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## Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the fifteenth Annual General Meeting of the Company will be held at the Mutiara Room, Lobby Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Thursday, 23 June 2011 at 11.00 a.m. to transact the following business:

1. To receive and adopt the Financial Statements for the year ended 31 December 2010 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 :-  
  
**En. Azlan Omry Bin Omar** (*Non-Independent Non-Executive Director*) **Resolution 2**  
  
**Miss Lim Bee Hong** (*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. By way of special business, to consider and if thought fit, to pass the following Ordinary Resolutions:  
  
**ORDINARY RESOLUTION**  
**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**  
  
"THAT pursuant to Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot 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 total issued share 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 ("Bursa Malaysia") and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."  
  
**Resolution 7**
7. By way of special business, to consider and if thought fit, to pass the following Special Resolutions:

### **SPECIAL RESOLUTION**

#### **Proposed Amendment to the Articles of Association of the Company**

"THAT the existing Article 144 of the Articles of Association of the Company be deleted in its entirety and substituted therefore with the following new Article 144:

## Notice Of Annual General Meeting (cont'd)

### New Article 144

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

### **Resolution 8**

8. To transact any other business of which, due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

**LEONG KWOK FAI**

**TAN RUEY SHYAN**

Secretaries

Shah Alam, Selangor Darul Ehsan

1 June 2011

### **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.

## *Notice Of Annual General Meeting (cont'd)*

### **EXPLANATORY NOTE ON SPECIAL BUSINESS**

(a) **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.

(b) **SPECIAL REOLUTION**

**- Proposed Amendment to the Articles of Association of the Company**

The proposed Special Resolution if passed will update Article 144 of the Company's Articles of Association to facilitate the implementation of Electronic Dividend Payment ("eDividend") in line with the Bursa Main Market Listing Requirements in relation to eDividend.

## Statement Accompanying The Notice Of Annual General Meeting

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

**En. Azlan Omry Bin Omar** (*Non-Independent Non-Executive Director*)

**Miss Lim Bee Hong** (*Executive Director*)

2. Director standing for re-appointment 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 four (4) Board of Directors' meeting was held during the financial year ended 31 December 2010. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	4/4
Y.Bhg. Dato' Khairi Bin Mohamad	4/4
Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin	4/4
En. Azlan Omry Bin Omar	4/4
Mr. Ooi Giap Ch'ng (resigned 28.03.2011)	4/4
Miss Lim Bee Hong	4/4

4. Date, Time and Venue of the Board Meetings

Date	Time	Venue
25 February 2010	11.00am	Lot 19, Jalan Delima 1/1, Subang Hitech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor D.E.
27 May 2010	2.00pm	
26 August 2010	2.30pm	
26 November 2010	11.30 am	

**Statement Accompanying  
The Notice Of Annual General Meeting (cont'd)**

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

Name	En. Azlan Omry Bin Omar
Age	45
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 12)
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	Miss Lim Bee Hong
Age	45
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 10)
Position in Company	Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	540 shares
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	71
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 11)
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

**Miss 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

**En. Azlan Omry Bin Omar**

Non-Independent Non-Executive Director

## Chief Executive Officer

**Mr. Ding Cho Hee**

## Company Secretary

**Mr. Leong Kwok Fai** (LS 004938)**Miss Tan Ruey Shyan** (MIA 32563)**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 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7841 8000  
Fax: 03-7841 8151/52

**Auditors**

Deloitte & Touche  
Chartered Accountants  
Level 19, Uptown 1  
1, Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Tel: 03-7723 6500  
Fax: 03-7726 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*

Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin, aged 40, 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 16 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 2010.

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 45 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 21 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 2010.

Miss Lim Bee Hong holds 540 shares in CME.

Miss Lim Bee Hong is subject to retirement by rotation at the forthcoming Annual General Meeting and has offered herself for re-election.

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

*Directors' Profile (cont'd)***Y.M. Dato' Tengku Putra Bin Tengku Azman Shah***Non-Independent Non-Executive Director*

Dato' Tengku Putra Bin Tengku Azman Shah, aged 60, 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.

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 2010.

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 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 71, 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 2010.

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

En. Azlan Omry Bin Omar, aged 45, 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, California and a Master of Science degree in Manufacturing Systems Engineering from University of Warwick, England. He started his career as a civil and structural engineer in 1990 attached to MR Perunding Consulting Engineers Sdn Bhd before returning to England in 1993 to work for Warwick Manufacturing Group 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, being primarily 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, a company engaged in 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.

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 2010.

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

En. Azlan Omry Bin Omar is subject to retirement by rotation at the forthcoming Annual General Meeting and has offered himself for re-election.

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

*Directors' Profile (cont'd)***KEY MANAGEMENT****Mr. Ding Cho Hee**

Chief Executive Officer

Mr. Ding Cho Hee holds a Bachelor of Science (Honours) degree from University of Malaya and obtained his Masters in Business Administration from Asian Institute of Management in the Philippines. He has more than 20 years of experience in management consultancy specialising in mergers, acquisitions and corporate finance, particularly advisory work on foreign investment, and utility projects for government institutions as an Executive Director of Kassim Chan Management Consultants Sdn Bhd. Mr. Ding was the Executive Director and Chief Operating Officer of Nam Fatt Corporation Berhad from 1996 to 2005 prior to joining our Group in January 2005.

## 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 2010.

### FINANCIAL REVIEW

The global recession and credit crisis posed tremendous and unprecedented challenges for companies across the globe over the past year. CME was not immune to these challenges, but during times like these, experience counts. Our experienced management team was early to streamline our operations and our cost structure while still working aggressively to develop new ways to improve the quality of our products and capture new business to help free us from the grip of the global recession. Nothing demonstrated this more clearly than CME being selected by Malaysia Airports Holdings Berhad to design, manufacture and supply 5 units of Airport Crash Fire Rescue Vehicles for its emergency and rescue divisions.

So, while the recovery from the global recession and credit crisis may be slow and had continue to impact companies during their next financial year, we believe the decisive actions taken by CME has lay a strong foundation for significantly improved performance for financial year 2011. Therefore, experience does count.

For the financial year ended 31 December 2010, the Group's revenue grew more than 100% or an increase of RM13.3 million from RM10.8 million to RM24.2 million while profit before tax rose by RM596,000, or 301.0% from a loss before tax of RM198,000 to a profit before tax of RM398,000. Consequently, our basic earnings per ordinary share improved from -0.003 sen in 2009 to 0.018 sen for the financial year ended 31 December 2010.

The higher revenue was recorded across all business segments. Fire fighting industry segment remains the largest contributor to the Group's revenue, accounting for 78.2% of the turnover. This segment saw a 138.7% growth in top line mainly attributable to the completion of some major projects carried forward from 2009 and revenue generated from the private sector during the year. The fire protection gas business segment and property rental business segment contributed positively to our revenues as well after posting 114.0% and 42.0% growth respectively.

### OVERVIEW AND FUTURE DIRECTION

2010 has been a year of challenges for CME, but our experience, in the form of decisive leadership, industry leading products and unparalleled customer service, has allowed us to navigate turbulent economic waters. We believe our actions throughout financial year 2010 have positioned us to deliver significantly improved performance and profitability in the next financial year, a year that we believe will still be very challenging for many companies due to the difficult global economy.

CME will continue to lead by aggressively pursuing new business opportunities both domestically and globally coupled with tightly managing our cost structure. We will continue to leverage our experience to develop and build industry leading products and to enhance our customer relationships. Since our founding in 1979, the experience of CME employees has always been and will continue to be focused on giving our best to make this Company successful.

## *Statement By The Board Of Directors (cont'd)*

### **CORPORATE SOCIAL RESPONSIBLE**

On this front, CME, being a responsible corporate citizen, we are committed and will continue to ensure that our actions will not only to benefit our shareholders but also our employees, community and the environment. We have long maintained a safe and healthy working environment for all employees and continuously inculcate safety and health consciousness in them.

