



Performance and Technology

2013
CME GROUP
ANNUAL REPORT

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) Annual General Meeting (“AGM”) of the Company will be held at the Delima Room, Lobby Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Monday, 30 June 2014 at 11.00 a.m. to transact the following Businesses:

- 1 To receive and adopt the Financial Statements for the year ended 31 December 2013 together with the Reports of Directors and Auditors thereon. **Note A**
- 2 To re-elect the following Director who retires in pursuant to Article 83 of the Company's Articles of Association :-

Miss Ong Suan Pin (Independent Non-Executive Director) **Resolution 1**
- 3 To re-appoint the following Director pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting :-

Y.Bhg. Dato' Khairi Bin Mohamad (Independent Non-Executive Director) **Resolution 2**
- 4 To approve Directors' fees **Resolution 3**
- 5 To re-appoint Messrs Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration **Resolution 4**
- As Special Business** to consider and if thought fit, to pass the following resolution:
- 6 **ORDINARY RESOLUTION
PROPOSED AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT,**

“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 AGM of the Company.” **Resolution 5**
- 7 **ORDINARY RESOLUTION
RETENTION OF INDEPENDENT DIRECTOR**

“THAT, subject to the passing of Resolution 3, Y. Bhg. Dato' Khairi Bin Mohamad be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance 2012.” **Resolution 6**
- 8 To transact any other business of which, due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

Notice Of Annual General Meeting (cont'd)

By Order of the Board

TAN RUEY SHYAN

Company Secretary

Shah Alam, Selangor Darul Ehsan

6 June 2014

Notes:

- A. This Agenda item is meant for discussion only. The provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statement and hence, this Agenda item is not put forward for voting.
- 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, Taman Perindustrian Teknologi Tinggi Subang, 47500 Subang Jaya, 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 Eighteenth (18th) AGM, 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 2014. 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

7. Ordinary Resolution 5 – Authority to allot and issue shares

The proposed Ordinary Resolution, if passed, will give the Directors of the Company, from the date of the Eighteenth (18th) AGM, the authority to issue shares up to a maximum 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. This authority, unless revoked or varied by the Company at a general meeting will expire at the next AGM of the Company.

The Company has not issued any new shares under the general authority which was approved at the Seventeenth (17th) AGM held on 28 June 2013 and which authority will lapse at the conclusion of the Eighteenth (18th) AGM. A renewal of this authority is being sought at the Eighteenth (18th) AGM under the proposed Resolution 5.

The renewal 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.

8. Ordinary Resolution 6 – Retention of Independent Director

The Nomination Committee has assessed the independence of the following Director, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

Ordinary Resolution 8 : Y. Bhg. Dato' Khairi Bin Mohamad

- i) He has confirmed and declared that he is an Independent Director as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia;
- ii) He does not have any conflict of interest with the Company and has not been entering/ is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
- iii) He has been with the Company for more than nine (9) years with incumbent knowledge of the Company and the Group's activities and corporate history; and
- iv) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

Statement Accompanying The Notice Of Annual General Meeting

1. Director standing for re-election at the Eighteenth (18th) AGM of the Company pursuant to Article 83 of the Articles of Association of the Company is:-

Miss Ong Suan Pin (Independent Non-Executive Director)

2. Director standing for re-appointment pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next AGM:-

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

3. Details of attendance of Directors at Board Meetings

A total of four (4) Board of Directors' meeting was held during the financial year ended 31 December 2013. 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	3/4
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	4/4
En. Azlan Omry Bin Omar	4/4
Miss Lim Bee Hong	4/4
Miss Ong Suan Pin	4/4

4. Date, Time and Venue of the Board Meetings

Date	Time	Venue
28 February 2013	10.30am	Lot 19, Jalan Delima 1/1, Taman Perindustrian Teknologi Tinggi Subang, 47500 Subang Jaya, Selangor Darul Ehsan.
30 May 2013	10.30am	
29 August 2013	10.30am	
28 November 2013	10.30am	

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

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

Name	Miss Ong Suan Pin
Age	56
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	12,470,180
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that her has with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

6. Further details of Director who is standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 and also Malaysian Code of Corporate Governance 2012.

Name	Y.Bhg. Dato' Khairi Bin Mohamad
Age	74
Nationality	Malaysian
Qualification & Working Experience	Refer to Director's Profile (page 10)
Position in Company	Independent Non-Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	Nil
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that her 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
Independent Non-Executive Director

Miss Ong Suan Pin
Independent Non-Executive Director

Company Secretary
Miss Tan Ruey Shyan (MIA 32563)

Key Management Officer
Mr. Wong Chee Fatt
Chief Operating Officer

Audit Committee
Y. Bhg. Dato' Khairi Bin Mohamad
Chairman

En. Azlan Omry Bin Omar
Member

Miss Ong Suan Pin
Member

Nomination Committee
Y. Bhg. Dato' Khairi Bin Mohamad
Chairman

Miss Ong Suan Pin
Member

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

Remuneration Committee
Y. Bhg. Dato' Khairi Bin Mohamad
Chairman

Miss Ong Suan Pin
Member

Registered/ Corporate Office
Lot 19, Jalan Delima 1/1
Taman Perindustrian Teknologi
Tinggi Subang
47500 Subang Jaya
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 8150/51

Principal Bankers
AmBank (M) 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

CME
CME Group Berhad
 Company No. 52235-K

100%

CME Technologies Sdn Bhd

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

100%

CME Edaran Sdn Bhd

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

100%

CME Industries Sdn Bhd

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

100%

CME Properties Sdn Bhd

Dormant

76%

CME Pyroshield Sdn Bhd

Sale and Servicing of Fire Fighting Gas System and other safety related products

100%

CME Properties (Australia) Pty Ltd

Dormant



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 43, 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 was appointed as CME's Joint Chief Executive Officer on 27 February 2012 and assumed the role of CME's Chief Executive Office in June 2012 following the retirement of Mr. Ding Cho Hee.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company or nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He has attended all the Board Meetings of CME held during the financial year ended 31 December 2013.

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin is deemed as a substantial shareholder in CME and has no interests in the securities of any subsidiary companies of CME.

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 48, 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 24 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 or nor has she any personal interest in any business arrangement involving CME. She has no convictions for offences over the past 10 years other than traffic offences.

She has attended all the Board Meetings of CME held during the financial year ended 31 December 2013.

Miss Lim Bee Hong holds 100,540 shares in CME and has no interests in the securities of any subsidiary companies of 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
Member of Nomination Committee*

Dato' Tengku Putra Bin Tengku Azman Shah, aged 63, 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 or nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He has attended three Board Meetings of CME held during the financial year ended 31 December 2013.

Y.M. Dato' Tengku Putra Bin Tengku Azman Shah does not hold any shares in CME and has no interests in the securities of any subsidiary companies of CME.

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

Y. Bhg. Dato' Khairi Bin Mohamad

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

Dato' Khairi Bin Mohamad, aged 74, 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 to 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 or nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He has attended three Board Meetings of CME held during the financial year ended 31 December 2013.

Y.Bhg. Dato' Khairi Bin Mohamad does not hold any shares in CME and has no interests in the securities of any subsidiary companies of 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

*Independent Non-Executive Director
Member of Audit Committee*

En. Azlan Omry Bin Omar, aged 48, 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 Warwich 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 or nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He has attended all the Board Meetings of CME held during the financial year ended 31 December 2013.

En. Azlan Omry Bin Omar does not hold any shares in CME and has no interests in the securities of any subsidiary companies of 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 56, 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 33 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 or nor has she any personal interest in any business arrangement involving CME. She has no convictions for offences over the past 10 years other than traffic offences.

She has attended all Board Meetings of CME held during the financial year ended 31 December 2013.

Miss Ong Suan Pin holds 12,470,180 shares in CME and has no interests in the securities of any subsidiary companies of 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

FINANCIAL REVIEW

In financial year 2013, the Group managed to deliver a satisfactory performance against a backdrop of sustained market challenges. CME's top line grew by 31.3% to RM30.0 million from RM22.9 million previously, while profit before tax rose to RM921,000, an increase of 143% from RM379,000 over the previous financial year. Consequently, our basic earnings per ordinary share improved from 0.005 sen in 2012 to 0.140 sen for the financial year ended 31 December 2013.

