technologies and to promote the OpenFMC lab as IMS Centre of Excellence for SIP/IMS-based application development.

27 March

Corporate visit by South African delegation.

APRIL

1-3 April

MIMOS Corporate Human Resource held an internal CV Fair.

2 April

MIMOS participated in Symposium on Semantic Technology at Universiti Malaysia Sabah.

7 April

MIMOS signed an MoA with Monash University Malaysia at its campus in Bandar Sunway, Petaling Jaya. The collaboration was to create the world's first digital 3D molecular atlas of the brain.

At our TPM campus, MIMOS hosted a council meeting of Malaysian Association of Bumiputera ICT Industry & Entrepreneurs (NEF).

9 April

Corporate visit by students and staff of Universiti Teknologi MARA with focus on MIMOS TestCoE.

13 April

Corporate visit by academic staff of Universiti Teknikal Malaysia Melaka.

On the same day we also received a visit by a group of local mathematicians.

14 April

Corporate visit by FAMA.

15 April

MIMOS Corporate Human Resource organised another session of New Hire Orientation Programme.

We also received a visit by Monash University Sunway.

17 April

Corporate visit by Sri Lankan Minister of Science and Technology Prof Tissa Vitharana.

24 April

Launching of Centre of Excellence in Semantic Agents at Universiti Malaysia Sabah, aimed at supporting the growth and development of Sabah Development Corridor.

28 April

MIMOS held Q2 Townhall meeting.

28 April

MIMOS participated in a Knowledge Sharing session by The Institution of Engineering and Technology (IET).

29 April

MIMOS extended its collaboration with Altair Engineering and signed another MoA.

30 April

MIMOS organised an event on Open Innovation with the Malaysian Association of Bumiputera ICT Industry & Entrepreneurs (NEF) at MIMOS.

MAY

6 May

MIMOS received a corporate visit from Kolej Komuniti Segamat and Kolej Komuniti Bentong. About 50 students and lecturers participated in this visit.


7 May


23 May


30-31 May


22 June


23 June

6 May

MIMOS organised a talk on Intellectual Property entitled "Bullet Proof IP Strategy" by Darrell Mann, Chief Technology Officer of Blackswan, United Kingdom.

7 May

MIMOS R&D Symposium held at Hotel Equatorial Bangi.

9 -11 May

MIMOS participated as part of MOSTI's booth in an exhibition in conjunction with Pesta Kaamatan in Kota Marudu, Sabah.

15-17 May

MIMOS participated in 20th International Invention, Innovation and Technology Exhibition (ITEX 09) at Kuala Lumpur Convention Centre.

23 May

MIMOS signed an MoA with Fisheries Development Authority of Malaysia (LKIM) to develop a Fish Forecasting System in Kota Kinabalu, Sabah.

30-31 May

MIMOS held an exhibition in conjunction with Pesta Kaamatan Sabah at Kadazandusun Cultural Association Hall in Penampang, Sabah.

JUNE

4 June

MIMOS held an Internal MIMOS Technology Review with the Board of Directors.

11 June

Corporate visit by Agilent Technologies.

15 June

MIMOS held another session of New Hire Orientation Programme.

16-17 June

MIMOS participated in Seminar and Agro Exhibition Oil Palm Management at FELDA in Kuala Lumpur.

22 June

Technology Transfer Ceremony officiated by MOSTI Minister at Putrajaya International Convention Centre. Five technology recipient companies received their respective licence for MIMOS technology platforms.


24 June


26 June


6 July


8 July


7-8 July

23 June

MIMOS signed an MoA with International Islamic University Malaysia (IIUM) to develop a Quranic element-based encryption algorithm at the MIMOS-IIUM Cyberspace Security Lab located at IIUM.

24 June

Educational visit by International Science, Technology and Innovation Centre for South-South Cooperation under the Auspices of UNESCO (ISTIC).

26 June

Corporate visit by Agency for Science, Technology and Research (A*STAR), Singapore.

JULY

6 July

MIMOS announced collaboration with HP Malaysia on Open Cirrus™, a global multi-data centre, open source test bed created by HP, Intel Corporation and Yahoo! Inc.

8 July

Presentation of iDOLA computer to the Cabinet at Prime Minister's Department.

7-8 July

MIMOS signed an MoU with CyberSecurity Malaysia on various ICT security initiatives, in conjunction with SecureAsia@Kuala Lumpur Conference and Exhibition at Kuala Lumpur Convention Centre.

14-21 July

MIMOS hosted Malaysia's first conference on Semantic Technology and Knowledge Engineering (STAKE 2009) at Palace of the Golden Horses, Seri Kembangan.

21 July

MIMOS held its fourth Technology Preview at Kuala Lumpur Convention Centre themed 'Innovating New Economy', aimed at showing MIMOS' frontier technology platforms to the indigenous industries and the general public.

24 July

MIMOS received visit by Sabah Minister for Resource Development and Information Technology Datuk Dr Yee Moh Chai and his senior officials.

27 July - 2 August

MIMOS participated in an exhibition organised by MOSTI Sarawak in conjunction with Sarawak Regatta in Kuching.

27 July

MIMOS received a visit by Universiti Pendidikan Sultan Idris Vice-Chancellor Prof Dato' Dr Aminah Ayob.

30 July

MIMOS held Q3 Townhall meeting.

AUGUST

4-5 August

MIMOS participated in the Conference on Industry-University ICT Research organised by SIRIM and UiTM Shah Alam.

6 August

Launch of MIMOS-UNIMAS Centre of Excellence in Semantic Technology and Augmented Reality by MOSTI Minister in Kuching, Sarawak.

10 August

MIMOS received a visit by officials from ICT Unit under Sarawak Chief Minister's Office.

11 August

Emerald Systems in collaboration with MIMOS organised a Mentor Technology Symposium.

13 August

MIMOS WiWi technology platform launched by MOSTI Deputy Minister Tuan Haji Fadillah Yusof who represented Minister Dato' Seri Maximus Ongkili. In conjunction with the launch, MIMOS exchanged collaboration agreements with WiMAX operators REDtone International, Packet One Networks (Malaysia) and Asiaspace to promote sustainable growth of ICT through broadband technologies such as WiMAX and WiWi.

13 August

Agilent and Centre of Excellence in Test and Measurement Technologies (CEMTA) organised a seminar at MIMOS.

14-15 August

MIMOS participated in an exhibition in conjunction with Sarawak Innovation and Creativity Week in Kuching.

15 August

Strategic MIMOS Achievers and Recognised Talents (SMART) Day organised by Corporate Human Resource.


10 September


30 September

SEPTEMBER

1 September

MIMOS held a breaking of fast for the media at Islamic Arts Museum.

10 September

MIMOS organised a breaking of fast with underprivileged children at Bandar Kinrara Mosque.

11 September

A health talk on H1N1 was held at MIMOS.

14 September

MIMOS KHTP held a breaking of fast at their premise in Kulim.

30 September

MIMOS Knowledge Management Unit Re-opening.


8 October

10 October


20 October

OCTOBER

8 October

MIMOS Aidilfitri Open House, attended by Dato Sharifah Dato' Dr Sharifah Zarah Syed Ahmad, Deputy Secretary-General of MOSTI.

10 October

MIMOS and Universiti Pendidikan Sultan Idris held a MoU signing ceremony on Psychometric and Measurement at Kuala Lumpur Convention Centre. Hilton Kuala Lumpur.

12 October

MIMOS KHTP Raya Open House.

14 October

MIMOS held Q4 Townhall meeting.

20 October

MIMOS and Ministry of Higher Education signed an MoA for collaboration on Centre of Domain Expertise Acceleration (CODE8) in ICT. The signing ceremony was held at Kuala Lumpur Hilton.

27 October

MIMOS and MSC Malaysia organised the 3rd MSC Malaysia R&D Series 2009 at MIMOS, themed "Next-Generation Wireless Network". The event was attended mainly by industry players.

26-28 October

MIMOS organised the 2nd KnowledgeGRID Malaysia Forum at Universiti Malaysia Terengganu.

28 October

MIMOS received a visit by the Food and Agriculture Organisation of the United Nations led by its Information Systems Officer Dr Johannes Keizer.

28 October

MIMOS organised a Usability Seminar at MIMOS.

29 October

National Innovation Conference and Exhibition (NICE '09) launched at Putra World Trade Centre with the theme "Nurturing Creativity, Harnessing Innovation".

29 October

MIMOS received a visit by a delegation from University Pertahanan Malaysia.

30 October

Corporate visit by the Cuban delegation.

31 October

Participated in the Anugerah Inovasi Negara (National Innovation Award) organised by MOSTI at Dewan Tun Hussein, PWTC.

NOVEMBER

5 November

Participated in the National R&D Roadmap for Self Reliance in Cyber Security Technology organised by MOSTI at Putrajaya International Convention Centre.