The 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 Group also extended assistance to the underprivileged of the lesser significant homes and individuals to provide both financial and moral support. In this way, our organisation as well as individual employees had the opportunity to help those in need. In this respect the Group has entered into discussion with Malaysian Assurance Alliance Berhad to operate a Dialysis Center at Taman Seri Mahkota, Kuantan.

### **DIVIDEND**

The Board of Directors, having made due consideration, is not recommending any dividend payment for the financial year ended 31 December 2010.

### **BOARDROOM CHANGES**

On behalf of the Board, I would like to thank Mr. Ooi Giap Ch'ng, who left the Board on 28 March 2011, for his services rendered during his tenure of office.

### **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 what has proven to be a challenging year.

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. BHG. DATO' KHAIRI BIN MOHAMAD**

DIRECTOR

1 June 2011

# Statement On Corporate Governance

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

The Board has continued to practice 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”). The Board is therefore pleased to outline below the application of the principles of Part 1 of the Code and would also state herewith that all of the best practices of Part 2 of the Code has been complied with accordingly.

## 1. THE BOARD OF DIRECTORS

### 1.1 Composition

The Company is led and managed by a well-balanced Board which consists of members with wide range of business, financial, legal experience and industry specific knowledge which is vital for the successful direction of the Group.

The Board is made up of six (6) members as follows:

- Two (2) Independent Non-Executive Directors
- Two (2) Executive Directors
- Two (2) Non-Independent Non-Executive Directors

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.

A brief profile of each Director is presented on pages 10 to 12 of this annual report.

### 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.



## Statement On Corporate Governance (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 four (4) 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 held during the financial year are set out below.

Name	No of Board Meetings attended
Y.M. Tunku Nizamuddin Bin Tunku Shahabuddin	4/4
Miss Lim Bee Hong	4/4
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	4/4
En. Azlan Omry Bin Omar	4/4
Y. Bhg. Dato Khairi Bin Mohamad	4/4
Mr. Ooi Giap Ch'ng *	4/4

\* Mr. Ooi Giap Ch'ng resigned on 28 March 2011.

### 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.

## Statement On Corporate Governance (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 pages 25 to 28 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

*\* Mr. Ooi Giap Ch'ng resigned on 28 March 2011.*

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.

## Statement On Corporate Governance (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 2010, 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

\* Mr. Ooi Giap Ch'ng resigned on 28 March 2011.

### 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.

## Statement On Corporate Governance (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 2010, 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 the Listing Requirements of Bursa Malaysia. 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.

## Statement On Corporate Governance (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	142	182
Non-Executive Directors	140	–	140
Total	180	142	322

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.

## Statement On Corporate Governance (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, usually held in June each year, is the principal forum for dialogue and interaction among shareholders, the Board and Management. At each AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments as well as receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxy/ proxies to attend and vote on their behalf.

### 7. ACCOUNTABILITY AND AUDIT

#### 7.1 Financial Reporting

The Board is responsible for ensuring that financial statements are drawn up in accordance with the provision of the Companies Act, 165 and Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates to present a true and fair assessment of the Company's position and prospects. The annual audited financial statements and quarterly announcement of results were reviewed by Audit Committee and approved by the Board prior to release to Bursa Malaysia.

The Statement by Directors made pursuant to Section 169(15) of the Act is set out on page 76 of the Annual Report.

#### 7.2 Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Board is aware that the Group's system is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatements, fraud and loss.

The Statement of Internal Control set out on pages 29 and 30 of this Annual Report provides an overview of the state of internal controls of the Group and of the Company.

#### 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.

## Statement On Corporate Governance (cont'd)

### 7.3 Relationship with the Auditors (cont'd)

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

The role of the Audit Committee is further described in the Audit Committee Report set out on pages 25 to 28 of this Annual Report.

### 7.4 Statement of Directors' Responsibility

The Board of Directors is required under paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia, to issue a statement on its responsibility in the preparation of the annual audited 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 2010 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 2010, 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.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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 2010.

## 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.

## Statement On Corporate Governance (cont'd)

### 8. CORPORATE SOCIAL RESPONSIBILITY (cont'd)

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.

Our Group also extended assistance to the underprivileged of the lesser significant homes and individuals to provide both financial and moral support. In this way, our organisation as well as individual employees had the opportunity to help those in need. During the year, in collaboration with Malaysian Assurance Alliance Berhad, the Group has commenced discussion and planning to start and operate a Dialysis Center at Taman Seri Mahkota, Kuantan.

### ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2010.

- 1. Utilisation of Proceeds**  
There were no proceeds raised from any proposal during the financial year under review.
- 2. Share Buy-Backs**  
During the financial year under review, the Company did not enter into any share buyback transactions.
- 3. Options, Warrants or Convertible Securities**  
There were no exercises of options, warrants or convertible securities during the financial year under review.
- 4. Depository Receipt Programme**  
During the financial period under review, the Company did not sponsor any depository receipt programme.
- 5. Sanctions and/or Penalties**  
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial period ended 31 December 2010.
- 6. Non-Audit Fees**  
The total amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial period ended 31 December 2010 by the Company's external auditors and a firm or corporation affiliated to them amounted to RM29,500.
- 7. Variation in Profit Estimate, Forecast or Projections**  
There were no variations of 10% or more between the audited results and the unaudited results previously announced for the year ended 31 December 2010. There were no profit estimate, forecast or projection been announced by the Company during the year.
- 8. Profit Guarantee**  
No profit guarantee was given by the Company and or its subsidiaries in respect of the financial year.
- 9. Material Contracts**  
There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.
- 10. Revaluation Policy on Landed Properties**  
There were no revaluation policies on landed properties adopted by the Group during the financial period under review.
- 11. Recurrent related party transactions of a revenue or trading nature**  
There were no recurrent transactions with related parties undertaken by the Group during the financial year under review.



# Audit Committee Report

## I. CONSTITUTION

The terms of reference of the Audit Committee are set out in pages 27 and 28 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	4/4
Mr. Ooi Giap Ch'ng *	4/4
En. Azlan Omry Bin Omar	4/4

\* Mr. Ooi Giap Ch'ng resigned on 28 March 2011.

## 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 Report (cont'd)*

### **2. External Audit**

- (a) Reviewed and approved the external auditors' audit plan and scope of work for the annual audit.
- (b) Reviewed the results from the external audit and highlighted the issues and reservations arising from the audit to the Audit Committee.
- (c) Recommended to the Board the re-appointment and remuneration of the external auditors.
- (d) Reviewed with the external auditors the impact of new or proposed changes in accounting standards and regulatory requirements and the extent of compliance.
- (e) During the review of CME's twelve-month's financial results, the Group External Auditors, Messrs Deloitte & Touche was invited to discuss the Group's financial statements for the year ended 31st December 2010. The Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the Group's financial statement; together with recommendations in respect of the findings.

### **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 2010 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 Report (cont'd)***VI. INTERNAL AUDIT FUNCTION (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 Report (cont'd)*

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

- (a) To nominate and recommend 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) To discuss with the external auditors before the audit commences the nature and scope of the audit;
- (c) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (d) To review with external auditors, their audit report;
- (e) To perform 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 and the results of the internal audit programme, process or investigations undertaken and whether or not the management takes appropriate action on the recommendation of the IAF;
  - (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;
- (f) To review with the management and the external auditors the quarterly and year-end financial statements before their submission 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;
- (g) To review and report 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;
- (h) To report to the Board of Directors if there is any breach of Listing Requirements and recommends corrective measures;
- (i) 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
- (j) 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.

- **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.