The main driver of the increase in revenue was from the Property Investment division ("PI"), which saw a growth of RM11.0 million or 550.1%. The increase was however, offset by the decline in revenue from the remaining two business divisions, namely the Specialised Mobility Vehicles ("SMV") and Fire Suppression and Prevention ("FSP") divisions, which saw a decrease of 18.1% to RM14.5 million and 20.9% to RM2.5 million respectively. Overall demand for our SMV were damped by slower growth in the domestic market, coupled with the tightening spending power by the government entities, as lesser projects were secured in the year 2012/2013. Even so, SMV business division remained the largest contributor to the Group, constituting 48.2% of overall Group's total revenue, followed by the PI division and FSP division, contributing 43.4% and 8.4% respectively.

BUSINESS OUTLOOK AND FUTURE PROSPECT

The year 2013 had been an exciting year for the Group. In order to stay relevant and competitive in the market place and opening new markets, the company had embarked on a rebranding exercise, incorporating new marketing and business strategies.

The key emphasis was to highlight and enforce CME's specialised expertise and its competitive edge in both specialised mobility vehicles as well as fire fighting vehicles. With that, a series of marketing activities were aggressively carried out throughout the year. As a result, we have been receiving encouraging feedbacks and has begun reaping the benefits of these efforts.

During the year, CME has successfully completed and delivered our first specialised custom recovery trucks, the first for our SMV division. This is very encouraging as it emphasises that CME's branding has penetrated into other sectors of the automotive industry besides its traditional fire fighting vehicles. CME believe that there is a strong demand for specialise mobility vehicle with multi-purpose platforms and CME will continue expanding its capabilities in the specialised mobility vehicles beyond 2014, building upon its growing reputation of providing affordable and quality specialised vehicles for the local and international market.

Over the past 12 months, the Group has been actively strategizing and implementing ways to expand the business and enhance greater synergies from its different operating divisions. In June 2013, CME announced the acquisition of a commercial vacant land measuring 1.47 acres, strategically located next to CME's existing investment properties of sixty one (61) units of three storey shop lot offices in Bandar Indera Mahkota, Pahang. We have engaged consultants in determining the types of development to be proposed, ensuring the best returns for CME's investment.

As we further solidify CME's commitment for expansion, in line with CME's investment objective and growth strategy to provide additional income stream, potential capital growth in the long-term and reduce dependency on the existing core business. We recently announced the proposed acquisition of two parcels of freehold lands, measuring approximately 3.9 acres, located in the City of Mandurah, Western Australia, Australia, by CME Properties (Australia) Pty Ltd, a wholly-owned subsidiary of CME. Both these purchases are in line with CME's overall strategy in acquiring land banks for potential property developments in strategic locations.

Statement By The Board Of Directors (cont'd)

BUSINESS OUTLOOK AND FUTURE PROSPECT (cont'd)

In conjunction with the proposed acquisition of the two lands, CME is also undertaking a proposed rights issue of up to RM35.3 million nominal value of ten year, zero coupon irredeemable convertible unsecured loan stock ("ICULS") at 100% of the nominal value of RM0.04 each on the basis of RM0.08 nominal value of the ICULS for every one (1) existing ordinary share of RM0.10 each in CME held on an entitlement date to be determined and announced later, based on a minimum subscription level of RM27.0 million nominal value of the ICULS. The proceeds to be raised from the proposed rights issue will be utilised mainly to fund the purchase considerations pursuant to the proposed acquisition of the two lands.

At this juncture, these proposed corporate exercises are pending the approvals of relevant authorities and our shareholders at the general meeting to be convened.

Given the encouraging present of positive growth in revenue, together with future potential property developments projects and innovation products under CME's portfolio, especially in the FSP division, the Group is prepared to face the world economic uncertainty and expand our horizons. We will strive further sharpen our competitive edge and broaden our capabilities to meet any challenges and capitalise on untapped market opportunities. As such, the Management will remain committed to driving top and bottom-line growth and to return value to our shareholders.

CORPORATE SOCIAL RESPONSIBILITY

On this front, we 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 employee 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 2013.

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 staffs, 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
6 June 2014

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. As such, the Board is committed to ensure that the relevant principles and recommendations stipulated in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied throughout the Company and its subsidiaries ("the Group").

The Board is pleased to present the following statement, which summarises the manner in which the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year under review.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Board plays an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability. The Board delegates the responsibility of implementing the Board approved strategies, business plans, policies and decisions to the Management which is led by the Group Chief Executive Officer.

Board Roles and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:-

- Reviewing, monitoring and approving the overall strategies, direction and policies of the Group;
- Overseeing the conduct of the Company's business to evaluate and to ensure the business is being properly managed;
- Identifying principal risks and ensuring significant risks are appropriately managed, reviewed and addressed;
- Succession planning, including appointing and determining the compensation of where necessary replacing senior management if required and necessary;
- Considering management recommendations on key issues including acquisition, disposal, restricting and significant capital expenditure; and
- Reviews adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The following matters shall be reserved to the Board for determination and/ or approval:-

- Corporate plans and programmes;
- Annual budgets, including major capital commitments;
- Key matters such as approval of annual and quarterly results;
- Material new ventures;
- Material acquisitions and disposal of undertakings and properties; and
- Changes to the management and control structure within the Company and its subsidiaries.

Code of Conduct and Ethics

The Board shall be guided by the Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Board shall observe the Code of Ethics in performance of their duties.

Corporate Responsibility and Sustainability

The Board places great importance on corporate responsibility and business sustainability. The Company's activities on environment, social and governance for the year under review are disclosed in the ensuing pages of this Annual Report.

Statement On Corporate Governance (cont'd)

Supply and Access to 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.

Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary also ensures that deliberations at the Board meetings are recorded in the minutes.

2. STRENGTHEN COMPOSITION OF THE BOARD

Board 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:

- Four (4) Independent Non-Executive Directors
- Two (2) 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 directors.

A brief profile of each Director is presented on pages 9 to 11 of this Annual Report.

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.

Statement On Corporate Governance (cont'd)

BOARD COMMITTEES (cont'd)

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.

I) Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the 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.

II) Nomination Committee

The Board has established a Nominating Committee consisting of the following Independent Non-Executive Directors:

Y.Bhg. Dato' Khairi Bin Mohamad	(Chairman)
Miss Ong Suan Pin	(Member)
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	(Member)

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

- 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.
- The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.
- 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.
- The term of office for all members of the Committee is subject to renewal on a yearly basis.
- The Company Secretary shall be the Secretary of the Committee.
- Directors do not participate in decisions on their own nomination.

Terms of Reference

- To propose new nominees for the Board and its subsidiaries whether to be filled by Board members, shareholders or executives.
- 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.
- To make recommendations to the Board of Directors to fill seats on Board Committees.
- 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.
- 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.
- To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

Statement On Corporate Governance (cont'd)

Appointment, Re-election and Assessment 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 Company Secretary ensure that all appointments are properly made, that all information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

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.

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 2013, one meeting was held, which was attended by all members of the Nomination Committee.

III) Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors:

Y.Bhg. Dato' Khairi Bin Mohamad	(Chairman)
Miss Ong Suan Pin	(Member)

Membership

- 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.
- The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Directors.
- 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.
- The term of office for all members of the Committee is subject to renewal on a yearly basis.
- The Company Secretary shall be the Secretary of the Committee.
- 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.

Directors' Remuneration

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

Category	Fees RM '000	Other Emoluments RM '000	Total RM '000
Executive Directors	40	334	374
Non-Executive Directors	140	–	140
Total	180	334	514

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

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

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

Statement On Corporate Governance (cont'd)

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 2013, one meeting was held, which was attended by all members of the Remuneration Committee.

3. REINFORCE INDEPENDENCE

Annual Assessment of Independent Directors

The Board shall assess the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

In compliance with the recommendation of the Code, the Nomination Committee has reviewed and assessed the Independent Director who has served a tenure of more than nine (9) years each in that capacity of the Company. Y. Bhg. Dato' Khairi Bin Mohamad who was appointed as Independent Non-Executive Directors on 19 June 2000 has exercised his objective and independent judgement on all board deliberations and has not compromised his long relationship with other Board members. The Nomination Committee has recommended to the Board to seek shareholders' approval for Y. Bhg. Dato' Khairi Bin Mohamad to be retained and re-appointed as Independent Non-Executive Directors of the Company at the forthcoming AGM.

Separation of positions of the Chairman and Group Chief Executive Office ("CEO")

There is a distinct and clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority. The roles of the Non-Executive Chairman and the CEO are separated and clearly defined.

The Chairman is responsible to oversee the orderly conduct and effectiveness of the Board by ensuring a cohesive working relationship between members of the Board. The CEO has overall responsibilities for the day-to-day management of the business and is responsible for Group strategies, organizational effectiveness and implementation of Board policies and decisions.

