

CME CME GROUP BERHAD

(Company No.52235-K) • Incorporated in Malaysia



ANNUAL REPORT | 2011



Contents 2011

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) 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, 28 June 2012 at 11.00 a.m. to transact the following Businesses:

- | | | |
|---|--|---------------------|
| 1 | To receive and adopt the Financial Statements for the year ended 31 December 2011 together with the Reports of Directors and Auditors thereon. | Resolution 1 |
| 2 | To re-elect the following Director who retires in pursuant to Article 83 of the Company's Articles of Association :-

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin (Executive Director) | Resolution 2 |
| | Y.M. Dato' Tengku Putra Bin Tengku Azman Shah (Independent Non-Executive Director) | Resolution 3 |
| 3 | To re-elect the following Director who retires in pursuant to Article 90 of the Company's Articles of Association :-

Miss Ong Suan Pin (Independent Non-Executive Director) | Resolution 4 |
| 4 | 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 5 |
| 5 | To approve Directors' fees | Resolution 6 |
| 6 | To re-appoint Messrs Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration | Resolution 7 |
| 7 | 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 8

Notice Of Annual General Meeting (cont'd)

- 8 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 proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be hereby approved."

Resolution 9

- 9 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

TAN RUEY SHYAN

Secretary

Shah Alam, Selangor Darul Ehsan

4 June 2012

Notes:

1. 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. For a proxy to be valid, this form, duly completed must be deposited at the Registered Office of the Company at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.
4. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
6. For the purpose of determining a member who shall be entitled to attend this Sixteenth (16th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 59 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a Record of Depositors as at 20 June 2012. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

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 of 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.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of future investment projects(s), working capital and/or acquisition.

Under the Mandate passed during the last Annual General Meeting held on 23 June 2011, the Company allotted 4,000,000 ordinary shares of RM0.10 each via a Private Placement. The 4,000,000 Placement Shares, being the first tranche of the Private Placement, represents approximately one percent (1%) of the issued and paid-up share capital of the Company before the new allotment. The Private Placement is implemented on a staggered basis. Barring any unforeseen circumstances, the Company expects to complete the Private Placement before 18 July 2012.

The gross proceeds raised from the Private Placement was RM400,000 and after deducting expenses relating to placement of share of approximately RM90,000, the balance was used for working capital requirements of the Company and its subsidiaries.

(b) SPECIAL RESOLUTION

- Proposed Amendment to the Articles of Association of the Company

The proposed Special Resolution, if passed, will streamline the Company's Articles of Association to be in line with the latest Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Directors standing for re-election at the Sixteenth (16th) Annual General Meeting of the Company pursuant to Article 83 of the Articles of Association of the Company are :-

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin (*Executive Director*)

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

2. Director standing for re-election at the Sixteenth (16th) Annual General Meeting of the Company pursuant to Article 90 of the Articles of Association of the Company is :-

Miss Ong Suan Pin (*Independent Non-Executive Director*)

3. 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*)

4. 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 2011. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	3/4
Y.Bhg. Dato' Khairi Bin Mohamad	4/4
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	4/4
En. Azlan Omry Bin Omar	4/4
Mr. Ooi Giap Ch'ng (resigned 28.03.2011)	1/1
Miss Lim Bee Hong	4/4
Miss Ong Suan Pin (appointed on 24.06.2011)	1/2

5. Date, Time and Venue of the Board Meetings

Date	Time	Venue
28 February 2011	11.30am	Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan.
30 May 2011	11.30am	
18 August 2011	3.30pm	
23 November 2011	11.30 am	

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

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

Name	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin
Age	41
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 10)
Position in Company	Executive Director/ Chief Executive Officer
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	80,573,640 (Deemed Interest)
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	Y.M. Dato' Tengku Putra Bin Tengku Azman Shah
Age	61
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

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

Name	Miss Ong Suan Pin
Age	54
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 12)
Position in Company	Independent Non-Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	12,470,180
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that she has with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

7. 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	72
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 Dato' Seri Shahabuddin

Executive Director/Chief Executive Officer

Miss Lim Bee Hong

Executive Director

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

Independent Non-Executive Director

Y. Bhg. Dato' Khairi Bin Mohamad

Independent Non-Executive Director

En. Azlan Omry Bin Omar

Non-Independent Non-Executive Director

Miss Ong Suan Pin

Independent Non-Executive Director

COMPANY SECRETARY

Miss Tan Ruey Shyan (MIA 32563)

AUDIT COMMITTEE

Y. Bhg. Dato' Khairi Bin Mohamad
Chairman

En. Azlan Omry Bin Omar

Miss Ong Suan Pin
Members

NOMINATION COMMITTEE

Y. Bhg. Dato' Khairi Bin Mohamad
Chairman

Miss Ong Suan Pin
Member

REMUNERATION COMMITTEE

Y. Bhg. Dato' Khairi Bin Mohamad
Chairman

Miss Ong Suan Pin
Member

REGISTEERED/ CORPORATE 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
Website : <http://www.cme.com.my>

SHARE 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

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Perusahaan Kecil &
Sederhana Malaysia Berhad
Public Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

AUDITORS

Deloitte & Touche
Chartered Accountants
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Tel : 03-7723 6500
Fax : 03-7726 3986

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia
Securities Berhad
Stock Name : CME
Stock Code : 7018
Date of listing : 3 October 1997

CORPORATE STRUCTURE



100%

CME Technologies Sdn Bhd

Designing, Manufacturing and Sales of Specialised Mobility Vehicles, Fire Fighting Vehicles, Fire Engines, 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 Specialised Mobility Vehicles, Fire Fighting Equipment, Fire Fighting 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

76%

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 Dato' Seri Shahabuddin

Executive Director

Chief Executive Officer

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin, aged 41, Malaysian, 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 18 years of experience in the field of advisory and consultancy in all business areas, of which more than 8 years were spent in the oil and gas industry. Tunku has been appointed as the Joint Chief Executive Officer of the Company on 27 February 2012.

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 2011.

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

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin is subject to retirement by rotation at the forthcoming Annual General Meeting and has offered himself for re-election.

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

Miss Lim Bee Hong

Executive Director

Miss Lim Bee Hong, aged 46, Malaysian, 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 22 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 2011.

Miss Lim Bee Hong holds 540 shares in CME.

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***Independent Non-Executive Director*

Dato' Tengku Putra Bin Tengku Azman Shah, aged 61, Malaysian, 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 three Board Meetings of CME held during the financial year ended 31 December 2011.

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

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

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

Y. Bhg. Dato' Khairi Bin Mohamad*Independent Non-Executive Director**Chairman of Audit Committee**Chairman of Nomination Committee**Chairman of Remuneration Committee*

Dato' Khairi Bin Mohamad, aged 72, Malaysian, 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 2011.

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 46, Malaysian, 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 ("Kinderdijk"), 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.

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

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 2011.

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

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

Miss Ong Suan Pin

*Independent Non-Executive Director
Member of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee*

Miss Ong Suan Pin, aged 54, Malaysian, was appointed to the Board on 24 June 2011. She is a holder of ACCA (The Association of Chartered Certified Accountants) qualification and has more than 31 years of working experience in the field of accountancy. She started her career in 1981 as a lecturer for Institute Technology of Mara before moving to join a public accounting firm, gaining experience in auditing. Presently, she is the Financial Controller for a construction group of companies.

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 one Board Meetings of CME held during the financial year ended 31 December 2011.

Miss Ong Suan Pin holds 12,470,180 shares in CME.

Miss Ong Suan Pin is subject to retirement by rotation at the forthcoming Annual General Meeting and has offered herself for re-election.

Miss Ong Suan Pin also sits on the Board of several other private limited companies.