## *Statement On Internal Control (cont'd)*

- **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

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**Notes To The Financial Statements**

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**Statement By Directors**

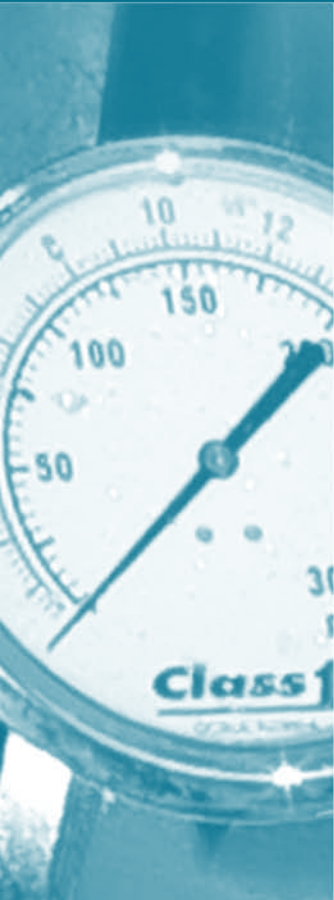
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**Declaration By The Officer Primarily Responsible For The Financial Management**

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CME GROUP BERHAD (52235-K) • Incorporated in Malaysia



## Directors' Report

The directors of CME GROUP BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2010.

### 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:

	The Group RM'000	The Company RM'000
Profit before tax	398	126
Income tax expense	(324)	(77)
Profit for the year	74	49

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 statements of comprehensive income and statements of financial position 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 have current liabilities exceeding current assets by RM8,178,000 and RM10,790,000 respectively as of December 31, 2010. 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  
 Tunku Nizamuddin Bin Tunku Shahabuddin  
 Ooi Giap Ch'ng (resigned on 28.03.2011)

In accordance with Article 83 of the Company's Articles of Association, Messrs. Azlan Omry bin Omar and Lim Bee Hong retire by rotation and, being eligible, offer themselves for re-election at the forthcoming 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:

<b>DIRECT INTEREST</b>		<b>Number of ordinary shares of RM0.10 each</b>			<b>Balance as of 31.12.2010</b>
		<b>Balance as of 1.1.2010</b>	<b>Bought</b>	<b>Sold</b>	
<b>Shares in Company</b>					
<b>Registered in the name of director</b>					
Lim Bee Hong		540	–	–	540
<b>DEEMED INTEREST</b>		<b>Number of ordinary shares of RM0.10 each</b>			<b>Balance as of 31.12.2010</b>
	<b>Held through Sdn Bhd</b>	<b>Balance as of 1.1.2010</b>	<b>Bought</b>	<b>Sold</b>	
<b>Shares in the company</b>					
Tunku Nizamuddin bin Tunku Shahabuddin	Ikram Mulia Holdings Sdn Bhd	92,103,000	–	18,000,000	74,103,000

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,

**DATO' KHAIRI BIN MOHAMAD**

**LIM BEE HONG**

Shah Alam,  
April 27, 2011

# 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 statements of financial position as of December 31, 2010 of the Group and of the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 74.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 December 31, 2010 and of their financial performance and cash flows for the year then ended.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 of the Financial Statements. The Group and the Company have current liabilities exceeding current assets by RM8,178,000 and RM10,790,000 respectively as of December 31, 2010. 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.

## *Independent Auditors' Report (cont'd)*

### **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.

### **Other Reporting Responsibilities**

The supplementary information set out in Note 28 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### **DELOITTE & TOUCHE**

AF 0834

Chartered Accountants

#### **LOO CHEE CHOU**

Partner - 2783/09/12 (J)

Chartered Accountant

April 27, 2011

## Statements Of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	The Group 2010 RM'000	2009 RM'000	The Company 2010 RM'000	2009 RM'000
Revenue	5	24,155	10,808	1,833	1,292
Cost of sales		(19,784)	(7,307)	(586)	(618)
Gross profit		4,371	3,501	1,247	674
Investment revenue		80	67	-	-
Other gains		795	769	-	49
Administrative expenses		(3,389)	(3,350)	(900)	(756)
Other expenses		(889)	(752)	(109)	(61)
Finance costs	6	(570)	(433)	(112)	(52)
<b>Profit/(Loss) before tax</b>	7	<b>398</b>	(198)	<b>126</b>	(146)
Income tax credit/(expense)	8	(324)	184	(77)	-
<b>Profit/(Loss) for the year</b>		<b>74</b>	(14)	<b>49</b>	(146)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>74</b>	(14)	<b>49</b>	(146)
Attributable to:					
Equity holders of the parent		74	(14)		
Basic earnings/(loss) per ordinary share (sen)	9	0.018	(0.003)		

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

## Statements Of Financial Position

AS OF DECEMBER 31, 2010

	Note	The Group		The Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	<b>7,563</b>	7,812	<b>13</b>	–
Investment properties	11	<b>42,130</b>	42,130	<b>42,130</b>	42,130
Investment in subsidiary companies	12	–	–	<b>7,657</b>	7,657
Other financial assets	13	<b>175</b>	175	<b>175</b>	175
Deferred tax assets	14	<b>36</b>	165	–	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>49,904</b>	50,282	<b>49,975</b>	49,962
<b>CURRENT ASSETS</b>					
Inventories	15	<b>1,200</b>	1,640	–	–
Amount due from contract customers	16	<b>8,219</b>	1,333	–	–
Trade receivables	17	<b>2,465</b>	4,711	<b>369</b>	210
Other receivables, deposits and prepaid expenses	17	<b>1,401</b>	897	<b>208</b>	78
Amount owing by subsidiary companies	12	–	–	<b>24,732</b>	28,699
Fixed deposits with licensed institutions	18	<b>3,774</b>	2,182	–	–
Cash and bank balances		<b>377</b>	1,867	<b>28</b>	38
<b>TOTAL CURRENT ASSETS</b>		<b>17,436</b>	12,630	<b>25,337</b>	29,025
<b>TOTAL ASSETS</b>		<b>67,430</b>	62,912	<b>75,312</b>	78,987

*Statements Of Financial Position (cont'd)*

	Note	The Group 2010 RM'000	2009 RM'000	The Company 2010 RM'000	2009 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Issued capital	19	<b>40,110</b>	40,110	<b>40,110</b>	40,110
Accumulated losses		<b>(460)</b>	(534)	<b>(1,378)</b>	(1,427)
<b>Equity attributable to equity holders of the Company</b>					
		<b>39,650</b>	39,576	<b>38,732</b>	38,683
Minority interest		-	-	-	-
<b>TOTAL EQUITY</b>					
		<b>39,650</b>	39,576	<b>38,732</b>	38,683
<b>NON-CURRENT LIABILITIES</b>					
Trade payables - non-current portion	22	-	308	-	-
Hire-purchase payables - non-current portion	20	<b>165</b>	261	-	-
Long-term loan - non-current portion	21	<b>1,911</b>	2,175	<b>453</b>	438
<b>TOTAL NON-CURRENT LIABILITIES</b>					
		<b>2,076</b>	2,744	<b>453</b>	438
<b>CURRENT LIABILITIES</b>					
Amount due to contract customers	16	<b>412</b>	4,488	-	-
Trade payables	22	<b>2,725</b>	1,451	<b>14</b>	32
Other payables, accrued expenses and provisions	22	<b>6,861</b>	6,059	<b>5,734</b>	4,042
Amount owing to subsidiary companies	12	-	-	<b>30,247</b>	35,607
Hire-purchase payables - current portion	20	<b>97</b>	122	-	-
Bank borrowings	23	<b>15,331</b>	8,380	<b>59</b>	185
Tax liabilities		<b>188</b>	92	<b>73</b>	-
<b>TOTAL CURRENT LIABILITIES</b>					
		<b>25,614</b>	20,592	<b>36,127</b>	39,866
<b>TOTAL LIABILITIES</b>					
		<b>27,690</b>	23,336	<b>36,580</b>	40,304
<b>TOTAL EQUITY AND LIABILITIES</b>					
		<b>67,340</b>	62,912	<b>75,312</b>	78,987