Generally, 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.

Statement On Corporate Governance (cont'd)

Separation of positions of the Chairman and Group Chief Executive Office ("CEO") (cont'd)

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.

4. FOSTER COMMITMENT

Time Commitment

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when 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 advice 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	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	3/4
Miss Ong Suan Pin	4/4

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.

During the financial year under review, the Directors attended the following training programs:-

- 1) Updates of 2013 & 2014 IFRS – Compliant Malaysian Financial Reporting Standard
- 2) "Beyond The Boundaries" Seminar
- 3) MICPA – Bursa Business Forum 2013
- 4) "Awaken the Success that lies Within: Applied NLP for Business" Seminar
- 5) 2014 Budget Seminar – Key Budget Changes and their Implications

Statement On Corporate Governance (cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is responsible for ensuring that financial statements are drawn up in accordance with the provision of the Companies Act, 1965 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 judgments 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 80 of the Annual Report.

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 2013 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 2013, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made estimates and judgments 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.

Relationship with External 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.

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.

Statement On Corporate Governance (cont'd)

6. RECOGNISE AND MANAGE RISK

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. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Board has in place a Corporate Disclosure Policy in line with the Main Market Listing Requirements of Bursa Securities to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and investors.

The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Chairman and Executive Director work closely with the Board, the Senior Management and the Company Secretary who are privy to the information to maintain strict confidentiality of the information.

Leverage on Information Technology for Effective Dissemination of Information

Shareholders and investors can obtain pertinent information on the Group's various activities by accessing its web-site at www.cme.com.my or through the Bursa Malaysia website at www.bursamalaysia.com. CME 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.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognizes the important of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and major development via appropriate channels of communication.

Platforms for dissemination of information include the AGM and Extraordinary General meetings ("EGM"), if any, distribution of Annual Reports and relevant circulars and prospectuses. Information on the financial performance of the Group is communicated to the public via the announcement of its financial results to Bursa Securities on a quarterly basis.

The AGM, 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.

The Chairman will ensure that the Shareholders are informed of their rights to demand for poll voting at the commencement of each general meeting.

Statement On Corporate Governance (cont'd)

9. STATEMENT OF COMPLIANCE WITH THE CODE

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 2012 for the financial year ended 31 December 2013.

This statement was approved by the Board of Directors on 28 February 2014.

10. ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2013.

1. Utilisation of Proceeds

The Company has on 24 June 2013, allotted 36,000,000 new ordinary shares of RM0.10 each via a Private Placement. The gross proceeds raised from the Private Placement was RM3,600,000 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 2013.

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 2013 by the Company's external auditors and a firm or corporation affiliated to them amounted to RMNil.

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 2013. 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.

Statement On Corporate Governance (cont'd)

11. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of CME acknowledges the significance of Corporate Social Responsibility ("CSR") and views CSR as an extension to the Group's efforts in promoting a strong corporate governance culture. Hence, the Group continues to focus and is committed to the community through various CSR initiatives.

1) The Community

As a caring corporate citizen, the Group continues to extend assistance to the underprivileged of the lesser significant homes and individuals to provide both financial and moral support. We never choose certain groups in contributing because we care to all those in need. In total for the year, our financial contributions are channelled to charity functions, charity homes around the Klang Valley, residents associations and schools in need.

2) The Workplace

As part of the continuous effort to promote human capital development, the Group sponsored the participation of our staff in local and overseas training programmes and seminars to enhance their knowledge and skills to keep them up to date with new relevant developments in furtherance of their duties effectively.

We 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.

In a bid to form a close-knit CME family, we also organized fun-filled events in conjunction with the major festive occasions throughout the year. These events have become a much anticipated platform for CME employees to gather under one roof in the spirit of camaraderie and unity.

3) Environmental

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.

In April 2013, CME employees and their family members participated in the "Stop Hunger Now – A Vistage Project" organized by Vistage Malaysia Sdn Bhd at Publika Shopping Centre, Kuala Lumpur. The event aims to end hunger in our lifetime by providing food and life-saving aid to the worlds' most vulnerable and by creating a global commitment to mobilize the necessary resources. Volunteers formed an assembly line and participated in meals packing program. It was a fun-filled rewarding day enjoyed by all volunteers for a meaningful charitable cause.



Audit Committee Report

CONSTITUTION

The terms of reference of the Audit Committee are set out in pages 27 and 28 of the Annual Report.

COMPOSITION

The Audit Committee comprises three (3) members of the Board with three (3) Independent Non-Executive Directors.

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	Independent Non-Executive Director

MEETINGS

The Committee met four (4) times during the financial year ended 31 December 2013. Details of the attendance of each member at the Audit Committee Meeting held during the year are as follows:-

Name	No. of Meeting Attended
Y. Bhg. Dato' Khairi Bin Mohamad	3/4
Miss Ong Suan Pin	4/4
En. Azlan Omry Bin Omar	4/4

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 followings:-

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 31 December 2013. 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.

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 2013 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.
- (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:

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION (cont'd)

- 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.

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 objective including updating the systems 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. The board has received assurance from the CEO and the CFO that the Company's risk management and internal control systems are operating adequately and effectively in all material aspects.

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, line 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**

Policy 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 establishment 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.

Review of the Statement by External Auditors

This Statement, prepared in accordance with paragraph 15.26(b) of the Main Market Listing Requirement has been reviewed by the external auditors as required under paragraph 15.23 for inclusion in the annual report. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement is made in accordance with the resolution of the Board of Directors dated April 25, 2014.

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**Declaration By The Director
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, 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is 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	921	301
Tax expense	(287)	(131)
Profit for the year	634	170
Attributable to:		
Equity holders of the Company	593	170
Non-controlling interest	41	–
	634	170

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.

Directors' Report (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM40,510,000 comprising 405,100,000 ordinary shares of RM0.10 each to RM44,110,000 comprising 441,100,000 ordinary shares of RM0.10 each by the issuance of 36,000,000 new ordinary shares of RM0.10 each in the Company at par for cash for working capital purposes.

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

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

SHARE OPTIONS

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

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

OTHER FINANCIAL INFORMATION

Before the statements of profit or loss and comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

The Group and the Company have current liabilities exceeding current assets by RM1,471,000 and RM7,140,000 respectively as of December 31, 2013. 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.

Except as stated above, at the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of debts or render 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

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (cont'd)

- (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

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
 Y.M. Tunku Nizamuddin bin Tunku Dato' Seri Shahabuddin
 Ong Suan Pin

In accordance with Article 83 of the Company's Articles of Association, Ms Ong Suan Pin retire by rotation and, being eligible, offer herself for re-election at the forthcoming Annual General Meeting.

In accordance with Section 129(6) of the Company Act 1965, Dato Khairi bin Mohamad who is over seventy (70) years of age, retires and being eligible, offer himself 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 31.12.2013
	Balance as of 1.1.2013	Bought	Sold	
Shares in the Company				
Registered in the name of director				
Lim Bee Hong	100,540	—	—	100,540
Ong Suan Pin	12,470,180	—	—	12,470,180

Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

DEEMED INTEREST	Held through	Number of ordinary shares of RM0.10 each			
		Balance as of 1.1.2013	Bought	Sold	Balance as of 31.12.2013
Shares in the Company					
Y.M. Tunku Nizamuddin bin Tunku Dato' Seri Shahabuddin	Ikram Mulia Holdings Sdn Bhd	80,573,640	—	—	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' 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,

**Y.M. TUNKU NIZAMUDDIN BIN
TUNKU DATO' SERI SHAHABUDDIN**

LIM BEE HONG
Shah Alam,
April 25, 2014

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, 2013 of the Group and of the Company and the statements of profit or loss and 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 79.

Directors' Responsibility for the Financial Statements

The directors of the Group and the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 give a true and fair view of the financial position the Group and of the Company as of 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 RM1,471,000 and RM7,140,000 respectively as of December 31, 2013. 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.