STATEMENT BY THE BOARD OF DIRECTORS

On behalf of the Board of Directors of CME Group Berhad (“CME”), it is my great pleasure to present the Annual Report and Financial Statements of the Group for financial year ended 31 December 2011.

FINANCIAL REVIEW

With the deepening of euro zone turmoil and US credit downgrade coupled with other global calamities like Japan’s tsunami, New Zealand’s earthquake and Thailand’s flood crisis, the economic downturn has spread globally continue to pose tremendous challenges in our highly competitive core business environment - the fire fighting industry segment. The decline of construction spending and expansion plans by the private sectors; highly volatile commodities market and tightening spending power by the government entities, further dampen our chances of securing major projects in the year 2010/2011. Despite these challenges, CME’s management team took immediate actions to put in place prudent cost management in an effort to mitigate these challenges. The strength of the CME brands was clearly evident as we gained share in a number of important markets, domestically and globally. With the power of the CME brands and continued tenacious management through the market turmoil we expect to face again in financial year 2012, we believe we can emerge a year from now as a stronger company, more prepared to capitalize on the next economic upturn.

Notwithstanding the challenging economic situation during the year in review, the Group achieved a commendable profit before tax of RM319,000 for the financial year ended 31 December 2011 (“FY2011”) compared to RM398,000 in the preceding year, a marginal decreased of RM79,000 or 19.8%. The Group’s turnover remained relatively flat, lower by RM1.5 million or 6.0% from RM24.2 million to RM22.7 million in the FY2011, principally due to lower turnover were recorded in our fire fighting industry segment. Profit attributable to equity holders stood at RM314,000 as compared to RM74,000 in FY2010. Consequently, basic earnings per ordinary share improved from 0.018 sen in FY2010 to 0.078 sen in FY2011.

Fire fighting industry segment continues to be a strong pillar for the Group’s revenue, making up 62.5% of the Group’s total turnover. This segment, however, posted a declined in turnover growth of RM4.7 million or 24.9% in FY2011 as no major projects secured during the year. The decline was however offsetted by the improvement in our fire suppression and prevention division and property investment division, both posted a positive growth of 90.4% and 8.3% respectively.

LOOKING AHEAD

There is no doubt we will continue to face challenges in FY 2012. We expect the slowing economies across the globe, and persistently high commodity costs will continue to impact demand and our production costs into FY2012. We are, however, prepared to meet these challenges with our industry leading products backed by decisive leadership, unparalleled customer services, and timely actions to maintain not only competitive pricing; but prudent costs management.

Statement By The Board Of Directors (cont'd)

LOOKING AHEAD (cont'd)

Our recent appointment of Joint Chief Executive Officer, YM Tunku Nizamuddin bin Tunku Dato' Seri Shahabuddin in anticipation of the retirement of Mr Ding Cho Hee shall not only to ensure smooth leadership transition but also rejuvenate CME going forward in facing the challenges mentioned earlier. Whilst we maintain our traditional fire fighting vehicles business, we foresee new opportunities within the specialised vehicles industry. With our established track record in design and manufacturing of fire fighting vehicles, we are confident that we will be able to provide the same standards to other segments within the specialised vehicle industry. We are now rebranding our traditional fire fighting industry segment and renaming it to Specialised Mobility Vehicles (SMV), a division that will focus not only on fire fighting vehicles but vehicles that can be utilised as personnel carriers, multi-purpose platforms and advance strike vehicles. The management will continuously monitor the specialised vehicles market and would introduce new vehicles to meet such market requirements.

At the same time, the group is positioned for an encouraging growth and performance in FY2012 in our fire suppression and prevention division locally and regionally on the back of strong demands by the oil and gas industry as well as the commodity industry.

We believe that by looking to participate in wider scope of specialized mobility vehicles industry as well as continuously exploring new business opportunities in enhancing CME's business platform, we will be able to meet the expectations of our customer, partners, stakeholders and shareholders. This is our commitment.

CORPORATE SOCIAL RESPONSIBLE

On this front, we are continued to participate strategically and actively in educating, training, and reaching out to the needy, while continuing to play a pivotal part in the protection and improvement of the environment and the world we live in. We have long maintained a safe and healthy working environment for all employees and continuously inculcate safety and health consciousness in them.

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.

DIVIDEND

The Board of Directors, having made due consideration, is not recommending any dividend payment for the financial year ended 31 December 2011.

BOARDROOM CHANGES

On behalf of the Board, I would like to extend a warm welcome to the newly appointed director, Miss Ong Suan Pin to the Board. The Group looks forward to benefitting from the experience and wealth knowledge in business that she will bring with her in this appointment.

Statement By The Board Of Directors (cont'd)

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I 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.

To the management and staff, thank you for your loyalty, dedication and commitment that has driven the Group into what it is today and to greater heights in the years ahead.

Last but not least, my sincere gratitude and thanks to my fellow board members for their strong support and invaluable advice and my special thanks to our shareholders for their continuing trust and confidence in the Group.

Y. BHG. DATO' KHAIRI BIN MOHAMAD

DIRECTOR

4 June 2012

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:

- Three (3) Independent Non-Executive Directors
- Two (2) Executive Directors
- One (1) 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 Dato' Seri Shahabuddin	4/4
Miss Lim Bee Hong	4/4
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	3/4
En. Azlan Omry Bin Omar	4/4
Y. Bhg. Dato' Khairi Bin Mohamad	4/4
Miss Ong Suan Pin*	1/2
Mr. Ooi Giap Ch'ng #	1/1

* Miss Ong Suan Pin was appointed on 24 June 2011.

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.

Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

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
Miss Ong Suan Pin *	Independent Non-Executive Director
Mr. Ooi Giap Ch'ng#	Independent Non-Executive Director

* Miss Ong Suan Pin was appointed on 24 June 2011.

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 2011, 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
Miss Ong Suan Pin *	Independent Non-Executive Director
Mr. Ooi Giap Ch'ng#	Independent Non-Executive Director

* Miss Ong Suan Pin was appointed on 24 June 2011.

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 2011, 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	130	–	130
Total	170	142	312

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		
FEES		
RM 5,001 – RM20,000	2	3
RM20,001 – RM40,000		2

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. 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 81 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 2011 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 2011, 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 2011.

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.

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.

ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2011.

- 1. Utilisation of Proceeds**
The Company has on 15 May 2012, allotted 4,000,000 new ordinary shares of RM0.10 each via a Private Placement. The gross proceeds raised from the Private Placement was RM400,000 and after deducting expenses relating to placement of share of approximately RM90,000, the balance was used for working capital requirements of the Company and its subsidiaries.
- 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 2011.
- 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 2011 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 2011. 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
Miss Ong Suan Pin *	Independent Non-Executive Director
En. Azlan Omry Bin Omar	Non-Independent Non-Executive Director
Mr Ooi Giap Ch'ng#	Independent Non-Executive Director

IV. MEETINGS

Name	No. of Meeting Attended
Y. Bhg. Dato Khairi Bin Mohamad	4/4
Miss Ong Suan Pin *	1/2
En. Azlan Omry Bin Omar	4/4
Mr Ooi Giap Ch'ng#	1/1

* Miss Ong Suan Pin was appointed on 24 June 2011.

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 2011. 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 2011 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.



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Statement By Directors

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

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, 2011.

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	319	43
Tax expense	(21)	(35)
Profit for the year	298	8
Attributable to:		
Equity holders of the Company	314	8
Non-controlling interests	(16)	–
	298	8

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.

Directors' Report (cont'd)

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.

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.