5-6 November

Hosted and participated in a workshop on MOSTI Portal organised by MOSTI.

11 November

MIMOS organised a Technical Working Group Discussion.

12 November

MIMOS attended Knowledge Sharing @ Sabah organised by Sabah ICT Unit and MOSTI in Kota Kinabalu.

13-16 November

MIMOS participated in an exhibition organised by Sabah United Chamber of Commerce at the Borneo International Trade Fair.


19 November


4 December


4 December


7 December


15 December

18 November

MIMOS and Universiti Teknologi PETRONAS signed a five-year Memorandum of Understanding to collaborate on Grid Computing, Micro-Electro Mechanical Systems and Software Testing.

19 November

Corporate Human Resource organised the Battle of SATRIA1 Action Teams (SATs) at MIMOS Auditorium.

21-22 November

MIMOS participated in a MOSTI-organised exhibition in conjunction with Pesta Jagung (Corn Festival) in Kota Marudu, Sabah.

DECEMBER

1-3 December

MIMOS organised a workshop on "Introduction to Modern Psychometrics" at Hotel Equatorial Bangi.

4 December

Corporate visit by a delegation from Sabah Computer Society.

4 December

MIMOS Gala Dinner held at Holiday Villa in Kuala Lumpur.

7 December

MIMOS received a visit by Ambassador of Bosnia-Herzegovina HE Ensar Eminovic. We also organised a meeting of Panel of Expert Forum on Quantum Information on the same day.

10 December

Visit by students and staff of Universiti Putra Malaysia.

14 December

Visit by Ministry of Human Resources Secretary-General Dato' R Segarajah.

15 December

Advanced Analysis & Modelling (ADAM) Cluster was formally launched in conjunction with MIMOS 1-2-1 Mathematics Day at MIMOS where some 50 visiting mathematicians were briefed on MIMOS activities and achievements.

16 December

MIMOS signed an MoA with Universiti Malaysia Perlis on developing Integrated Circuit for Power Management Product.

MIMOS IN THE NEWS

UTM-MIMOS komersialkan hasil R&D

Kerjasama UIAM, Mimos perkasakan aktiviti R&D

Growing interest in Mimos' technology platforms

MIMOS Bhd, a government research agency, targets to receive more than 100 technology transfer applications by end of 2009, its chairman Datuk Suriah Abdul Rahman says.

She said Mimos has transferred its technology platforms to eight companies and has received 76 technology transfer applications from potential technology recipients.

The technologies include in areas like wireless communication, semantic technology, knowledge and grid computing.

"We see a significant increase in interest and uptake for our technology platforms that are ready for commercialisation by indigenous industries," she said, noting that Mimos has developed a total of 21 technology prototypes.

In her welcoming address at the Mimos Technology Preview (MTP) in Kuala Lumpur yesterday, Suriah said transfer of the agency's frontier technology platforms from its laboratories to the industries marks a significant milestone for Mimos.

"Our applied research efforts are only successful when Mimos' technology platforms find a place in the market," she said.

Suriah said as such, the agency is now focused on the process of technology transfer for commercialisation in line with efforts to create a funnel of innovations to push the industries to the global market.

Also present at the event were Science, Technology and Innovation Minister Datuk Dr Maximus Johnity Ongkili and Mimos chief executive officer Datuk Abdul Wahab Abdullah.

Suriah said Mimos' focus is on strategic market-driven product development and advanced technology which essentially involves the development of technology platforms for commercialisation by industries.

MTP, which entered its fourth year, is part of Mimos' commercialisation efforts and designed to attract more companies to take up the agency's technology platforms to enhance existing product and service offerings to the global market.

More than 200 industry participants — from the telecommunications and ICT sectors of both local and multinational companies attended the event.

Felda sees higher yield in 2009

THE Felda Group of Companies expects a higher yield of 22 tonnes of fresh fruit bunches (FFB) this year, from last year's 20, thanks to superior planting materials from its plant breeding unit.

Felda's oil palm plantations span across 730,880ha.

Felda Agricultural Services Sdn Bhd (FAS) executive director and chief executive officer S. Palaniappan said the company supplies about five million seedlings within the Felda group every year.

"There is ongoing replanting of unproductive trees. As more young trees mature this year, we expect a higher FFB yield. Based on the tree profile, we can expect an average yield of between 21 and 22 tonnes per

SHAKE ON IT: Mimos president and chief executive officer Datuk Abdul Wahab Abdullah (left) exchanging documents with French National Centre for Scientific Research (CNRS) special representative Professor Michel Cholin at an MoU signing ceremony in Kuala Lumpur recently. Mimos is collaborating with CNRS via its research entity The Montpellier Laboratory of Computer Science, Robotics, and Microelectronics (LIRMM) to develop semantic technology platforms.

Mimos tech platforms to back corridors

[illegible]

— Larry Ralon

Producing world's first digital brain atlas

BANDAR SUNWAY: Malaysian scientists are set to produce one of the world's first digital molecular atlas of the fish brain, through a collaborative between Monash University and MIMOS Bhd.

Under a new partnership the University's Brain Research Institute at Monash Sunway (BRIMS) will provide two dimensional digital fish brain images to MIMOS.

It would use the KnowledgeGRID Malaysia grid computational platform to identify neurons and other parts of the brain to create the three dimensional (3D) map.

玻大学与MIMOS合作 研究集成电路产品

[illegible]

Mimos exporting local technologies

Mimos joins forces with MoHE to train graduates

KUALA LUMPUR: The Ministry of Higher Education (MoHE) has signed a memorandum of agreement (MoA) with Mimos for an apprenticeship programme, Centre of Domain Expertise Acceleration (CODE8), in line with the National Higher Education National Plan (NHENP) to develop human capital in the country.

In a joint statement yesterday, the parties said the programme was aimed at harnessing fresh talents which were industry-ready in the field of information and communications technology (ICT).

MoHE aims to provide 75% of graduates with jobs that match their qualifications upon completion of their respective courses. The programmes aim to equip graduates with value-added skills to make them more easily accepted in the industry, while reducing unemployment rates among graduates.

This is also in line with the national aspiration of increasing the number of researchers, scientists and engineers (RSE) from 18 per 10,000 workforce in 2008 to 50 per 10,000 workforce by 2010. CODE8 is a mentoring and coaching training programme designed to provide workplace experience to fresh local and foreign qualified graduates in the fields of software engineering, computer engineering, electrical engineering, artificial intelligence, wireless communications and/or knowledge engineering.

"CODE8 is part of Mimos efforts in growing globally competitive indigenous industries, which include developing domain experts. The development programme is aimed at ensuring Malaysia has a talent pool that has the right skills and is in the right place at the right time," said Mimos president and CEO Datuk Abdul Wahab Abdullah.

Under the agreement, MoHE will provide funding for CODE8 while Mimos will provide the technical expertise. At the end of the one-year programme, Mimos will assist in finding job placements for all apprentices in line with their competencies.

At the MoA signing ceremony, MoHE was represented by its secretary-general Datuk Dr Zulkefli A Hassan, while Mimos was represented by Abdul Wahab.

WiWi: MIMOS cipta sejarah

P1, Mimos join forces to extend broadband reach

PETALING JAYA: Green Packet Bhd subsidiary Packet One Networks (Malaysia) Sdn Bhd (P1), a leading 4G WiMAX provider, has teamed up with Mimos to start live testing of Jen-ii (Jendela Informasi Internet) in Chini Timur, Pahang.

In a statement yesterday, P1, which is currently the only one to be given the green light to deploy WiMAX nationwide by the Malaysian Communications and Multimedia Commission (MCMC), said the collaboration would enable it to expand its reach beyond its proof-of-concept P1 community broadband centre (CBC) into selected homes of Chini Timur.

"As Malaysia moves closer towards our aspiration to become a developed nation, we all must understand how broadband is no longer a privilege but a right, no longer a luxury but a necessity.

"To achieve this, it is more important than ever to look deeper within rural communities, to ensure that none of its members are left behind. This collaboration is a good example of how the private and public sector can address the needs of underserved communities," said P1 CEO Michael Lai.

UKM Pakarunding has been commissioned to conduct an impact study on the programme for both Mimos and P1 to respond to the cyber anthropology needs of the community.

Lai said the data collated would enable P1 and Mimos to measure the impact of broadband on this segment of the community. He added that it would also drive a better understanding of the makeup of a successful telecentre and how devices like Jen-ii could help accelerate broadband adoption in rural communities.

"The Mimos Jen-ii and Mimos WiWi technology platforms are two prime examples of how Mimos frontier technology platforms are revolutionising and impacting the lives of all Malaysians in line with our ultimate goal of driving technology from a tool to an enabler and subsequently as a sector," said MIMOS president and CEO Datuk Abdul Wahab Abdullah.