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 have required by the Act to be kept by the Company and by the subsidiary companies have 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 to the financial statements 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 Matters

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

DELOITTE & TOUCHE

AF 0834
Chartered Accountants

HIEW KIM TIAM

Partner - 1717/08/15 (J)
Chartered Accountant

April 25, 2014

Statements Of Profit Or Loss And Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	The Group 2013 RM'000	2012 RM'000	The Company 2013 RM'000	2012 RM'000
Revenue	5	30,040	22,871	13,033	2,005
Cost of sales		(24,139)	(16,752)	(11,316)	(700)
Gross profit		5,901	6,119	1,717	1,305
Other gains		334	1,094	155	298
Administrative expenses		(3,862)	(4,194)	(1,348)	(1,088)
Other expenses		(883)	(1,873)	(42)	(490)
Finance costs	6	(569)	(767)	(181)	(154)
Profit/(Loss) before tax	7	921	379	301	(129)
Tax expense	8	(287)	(301)	(131)	(73)
Profit/(Loss) for the year		634	78	170	(202)
Other comprehensive loss	13	(399)	(13)	(399)	(13)
Total comprehensive income/(loss) for the year		235	65	(229)	(215)
Profit for the year attributable to:					
Equity holders of the Company		593	20		
Non-controlling interests		41	58		
		634	78		
Total comprehensive income attributable to:					
Equity holders of the Company		194	7		
Non-controlling interests		41	58		
		235	65		
Basic earnings per ordinary share (sen)	9	0.140	0.005		

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

Statements Of Financial Position

AS OF DECEMBER 31, 2013

	Note	The Group 2013 RM'000	2012 RM'000	The Company 2013 RM'000	2012 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	7,132	7,522	3	8
Investment properties	11	41,950	37,720	41,950	37,720
Investment in subsidiary companies	12	–	–	7,485	7,485
Other financial assets	13	492	891	492	891
Deferred tax assets	14	60	11	–	–
TOTAL NON-CURRENT ASSETS		49,634	46,144	49,930	46,104
CURRENT ASSETS					
Inventories	15	1,050	1,566	–	–
Amount due from contract customers	16	1,042	1,582	–	–
Trade receivables	17	11,296	1,634	7,231	366
Other receivables, deposits and prepaid expenses	17	3,702	578	3,395	95
Amount owing by subsidiary companies	12	–	–	21,986	25,184
Fixed deposits with licensed banks	18	–	215	–	–
Tax recoverable		316	400	–	–
Cash and bank balances	25	347	486	26	67
		17,753	6,461	32,638	25,712
Assets classified as held for sale	19	2,100	1,510	2,100	1,510
TOTAL CURRENT ASSETS		19,853	7,971	34,738	27,222
TOTAL ASSETS		69,487	54,115	84,668	73,326

(Forward)

Statements Of Financial Position (cont'd)

	Note	The Group 2013 RM'000	2012 RM'000	The Company 2013 RM'000	2012 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Issued capital	20	44,110	40,510	44,110	40,510
Reserves		437	243	(1,395)	(1,166)
Equity attributable to equity holders of the Company		44,547	40,753	42,715	39,344
Non - controlling interests		194	153	—	—
TOTAL EQUITY		44,741	40,906	42,715	39,344
NON-CURRENT LIABILITIES					
Hire-purchase payables - non-current portion	21	320	400	—	—
Long-term loan - non-current portion	22	3,102	1,010	75	229
TOTAL NON-CURRENT LIABILITIES		3,422	1,410	75	229
CURRENT LIABILITIES					
Trade payables	23	7,735	545	6,593	—
Other payables, accrued expenses and provisions	23	6,477	3,544	5,554	2,366
Amount owing to subsidiary companies	12	—	—	29,465	31,201
Hire-purchase payables - current portion	21	78	108	—	—
Bank borrowings	24	6,825	7,465	151	139
Tax liabilities		209	137	115	47
TOTAL CURRENT LIABILITIES		21,324	11,799	41,878	33,753
TOTAL LIABILITIES		24,746	13,209	41,953	33,982
TOTAL EQUITY AND LIABILITIES		69,487	54,115	84,668	73,326

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

Statements Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2013

The Group	RM'000	(Accumulated losses)/ Distributable Retained earning 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 1.1.2012	40,110	(183)	419	40,346	95	40,441
Issuance of ordinary shares	400	–	–	400	–	400
Total comprehensive income for the year	–	20	(13)	7	58	65
Balance as of 31.12.2012/1.1.2013	40,510	(163)	406	40,753	153	40,906
Issuance of ordinary shares	3,600	–	–	3,600	–	3,600
Total comprehensive income for the year	–	593	(399)	194	41	235
Balance as of 31.12.2013	44,110	430	7	44,547	194	44,741

The Company	Issued capital RM'000	Accumulated losses RM'000	Total equity RM'000
Balance as of 1.1.2012	40,110	(951)	39,159
Total comprehensive income for the year	400	(215)	185
Balance as of 31.12.2012/1.1.2013	40,510	(1,166)	39,344
Issuance of ordinary shares	3,600	–	3,600
Total comprehensive income for the year	–	(229)	(229)
Balance as of 31.12.2013	44,110	(1,395)	42,715

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

Statements Of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2013

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit/(Loss) for the year	634	78	170	(202)
Adjustments for:				
Finance costs	569	767	181	154
Inventories written off	–	641	–	–
Depreciation of property, plant and equipment	411	461	5	5
Tax expense recognised in profit or loss	287	301	131	73
Other investment written off	–	175	–	175
Provision for warranty and free services	435	146	–	–
Impairment loss recognised on trade receivables	11	87	–	–
Gain on disposal of assets held for sale	(150)	(245)	(150)	(245)
Impairment loss recognised on trade receivables no longer required	(8)	(52)	–	(52)
Interest income	(6)	(29)	–	–
Impairment loss on investment in subsidiary	–	–	–	292
Operating Profit Before Working Capital Changes	2,183	2,330	337	200
(Increase)/Decrease in:				
Inventories	516	(947)	–	–
Amount due from contract customers	540	(894)	–	–
Trade receivables	(9,666)	2,067	(6,865)	(15)
Other receivables, deposits and prepaid expenses	(3,123)	959	(3,300)	125
Amount owing by subsidiary companies	–	–	3,198	(279)
Increase/(Decrease) in:				
Amount due to contract customers	–	(707)	–	–
Trade payables	7,189	(564)	6,593	–
Other payables, accrued expenses and provisions	2,772	(4,310)	3,188	(2,575)
Amount owing to subsidiary companies	–	–	(1,736)	(221)
Cash From/(Used In) Operations	411	(2,066)	1,415	(2,765)
Income tax paid	(238)	(218)	(66)	(52)
Tax refunded	57	–	3	–
Warranty and free services paid	(274)	–	–	–
Net Cash (Used In)/From Operating Activities	(44)	(2,284)	1,352	(2,817)

Statements Of Cash Flows (cont'd)

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES				
Withdrawal of fixed deposits	215	944	–	–
Interest received	6	29	–	–
Purchase of property, plant and equipment (Note 10)	(21)	(273)	–	(2)
Addition to investment properties	(6,000)	–	(6,000)	–
Proceeds from disposal of assets held for sale	1,330	2,605	1,330	2,605
Net Cash (Used In)/From Investing Activities	(4,470)	3,305	(4,670)	2,603
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Issuance of shares	3,600	400	3,600	400
Finance costs paid	(569)	(767)	(181)	(154)
Proceeds from/(Repayment) of bank borrowings	1,653	(897)	(142)	(15)
Repayment of hire-purchase payables	(110)	(150)	–	–
Net Cash From/(Used In) Financing Activities	4,574	(1,414)	3,277	231
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	60	(393)	(41)	17
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(4,020)	(3,627)	67	50
CASH AND CASH EQUIVALENTS AT END OF YEAR	(3,960)	(4,020)	26	67

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 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 in Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Lot 19, Jalan Delima 1/1, Taman Perindustrian Teknologi Tinggi Subang, 47500 Subang Jaya, 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 25, 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Group and the Company have current liabilities exceeding current assets by RM1,471,000 and RM7,140,000 respectively as of December 31, 2013. 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 revised MFRSs and Amendments to MFRSs

In the current financial year, the Group and the Company has adopted certain new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after January 1, 2013 as follows:

MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010) and Transition Disclosures]
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement

Notes To The Financial Statements (cont'd)

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

2.1 Adoption of revised MFRSs and Amendments to MFRSs (cont'd)

MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle	

The adoption of these new and revised standards and amendments have not affected the amounts reported in the financial statements of the Group and the Company for the current and prior years.

2.2 Standards and Issues Committee Interpretations ("IC Int.") in issue but not effective

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ¹
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) ¹
IC Int. 21	Levies ²
Amendments to MFRS 9 and MFRS 7	Mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures ¹
Amendments to MFRS10, MFRS 12 and MFRS 127	Investment Entities ²
Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) ³
Amendment to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ²
Amendment to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets) ²
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) ²
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle ³	
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 - 2013 Cycle ³	

¹ The mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual periods beginning on or after 1 January 2015 has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139. The effective date of MFRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the MFRS 9 is available for early adoption.