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



## Statements Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2010

	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 1.1.2009</b>	40,110	(520)	1	39,591
Total comprehensive loss for the year	–	(14)	–	(14)
Disposal of subsidiary company	–	–	(1)	(1)
<b>Balance as of 31.12.2009/ 1.1.2010</b>	40,110	(534)	–	39,576
Total comprehensive income for the year	–	74	–	74
<b>Balance as of 31.12.2010</b>	<b>40,110</b>	<b>(460)</b>	–	<b>39,650</b>
<b>The Company</b>				
<b>Balance as of 1.1.2009</b>	40,110	(1,281)	–	38,829
Total comprehensive loss for the year	–	(146)	–	(146)
<b>Balance as of 31.12.2009/ 1.1.2010</b>	40,110	(1,427)	–	38,683
Total comprehensive income for the year	–	49	–	49
<b>Balance as of 31.12.2010</b>	<b>40,110</b>	<b>(1,378)</b>	–	<b>(38,732)</b>

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

## Statements Of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2010

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>				
Profit/(Loss) for the year	<b>74</b>	(14)	<b>49</b>	(146)
Adjustments for:				
Finance costs	<b>570</b>	433	<b>112</b>	52
Depreciation of property, plant and equipment	<b>357</b>	384	<b>2</b>	-
Allowance for doubtful debts - trade	<b>105</b>	25	<b>105</b>	11
Provision of further costs no longer required	-	(478)	-	-
Income tax (credit)/expense recognised in profit or loss	<b>324</b>	(184)	<b>77</b>	-
Interest income	<b>(80)</b>	(67)	-	-
Net foreign exchange gain	-	(21)	-	-
Allowance for doubtful debts no longer required - non-trade	-	(10)	-	-
Gain on disposal of subsidiary company	-	(1)	-	-
Operating Profit/(Loss) Before Working Capital Changes	<b>1,350</b>	67	<b>345</b>	(83)
(Increase)/Decrease in:				
Inventories	<b>440</b>	64	-	-
Amount due from contract customers	<b>(6,886)</b>	1,022	-	-
Trade receivables	<b>2,141</b>	(1,711)	<b>(264)</b>	(134)
Other receivables, deposits and prepaid expenses	<b>(504)</b>	(103)	<b>(130)</b>	(48)
Amount owing by subsidiary companies	-	-	<b>3,967</b>	(149)
Increase/(Decrease) in:				
Amount due to contract customers	<b>(4,076)</b>	3,410	-	-
Trade payables	<b>966</b>	2,970	<b>(18)</b>	(990)
Other payables, accrued expenses and provisions	<b>802</b>	(5,192)	<b>1,692</b>	283
Amount owing to subsidiary companies	-	-	<b>(5,360)</b>	1,259
Cash From/(Used In) Operations	<b>(5,767)</b>	527	<b>232</b>	138
Income tax paid	<b>(99)</b>	(223)	<b>(4)</b>	-
Net Cash From/(Used In) Operating Activities	<b>(5,866)</b>	304	<b>228</b>	138

### Statements Of Cash Flows (cont'd)

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Interest received	80	67	-	-
(Placement)/withdrawal of fixed deposits	(1,592)	(2,097)	-	-
Purchase of property, plant and equipment*	(108)	(125)	(15)	-
Net Cash Used In Investing Activities	(1,620)	(2,155)	(15)	-
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>				
Drawdown of bank borrowings	7,355	1,512	-	-
Repayment of bank borrowings	-	(1,662)	-	-
Interest expense paid	(570)	(433)	(112)	(52)
Repayment of term loan	(423)	(317)	(111)	(77)
Repayment of hire-purchase payables	(121)	(177)	-	-
Net Cash (Used In)/From Financing Activities	6,241	(1,077)	(223)	(129)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,245)</b>	<b>(2,928)</b>	<b>(10)</b>	<b>9</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(2,957)</b>	<b>(29)</b>	<b>38</b>	<b>29</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>(4,202)</b>	<b>(2,957)</b>	<b>28</b>	<b>38</b>

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Payment by cash	108	125	15	-
Hire-purchase	-	205	-	-
Total (Note 10)	108	330	15	-

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 April 27, 2011.

## 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 Group and the Company have current liabilities exceeding current assets by RM8,178,880 and RM10,790,000 respectively as of December 31, 2010. 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 Group and the Company have current liabilities exceeding current assets by RM8,178,000 and RM10,790,000 respectively as of December 31, 2010. 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.

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.

### Adoption of new and revised Financial Reporting Standards

In the current financial year, the Company have adopted all the new and revised Standards and IC Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after January 1, 2010 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
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## Notes To The Financial Statements (cont'd)

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

FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - Effective date and transition)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - Effective date and transition and embedded derivatives)
Improvements to FRSs issued in 2009	
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 - Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of these new and revised FRSs and IC Ints did not result in significant changes in the accounting policies of the Group and Company and have no significant effect on the financial performance or position of the Group and Company except for those stated below:

#### 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 and Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and process for managing capital.

#### FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

The revised FRS101 was adopted retrospectively by the Group and the Company.

**Notes To The Financial Statements (cont'd)****2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)****FRS 139 Financial Instruments: Recognition and Measurement**

Financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were classified as either financial liabilities at fair value through profit or loss or other financial liabilities (i.e. those financial liabilities which are not held for trading or designated as at fair value through profit or loss upon initial recognition). The accounting policies for financial assets and financial liabilities are as disclosed in Note 3.

This standard was adopted prospectively by the Company, in accordance with the transitional provisions in FRS 139.

All financial assets and financial liabilities within the scope of FRS 139 are now recognised and re-measured accordingly. No adjustments are taken to opening retained earnings as of January 1, 2010 resulting from the re-measurement of the financial assets and liabilities as the directors are of the opinion that the amounts are immaterial.

**Standards and IC Interpretations in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) <sup>1</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) <sup>2</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters) <sup>2</sup>
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) <sup>1</sup>
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transaction) <sup>2</sup>
FRS 3	Business Combinations (Revised in 2010) <sup>1</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>1</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) <sup>2</sup>
FRS 124	Related Party Disclosures (revised) <sup>3</sup>
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) <sup>1</sup>
FRS 128	Investments in Associates (revised) <sup>1</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue) <sup>4</sup>
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3) <sup>1</sup>
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) <sup>1</sup> (Forward)
Improvements to FRSs issued in 2010	
IC Int. 4	Determining whether an Arrangement contains a Lease <sup>2</sup>
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3) <sup>1</sup>
IC Int. 12	Service Concession Arrangements <sup>1</sup>

## Notes To The Financial Statements (cont'd)

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

IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) <sup>7</sup>
IC Int. 15	Agreements for the Construction of Real Estate <sup>5</sup>
IC Int. 16	Hedges of a Net Investment in a Foreign Operation <sup>1</sup>
IC Int. 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
IC Int. 18	Transfers of Assets from Customers <sup>6</sup>
IC Int. 19	Extinguish Financial Liabilities with Equity Instruments <sup>7</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2011

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2012

<sup>4</sup> Effective for annual periods beginning on or after 1st March, 2010

<sup>5</sup> Original effective date of 1st July, 2009 deferred to 1st March, 2012 via amendment issued by MASB on 30th August, 2010

<sup>6</sup> Applied prospectively to transfers of assets from customers received on or after 1st January, 2011

<sup>7</sup> Effective for annual periods beginning on or after 1st July, 2011

The directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and the Company in the period of initial application.

### 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.

## Notes To The Financial Statements (cont'd)

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

#### 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 profit or loss.

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.

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 todate 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 reporting 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.



## Notes To The Financial Statements (cont'd)

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

#### Income Tax (cont'd)

Deferred tax is recognised as an income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case 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 reporting 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 reporting date.

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.

#### 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.

## Notes To The Financial Statements (cont'd)

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

#### 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 reporting 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 profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss 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	2010	2009
US Dollar	0.3125	0.2918
Euro	0.2222	0.2025
Sterling Pound	0.1961	0.1808
Rand	2.1739	2.1668

#### 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.

## Notes To The Financial Statements (cont'd)

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

#### 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 or sale in the ordinary course of business.

Investment properties are initially measured at 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 necessary, for any differences 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.

#### 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 reporting 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.