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 Dato' Seri Shahabuddin
 Ong Suan Pin (appointed on 24.06.2011)
 Ooi Giap Ch'ng (resigned on 28.03.2011)

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

In accordance with Article 90 of the Company's Articles of Association, Miss Ong Suan Pin, who was appointed since the last Annual General Meeting, retires and, being eligible, offers herself 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:

DIRECT INTEREST	Number of ordinary shares of RM0.10 each			Balance as of 31.12.2011
	Balance as of 1.1.2011	Bought	Sold	
Shares in Company				
Registered in the name of director				
Lim Bee Hong	540	–	–	540
Ong Suan Pin	18,261,780	–	(5,791,600)	12,470,180

DEEMED INTEREST	Held through	Number of ordinary shares of RM0.10 each			Balance as of 31.12.2011
		Balance as of 1.1.2011	Bought	Sold	
Shares in the Company					
Tunku Nizamuddin bin Tunku Dato' Seri Shahabuddin	Ikram Mulia Holdings Sdn Bhd	74,103,000	6,470,640	–	80,573,640

By virtue of their interest in the shares of the Company, the abovementioned directors are deemed to have an interest in the shares of the subsidiary companies to the extent the Company has interest.

None of the other directors in office at the end of the financial year held shares or had any beneficial interests in the shares of the Company or its related companies during and at the end of financial year.

Directors' Report (cont'd)

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.

AUDITORS

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

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

**TUNKU NIZAMUDDIN BIN
TUNKU DATO' SERI SHAHABUDDIN**

LIM BEE HONG

Shah Alam,
April 27, 2012

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, 2011 of the Group and of the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 80.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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, 2011 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 to the Financial Statements. The Group and the Company have current liabilities exceeding current assets by RM4,476,000 and RM7,215,000 respectively as of December 31, 2011. 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 shareholders, 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 29 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

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

DELOITTE & TOUCHE

AF 0834

Chartered Accountants

HIEW KIM TIAM

Partner - 1717/08/13 (J)

Chartered Accountant

April 27, 2012

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	The Group		The Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	5	22,699	24,155	1,985	1,833
Cost of sales		(17,625)	(19,784)	(909)	(586)
Gross profit		5,074	4,371	1,076	1,247
Investment revenue		-	80	-	-
Other gains		625	795	10	-
Administrative expenses		(3,012)	(3,389)	(984)	(900)
Other expenses		(1,785)	(889)	(10)	(109)
Finance costs	6	(583)	(570)	(49)	(112)
Profit before tax	7	319	398	43	126
Tax expense	8	(21)	(324)	(35)	(77)
Profit for the year		298	74	8	49
Other comprehensive income	13	419	-	419	-
Total comprehensive income for the year		717	74	427	49
Profit for the year attributable to:					
Equity holders of the Company		314	74		
Non-controlling interests		(16)	-		
		298	74		
Total comprehensive income attributable to:					
Equity holders of the Company		733	74		
Non-controlling interests		(16)	-		
		717	74		
Basic earnings per ordinary share (sen)	9	0.078	0.018		

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

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011

	Note	The Group		The Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	7,710	7,563	11	13
Investment properties	11	37,720	42,130	37,720	42,130
Investment in subsidiary companies	12	–	–	7,777	7,657
Other financial assets	13	1,079	175	1,079	175
Deferred tax assets	14	58	36	–	–
TOTAL NON-CURRENT ASSETS		46,567	49,904	46,587	49,975
CURRENT ASSETS					
Inventories	15	1,260	1,200	–	–
Amount due from contract customers	16	688	8,219	–	–
Trade receivables	17	3,736	2,465	299	369
Other receivables, deposits and prepaid expenses	17	1,537	1,205	220	208
Amount owing by subsidiary companies	12	–	–	24,905	24,732
Fixed deposits with licensed banks	18	1,159	3,774	–	–
Tax recoverable		298	196	–	–
Cash and bank balances		559	377	50	28
		9,237	17,436	25,474	25,337
Assets classified as held for sale	11	3,870	–	3,870	–
TOTAL CURRENT ASSETS		13,107	17,436	29,344	25,337
TOTAL ASSETS		59,674	67,430	75,931	75,312

Statements Of Financial Position (cont'd)

	Note	The Group 2011 RM'000	2010 RM'000	The Company 2011 RM'000	2010 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Issued capital	19	40,110	40,110	40,110	40,110
Reserves		236	(460)	(951)	(1,378)
Equity attributable to equity holders of the Company		40,346	39,650	39,159	38,732
Non - controlling interests		95	-	-	-
TOTAL EQUITY		40,441	39,650	39,159	38,732
NON-CURRENT LIABILITIES					
Hire-purchase payables - non-current portion	20	517	165	-	-
Long-term loan - non-current portion	21	1,133	1,911	213	453
TOTAL NON-CURRENT LIABILITIES		1,650	2,076	213	453
CURRENT LIABILITIES					
Amount due to contract customers	16	707	412	-	-
Trade payables	22	1,110	2,725	-	14
Other payables, accrued expenses and provisions	22	7,707	6,861	4,941	5,734
Amount owing to subsidiary companies	12	-	-	31,422	30,247
Hire-purchase payables - current portion	20	141	97	-	-
Bank borrowings	23	7,918	15,331	170	59
Tax liabilities		-	188	26	73
TOTAL CURRENT LIABILITIES		17,583	25,614	36,559	36,127
TOTAL LIABILITIES		19,233	27,690	36,772	36,580
TOTAL EQUITY AND LIABILITIES		59,674	67,340	75,931	75,312

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

The Group	Issued capital RM'000	Accumulated losses RM'000	Non-distributable reserves - Fair value reserve RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as of 1.1.2010	40,110	(534)	–	39,576	–	39,576
Total comprehensive income for the year	–	74	–	74	–	74
Balance as of 31.12.2010/1.1.2011	40,110	(460)	–	39,650	–	39,650
Issuance of ordinary shares in subsidiary company	–	(37)	–	(37)	111	74
Total comprehensive income for the year	–	314	419	733	(16)	717
Balance as of 31.12.2011	40,110	(183)	419	40,346	95	40,441
The Company	Issued capital RM'000	Accumulated losses RM'000	Total equity RM'000			
Balance as of 1.1.2010	40,110	(1,427)	38,683			
Total comprehensive income for the year	–	49	49			
Balance as of 31.12.2010/1.1.2011	40,110	(1,378)	38,732			
Total comprehensive income for the year	–	427	427			
Balance as of 31.12.2011	40,110	(951)	39,159			

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

Note	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the year	298	74	8	49
Adjustments for:				
Finance costs	583	570	49	112
Depreciation of property, plant and equipment	423	357	4	2
Impairment loss recognised on trade receivables	290	105	123	105
Provision for warranty and free services	446	28	–	–
Loss on deemed disposal of investment in a subsidiary company	37	–	–	–
Tax expense recognised in profit or loss	21	324	36	77
Gain on disposal of property, plant and equipment	(81)	–	–	–
Interest income	(32)	(80)	–	–
Gain on disposal of investment properties	(10)	–	(10)	–
Operating Profit Before Working Capital Changes	1,975	1,378	210	345
(Increase)/Decrease in:				
Inventories	(60)	440	–	–
Amount due from contract customers	7,531	(6,886)	–	–
Trade receivables	(1,561)	2,141	(53)	(264)
Other receivables, deposits and prepaid expenses	(332)	(504)	(13)	(130)
Amount owing by subsidiary companies	–	–	(173)	3,967
Increase/(Decrease) in:				
Amount due to contract customers	295	(4,076)	–	–
Trade payables	(1,615)	966	–	(18)
Other payables, accrued expenses and provisions	400	774	(806)	1,692
Amount owing to subsidiary companies	–	–	1,175	(5,360)
Cash From/(Used In) Operations	6,633	(5,767)	340	232
Income tax paid	(333)	(99)	(84)	(4)
Net Cash From/(Used In) Operating Activities	6,300	(5,866)	256	228