² Effective for annual periods beginning on or after January 1, 2014

³ Effective for annual periods beginning on or after July 1, 2014

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiaries

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2012.

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.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue (cont'd)

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.

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 on operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Foreign Currency Conversion

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation accumulated in a separate component of equity, shall be reclassified from equity to statements of comprehensive income when the gain or loss on disposal is recognised.

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.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipme (cont'd)

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.

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 26. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(ii) Impairment of financial assets

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

For financial assets, objective evidence of impairment could include:

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

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

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

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

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

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

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

(iii) Derecognition of financial assets

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

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

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Financial guarantee contract liabilities

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

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

(d) Financial liabilities

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

Derecognition of financial liabilities

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash Flow Statements

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

Cash equivalents are short term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented of bank overdrafts.

Segment Reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

- **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 trade debtor 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:

- **Revenue recognition on contracts**

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

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

Notes To The Financial Statements (cont'd)

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

(ii) Key sources of estimation uncertainty (cont'd)

Significant judgement is required in determining the stage of completion, the estimated total 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 contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported 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 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Contract revenue	13,171	15,907	—	—
Sale of accessories and equipment	2,529	4,104	—	—
Servicing of equipment	1,307	855	—	—
Rental income from investment properties	1,988	2,005	1,988	2,005
Operating lease rental income	11,045	—	11,045	—
	30,040	22,871	13,033	2,005

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Contract costs	9,347	11,445	—	—
Other expenses	3,875	5,777	1,096	1,739
Cost of inventories sold	2,192	3,789	—	—
Direct operating expenses related to investment properties	800	613	800	613
Operating lease rental expenses	10,516	—	10,516	—
Raw materials and consumables used	1,307	841	—	—
Depreciation of property, plant and equipment (Note 10)	411	461	5	5
Directors' remuneration*	279	354	180	180
Quit rent and assessment	110	87	110	87
Impairment loss recognised on trade receivables	11	87	—	—
Changes in inventories	516	(353)	—	—
Provision for doubtful debt no longer required	(8)	(52)	—	(52)
	29,356	23,049	12,707	2,572

Notes To The Financial Statements (cont'd)

5. REVENUE (cont'd)

* Directors' remuneration:

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
Company				
- Fees	40	40	40	40
Subsidiary companies				
- Other emoluments	88	156	—	—
- EPF contributions	11	18	—	—
	139	214	40	40
Non-executive directors:				
Company				
- Fees	140	140	140	140
	279	354	180	180

6. FINANCE COSTS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Bank overdrafts	324	371	166	—
Long-term loan	210	263	15	154
Hire-purchase	23	30	—	—
Bankers acceptances	12	103	—	—
	569	767	181	154

7. PROFIT/(LOSS) BEFORE TAX

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
After charging:				
Provision for warranty and free services	435	146	—	—
Audit fee	75	68	25	22
Impairment loss recognised on trade receivables	11	87	—	—
Inventories written off	—	641	—	—
Other investments written off	—	175	—	175
Impairment loss on investment in subsidiary company	—	—	—	292

Notes To The Financial Statements (cont'd)

7. PROFIT/(LOSS) BEFORE TAX (cont'd)

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
and crediting:				
Gain on disposal of investment properties	150	245	150	245
Realised gain on foreign exchange	52	234	—	—
Provision for doubtful debts no longer required	8	52	—	52
Interest income from fixed deposits	6	29	—	—
Employee information:				
Staff costs	2,101	2,167	818	560
EPF contributions	254	267	115	73

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

8. TAX EXPENSE

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Estimated current tax expense:				
- Current year	301	232	97	50
- Underprovision in prior years	35	22	34	23
	336	254	131	73
Deferred tax expense (Note 14)				
- Current year	(39)	93	—	—
- Overprovision in prior years	(10)	(46)	—	—
	287	301	131	73

A reconciliation of tax expense applicable to profit/(loss) 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:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	921	379	301	(129)
Tax at the statutory tax rate of 25%	229	95	75	(32)
Expenses not deductible for tax purposes	89	285	22	160
Income not taxable for tax purposes	—	(79)	—	(78)
Utilisation of deferred tax assets previously not recognised	(56)	(18)	—	—
Deferred tax asset not recognised	—	42	—	—
Underprovision in current tax expense in prior years	35	22	34	23
Overprovision of deferred tax in prior years	(10)	(46)	—	—
Tax expense for the year	287	301	131	73

Notes To The Financial Statements (cont'd)

8. TAX EXPENSE (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Budget 2014 announced on 25 October 2013 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the expected rates.

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, 2013, the estimated amount of temporary differences, unused tax losses and unabsorbed capital allowances for which the net deferred tax asset has not been recognised in the financial statements due to uncertainty of realisation, are as follows:

	The Group	
	2013	2012
	RM'000	RM'000
Temporary differences in respect of property, plant and equipment	(717)	(727)
Unused tax losses	10,266	10,470
Unabsorbed capital allowances	7	38
	9,556	9,781

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, 2013, the Group and the Company have tax exempt income amounting to approximately RM4,002,000 (RM4,658,000 in 2012) and RM3,136,000 (RM3,136,000 in 2012) 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, 2013, the Group and the Company have tax exempt income amounting to approximately RM4,220,000 (RM4,222,000 in 2012) and RM4,000,000 (RM4,000,000 in 2012) respectively under the Promotion of Investment Act, 1986 which would enable the Company and the subsidiary company to distribute tax exempt dividends up to the same amount.

9. BASIC EARNINGS PER ORDINARY SHARE

	The Group	
	2013	2012
	RM'000	RM'000
Profit for the year attributable to ordinary shareholders of the Company	593	20
Weighted average number of ordinary shares in issue ('000)	421,600	403,267
Basic earnings per ordinary share (sen)	0.140	0.005

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company of RM592,000 (RM20,000 in 2012) by the weighted average number of ordinary shares in issue during the year of 421,600,000 (403,267,000 in 2012).

Notes To The Financial Statements (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Freehold building RM'000	Computers, furniture and fittings, office equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
Cost					
As of 1.1.2012	1,820	7,356	3,579	1,142	13,897
Additions	–	37	236	–	273
Disposal	–	–	(3,086)	(78)	(3,164)
As of 31.12.2012/1.1.2013	1,820	7,393	729	1,064	11,006
Additions	–	–	18	3	21
Disposal	–	–	–	(4)	(4)
As of 31.12.2013	1,820	7,393	747	1,064	11,023
Accumulated Depreciation					
As of 1.1.2012	–	2,283	3,434	470	6,187
Charge for the year	–	148	104	209	461
Disposal	–	–	(3,086)	(78)	(3,164)
As of 31.12.2012/1.1.2013	–	2,431	452	601	3,484
Charge for the year	–	148	90	173	411
Disposal	–	–	–	(4)	(4)
As of 31.12.2013	–	2,579	542	770	3,891
Net Book Value					
As of 31.12.2013	1,820	4,814	205	294	7,132
As of 31.12.2012	1,820	4,962	277	463	7,522

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 24.

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	
	2013 RM'000	2012 RM'000
At cost:		
Computers, furniture and fittings, and air-conditioners	273	94
Motor vehicles	291	71
	564	165

Notes To The Financial Statements (cont'd)

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

The Company

	Furniture, fittings and computer equipment RM'000
Costs	
As of January 1, 2012	17
Additions	2
As of December 31, 2012/January 1, 2013	19
Additions	–
As of December 31, 2013	19
Accumulated Depreciation	
As of January 1, 2012	6
Charge for the year	5
As of December 31, 2012/January 1, 2013	11
Charge for the year	5
As of December 31, 2013	16
Net Book Value	
As of December 31, 2013	3
As of December 31, 2012	8

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

	The Group 2013 RM'000	2012 RM'000
Net book value:		
Motor vehicles	213	463

11. INVESTMENT PROPERTIES

	The Group and The Company 2013 RM'000	2012 RM'000
At beginning of the year	37,720	37,720
Reclassified as assets held for sale (Note 19)	(1,770)	–
Addition during the year	6,000	–
At end of the year	41,950	37,720
Fair value	41,950	37,720

Notes To The Financial Statements (cont'd)

11. INVESTMENT PROPERTIES (cont'd)

The fair values of the investment properties were determined by the directors by reference to evidence of transaction prices of similar properties. As of December 31, 2013, the directors of the Group also assessed the current market prices of properties of similar conditions and locations and the directors are of the view that the carrying amounts of the investment properties of the Group approximate their current fair values.