## Notes To The Financial Statements (cont'd)

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

#### Impairment of Assets (cont'd)

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 profit or loss.

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 profit or loss.

#### 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 reporting 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.

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.

#### 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 reporting date.

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

## Notes To The Financial Statements (cont'd)

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

#### Financial Instruments

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

##### (i) Financial Assets

Trade and other receivables, cash and cash equivalents and amount owing by subsidiary companies are measured at initial recognition at fair value, and are subsequently measured at amortised cost less impairment losses, if any.

Available for sale (AFS) financial assets are measured at fair value at the end of the reporting period. Fair value is determined in the manner described in Note 25. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

##### (ii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## Notes To The Financial Statements (cont'd)

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

#### Financial Instruments (cont'd)

##### (ii) Impairment of financial assets (cont'd)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

##### (iii) Derecognition of financial assets

The Group and the Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### Financial liabilities and equity instruments issued by the Group and the Company

##### (a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### (b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

##### (c) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with FRS 137 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

##### (d) Financial liabilities

Trade and other payables, bank borrowing and amount owing to related companies, are initially measured at fair value. These financial liabilities are subsequently measured at amortised cost.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## 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 that are readily convertible to cash with insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented of bank overdrafts.

#### 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 assesses at each reporting date whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and allowances are made when necessary.

#### (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 other than as discussed below:

*Notes To The Financial Statements (cont'd)***4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)**

- **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.

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.

**5. REVENUE**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Contract revenue	<b>16,688</b>	5,597	–	–
Sale of accessories and equipment	<b>3,422</b>	1,596	–	–
Servicing of equipment	<b>2,212</b>	2,323	–	–
Rental income from investment properties	<b>1,833</b>	1,292	<b>1,833</b>	1,292
	<b>24,155</b>	10,808	<b>1,833</b>	1,292

Direct costs relating to rental income from investment properties of the Group and of the Company amounted to RM585,853 (RM297,000 in 2009) during the financial year.



## Notes To The Financial Statements (cont'd)

## 5. REVENUE (cont'd)

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Contract costs	14,484	5,477	586	618
Raw materials and consumables used	1,070	1,894	-	-
Changes in inventories	-	(64)	-	-
Directors' remuneration*	322	467	180	160
Depreciation of property, plant and equipment (Note 10)	357	384	2	-
Allowance for doubtful debts				
- trade	105	25	105	11
Other expenses	8,167	3,464	707	503
Quit rent and assessment	127	195	127	195
	<b>24,632</b>	11,842	<b>1,707</b>	1,487

\* Directors' remuneration:

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors:				
Company				
- Fees	40	40	40	40
Subsidiary companies				
- Other emoluments	127	274	-	-
- EPF contributions	15	33	-	-
	<b>182</b>	347	<b>40</b>	40
Non-executive directors:				
Company				
- Fees	140	120	140	120
	<b>322</b>	467	<b>180</b>	160

## 6. FINANCE COSTS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense on:				
Bank overdrafts	320	234	-	-
Long-term loan	164	133	52	52
Hire-purchase	26	66	-	-
Others	60	-	60	-
	<b>570</b>	433	<b>112</b>	52

## Notes To The Financial Statements (cont'd)

## 7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax of the Group and of the Company is arrived at:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
After charging:				
Audit fee				
- current year	55	55	17	18
- overprovision in prior year	(1)	(1)	(1)	-
Rental expense	-	2	-	-
And crediting:				
Provision for further costs no longer required	-	478	-	-
Interest income from fixed deposits	80	67	-	-
Gain on disposal of subsidiary company	-	1	-	-
Gain on foreign exchange				
- realised	37	18	-	-
- unrealised	-	3	-	-
Allowance for doubtful debts no longer required:				
- non-trade	-	10	-	-
Employee information:				
Staff costs	2,009	1,975	509	532
EPF	263	224	62	55

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

## 8. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Estimated tax expense/(credit):				
- Current year	195	-	77	-
- Overprovision in prior years	-	(19)	-	-
	195	(19)	77	-
Deferred tax expense (Note 14)				
- Relating to origination/reversal of temporary differences	129	(165)	-	-
	324	(184)	77	-

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:

## Notes To The Financial Statements (cont'd)

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit/(Loss) before tax	<b>398</b>	(198)	<b>126</b>	(146)
Tax at the statutory tax rate of 25%	<b>100</b>	(50)	<b>32</b>	(37)
Expenses not deductible for tax purposes	<b>37</b>	305	<b>45</b>	37
Income not taxable for tax purposes	-	(292)	-	-
Utilisation of deferred tax assets not previously recognised	-	(128)	-	-
Deferred tax asset not recognised	<b>187</b>	-	-	-
Overprovision in prior years	-	(19)	-	-
<b>Tax expense/(credit) for the year</b>	<b>324</b>	(184)	<b>77</b>	-

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax asset are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of December 31, 2010, the estimated amount of temporary differences, unused tax losses and unabsorbed capital allowances for which deferred tax asset has not been recognised in the financial statements due to uncertainty of its realisation, are as follows:

	The Group	
	2010 RM'000	2009 RM'000
Temporary differences in respect of property, plant and equipment	<b>(415)</b>	(410)
Unused tax losses	<b>10,306</b>	9,601
Unabsorbed capital allowances	<b>698</b>	650
	<b>10,589</b>	9,841

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

As of December 31, 2010, the Group and the Company have tax exempt income amounting to approximately RM4,658,000 (RM4,658,000 in 2009) and RM3,136,000 (RM3,136,000 in 2009) 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 December 31, 2010, the Group and the Company have tax exempt income amounting to approximately RM4,222,000 (RM4,222,000 in 2009) and RM4,000,000 (RM4,000,000 in 2009) 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.

## Notes To The Financial Statements (cont'd)

## 9. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

	The Group	
	2010 RM'000	2009 RM'000
Profit/(Loss) attributable to ordinary shareholders	74	(14)
Weighted average number of ordinary shares in issue ('000)	401,100	401,100
Basic earnings per ordinary share (sen)	<b>0.018</b>	(0.003)

The basic earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of RM74,000 (loss attributable to ordinary shareholders of RM14,000 in 2009) by the weighted average number of ordinary shares in issue during the year of 401,100,000 (401,100,000 in 2009).

## 10. PROPERTY, PLANT AND EQUIPMENT

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>Cost</b>					
As of 1.1.2009	1,868	7,288	3,368	866	13,390
Additions	–	21	95	214	330
As of 31.12.2009/1.1.2010	1,868	7,309	3,463	1,080	13,720
Additions	–	–	108	–	108
As of 31.12.2010	<b>1,868</b>	<b>7,309</b>	<b>3,571</b>	<b>1,080</b>	<b>13,828</b>
<b>Accumulated Depreciation</b>					
As of 1.1.2009	–	1,841	3,168	515	5,524
Charge for the year	–	147	70	167	384
As of 31.12.2009/1.1.2010	–	1,988	3,238	682	5,908
Charge for the year	–	147	94	116	357
As of 31.12.2010	–	<b>2,135</b>	<b>3,332</b>	<b>798</b>	<b>6,265</b>
<b>Net Book Value</b>					
As of 31.12.2010	<b>1,868</b>	<b>5,174</b>	<b>239</b>	<b>282</b>	<b>7,563</b>
As of 31.12.2009	1,868	5,321	225	398	7,812

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.