Statements Of Cash Flows (cont'd)

	Note	The Group		The Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES					
Interest received		32	80	-	-
Withdrawal/(Placement) of fixed deposits		2,615	(1,592)	-	-
Purchase of property, plant and equipment (Note)		(64)	(108)	(2)	(15)
Proceeds from sale or property, plant and equipment		81	-	-	-
Proceeds from disposal of investment properties		550	-	550	-
Addition in investment in subsidiary company		-	-	(120)	-
Addition of other investment		(485)	-	(485)	-
Proceeds from deemed disposal of investment in a subsidiary company		37	-	-	-
Net Cash From/(Used In) Investing Activities		2,766	(1,620)	(57)	(15)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES					
Drawdown of bank borrowings		-	7,355	-	-
Interest expense paid		(583)	(570)	(49)	(112)
Repayment of bank borrowings		(7,798)	(423)	(128)	(111)
Repayment of hire-purchase payables		(110)	(121)	-	-
Net Cash (Used In)/From Financing Activities		(8,491)	6,241	(177)	(223)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		575	(1,245)	22	(10)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					
		(4,202)	(2,957)	28	38
CASH AND CASH EQUIVALENTS AT END OF YEAR					
	24	(3,627)	(4,202)	50	28

Note: Purchase of property, plant and equipment consists of the following:

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Payment by cash	64	108	2	15
Hire-purchase	506	-	-	-
Total (Note 10)	570	108	2	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 Main 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, 2012.

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 ("FRS") and the provisions of the Companies Act, 1965 in Malaysia.

The Group and the Company have current liabilities exceeding current assets by RM4,476,000 and RM7,215,000 respectively as of December 31, 2011. 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 shareholders, financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are satisfied that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due for the foreseeable future.

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

2.1 Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") that are relevant and applicable to its operations and effective for annual periods beginning on or after 1 January 2011 as follows:

FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 3	Business Combinations (revised)

Notes To The Financial Statements (cont'd)

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

2.1 Adoption of New and Revised Financial Reporting Standards (cont'd)

FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)
Improvements to FRSs 2010	
IC Int. 4	Determining whether an Arrangement contains a Lease
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)

The adoption of these new and revised Standards and IC Interpretations have not affected materially the amounts reported on the financial statements of the Group and of the Company. Details of these new and revised Standards and IC Interpretations are set out in section 2.2.

In addition, on 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate* are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* (MFRS 1) in their financial statements for the financial year ending 31 December 2012, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

Notes To The Financial Statements (cont'd)**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)****2.1.1 Standards and IC Interpretations Affecting Financial Performance and/or Financial Position****FRS 127 (revised in 2010) Consolidated and Separate Financial Statements**

The application of FRS 127 (revised in 2010) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under FRS 127 (revised in 2010), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

2.2 Standards and IC Interpretations Adopted with No Effect on Financial Statements

The following new and revised Standards and IC Interpretations have also been adopted in the financial statements of the Group and of the Company. The application of these new Standards and Interpretations has not had any material impact on the amounts reported in the financial statements of the Group and of the Company for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to FRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of FRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Revised FRS 3 Business Combinations

Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the profit or loss in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interests held prior to the date control is obtained is remeasured at fair value, with the resulting gains or losses recognised in the profit or loss. There is now an option on a case to case basis

*Notes To The Financial Statements (cont'd)***2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)****2.2 Standards and IC Interpretations Adopted with No Effect on Financial Statements (cont'd)**

	<p>to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the net identifiable assets of the assets acquired. Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interests in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.</p>
<p>Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to FRSs issued In 2010)</p>	<p>The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.</p>
<p>Amendments to FRS 132 Classification of Rights Issues</p>	<p>The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to FRS 132, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.</p> <p>The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.</p>
<p>Amendments to FRS 138 Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)</p>	<p>The amendments clarify that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. The acquirer may recognise a group of complementary intangible assets as a single asset provided the individual assets have similar useful lives.</p> <p>The application of the amendments has had no effect on the amounts reported in the current year because the Group does not carry out any business combination activity.</p>

Notes To The Financial Statements (cont'd)

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

2.2 Standards and IC Interpretations Adopted with No Effect on Financial Statements (cont'd)

Amendments to FRS 139 Financial Instruments Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)	The amendments do not apply to contingent consideration that arose from a business combination for which the acquisition date preceded the application of FRS 3 (revised 2010). The amendments did not have any financial impact on the Group as there was no business combination upon application of FRS 3 (revised 2010).
IC Int. 4 Determining whether an Arrangement contains a Lease	The Interpretation clarifies that when the fulfillment of an arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, then the arrangement should be accounted for as a lease under FRS 117, even though it does not take the legal form of a lease.
IC Int. 9 Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)	This amendment provides clarification that IC Interpretation 9 does not apply to embedded derivatives acquired via business combinations, and did not have any financial impact on the Group as there were no such embedded derivatives acquired during the financial year.
Improvements to FRSs issued in 2010	Except for the amendments to FRS3, the application of Improvements to FRSs issued in 2010 has not had any material effect on amounts reported in the financial statements of the Group and the Company.

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, unless otherwise indicated in the accounting policies below.

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 non-controlling 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 to date against the total anticipated costs to completion 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 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.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the 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 an 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 profit or loss.

*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 reporting 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	2011	2010
US Dollar	0.3153	0.3125
Euro	0.2394	0.2222
Sterling Pound	0.2021	0.1961
Rand	2.6029	2.1739

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 profit or loss for the year.

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 profit or loss 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 profit or loss, 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 reporting 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.

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.

*Notes To The Financial Statements (cont'd)***3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Financial Instruments (cont'd)****(ii) Impairment of financial assets (cont'd)**

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).

- **Impairment loss recognised on trade receivables**

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 impairment loss 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)****(ii) Key sources of estimation uncertainty (cont'd)**

- **Revenue recognition on construction contracts**

The Group recognises construction contracts in profit or loss by using the percentage-of-completion method.

The percentage-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 expense 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 is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Contract revenue	12,988	16,688	–	–
Sale of accessories and equipment	6,517	3,422	–	–
Servicing of equipment	1,209	2,212	–	–
Rental income from investment properties	1,985	1,833	1,985	1,833
	22,699	24,155	1,985	1,833

Direct costs relating to rental income from investment properties of the Group and of the Company amounted to RM908,908 (RM585,853 in 2010) during the financial year.

Notes To The Financial Statements (cont'd)**5. REVENUE**

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

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Contract costs	12,228	14,484	909	586
Raw materials and consumables used	1,188	1,070	–	–
Changes in inventories	(60)	–	–	–
Directors' remuneration*	376	322	170	180
Depreciation of property, plant and equipment (Note 10)	423	357	4	2
Impairment loss recognised on trade receivables	290	105	123	105
Other expenses	8,259	8,167	1,038	707
Quit rent and assessment	301	127	301	127
	23,005	24,632	2,545	1,707

* Directors' remuneration:

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

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive directors:				
Company				
- Fees	40	40	40	40
Subsidiary companies				
- Other emoluments	186	127	–	–
- EPF contributions	20	15	–	–
	246	182	40	40
Non-executive directors:				
Company				
- Fees	130	140	130	140
	376	322	170	180

6. FINANCE COSTS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
Bank overdrafts	339	320	–	–
Long-term loan	160	164	49	52
Hire-purchase	22	26	–	–
Bankers acceptances	62	–	–	–
Others	–	60	–	60
	583	570	49	112

