

# **CME** CME GROUP BERHAD

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



## **Performance and Technology**

»» annual report 2012



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## Performance and Technology

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT the Seventeenth (17<sup>th</sup>) Annual General Meeting (“AGM”) of the Company will be held at the Puteri Room, Level M, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Friday, 28 June 2013 at 11.00 a.m. to transact the following Businesses:**

- 1 To receive and adopt the Financial Statements for the year ended 31 December 2012 together with the Reports of Directors and Auditors thereon. **Resolution 1**
  
- 2 To re-elect the following Director who retires in pursuant to Article 83 of the Company’s Articles of Association :-  
  
**En. Azlan Omry Bin Omar** (Independent Non-Executive Director) **Resolution 2**  
  
**Miss Lim Bee Hong** (Executive Director) **Resolution 3**
  
- 3 To re-appoint the following Director pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting :-  
  
**Y. Bhg. Dato’ Khairi Bin Mohamad** (Independent Non-Executive Director) **Resolution 4**
  
- 4 To approve Directors’ fees **Resolution 5**
  
- 5 To re-appoint Messrs Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration **Resolution 6**

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, 1965**

“THAT pursuant to Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and that such authority shall continue in force until the conclusion of the next AGM of the Company.” **Resolution 7**

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

### 7 ORDINARY RESOLUTION RETENTION OF INDEPENDENT DIRECTOR

“THAT, subject to the passing of Resolution 4, 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 8**

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

By Order of the Board

#### TAN RUEY SHYAN

Company Secretary  
Shah Alam, Selangor Darul Ehsan  
4 June 2013

#### Notes:

1. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form, duly completed must be deposited at the Registered Office of the Company at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.
4. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, this form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorized.
6. For the purpose of determining a member who shall be entitled to attend this Seventeenth (17<sup>th</sup>) 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 2013. 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 7 – Authority to allot and issue shares

The proposed Ordinary Resolution, if passed, will give the Directors of the Company, from the date of the Seventeenth (17<sup>th</sup>) 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 Sixteenth (16<sup>th</sup>) AGM held on 28 June 2012 and which authority will lapse at the conclusion of the Seventeenth (17<sup>th</sup>) AGM. A renewal of this authority is being sought at the Seventeenth (17<sup>th</sup>) AGM under the proposed Resolution 7.

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 investment projects(s), working capital and/ or acquisition.

#### 8. Ordinary Resolution 8 – 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. Directors standing for re-election at the Seventeenth (17<sup>th</sup>) AGM of the Company pursuant to Article 83 of the Articles of Association of the Company are :-

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

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

2. Director standing for re-appointment pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next 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 2012. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	3/4
Y. Bhg. Dato' Khairi Bin Mohamad	4/4
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	4/4
En. Azlan Omry Bin Omar	4/4
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 2012	11.00am	
29 May 2012	10.30am	Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan.
16 August 2012	10.30am	
23 November 2012	10.30am	

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

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

<b>Name</b>	En. Azlan Omry Bin Omar
<b>Age</b>	47
<b>Nationality</b>	Malaysian
<b>Qualification &amp; Working Experience</b>	Refer to Director's Profile (page 12)
<b>Position in Company</b>	Independent Non-Executive Director
<b>Any other directorships of public companies</b>	None
<b>The securities holdings in the Company and its subsidiaries</b>	None
<b>The family relationship with any Director and/or Substantial Shareholder of the Company</b>	Nil
<b>Any conflict of interest that he has with the Company</b>	Nil
<b>List of convictions for offences within the past 10 years other than traffic offences, if any</b>	Nil
<b>Name</b>	Miss Lim Bee Hong
<b>Age</b>	47
<b>Nationality</b>	Malaysian
<b>Qualification &amp; Working Experience</b>	Refer to Director's Profile (page 10)
<b>Position in Company</b>	Executive Director
<b>Any other directorships of public companies</b>	None
<b>The securities holdings in the Company and its subsidiaries</b>	100,540 shares
<b>The family relationship with any Director and/or Substantial Shareholder of the Company</b>	Nil
<b>Any conflict of interest that he has with the Company</b>	Nil
<b>List of convictions for offences within the past 10 years other than traffic offences, if any</b>	Nil