## Notes To The Financial Statements (cont'd)

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

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

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Computers, furniture and fittings, office and workshop equipment and air-conditioners	<b>3,087</b>	3,075
Motor vehicles	<b>131</b>	131
	<b>3,218</b>	3,206

#### The Company

	<b>Furniture, fittings and computer equipment</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Costs		
As of January 1, 2010	-	-
Additions	<b>15</b>	-
As of December 31, 2010	<b>15</b>	-
Accumulated Depreciation		
As of January 1, 2010	-	-
Charge for the year	<b>2</b>	-
As of December 31, 2010	<b>2</b>	-
Net book value as at December 31, 2010	<b>13</b>	-

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

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Net book value:		
Motor vehicles	<b>281</b>	397
Computer, furniture and fittings, office and workshop equipment and air-conditioners	-	43
	<b>281</b>	440

## Notes To The Financial Statements (cont'd)

## 11. INVESTMENT PROPERTIES

	The Group and The Company	
	2010 RM'000	2009 RM'000
At beginning of the year	42,130	42,130
Acquisitions during the year	–	–
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 January 17, 2011, 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

	The Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	9,157	9,157
Less: Accumulated impairment loss	(1,500)	(1,500)
	<b>7,657</b>	7,657

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

Companies	Effective Percentage of Ownership		Principal Activities
	2010 %	2009 %	
CME Industries Sdn Bhd	100	100	Servicing of fire fighting and specialist vehicles and sale of related spare parts
CME Edaran Sdn Bhd	100	100	Sale and servicing of fire fighting equipment and specialist vehicles and sale of related spare parts
CME Technologies Sdn Bhd	100	100	Manufacturing and sale of fire fighting equipment and fire engines
CME Properties Sdn Bhd	100	100	Dormant
CME Pyroshield Sdn Bhd	100	100	Trading of pyroshield gas and accessories

## Notes To The Financial Statements (cont'd)

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

Amounts owing by/(to) subsidiary companies which arose mainly from advances to/(by) and payments made on behalf for/(by) its wholly-owned subsidiary companies, are unsecured, interest-free and repayable on demand.

### 13. OTHER FINANCIAL ASSETS

	<b>The Group and The Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Available for sale investment		
Investment in golf club membership	175	175
	<hr/>	<hr/>
Market value	175	175
	<hr/>	<hr/>

### 14. DEFERRED TAX ASSET

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	165	–
Transfer from/(to) profit or loss	(129)	165
	<hr/>	<hr/>
At end of year	36	165
	<hr/>	<hr/>

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

	<b>Deferred Tax Asset</b>	
	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Temporary difference in respect of other payables, accrued expenses and provisions	36	165
	<hr/>	<hr/>

### 15. INVENTORIES

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Trading merchandise	451	891
Machinery and spare parts	25	25
Vehicles	724	724
	<hr/>	<hr/>
	1,200	1,640
	<hr/>	<hr/>

## Notes To The Financial Statements (cont'd)

## 16. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2010 RM'000	2009 RM'000
Contract costs incurred plus recognised profits	33,004	1,914
Less: Progress billings	(25,197)	(5,069)
<b>Amount due from contract customers</b>	<b>7,807</b>	<b>(3,155)</b>
Amount due from contract customers	8,219	1,333
Amount due to contract customers	(412)	(4,488)
<b>Net</b>	<b>7,807</b>	<b>(3,155)</b>

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	2,842	4,986	700	439
Less: Allowance for doubtful debts	(377)	(275)	(331)	(229)
<b>Net</b>	<b>2,465</b>	<b>4,711</b>	<b>369</b>	<b>210</b>

Trade receivables comprise amounts receivable from the sale of goods. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The credit period granted by the Group and the Company on sale of goods ranges from 30 days to 90 days (2009: 30 days to 90 days). Interest on late payment is charged based on interest of nil% per annum over the bank's base lending rate by the Company whilst no interest on late payment is charged by the subsidiary company.

Aging analysis of trade receivables

The aging analysis of the Group's and the Company's trade receivables are as follows:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Neither past due nor impaired	2,209	4,581	329	192
Past due but not impaired	256	130	41	18
Past due and impaired	377	275	330	229
<b></b>	<b>2,842</b>	<b>4,986</b>	<b>700</b>	<b>439</b>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.



## Notes To The Financial Statements (cont'd)

**17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)**Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM256,000 (2009: RM130,000) and RM41,000 (2009: RM18,000) respectively that are past due at the reporting date but not impaired for which the Group and the Company have not made any allowances as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancement over these balances nor do they have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At beginning of year	275	494	229	218
Charge for the year	105	25	105	11
Write off against receivables	(3)	(244)	(3)	-
At end of year	<b>377</b>	275	<b>331</b>	229

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The currency profile of trade receivables is as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Ringgit Malaysia</b>	<b>2,595</b>	4,747	<b>701</b>	439
<b>United States Dollar</b>	<b>247</b>	239	-	-
	<b>2,842</b>	4,986	<b>701</b>	439

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Other receivables	1,108	638	186	44
Less: Allowance for doubtful debts	(165)	(165)	-	-
	<b>943</b>	473	<b>186</b>	44
Refundable deposits	262	267	22	31
Tax recoverable	196	139	-	3
Prepaid expenses	-	18	-	-
	<b>1,401</b>	897	<b>208</b>	78

## Notes To The Financial Statements (cont'd)

**18. FIXED DEPOSITS WITH LICENSED INSTITUTIONS**

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	<b>3,774</b>	2,182

Included under fixed deposits with licensed institutions of the Group is an amount of RM3,774,000 (RM2,182,000 in 2009) pledged to a local bank by the subsidiary companies for short term project loan and bank guarantee facilities granted to the said subsidiary companies.

The average effective interest rate is as follows:

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>% p.a</b>	<b>% p.a</b>
Deposits with licensed banks	<b>2.2 - 2.9</b>	2.0 - 2.5

Deposits of the Group have a maturity period of 365 days (365 days in 2009).

**19. SHARE CAPITAL**

Share capital of the Company is represented by:

	<b>The Group and The Company</b>	
	<b>2010</b>	<b>2009</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

**20. HIRE-PURCHASE PAYABLES**

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Total outstanding	<b>300</b>	444
Less: Interest-in-suspense	<b>(38)</b>	(61)
Total principal outstanding	<b>262</b>	383
Less: Portion due within one year included under current liabilities	<b>(97)</b>	(122)
Non-current portion	<b>165</b>	261

The interest rates implicit in these hire-purchase obligations range from 4.61% to 8.00% (4.61% to 8.00% in 2009) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

*Notes To The Financial Statements (cont'd)***20. HIRE-PURCHASE PAYABLES (cont'd)**

	<b>The Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial years ending:		
2011	–	92
2012	<b>90</b>	90
2013	<b>58</b>	58
2014	<b>16</b>	21
	<b>165</b>	261

**21. LONG-TERM LOAN**

	<b>The Group</b>		<b>The Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total principal outstanding	<b>2,316</b>	2,739	<b>512</b>	623
Less: Portion due within one year included under bank borrowings (Note 23)	<b>(405)</b>	(564)	<b>(59)</b>	(185)
Non-current portion	<b>1,911</b>	2,175	<b>453</b>	438

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial years ending:				
2011	–	517	–	113
2012	<b>532</b>	532	<b>113</b>	113
2013	<b>337</b>	337	<b>113</b>	113
2014	<b>341</b>	341	<b>104</b>	99
2015 and thereafter	<b>701</b>	448	<b>123</b>	–
	<b>1,911</b>	2,175	<b>453</b>	438

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

**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 2009).

	<b>The Group</b>		<b>The Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables:				
- current portion	<b>2,725</b>	1,451	<b>14</b>	32
- non-current portion	–	308	–	–
	<b>2,725</b>	1,759	<b>14</b>	32

## Notes To The Financial Statements (cont'd)

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

The non-current portion of the trade payables is payable in financial year ending December 31, 2011.

The currency profile of trade payables is as follows:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	2,370	1,475	14	32
US Dollar	19	83	-	-
Sterling Pound	32	15	-	-
Euro	-	11	-	-
Rand	304	175	-	-
	<b>2,725</b>	<b>1,759</b>	<b>14</b>	<b>32</b>

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

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other payables	3,208	3,421	3,017	2,980
Provisions (c)	221	714	-	-
Accrued expenses	1,392	1,294	676	432
Deposits	2,040	630	2,041	630
	<b>6,861</b>	<b>6,059</b>	<b>5,734</b>	<b>4,042</b>

Included in other payables of the Group and the Company is an amount outstanding for the purchase of investment properties amounting to RM2,894,657 (RM2,897,158 in 2009).

