

# Contents

2 – 3

**Notice Of Annual General Meeting**

4 – 6

**Statement Accompanying The Notice Of Annual General Meeting**

7

**Corporate Information**

8

**Corporate Structure**

9 – 12

**Directors' Profile**

13 – 14

**Statement By The Board Of Directors**

15 – 23

**Corporate Governance Statement**

24 – 27

**Audit Committee**

28 – 29

**Statement On Internal Control**

31 – 72

**Financial Statements**

73

**List Of Properties**

74 – 76

**Analysis Of Shareholdings**

**Form Of Proxy**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fourteenth Annual General Meeting of the Company will be held at the Puteri Room, Level M, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on 28 Monday June 2010 at 11.00 a.m. to transact the following business:

- 1 To receive and adopt the Financial Statements for the year ended 31 December 2009 together with the Reports of Directors and Auditors thereon. **Resolution 1**
  
- 2 To re-elect the following Director who retires in pursuant to Article 83 of the Company's Articles of Association :-  
  
**Y.M. Dato' Tengku Putra Bin Tengku Azman Shah** (*Non-Independent Non-Executive Director*) **Resolution 2**  
  
**Mr Ooi Giap Ch'ng** (*Independent Non-Executive Director*) **Resolution 3**
  
- 3 To re-appoint the following Director pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting :-  
  
**Y.Bhg. Dato' Khairi Bin Mohamad** (*Independent Non-Executive Director*) **Resolution 4**
  
- 4 To approve Directors' fees **Resolution 5**
  
- 5 To re-appoint Messrs Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration **Resolution 6**
  
- 6 As special Business  
To consider and, if thought fit, to pass the following Ordinary and Special Resolutions:  
  
ORDINARY RESOLUTION 1  
**-Authority to allot shares pursuant to Section 132D of the Companies Act, 1965**  
  
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

By Order of the Board

**LEONG KWOK FAI**

Secretary

Shah Alam,  
Selangor Darul Ehsan  
4 June 2010

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two(2) proxies to attend and vote at the meeting, such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 19, Jalan Delima 1/1, Subang Hitech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. **Ordinary Resolution**  
**-Authority to allot shares pursuant to Section 132D of the Companies Act, 1965**  
The proposed Ordinary Resolution if passed will give the Directors the authority to issue shares up to a maximum ten per centum (10%) of the issued capital of the Company for the time being for such purpose as the Directors would consider in the best interest of the Company. The authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.

## STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Directors standing for re-election at the Fourteenth Annual General Meeting of the Company pursuant to Article 83 of the Articles of Association of the Company are :-

**Y.M. Dato Tengku Putra Bin Tengku Azman Shah** *(Non-Independent Non-Executive Director)*

**Mr Ooi Giap Ch'ng** *(Independent Non-Executive Director)*

2. Director standing for reappointment pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting :-

**Y.Bhg. Dato' Khairi Bin Mohamad** *(Independent Non-Executive Director)*

3. Details of attendance of Directors at Board Meetings

A total of five (5) Board of Directors' meeting was held during the financial year ended 31 December 2009. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	3/5
Y.Bhg. Dato' Khairi Bin Mohamad	5/5
Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin	
Azlan Omry Bin Omar	5/5
Mr Ooi Giap Ch'ng	5/5
Miss Lim Bee Hong	5/5

4. Date, Time and Venue of the Board Meetings

Date & Time	Venue
25 February 2009 11.00 am	
28 April 2009 11.30 am	
27 May 2009 10.00 am	Lot 19, Jalan Delima 1/1, Subang Hitech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor D.E.
28 August 2009 2.30 pm	
24 November 2009 11.00 am	

## STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 5. Further details of retiring Directors who is standing for re-election.

Name	Y.M. Dato' Tengku Putra Bin Tengku Azman Shah
Age	59
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 10)
Position in Company	Non-Independent Non-Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	Nil
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that he has with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Name	Mr Ooi Giap Ch'ng
Age	51
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 12)
Position in Company	Independent Non-Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	Nil
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that he has with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

## STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING (cont'd)

6. Further details of Director who is standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965.

Name	Y.Bhg. Dato Khairi Bin Mohamad
Age	70
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 10)
Position in Company	Independent Non-Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	Nil
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that he has with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin**  
Executive Director

**Lim Bee Hong**  
Executive Director

**Y.M. Dato' Tengku Putra Bin Tengku Azman Shah**  
Non-Independent Non-Executive Director

**Y. Bhg. Dato' Khairi Bin Mohamad**  
Independent Non-Executive Director

**Azlan Omry Bin Omar**  
Non-Independent Non-Executive Director

**Ooi Giap Ch'ng**  
Independent Non-Executive Director

Chief Executive Officer  
**Ding Cho Hee**

Company Secretary  
**Leong Kwok Fai (LS 004938)**

**Registered Office**  
Lot 19, Jalan Delima 1/1  
Subang Hi-tech Industrial Park, Batu Tiga  
40000 Shah Alam, Selangor Darul Ehsan  
Tel: 03-5633 1188  
Fax: 03-5634 3838  
Homepage: <http://www.cme.com.my>

**Registrar**  
Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi Purpose, Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 03-2721 2222  
Fax: 03-2721 2530 & 03-2721 2531

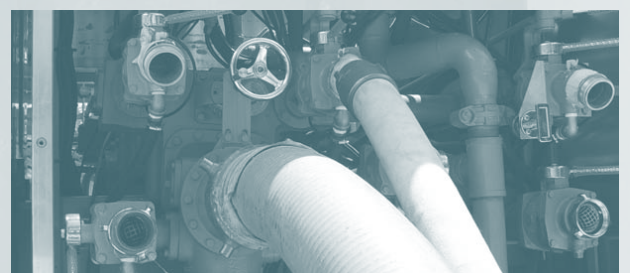
**Auditors**  
Deloitte & Touche  
Chartered Accountants  
Level 19, Uptown 1  
1, Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Tel: 7723 6500  
Fax: 7726 3986

**Principal Bankers**  
AmBank (M) Berhad  
Bank Perusahaan Kecil &  
Sederhana Malaysia Berhad  
Malayan Banking Berhad  
Rhb Bank Berhad  
Public Bank Berhad

**Stock Exchange Listing**  
Main Market of  
Bursa Malaysia Securities Berhad

**Stock Name**  
CME

**Bursa Securities Stock No**  
Stock Code: 7018



## CORPORATE STRUCTURE

# CME

## CME GROUP BERHAD

Company No. 52235-K

100%

### CME Technologies Sdn Bhd

Designing, Manufacturing and Sales of Fire Fighting Vehicles, Fire Engines, Specialist Vehicles, Airport Crash Tenders, Hazmat Vehicles, Aerial Access Ladder, Cranes, Fuel Transfer Vehicles including Refuellers, Riot Control Vehicles, Fire Fighting and Rescue Equipment and Fixed Installations.

100%

### CME Edaran Sdn Bhd

Sales and Services of Fire Fighting Equipment, Fire Fighting Vehicles, Specialist Vehicles, Fuel Transfer Vehicles and the supply of related spare parts

100%

### CME Industries Sdn Bhd

Servicing Fire Fighting and Specialist Vehicles and supply of related spare parts

100%

### CME Properties Sdn Bhd

Dormant

100%

### CME Pyroshield Sdn Bhd

Sale and servicing of fire fighting gas system and other safety related products





## DIRECTORS' PROFILE

### **Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin**

Executive Director

---

Tunku Nizamuddin Bin Tunku Shahabuddin, aged 39, was appointed to the Board of the Company on 6 May 2009. He holds a Bachelor of Business in Tourism Management from University of New England, Lismore, Australia and MBA in International Management from Thunderbird, The Garvin School of International Management, Arizona, USA. Tunku has over 15 years of experience in the field of advisory and consultancy in all business areas.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

He does not have any conflict of interest nor any personal interest in any business arrangement involving the Company.

He has no convictions for offences over the past 10 years.

He has attended all the Board Meetings of CME held during the financial year ended 31 December 2009.

Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin is deemed as a substantial shareholder in CME.

Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin also sits on the Board of several other private limited companies.

### **Miss Lim Bee Hong**

Executive Director

---

Miss Lim Bee Hong, aged 44 was appointed to the Board of the Company on 6 May 2005. Miss Lim obtained her Bachelor of Accountancy from University of Malaya in 1991 and a member of Malaysian Institute of Accountants. She has over 20 years of experience in the field of accountancy.

She does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

She does not have any conflict of interest nor any personal interest in any business arrangement involving the Company.

She has no convictions for offences over the past 10 years.

She has attended all the Board Meetings of CME held during the financial year ended 31 December 2009.

Miss Lim Bee Hong hold 540 shares in CME.

Miss Lim Bee Hong also sits on the Board of several other private limited companies.

### **Y.M. Dato' Tengku Putra Bin Tengku Azman Shah**

Non-Independent Non-Executive Director

---

Dato' Tengku Putra Bin Tengku Azman Shah, aged 59, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in the 1960's, Dato' Tengku was appointed as the Military Aide-de-Camp to His Royal Highness The Sultan of Selangor. He resigned from this position and entered the corporate world in 1995. Since then, he has extensive interests in civil, building construction and property development.

## DIRECTORS' PROFILE (cont'd)

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

He does not have any conflict of interest nor any personal interest in any business arrangement involving the Company.

He has no convictions for offences over the past 10 years.

He has attended three (3) Board Meetings of CME held during the financial year ended 31 December 2009.

Y.M. Dato' Tengku Putra Bin Tengku Azman Shah does not hold any shares in CME.

Y.M. Dato' Tengku Putra Bin Tengku Azman Shah is subject to retirement by rotation at the forthcoming Annual General Meeting and has offered himself for re-election.

Y.M. Dato' Tengku Putra Bin Tengku Azman Shah also sits on the Board of several other private limited companies.

### **Y.Bhg. Dato' Khairi Bin Mohamad**

Independent Non-Executive Director

Chairman of Audit Committee

Chairman of Nomination Committee

Chairman of Remuneration Committee

---

Dato' Khairi Bin Mohamad, aged 70, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in 1959, he went on to obtain his Commercial Pilot Licence (CPL) and Airline Transport Pilot Licence (ATPL) in 1960 and 1968 respectively. Between 1962 – 1972, he worked for Malayan Airlines which was later renamed Malaysia-Singapore Airlines (MSA) as a First Officer and was promoted to Captain in 1968 when he obtained his ATPL. In 1972 he joined Malaysia Airlines System (MAS) and was involved in the establishment and setting up of the Airline. During his career with MAS, he has clocked a total Flying Hours of approximately 19,000 hours on multi-engine jets and he has held various senior positions in MAS namely, Senior Flight Instructor, Chief Pilot (Training) and Deputy Director of Flight Operations. He held the position as Director of Flight Operations for more than ten years until he retired. During his spell as Director of Flight Operations, he attended major courses conducted by reputable universities such as the Monash University in Australia, Harvard Business School, Asian Institute of Management and London Business School. The courses attended are Human Factors in Aviation, Senior Management Course, Air Transport Course, Civil Aviation Senior Management Programme and Senior Development Programme. He is also a member of the Harvard Business School Alumni Club of Malaysia.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

He does not have any conflict of interest nor any personal interest in any business arrangement involving the Company.

He has no convictions for offences over the past 10 years.

He has attended all the Board Meetings of CME held during the financial year ended 31 December 2009.

Y.Bhg. Dato' Khairi Bin Mohamad does not hold any shares in CME.

Y.Bhg. Dato' Khairi Bin Mohamad also sits on the Board of several other private limited companies.