Notes To The Financial Statements (cont'd)**7. PROFIT BEFORE TAX**

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

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
After charging:				
Impairment loss recognised on trade receivables	290	105	123	105
Provision for warranty and free services	446	28	-	-
Audit fee				
- current year	68	55	22	17
- overprovision in prior year	-	(1)	-	(1)
Loss on deemed disposal of a subsidiary company	37	-	-	-
and crediting:				
Gain on disposal of property, plant and equipment	81	-	-	-
Interest income from fixed deposits	32	80	-	-
Gain on disposal of investment properties	10	-	10	-
Realised gain on foreign exchange	3	37	-	-
Employee information:				
Staff costs	1,846	2,009	499	509
EPF	184	263	62	62

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

8. TAX EXPENSE

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Estimated tax expense:				
- Current year	116	195	28	77
- (Over)/Underprovision in prior years	(73)	-	7	-
	43	195	35	77
Deferred tax expense (Note 14)				
- Current year	198	129	-	-
- Underprovision in prior years	(220)	-	-	-
	21	324	35	77

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to 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. TAX EXPENSE (cont'd)**

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	319	398	43	126
Tax at the statutory tax rate of 25%	80	100	11	32
Expenses not deductible for tax purposes	192	37	17	45
Income not taxable for tax purposes	(7)	–	–	–
Utilisation of deferred tax assets not previously recognised	(21)	–	–	–
Deferred tax asset not recognised	70	187	–	–
(Over)/Underprovision in income tax expense in prior years	(73)	–	7	–
Underprovision of deferred tax in prior years	(220)	–	–	–
Tax expense for the year	21	324	35	77

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, 2011, 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	
	2011 RM'000	2010 RM'000
Temporary differences in respect of property, plant and equipment	(491)	(517)
Unused tax losses	1,923	1,769
Unabsorbed capital allowances	9,225	9,207
	10,657	10,459

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, 2011, the Group and the Company have tax exempt income amounting to approximately RM4,658,000 (RM4,658,000 in 2010) and RM3,136,000 (RM3,136,000 in 2010) 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, 2011, the Group and the Company have tax exempt income amounting to approximately RM4,222,000 (RM4,222,000 in 2010) and RM4,000,000 (RM4,000,000 in 2010) 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 PER ORDINARY SHARE**

	The Group	
	2011	2010
	RM'000	RM'000
Profit for the year attributable to ordinary shareholders of the Company	314	74
Weighted average number of ordinary shares in issue ('000)	401,100	401,100
Basic earnings per ordinary share (sen)	0.078	0.018

The basic earnings per ordinary share calculated by dividing the profit for the year attributable to ordinary shareholders of the Company of RM314,000 (RM74,000 in 2010) by the weighted average number of ordinary shares in issue during the year of 401,100,000 (401,100,000 in 2010).

10. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land	Freehold building	Computers, furniture and fittings, office equipment and air conditioners	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
As of 1.1.2010	1,820	7,356	3,457	1,080	13,713
Additions	–	–	108	–	108
As of 31.12.2010/1.1.2011	1,820	7,356	3,565	1,080	13,821
Additions	–	–	14	556	570
Disposal	–	–	–	(494)	(494)
As of 31.12.2011	1,820	7,356	3,579	1,142	13,897
Accumulated Depreciation					
As of 1.1.2010	–	1,989	3,231	681	5,901
Charge for the year	–	147	94	116	357
As of 31.12.2010/1.1.2011	–	2,136	3,325	797	6,258
Charge for the year	–	147	109	167	423
Disposal	–	–	–	(494)	(494)
As of 31.12.2011	–	2,283	3,434	470	6,187
Net Book Value					
As of 31.12.2011	1,820	5,073	145	672	7,710
As of 31.12.2010	1,820	5,220	240	283	7,563

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:

	The Group	
	2011	2010
	RM'000	RM'000
At cost:		
Computers, furniture and fittings, office and workshop equipment and air-conditioners	2,564	3,087
Motor vehicles	77	131
	2,641	3,218
<hr/>		
The Company	Furniture, fittings and computer equipment	
	2011	2010
	RM'000	RM'000
Costs		
As of January 1, 2011	15	–
Additions	2	15
	17	15
<hr/>		
As of December 31, 2011	17	15
<hr/>		
Accumulated Depreciation		
As of January 1, 2011	2	–
Charge for the year	4	2
	6	2
<hr/>		
As of December 31, 2011	6	2
<hr/>		
Net book value as at December 31, 2011	11	13

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

	The Group	
	2011	2010
	RM'000	RM'000
Net book value:		
Motor vehicles	556	281

*Notes To The Financial Statements (cont'd)***11. INVESTMENT PROPERTIES**

	The Group and The Company	
	2011 RM'000	2010 RM'000
At beginning of the year	42,130	42,130
Reclassified as assets classified as held for sale	(3,870)	–
Disposed during the year	(540)	–
At end of the year	37,720	42,130
Market value	37,720	42,130

The fair value of the investment properties were determined by the directors based on an appraisal opinion given by Henry Butcher Malaysia (Kuantan) Sdn. Bhd. on January 18, 2012, 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.

During the financial year, the Company entered into sale and purchase agreements to dispose of certain investment properties amounting to RM3,870,000 which have been reclassified as assets classified as held for sale under current assets. As of 31 December 2011, these agreements are still pending fulfillment of the conditions precedent stipulated therein.

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2011 RM'000	2010 RM'000
At fair value		
Unquoted shares, at cost	9,277	9,157
Less: Accumulated impairment loss	(1,500)	(1,500)
	7,777	7,657

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

Companies	Effective Percentage of Ownership		Principal Activities
	2011 %	2010 %	
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

Notes To The Financial Statements (cont'd)**12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

Companies	Effective Percentage of Ownership		Principal Activities
	2011 %	2010 %	
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	76	100	Trading of pyroshield gas and accessories

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**(a) Available for sale investment carried at fair value**

	The Group and The Company	
	2011 RM'000	2010 RM'000
At fair value		
Acquired during the year	485	–
Fair value gain recognised directly in reserve	419	–
	904	–

Available for sale financial assets represents investments in quoted equity shares outside Malaysia and are denominated in Australia dollar. It has no fixed maturity date or coupon rate. The fair value is based on quoted market prices.

(b) Other investment

	The Group and The Company	
	2011 RM'000	2010 RM'000
Investment in golf club membership	175	175
Market value	175	175

*Notes To The Financial Statements (cont'd)***14. DEFERRED TAX ASSET**

	The Group	
	2011 RM'000	2010 RM'000
At beginning of year	36	165
Recognised in profit or loss (Note 8)	22	(129)
At end of year	58	36

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

	The Group	
	2011 RM'000	2010 RM'000
Temporary difference in respect of:		
Property, plant and equipment	(19)	–
Other payables, accrued expenses and provisions	77	36
	58	36

15. INVENTORIES

	The Group	
	2011 RM'000	2010 RM'000
At cost:		
Trading merchandise	1,235	451
Machinery and spare parts	25	25
Vehicles	–	724
	1,260	1,200

16. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2011 RM'000	2010 RM'000
Contract costs incurred plus recognised profits	2,935	33,004
Less: Progress billings	(2,954)	(25,197)
Net amount due (to)/from contract customers	(19)	7,807
Amount due from contract customers	688	8,219
Amount due to contract customers	(707)	(412)
Net	(19)	7,807

Notes To The Financial Statements (cont'd)**17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	4,403	2,842	752	700
Less: Allowance for doubtful debts	(667)	(377)	(453)	(331)
Net	3,736	2,465	299	369

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 ranges from 30 days to 90 days (2010: 30 days to 90 days). Interest on late payment is charged at the bank's base lending rate by the Company whilst no interest on late payment is charged by the subsidiary company.