(c) Provisions:

	The Group			Total
	Warranty	Free Service	Others	
	RM'000	RM'000	RM'000	RM'000
Balance as of January 1, 2009	1,328	713	10	2,051
Additional provisions	277	74	-	351
Utilised during the year	(907)	(774)	(7)	(1,688)
Balance as of December 31, 2009	698	13	3	714
Additional provisions	14	14	-	28
Utilised during the year	(499)	(22)	-	(521)
Balance as of December 31, 2010	213	5	2	221

## Notes To The Financial Statements (cont'd)

## 23. BANK BORROWINGS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Long-term loan - current portion (Note 21)	405	564	59	185
Bank overdrafts (Note 24)	4,579	4,824	-	-
Trust receipts/Bankers' Acceptance	1,595	2,992	-	-
Short term project loan	8,752	-	-	-
	<b>15,331</b>	<b>8,380</b>	<b>59</b>	<b>185</b>

The long-term loan of the Company has an effective interest rate of 7.75% per annum (7.75% in 2009) 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 totaling RM12 million (RM12 million in 2009) from four local banks. These facilities are secured by the following:

- corporate guarantee by the Company;
- negative pledge on assets of subsidiary companies; and
- Charge over the freehold land and building of as mentioned in Note 10.

The overdraft and trade financing facilities granted to the subsidiary companies bear interest of 8% (8% in 2009) per annum.

The Company provides corporate guarantee to the bank for credit facilities granted to its subsidiary companies which has a project loan facility of RM13,660,000 (RM80,560,000 in 2009) from a financial institution. The Company monitors on an ongoing basis the results of the subsidiary company. This facility bears interest at 8.50% (8.50% in 2009) per annum and is secured by the following:

- placement of fixed deposits of RM3,774,000 by the subsidiary company, as mentioned in Note 18; and
- deed of assignment of contract proceeds from a project secured by the subsidiary company;

## 24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed institutions	3,774	2,182	-	-
Cash and bank balances	377	1,867	28	38
Bank overdrafts (Note 23)	(4,579)	(4,824)	-	-
	<b>(428)</b>	<b>(775)</b>	<b>28</b>	<b>38</b>
Less: Fixed deposits pledged (Note 18)	<b>(3,774)</b>	<b>(2,182)</b>	<b>-</b>	<b>-</b>
	<b>(4,202)</b>	<b>(2,957)</b>	<b>28</b>	<b>38</b>

## Notes To The Financial Statements (cont'd)

### 25. FINANCIAL INSTRUMENTS

#### Capital Risk Management Policies and Procedures

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The capital structure of the Company comprises net debt offset by cash and bank balances and fixed deposits with licenced banks and issued capital and retained earnings. The Group is not subject to any externally imposed capital requirements.

#### Financial Risk Management Objectives and Policies

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

Various risk management policies are made and approved by the management for observation in the day-to-day operations for the control and management of the risks associated with financial instruments.

##### (i) Interest rate risk

The Group's interest rate risk relates to interest-bearing debts. The Group manages its interest rate risk by actively reviewing its debt portfolio. This strategy will allow the Group to capitalise on more favourable funding in a low interest rate environment and hence, to achieve a certain level of protection against interest rate hikes.

The Group is mainly exposed to interest rate risk through long-term loans at 7.75% (2009: 7.75%) per annum. The Group's exposure to interest rate risk via hire-purchase is minimal as these liabilities are subject to fixed interest rate.

Under the current stable interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's profit or loss. Accordingly, no sensitivity analysis is prepared.

##### (ii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate the major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of receivables and cash and cash equivalents recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

## Notes To The Financial Statements (cont'd)

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

#### (iii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group and company's short, medium and long-term funding and liquidity management requirements. The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### (iv) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by them.

The maximum exposure to credit risk amounted to RM8.7 million (2009: RM Nil million) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 29.

#### (v) Foreign currency risk

The Group has exposure to foreign currency risk as a result of its trade transactions. The currencies giving rise to this risk are United States (USD). Foreign exchange exposures in transactional currencies other than the functional currency of the operating entities are kept to an acceptable level.

##### Foreign currency sensitivity analysis

The Company is mainly exposed to the currency of United States (USD).

The following table details the Group's sensitivity to a 10% increase and decrease in the RM against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the RM strengthens 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Impact of USD	
	2010 RM'000	2009 RM'000
Profit or loss	7	5

Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the year.

## Notes To The Financial Statements (cont'd)

## 25. FINANCIAL INSTRUMENTS (cont'd)

## (vi) Category of financial instrument

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Available for sale</b>				
Other financial assets	175	175	175	175
	<b>175</b>	175	<b>175</b>	175
<b>Loan and receivables:</b>				
Trade receivables	2,465	4,711	369	210
Other receivables, deposits and prepaid expenses	1,401	897	208	78
Amount owing by subsidiary company	–	–	24,732	28,699
Fixed deposits with licensed institutions	3,774	2,182	–	–
Cash and bank balances	377	1,867	28	38
	<b>8,017</b>	9,657	<b>25,337</b>	29,025
<b>Financial liabilities at amortised costs</b>				
Trade payables - non current portion	–	308	–	–
Hire-purchase payables - non current	165	261	–	–
Long-term loan - non current portion	1,911	2,175	453	438
Amount due to customer on contract	412	4,488	–	–
Trade payables	2,725	1,451	14	32
Other payables, accrued expenses and provision	6,861	6,059	5,734	4,042
Amount owing to subsidiary companies	–	–	30,247	35,607
Hire-purchase payables -current portion	97	122	–	–
Bank borrowings	15,331	8,980	59	185
	<b>27,502</b>	23,844	<b>36,507</b>	40,304

## (vii) Fair Values of Financial Assets and Financial Liabilities

The fair values of the financial assets and financial liabilities reported in the statements of financial position approximate the carrying amount of those assets and liabilities because of the immediate or short-term maturity of these financial instruments, other than the following:

The Group	Carrying Amount		Fair Value	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Financial Liabilities</b>				
Hire-purchase payables (Note 20)	262	383	235	341
Long-term loan (Note 21)	2,316	2,739	2,005	2,651
<b>The Company</b>				
<b>Financial Liability</b>				
Long-term loan (Note 21)	512	623	534	555



*Notes To The Financial Statements (cont'd)***25. FINANCIAL INSTRUMENTS (cont'd)****(vii) Fair Values of Financial Assets and Financial Liabilities (cont'd)**

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 the end of the reporting period 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.

**26. CONTINGENT LIABILITIES**

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Unsecured:</b>				
Guarantees given to banks for credit facilities granted to its wholly-owned subsidiary companies	–	–	26,820	93,922

**27. SEGMENTAL REPORTING**

	Investment holding	Manufacturing	Trading	Others	Eliminations	Consolidated
2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External sales	1,833	18,900	3,422	–	–	24,155
Inter-segment sales	–	13,948	1,155	–	(15,103)	–
<b>Total revenue</b>	<b>1,833</b>	<b>32,848</b>	<b>4,577</b>	<b>–</b>	<b>(15,103)</b>	<b>24,155</b>
<b>Results</b>						
Segment result	<b>238</b>	<b>852</b>	<b>(197)</b>	<b>(5)</b>	–	<b>888</b>
Finance costs	(112)	(412)	(46)	–	–	(570)
Investment revenue	–	80	–	–	–	80
Profit before tax	126	520	(243)	(5)	–	398
Income tax expenses	(77)	(238)	(9)	–	–	(324)
<b>Profit for the year</b>	<b>49</b>	<b>282</b>	<b>(252)</b>	<b>(5)</b>	<b>–</b>	<b>74</b>
<b>Other information</b>						
Capital additions	15	72	21	–	–	108
Depreciation of property, plant and equipment	<b>2</b>	<b>172</b>	<b>169</b>	<b>14</b>	<b>–</b>	<b>357</b>