Jen-ii is a low-cost icon-based information access device and literacy tool designed to spur user adoption of information and communications technology (ICT) targeted at the rural communities and elderly population to bridge the digital divide.

The content for Jen-ii was developed by Mimos technology recipient, Nali-Ayu Technologies. Mimos WiWi is the world's first WiMAX and WiFi hybrid solution which operates on 2.3 GHz frequency designed as an alternative for last mile broadband connectivity.

Pernec Integrated Network Systems Sdn Bhd (PINS) is the technology recipient of Mimos WiWi technology platform.

K-Masjid software to be introduced in Sarawak soon

By using the software we can hold a religious talk in one mosque while other mosques and suraus can hear it live as well.

— Fadillah Yusof, deputy minister for Science, Technology and Innovation

Mimos scores hat trick in design

Teknologi canggih sistem ramalan ikan dibangunkan

FINANCIAL REPORT

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 2009.

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 designing, marketing and sale of integrated circuit product, and investment holding as disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for the cessation of the operations of a subsidiary as disclosed in Note 12 to the financial statements.

Results

	Group RM	Company RM
(Loss)/profit for the year	(4,127,365)	3,561,359
Attributable to:		
Equity holders of the Company	(4,127,365)	3,561,359
Minority interests	-	-
	(4,127,365)	3,561,359

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 the last report and 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

Dato' Abdul Wahab bin Abdullah

Dato' Dr. Sharifah Zarah binti Syed Ahmad
(alternate director to Prof. Datin Paduka Dr. Khatijah binti Mohamad Yusoff)

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 Note 6 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 income statements and balance sheets 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 all known bad debts had been written off 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company 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.

Significant and subsequent events

Details of significant and subsequent events are disclosed in Note 28 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 24 May 2010.

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 67 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 2009 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 24 May 2010.

DATO' SURIAH BINTI ABDUL RAHMAN

ABDUL RAHIM BIN ABDUL HAMID

Statutory declaration

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

I, DATO' 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 67 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 above named
DATO' ABDUL WAHAB BIN ABDULLAH
at Kuala Lumpur in the Federal Territory
on 24 May 2010

DATO' ABDUL WAHAB BIN ABDULLAH

Before me,

PESURUHJAYA SUMPAH
W 550
ARSHAD ABDULLAH

Independent Auditor's Report

to the member of MIMOS Berhad

Report on the financial statements

We have audited the financial statements of Mimos Berhad, which comprise the balance sheets as at 31 December 2009 and the income statements, statements of changes in equity and cash flow statements 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 67.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Company's preparation and fair presentation of the financial statements 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 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 ("the Act") 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.

(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.

Independent Auditor's Report (cont'd.)

Other matters

This report is made solely to the member 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

Abdul Rauf bin Rashid
No. 2305/05/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia

24 May 2010

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Continuing operations					
Revenue	3	5,010,992	16,274,495	4,815,474	6,372,249
Cost of sales	4	(3,323,040)	(10,763,009)	(3,225,371)	(4,468,819)
Gross profit		1,687,952	5,511,486	1,590,103	1,903,430
Grant income		159,233,529	139,296,734	159,233,529	139,296,734
Other operating income		7,424,507	8,964,896	9,740,949	7,647,890
Administrative expenses		(141,420,620)	(113,258,190)	(141,636,189)	(107,880,852)
Selling and marketing expenses		-	(72,155)	-	-
Other operating expenses		(32,177,322)	(79,988,227)	(26,412,913)	(49,125,615)
(Loss)/profit from operations		(5,251,954)	(39,545,456)	2,515,479	(8,158,413)
Finance costs	5	(52,986)	(122,138)	(52,986)	(54,502)
Share of results of associates		-	3,647,833	-	-
(Loss)/profit before tax	6	(5,304,940)	(36,019,761)	2,462,493	(8,212,915)
Taxation	8	1,098,866	443,003	1,098,866	470,903
(Loss)/profit for the year from continuing operations		(4,206,074)	(35,576,758)	3,561,359	(7,742,012)
Discontinued operations					
Profit for the year from discontinued operations	9	78,709	2,936,228	-	-
(Loss)/profit for the year		(4,127,365)	(32,640,530)	3,561,359	(7,742,012)
Attributable to:					
Equity holders of the Company		(4,127,365)	(32,866,736)	3,561,359	(7,742,012)
Minority interests		-	226,206	-	-
		(4,127,365)	(32,640,530)	3,561,359	(7,742,012)

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

Balance Sheets

for the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Non-current assets					
Property, plant and equipment	10	140,035,306	120,257,830	140,031,426	114,532,660
Intangible assets	11	37,167,572	31,238,934	37,167,572	30,842,771
Investments in subsidiaries	12	-	-	538,783	7,000,048
Investments in associates	13	1	6,605,646	1	4,050,001
Other investments	14	2	2	2	2
Deferred tax assets	24	-	-	-	-
		177,202,881	158,102,412	177,737,784	156,425,482
Current assets					
Short term investments	15	-	-	-	-
Inventories	16	-	2,341,450	-	1,148,267
Trade receivables	17	144	2,972,386	144	1,139,134
Other receivables	18	23,378,558	15,652,051	23,791,457	15,118,949
Tax recoverable		1,093,873	468,094	804,574	-
Cash and bank balances	19	211,224,423	206,258,032	203,876,418	195,937,616
		235,696,998	227,692,013	228,472,593	213,343,966
Assets of disposal group/assets classified as held for sale	9	33,644,632	24,028,489	34,949,959	23,858,277
		269,341,630	251,720,502	263,422,552	237,202,243
Total assets		446,544,511	409,822,914	441,160,336	393,627,725

Balance Sheets

for the year ended 31 December 2009 (cont'd.)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	100,000,000	100,000,000	100,000,000	100,000,000
Exchange translation reserve		(3,511,335)	(3,256,451)	-	-
Accumulated losses		(46,668,573)	(42,541,208)	(43,791,321)	(47,352,680)
		49,820,092	54,202,341	56,208,679	52,647,320
Minority interests		3,649,529	3,649,529	-	-
Total equity		53,469,621	57,851,870	56,208,679	52,647,320
Non-current liabilities					
Retirement benefit obligations	20	-	264,420	-	264,420
Borrowing	21	-	76,000,000	-	76,000,000
Funds accounts	25	286,950,638	239,512,298	286,950,638	239,512,298
		286,950,638	315,776,718	286,950,638	315,776,718
Current liabilities					
Trade payables		596,823	909,579	596,823	113,430
Other payables	22	28,542,967	33,971,925	21,404,196	24,145,294
Borrowing	21	76,000,000	-	76,000,000	-
Tax payable		-	1,044,429	-	944,963
		105,139,790	35,925,933	98,001,019	25,203,687
Liabilities directly associated with asset classified as held for sale	9	984,462	268,393	-	-
		106,124,252	36,194,326	98,001,019	25,203,687
Total liabilities		393,074,890	351,971,044	384,951,657	340,980,405
Total equity and liabilities		446,544,511	409,822,914	441,160,336	393,627,725

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

Consolidated Statement of changes in equity

for the year ended 31 December 2009

	|------------ Attributable to equity holders of the parent -----------|					
	Share capital	**Accumulated losses**	**Exchange reserves**	**Total**	**Minority interests**	**Total equity**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2008	100,000,000	(9,674,472)	(4,387,090)	85,938,438	3,423,323	89,361,761
Foreign currency translation, representing net profit recognised directly in equity	-	-	1,130,639	1,130,639	-	1,130,639
(Loss)/profit for the year, representing total recognised income and expenses for the year	-	(32,866,736)	-	(32,866,736)	226,206	(32,640,530)
At 31 December 2008	100,000,000	(42,541,208)	(3,256,451)	54,202,341	3,649,529	57,851,870
At 1 January 2009	100,000,000	(42,541,208)	(3,256,451)	54,202,341	3,649,529	57,851,870
Foreign currency translation, representing net loss recognised directly in equity	-	-	(254,884)	(254,884)	-	(254,884)
Loss for the year, representing total recognised income and expenses for the year	-	(4,127,365)	-	(4,127,365)	-	(4,127,365)
At 31 December 2009	100,000,000	(46,668,573)	(3,511,335)	49,820,092	3,649,529	53,469,621

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

Company statement of changes equity

for the year ended 31 December 2009

	Share capital RM	Accumulated losses RM	Accumulated Total RM
At 1 January 2008	100,000,000	(39,610,668)	60,389,332
Loss for the year, representing total recognised income and expense for the year	-	(7,742,012)	(7,742,012)
At 31 December 2008	100,000,000	(47,352,680)	52,647,320
At 1 January 2009	100,000,000	(47,352,680)	52,647,320
Profit for the year, representing total recognised income and expense for the year	-	3,561,359	3,561,359
At 31 December 2009	100,000,000	(43,791,321)	56,208,679