Certain investment properties of the Company are charged as securities for banking facilities as mentioned in Note 24.

The rental income and direct operating expenses related to investment properties are disclosed in Note 5.

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	9,277	9,277
Less: Accumulated impairment loss	(1,792)	(1,792)
At end of the year	7,485	7,485

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

Companies	Effective Percentage of Ownership		Principal Activities
	2013	2012	
	%	%	
CME Industries Sdn Bhd	100	100	Servicing of fire fighting and specialist vehicles and sale of related spare parts
CME Edaran Sdn Bhd	100	100	Sale and servicing of fire fighting equipment and specialist vehicles and sale of related spare parts
CME Technologies Sdn Bhd	100	100	Manufacturing and sale of fire fighting equipment and fire engines
CME Properties Sdn Bhd	100	100	Dormant
CME Pyroshield Sdn Bhd	76	76	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.

Notes To The Financial Statements (cont'd)

13. OTHER FINANCIAL ASSETS

Available for sale investment carried at fair value

	The Group and The Company	
	2013 RM'000	2012 RM'000
At fair value		
At the beginning of the year	891	904
Fair value loss recognised directly in reserve	(399)	(13)
At end of the year	492	891

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

14. DEFERRED TAX ASSET

	The Group	
	2013 RM'000	2012 RM'000
At beginning of year	11	58
Transfer from/(to) profit or loss (Note 8)	49	(47)
At end of year	60	11

The deferred tax asset arose from the tax effect of the following:

	Deferred Tax Asset The Group	
	2013 RM'000	2012 RM'000
Temporary difference in respect of:		
Property, plant and equipment	(3)	(39)
Other payables, accrued expenses and provisions	63	50
At end of year	60	11

15. INVENTORIES

	The Group	
	2013 RM'000	2012 RM'000
At cost:		
Trading merchandise	1,050	1,566

Notes To The Financial Statements (cont'd)

16. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2013	2012
	RM'000	RM'000
Contract costs incurred plus recognised profits	8,980	22,991
Less: Progress billings	(7,938)	(21,409)
Net amount due from contract customers	1,042	1,582

Included in contract costs incurred is an amount of RM1,165,000 related to the Joint Arrangement Contract entered by the Group with Semambu Engineering Sdn. Bhd. (SESB) on June 5, 2012 for the production and marketing of vehicles.

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade receivables	12,001	2,336	7,632	767
Less: Allowance for doubtful debts	(705)	(702)	(401)	(401)
Net	11,296	1,634	7,231	366

Trade receivables comprise amounts receivable from the sale of goods and income from renting property. 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 (2012: 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 companies.

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	562	794	1,404	151
Past due but not impaired	10,734	840	5,827	215
Past due and impaired	705	702	401	401
	12,001	2,336	7,632	767

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.

Notes To The Financial Statements (cont'd)

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM10,734,000 (2012: RM840,000) and RM5,827,000 (2012: RM215,000) 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 set-off against any amounts owed by the Group and the Company to the counterparty.

Receivables that are impaired

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At beginning of year	702	667	401	453
Charge for the year	11	87	—	—
Provision no longer required	(8)	(52)	—	(52)
At end of year	705	702	401	401

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	11,778	2,301	7,632	767
United States Dollar	223	35	—	—
	12,001	2,336	7,632	767

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other receivables	155	207	—	—
Prepaid expenses	36	—	—	—
Refundable deposits	3,511	371	3,395	95
	3,702	578	3,395	95

Notes To The Financial Statements (cont'd)

18. FIXED DEPOSITS WITH LICENSED BANKS

	The Group	
	2013	2012
	RM'000	RM'000
Fixed deposits with licensed banks	–	215

Fixed deposits with licensed banks of the Group had been pledged to a local bank by a subsidiary company in the previous year for a short term project loan and bank guarantee facilities granted to a said subsidiary company as mentioned in Note 24.

The average effective interest rate was as follows:

	The Group	
	2013	2012
	% p.a	% p.a
Fixed deposits with licensed banks	–	3.2

Fixed deposits of the Group had a maturity period of 365 days in the previous year.

19. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At beginning of year	1,510	3,870	1,510	3,870
Transfer from investment properties (Note 11)	1,770	–	1,770	–
Disposals	(1,180)	(2,360)	(1,180)	(2,360)
	2,100	1,510	2,100	1,510

The Company entered into sale and purchase agreements to dispose of certain investment properties amounting to RM1,770,000 (2012: RMNil) which have been reclassified as assets classified as held for sale under current assets. As of 31 December 2013, the sale and purchase agreements to dispose of certain investment properties amounting to RM2,100,000 (2012: RM1,510,000) are still pending fulfillment of the conditions precedent stipulated therein.

20. SHARE CAPITAL

Share capital is represented by:

	The Group and The Company	
	2013	2012
	RM'000	RM'000
Authorised:		
500,000,000 ordinary shares of RM0.10 each	50,000	50,000
Issued and fully paid-up:		
401,100,000 ordinary shares of RM0.10 each:		
As of beginning of year	40,510	40,110
Issue of 36,000,000 (2012: 4,000,000) ordinary shares of RM0.10 each	3,600	400
As of end of year	44,110	40,510

Notes To The Financial Statements (cont'd)

20. SHARE CAPITAL (cont'd)

During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM40,510,000 comprising 405,100,000 ordinary shares of RM0.10 each to RM44,110,000 comprising 441,100,000 ordinary shares of RM0.10 each by the issuance of 36,000,000 new ordinary shares of RM0.10 each in the Company at par for cash for working capital purposes.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

21. HIRE-PURCHASE PAYABLES

	The Group	
	2013 RM'000	2012 RM'000
Total outstanding	463	584
Less: Interest-in-suspense	(65)	(76)
Total principal outstanding	398	508
Less: Portion due within one year included under current liabilities	(78)	(108)
Non-current portion	320	400

The interest rates implicit in these hire-purchase obligations range from 4.84% to 6.28% (2012: 4.84% to 6.96%) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

	The Group	
	2013 RM'000	2012 RM'000
Financial years ending:		
2014	—	80
2015	63	63
2016	66	66
2017 and thereafter	191	191
	320	400

22. LONG-TERM LOAN

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total principal outstanding	3,666	1,353	226	368
Less: Portion due within one year included under bank borrowings (Note 24)	(564)	(343)	(151)	(139)
Non-current portion	3,102	1,010	75	229

Notes To The Financial Statements (cont'd)

22. LONG-TERM LOAN (cont'd)

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Financial years ending:				
2014	447	371	–	151
2015	559	639	75	78
2016 and thereafter	2,096	–	–	–
	3,102	1,010	75	229

The details of the long-term loan are disclosed in Note 24.

23. 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 2012).

The currency exposure profile of trade payables is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,708	524	6,593	–
US Dollar	17	5	–	–
Sterling Pound	4	16	–	–
SGD	1	–	–	–
Euro	5	–	–	–
	7,735	545	6,593	–

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Other payables	1,129	1,431	884	963
Provisions (c)	256	95	–	–
Accrued expenses	860	1,042	371	427
Rental deposits	4,232	976	4,299	976
	6,477	3,544	5,554	2,366

Included in other payables of the Group and the Company is an amount outstanding for the purchase of investment properties amounting to RM854,998 (2012: RM899,848).

Notes To The Financial Statements (cont'd)

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

(c) Provisions:

	The Group			
	Warranty RM'000	Free Service RM'000	Others RM'000	Total RM'000
Balance as of January 1, 2012	168	101	2	271
Additional provisions	81	65	–	146
Utilised during the year	(160)	(162)	–	(322)
Balance as of December 31, 2012				
/January 1, 2013	89	4	2	95
Additional provisions	282	153	–	435
Utilised during the year	(215)	(57)	(2)	(274)
Balance as of December 31, 2013	156	100	–	256

24. BANK BORROWINGS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Long-term loan - current portion (Note 22)	564	343	151	139
Bank overdrafts (Note 25)	4,307	4,506	–	–
Trust receipts/Bankers' acceptances	1,954	2,263	–	–
Short term project loan	–	353	–	–
	6,825	7,465	151	139

The long-term loan of the Company has an effective interest rate of 7.75% per annum (2012: 7.75%) and is repayable in 120 equal monthly installments of RM13,769 each commencing on December 2004. The long-term loan is secured by a first legal charge over three units of 3-storey shop office of the Company included under investment properties as mentioned in Note 11.