## Notes To The Financial Statements (cont'd)

## 27. SEGMENTAL REPORTING (cont'd)

2010	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	75,137	57,872	16,456	2,809	(85,108)	67,166
Other investments	175	–	–	–	–	175
<b>Consolidated total assets</b>	<b>75,312</b>	<b>57,872</b>	<b>16,456</b>	<b>2,809</b>	<b>(85,108)</b>	<b>67,341</b>
<b>Liabilities</b>						
Segment liabilities	<b>36,580</b>	<b>38,637</b>	<b>27,194</b>	<b>2,731</b>	<b>(77,452)</b>	<b>27,690</b>
<b>2009</b>						
<b>Revenue</b>						
External sales	1,291	7,918	1,599	–	–	10,808
Inter-segment sales	–	2,080	2,417	–	(4,497)	–
Total revenue	1,291	9,998	4,016	–	(4,497)	10,808
<b>Results</b>						
Segment result	(94)	107	168	(13)	–	168
Finance costs	(52)	(325)	(56)	–	–	(433)
Investment revenue	–	67	–	–	–	67
Loss before tax	(146)	(151)	112	(13)	–	(198)
Income tax credit	–	183	1	–	–	184
Loss for the year	(146)	32	113	(13)	–	(14)
<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>78,987</b>	<b>47,647</b>	<b>16,509</b>	<b>2,121</b>	<b>(82,352)</b>	<b>62,912</b>
<b>Liabilities</b>						
Segment liabilities	40,305	28,694	26,995	2,037	(74,695)	23,336

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

*Notes To The Financial Statements (cont'd)***28. SUPPLEMENTARY INFORMATION ON BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

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

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

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2010 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<b>The Group 2010 RM'000</b>	<b>The Company 2010 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	<b>(275)</b>	(1,378)
- Unrealised	<b>(185)</b>	-
<b>Total group accumulated losses as per consolidated accounts</b>	<b>(460)</b>	<b>(1,378)</b>

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

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

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

## Statement By Directors

The directors of **CME GROUP BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of 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 December 31, 2010 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 28, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 'Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements' as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution  
of the Directors,

**DATO' KHAIRI BIN MOHAMAD**

**LIM BEE HONG**

Shah Alam, Selangor Darul Ehsan  
April 27, 2011

## Declaration By The Officer Primarily Responsible FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **TAN RUEY SHYAN**, the officer primarily responsible for the financial management of **CME GROUP BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

**TAN RUEY SHYAN**

Subscribed and solemnly declared by the abovenamed **TAN RUEY SHYAN** at PETALING JAYA, SELANGOR DARUL EHSAN on 27th day of April, 2011.

Before me,

**PN KOH TWEE YONG @ KOH TWEE SIEW**

No: B357  
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 20 years	3 Storey Office cum Factory Building	7.041 million

## Analysis Of Shareholdings

### AS AT 29 APRIL 2011

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

#### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	151	8.38	12,338	0.00
100 – 1,000	307	17.05	256,120	0.06
1,001 – 10,000	235	13.05	1,145,642	0.29
10,001 – 100,000	903	50.14	33,194,690	8.28
100,001 to less than 5% of issued shares	203	11.27	215,089,570	53.62
5% and above of issued shares	2	0.11	151,401,640	37.75
<b>Grand Total</b>	<b>1,801</b>	<b>100.00</b>	<b>401,100,000</b>	<b>100.00</b>

#### 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.	Miss Lim Bee Hong	540	0.00
4.	Y.Bhg. Dato' Khairi Bin Mohamad	–	–
5.	En. Azlan Omry Bin Omar	–	–
6.	Mr. Ooi Giap Ch'ng	–	–

#### SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	No. of Shares	%
1.	Ikram Mulia Holdings Sdn Bhd	80,573,640	20.09
2.	Lim Gik Tong – HDM Nominees (Tempatan) Sdn Bhd Malaysia Assurance Alliance Berhad for Lim Gik Tong	70,828,000	17.66

*Analysis Of Shareholdings (cont'd)***THIRTY (30) LARGEST SHAREHOLDERS**

	Names of Shareholders	Holdings	
		No. of Shares	%
1	IKRAM MULIA HOLDINGS SDN. BHD.	80,573,640	20.09
2	HDM NOMINEES (TEMPATAN) SDN BHD <i>MALAYSIAN ASSURANCE ALLIANCE BERHAD FOR LIM GIK TONG</i>	70,828,000	17.66
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR TAN ANG KHAN @ CHAN YIN KONG (PB)</i>	19,172,900	4.78
4	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SELVANDRAN A/L PONNIAH (CTS-SEP0002C)</i>	16,634,450	4.15
5	YEOH SEOK KAH	16,250,000	4.05
6	REZA BIN SHARIFFUDIN	15,950,000	3.98
7	SHARIMAN BIN NORDIN	14,011,000	3.49
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR GENERAL TECHNOLOGY SDN. BHD. (PB)</i>	11,828,000	2.95
9	FEW PAK YIN @ HEW PAK YIN	11,012,000	2.75
10	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SIAH SIAN @ LEE HAY HIAN (SMT)</i>	10,000,000	2.49
11	OSK NOMINEES (TEMPATAN) SDN BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR TAN EE SENG</i>	5,653,700	1.41
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR LIM YONG KEAT (PB)</i>	5,216,400	1.30
13	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG SIM BEE</i>	4,772,000	1.19
14	NG SEOW PANG	4,034,530	1.01
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW AH SUAN (E-KLC)</i>	3,818,180	0.95
16	ONG SUAN PIN	3,670,000	0.91
17	HOW TECK SOON	3,300,000	0.82

*Analysis Of Shareholdings (cont'd)***THIRTY (30) LARGEST SHAREHOLDERS (cont'd)**

	Names of Shareholders	Holdings	
		No. of Shares	%
18	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM CHENG SENG</i>	3,085,700	0.77
19	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ASPIRE ASSETS SDN BHD</i>	3,000,000	0.75
20	LEE KUAN SANG	3,000,000	0.75
21	RHB NOMINEES (TEMPATAN) SDN BHD <i>AMARA INVESTMENT MANAGEMENT SDN BHD FOR LIM SOO KA</i>	1,950,000	0.49
22	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>LEE YEK ENG (TTI)</i>	1,900,000	0.47
23	GOH TIAM SENG	1,800,000	0.45
24	LEONG KWOK FAI	1,600,000	0.40
25	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CH'NG MENG KWEE</i>	1,400,000	0.35
26	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR GOH HUEI FUAN (MARGIN)</i>	1,396,900	0.35
27	TEH GUEK HUAH	1,123,000	0.28
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAU KIM MOI (CEB)</i>	1,000,000	0.25
29	ONG SIEW SWAN	1,000,000	0.25
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR KOK POW PENG @ KOK POH PING (PB)</i>	1,000,000	0.25
	<b>Total</b>	<b>319,980,400</b>	<b>79.78</b>



# PROXY FORM

NUMBER OF  
SHARES HELD

**CME****CME GROUP BERHAD**

Incorporated in Malaysia • Company No. 52235-K

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 Mutiara Room, Lobby Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Thursday, 23 June 2011 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 En Azlan Omry Bin Omar as Director		
3.	To re-elect Miss Lim Bee Hong 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		
8.	Special Business – Special 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 \_\_\_\_\_ 2011

.....  
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.

## EXPLANATORY NOTE ON SPECIAL BUSINESS

- (a) **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.

- (b) **SPECIAL REOLUTION**  
**- Proposed Amendment to the Articles of Association of the Company**

The proposed Special Resolution if passed will update Article 144 of the Company's Articles of Association to facilitate the implementation of Electronic Dividend Payment ("eDividend") in line with the Bursa Main Market Listing Requirements in relation to eDividend.

Please Fold Along This Line



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

Please Fold Along This Line

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: \_\_\_\_\_

**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: \_\_\_\_\_

**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.

\_\_\_\_\_

\_\_\_\_\_

**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



**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

**complaint against  
public listed company**