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

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	2009 RM	2008 RM
Cash flows from operating activities		
(Loss)/profit before tax from:		
Continued operations	(5,304,940)	(36,019,761)
Discontinued operations	78,709	10,019,535
Adjustments for:		
Amortisation of intangible assets	10,444,147	6,992,379
Depreciation of property, plant and equipment	25,301,085	26,711,346
Loss on disposal of property, plant and equipment	2,292,492	1,026,151
Loss on disposal of intangible assets	514,175	167,481
Gain on disposal of associate company	(1,881,885)	-
Loss on disposal of a subsidiary	-	40,674,273
Written-down of inventories	-	4,302,328
Share of results of associated companies	-	(3,647,833)
Interest expense	-	2,554,800
Provision for liabilities	-	947,382
Provision for doubtful debts (net)	1,139,647	1,964,336
Bad debts written off	205,000	125,000
Unrealised foreign exchange gain	(223,211)	-
Impairment loss on other investments	-	538,655
Interest income	(4,929,955)	(7,002,418)
Grant income	(159,233,529)	(139,296,734)
Operating loss before working capital changes	(131,598,265)	(89,943,080)
Decrease/(increase) in inventories	1,009,276	(6,513,484)
Increase in receivables	2,580,758	(59,934,697)
(Decrease)/increase in payables	(10,983,705)	22,704,632
Cash used in operations	(138,991,936)	(133,686,629)
Interest paid	-	(2,554,800)
Tax (paid)/refund	(1,381,730)	3,104,247
Net cash used in operating activities	(140,373,666)	(133,137,182)

Consolidated Cash Flow Statement (cont'd.)

for the year ended 31 December 2009

	2009 RM	2008 RM
Cash flows from investing activities		
Acquisition of property, plant and equipment	(61,026,516)	(60,503,610)
Acquisition of intangible assets	(9,531,900)	(20,999,435)
Net cash outflow from disposal of a subsidiary	-	(10,554,722)
Interest received	4,929,955	6,755,960
Proceeds from disposal of property, plant and equipment	378,708	47,790
Net cash used in investing activities	(65,249,753)	(85,254,017)
Cash flows from financing activities		
Drawdown bankers acceptances	-	14,282,631
Drawdown letter of credit	-	21,788,227
Development fund received	253,429,509	196,368,577
Transferred to approved projects	(39,795,813)	(60,315,484)
Net cash generated from financing activities	213,633,696	172,123,951
Net increase/(decrease) in cash and cash equivalents	8,010,277	(46,267,248)
Effects of foreign exchange rate changes	(181,559)	1,130,639
Cash and cash equivalents at beginning of year	222,762,914	267,899,523
Cash and cash equivalents at end of year (Note 19)	230,591,632	222,762,914

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

Company Cash Flow Statement
for the year ended 31 December 2009

	2009 RM	2008 RM
Cash flows from operating activities		
Profit/(loss) before tax	2,462,493	(8,212,915)
Adjustments for:		
Depreciation of property, plant and equipment	25,089,103	19,650,485
Amortisation of intangible assets	10,444,147	5,288,372
Interest expense	-	54,502
Loss on disposal of property, plant and equipment	1,790,674	1,026,151
Loss on disposal of intangible assets	501,813	167,481
Provision for doubtful debts	917,241	77,196
Bad debts written off	205,000	-
Gain on disposal of an associate	(4,450,000)	-
Loss on disposal of a subsidiary	-	9,999,999
(Writeback)/provision for impairment on investment in subsidiaries	(4,630,417)	1,570,832
Interest income	(4,781,705)	(6,637,305)
Grant income	(159,233,529)	(139,296,734)
Operating loss before working capital changes	(131,685,180)	(116,311,936)
Decrease/(increase) in inventories	1,148,267	(1,148,267)
(Increase)/decrease in receivables	966,481	1,732,939
(Decrease)/increase in payables	(8,291,859)	3, 065,950
Cash used in operations	(137,862,291)	(112,661,314)
Tax refund received/(tax paid)	(2,944,963)	1,043,627
Interest paid	-	(54,502)
Net cash used in operating activities	(140,807,254)	(111,672,189)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(61,017,966)	(54,176,083)
Acquisition of intangible assets	(9,531,901)	(20,050,889)
Interest received	4,781,705	6,390,847
Proceeds from disposal of property, plant and equipment	880,522	47,790
Proceeds from disposal of a subsidiary	-	1
Net cash used in investing activities	(64,887,640)	(67,788,334)

Company Cash Flow Statement (cont'd.)

for the year ended 31 December 2009

	2009 RM	2008 RM
Cash flows from financing activities		
Development fund received from the government	253,429,509	196,368,577
Transferred to approved projects	(39,795,813)	(60,315,484)
Net cash generated from financing activities	213,633,696	136,053,093
Net increase/(decrease) in cash and cash equivalents	7,938,802	(43,407,430)
Cash and cash equivalents at beginning of year	195,937,616	239,345,046
Cash and cash equivalents at end of year (Note 19)	203,876,418	195,937,616

Notes to the financial statements

31 December 2009

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 designing, marketing and sale of integrated circuit products, and investment holding as disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for the cessation of the operations of a subsidiary as disclosed in Note 12.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries 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.

2. Significant accounting policies (cont'd.)

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

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The 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.

2. Significant accounting policies (cont'd.)

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

(b) Associates (cont'd.)

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. 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 in 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, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method, otherwise their unaudited management financial statements are used. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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.

(c) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 income statement during the financial period in which they are incurred.

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

Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line 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%

2. Significant accounting policies (cont'd.)

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

(c) Property, plant and equipment, and depreciation (cont'd.)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets with finite useful economic life relate to computer software and have a useful economic life ranging from 3 to 5 years.

(e) 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.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

2. Significant accounting policies (cont'd.)

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

(f) Impairment of non-financial assets (cont'd.)

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss for an asset is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(g) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. Significant accounting policies (cont'd.)

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

(h) Income tax (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity.

(i) Employees benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Defined benefit plan

The Group operates a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

2. Significant accounting policies (cont'd.)

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

(j) 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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from services

Revenue from development of computer system are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to cost incurred to date as a percentage of total estimated cost for each contract. Where the contract cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iii) Interest income

Interest income is recognised based on the effective yield method.

(iv) Dividend income

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

(k) Recognition of 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 the income statements over the life of the assets 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 the income statement 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 non-depreciable assets are recognised in the income statement in the period in which it becomes receivable.

(l) 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.

2. Significant accounting policies (cont'd.)

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

(l) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

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

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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(m) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. Significant accounting policies (cont'd.)

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

(m) Financial instruments (cont'd.)

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments, other than investments in subsidiaries and associates, are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(n) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

2. Significant accounting policies (cont'd.)

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

(n) Non-current assets (or disposal groups) are classified as held for sale and discontinued operations (cont'd.)

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with Non-current Asset Held for Sale and Discontinued Operations ("FRS 5") that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operations 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, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.3 FRSs, Amendments to FRSs, Interpretations and Technical Releases issued but not yet effective:

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Company, which are:

Effective for financial periods beginning on or after 1 July 2009

- FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting
- Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement,FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. Significant accounting policies (cont'd.)

2.3 FRSs, Amendments to FRSs, Interpretations and Technical Releases issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010 (contd.)

- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

The group and the company plan to adopt the above pronouncements when they become effective in the perspective financial period. Unless otherwise describes below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Company.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Financial Instruments:

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Company's exposure to risks, enhanced disclosure regarding components of the Company's financial position and

2. Significant accounting policies (cont'd.)

2.3 FRSs, Amendments to FRSs, Interpretations and Technical Releases issued but not yet effective (cont'd.)

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Financial Instruments: (cont'd.)

performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2.4 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical 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 and the Company 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 and Note 24, respectively.

2. Significant accounting policies (cont'd.)

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

(b) Key sources of estimation uncertainty

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

(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.

Impairment review

The impairment review of those investments with indications of impairment carried out by management during the year led to the recognition of a net writeback of impairment loss in investment in subsidiaries of approximately RM4,630,417 (2008: provision for impairment loss of RM1,570,832) for the Company.