## DIRECTORS' PROFILE (cont'd)

### **En Azlan Omry Bin Omar**

Non-Independent Non-Executive Director

Member of Audit Committee

Azlan Omry Bin Omar, aged 44, was appointed to the Board of the Company on 6 July 2000. He holds a Bachelor of Science degree majoring in Civil Engineering from California State University, Sacramento, California and a Master of Science degree in Manufacturing Systems Engineering from University of Warwick, England. Upon his return from England, he worked for MR Perunding Consulting Engineers Sdn Bhd as a civil and structural engineer from 1990 to 1992. He then returned to England for two years (1993-1994) to work for the Warwick Manufacturing Group, in Coventry, England as a Research Associate. After gaining relative experience in composites technology in the UK, he returned to Malaysia and joined Composites Technology Research Malaysia Sdn Bhd (CTRM) in 1994. CTRM was a wholly owned subsidiary of Khazanah Nasional Berhad established by the Government to spearhead the composites industry in Malaysia. At CTRM he was responsible for the project management of the overall development and construction of the CTRM / Eagle Aircraft Malaysia Manufacturing Facility including the procurement and designing of the Manufacturing and IT Systems in the Aircraft Manufacturing Facility.

In 1998, he started Omryn Meredien Sdn Bhd, an IT services company specialising in the sales of computer networking components and Internet services. He is also a director of Comtrac Sabkar Development Sdn. Bhd. a subsidiary of DRB Hicom Berhad and is actively involved in the company's business of property development and construction.

En. Azlan Omry Omar is also an executive director of Kinderdijk Sdn Bhd. Kinderdijk Sdn Bhd was incorporated in 2003 and its core business is the trading and distribution of market leading baby and child care products in Malaysia and Singapore. Its business has now expanded into the retail sector through its mother and baby stores, as well as casual footwear stores.

Kinderdijk began as the sole distributor of Phillips Avent baby products in 2003 and were subsequently awarded the Mattel and Fisher Price toys, Crocs footwear and Maclaren stroller distributorship. Other brands in their stable include Winx Club apparel.

The first Crocs Concept Store was established in 2006 through their wholly owned subsidiary, Kinderdijk Stores Sdn Bhd. Mom's Care, also a wholly owned subsidiary is a retail chain store specialising in mother and baby care. To date, Kinderdijk operates 10 Crocs Concept Stores, 8 Mom's Care stores, and 2 Winx Club stores.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

He does not have any conflict of interest nor any personal interest in any business arrangement involving the Company.

He has no convictions for offences over the past 10 years.

He has attended all the Board Meetings of CME held during the financial year ended 31 December 2009.

En Azlan Omry Bin Omar does not hold any shares in CME.

En Azlan Omry Bin Omar also sits on the Board of several other private limited companies.

## DIRECTORS' PROFILE (cont'd)

### **Mr Ooi Giap Ch'ng**

Independent Non-Executive Director

Member of Audit Committee

---

Mr Ooi Giap Ch'ng, aged 51 was appointed to the Board on 6 May 2005. He holds a Bachelor of Economics degree from Australia National University. He also holds a Bachelor of Law degree and entered on the Roll of Barrister and Solicitors of the Supreme Court of the Australian Capital Territory. He was called to the Malaysian Bar in 1987 and has over 20 years of experience in law practice, mainly in the area of commercial, company litigation, property conveyance, banking and corporate services for financial institutions and public listed companies, corporate restructuring and listing and IPO. He is the founding partner of Messrs Abdullah, Ooi and Chan.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

He does not have any conflict of interest nor any personal interest in any business arrangement involving the Company.

He has no convictions for offences over the past 10 years.

He has attended all the Board Meetings of CME held during the financial year ended 31 December 2009.

Mr Ooi Giap Ch'ng does not hold any shares in CME.

Mr Ooi Giap Ch'ng is subject to retirement by rotation at the forthcoming Annual General Meeting and has offered himself for re-election.

Currently, Mr Ooi sits on the Board of Meda Inc. Berhad, Infotec Alliance Bhd and several other private limited companies.

## STATEMENT BY THE BOARD OF DIRECTORS

On behalf of the Board of Directors of CME Group Berhad ("CME"), it is my great pleasure to present the Annual Report and Financial Statements of the Group for financial year ended 31 December 2009.

### FINANCIAL REVIEW

2009 has been a difficult and challenging year for the Group following the continuing slump in business and economic activities and the slow recovery rate globally. The business environment has remained very competitive and demanding amid the highly volatile commodities market. Under these difficult conditions and the lack of major projects during the year, the business of the Group was adversely affected. The Group managed to record a revenue of RM10.808 million for financial year ended 31 December 2009 as compared to RM37.251 million in 2008 a drastic decrease in revenue for 2009 in comparison to its performance achieved in 2008. The decline has resulted in a loss of RM14,000/- only as compared to a loss in 2008 of RM1.260 million.

On the positive side, the Group has to-date secured projects amounting to approximately RM21 million for design manufacture supply and delivery of fire vehicles (for both the domestic and export market) and gas system for billing in 2010/2011.

### OVERVIEW AND FUTURE DIRECTION

The Board is of the opinion that business operations will continue to be difficult and challenging for the year 2010 in view of the globally weak economic situation and financial turmoil. However as there are indicative signs that points toward the economic recession and financial turmoil has already gone past its bottom and with the anticipated recovery, the Board remains cautiously optimistic hopeful that the Group would improve its performance.

Further, year 2010 is at the end of the 9 Malaysia Plan and as expected the domestic requirement for fire vehicles and related products are anticipated to reduce. In view of this scenario, the management has increased the export market task force to have a wider coverage of the Asean and Middle East countries. The Board is confident that this business segment will contribute positively towards the performance of the Group as we have so far managed to secure orders to supply fire vehicles to the oil and gas industry to Thailand and Philippine. We have also received enquiries for our locally designed fire vehicle from African countries and even from well developed countries as well. As for the gas total flooding system, we have supplied to Thailand, Vietnam and Indonesia.

Meanwhile, the Company will continue to explore other viable, synergistic and profitable business ventures to improve the Group's performance.

Lastly, we have achieved an occupancy rate of approximately 90% with a majority of them on a reasonably long-term rental basis on our investment properties.

### DIVIDEND

The Board of Directors, having made due consideration, is not recommending any dividend payment for the financial year ended 31 December 2009.

## STATEMENT BY THE BOARD OF DIRECTORS (cont'd)

### APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I wish to record our appreciation to the Management and Staff of the Group for their dedication, commitments, efforts and diligent contributions towards the Group in such challenging time.

I also sincerely wish to extend my gratitude to our valued customers, financiers/bankers, business associates/partners and shareholders for their confidence, support and loyalty without which our success will not be possible and I look forward for their continuing support in the Group. I would also like to extend my appreciation and gratitude to the relevant regulatory authorities and agencies for their continued support, co-operation and advice.

Finally, my sincere gratitude and thanks to my fellow Directors for their invaluable support and advice and my special thanks to our shareholders for their continuing trust and confidence in the Group.

**Y. M. TUNKU NIZAMUDDIN BIN TUNKU SHAHABUDDIN**

DIRECTOR

4 June 2010

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of CME GROUP BERHAD (“CME”) is fully committed to ensuring high standards of corporate governance being practised throughout the Group to safeguard and promote the interests of all its stakeholders and for sustainable value creation.

The Board has continued to practise good and effective corporate governance in the conduct and the overall business direction and management of the Group consistent with the principles and best practices of the Malaysian Code of Corporate Governance (“the Code”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

### 1. THE BOARD OF DIRECTORS

#### 1.1 Composition

CME is led and managed by a committed, experienced and pro-active Board which is able to provide a clear and effective leadership of the Group. The Board comprises of six (6) directors, with two (2) Executive Directors, two (2) Non-Executive Non-Independent Directors and two (2) of whom are Independent Non-Executive. The Board composition provides an effective check and balance in the functioning of the Board, and is in compliance with Listing Requirements of Bursa Malaysia which require one-third (1/3) of the Board to be independent. Collectively, the Board brings wide range of business, financial, legal experience and industry specific knowledge pertinent to the Group’s business. A brief profile of each Director is presented on page 9 to 12 of this Annual Report.

The Board is satisfied that its current composition and size constitute an effective Board to the Group and none of the directors of the Company hold more than ten (10) directorships in public listed company or more than 15 in non-public listed companies, as required by the Listing Requirements.

#### 1.2 Roles and Responsibilities

The Board has the ultimate and overall responsibility for corporate governance, strategic direction, leadership and supervision of the Group’s business affairs to enable the Group to meet its business objectives and their obligations to shareholders and other stakeholders.

Apart from the above responsibilities, the Board also reviews the performance of the Group and ensures that a proper internal control system is in place. These actions are carried out directly by the Board or through Board Committees.

The Executive Directors are responsible for developing, coordinating and implementing business and corporate policies and strategies for the Group. They are accountable to the Board for the profitability, operations and development of the Group, consistent with the primary objective of protecting and enhancing long term stakeholders value and the financial performance of the Group whilst taking into account the interests of other stakeholders.

The Non-Executive Directors who possess the experience and business acumen contribute effectively to the Board’s deliberation and decision making process. The Independent directors are independent of management and are free from any business or other relationships that could materially interfere with the exercise of independent judgment. They provide independent and balanced assessment and unbiased views and advice to the Board’s deliberation and decision-making process, so as to safeguard the interests of the Group and its stakeholders whilst ensuring high standards of conduct and integrity are maintained.

The Group Chief Executive Officer with the support of the Executive Directors oversees the day-to-day running and management of the business and operations, and implementation of the Board’s policies and decisions.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1.3 Board Meetings

The Board meets every quarter. Additional meetings are convened whenever necessary. Meetings were scheduled at the start of the year to enable Board members to plan their appointment schedule. During the financial year, the Board met five (5) times and all Directors have complied with the requirement in respect of board meeting attendance as provided in the Listing Requirements of Bursa Malaysia. At these meetings, all members of the Board are encouraged to conduct full deliberation on issues brought up. Senior management and external advisors are invited to attend the Board meetings to brief and advise on relevant agenda items to enable the Board to arrive at a considered decision. At these meetings, the Company Secretary are responsible for ensuring that all relevant procedures are complied with and that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of CME.

The details of the attendance of each Director at Board meetings during the financial year are as follows :-

No.	Name	Designation	No of Board Meetings attended
1	Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin	Executive Director	5/5
2	Miss Lim Bee Hong	Executive Director	5/5
3	Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	Non Independent Non Executive Director	3/5
4	En Azlan Omry Bin Omar	Non Independent Non Executive Director	5/5
5	Y. Bhg. Dato Khairi Bin Mohamad	Independent Non Executive Director	5/5
6	Mr Ooi Giap Ch'ng	Independent Non Executive Director	5/5

### 1.4 Supply of Information

The Board has full and unrestricted access to all information pertaining to the businesses and affairs of the Group. Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive board papers containing information relevant to the business of the meetings. This allows the information, clarifications, necessary, at the meetings are focused and constructive to enable the Board to effectively discharge its function. Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation, and Directors may raise comments or seek clarifications on the minutes prior to the confirmation of the minutes.

In discharging their duties, all the Directors have full access to the advice and services of the Company Secretary and other senior management. The Directors may, if necessary, also seek external independent professional advice in the furtherance of their duties to the Group's expense.

The Directors are notified of all the Company's announcements to Bursa Malaysia. They are also notified of the restriction in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial result announcement.



## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 2. BOARD COMMITTEES

The Board has established Board Committees namely an Audit Committee, Remuneration and Nomination Committee to assist and support the Board in discharging its fiduciary duties and responsibilities.

The Board Committees operate within their own clearly defined terms of references and responsibilities as set out by the Board in compliance with the Code.

The Board Committees deliberate and examine matters within their operating parameters in greater detail and report to the Board on matters considered together with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board also carries out annual evaluation on the effectiveness of the Board and the Board Committees as a whole. The findings of the evaluation are subsequently tabled at the Remuneration and Nomination Committee meeting for discussion with the Directors.

#### 2.1 Audit Committee

The composition of the Audit Committee, its terms of reference and a summary of its activities are set out in the Audit Committee Report on page 24 to 27 of this Annual Report.

#### 2.2 Nomination Committee

The Nomination Committee comprises the following directors during the year:

Y. Bhg. Dato' Khairi Bin Mohamad      Chairman, Independent Non-Executive Director

Mr Ooi Giap Ch'ng      Independent Non-Executive Director

The Nomination Committee consists of entirely of Independent Non-Executive Directors.