Ageing analysis of trade receivables

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

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Neither past due nor impaired	2,770	2,209	128	329
Past due but not impaired	966	256	171	41
Past due and impaired	667	377	453	330
	4,403	2,842	752	700

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM966,000 (2010: RM256,000) and RM171,000 (2010: RM41,000) 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:

*Notes To The Financial Statements (cont'd)***17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)**

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of year	377	275	331	229
Charge for the year	290	105	122	105
Write off against receivables	-	(3)	-	(3)
At end of year	667	377	453	331

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 exposure profile of trade receivables is as follows:

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	4,332	2,595	752	700
United States Dollar	71	247	-	-
	4,403	2,842	752	700

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	949	1,108	127	186
Less: Allowance for doubtful debts	(165)	(165)	-	-
	784	943	127	186
Refundable deposits	753	262	93	22
	1,537	1,205	220	208

18. FIXED DEPOSITS WITH LICENSED BANKS

	The Group	
	2011 RM'000	2010 RM'000
Fixed deposits with licensed banks	1,159	3,774

Fixed deposits with licensed banks of the Group have been pledged to a local bank by a subsidiary company for a short term project loan and bank guarantee facilities granted to a said subsidiary company as mentioned in Note 23.

Notes To The Financial Statements (cont'd)**18. FIXED DEPOSITS WITH LICENSED BANKS (cont'd)**

The average effective interest rate is as follows:

	The Group	
	2011	2010
	% p.a	% p.a
Fixed deposits with licensed banks	2.60	2.20 - 2.90

Fixed deposits of the Group have a maturity period of 365 days (365 days in 2010).

19. SHARE CAPITAL

Share capital of the Company is represented by:

	The Group and The Company	
	2011	2010
	RM'000	RM'000
Authorised:		
500,000,000 ordinary shares of RM0.10 each	500,000	500,000
Issued and fully paid-up:		
401,100,000 ordinary shares of RM0.10 each	40,110	40,110

20. HIRE-PURCHASE PAYABLES

	The Group	
	2011	2010
	RM'000	RM'000
Total outstanding	764	300
Less: Interest-in-suspense	(106)	(38)
Total principal outstanding	658	262
Less: Portion due within one year included under current liabilities	(141)	(97)
Non-current portion	517	165

The interest rates implicit in these hire-purchase obligations range from 4.61% to 8.00% (4.61% to 8.00% in 2010) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

	The Group	
	2011	2010
	RM'000	RM'000
Financial years ending:		
2012	-	90
2013	114	58
2014	83	17
2015	63	-
2016 and thereafter	257	-
	517	165

*Notes To The Financial Statements (cont'd)***21. LONG-TERM LOAN**

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Total principal outstanding	1,825	2,316	383	512
Less: Portion due within one year included borrowings (Note 23)	(692)	(405)	(170)	(59)
Non-current portion	1,133	1,911	213	453

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

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Financial years ending:				
2012	–	532	–	113
2013	334	337	111	113
2014	339	341	102	104
2015 and thereafter	460	701	–	123
	1,133	1,911	213	453

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

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

- (a) Trade and other payables comprise amounts outstanding for trade purchases 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 2010).

The currency exposure profile of trade payables is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,018	2,370	–	14
US Dollar	72	19	–	–
Sterling Pound	20	32	–	–
Rand	–	304	–	–
	1,110	2,725	–	14

Notes To The Financial Statements (cont'd)

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

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

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	4,307	3,208	3,260	3,017
Provisions (c)	271	221	–	–
Accrued expenses	1,796	1,392	348	676
Rental deposits	1,333	2,040	1,333	2,041
	7,707	6,861	4,941	5,734

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 (RM2,894,657 in 2010).

(c) Provisions:

	Warranty RM'000	The Group Free Service RM'000		Total RM'000
		Others RM'000		
Balance as of January 1, 2010	698	13	3	714
Additional provisions	14	14	–	28
Utilised during the year	(499)	(22)	–	(521)
Balance as of December 31, 2010/ January 1, 2011	213	5	2	221
Additional provisions	223	223	–	446
Utilised during the year	(268)	(128)	–	(396)
Balance as of December 31, 2011	168	101	2	271

23. BANK BORROWINGS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Long-term loan - current portion (Note 21)	692	405	170	59
Bank overdrafts (Note 24)	4,186	4,579	–	–
Trust receipts/Bankers' acceptances	2,125	1,595	–	–
Short term project loan	915	8,752	–	–
	7,918	15,331	170	59

The long-term loan of the Company has an effective interest rate of 7.75% per annum (7.75% in 2010) 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.

Notes To The Financial Statements (cont'd)**23. BANK BORROWINGS (cont'd)****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 2010) from four local banks. These facilities are secured by the following:

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

The overdraft and trade financing facilities granted to the subsidiary companies bear interest at 8.00% (8.00% in 2010) per annum.

A subsidiary company also has a project loan facility of RM13,462,000 (RM13,660,000 in 2010) from a financial institution which bears interest at 8.50% (8.50% in 2010) per annum and is secured by the following:

- (a) placement of fixed deposits of RM1,159,000 by the subsidiary company, as mentioned in Note 18; and
- (b) deed of assignment of contract proceeds from a project secured by the subsidiary company;

24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	1,159	3,774	-	-
Cash and bank balances	559	377	50	28
Bank overdrafts (Note 23)	(4,186)	(4,579)	-	-
	(2,468)	(428)	50	28
Less: Fixed deposits pledged (Note 18)	(1,159)	(3,774)	-	-
	(3,627)	(4,202)	50	28

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.

Notes To The Financial Statements (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies

The operations of the Company are 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% (2010: 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.

(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.

Notes To The Financial Statements (cont'd)**25. FINANCIAL INSTRUMENTS (cont'd)**

The following tables detail the liquidity analysis for its financial assets and liabilities, based on the contractual maturity of these financial instruments. The tables have been drawn up based on:

- the undiscounted cash flows of financial assets based on the earliest contractual date on which the Group can be expected to receive; and
- the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay

The inclusion of analysis of financial assets is necessary in order to understand the Group's liquidity risk management as liquidity is managed on a net asset and liability basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the fair value as of the statements of financial position date.

	← The Group →					Total RM'000
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
2011						
Financial assets						
Non-interest bearing:						
Cash and bank balances		559	–	–	–	559
Trade and other receivables		4,307	–	966	–	5,273
Amount due from contract customers		688	–	–	–	688
Assets classified as held for sale		–	–	3,870	–	3,870
		5,554	–	4,836	–	10,390
Interest bearing:						
Fixed deposits with licensed banks	2.60%	–	–	–	1,159	1,159
Total Financial Assets		5,554	–	4,836	1,159	11,549
Financial liabilities						
Non-interest bearing:						
Trade and other payables		8,546	–	–	–	8,546
Amount due to contract customers		707	–	–	–	707
		9,253	–	–	–	9,253
Interest bearing:						
Bank borrowings	7.85%	58	173	461	1,133	1,825
Hire purchase	5.70%	12	35	94	517	658
		70	208	555	1,650	2,483
Total Financial Liabilities		9,323	208	555	1,650	11,736

Notes To The Financial Statements (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