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of goods	195,518	9,821,299	-	-
Rendering of services	4,815,474	6,453,196	4,815,474	6,372,249
	5,010,992	16,274,495	4,815,474	6,372,249

4. Cost of sales

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost of inventories sold	97,669	6,294,190	-	-
Cost of services rendered	3,225,371	4,468,819	3,225,371	4,468,819
	3,323,040	10,763,009	3,225,371	4,468,819

5. Finance costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Bank and commission charges	52,986	122,138	52,986	54,502

6. (Loss)/profit before tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Employee benefits expense (Note 7)	76,479,339	63,123,143	76,226,886	59,304,696
Auditors' remuneration				
- statutory audit	42,000	65,000	35,000	35,000
- other services	37,000	35,690	28,000	27,960
Amortisation of intangible assets	10,444,147	5,288,372	10,444,147	5,288,372
Non-executive directors' remuneration				
- other emoluments	166,250	89,931	116,250	87,531
Depreciation of property, plant and equipment	25,301,085	26,711,346	25,089,103	19,650,485
Provision for doubtful debts, net	,139,647	1,964,336	917,241	77,196
Bad debts written off	205,000	-	205,000	-
Loss on disposal of a subsidiary -	40,674,273	-	9,999,999	
Write-down of inventories	-	22,349	-	-
Gain on disposal of associate company	(1,881,885)	-	(4,450,000)	-
(Writeback)/provision for impairment on investments in subsidiaries	-	-	(4,630,417)	1,570,832
Lease rental of equipment	5,333,112	4,326,593	5,333,112	4,326,593
Loss on disposal of property, plant and equipment	2,292,492	1,026,151	1,790,674	1,026,151
Loss on disposal of intangible assets	514,175	167,481	501,813	167,481
Interest income				
- banks	(4,929,955)	(6,969,082)	(4,781,705)	(6,637,305)
Reimbursement fee income				
- subsidiary company	-	-	-	(701,433)
Unrealised net foreign exchange gain	(11,452)	-	(11,452)	-
Realised net foreign exchange loss/(gain)	3,317	(493,406)	20,968	(499,058)

7. Employee benefits expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	60,240,984	44,844,728	60,044,030	41,515,709
Social security costs	223,844	209,229	220,373	185,070
Pension costs:				
Defined contribution plan	8,153,980	6,499,071	8,123,857	6,132,075
Other staff related expenses	7,860,532	11,570,115	7,838,626	11,471,842
	76,479,339	63,123,143	76,226,886	59,304,696

Included in the employee benefit expense of the group and of the company is an executive director's remuneration amounting to RM1,224,065 (2008 : RM1,189,920) and RM1,224,065 (2008 : RM1,189,920) respectively.

8. Income tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Continuing operations				
Current income tax:				
Malaysian income tax	1,195,426	27,900	1,195,426	-
Overprovision in prior years	(2,294,292)	(470,903)	(2,294, 292)	(470,903)
	(1,098,866)	(443,003)	(1,098,866)	(470,903)
Total income tax from continuing operations	(1,098,866)	(443,003)	(1,098,866)	(470,903)
Discontinued operations				
Current income tax:				
Malaysian income tax	-	3,421,844	-	-
Overprovision in prior years	-	(135)	-	-
	-	3,421,709	-	-
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	-	5,415,801	-	-
Overprovision in prior years	-	(1,754,203)	-	-
	-	3,661,598	-	-
Total income tax expense from discontinued operations	-	-	7,083,307	-
Total income tax	(1,098,866)	6,640,304	(1,098,866)	(470,903)

8. Income tax (cont'd.)

The Company was awarded Multimedia Super Corridor ("MSC") status in year 2000. For companies awarded MSC status, they are eligible for tax exemption on income derived from MSC-qualifying activities for a period of 5 years extendable to 10 years subject to them triggering these tax incentives. As of the date of this report, the Company has yet to trigger the tax incentives eligible under the MSC status.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss 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:

	2009 RM	2008 RM
Group		
Loss before tax:		
Continuing operations	(5,304,940)	(36,019,761)
Discontinued operations	78,709	10,019,535
	(5,226,231)	(26,000,226)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	436,065	(6,760,059)
Grant income not subject to tax	(8,021,345)	(36,217,151)
Expenses not deductible for tax purposes	3,655,350	16,514,568
Effect on opening deferred tax of reduction in Malaysian income tax rate	-	208,300
Utilisation of previously unabsorbed capital allowances	-	(12,425)
Deferred tax assets not recognised during the year	5,125,355	35,132,312
Overprovision of deferred tax in prior years	-	(1,754,203)
Overprovision of income tax expense in prior years	(2,294,292)	(471,038
Income tax for the year	(1,098,866)	6,640,304

	2009 RM	2008 RM
Company		
Profit/(loss) before tax	2,462,493	(8,212,915)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	615,623	(2,135,358)
Grant income not subject to tax	(8,021,345)	(36,217,151)
Expenses not deductible for tax purposes	3,691,864	7,942,027
Utilisation of previously unabsorbed capital allowances	-	(12,425)
Deferred tax assets not recognised during the year	4,909,284	30,422,907
Overprovision of income tax expense in prior years	(2,294,292)	(470,903)
Income tax for the year	(1,098,866)	(470,903)

9. Discontinued operations and disposal group classified as held for sale

The Company is currently in the process of disposing its subsidiary, Malaysia Microelectronic Solutions Sdn. Bhd. to a third party. In prior year the Company classified its subsidiary, Encipta Ltd., as disposal group classified as held for sale upon receiving a firm offer from a third party as at 31 December 2008. The Company's subsidiary, MIMOS Smart Computing Sdn. Bhd., was also classified as held for sale as at 31 December 2008 upon the completion of the disposal on 31 December 2008.

As at 31 December 2009, the results from Encipta Ltd., for which the disposal has yet to be completed, and Malaysia Microelectronic Solution Sdn. Bhd. have been presented separately in the consolidated income statement as discontinued operations.

Included in prior year's discontinued operations were results in respect of Encipta Ltd. and MIMOS Smart Computing Sdn. Bhd.

An analysis of the results of dicontinued operations is as follows

	GROUP	
	2009 RM	2008 RM
Revenue	5,256,836	186,809,328
Cost of sales	(3,169,300)	(159,469,082)
Gross profit	2,087,536	27,340,246
Other income	226,235	65,008
Expenses	(2,235,062)	(17,385,719)
Profit before tax of discontinued operations	78,709	10,019,535
Income tax expense	-	(7,083,307)
Profit for the year from discontinued operations	78,709	2,936,228

9. Discontinued operations and disposal group classified as held for sale (cont'd.)

The following amounts have been included in arriving at loss before tax of discontinued operation:

	2009 RM	2008 RM
Staff costs	1,337,140	6,016,429
Auditors' remuneration	39,000	81,982
Directors' allowances	-	32,237
Depreciation of property, plant and equipment	211,357	6,821,716
Amortisation of intangible asset	-	1,704,007
Rental of office premises	145,080	705,000
Provision for doubtful debts	-	1,692,272
Impairment loss on other investments	-	538,655
Unrealised foreign exchange (gain)/losses	(211,759)	861,240
Write-down of inventories	-	4,279,979
Provision for maintenance service	-	1,103,203
Writeback of employee benefits	-	(85,049)
Interest expense	-	2,432,662
Bad debts written off	-	125,000
Interest income	(34,572)	(33,336)
Provision for warranty	-	11,551

The major classes of assets and liabilities classified as held for sale in the consolidated balance sheet as at 31 December 2009 are as follows:

	Group Carrying amounts as at 31.12.2009 RM	Group Carrying amounts as at 31.12.2008 RM
Assets		
Property, plant and equipment	5,104,773	-
Intangible assets	383,800	-
Investment in associates	-	12,470
Other investments	7,437,812	7,511,137
Inventories	666,087	-
Trade receivables	480,026	-
Other receivables	204,925	-
Cash and bank balances	19,367,209	16,504,882
Assets of disposal group classified as held for sale	33,644,632	24,028,489

9. Discontinued operations and disposal group classified as held for sale (cont'd.)

Liabilities		
Trade payables	445,782	-
Other payables	538,680	268,393
Liabilities directly associated with asset classified as held	984,462	268,393

The non-current asset classified as held for sales in the company's balance sheet as at 31 December 2009 is as follows:

Asset		
Investment in subsidiaries	34,949,959	23,858,277

10. Property, plant and equipment

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Group			
At 31 December 2009			
Cost			
At 1 January	3,620,942	511,248	7,211,817
Additions	794,906	-	1,952,582
Disposals	(565,749)	-	(1,193,949)
Adjustment	(31,407)	284,498	504,641
Transfer to intangible assets	-	-	-
Reclassified as held for sale (Note 9)	(270,102)	-	(75,055)
At 31 December	3,548,590	795,746	8,400,036
At 31 December 2009			
Accumulated depreciation			
At 1 January	1,135,035	394,360	3,625,251
Charge for the year (Note 6)	379,500	57,374	1,164,017
Disposals	(421,952)	-	(1,141,894)
Adjustment	(17,400)	244,930	366,072
Transfer to intangible assets	-	-	-
Reclassified as held for sale (Note 9)	(270,100)	-	(74,590)
At 31 December	805,083	696,664	3,938,856
Net carrying amount			
At 31 December 2009	2,743,507	99,082	4,461,180