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

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

<b>Name</b>	Y. Bhg. Dato' Khairi Bin Mohamad
<b>Age</b>	73
<b>Nationality</b>	Malaysian
<b>Qualification &amp; Working Experience</b>	Refer to Director's Profile (page 11)
<b>Position in Company</b>	Independent Non-Executive Director
<b>Any other directorships of public companies</b>	None
<b>The securities holdings in the Company and its subsidiaries</b>	Nil
<b>The family relationship with any Director and/or Substantial Shareholder of the Company</b>	Nil
<b>Any conflict of interest that he has with the Company</b>	Nil
<b>List of convictions for offences within the past 10 years other than traffic offences, if any</b>	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 Officers

Dato' Lim Soo Kok  
*Group President*

Mr. Wong Chee Fatt  
*Chief Operating Officer*

### Registered/ Corporate Office

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

### 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

### 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*

### Share Registrar

Symphony Share Registrars  
Sdn Bhd  
Level 6, Symphony House  
Block D13,  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7841 8000  
Fax : 03-7841 8151/52

### Principal Bankers

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

### 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



## 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 42, 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 2012.

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 47, 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 23 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 2012.

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

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

## Directors' Profile (cont'd)

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

*Independent Non-Executive Director  
Member of Nomination Committee*

Dato' Tengku Putra Bin Tengku Azman Shah, aged 62, 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 2012.

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 73, 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 all the Board Meetings of CME held during the financial year ended 31 December 2012.

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 47, Malaysian, was appointed to the Board of the Company on 6 July 2000. He holds a Bachelor of Science degree majoring in Civil Engineering from California State University, California and a Master of Science degree in Manufacturing Systems Engineering from University of Warwick, England. He started his career as a civil and structural engineer in 1990 attached to MR Perunding Consulting Engineers Sdn Bhd before returning to England in 1993 to work for Warwick Manufacturing Group as a Research Associate. After gaining relative experience in composites technology in the UK, he returned to Malaysia and joined Composites Technology Research Malaysia Sdn Bhd ("CTRM") in 1994, being primarily responsible for the project management of the overall development and construction of the CTRM / Eagle Aircraft Malaysia Manufacturing Facility including the procurement and designing of the Manufacturing and IT Systems in the Aircraft Manufacturing Facility.

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

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

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

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company 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 2012.

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

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

### 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 55, 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 32 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 the Board Meetings of CME held during the financial year ended 31 December 2012.

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 also sits on the Board of several other private limited companies.

# Statement By The Board Of Directors

On behalf of the Board of Directors of CME Group Berhad (“CME”), it is my great pleasure to present the Annual Report and Financial Statements of the Group for financial year ended 31 December 2012.

## FINANCIAL REVIEW

For the year ended 31 December 2012, the Group recorded higher revenue of RM22.9 million, a marginal increase of 0.8% compared to RM22.7 million reported in the previous year, driven by the increased in two out of three business segments. Our Specialised Mobility Vehicles (“SMV”) Division (or formerly known as fire fighting industry division) continues to be the main driver of the Group in terms of revenue and earnings, accounting for 77.3% of the Group’s total revenue followed by the Fire Suppression and Prevention division (“FSP”) and Property Investment division, contributing 13.9% and 8.8% respectively.

Despite relatively flat sales levels registered during the period, gross profit margin improved significantly by 4.4 percentage points to a healthy level of 26.8%, aided by the declining input costs especially for our FSP division, coupled with higher profit margin achieved for projects from oil and gas sector within our SMV division.

Although operating expenses increased from RM5.4 million to RM6.8 million, an increase of RM1.5 million or 27.0%, the Group managed to achieve an operating profit before tax of RM379,000, an increase of 18.8% over the previous financial year, mainly attributed to the increase in other income relating to the gain on disposal of investment properties and favourable foreign exchange rate movements.

## BUSINESS OUTLOOK AND FUTURE PROSPECT

After undergoing the challenges of slowing economies globally in the year 2012, 2013 poses a new set of challenges and opportunities for CME group. With the recent election result, the government have been given a fresh new mandate in steering Malaysia in becoming an industrialised nation. With that in mind, we are ready to do our part in making that realisation an industrialised nation by continuously seeking for new opportunities to market our products and capabilities to the local and international arena.