	← The Group →					Total RM'000
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
2010						
Financial assets						
Non-interest bearing:						
Cash and bank balances		377	–	–	–	377
Trade and other receivables		3,037	–	633	–	3,670
Amount due from contract customers		8,219	–	–	–	8,219
		11,633	–	633	–	12,266
Interest bearing:						
Fixed deposits with licensed banks	2.55%	–	–	–	3,774	3,774
Total Financial Assets		11,633	–	633	3,774	16,040
Financial liabilities						
Non-interest bearing:						
Trade and other payables		9,365	–	–	–	9,365
Amount due to contract customers		412	–	–	–	412
		9,777	–	–	–	9,777
Interest bearing:						
Bank borrowings	7.85%	34	101	270	1,911	2,316
Hire purchase	5.70%	8	24	65	165	262
		42	125	335	2,076	2,578
Total Financial Liabilities		9,819	125	335	2,076	12,355
2011						
Financial assets						
Non-interest bearing:						
Cash and bank balances		50	–	–	–	50
Trade and other receivables		348	–	171	–	519
Amount owing by subsidiary companies		24,905	–	–	–	24,905
Assets classified as held for sale		–	–	3,870	–	3,870
Total Financial Assets		25,303	–	4,041	–	29,344

	← The Company →					Total RM'000
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	

*Notes To The Financial Statements (cont'd)***25. FINANCIAL INSTRUMENTS (cont'd)**

	← The Company →					Total RM'000
	Weighted average effective interest	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
2011						
Financial liabilities						
Non-interest bearing:						
Trade and other payables		4,941	–	–	–	4,941
Amount owing to subsidiary companies		31,422	–	–	–	31,422
		36,363	–	–	–	36,363
Interest bearing:						
Bank borrowings	7.80%	14	42	114	213	383
Total Financial Liabilities		36,377	42	114	213	36,746
2010						
Financial assets						
Non-interest bearing:						
Cash and bank balances		28	–	–	–	28
Trade and other receivables		537	–	40	–	577
Amount owing by subsidiary companies		24,732	–	–	–	24,732
Total Financial Assets		25,297	–	40	–	25,337
Financial liabilities						
Non-interest bearing:						
Trade and other payables		5,748	–	–	–	5,748
Amount owing to subsidiary companies		30,247	–	–	–	30,247
		35,995	–	–	–	35,995
Interest bearing:						
Bank borrowings	7.80%	5	15	39	453	512
Total Financial Liabilities		36,000	15	39	453	36,507

(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 (2010: RM Nil million) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

Notes To The Financial Statements (cont'd)**25. FINANCIAL INSTRUMENTS (cont'd)**

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) and Sterling Pound. 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) and Sterling Pound.

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	
	2011	2010
	RM'000	RM'000
Profit or loss	-	7
	<hr/>	
	Impact of Sterling Pound	
	2011	2010
	RM'000	RM'000
Profit or loss	2	-
	<hr/>	

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.

(vi) Categories of financial instruments

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Available for sale				
Other financial assets	1,079	175	1,079	175
	<hr/>		<hr/>	
	1,079	175	1,079	175

Notes To The Financial Statements (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loan and receivables:				
Trade receivables	3,736	2,465	299	369
Other receivables, deposits and prepaid expenses	1,835	1,401	220	208
Amount owing by subsidiary company	–	–	24,905	24,732
Fixed deposits with licensed banks	1,159	3,774	–	–
Cash and bank balances	559	377	50	28
	7,289	8,017	25,474	25,337
Financial liabilities at amortised costs				
Trade payables - non current portion	–	–	–	–
Hire-purchase payables - non current	517	165	–	–
Long-term loan - non current portion	1,133	1,911	213	453
Amount due to customer on contract	707	412	–	–
Trade payables	1,110	2,725	–	14
Other payables, accrued expenses and provision	7,707	6,861	4,941	5,734
Amount owing to subsidiary companies	–	–	31,422	30,247
Hire-purchase payables - current portion	141	97	–	–
Bank borrowings	7,918	15,331	170	59
	19,233	27,502	36,746	36,507

(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:

	Carrying Amount		Fair Value	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
The Group				
<i>Financial Liabilities</i>				
Hire-purchase payables (Note 20)	742	262	747	235
Long-term loan (Note 21)	2,739	2,316	2,720	2,005
The Company				
<i>Financial Liability</i>				
Long-term loan (Note 21)	383	512	341	534

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.

Notes To The Financial Statements (cont'd)**26. CONTINGENT LIABILITIES**

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unsecured:				
Guarantees given to banks for credit facilities granted to its wholly-owned subsidiary companies	-	-	26,408	26,820

27. SEGMENTAL REPORTING

For management purposes, the Group is organised into the following operating divisions:

- Manufacturing
- Trading
- Investment holding
- Others (consist of subsidiary companies which are dormant)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

Other segment activities comprise mainly expenses incurred by certain subsidiary companies which are not directly attributable to any significant segment.

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

2011	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,985	14,197	6,517	-	-	22,699
Inter-segment sales	-	5,493	1,203	-	(6,696)	-
Total revenue	1,985	19,690	7,720	-	(6,696)	22,699
Results						
Segment result	93	480	329	5	(37)	870
Finance costs	(49)	(502)	(32)	-	-	(583)
Investment revenue	-	32	-	-	-	32
Profit before tax	44	10	297	5	(37)	319
Tax expenses	(36)	104	(89)	-	-	(21)
Profit for the year	8	114	208	5	(37)	298
Other information						
Capital additions	2	7	561	-	-	570
Depreciation of property, plant and equipment	4	185	221	13	-	423

Notes To The Financial Statements (cont'd)

27. SEGMENTAL REPORTING (cont'd)

2011	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Balance Sheet						
Assets						
Segment assets	74,852	49,799	16,521	3,767	(86,344)	58,595
Other investments	1,079	-	-	-	-	1,079
Consolidated total assets	75,931	49,799	16,521	3,767	(86,344)	59,674
Liabilities						
Segment liabilities	36,772	30,452	26,893	3,683	(78,567)	19,233
2010						
	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,833	18,900	3,422	-	-	24,155
Inter-segment sales	-	13,948	1,155	-	(15,103)	-
Total revenue	1,833	32,848	4,577	-	(15,103)	24,155
Results						
Segment result	238	852	(197)	(5)	-	888
Finance costs	(112)	(412)	(46)	-	-	(570)
Investment revenue	-	80	-	-	-	80
Profit before tax	126	520	(243)	(5)	-	398
Tax expenses	(77)	(238)	(9)	-	-	(324)
Profit for the year	49	282	(252)	(5)	-	74
Other information						
Capital additions	15	72	21	-	-	108
Depreciation of property, plant and equipment	2	172	169	14	-	357
Consolidated Balance Sheet						
Assets						
Segment assets	75,137	57,872	16,456	2,809	(85,108)	67,166
Other investments	175	-	-	-	-	175
Consolidated total assets	75,312	57,872	16,456	2,809	(85,108)	67,341
Liabilities						
Segment liabilities	36,580	38,637	27,194	2,731	(77,452)	27,690

Notes To The Financial Statements (cont'd)

28. EVENT AFTER THE REPORTING PERIOD

On December 15, 2011, the Company announced a proposal to undertake a private placement of up to 40,110,000 new ordinary shares of RM0.10 each in the Company, representing up to ten percent (10%) of the issued and paid-up share capital of the Company. Bursa Malaysia Securities Berhad had approved the application on 19 January 2012. As of the date of the report, the private placement is not yet completed.

29. 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 accumulated losses of the Group and of the Company as of December 31, 2011 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries				
- Realised	546	383	(951)	(1,378)
- Unrealised	-	-	-	-
	546	383	(951)	(1,378)
Less: Consolidation Adjustments	(729)	(843)	-	-
Total Group accumulated losses as per consolidated accounts	(183)	(460)	(951)	(1,378)

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, 2011 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 29, 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,

**TUNKU NIZAMUDDIN BIN
TUNKU DATO' SERI SHAHABUDDIN**

LIM BEE HONG

Shah Alam, Selangor Darul Ehsan
April 27, 2012

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 April 27, 2012.