The Nomination Committee is empowered by the Board and its terms and reference are :-

- a. The members of the Nomination Committee shall be appointed by the Board from amongst their number, consisting of wholly or mainly Non-Executives and shall consist of not less than two (2) members.
- b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.
- c. If the number of members for any reasons fall below two (2), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval to appoint the appropriate Director to fill the vacancy.
- d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
- e. The Company Secretary shall be the Secretary of the Committee.
- f. Directors do not participate in decisions on their own nomination.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### Terms of Reference

- a. To propose new nominees for the Board and its subsidiaries whether to be filled by Board members, shareholders or executives.
- b. The Committee shall also consider candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicality by any other senior executive or any director or shareholder.
- c. To make recommendations to the Board of Directors to fill seats on Board Committees.
- d. To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board.
- e. To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- f. To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

### Meetings and Procedures

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nomination Committee meeting.

During the year ended 31 December 2009, one meeting was held, which was attended by all members of the Nomination Committee.

### 2.3 Remuneration Committee

The Remuneration Committee comprises the following directors during the year:

Y. Bhg. Dato' Khairi Bin Mohamad	Chairman, Independent Non-Executive Director
Mr Ooi Giap Ch'ng	Independent Non-Executive Director

### Membership

- a. The members of the Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly of Non-Executive Directors and shall consist of not less than two (2) members.
- b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Directors.
- c. If the number of members for any reasons fall below two (2), the Board shall, within three (3) months of that event, appoint such numbers of new members as may be required to make up the minimum number of two (2) members.
- d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
- e. The Company Secretary shall be the Secretary of the Committee
- f. Directors do not participate in decisions on their own remuneration packages.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### Terms of Reference

- a. To review and recommend to the Board the remuneration of each of the executive and non-executive directors in all its forms, drawing from outside advice as necessary.
- b. To recommend to the Board after reviewing the management's proposals on:-
  - Overall annual salary increment frameworks/policy.
  - Annual bonus limits/ guidelines and incentive scheme.
  - Fees and basic salary levels.
  - Remuneration, benefits in kinds and other terms and conditions of employment, which have to be introduced as part of the group's overall human resource development plan. This would include matters such as pegging the Group salaries in line with industry standards and major changes in benefits package.

### Meetings and Procedures

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Chief Executive Officer shall attend and make presentations at meetings, whenever business is not related to Executive Directors' remuneration. The Committee will decide its own procedures and other administrative arrangements.

Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Remuneration Committee meeting.

During the year ended 31 December 2009, one meeting was held, which was attended by all members of the Remuneration Committee.

### 3. DIRECTORS' TRAINING

The Company is cognizant of the importance of continuous training for Directors to further enhance their knowledge and expertise and to keep abreast with latest developments in regulatory requirements and business practices.

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Bhd (Bursa Securities). During the financial year, Directors has attended various accredited training programmes/ courses and seminars to further broaden their skills, knowledge and perspectives to keep them abreast with new and relevant developments pertaining to changes in legislation, regulations and the market place.

The Board encourages its Directors to attend talks, seminars workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 4. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole upon recommendation by the Nomination Committee.

In accordance with the Company's Articles of Association (the "Articles"), at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM to be held following their appointments.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment by shareholders in accordance with section 129(6) of the Companies Act, 1965.

The names and details of Directors seeking re-election and re-appointment are disclosed in the Notice of AGM and the profile of the Board of Directors respectively in this Annual Report.

### 5. DIRECTORS' REMUNERATION

The Details of Directors' remuneration during the financial year disclosed by category are as follows :-

Category	Fees	Other Emoluments	(RM '000) Total
Executive Directors	40	149	189
Non-Executive Directors	120	-	120
Total	160	149	309

Range of Remuneration inclusive Attendance Allowance (RM)	Executive Director	Non-Executive Director
Below RM 50,000	1	
RM 50,001 – RM100,000		
RM100,001 – RM150,000	1	
RM150,001 and above		
<b>FEES</b>		
RM 5,001 – RM20,000	2	1
RM20,001 – RM40,000		3

Directors' remuneration is decided and reviewed in line with the objective of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. Remuneration for the Executive Directors is aligned to individual and corporate performance. Non-Executive Directors are paid fees for the responsibility they shoulder.

The Remuneration Committee recommends to the Board for approval the remuneration of the Executive Directors in accordance with the remuneration policy established. The Board as a whole determines the remuneration of the Non-Executive Directors. Each individual Director abstains from the Board decision on his own remuneration. The fees of the Directors are subject to the approval of the shareholders at the AGM.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 6. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board is committed to provide timely and accurate disclosure of all material information about the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to Bursa Malaysia and media releases and the Annual Report.

Shareholders and investors can obtain pertinent information on the Group's various activities by accessing its web-site at [www.cme.com.my](http://www.cme.com.my). The web-site has a dedicated online investor relation portal providing information about the Group including financials, Annual Report, announcements and media releases. The portal also has an e-mail alerts service where shareholders and anyone who is interested may register to receive newly posted Company announcements and news updates on the Company via e-mail.

The Annual General Meeting is the principal forum for dialogue and interaction among shareholders, Board and Management and for receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

### 7. ACCOUNTABILITY AND AUDIT

#### 7.1 Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial position, performance and prospects through the quarterly and annual financial statements released to the shareholders. It also ensures that the financial statement of the Group gives a true and fair view of the state of affairs of the Group.

The Board is assisted by the Audit Committee to oversee the quality of the Group's financial reporting and also to ensure that the financial statements are drawn up following appropriate accounting policies and in accordance with the provisions of the Companies Act, 1965 and the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The accounting policies once adopted, are consistently applied and supported by reasonable judgments and estimates

#### 7.2 Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group, covering matters relating to operations, compliance and risk management to safeguard shareholders' investment and the Group's assets, save and except or associate companies.

The Statement of Internal Control set out on pages 27 and 28 of this Annual Report provides an overview of the state of internal controls of the Group.

#### 7.3 Relationship with the Auditors

The Company's external auditors continue to report to the Company on their findings which are reported in the Company's financial reports with respect to each year of audit on the statutory financial statements. The Audit Committee and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company's external auditors from whom professional advice on financial reporting is sought.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 7.4 Statement of Directors' Responsibility

The following statement, which should be read in conjunction with the report of the auditors set out on pages 34 to 35, is made pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad, to explain the responsibilities of the Directors in relation to the preparation of the annual financial statements.

The Directors are responsible to ensure that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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.

In preparing these financial statements for the year ended 31 December 2009, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made estimates and judgements that are reasonable and prudent;
- ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- prepared the financial statements on the going concern basis.

This statement is made in accordance with a resolution of the Board of Directors on 28 April 2010.

### 7.5 Compliance Statement

The Board is of the opinion that it has, in all material aspects, complied with the principles and best practices outlined in the Malaysian Code on Corporate Governance for the financial year ended 31 December 2009.

## 8. CORPORATE SOCIAL RESPONSIBILITY

As responsible corporate citizen, we are committed to ensuring that our actions not only to benefit our shareholders but also our employees, community and the environment.

Our employees are hearts of the Company and we have long maintained a safe and healthy working environment for all employees and continuously inculcate safety and health consciousness in them. We also believe that employees involvement is vital to the success of the Group and we strive to motivate, develop and retain the best employees and to ensure them to excel and thrive at all times.

Our Group recognizes the importance of minimising the environment impact and risks through promoting environmental care activities such as practicing of paperless environment, reduce the usage of paper via electronic communication and recycle paper waste.

The Company understands the importance of good corporate governance to protect and enhance shareholder value and financial performance. Management and staff are continuously reminded to uphold high standard of conduct in the performance of their duties and practice good business ethics.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### ADDITIONAL COMPLIANCE INFORMATION

**1. Share Buy-Backs**

During the year, there were no share buy-backs by the Company.

**2. Options, Warrants or Convertible Securities**

There were no exercises of options, warrants or convertible securities during the year.

**3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme**

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

**4. Non-Audit Fees**

There is no payment of non-audit fees to the External Auditors for the financial year.

**5. Profit Estimate, Forecast, Projections and Variation in Results**

There were no variations of 10% or more between the audited results and the unaudited results previously announced for the year ended 31 December 2009. The Company did not make any release on the profit estimate, forecast and projections for the year.

**6. Profit Guarantee**

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

**7. Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

**8. Contract Relating to Loans**

There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and major shareholders' interests.

**9. Revaluation Policy on Landed Properties**

The Group has not adopted a policy on regular revaluation on its landed properties and/or investment properties.

**10. Recurrent Related Party Transactions**

There were no recurrent transactions with related parties undertaken by the Group during the year.

**11. Sanctions and/or Penalties Imposed**

There were no public sanctions and/or penalties imposed on the Company and its other subsidiaries, directors or management by any other relevant authorities.

## AUDIT COMMITTEE

### I. CONSTITUTION

The terms of reference of the Audit Committee are set out in pages 26 and 27 of the Annual Report.

### II. COMPOSITION

The Audit Committee comprises three (3) members of the Board with two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

### III. MEMBERSHIP

Members of the Board who serve on the Audit Committee are as follows:-

Name	Membership status
Y. Bhg Dato Khairi Bin Mohamad	Chairman, Independent Non-Executive Director
Mr Ooi Giap Ch'ng	Independent Non-Executive Director
En Azlan Omry Bin Omar	Non-Independent Non-Executive Director

### IV. MEETINGS

Name	No. of Meeting Attended
Y. Bhg Dato Khairi Bin Mohamad	5/5
Mr Ooi Giap Ch'ng	5/5
En Azlan Omry Bin Omar	5/5

### V. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee conducted its activities in line with its terms of reference which include the following :-

#### 1. Financial Results

- (a) Reviewed the unaudited quarterly financial results and announcements before recommending to the Board for consideration and approval and the release of the Group's results to Bursa Malaysia.
- (b) Reviewed the annual audited financial statements before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were in compliance with :-
  - Main Market Listing Requirements of Bursa Malaysia;
  - Provisions of Companies Act, 1965 and other legal and regulatory requirements; and
  - Applicable approved accounting standards of Malaysian Accounting Standards Board.



## AUDIT COMMITTEE (cont'd)

### 2. External Audit

- (a) Reviewed the external auditors' scope of work and audit plan for the year.
- (b) Reviewed the results of their audit of the year end financial statements and the resolution of issues highlighted in their report to the Audit Committee.
- (c) Reviewed the independence of the external auditors during the year.
- (d) Reviewed and recommend external auditors' remuneration to the Board.
- (e) Reviewed with the external auditors the impact of new or proposed changes in accounting standards and regulatory requirements and the extent of compliance.
- (f) During the review of the Group's twelve-month's financial results, representatives of the External Auditors, Messrs Deloitte & Touche was invited to discuss the Group Accounts for the year ended 31st December 2009. Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the said Group Accounts; together with recommendations in respect of the findings; and

### 3. Internal Audit

- (a) Reviewed and approved the internal audit plan for the year prepared by the internal auditors to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.
- (b) Reviewed the performance, adequacy, resources and competency of the internal auditors.
- (c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve system of internal control and procedures.
- (d) Held one (1) meeting with internal auditors during the financial year without the presence of the Executive Directors and employees of the Company.

## VI. INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") of the Group is outsourced. The cost incurred for the outsourced of internal audit function in respect of the financial year 2009 amounted to RM18,000.00.

The IAF's primary role is to provide assurance to the Audit Committee on the adequacy and effectiveness of the risk, control and governance framework of the Group.

The IAF reports directly to the Audit Committee who reviews and approves the annual internal audit plan.

During the financial year, the activities carried out were as follows :-

- (a) Conducted internal audit reviews in accordance with the approved internal audit plan and reported to the Audit Committee on the findings and the actions taken by Management to address the matters highlighted.