Subsidiary Companies

The subsidiary companies have credit facilities consisting of long-term loan, bank overdraft, trade financing, trust receipts and bank guarantee facilities totalling RM14.57 million (2012: RM12 million) from four local banks. These facilities are secured by the following:

- (a) a corporate guarantee by the Company;
- (b) a negative pledge on assets of the subsidiary companies; and
- (c) a 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% (2012: 8%) per annum.

Notes To The Financial Statements (cont'd)

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	–	215	–	–
Cash and bank balances	347	486	26	67
Bank overdrafts (Note 24)	(4,307)	(4,506)	–	–
	(3,960)	(3,805)	26	67
Less: Fixed deposits pledged (Note 18)	–	(215)	–	–
	(3,960)	(4,020)	26	67

26. FINANCIAL INSTRUMENTS

Capital Risk Management Policies and Procedures

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

The Group and the Company manage the capital structure and make adjustments to it in light of changes in economic conditions. The capital structure of the Group and the Company comprises issued capital and retained earnings. The Group and the Company are not subject to any externally imposed capital requirements.

Financial Risk Management Objectives and Policies

The operations of the Group and 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 Group and the Company's principal objective is to minimise the exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and 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% (2012: 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.

Notes To The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

(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.

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				
	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
					Total RM'000
2013					
Financial assets					
Non-interest bearing:					
Cash and bank balances		347	–	–	–
Trade and other receivables		11,487	–	–	–
Amount due from contract customers		1,042	–	–	–
Assets classified as held for sale		–	–	2,100	–
Total Financial Assets		12,876	–	2,100	–
					14,976

Notes To The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

	←	The Group				→
	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	Total RM'000
2013						
Financial liabilities						
Non-interest bearing:						
Trade and other payables		9,724	–	–	4,232	13,956
Interest bearing:						
Long-term loan and bank borrowings		70	141	634	4,157	5,003
Hire purchase	4.84	8	16	71	369	463
		78	157	705	4,526	5,466
Total Financial Liabilities		9,802	157	705	8,758	19,422
2012						
Financial assets						
Non-interest bearing:						
Cash and bank balances		486	–	–	–	486
Trade and other receivables		1,841	–	–	–	1,841
Amount due from contract customers		1,582	–	–	–	1,582
Assets classified as held for sale		–	–	1,510	–	1,510
		3,909	–	1,510	–	5,419
Interest bearing:						
Fixed deposits with licensed banks	3.2	–	–	–	215	215
Total Financial Assets		3,909	–	1,510	215	5,634
Financial liabilities						
Non-interest bearing:						
Trade and other payables		3,018	–	–	976	3,994
Interest bearing:						
Long-term loan and bank borrowings	7.95	37	73	7,450	1,128	8,688
Hire purchase	4.84	13	27	88	456	584
		50	100	7,538	1,584	9,272
Total Financial Liabilities		3,068	100	7,538	2,560	13,266

Notes To The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

	←	The Company				→
	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	Total RM'000
2013						
Financial assets						
Non-interest bearing:						
Cash and bank balances		26	–	–	–	26
Trade and other receivables		7,231	–	–	–	7,231
Amount owing by subsidiary companies		21,986	–	–	–	21,986
Assets classified as held for sale		–	–	2,100	–	2,100
Total Financial Assets		29,243	–	2,100	–	31,343
Financial liabilities						
Non-interest bearing:						
Trade and other payables		7,848	–	–	4,299	12,147
Amount owing to subsidiary companies		29,465	–	–	–	29,465
		37,313	–	–	4,299	41,612
Interest bearing:						
Long-term loan and bank borrowings	7.80	14	27	123	244	408
Total Financial Liabilities		37,327	27	123	4,543	42,020
2012						
Financial assets						
Non-interest bearing:						
Cash and bank balances		67	–	–	–	67
Trade and other receivables		366	–	–	–	366
Amount owing by subsidiary companies		25,184	–	–	–	25,184
Assets classified as held for sale		–	–	1,510	–	1,510
Total Financial Assets		25,617	–	1,510	–	27,127
Financial liabilities						
Non-interest bearing:						
Trade and other payables		963	–	–	976	1,939
Amount owing to subsidiary companies		31,201	–	–	–	31,201
		32,164	–	–	976	33,140
Interest bearing:						
Long-term loan and bank borrowings	7.80%	14	27	123	80	244
Total Financial Liabilities		32,178	27	123	1,056	33,384

Notes To The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

(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 RM10.3 million (2012: RM8.7 million) representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period.

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

(v) Foreign currency risk

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

Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the currency of United States (USD).

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

	Impact of United States (USD)	
	2013 RM'000	2012 RM'000
Profit or loss	20	2

In 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Available for sale				
Other financial assets	492	891	492	891
	492	891	492	891

Notes To The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

(vi) Categories of financial instruments (cont'd)

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Loan and receivables:				
Trade receivables	11,296	1,634	7,231	366
Other receivables and deposits	3,666	578	3,395	95
Amount owing by subsidiary company	—	—	21,986	25,184
Fixed deposits with licensed banks	—	215	—	—
Cash and bank balances	347	486	26	67
	15,309	2,913	32,638	25,712
	15,801	3,804	33,130	26,603
Financial liabilities at amortised costs				
Hire-purchase payables - non current	320	400	—	—
Long-term loan - non current portion	3,102	1,010	75	229
Trade payables	7,735	545	6,593	—
Other payables, accrued expenses and provision	6,221	3,449	5,554	2,366
Amount owing to subsidiary companies	—	—	29,465	31,201
Hire-purchase payables - current portion	78	108	—	—
Bank borrowings	6,825	7,465	151	139
	24,281	12,977	41,838	33,935

(vii) Fair Values of Financial Assets and Financial Liabilities

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amounts of the various financial assets and financial liabilities shown in the statements of financial position approximate their fair values.

The fair values of the financial assets and financial liabilities reported in the statements of financial position approximate the carrying amounts 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
The Group				
Financial Liabilities				
Hire-purchase payables (Note 21)	398	508	404	517
Long-term loan (Note 22)	3,666	1,353	3,672	1,360

Notes To The Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

(vii) Fair Values of Financial Assets and Financial Liabilities (cont'd)

The Company	Carrying Amount		Fair Value	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial Liability				
Long-term loan (Note 22)	226	368	218	370

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.

Other Investment

The market value of other investments as at the end of the reporting period represents their fair value.

Investment Properties

The Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Fair value as at 31.12.2013	–	–	41,950
Fair value as at 31.12.2012	–	–	41,950

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.

Fair value measurements recognised in the statements of financial position

The Group and the Company adopt the following hierarchy for determining and disclosing fair values of financial instruments:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between hierarchies in both years. The fair value of marketable securities has been determined by reference to quoted prices in an active market for identical assets at the close of the reporting date (level 1). The Group and the Company have no financial assets with fair value determined at levels 2 & 3.

Notes To The Financial Statements (cont'd)

27. RELATED PARTY TRANSACTIONS

Included under the following accounts are significant outstanding balances arising from non-trade transactions with related parties.

	The Group	
	2013 RM'000	2012 RM'000
Other receivables (Note 17)		
Advances to Non-controlling interest	41	–
Other payables (Note 23)		
Advances from Non-controlling interest	–	260
Advances from a director of Non-controlling interest	49	92

28. 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.