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
45,264,234	58,315,883	29,166,093	27,997,481	16,199,591	188,287,289
8,853,908	25,536,263	6,230,442	-	17,658,415	61,026,516
(4,701,254)	(396,689)	(11,039,154)	(232,277)	-	(18,129,072)
1,580,144	(2,107,921)	(230,549)	-	(1,516,059)	(1,516,653)
(19,500)	311,400	(362,820)	-	(7,392,285)	(7,463,205)
(521,925)	(5,554,698)	(397,262)	-	(4,797,146)	(11,616,188)
50,455,607	76,104,238	23,366,750	27,765,204	20,152,516	210,588,687
28,587,868	18,095,646	12,782,124	3,409,176	-	68,029,460
12,891,643	7,706,147	2,563,480	538,924	-	25,301,085
(4,641,118)	(124,782)	(9,100,005)	(28,121)	-	(15,457,872)
(1,109,007)	(245,342)	(322,785)	-	-	(1,083,532)
(9,325)	321,262	(36,282)	-	-	275,655
(483,759)	(5,404,201)	(278,765)	-	-	(6,511,415)
35,236,302	20,348,730	5,607,767	3,919,979	-	70,553,381
15,219,305	55,755,508	17,758,983	23,845,225	20,152,516	140,035,306

10. Property, plant and equipment (contd.)

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Group (cont'd.)			
At 31 December 2008			
Cost			
At 1 January	6,316,443	648,848	5,912,083
Additions	1,313,503	-	2,749,357
Disposals	(3,541,849)	-	(325,285)
Reclassification	-	-	182,278
Transfer to intangible assets	-	-	-
Disposal of a subsidiary	(467,155)	(137,600)	(1,306,616)
At 31 December	3,620,942	511,248	7,211,817
Accumulated depreciation			
At 1 January	4,366,500	401,623	3,702,366
Charge for the year (Note 6)	210,819	130,337	1,194,702
Disposals	(3,128,910)	-	(321,134)
Transfer to intangible assets	-	-	-
Disposal of a subsidiary	(313,374)	(137,600)	(950,683)
At 31 December	1,135,035	394,360	3,625,251
Net carrying amount			
At 31 December 2008	2,485,907	116,888	3,586,566

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
94,150,974	28,807,926	22,899,081	27,997,481	9,486,735	196,219,571
9,541,920	29,384,213	7,400,203	-	10,114,414	60,503,610
(4,112,654)	(475,250)	(1,355,459)	-	-	(9,810,497)
-	655,222	777,960	-	(1,615,460)	-
-	-	-	-	(1,786,098)	(1,786,098)
(54,316,006)	(56,228)	(555,692)	-	-	(56,839,297)
45,264,234	58,315,883	29,166,093	27,997,481	16,199,591	188,287,289
56,856,381	14,709,744	11,818,833	2,707,098	-	94,562,545
18,343,430	3,578,079	2,551,902	702,077	-	26,711,346
(4,052,487)	(140,095)	(1,093,930)	-	-	(8,736,556)
(1,130,441)	-	-	-	-	(1,130,441)
(41,429,015)	(52,082)	(494,681)	-	-	(43,377,435)
28,587,868	18,095,646	12,782,124	3,409,175	-	68,029,459
16,676,366	40,220,237	16,383,969	24,588,306	16,199,591	120,257,830

10. Property, plant and equipment (contd.)

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Company			
At 31 December 2009			
Cost			
At 1 January	3,319,433	795,746	7,636,602
Additions	794,906	-	1,952,582
Disposals	(565,749)	-	(1,193,949)
Adjustment			
Transfer to intangible assets	-	-	-
At 31 December	3,548,590	795,746	8,395,235
Accumulated depreciation			
At 1 January	847,535	639,290	3,784,841
Charge for the year (Note 6)	379,500	57,374	1,162,614
Disposals	(421,956)	-	(1,141,894)
Transfer to intangible assets	-	-	-
At 31 December	805,079	696,664	3,805,561
Net carrying amount			
At 31 December 2009	2,743,511	99,082	4,589,674

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
46,198,037	50,653,264	28,538,282	27,997,481	9,906,426	175,045,271
8,845,358	25,536,263	6,230,442	-	17,658,415	61,017,966
(4,701,254)	(396,689)	(11,039,154)	(232,277)	-	(18,129,072)
				(20,040)	(20,040)
(19,500)	311,400	(362,820)	-	(7,392,285)	(7,463,205)
50,322,641	76,104,238	23,366,750	27,765,204	20,152,516	210,450,920
27,007,600	12,598,014	12,226,156	3,409,176	-	60,512,612
12,878,557	7,554,236	2,517,898	538,924	-	25,089,103
(4,641,118)	(124,782)	(9,100,005)	(28,121)	-	(15,457,876)
(9,325)	321,262	(36,282)	-	-	275,655
35,235,714	20,348,730	5,607,767	3,919,979	-	70,419,494
15,086,927	55,755,508	17,758,983	23,845,225	20,152,516	140,031,426

10. Property, plant and equipment (contd.)

	Furniture and fittings RM	Motor vehicles RM	Office equipment RM
Company (cont'd.)			
At 31 December 2008			
Cost			
At 1 January	5,563,979	795,746	4,961,636
Additions	1,297,303	-	2,817,974
Disposals	(3,541,849)	-	(325,285)
Reclassification	-	-	182,278
Transfer to intangible assets	-	-	-
At 31 December	3,319,433	795,746	7,636,603
Accumulated depreciation			
At 1 January	3,810,876	508,953	2,946,603
Charge for the year (Note 6)	165,569	130,337	1,159,372
Disposals	(3,128,910)	-	(321,134)
At 31 December	847,535	639,290	3,784,841
Net carrying amount			
At 31 December 2008	2,471,898	156,456	3,851,762

Computer hardware RM	Laboratory and workshop equipment RM	Landscaping and renovation RM	Building RM	Capital work-in-progress RM	Total RM
46,983,829	21,232,457	21,711,375	27,997,481	3,219,281	132,465,784
3,326,862	29,240,835	7,404,406	-	10,088,703	54,176,083
(4,112,654)	(475,250)	(1,355,459)	-	-	(9,810,497)
-	655,222	777,960	-	(1,615,460)	-
-	-	-	-	(1,786,098)	(1,786,098)
46,198,037	50,653,264	28,538,282	27,997,481	9,906,426	175,045,272
19,431,199	9,335,839	10,858,114	2,707,099	-	49,598,683
11,628,888	3,402,270	2,461,972	702,077	-	19,650,485
(4,052,487)	(140,095)	(1,093,930)	-	-	(8,736,556)
27,007,600	12,598,014	12,226,156	3,409,176	-	60,512,612
19,190,437	38,055,250	16,312,126	24,588,305	9,906,426	114,532,660

11. Intangible assets

	Intellectual property RM	Computer software RM	Total RM
Group			
Cost			
At 1 January 2008	22,264,850	51,528,089	73,792,939
Additions	-	20,999,435	20,999,435
Transfer from property, plant and equipment	-	1,786,098	1,786,098
Disposals	-	(1,548,821)	(1,548,821)
Disposal of a subsidiary (Note 9)	-	(12,706,468)	(12,706,468)
At 31 December 2008 and 1 January 2009	22,264,850	60,058,333	82,323,183
Additions	-	9,531,900	9,531,900
Transfer from property, plant and equipment	-	7,463,205	7,463,205
Disposals	-	(991,810)	(991,810)
Reclassified as held for sale (Note 9)	(22,264,850)	71,062	(22,193,788)
At 31 December 2009	-	76,132,690	76,132,690
Accumulated amortisation and impairment losses			
At 1 January 2008	21,881,050	33,546,462	55,427,512
Amortisation (Note 6)	-	6,992,379	6,992,379
Disposals	-	(1,381,340)	(1,381,340)
Transfer from property, plant and equipment	-	1,130,441	1,130,441
Disposal of a subsidiary (Note 9)	-	(11,084,743)	(11,084,743)
At 31 December 2008 and 1 January 2009	21,881,050	29,203,199	51,084,249
Amortisation (Note 6)	-	10,444,147	10,444,147
Disposals	-	(477,635)	(477,635)
Transfer from property, plant and equipment	-	(275,655)	(275,655)
Reclassified as held for sale (Note 9)	(21,881,050)	71,062	(21,809,988)
	-	38,965,118	38,965,118
Net carrying amount			
At 31 December 2009	-	37,167,572	37,167,572
At 31 December 2008	383,800	30,855,134	31,238,934

11. Intangible assets (cont'd.)

	Computer software RM
Company	
Cost	
At 1 January 2008	39,841,229
Additions	20,050,889
Transfer from property, plant and equipment	1,786,098
Disposals	(1,548,821)
At 31 December 2008 and 1 January 2009	60,129,395
Additions	9,531,901
Transfer from property, plant and equipment	7,463,205
Disposals	(979,448)
	76,145,053
Accumulated amortisation and impairment losses	
At 1 January 2008	25,379,592
Amortisation (Note 6)	5,288,372
Disposals	(1,381,340)
At 31 December 2008 and 1 January 2009	29,286,624
Amortisation (Note 6)	10,444,147
Transfer from property, plant and equipment	(275,655)
Disposals	(477,635)
	38,977,481
Net carrying amount	
At 31 December 2009	37,167,572
At 31 December 2008	30,842,771

12. Investments in subsidiaries

	2009 RM	2008 RM
Unquoted shares, at cost	5,000,000	36,999,800
Less : Accumulated impairment losses	(4,461,217)	(29,999,752)
	538,783	7,000,048

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
*MIMOS Semiconductor (M) Sdn. Bhd.	Malaysia	Provision of management and wafer fabrication services and trading of semiconductor wafer	100	100
^Encipta Ltd.	Labuan, Malaysia	Investment holding	100	100
@Malaysia Microelectronic Solutions Sdn. Bhd	Malaysia	Designing, marketing and sale of integrated circuit products	60 #	60 #

* The subsidiary ceased its operation on 1 March 2009.