## AUDIT COMMITTEE (cont'd)

- (b) Reviewed the adequacy and effectiveness of the system of controls to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas in regard to:
  - Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations;
  - Safeguarding of assets; and
  - Compliance with laws, regulations and contractual obligations within the Group's governance, operations and information systems.
- (c) Reviewed and appraised the soundness, adequacy and application of controls in the area of adherence, efficiency and effectiveness.
- (d) Identified opportunities to improve the operations and processes of the Group and recommend improvements to existing system of internal controls.

### VII. TERMS OF REFERENCE

The Audit Committee is guided by terms of reference, of which the salient points are as follows:--

#### 1. Objectives of the Audit Committee

The Audit Committee shall assist the Board:

- (a) In complying with specified accounting standards and the necessary disclosure as required by Bursa Malaysia, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- (b) in presenting a balanced and understandable assessment of the Company's position and prospects;
- (c) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and
- (d) in maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

#### 2. Composition of the Audit Committee

- (a) The Audit Committee shall comprise a minimum of three (3) members, of which a majority must be independent directors.
- (b) All members of the Audit Committee shall be non-executive directors.
- (c) At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements of the Listing Requirements.
- (d) The Chairman of the Audit Committee shall be an Independent Director.
- (e) All members of the Audit Committee shall hold office only for so long as they serve as Directors of the Company.

## AUDIT COMMITTEE (cont'd)

### 3. Duties and Responsibilities of the Audit Committee

- (a) Nominates and recommends the appointment of the external auditors and considers the adequacy of experience, resources, audit fee and any issues regarding their re-appointment, resignation or dismissal;
- (b) Reviews with the external auditors the nature and scope of the audit before commencement of the audit and reports the same to the Board;
- (c) Reviews with the external auditors its audit report, evaluation of the system of internal controls and reports the same to the Board;
- (d) Performs the following in respect of the IAF:
  - (i) reviews and reports to the Board on :-
    - the adequacy of the scope, authority, functions, resources and competency of the IAF;
    - the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken;
  - (ii) discuss and review the major findings of internal audit investigations and Management's response and where necessary, ensures that appropriate actions taken on the recommendations of the IAF;
  - (iii) reviews any appraisal or assessment of the performance of members of the IAF;
  - (iv) ensures the independence of the IAF and that it reports directly to the Audit Committee;
- (e) Prior to the approval of the Board, reviews the quarterly and year-end financial statements and reports the same to the Board, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions, and compliance with accounting standards and other statutory requirements;
- (f) Reviews and reports to the Board on any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (g) Reports to the Board of Directors if there is any breach of Listing Requirements and recommends corrective measures;
- (h) To promptly report to Bursa Malaysia where a matter reported by the Audit Committee to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements; and
- (i) To consider other issues as defined by the Board.

## STATEMENT ON INTERNAL CONTROL

The Statement of Internal Control is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia which requires Malaysian public listed companies to make a statement about their internal control, as a Group, in their Annual Report. This is in line with the Code which requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

### BOARD RESPONSIBILITY

The Board of Directors ("the Board") of CME Group Berhad ("CME") is committed to maintain a sound system of internal control for the Group and is responsible for reviewing its adequacy and integrity so as to safeguard shareholders' investment and the assets of the Group.

The Board and Management have implemented a control system designed to identify and manage risks faced by the Group in pursuit of its business objectives including updating the system in line with changes to business environment, operating conditions and regulatory requirements. As any system of internal control has inherent limitations, such systems are designed to manage rather than eliminate the risk that may restrict or prevent the achievement of the Group's business objectives. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

### INTERNAL CONTROL SYSTEM

The key processes of the Group's internal control system include the following:

- **Organisational structure**

The roles and responsible are clearly defined with a clear organisation structure, lines of accountability and delegated authority to facilitate the Group's daily operations consistently in line with its corporate objectives, strategies, budget, policies and business directions as approved by the Board.

- **Delegation of Authority guidelines**

Policy guidelines and authority limits are imposed on Executive Directors and Management within the Group in respect of the day to day banking and financing operations, investments, acquisition and disposal of assets. The limits are reviewed and updated regularly to reflect business, operational and structural changes.

- **Policies and procedures**

Polices and procedures have been established and are regularly updated to reflect changes in business and operational requirements. The Code of Business Conduct was adopted for governing the performance of work and business practices of the Group. There are guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures.

## STATEMENT ON INTERNAL CONTROL (cont'd)

- **Internal audit function**

As more fully described in the Audit Committee Report, an independent internal audit function has been established which provides assurance to the Audit Committee on the adequacy and integrity of the Group's internal controls. Internal audit reviews are executed based on an approved risk-based internal audit plan. The findings of the internal audit reviews together with Management's responses are presented to the Audit Committee.

- **Quality management system audit**

Audits on quality accreditations of the Group by internal auditors and accreditation bodies to ensure compliance with certification and regulatory requirements were conducted.

### CONCLUSION

The Board is pleased to report that there were no significant internal control deficiencies or weakness that resulted in material losses or contingencies to the Group for the financial year under review.

The Board has an ongoing commitment to ensure continuous improvement in the effectiveness and integrity of the Group's system of internal control.



# Financial Statements

32 – 35

**Directors' Report**

36 – 37

**Report Of The Auditors To The Members**

38

**Income Statements**

39 – 40

**Balance Sheets**

41

**Statements Of Changes In Equity**

42 – 43

**Cash Flow Statements**

44–71

**Notes To The Financial Statements**

72

**Statement By Directors**

72

**Declaration By The Officer Primarily  
Responsible For The Financial Management**

## DIRECTORS' REPORT

The directors of CME GROUP BERHAD hereby submit their report and 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 that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of activities of the Company and its subsidiary companies during the financial year.

### RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Loss before tax	(198)	(146)
Income tax credit	184	–
<b>Loss for the year</b>	<b>(14)</b>	<b>(146)</b>

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

### DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.



## DIRECTORS' REPORT (cont'd)

### OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts has been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

The Group and the Company incurred a loss of RM14,000 and RM146,000 respectively for the year ended 31 December 2009 and have current liabilities exceeding current assets by RM7,962,000 and RM10,841,000 respectively as of 31 December 2009. However, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are of the opinion that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due in the foreseeable future. Other than as stated above, at the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount of any bad debts written off or the amount of allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

## DIRECTORS' REPORT (cont'd)

### DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Tengku Putra bin Tengku Azman Shah  
 Dato' Khairi bin Mohamad  
 Azlan Omry bin Omar  
 Lim Bee Hong  
 Ooi Giap Ch'ng  
 Tunku Nizamuddin Bin Tunku Shahabuddin (appointed on 6.5.2009)

In accordance with Article 83 of the Company's Articles of Association, Messrs. Dato' Tengku Putra bin Tengku Azman Shah and Ooi Giap Ch'ng retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Tunku Nizamuddin Bin Tunku Shahabuddin who was appointed to the Board on 6 May 2009, retired under Article 90 of the Company's Articles of Association and being eligible was duly re-elected at the last Annual General Meeting.

### DIRECTORS' INTERESTS

The shareholdings of directors in the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			Balance as of 31.12.2009
	Balance as of 1.1.2009	Bought	Sold	
<b>Shares in Company</b>				
<b>Registered in the name of director</b>				
Lim Bee Hong	540	-	-	540

By virtue of the above director's interest in the shares of the Company, she is deemed to have an interest in the shares of the subsidiary companies to the extent the Company has interest.

The other directors in office at the end of the financial year did not hold shares or has any beneficial interests in the shares of the Company or its related companies during and at the end of financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate of emoluments received or fixed salary of full-time employees of certain directors in subsidiary companies as disclosed in the financial statements of the Company and of the Group) by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

## DIRECTORS' REPORT (cont'd)

### AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

Signed on behalf of the Board  
in accordance with a resolution of the Directors,

**TUNKU NIZAMUDDIN BIN  
TUNKU SHAHABUDDIN**

**LIM BEE HONG**

Shah Alam,  
28 April 2010

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CME GROUP BERHAD (INCORPORATED IN MALAYSIA)

### Report on the Financial Statements

We have audited the financial statements of **CME GROUP BERHAD**, which comprise the balance sheets as of December 31, 2009 of the Group and of the Company 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 38 to 71.

#### *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 and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purposes. We do not assume responsibility towards any other person for the content of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and their financial performance and cash flows for the year then ended.

## INDEPENDENT AUDITORS' REPORT (cont'd)

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 to the Financial Statements. The Group and the Company incurred a loss of RM14,000 and RM146,000 respectively for the year ended 31 December 2009 and have current liabilities exceeding current assets by RM7,962,000 and RM10,841,000 respectively as of 31 December 2009. However, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are of the opinion that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due in the foreseeable future. Should these assumptions be negated, the basis of preparation of the financial statements on the going-concern basis may no longer be appropriate.

### **Report on Other Legal and Regulatory Requirements**

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.
- c) The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

### **DELOITTE & TOUCHE**

AF 0834

Chartered Accountants

### **LOO CHEE CHOU**

Partner - 2783/09/10 (J)

Chartered Accountant

28 April 2010

## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

		The Group		The Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	5	<b>10,808</b>	37,251	<b>1,292</b>	795
Cost of sales		<b>(7,307)</b>	(32,986)	<b>(618)</b>	(454)
Gross profit		<b>3,501</b>	4,265	<b>674</b>	341
Investment revenue		<b>67</b>	161	–	–
Other gains		<b>769</b>	631	<b>49</b>	–
Administrative expenses		<b>(3,350)</b>	(4,221)	<b>(756)</b>	(489)
Other expenses		<b>(752)</b>	(1,048)	<b>(61)</b>	(1,490)
Finance costs	6	<b>(433)</b>	(570)	<b>(52)</b>	(52)
<b>Loss before tax</b>	7	<b>(198)</b>	(782)	<b>(146)</b>	(1,690)
Income tax credit/(expense)	8	<b>184</b>	(478)	–	(28)
<b>Loss for the year</b>		<b>(14)</b>	(1,260)	<b>(146)</b>	(1,718)
Attributable to:					
Equity holders of the parent		<b>(14)</b>	(1,260)		
Basic loss per ordinary share (sen)	9	<b>(0.003)</b>	(0.57)		

The accompanying Notes form an integral part of the Financial Statements.

## BALANCE SHEETS

### AS OF 31 DECEMBER 2009

	Note	The Group		The Company	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	7,812	7,866	–	–
Investment properties	11	42,130	42,130	42,130	42,130
Investment in subsidiary companies	12	–	–	7,657	7,657
Other investments	13	175	175	175	175
Deferred tax assets	14	165	–	–	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>50,282</b>	50,171	<b>49,962</b>	49,962
<b>CURRENT ASSETS</b>					
Inventories	15	1,640	1,704	–	–
Amount due from contract customers	16	1,333	2,355	–	–
Trade receivables	17	4,711	3,025	210	87
Other receivables, deposits and prepaid expenses	17	897	753	78	31
Amount owing by subsidiary companies	12	–	–	28,699	28,549
Fixed deposits with licensed institutions	18	2,182	85	–	–
Cash and bank balances		1,867	3,933	38	29
<b>TOTAL CURRENT ASSETS</b>		<b>12,630</b>	11,855	<b>29,025</b>	28,696
<b>TOTAL ASSETS</b>		<b>62,912</b>	62,026	<b>78,987</b>	78,658
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Issued capital	19	40,110	40,110	40,110	40,110
Accumulated losses		(534)	(520)	(1,427)	(1,281)
<b>Equity attributable to equity holders of the Company</b>		<b>39,576</b>	39,590	<b>38,683</b>	38,829
Minority interest		–	1	–	–
<b>TOTAL EQUITY</b>		<b>39,576</b>	39,591	<b>38,683</b>	38,829

## BALANCE SHEETS (cont'd)

	Note	The Group		The Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>NON-CURRENT LIABILITIES</b>					
Trade payables - non-current portion	22	308	–	–	–
Hire-purchase payables - non-current portion	20	261	205	–	–
Long-term loan - non-current portion	21	2,175	1,216	438	587
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,744</b>	1,421	<b>438</b>	587
<b>CURRENT LIABILITIES</b>					
Amount due to contract customers	16	4,488	1,078	–	–
Trade payables	22	4,348	2,185	2,929	–
Other payables, accrued expenses and provisions	22	3,162	8,354	1,145	4,781
Amount owing to subsidiary companies	12	–	–	35,607	34,348
Hire-purchase payables - current portion	20	122	150	–	–
Bank borrowings	23	8,380	8,944	185	113
Tax liabilities		92	303	–	–
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,592</b>	21,014	<b>39,866</b>	39,242
<b>TOTAL LIABILITIES</b>		<b>23,336</b>	22,435	<b>40,304</b>	39,829
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,912</b>	62,026	<b>78,987</b>	78,658

The accompanying Notes form an integral part of the Financial Statements.



## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Issued capital RM'000	Retained earnings/ (Accumulated loss) RM'000	Minority interest RM'000	Total equity RM'000
<b>The Group</b>				
<b>Balance as of 1.1.2008</b>	40,110	740	1	40,851
Loss for the year	–	(1,260)	–	(1,260)
Balance as of 31.12.2008/1.1.2009	40,110	(520)	1	39,591
Loss for the year	–	(14)	–	(14)
Disposal of subsidiary company	–	–	(1)	(1)
<b>Balance as of 31.12.2009</b>	<b>40,110</b>	<b>(534)</b>	<b>–</b>	<b>39,576</b>
<b>The Company</b>				
<b>Balance as of 1.1.2008</b>	40,110	437	–	40,547
Loss for the year	–	(1,718)	–	(1,718)
Balance as of 31.12.2008/1.1.2009	40,110	(1,281)	–	38,829
Loss for the year	–	(146)	–	(146)
<b>Balance as of 31.12.2009</b>	<b>40,110</b>	<b>(1,427)</b>	<b>–</b>	<b>(38,683)</b>

The accompanying Notes form an integral part of the Financial Statements.

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the year	(14)	(1,260)	(146)	(1,718)
Adjustments for:				
Interest expense	433	570	52	52
Depreciation of property, plant and equipment	384	333	-	-
Allowance for doubtful debts:				
- trade	25	370	11	218
- non-trade	-	175	-	-
Impairment loss on investment in a subsidiary company	-	-	-	1,500
Provision of further costs no longer required	(478)	(354)	-	-
Income tax (credit)/expense recognised in income statements	(184)	478	-	28
Interest income	(67)	(161)	-	-
Net foreign exchange gain	(21)	-	-	-
Allowance for doubtful debts no longer required:				
- non-trade	(10)	-	-	-
Gain on disposal of subsidiary company	(1)	-	-	-
Amount owing by contract customers written off	-	249	-	-
Inventories written off	-	37	-	-
Property, plant and equipment written off	-	4	-	-
Allowance for foreseeable losses no longer required	-	(25)	-	-
Operating Profit/(Loss) Before Working Capital Changes	67	416	(83)	80
(Increase)/Decrease in:				
Inventories	64	(303)	-	-
Amount due from contract customers	1,022	6,658	-	-
Trade receivables	(1,711)	4,412	(134)	(200)
Other receivables, deposits and prepaid expenses	(103)	(148)	(48)	(35)
Amount owing by subsidiary companies	-	-	(149)	(375)
Increase/(Decrease) in:				
Amount due to contract customers	3,410	(668)	-	-
Trade payables	2,970	(39,333)	(990)	-
Other payables, accrued expenses and provisions	(5,192)	(2,548)	283	(3,940)
Amount owing to subsidiary companies	-	-	1,259	9,338
Cash From/(Used In) Operations	527	(31,514)	138	4,868
Income tax refunded	-	1	-	1
Income tax paid	(223)	(1,881)	-	(29)
Net Cash From/(Used In) Operating Activities	304	(33,394)	138	4,840

## CASH FLOW STATEMENTS (cont'd)

	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>					
Interest received		67	365	-	-
Withdrawal of sinking fund (Placement)/withdrawal of fixed deposit		-	8,739	-	-
Acquisition of investment properties		(2,097)	195	-	-
Purchase of property, plant and equipment *		-	(4,621)	-	(4,621)
		(125)	(162)	-	-
Net Cash (Used In)/From Investing Activities		(2,155)	4,516	-	(4,621)
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>					
Drawdown of bank borrowings		1,512	4,329	-	-
Repayment of bank borrowings		(1,662)	(1,868)	-	-
Interest expense paid		(433)	(570)	(52)	(52)
Repayment of term loan		(317)	(284)	(77)	(141)
Repayment of hire-purchase payables		(177)	(141)	-	-
Net Cash (Used In)/From Financing Activities		(1,077)	1,466	(129)	(193)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,928)</b>	<b>(27,412)</b>	<b>9</b>	<b>26</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>(29)</b>	<b>27,383</b>	<b>29</b>	<b>3</b>
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	(2,957)	(29)	38	29

\* Purchase of property, plant and equipment consists of the following:

	The Group	
	2009 RM'000	2008 RM'000
Payment by cash	125	162
Hire-purchase	205	196
Total (Note 10)	330	358

The accompanying Notes form an integral part of the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 12.

There have been no significant changes in the nature of activities of the Company and its subsidiary companies during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 28 April 2010.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are satisfied that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due for the foreseeable future.

The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Group and of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

#### Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of the financial statements, the following Financial Reporting Standards ("FRSs"), Issues Committee Interpretation ("IC Int.") and amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) <sup>2</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) <sup>3</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) <sup>4</sup>
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations) <sup>2</sup>
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) <sup>3</sup>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

FRS 3	Business Combinations (Revised in 2010) <sup>3</sup>
FRS 4	Insurance Contracts <sup>2</sup>
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) <sup>3</sup>
FRS 7	Financial Instruments: Disclosures <sup>2</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition) <sup>2</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to Improving disclosures about financial instruments) <sup>4</sup>
FRS 8	Operating Segments <sup>1</sup>
FRS 101	Presentation of Financial Statements (Revised in 2009) <sup>2</sup>
FRS 123	Borrowing Costs (Revised) <sup>2</sup>
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) <sup>2</sup>
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) <sup>3</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments) <sup>2</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to Classification of rights issue) <sup>5</sup>
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from FRS 3) <sup>3</sup>
FRS 139	Financial Instruments: Presentation and Measurement <sup>2</sup>
FRS 139	Financial Instruments: Presentation and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and Revised FRS 127) <sup>2</sup>
Improvements to FRSs (2009) <sup>2</sup>	
IC Int. 9	Reassessment of Embedded Derivatives <sup>2</sup>
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives) <sup>2</sup>
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3) <sup>2</sup>
IC Int. 10	Interim Financial Reporting and Impairment <sup>2</sup>
IC Int. 11	FRS 2 - Group and treasury Share Transactions <sup>2</sup>
IC Int. 12	Service Concession Arrangements <sup>3</sup>
IC Int. 13	Customer Loyalty Programmes <sup>2</sup>
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction <sup>2</sup>
IC Int. 15	Agreements for the Construction of Real Estate <sup>2</sup>
IC Int. 16	Hedges of a Net Investment in a Foreign Operation <sup>3</sup>
IC Int. 17	Distributions of Non-cash Assets to Owners <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 March 2010

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The directors anticipate that abovementioned standards and interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

#### **FRS 7 - Financial Instruments: Disclosures**

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

#### **FRS 7 - Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)**

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

#### **FRS 101 Presentation of Financial Statements (Revised in 2009)**

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group and the Company's financial statements as this change in accounting policy affects only the presentation of the Group and the Company's financial statements.

#### **FRS 123 - Borrowing Costs (Revised)**

FRS 123 (revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This principal change in the Standard has no impact on the financial statements of the Group and the Company in the period of initial application as it has always been the Group and the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

#### **FRS 139 - Financial instruments: Recognition and Measurement**

FRS 139 requires the recognition, measurement and disclosure of financial assets and liabilities. The new accounting standard moves measurement from a cost base to a fair value base for certain categories of financial assets and liabilities.

The Group and the Company will apply the abovementioned standards, amendments and interpretations, where applicable from the annual period beginning 1 January 2010.

The adoption of these revised FRS and their consequential amendments, Amendments to FRS and IC Int, are not expected to have any significant impact on the financial statements of the Group and the Company.

By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed.

By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except for investment properties which are stated at fair value.

#### **Basis of Consolidation**

The consolidated financial statements include the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. All significant inter-company transactions and balances are eliminated on consolidation.

Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

#### **Business Combinations**

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition under FRS 3 are recognised at their fair values at acquisition date.

Goodwill arising on consolidation is recognised as an asset and initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of business combination, the excess is recognised in the income statements.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

#### **Revenue**

Revenue is measured at the fair value of consideration received or receivable and represent amounts receivable for goods and services provided in the normal course of business net of returns and trade discounts and allowances.

The Group and the Company recognise revenue when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, upon satisfying the conditions of the Group's and the Company's activities as set out below.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Revenue (cont'd)

Contract revenue is the proportion of the total contract value of contracts attributable to work performed determined using the percentage of completion method based on contract costs incurred for work performed to date against the total anticipated costs on the contracts, net of sales tax and discounts.

Revenue from sale of equipment and spare parts, net of discounts is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue from rendering of services of equipment is recognised when services are rendered.

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

#### Income Tax

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

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is recognised as an income or an expense and included in the income statements for the period, except when it arises from a transaction which is recognised directly in equity, in which the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax is provided for, using the "liability" method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 future taxable profits are available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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 in the income statements.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and reward of ownership to the lessee. All other leases are classified as operating leases.

##### The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging on operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Employee Benefits

##### (i) Short-Term Employee Benefits

Wages, salaries, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by the employees of the Group and of the Company.

##### (ii) Defined Contribution Plans

The Company makes monthly statutory contributions to Employees Provident Fund, a statutory defined contribution plan for all its eligible employees. The Company's contributions, calculated at certain prescribed rates, are charged to the income statements, as disclosed in Note 7.

#### Foreign Currency Conversion

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

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statements for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

The closing rates per unit of Ringgit Malaysia used for the translation of foreign currency amounts are as follows:

Currency	2009	2008
US Dollar	<b>0.2918</b>	0.2884
Euro	<b>0.2025</b>	0.2047
Sterling Pound	<b>0.1808</b>	0.1995
Australian Dollar	–	0.4160
Rand	<b>0.4615</b>	–

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Property, Plant and Equipment

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

Depreciation of property, plant and equipment, except for freehold land which is not depreciated, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the depreciable assets:

Freehold building	2%
Computers, furniture and fittings, office and workshop equipment and air conditioners	20% - 30%
Motor vehicles	20%

The residual value, depreciation method and estimated useful life of an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

#### Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Property, plant and equipment under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

#### Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, or both rather than for use in production or supply of goods or services or for administrative purposes of sale in the ordinary course of business.

Investment properties are initially measured at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, representing open-market value determined by external valuers. Fair value is based on active market prices, adjusted, if any necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from change in fair value of investment properties are recognised in profit or loss in the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

#### Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the separate financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Other Investments

Other investments consist of investment in golf club memberships. The investment in golf club memberships is stated at cost less allowances for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investment.

#### Impairment of Assets

The carrying amounts of property, plant and equipment, investment in subsidiary companies and other investments 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. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statements, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements.

#### Inventories

Inventories are valued at the lower of cost (determined on weighted average method) and net realisable value. The cost comprises the original purchase price plus the cost of bringing these inventories to their present location and condition. Net realisable value is arrived at after considering the allowance for obsolete inventories.

#### Contract Work-in-Progress

When the outcome of a contract work can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

When the outcome of a contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probable of recovery. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an allowance for foreseeable loss.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Contract Work-in-Progress (cont'd)

Amount due from contract customers represents the excess of cost incurred to date and portion of profit or loss attributable to work performed to date over progress billings while amount due to contract customers represents the excess of progress billings over costs incurred to date and portion of profit or loss attributable to work performed to date.

#### Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Receivable considered to be uncollectible are written off while allowance for doubtful debts is made for any receivables considered to be doubtful of collection. Bad debts are written off in the period in which they are identified.

#### Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions for estimated expenses related to product free service and warranty are made at the time products are delivered. These estimates are estimated, having regard to service warranty costs experienced over the years. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### Payables

Trade and other payables are stated at the nominal value of the amount to be paid for goods and services received.

#### Financial Assets

The Group's principal financial assets are other investments, fixed deposits with licensed banks, cash and bank balances and trade and other receivables. The principal financial assets of the Company also include amount owing by subsidiary companies.

#### Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Financial liabilities of the Group include trade and other payables, hire-purchase payables, borrowings and term loans which are stated at their nominal values. The financial liabilities of the Company also include amount owing to subsidiary companies.

Dividends on ordinary share are recognised in shareholder's equity in the year in which they are declared.

Bank borrowings are recorded at the proceeds received, net of direct issue costs.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

#### Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### (i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

- **Allowances for doubtful debts**

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

- **Revenue recognition on construction contracts**

The Group recognises construction contracts in the income statements by using the stage of percentage-of-completion method.

The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction costs. Estimated losses are recognised in full when determined. Construction contract expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

#### (i) Critical judgements in applying the Group's and the Company's accounting policies (cont'd)

Significant judgement is required in determining the stage of completion, the extent of the construction contracts incurred, the estimated total construction contract revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in construction contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported construction contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Note 3 describes the Group's policy to recognise construction contract revenue using the percentage-of-completion method.

#### (ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 5. REVENUE

Analysis of revenue of the Group and of the Company are as follows:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Contract revenue	5,597	34,450	–	–
Sale of accessories and equipment	1,596	1,379	–	–
Servicing of equipment	2,323	627	–	–
Rental income from investment properties	1,292	795	1,292	795
	<b>10,808</b>	37,251	<b>1,292</b>	795

Direct costs relating to rental income from investment properties of the Group and of the Company amounted to RM297,000 (RM226,000 in 2009) during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. REVENUE (cont'd)

Operating costs classified by nature, applicable to revenue, are as follows:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Contract costs	<b>5,477</b>	32,520	<b>618</b>	–
Raw materials and consumables used	<b>1,894</b>	278	–	–
Changes in inventories	<b>(64)</b>	(266)	–	–
Directors' remuneration *	<b>467</b>	493	<b>160</b>	160
Depreciation of property, plant and equipment (Note 10)	<b>384</b>	333	–	–
Allowance for doubtful debts:				
- trade	<b>25</b>	370	<b>11</b>	218
- non-trade	–	175	–	–
Amount owing by contract customers written off	–	249	–	–
Impairment loss on investment in a subsidiary company (Note 12)	–	–	–	1,500
Other expenses	<b>3,476</b>	4,524	<b>503</b>	458
Quit rent and assessment	<b>195</b>	149	<b>195</b>	149
	<b>11,842</b>	38,825	<b>1,487</b>	2,485

\* Directors' remuneration:

The remuneration of the directors, who are also key management personnel are as follows:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors:				
Company				
- Fees	<b>40</b>	40	<b>40</b>	40
Subsidiary companies				
- Other emoluments	<b>274</b>	295	–	–
- EPF contributions	<b>33</b>	38	–	–
	<b>347</b>	373	<b>40</b>	40
Non-executive directors:				
Company				
- Fees	<b>120</b>	120	<b>120</b>	120
	<b>467</b>	493	<b>160</b>	160

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 6. FINANCE COSTS

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Bank overdrafts	234	366	-	-
Short-term project loan	-	135	-	-
Long-term loan	133	52	52	52
Hire-purchase	66	17	-	-
	<b>433</b>	<b>570</b>	<b>52</b>	<b>52</b>

## 7. LOSS BEFORE TAX

Loss before tax of the Group and of the Company is arrived at:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
After charging:				
Audit fee				
- current year	55	56	18	18
- overprovision in prior year	1	-	-	-
Inventories written off	-	37	-	-
Rental expense	2	31	-	-
Property, plant and equipment written off	-	4	-	-
And crediting:				
Provision for further costs no longer required	478	354	-	-
Interest income from fixed deposits	67	161	-	-
Allowance for foreseeable losses				
no longer required	-	25	-	-
Gain on disposal of minority interest	1	-	-	-
Gain on foreign exchange				
- realised	18	-	-	-
- unrealised	3	-	-	-
Allowance for doubtful debts no longer required:				
- non-trade	10	-	-	-
Employee information:				
Staff costs	1,975	2,173	532	59
EPF	224	256	55	6

Staff costs include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and all other staff related expenses.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 8. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Estimated tax (credit)/expense:				
- Current year	-	619	-	-
- (Over)/Underprovision in prior years	(19)	(141)	-	28
	(19)	478	-	-
Deferred tax expense (Note 14)				
- Relating to origination of temporary differences	(165)	-	-	-
	(184)	478	-	28

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

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Loss before tax	(198)	(782)	(146)	(1,690)
Tax at the statutory tax rates of:				
20% on the first RM500,000 of chargeable income	-	(162)	-	-
25% (26% in 2008) on the balance of the chargeable income	(50)	(468)	(37)	(439)
Expenses not deductible for tax purposes	305	1,289	37	439
Income not taxable for tax purposes	(292)	-	-	-
Utilisation of deferred tax assets not previously recognised	(128)	(40)	-	-
(Over)/Underprovision in prior years	(19)	(141)	-	28
Tax (credit)/expense for the year	(184)	478	-	28

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax asset are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2009, the estimated amount of net deferred tax asset which has not been recognised in the financial statements due to uncertainty of its realisation, is in respect of the followings:

	The Group	
	2009 RM'000	2008 RM'000
Temporary differences in respect of property, plant and equipment	(410)	(462)
Unused tax losses	9,601	9,831
Unabsorbed capital allowances	650	985
	9,841	10,354

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

The unused tax losses and unabsorbed capital allowances are subject to the approval by the tax authorities and available for offset against future taxable profit.

As of 31 December 2009, the Group and the Company have tax exempt income amounting to approximately RM4,658,000 (RM4,658,000 in 2008) and RM3,136,000 (RM3,136,000 in 2008) respectively under the Income Tax (Amendment) Act, 1999 which would enable the Company and the respective subsidiary companies to distribute tax exempt dividends up to the same amount.

As of 31 December 2009, the Group and the Company have tax exempt income amounting to approximately RM4,222,000 (RM4,222,000 in 2008) and RM4,000,000 (RM4,000,000 in 2008) respectively under the Promotion of Investment Act, 1986 which would enable the Company and the subsidiary company to distribute tax exempt dividends up to the same amount.

### 9. BASIC LOSS PER ORDINARY SHARE

	The Group	
	2009 RM'000	2008 RM'000
Loss attributable to ordinary shareholders	(14)	(1,260)
Weighted average number of ordinary shares in issue ('000)	401,100	220,605
Basic loss per ordinary share (sen)	<b>(0.003)</b>	(0.57)

The basic loss per ordinary share is calculated by dividing the loss attributable to ordinary shareholders of RM14,000 (loss attributable to ordinary shareholders of RM1,260,000 in 2008) by the weighted average number of ordinary shares in issue during the year of 401,100,000 (220,605,000 in 2008).

### 10. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Freehold building RM'000	Computers, furniture and fittings, office equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>					
As of 1.1.2008	1,868	7,195	3,330	647	13,040
Additions	–	93	38	227	358
Written off	–	–	–	(8)	(8)
As of 31.12.2008/1.1.2009	1,868	7,288	3,368	866	13,390
Additions	–	21	95	214	330
As of 31.12.2009	<b>1,868</b>	<b>7,309</b>	<b>3,463</b>	<b>1,080</b>	<b>13,720</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Freehold land RM'000	Freehold building RM'000	Computers, furniture and fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
<b>Accumulated Depreciation</b>					
As of 1.1.2008	–	1,696	3,109	390	5,195
Charge for the year	–	145	59	129	333
Written off	–	–	–	(4)	(4)
As of 31.12.2008/1.1.2009	–	1,841	3,168	515	5,524
Charge for the year	–	147	70	167	384
As of 31.12.2009	–	<b>1,988</b>	<b>3,238</b>	<b>682</b>	<b>5,908</b>
<b>Net Book Value</b>					
As of 31.12.2009	<b>1,868</b>	<b>5,321</b>	<b>225</b>	<b>398</b>	<b>7,812</b>
As of 31.12.2008	1,868	5,447	200	351	7,866

The freehold land and building of the Group registered under a subsidiary company have been charged to a local bank for credit facilities granted to the said subsidiary company as mentioned in Note 23.

Included in property, plant and equipment of the Group are the following fully depreciated property, plant and equipment which are still in use:

	The Group	
	2009 RM'000	2008 RM'000
At cost:		
Computers, furniture and fittings, office and workshop equipment and air-conditioners	3,075	3,067
Motor vehicles	131	135
	<b>3,206</b>	3,202

Included in property, plant and equipment of the Group are the following assets acquired under hire-purchase arrangements:

	The Group	
	2009 RM'000	2008 RM'000
Net book value:		
Motor vehicles	397	349
Computer, furniture and fittings, office and workshop equipment and air-conditioners	43	60
	<b>440</b>	409

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 11. INVESTMENT PROPERTIES

	<b>The Group and The Company</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>
At beginning of the year	<b>42,130</b>	31,490
Acquisitions during the year	-	10,640
At end of the year	<b>42,130</b>	42,130
Market value	<b>42,130</b>	42,130

The fair value of the investment properties were determined by the directors based on a valuation carried out by Henry Butcher Malaysia (Kuantan) Sdn. Bhd. on 23 February 2010, an independent firm of professional valuers, using the "open market value" basis.

Certain investment properties of the Company are charged as securities for banking facilities as mentioned in Note 23.

### 12. INVESTMENT IN SUBSIDIARY COMPANIES

	<b>The Company</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>
Unquoted shares, at cost	<b>7,657</b>	9,157
Less: Impairment loss during the year (Note 5)	-	(1,500)
	<b>7,657</b>	7,657

The subsidiary companies, all incorporated in Malaysia, are as follows:

<b>Companies</b>	<b>Effective Percentage of Ownership</b>		<b>Principal Activities</b>
	<b>2009 %</b>	<b>2008 %</b>	
CME Industries Sdn Bhd	<b>100</b>	100	Servicing of fire fighting and specialist vehicles and sale of related spare parts
CME Edaran Sdn Bhd	<b>100</b>	100	Sale and servicing of fire fighting equipment and specialist vehicles and sale of related spare parts
CME Technologies Sdn Bhd	<b>100</b>	100	Manufacturing and sale of fire fighting equipment and fire engines
CME Properties Sdn Bhd	<b>100</b>	100	Dormant
CME Pyroshield Sdn Bhd ("CMEP")	<b>100</b>	100	Trading of pyroshield gas and Accessories
Istilah Permai Sdn Bhd *#	-	60	Dormant

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

\* The financial statements of this subsidiary company were not audited by Deloitte & Touche, the auditors of the Company.

# Istilah Permai Sdn Bhd was disposed during the financial year.

Amounts owing by/(to) subsidiary companies which arose mainly from advances to/(by) and payments made on behalf for/(by) its wholly-owned subsidiary, are unsecured, interest-free and have no fixed terms of repayment.

The Company disposed of 600 ordinary shares held in the dormant company Istilah Permai Sdn Bhd for a cash consideration of RM1.00.