Since rebranding our traditional fire fighting segment to SMV, CME has been actively marketing these new capabilities in the market. CME is now a member of the Malaysia Industry Council for Defence Enforcement and Security (MIDES), signalling CME’s intent in becoming an important player within the specialise vehicle industry. With business activities spanning beyond the fire fighting business, a strong foothold has been established within the defence, enforcement and security industry for business expansion focusing on the specialise mobility vehicle. With full participation in MIDES, within the automotive working group, CME has progressively developed into a viable defence, enforcement and security business entity.

Our core business, the fire fighting vehicles, CME continues to be the market leader in the oil and gas sector. CME is actively promoting its capabilities to our traditional clients and revisiting past clients. Our maintenance and services repairs division have also been given new directives to aggressively market CME as a maintenance hub for fire fighting vehicles produced through our manufacturing facilities. With the concentrated effort, this will ensure a good marketable product and services that will suits the need of our customer with respect to quality and reliability of our products.

With the latest scenario on defence and security crisis crippling the country, strong demand on specialise mobility vehicle with multi-purpose platforms are expected in the near future. CME are all set to provide competitive priced vehicles to the market which will benefit the clients in long term despite recent budget constraints. Marketing strategies are all in placed with priority on offering individualised customer pricing with attractive packages which include training, service and maintenance programmes and integrated logistic system. These strategies are expected to attract potential clients to consider CME as their preferred specialised vehicle manufacturer.

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

### **BUSINESS OUTLOOK AND FUTURE PROSPECT (cont'd)**

CME group is also expecting growth in our Fire Suppression and Prevention division. The performance should improve for FY2013 with the strategies already put in place to meet the challenges forthcoming and our increased presence in the regional markets.

CME is committed in staying at forefront of the Specialised Mobility Vehicle sector, which include our traditional core fire fighting industry business segment and the specialised vehicles segment and the fire suppression and prevention industry. With the team deployed in executing our strategies, we have the platform that will be able to meet the expectations of our customers, partners, stakeholders and shareholders.

### **CORPORATE SOCIAL RESPONSIBLE**

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

The Group also extended assistance to the underprivileged of the lesser significant homes and individuals to provide both financial and moral support. In this way, our organisation as well as individual employees had the opportunity to help those in need.

### **DIVIDEND**

The Board of Directors, having made due consideration, is not recommending any dividend payment for the financial year ended 31 December 2012.

### **APPRECIATION AND ACKNOWLEDGEMENT**

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

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

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

**Y. BHG. DATO' KHAIRI BIN MOHAMAD**

DIRECTOR

4 June 2013



# Statement On Corporate Governance

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

The Malaysian Code on Corporate Governance 2012 (“the Code”) was issued in March 2012. In accordance with Paragraph 15.25 of the Main Market Listing Requirement (“Listing Requirement”), all listed issuers with financial years ending on or after 31 December 2012 must disclose how they have applied the Principles set out in the Code to particular circumstances, having regard to the Recommendations stated under each principle.

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.

## THE BOARD OF DIRECTORS

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.

### 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.

### 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 10 to 12 of this Annual Report.

## Statement On Corporate Governance (cont'd)

### Division of roles and responsibilities between Chairman and 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.

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.

### Board Meetings

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	4/4
Miss Ong Suan Pin	4/4

## Statement On Corporate Governance (cont'd)

### Supply of Information

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

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

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

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

### BOARD COMMITTEES

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

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

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

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

#### 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)

## Statement On Corporate Governance (cont'd)

### II) Nomination Committee (cont'd)

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

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

### Terms of Reference

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

### Meetings and Procedures

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

During the year ended 31 December 2012, 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)

## Statement On Corporate Governance (cont'd)

### Membership

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

### Terms of Reference

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

### Meetings and Procedures

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

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

During the year ended 31 December 2012, one meeting was held, which was attended by all members of the Remuneration Committee.

## Statement On Corporate Governance (cont'd)

### 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.

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

- 1) In house briefing on "Malaysian Code of Corporate Governance 2012"
- 2) Overview of MFRS and Latest Development in MFRS/IFRS
- 3) Boardroom Essential Soft Skills and Board Simulation Training
- 4) Financial Statements Fraud

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

In accordance with the Company's Articles of Association at each 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.