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
16 units of 3 storey Shoplot office :- 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	2,180 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 30 APRIL 2012

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	179	8.20	14,362	0.00
100 – 1,000	308	14.11	253,580	0.06
1,001 – 10,000	251	11.50	1,290,308	0.32
10,001 – 100,000	1,121	51.35	46,911,570	11.70
100,001 to less than 5% of issued shares	323	14.80	272,056,540	67.83
5% and above of issued shares	1	0.04	80,573,640	20.09
Grand Total	2,183	100.00	401,100,000	100.00

DIRECTORS' SHAREHOLDINGS

No.	Names of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	–	–	80,573,640	20.09
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.	Miss Ong Suan Pin	12,470,180	3.11	–	–

SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	No. of Shares	%
1.	Ikram Mulia Holdings Sdn Bhd	80,573,640	20.09

*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	REZA BIN SHARIFFUDIN	19,185,200	4.78
3	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SIAH SIAN @ LEE HAY HIAN (SMT)</i>	19,000,000	4.74
4	SHARIMAN BIN NORDIN	18,005,300	4.49
5	YEOH SEOK KAH	16,250,000	4.05
6	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ASPIRE ASSETS SDN BHD</i>	13,000,000	3.24
7	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>ONG SUAN PIN</i>	12,400,000	3.09
8	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LOW PAK TONG (LO1729)</i>	12,000,000	2.99
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR GENERAL TECHNOLOGY SDN. BHD. (PB)</i>	8,130,000	2.03
10	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KUO YAW (LI3132)</i>	7,000,000	1.75
11	ASPIRE ASSETS SDN BHD	6,633,000	1.65
12	NG SEOW PANG	4,034,530	1.01
13	LEE CHEE MING	4,000,000	1.00
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW AH SUAN (E-KLC)</i>	3,818,180	0.95
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR LIM YONG KEAT (PB)</i>	3,286,400	0.82
16	LIM CHENG SENG	2,791,200	0.70
17	JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR OLIVER VISWANATHAN (MARGIN)</i>	2,720,000	0.68

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

	Names of Shareholders	Holdings	
		No. of Shares	%
18	LAI THIAM POH	2,710,000	0.68
19	DENVER CORPORATION SDN BHD	2,650,000	0.66
20	SONNY LIM CHOON SEONG	2,620,000	0.65
21	YOON WING KEUNG	2,557,300	0.64
22	CHEW LENG SOON	1,830,000	0.46
23	SOO KING HING	1,796,600	0.45
24	YEOH SIEW KOK.	1,600,000	0.40
25	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>RAVINDRAN A/L SINNAYYA</i>	1,503,000	0.37
26	CHEW LENG SOON	1,500,000	0.37
27	SHARIMAN BIN NORDIN	1,480,100	0.37
28	KUANG SOON LEONG	1,419,200	0.35
29	LIM SIEW GAIK	1,200,000	0.30
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM BENG LOCK (E-IMO)</i>	1,200,000	0.30
	Total	256,893,650	64.05

APPENDIX A

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

"THAT the following Existing Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:-

Articles No.	Existing Articles	Amended Articles
Articles 62	<p>In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote instead of him, and that a proxy need not also be a Member. Where a Member appoints two (2) or more proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. Where a member of a company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</p>	<p>(a) In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote instead of him, and that a proxy need not also be a Member. Where a Member appoints two (2) or more proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.</p> <p>(b) Where a member of the Company is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which exempt authorized nominee may appoint in respect of each omnibus account it holds.</p>
Articles 69	<p>If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. The demanded for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may in addition to the powers of adjourning meetings contained in Article 67 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p>	<p>If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of a poll shall be the resolution of the meeting at which the poll was demanded. No poll shall be demanded on the election of Chairman or on a question of adjournment of meetings. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 67 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p> <p>The result of the poll shall be given in writing to the Exchange which include –</p> <p>(a) the total number of votes cast on the poll in favour of and against the resolution; and</p> <p>(b) the total number of members who abstained from voting.</p>

Appendix A (cont'd)**PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION (cont'd)**

Articles No.	Existing Articles	Amended Articles
Articles 71	Subject to any rights or restrictions for the time being attached to any class of shares at meeting of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative, and on a show of hands, every person who is a Member or proxy or attorney or representative of a Member shall have one vote, and on a poll, every Member present in person or by proxy or attorney or representative shall have one vote for each share he holds.	<p>(a) Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to attend and vote at a meeting of the Company or at the meeting of any class of members of the Company, may vote in person or shall be entitled to appoint any person as his proxy to attend and vote instead of him. There shall be no restriction as to the qualification of the proxy.</p> <p>(b) On a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</p>
Articles 76	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
Articles 77	<p><u>Notes:</u> A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.</p> <p>To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting.</p>	<p>(1) A proxy may but need not be a member of the Company.</p> <p>(2) For a proxy to be valid, this form, duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.</p>

*Appendix A (cont'd)***PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION (cont'd)**

Articles No.	Existing Articles	Amended Articles
	<p>A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.</p> <p>Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of these holdings to be represented by each proxy.</p> <p>If the appointor is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.</p>	<p>(3) A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.</p> <p>(4) Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.</p> <p>(5) In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.</p>

PROXY FORM

NUMBER OF
SHARES HELD



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, 28 June 2012 at 11.00 a.m. or any adjournment thereof.

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

No.	Resolution	For	Against
1.	To receive and adopt the Reports and Audited Financial Statements		
2.	To re-elect Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin as Director		
3.	To re-elect Y.M. Dato' Tengku Putra Bin Tengku Azman Shah as Director		
4.	To re-elect Miss Ong Suan Pin as Director		
5.	To re-appoint Y.Bhg. Dato' Khairi Bin Mohamad as Director		
6.	To approve the payment of Directors' fees		
7.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company		
8.	Special Business – Ordinary Resolution		
9.	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 _____ 2012

.....
Signature(s) of Member(s)

Notes:

1. 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. For a proxy to be valid, this form, duly completed must be deposited at the Registered Office of the Company at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.
4. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
6. For the purpose of determining a member who shall be entitled to attend this Sixteenth (16th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 59 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a Record of Depositors as at 20 June 2012. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

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 of 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.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of future investment projects(s), working capital and/ or acquisition.

Under the Mandate passed during the last Annual General Meeting held on 23 June 2011, the Company allotted 4,000,000 ordinary shares of RM0.10 each via a Private Placement. The 4,000,000 Placement Shares, being the first tranche of the Private Placement, represents approximately one percent (1%) of the issued and paid-up share capital of the Company before the new allotment. The Private Placement is implemented on a staggered basis. Barring any unforeseen circumstances, the Company expects to complete the Private Placement before 18 July 2012.

The gross proceeds raised from the Private Placement was RM400,000 and after deducting expenses relating to placement of share of approximately RM90,000, the balance was used for working capital requirements of the Company and its subsidiaries.

(b) SPECIAL RESOLUTION

- Proposed Amendment to the Articles of Association of the Company

The proposed Special Resolution, if passed, will streamline the Company's Articles of Association to be in line with the latest Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout.

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: _____

Details of Complaint

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

Yes

No

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

Type of Complaint:

Misleading/inaccurate/insufficient disclosure of information;

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

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

Directors of PLCs;

Management of PLCs;

Share Registrars of PLCs; and

Others (to specify)

If others, please specify: _____

MY COMPLAINT IS AS FOLLOWS

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

Signature: _____

Date: _____

For Bursa Malaysia's use :

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

Status after 14 days :

Resolved
 Pending

For Bursa Malaysia's use :

Details :

Bursa Malaysia Berhad



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**

Interactive Digital Addressable
Fire Control System

Protec



CME

(Company No. 52235-K) • Incorporated in Malaysia

Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park,
Batu 3, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 03-5633 1188 Fax: 03-5634 3838