### 13. OTHER INVESTMENTS

	The Group and The Company	
	2009 RM'000	2008 RM'000
Investment in golf club membership	175	175
Market value	175	175

### 14. DEFERRED TAX ASSET

	The Group	
	2009 RM'000	2008 RM'000
At beginning of year	-	-
Transfer from income statements	165	-
At end of year	165	-

The tax effect of deferred tax asset is in respect of the following:

	Deferred Tax Asset The Group	
	2009 RM'000	2008 RM'000
Tax effect of temporary difference in respect of other payables, accrued expenses and provisions	165	-

### 15. INVENTORIES

	The Group	
	2009 RM'000	2008 RM'000
At cost:		
Trading merchandise	891	955
Machinery and spare parts	25	25
Vehicles	724	724
	1,640	1,704

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 16. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2009 RM'000	2008 RM'000
Contract costs incurred plus recognised profits	1,914	7,673
Less: Progress billings	(5,069)	(6,396)
Amount due from contract customers	<b>(3,155)</b>	1,277
Amount due from contract customers	1,333	2,355
Amount due to contract customers	(4,488)	(1,078)
Net	<b>(3,155)</b>	1,277

## 17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	4,986	3,519	439	305
Less: Allowance for doubtful debts	(275)	(494)	(229)	(218)
Net	<b>4,711</b>	3,025	<b>210</b>	87

The credit period granted by the Group and by the Company to customers ranges from 30 to 90 days (60 to 90 days in 2008). An allowance of RM275,000 and RM229,000 (RM494,000 and RM218,000 in 2008) has been made by the Group and by the Company respectively for estimated irrecoverable amounts of trade receivables. This allowance has been determined by reference to past default experience.

During the financial year, bad debts of the Group amounting to RM244,000 (RM294,000 in 2008) were written off against the allowance for doubtful debts.

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	638	473	44	5
Less: Allowance for doubtful debts	(165)	(175)	-	-
Refundable deposits	473	298	44	5
Tax recoverable	267	255	31	23
Prepaid expenses	139	108	3	3
	18	92	-	-
	<b>897</b>	753	<b>78</b>	31

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

An allowance has been made by the Group for estimated irrecoverable amounts of other receivables of RM165,000 (RM175,000 in 2008). This allowance has been determined by reference to past default experience.

During the financial year, bad debts of the Group amounting to RMNil (RM32,000 in 2008) respectively were written off against the allowance for doubtful debts.

### 18. FIXED DEPOSITS WITH LICENSED INSTITUTIONS

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	<b>2,182</b>	85

Included under fixed deposits with licensed institutions of the Group is an amount of RM2,182,000 (RM85,000 in 2008) pledged to a local bank by subsidiary companies for bank overdraft and bank guarantee facilities granted to the said subsidiary companies.

The average effective interest rate is as follows:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>%</b>	<b>%</b>
Deposits with:		
Licensed banks	<b>2.0 - 2.5</b>	3.0 - 3.7
Licensed trust fund company	<b>2.0 - 2.5</b>	3.0 - 3.5

Deposits of the Group have a maturity period of 365 days (365 days in 2008).

### 19. SHARE CAPITAL

Share capital of the Company is represented by:

	<b>The Group and The Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised:		
500,000,000 ordinary shares of RM1 each	<b>500,000</b>	500,000
Issued and fully paid-up:		
401,100,000 ordinary shares of RM0.10 each	<b>40,110</b>	40,110

At an Extraordinary General Meeting held on June 18, 2008, the shareholders of the Company approved the subdivision of the issued and unissued ordinary shares of RM1.00 par value each in the capital of the Company into ordinary shares of RM0.10 par value each ("Share Split"). The Share Split was effected on June 20, 2008 and was completed with the listing and quotation of the new ordinary shares on Bursa Malaysia Securities Berhad on July 8, 2008.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 20. HIRE-PURCHASE PAYABLES

	The Group	
	2009 RM'000	2008 RM'000
Total outstanding	444	403
Less: Interest-in-suspense	(61)	(48)
Total principal outstanding	383	355
Less: Portion due within one year included under current liabilities	(122)	(150)
Non-current portion	261	205

The interest rates implicit in these hire-purchase obligations range from 4.61% to 8.00% (4.68% to 5.71% in 2008) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

Financial years ending:	The Group	
	2009 RM'000	2008 RM'000
2010	–	79
2011	92	51
2012	90	58
2013	58	17
2014	21	–
	261	205

### 21. LONG-TERM LOAN

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Total principal outstanding	2,739	1,544	623	700
Less: Portion due within one year included under bank borrowings (Note 23)	(564)	(328)	(185)	(113)
Non-current portion	2,175	1,216	438	587

The non-current portion of this long-term loan is payable as follows:

Financial years ending:	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
2010	–	313	–	113
2011	517	330	113	113
2012	532	330	113	113
2013	337	243	113	113
2014 and thereafter	789	–	99	135
	2,175	1,216	438	587

The details of the long-term loan is disclosed in Note 23.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 22. TRADE PAYABLES, OTHER PAYABLES, ACCRUED EXPENSES AND PROVISIONS

- (a) Trade and other payables comprise amounts outstanding for trade purchase and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 60 days (30 to 60 days in 2008).

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables:		
- current portion	<b>4,348</b>	2,185
- non-current portion	<b>308</b>	-
	<b>4,656</b>	2,185

The non-current portion of the trade payables is payable on financial year ending 2011.

The currency exposure profile of trade payables is as follows:

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>4,372</b>	2,081
US Dollar	<b>83</b>	102
Sterling Pound	<b>15</b>	2
Euro	<b>11</b>	-
Rand	<b>175</b>	-
	<b>4,656</b>	2,185

- (b) Other payables, accrued expenses and provisions consist of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other payables	<b>524</b>	4,833	<b>83</b>	4,000
Provisions (c)	<b>714</b>	2,051	-	-
Accrued expenses	<b>1,294</b>	964	<b>432</b>	275
Deposits	<b>630</b>	506	<b>630</b>	506
	<b>3,162</b>	8,354	<b>1,145</b>	4,781

Included in other payables of the Group and the Company is an amount outstanding for the purchase of investment properties amounting to RM2,897,158 (RM3,890,984 in 2008).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 22. TRADE PAYABLES, OTHER PAYABLES, ACCRUED EXPENSES AND PROVISIONS (cont'd)

(c) Provisions:

	Warranty RM'000	The Group Free Service RM'000	Others RM'000	Total RM'000
Balance as of 1 January 2009	1,328	713	10	2,051
Additional provisions	277	74	–	351
Utilised during the year	(907)	(774)	(7)	(1,688)
Balance as of 31 December 2009	<b>698</b>	13	<b>3</b>	714

### 23. BANK BORROWINGS

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Long-term loan - current portion (Note 21)	564	328	185	113
Bank overdrafts (Note 24)	4,824	3,962	–	–
Trust receipts	2,992	4,654	–	–
	<b>8,380</b>	8,944	<b>185</b>	113

The long-term loan of the Company bears interest at 7.75% (7.75% in 2008) per annum and is repayable in equal monthly installments of RM13,769 each over 120 months commencing December 2004. The long-term loan facility is secured by first legal charge over three units of 3-storey shop office of the Company included under investment properties as mentioned in Note 11.

#### Subsidiary Companies

The subsidiary companies have credit facilities consisting of long-term loan, bank overdraft, trade financing, trust receipts and bank guarantee facilities totalling RM12 million (RM12 million in 2008) from three local banks. These facilities are secured by the following:

- (a) corporate guarantee by the Company;
- (b) negative pledge on assets of subsidiary companies;

The overdraft and trade financing facilities granted to the subsidiary companies bear interest at a rate of 8% (8% in 2008) per annum.

A subsidiary company has a project loan facility of RM80,560,000 (RM83,870,000 in 2008) from a financial institution. This facility bears interest at 8.50% (8.50% in 2008) per annum and is secured by the following:

- (a) corporate guarantee from the Company;
- (b) placement of fixed deposits of RM2,182,000 by the subsidiary company, as mentioned in Note 18;
- (c) deed of assignment of contract proceeds from a project secured by the subsidiary company; and

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed deposits with licensed institutions	2,182	85	–	–
Cash and bank balances	1,867	3,933	38	29
Bank overdrafts (Note 23)	(4,824)	(3,962)	–	–
	(775)	56	38	29
Less: Fixed deposit pledged (Note 18)	(2,182)	(85)	–	–
	(2,957)	(29)	38	29

### 25. FINANCIAL INSTRUMENTS

#### Financial Risk Management Objective and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

#### Foreign currency risk

The Group has undertaken trade transactions with its foreign suppliers, operating outside of Malaysia, where the amounts owing are exposed to currency translation risks.

#### Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits, long-term loan and bank borrowings. The interest rates of fixed deposits, hire-purchase payables and bank borrowings of the Group and of the Company are disclosed in Notes 18, 20 and 23 respectively.

#### Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group has no major concentration of credit risk and manages these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of 31 December 2009, is the carrying amount of these receivables as disclosed in the balance sheets.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 25. FINANCIAL INSTRUMENTS (cont'd)

#### Liquidity risk

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

#### Cash flow risk

The Group and the Company review its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

#### *Fair value of financial assets and liabilities*

The carrying amount and the estimated fair value of the Group's and the Company's financial assets and liabilities as of 31 December 2009 are as follows:

The Group	Carrying Amount		Fair Value	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Financial Asset</b>				
Other investments (Note 13)	175	175	175	175
<b>Financial Liabilities</b>				
Hire-purchase payables (Note 20)	383	355	341	250
Long-term loan (Note 21)	2,739	1,544	1,928	1,398
<b>The Company</b>				
<b>Financial Asset</b>				
Other investments (Note 13)	175	175	175	175
<b>Financial Liability</b>				
Long-term loan (Note 21)	623	700	534	540

The fair values of long-term loan and hire-purchase payables are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

The market value of other investments as at balance sheet date represents their fair value.

#### ***Cash and cash equivalents, trade and other receivables, trade and other payables, intercompanies indebtedness and bank borrowings***

The carrying amounts approximate fair value because of the short maturity of these assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. CONTINGENT LIABILITIES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Unsecured:</b>				
Guarantees given to banks for credit facilities granted to its wholly-owned subsidiary companies	–	–	93,922	95,880

As of 31 December 2008, a third party had initiated a legal suit against a subsidiary company for RM723,824 for supply of chassis for the construction of two units of prototype to the subsidiary company. The directors of the subsidiary company and the Company, supported by legal advice, believe the probability of a material loss beyond the amount accrued to be remote, however, the ultimate liability for this matter is uncertain. The subsidiary company and the company believe they have substantial defenses to the claim made and intend to vigorously defend this case in prior year.

On 15 January 2010, the subsidiary company signed a settlement agreement which saw the lawsuit being settled out of court with the subsidiary company paying RM723,824. An initial payment of RM108,574 has been paid in December 2009 and the balance of RM615,250 to be paid via 24 installments starting January 2010.

### 27. COMPARATIVE FIGURES

Certain comparative figures in prior year have been reclassified to conform with their presentation in the current financial year as follows:

2008 Income Statement	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<b>The Group</b>			
Cost of sales	(32,758)	(228)	(32,986)
Other expenses	(1,276)	228	(1,048)
<b>The Company</b>			
Cost of sales	(226)	(228)	(454)
Other expenses	(1,718)	228	(1,490)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 28. SEGMENTAL REPORTING

2009	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	1,291	7,918	1,599	–	–	10,808
Inter-segment sales	–	2,080	2,417	–	(4,497)	–
<b>Total revenue</b>	<b>1,291</b>	<b>9,998</b>	<b>4,016</b>	<b>–</b>	<b>(4,497)</b>	<b>10,808</b>
<b>Results</b>						
Segment result	(94)	107	168	(13)	–	168
Finance costs						(433)
Investment revenue						67
Loss before tax						(198)
Income tax credit						184
Loss for the year						<b>(14)</b>
<b>Other information</b>						
Capital additions	–	256	30	44	–	330
Depreciation of property, plant and equipment	–	138	239	7	–	384
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	78,812	47,647	16,509	2,121	(82,352)	62,737
Other investments	175	–	–	–	–	175
<b>Consolidated total assets</b>						<b>62,912</b>
<b>Liabilities</b>						
Segment liabilities	40,305	28,694	26,995	2,037	(74,695)	<b>23,336</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 28. SEGMENTAL REPORTING (cont'd)

2008	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	795	35,029	1,427	–	–	37,251
Inter-segment sales	–	9,387	1,601	–	(10,988)	–
<b>Total revenue</b>	<b>795</b>	<b>44,416</b>	<b>3,028</b>	<b>–</b>	<b>(10,988)</b>	<b>37,251</b>
<b>Results</b>						
Segment result	(1,638)	(247)	140	(128)	1,500	(373)
Finance costs						(570)
Investment revenue						161
Loss before tax						(782)
Income tax expense						(478)
<b>Loss for the year</b>						<b>(1,260)</b>
<b>Other information</b>						
Capital additions	–	260	98	–	–	358
Investment properties additions	10,640	–	–	–	–	10,640
Depreciation of property, plant and equipment	–	91	241	1	–	333
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	78,483	45,683	15,625	1,657	(79,597)	61,851
Other investments	175	–	–	–	–	175
<b>Consolidated total assets</b>						<b>62,026</b>
<b>Liabilities</b>						
Segment liabilities	39,829	26,763	26,551	1,559	(72,267)	22,435

As the Group is principally operating within Malaysia, geographical segment has not been presented.