### 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 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.

## Statement On Corporate Governance (cont'd)

### DIRECTORS' REMUNERATION

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

Category	Fees	Other Emoluments	(RM '000) Total
Executive Directors	40	272	312
Non-Executive Directors	140	-	140
Total	180	272	452

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	2	
RM150,001 and above		
<b>FEES</b>		
RM 5,001 – RM20,000	2	1
RM20,001 – RM40,000		3

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

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

### RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

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

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.

## Statement On Corporate Governance (cont'd)

### ACCOUNTABILITY AND AUDIT

#### 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 judgements and estimates to present a true and fair assessment of the Company's position and prospects. The annual audited financial statements and quarterly announcement of results were reviewed by Audit Committee and approved by the Board prior to release to Bursa Malaysia.

The Statement by Directors made pursuant to Section 169(15) of the Act is set out on page 86 of the Annual Report.

#### Internal Control

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

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

#### Relationship with the Auditors

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

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 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 2012 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 2012, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made estimates and judgements that are reasonable and prudent;



## Statement On Corporate Governance (cont'd)

### Statement of Directors ' Responsibility (cont'd)

- 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.

### 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 2012.

This statement was approved by the Board of Directors on 28 February 2013.

### 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 March 2013, CME sponsored students from various schools, university colleges and academy, in the inaugural Save Our Rainforest Race (2013) themed A Walk Through Nature at Chamang Waterfall, organized by Pertubuhan Perlindungan Khazanah Alam (PEKA) and the Pahang Forestry Department, to stop further destruction of Malaysian rainforests and encourage reforestation.

## Statement On Corporate Governance (cont'd)

### ADDITIONAL COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2012.

**1. Utilisation of Proceeds**

The Company has on 15 May 2012, allotted 4,000,000 new ordinary shares of RM0.10 each via a Private Placement. The gross proceeds raised from the Private Placement was RM400,000 and after deducting expenses relating to placement of share of approximately RM90,000, the balance was used for working capital requirements of the Company and its subsidiaries.

**2. Share Buy-Backs**

During the financial year under review, the Company did not enter into any share buyback transactions.

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

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

**4. Depository Receipt Programme**

During the financial period under review, the Company did not sponsor any depository receipt programme.

**5. Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial period ended 31 December 2012.

**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 2012 by the Company's external auditors and a firm or corporation affiliated to them amounted to RM29,500.

**7. Variation in Profit Estimate, Forecast or Projections**

There were no variations of 10% or more between the audited results and the unaudited results previously announced for the year ended 31 December 2012. There were no profit estimate, forecast or projection been announced by the Company during the year.

**8. Profit Guarantee**

No profit guarantee was given by the Company and or its subsidiaries in respect of the financial year.

**9. Material Contracts**

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

**10. Revaluation Policy on Landed Properties**

There were no revaluation policies on landed properties adopted by the Group during the financial period under review.

**11. Recurrent related party transactions of a revenue or trading nature**

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

# Audit Committee Report

## 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 2012. 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	4/4
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 2012. 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 2012 amounted to RM18,000.00.

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

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

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

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

## Audit Committee Report (cont'd)

### VI. INTERNAL AUDIT FUNCTION (cont'd)

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

### 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 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.

- **Quality management system audit**

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

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 26, 2013.



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# 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, 2012.

## PRINCIPAL ACTIVITIES

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

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

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

## RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit/(Loss) before tax	379	(129)
Tax expense	(301)	(73)
<b>Profit/(Loss) for the year</b>	<b>78</b>	<b>(202)</b>
Attributable to:		
Equity holders of the Company	20	(202)
Non-controlling interest	58	-
	<b>78</b>	<b>(202)</b>

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

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## 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 RM40,110,000 comprising 401,100,000 ordinary shares of RM0.10 each to RM40,510,000 comprising 405,100,000 ordinary shares of RM0.10 each by the issuance of 4,000,000 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.

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 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.

At the date of this report, the directors are not aware of any circumstances:

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

## Directors' Report (cont'd)

### OTHER FINANCIAL INFORMATION (cont'd)

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:

Y.M. Dato' Tengku Putra bin Tengku Azman Shah  
 Y. Bhg. 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, Encik Azlan Omry bin Omar and Ms. Lim Bee Hong retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

### DIRECTORS' INTERESTS

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

DIRECT INTEREST	Number of ordinary shares of RM0.10 each			Balance as of 31.12.2012
	Balance as of 1.1.2012	Bought	Sold	
<b>Shares in Company</b>				
<b>Registered in the name of director</b>				
Lim Bee Hong	540	100,000	-	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 31.12.2012
		Balance as of 1.1.2012	Bought	Sold	
<b>Shares in the Company</b>					
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 26, 2013

# 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, 2012 of the Group and of the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 85.