@ Classified as disposal group held for sale during the current financial year.

^ Classified as disposal group held for sale during the prior year upon receiving a firm offer from Continuum Capital Sdn. Bhd. as at 31 December 2008. On 11 December 2009, a Share Sale Agreement was signed for the disposal of the subsidiary to Continuum Capital Sdn. Bhd. as disclosed in Note 28(b).

\# 6% of the shares are vested with HSBC (Malaysia) Trustee Berhad (the "Trustee") pursuant to a Trust Deed dated 1 April 2001 entered into between the subsidiary company and the Trustee. The shares are held in trust for options granted to the subsidiary company's employees to purchase its shares.

13. Investments in associates

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Unquoted shares:				
At cost	4,900,000	8,950,289	4,900,000	8,950,289
Share of post acquisition reserves	-	(2,344,643)	-	-
	4,900,000	6,605,646	4,900,000	8,950,289
Less: Accumulated impairment losses	(4,899,999)	-	(4,899,999)	(4,900,288)
	1	6,605,646	1	4,050,001

The financial statements of the above associates are coterminous with those of the Group.

Details of the associated companies are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %
@ Digicert Sdn. Bhd.	Malaysia	To act as a certification authority	-	45
OICNetworks Sdn. Bhd.	Malaysia	Dormant	49	49
Tiger Consortium Sdn. Bhd.	Malaysia	Dormant	33.33	33.33

@ Disposed during the financial year as disclosed in Note 28(a).

13. Investments in associates (cont'd.)

The summarised financial information of the associates are as follows:

	2009 RM	2008 RM
Assets and liabilities		
Current assets	25,702	14,290,290
Non-current assets	51	4,195,561
Total assets	25,753	18,485,851
Current liabilities	3,412,937	11,717,510
Total liabilities	3,412,937	11,717,510
Results		
Revenue	115	25,358,212
(Loss)/profit for the year	(11,960)	8,106,296

14. Other investments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 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.

15. Short term investments

	Group/Company	
	2009 RM	2008 RM
Unquoted shares, at cost	40,000,000	40,000,000
Less: Accumulated impairment losses	(40,000,000)	(40,000,000)
	-	-

16. Inventories

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost				
Work in progress	-	1,148,267	-	1,148,267
Net realisable value				
Raw materials	-	31,061	-	-
Finished goods	-	1,162,122	-	-
	-	1,193,183	-	-
	-	2,341,450	-	1,148,267

17. Trade receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	2,874,095	5,199,235	2,874,095	3,095,844
Less: Provision for doubtful debts	(2,873,951)	(2,226,849)	(2,873,951)	(1,956,710)
	144	2,972,386	144	1,139,134

The Group's normal trade credit term ranges from 30 to 60 days (2008: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis and also on the terms of the contract entered into by the Group.

18. Other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Due from associates	71,827	2,992,689	71,827	2,767,689
Due from subsidiaries	-	-	47,454	-
Due from related companies	4,862,016	8,029,378	4,862,016	7,924,938
Due from the Government	4,118,733	2,396,915	4,118,733	2,396,915
Deposits	424,745	315,252	353,655	558,654
Prepayments	1,865,288	859,571	1,764,293	773,093
Sundry receivables	12,035,948	1,058,246	12,573,479	697,660
	23,378,557	15,652,051	23,791,457	15,118,949

The amounts due from associates and related companies are unsecured, non-interest bearing and are repayable on demand.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for an amount due from a related company amounting to RM4,802,624 (2008: RM7,917,603) and amount due from a third party in respect of the disposal of an associate company amounting to RM8,500,000 (2008: RMNil).

19. Cash and bank balances

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	22,570,480	33,500,120	19,676,418	31,707,534
Deposits with licensed banks	188,653,942	172,757,912	184,200,000	164,230,082
	211,224,423	206,258,032	203,876,418	195,937,616

Included in cash and bank balances of the Group and of the Company are balance of grant monies received from the Government amounting to RM176,746,100 (2008: RM116,327,447) which is restricted for use on approved capital and operational expenditure related to research and development.

19. Cash and bank balances (cont'd)

The weighted average effective interest rates and average maturity of deposits at the balance sheet date are as follows:

	2009		2008	
	Weighted average interest rates % (per annum)	Average maturity Days	Weighted average interest rates % (per annum)	Average maturity Days
Licensed banks	3.12	90	3.30	90

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	211,224,423	206,258,032	203,876,418	195,937,616
Cash and bank balances classified as held for sale (Note 9)	19,367,209	16,504,882	-	-
Total cash and cash equivalents	230,591,632	222,762,914	203,876,418	195,937,616

20. Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying from 1.5 to 2 months of their last drawn salary, multiplied by the number of years of employment with the Company. The condition of the benefit entitlement is in accordance with benefits described in Article 7 ("Fasal 7: Faedah Persaraan"), a section within the "Syarat-syarat dan terma-terma perkhidmatan baru" issued by the Company.

20. Retirement benefit obligations (cont'd.)

The amounts recognised in the balance sheet are determined as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Present value of unfunded defined benefit obligations	-	264,420	-	264,420
Net liability	-	264,420	-	264,420
The amounts recognised in the income statement are as follows:				
Current service cost	-	24,527	-	24,527
Interest cost	-	-	-	-
Total, included in staff costs	-	24,527	-	24,527

Movements in the net liability in the current year were as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	264,420	239,893	264,420	239,893
Amounts recognised in the income statement	-	24,527	-	24,527
Contribution paid	(264,420)	-	(264,420)	-
At 31 December	-	264,420	-	264,420

Principal actuarial assumptions used:

	2009 % per annum	2008 % per annum
Discount rate	-	7.0
Expected rate of salary increases	-	6.0

There are no retirement benefit obligations as at December 2009 for the Group and the Company as the only eligible employee of the Company retired during the year.

21. Borrowing

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Secured:				
Term loan	76,000,000	76,000,000	76,000,000	76,000,000
Maturity of borrowing:				
Current	76,000,000	-	76,000,000	-
Non-current	-	76,000,000	-	76,000,000
	76,000,000	76,000,000	76,000,000	76,000,000

The term loan represents loan received from the Government of Malaysia for the purpose of implementing a project on a foreign web venture fund pursuant to a loan facility agreement dated 27 November 2001.

Major salient points of the loan facility agreement between the Company and the Government of Malaysia are as follows:

(i) the loan is for a tenure of 10 years.

(ii) the Government will share 20% of the profits derived from projects managed, and if a loss is incurred, the amount is fully borne by the Company.

(iii) if the Company fails to pay the outstanding amount pursuant to the loan facility agreement, a default interest of 8% per annum will be imposed by the Government on amount default from the date of defaulted to date of actual payment.

21. Borrowing (cont'd.)

The term loan is to be secured, non-interest bearing and is repayable as follows:

(i) If the said project provides sound financial returns to the Company prior to the 6th year from the date of the first drawdown (December 2001), or prior to the redemption for cash of all or any of the redeemable preference shares, bonds, debentures and other financial instruments of the Company, whichever comes earlier, a repayment schedule will then concurrently be determined by the lender. The long term loan is repayable in instalment based on the relevant repayment dates as laid upon in the repayment schedule; or

(ii) If the said project does not provide sound financial returns to the Company prior to the 6th year from the date of the first drawdown, or prior to the redemption for cash of all or any of the redeemable preference shares, bonds, debentures and other financial instruments of the Company, whichever comes earlier, a repayment schedule will then concurrently be determined by the lender. The long term loan is repayable in one lump sum on the 10th year anniversary of the date of the first drawndown, no later than 30 calendars days from such date.