## STATEMENT BY DIRECTORS

The directors of **CME GROUP BERHAD**, state that, in their opinion, the accompanying balance sheets and the statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2009 and of the results and the cash flows of the Group and the Company for the year ended on that date.

Signed in accordance with a resolution  
of the Directors,

**TUNKU NIZAMUDDIN BIN  
TUNKU SHAHABUDDIN**

**LIM BEE HONG**

Shah Alam,  
28 April 2010

## DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE For The Financial Management Of The Company

I, **LEONG KWOK FAI**, the officer primarily responsible for the financial management of **CME GROUP BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **LEONG KWOK FAI** at PETALING JAYA this 28th day of April 2010.

Before me,

**S. SELVARAJAH**

No: B144

Commissioner for Oaths

Malaysia



## LIST OF PROPERTIES

Owned by:  
CME GROUP BERHAD

Location	Land Area Built up	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Existing Use)	Net Book Value As At 31 December RM
51 units of 3 storey Shoplot office :-  H.S.(M) 22733 No. PT 23011 to H.S.(M) 22747 No. PT 23025  H.S. (M) 22759 No. PT 23037 to H.S. (M) 22773 No. PT 23051  H.S. (M) 22779 No. PT 23057 to H.S. (M) 22788 No. PT 23066  H.S. (M) 22804 No. PT 23082 to H.S. (M) 22809 No. PT 23087  H.S. (M) 22811 No. PT 23089 to H.S. (M) 22815 No. PT 23093	21,429 sq.m	14 January 2003	Leasehold 99 years expiring 25 April 2090	3 Storey	31.490 million
17 units of 3 storey Shoplot office :-  H.S. (M) 22777 No. PT 23055 to H.S. (M) 22778 No. PT 23056  H.S. (M) 22789 No. PT 23067 to H.S. (M) 22803 No. PT 23081  All in Mukim of Kuala Kuantan Tempat Bandar Indera Mahkota State of Pahang	2,310 sq.m	18 March 2008	Leasehold 99 years expiring 25 April 2090	3 Storey	10.640 million

Owned by:  
CME INDUSTRIES SDN BHD

Location	Land Area Built up	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Existing Use)	Net Book Value As At 31 December RM
12161, Mukim of Damansara District of Petaling State of Selangor Darul Ehsan	7,307.20 sq.m	14 January 1991	Freehold 19 years	3 Storey Office cum Factory Building	7.189 million

## ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2010

Authorised Shares Capital	:	RM500,000,000
Issued and Fully Paid Up	:	RM40,110,000
Class of Shares	:	Ordinary shares of RM0.10 each fully paid

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	125	7.44	10,560	0.00
100 – 1,000	309	18.38	259,330	0.06
1,001 – 10,000	216	12.85	1,027,590	0.26
10,001 – 100,000	862	51.28	29,418,690	7.34
100,001 to less than 5% of issued shares	167	9.93	197,572,190	49.26
5% and above of issued shares	2	0.12	172,811,640	43.08
Grand Total	1,681	100.00	401,100,000	100.00

### DIRECTORS' SHAREHOLDINGS

No.	Names of Directors	No. of Shares	
		Direct Interest	%
1.	Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin	–	–
2.	Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	–	–
3.	Lim Bee Hong	540	0.00
4.	Y. Bhg. Dato' Khairi Bin Mohamad	–	–
5.	Azlan Omry Bin Omar	–	–
6.	Ooi Giap Ch'ng	–	–

### SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	No. of Shares	%
1.	Ikram Mulia Holdings Sdn Bhd	88,103,640	21.97
2.	Lim Gik Tong - HDM Nominees (Tempatan) Sdn Bhd Malaysia Assurance Alliance Berhad for Lim Gik Tong	84,708,000	22.39

## ANALYSIS OF SHAREHOLDINGS (cont'd)

### THIRTY (30) LARGEST SHAREHOLDERS

	Names of Shareholders	Holdings	
		No. of Shares	%
1	IKRAM MULIA HOLDINGS SDN. BHD.	88,103,640	21.97
2	HDM NOMINEES (TEMPATAN) SDN BHD <i>MALYSIAN ASSURANCE ALLIANCE BERHAD FOR LIM GIK TONG</i>	84,708,000	21.12
3	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KUO YAW (LI3132)</i>	19,920,000	4.97
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR TAN ANG KHAN @ CHAN YIN KONG (PB)</i>	19,172,900	4.78
5	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SELVANDRAN A/L PONNIAH (CTS-SEP002C)</i>	16,634,450	4.15
6	HLG NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SIAH SIAN @ LEE HAY HIAN</i>	15,000,000	3.74
7	LOW PAK TONG	10,595,600	2.64
8	ASPIRE ASSETS SDN BHD	8,040,410	2.00
9	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM CHENG SENG</i>	7,324,700	1.83
10	FEW PAK YIN @ HEW PAK YIN	6,190,000	1.54
11	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR SHARIMAN BIN NORDIN (SA1439)</i>	5,046,900	1.26
12	GOLDEN CIRCLE HERITAGE SDN BHD	4,968,400	1.24
13	CHIEW CHEIK YEE	4,121,700	1.03
14	NG SEOW PANG	4,034,530	1.01
15	LIM CHENG SENG	4,005,800	1.00
16	SHARIMAN BIN NORDIN	3,950,000	0.98
17	WONG YEW LOONG	3,900,000	0.97

## ANALYSIS OF SHAREHOLDINGS (cont'd)

## THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

	Names of Shareholders	Holdings	
		No. of Shares	%
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW AH SUAN (E-KLC)</i>	3,818,180	0.95
19	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG SIM BEE</i>	3,600,000	0.90
20	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SHARIMAN BIN NORDIN</i>	3,460,000	0.86
21	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ASPIRE ASSETS SDN BHD</i>	3,000,000	0.75
22	CHIEW CHEIK YEE	2,602,160	0.65
23	ASPIRE ASSETS SDN BHD	2,510,000	0.63
24	TEH HEAN IT	2,103,900	0.52
25	HOW TECK SOON	2,000,000	0.50
26	LEONG KWOK FAI	1,600,000	0.40
27	ECML NOMINEES (TEMPATAN) SDN. BHD <i>CIMB BANK FOR LEE SIAH SIAN @LEE HAY HIAN (M52003)</i>	1,200,000	0.30
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEAH BOON HO (800981)</i>	1,097,300	0.27
29	WONG YEW LOONG	1,059,400	0.26
30	WONG YAN KHEONG	849,250	0.21
	<b>Total</b>	<b>334,617,220</b>	<b>83.42</b>

<b>NUMBER OF SHARES HELD</b>	
------------------------------	--

# PROXY FORM

I/We, \_\_\_\_\_  
(PLEASE USE BLOCK LETTERS)  
 of \_\_\_\_\_  
 being a Member/Members of the CME Group Berhad, hereby appoint \_\_\_\_\_  
 of \_\_\_\_\_  
 or failing him \_\_\_\_\_  
 of \_\_\_\_\_

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at the Puteri Room, M Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Monday, 28 June 2010 at 11.00 a.m. or any adjournment thereof.

I/We direct my/our proxy to vote for against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolution	For	Against
1.	To receive and adopt the Reports and Audited Financial Statements		
2.	To re-elect Y.M. Dato' Tengku Putra Bin Tengku Azman Shah as Director		
3.	To re-elect Mr Ooi Giap Ch'ng as Director		
4.	To re-appoint Y.Bhg. Dato' Khairi Bin Mohamad as Director		
5.	To approve the payment of Directors' fees		
6.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company		
7.	Special Business – Ordinary Resolution		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2010

\_\_\_\_\_  
 Signature(s) of Member(s)

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two(2) proxies to attend and vote at the meeting, such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 19, Jalan Delima 1/1, Subang Hitech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. **Ordinary Resolution**  
**-Authority to allot shares pursuant to Section 132D of the Companies Act, 1965**  
 The proposed Ordinary Resolution if passed will give the Directors the authority to issue shares up to a maximum ten per centum (10%) of the issued capital of the Company for the time being for such purpose as the Directors would consider in the best interest of the Company. The authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.

Affix Stamp

To: The Company Secretary  
**CME Group Berhad** (52235-K)  
Lot 19, Jalan Delima 1/1  
Subang Hi-Tech Industrial Park  
Batu Tiga  
40000 Shah Alam

This form is intended to facilitate the lodgement of complaints with the Bursa Malaysia, by investors against Public Listed Companies (PLCs) in Malaysia. Investors are encouraged, in the first instance, to amicably settle any differences directly with the PLC concerned.

Q: When can you make a complaint?

A: At anytime, preferably as soon as the problem occurs.

Below are some instances when a complaint may be lodged against a PLC:

- Misleading/inaccurate/insufficient disclosure of information;
- Failure to disclose material information in financial statements or annual reports;
- Action/lack of actions detrimental to the interest of shareholders;
- Directors of PLCs;
- Management of PLCs;
- Share Registrars of PLCs;
- and
- Others (to specify)

Q: What are the procedures to make a complaint?

A: Procedure is very simple. For clarity, it is best to be in written form and directed to the Bursa Malaysia. You can use any of the following methods to submit your complaints;

- mail the attached Complaint Form to Bursa Malaysia; or
- fax the Complaint Form to 03-2710 2308

Q: How will Bursa Malaysia handle the complaint?

A: Bursa Malaysia will handle the matter promptly and in any event, will contact the complainant not later than 14 days from receipt of the complaint.

### Details of Complainant

Name: \_\_\_\_\_

NRIC no: \_\_\_\_\_

CDS no: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone no: House \_\_\_\_\_

Office \_\_\_\_\_

H/Phone \_\_\_\_\_

### Details of Public Listed Company

Name: \_\_\_\_\_

Address: \_\_\_\_\_

### Details of Complaint

Have you tried to resolve this complaint with the relevant Public Listed Company?

Yes

No

If yes, kindly indicate the name of the person contacted and his/her department.

\_\_\_\_\_

\_\_\_\_\_

### Type of Complaint:

Misleading/inaccurate/insufficient disclosure of information;

Failure to disclose material information in financial statements or annual reports;

Action/lack of actions detrimental to the interest of shareholders;

Directors of PLCs;

Management of PLCs;

Share Registrars of PLCs; and

Others (to specify)

If others, please specify:

\_\_\_\_\_

\_\_\_\_\_

### **MY COMPLAINT IS AS FOLLOWS**

(Please provide a detailed account of the complaint in chronological order). You may type additional notes in a separate piece of paper.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**For Bursa Malaysia's use :**

Ref. No : \_\_\_\_\_  
Dated received : \_\_\_\_\_  
Officer in charge : \_\_\_\_\_  
Dated of first contact with complainant: \_\_\_\_\_

**Status after 14 days :**

Resolved  
 Pending

**For Bursa Malaysia's use :**

**Details :**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bursa Malaysia Berhad



**complaint against  
public listed company**

**Contact details :**

Group Communications Division  
Bursa Malaysia Berhad  
6th Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur  
Tel : (03) 2034 7000  
Fax : (03) 2710 2308