2013	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	13,034	14,478	2,528	–	–	30,040
Inter-segment sales	–	4,906	1,916	–	(6,822)	–
Total revenue	13,034	19,384	4,444	–	(6,822)	30,040
Results						
Segment result	482	762	226	20	–	1,490
Finance costs	(181)	(368)	(20)	–	–	(569)
Investment revenue	–	–	–	–	–	–
Profit before tax	301	394	206	20	–	921
Tax expenses	(131)	(141)	(16)	–	–	(287)
Profit for the year	170	253	190	20	–	634
Other information						
Capital additions	–	9	7	5	–	21
Depreciation of property, plant and equipment	4	135	271	1	–	411

Notes To The Financial Statements (cont'd)

28. SEGMENTAL REPORTING (cont'd)

2013	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	84,176	48,401	14,295	4,169	(82,046)	68,995
Other investments	492	–	–	–	–	492
Consolidated total assets	84,668	48,401	14,295	4,169	(82,046)	69,487
Liabilities						
Segment liabilities	41,953	28,949	24,344	4,061	(74,561)	24,746
2012						
Revenue						
External sales	2,005	17,670	3,196	–	–	22,871
Inter-segment sales	–	7,327	1,817	–	(9,144)	–
Total revenue	2,005	24,997	5,013	–	(9,144)	22,871
Results						
Segment result	25	574	251	5	291	1,146
Finance costs	(154)	(583)	(30)	–	–	(767)
Investment revenue	–	–	–	–	–	–
Profit before tax	(129)	(9)	221	5	291	379
Tax expenses	(73)	(140)	(88)	–	–	(301)
Profit for the year	(202)	(149)	133	5	291	78
Other information						
Capital additions	–	223	50	–	–	273
Depreciation of property, plant and equipment	–	176	274	11	–	461
Consolidated Balance Sheet						
Assets						
Segment assets	72,435	48,348	15,637	4,906	(88,102)	53,224
Other investments	891	–	–	–	–	891
Consolidated total assets	73,326	48,348	15,637	4,906	(88,102)	54,115
Liabilities						
Segment liabilities	33,982	29,150	25,876	4,818	(80,617)	13,209

Notes To The Financial Statements (cont'd)

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 retained earnings/(accumulated losses) of the Group and of the Company as of December 31, 2013 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- Realised	1,747	389	(229)	(215)
- Unrealised	(257)	–	–	–
	1,490	389	(229)	(215)
Less: Consolidation Adjustments	(1,060)	(552)	–	–
Total Group unappropriated profit/(accumulated losses) as of December 31, 2013	430	(163)	(229)	(215)

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 results from the consumption of resources 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 resources, such credit or charge should not be deemed as realised until the consumption of resources could be demonstrated.

This supplementary information has 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of December 31, 2013 and of the financial performance and the cash flows 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,

**Y.M. TUNKU NIZAMUDDIN BIN
TUNKU DATO' SERI SHAHABUDDIN**

LIM BEE HONG

Petaling Jaya,
April 25, 2014

Declaration By The Director

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LIM BEE HONG**, the director 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.

LIM BEE HONG

Subscribed and solemnly declared by the abovenamed **LIM BEE HONG** at **KUALA LUMPUR** this 25th day of April, 2014.

Before me,

SHAFIE B. DAUD

No: W 350
Commissioner for Oaths
Malaysia

List Of Properties

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
Owned by: CME GROUP BERHAD					
47 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) 22812 No. PT 23090 H.S. (M) 22815 No. PT 23093	20,128 sq.m	14 January 2003	Leasehold 99 years expiring 25 April 2090	3 Storey	29.130 million
14 units of 3 storey Shoplot office :- H.S. (M) 22778 No. PT 23056 H.S. (M) 22789 No. PT 23067 to H.S. (M) 22790 No. PT 23068 H.S. (M) 22792 No. PT 23070 to H.S. (M) 22794 No. PT 23072 H.S. (M) 22796 No. PT 23074 to H.S. (M) 22803 No. PT 23081	1,660 sq.m	18 March 2008	Leasehold 99 years expiring 25 April 2090	3 Storey	8.920 million
Leasehold land :- PM1779, Lot 35895 All in Mukim of Kuala Kuantan Tempat Bandar Indera Mahkota State of Pahang	5.936 sq.m	17 June 2013	Leasehold 99 years expiring 25 April 2090	Vacant	6.000 million
Owned by: CME INDUSTRIES SDN BHD					
12161, Mukim of Damansara District of Petaling State of Selangor Darul Ehsan	7,307.20 sq.m	14 January 1991	Freehold 21 years	3 Storey Office cum Factory Building	7.041 million

Analysis Of Shareholdings

AS AT 30 APRIL 2014

Authorised Shares Capital : RM500,000,000
 Issued and Fully Paid Up : RM441,100,000
 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	208	10.03	16,269	0.00
100 – 1,000	291	14.03	237,479	0.05
1,001 – 10,000	243	11.72	1,226,201	0.28
10,001 – 100,000	1,004	48.41	42,677,761	9.68
100,001 to less than 5% of issued shares	326	15.72	276,368,650	62.65
5% and above of issued shares	2	0.09	120,573,640	27.34
Grand Total	2,074	100.00	441,100,000	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	18.27
2.	Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	–	–	–	–
3.	Miss Lim Bee Hong	100,540	0.02	–	–
4.	Y.Bhg. Dato' Khairi Bin Mohamad	–	–	–	–
5.	En. Azlan Omry Bin Omar	–	–	–	–
6.	Miss Ong Suan Pin	12,470,180	2.83	–	–

SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	No. of Shares	%
1.	Ikram Mulia Holdings Sdn Bhd	80,573,640	18.27
2.	Jewel View Sdn Bhd	40,000,000	9.07

Analysis Of Shareholdings (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

	Names of Shareholders	No. of Shares	Holdings %
1	IKRAM MULIA HOLDINGS SDN. BHD.	80,573,640	18.27
2	JEWEL VIEW SDN BHD	40,000,000	9.07
3	REZA BIN SHARIFFUDIN	19,185,200	4.35
4	YEOH SEOK KAH	16,250,000	3.68
5	LIM CHENG SENG	13,485,200	3.06
6	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SIAH SIAN @ LEE HAY HIAN (SMT)</i>	13,290,400	3.01
7	TAN EE SENG	13,047,200	2.96
8	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ASPIRE ASSETS SDN BHD</i>	13,000,000	2.95
9	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>ONG SUAN PIN</i>	12,400,000	2.81
10	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KUO YAW (LI3132)</i>	7,000,000	1.59
11	FEW PAK YIN @ HEW PAK YIN	5,050,000	1.14
12	CHIEW CHEIK YEE	4,335,460	0.98
13	KHAIRUDDIN BIN ABDULLAH	4,272,700	0.97
14	TEH OOI HEONG	4,200,000	0.95
15	NG SEOW PANG	4,034,530	0.91
16	LEE CHEE MING	4,000,000	0.91
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW AH SUAN (E-KLC)</i>	3,818,180	0.87

Analysis Of Shareholdings (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

	Names of Shareholders	No. of Shares	Holdings %
18	TYE SOK CIN	3,262,700	0.74
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JAMALUDIN BIN MUHAMAD YUSOF</i>	3,000,000	0.68
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>RAVINDRAN A/L SINNAYYA</i>	3,000,000	0.68
21	LIM CHENG SENG	2,772,800	0.63
22	LEE SIAH SIAN @ LEE HAY HIAN	2,712,160	0.61
23	TEH HANN TSONG	2,400,000	0.54
24	SUA TIEN FONG	2,200,000	0.50
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM BENG LOCK (E-IMO)</i>	2,000,000	0.45
26	RHB NOMINEES (TEMPATAN) SDN BHD <i>AMARA INVESTMENT MANAGEMENT SDN BHD FOR LIM SOO KA</i>	1,950,000	0.44
27	CHEW LENG SOON	1,830,000	0.41
28	YEOH SIEW KOK.	1,600,000	0.36
29	MOHAMAD SELAMAT BIN BAKIN	1,598,000	0.36
30	TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG LOCK CHU</i>	1,550,000	0.35
Total		287,818,170	65.25

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 Delima Room, Lobby Floor, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Monday, 30 June 2014 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 re-elect Miss Ong Suan Pin as Director		
2.	To re-appoint Y. Bhg. Dato' Khairi Bin Mohamad as Director		
3.	To approve the payment of Directors' fees		
4.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company		
5.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
6.	Retention of Y. Bhg. Dato' Khairi Bin Mohamad as Independent Director		

(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 _____ 2014

.....
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, Taman Perindustrian Teknologi Tinggi Subang, 47500 Subang Jaya, 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 Eighteenth (18th) AGM, 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 2014. 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.

Fold This Flap For Sealing (Staple or Glue)

Please Fold Along This Line



To: The Company Secretary
CME Group Berhad (52235-K)
Lot 19, Jalan Delima 1/1
Taman Perindustrian Teknologi Tinggi Subang
47500 Subang Jaya
Selangor Darul Ehsan

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 disclose of information;

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

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

☐ Directors of PLCs;

☐ Management of PLCs;

☐ Share Registrars of PLCs; and

☐ Others (to specify)

If others, please specify:

MY COMPLAINT IS AS FOLLOWS

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

Signature: _____

Date: _____

For Bursa Malaysia's use :

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

Status after 14 days :

☐ Resolved

☐ Pending

For Bursa Malaysia's use :

Details :

Bursa Malaysia Berhad



**complaint against
public listed company**

Contact details :

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



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

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Batu 3, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 03-5633 1188 Fax: 03-5634 3838

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