As at 31 December 2009, the loan is classified as current liabilities. On 3 May 2010, the Company received a letter of instruction from the Ministry of Finance ("MOF") for the settlement of the term loan on or before 31 May 2010 as part of the fulfilment of one of the conditions precedent per the Share Sale Agreement entered into with Continuum Capital Sdn. Bhd., as disclosed in Note 28(b) and (c).

22. Other payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Due to related companies	9,328,181	10,723,828	-	-
Due to associates	-	12,470	-	-
Due to subsidiaries	-	-	2,220,810	2,067,723
Accruals	12,222,597	14,788,685	12,222,597	14,304,663
Other	6,992,189	8,446,942	6,960,789	7,772,908
	28,542,967	33,971,925	21,404,196	24,145,294

The amount due to subsidiaries is unsecured, non-interest bearing and repayable on demand.

23. Share capital

	Number of ordinary shares of RM1 each 2009	2008	Amount 2009 RM	2008 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

24. Deferred tax

	Group 2009 RM	2008 RM
At 1 January	-	(3,661,598)
Recognised in the income statement	-	3,661,598
At 31 December	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior offsetting are as follows:

Deferred tax (assets)/liabilities of the Group:

	Other temporary differences RM	Unabsorbed capital allowances RM	Accelerated capital allowances RM	Total RM
At 1 January 2009	-	(9,186,018)	9,186,018	-
Unutilised tax losses				
Recognised in the income statement	-	(16,768,854)	16,768,854	-
At 31 December 2009	-	(25,954,872)	25,954,872	-
Unabsorbed capital allowances				
At 1 January 2008	(6,589,480)	(10,339,089)	13,266,971	(3,661,598)
Recognised in the income statement	6,589,480	1,153,071	(4,080,953)	3,661,598
At 31 December 2008	-	(9,186,018)	9,186,018	-

24. Deferred tax (cont'd.)

Deferred tax (assets)/liabilities of the Group:

	Other temporary differences RM	Accelerated capital allowances RM	Total RM
At 1 January 2009	(9,186,018)	9,186,018	-
Recognised in the income statement	(16,706,888)	16,706,888	-
At 31 December 2009	(25,892,906)	25,892,906	-
At 1 January/31 December 2008	(9,186,018)	9,186,018	-

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unutilised tax losses	5,757,840	3,690,217	1,023,448	-
Other temporary differences	8,693,262	-	8,693,262	-
Unabsorbed capital allowances	36,601,295	26,860,759	31,787,363	21,866,936
	51,052,397	30,550,976	41,504,073	21,866,936

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.

25. Funds accounts

	Note	Group/Company 2009 RM	Group/Company 2008 RM
Development fund	(a)	208,200,772	133,859,063
Intensification of research in priority areas fund (IRPA)	(b)	3,986,738	3,986,738
Other funds	(c)	74,763,128	100,136,341
		286,950,638	237,982,142
Operational fund	(d)	-	1,530,156
		286,950,638	239,512,298

(a) Development fund

	Group/Company 2009 RM	Group/Company 2008 RM
At 1 January	133,859,063	103,320,719
Add : Grants received from the Government of Malaysia	164,138,109	95,000,000
Transfer from Modal Insan grant	-	3,439,994
	297,997,172	201,760,713
Less: Amortised to income statement:		
- Depreciation	(32,161,327)	(22,900,578)
- Impairment loss on assets	-	-
- Other expenses	(57,635,073)	(45,001,072)
At 31 December	208,200,772	133,859,063

25. 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	
	2009 RM	2008 RM
At 1 January	3,986,738	3,991,030
Less: Amortised to income statement:		
- Depreciation	-	(4,292)
At 31 December	3,986,738	3,986,738

(c) Other funds

	Group/Company	
	2009 RM	2008 RM
At 1 January	100,136,341	119,810,682
Add : Grants received from the Government of Malaysia	3,419,300	19,368,577
	103,555,641	139,179,259
Less : Transfer to development fund	-	(3,439,994)
Funds utilised for approved project	(24,688,920)	(29,705,730)
Amortised to income statement:		
- Other expenses	(4,103,593)	(5,897,194)
At 31 December	74,763,128	100,136,341

25. Funds accounts (cont'd.)

(d) Operational fund

	Group/Company	
	2009	2008
	RM	RM
At 1 January	1,530,156	15,684,644
Add : Grants received from the Government of Malaysia	85,872,100	82,000,000
	87,402,256	97,684,644
Less : Funds utilised for approved projects	(15,106,893)	(30,609,754)
Amortised to income statement:		
- Depreciation	-	(329,628)
- Other expenses	(72,295,363)	(65,215,106)
At 31 December	-	1,530,156

The funds utilised for approved projects mainly relate to a programme named Semiconductor Technology Programme ("STP") currently managed by the Company on behalf of the Government of Malaysia in accordance to the Corporatisation Agreement between both parties. The said agreement was signed on 27 August 2003. Accordingly, all acquisitions required by the programme are purchased on behalf by the Company.

26. Significant related party transactions

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2009	2008
	RM	RM
Purchase from a former subsidiary company	-	1,782,790
Lease of computers from a former subsidiary company	-	1,861,172
Management fees payable to a subsidiary company	-	701,433

26. Significant related party transactions (cont'd.)

(a) The directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) 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 Operating Officer;

(ii) Chief Technology Officer;

(iii) Chief Financial Officer; and

(iv) Vice President of Corporate Human Resource.

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

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Executive director's remuneration				
- salaries and short-term benefits	1,062,049	1,062,000	1,062,049	1,062,000
- defined contribution plan	162,016	127,920	162,016	127,920
Non-executive directors' allowances	166,250	89,931	166,250	87,531
Other key management personnel:				
- salaries and short-term benefits	1,687,364	1,346,539	1,332,207	1,346,539
- defined contribution plan	189,851	147,672	189,851	147,672
	3,267,530	2,774,062	2,912,373	2,771,662

27. Capital commitments

	Group/Company	
	2009	2008
	RM	RM
(a) Capital expenditure		
Approved but not contracted for	15,116,182	16,041,756

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

	Group/Company	
	2009	2008
	RM	RM
Amounts payable within:		
1 year after balance sheet date	1,469,416	1,469,416
More than 1 year but not later than 5 years	2,916,213	3,743,613
	4,385,629	5,213,029

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.

The Company has entered into a non-cancellable operating lease agreement on 19 September 2007 for the provision of IT routers for the use of its research and development activities with lease period between 3 to 5 years.

28. Significant and subsequent events

(a) On 3 November 2009, the Company disposed of its equity interest in an associate company, Digicert Sdn. Bhd., to Pos Malaysia Berhad for a total consideration of RM8,500,000.

(b) On 11 December 2009, the Company signed a Share Sale Agreement (“SSA”) with Continuum Capital Sdn Bhd (“Continuum”) to acquire the Company’s entire ordinary share capital in Encipta Ltd. (“Encipta”) for a cash consideration of USD4,250,000 plus the ringgit equivalent of the net cash balance of Encipta Ltd. as at the completion date

The SSA is subject to the fulfilment of the following Conditions Precedents (“CPs”):

- All shareholding held by Encipta in Artisan Encipta Ltd. (“Artisan”) having being sold, transferred or disposed of properly on terms acceptable to Continuum;

- The Government of Malaysia’s (“ the Government”) written confirmation that the share sale and all shares held by Encipta in the investee companies are free from all encumbrances and charges that may have been created in favour of the Government; and

- The Government’s written confirmation that has no claim whatsoever over Encipta or any of its assets including any income, benefits or profits derived from any of the investee companies or otherwise.

The disposal is expected to be completed by end of May 2010.

(c) On 19 March 2010, the Company received a letter from the Ministry of Finance (“MOF”) for the settlement of the RM76,000,000 term loan as follows:

(i) RM36,500,000 of the loan will be waived and offset against the proceeds from the sale of a former subsidiary by MOF and the actual sale value of a related company sold to MOF in prior years.

(ii) RM39,500,000 of the loan will need to be settled by the Company.

Subsequently, on 3 May 2010, the Company received another letter from the MOF instructing the Company to settle RM39,500,000 on or before 31 May 2010.

29. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest bearing assets as at 31 December 2008. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have mostly placed in fixed deposits.

(c) Foreign exchange risk

The Group is exposed to United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases give rise to foreign exchange exposures. Exposures to foreign currency risks are monitored on an ongoing basis.

The Group does not enter into forward contracts to hedge foreign exchange risk and foreign exchange exposures in transactional currencies are kept to an acceptable level.

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via management reporting procedures.

The Group has no significant concentration of credit risk with any single counterparty except as disclosed in Note 18.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group at balance sheet date approximate their fair values.

It is not practical to estimate the fair value of the Group's amount due (to)/from associates, subsidiaries and related companies due to lack of fixed repayment term entered by the parties involved. However, the Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the values that would eventually received or settled.

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