#### *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 of the Group and of the Company as of 31 December 2012 and its 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 RM3,828,000 and RM6,531,000 respectively as of December 31, 2012. The financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from shareholders, financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are of the opinion that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due in the foreseeable future. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate.

## Independent Auditors' Report (cont'd)

### Report on Other Legal and Regulatory Requirements

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

- a) in our opinion, the accounting and other records and the registers 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 28 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

As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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 - 1717/08/13 (J)  
Chartered Accountant

April 26, 2013

# Statements Of Comprehensive Income

## FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	The Group		The Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	5	22,871	22,699	2,005	1,985
Cost of sales		(16,752)	(17,625)	(700)	(909)
Gross profit		6,119	5,074	1,305	1,076
Other gains		1,094	625	298	10
Administrative expenses		(4,194)	(3,012)	(1,088)	(984)
Other expenses		(1,873)	(1,785)	(490)	(10)
Finance costs	6	(767)	(583)	(154)	(49)
Profit/(Loss) before tax	7	379	319	(129)	43
Tax expense	8	(301)	(21)	(73)	(35)
Profit/(Loss) for the year		78	298	(202)	8
Other comprehensive income	13	(13)	419	(13)	419
<b>Total comprehensive income/(loss) for the year</b>		<b>65</b>	<b>717</b>	<b>(215)</b>	<b>427</b>
Profit for the year attributable to:					
Equity holders of the Company		20	314		
Non-controlling interest		58	(16)		
		78	298		
Total comprehensive income attributable to:					
Equity holders of the Company		7	733		
Non-controlling interest		58	(16)		
		65	717		
Basic earnings per ordinary share (sen)	9	0.005	0.078		

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



# Statements Of Financial Position

## AS OF DECEMBER 31, 2012

	Note	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10	7,522	7,710	7,563
Investment properties	11	37,720	37,720	42,130
Other financial assets	13	891	1,079	175
Deferred tax assets	14	11	58	36
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,144</b>	46,567	49,904
<b>CURRENT ASSETS</b>				
Inventories	15	1,566	1,260	1,200
Amount due from contract customers	16	1,582	688	8,219
Trade receivables	17	1,634	3,736	2,465
Other receivables, deposits and prepaid expenses	17	578	1,537	1,205
Fixed deposits with licensed banks	18	215	1,159	3,774
Tax recoverable		400	298	196
Cash and bank balances		486	559	377
		6,461	9,237	17,436
Assets classified as held for sale	11	1,510	3,870	-
<b>TOTAL CURRENT ASSETS</b>		<b>7,971</b>	13,107	17,436
<b>TOTAL ASSETS</b>		<b>54,115</b>	59,674	67,340

(Forward)

## Statements Of Financial Position (cont'd)

	Note	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES</b>				
Issued capital	19	40,510	40,110	40,110
Reserves		243	236	(460)
<b>Equity attributable to equity holders of the Company</b>				
Non - controlling interests		153	95	-
<b>TOTAL EQUITY</b>		<b>40,906</b>	<b>40,441</b>	<b>39,650</b>
<b>NON-CURRENT LIABILITIES</b>				
Hire-purchase payables - non-current portion	20	400	517	165
Long-term loan - non-current portion	21	1,010	1,133	1,911
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,410</b>	<b>1,650</b>	<b>2,076</b>
<b>CURRENT LIABILITIES</b>				
Amount due to contract customers	16	-	707	412
Trade payables	22	545	1,110	2,725
Other payables, accrued expenses and provisions	22	3,544	7,707	6,861
Hire-purchase payables - current portion	20	108	141	97
Bank borrowings	23	7,465	7,918	15,331
Tax liabilities		137	-	188
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,799</b>	<b>17,583</b>	<b>25,614</b>
<b>TOTAL LIABILITIES</b>		<b>13,209</b>	<b>19,233</b>	<b>27,690</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>54,115</b>	<b>59,674</b>	<b>67,340</b>

(Forward)

## Statements Of Financial Position (cont'd)

	Note	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10	8	11	13
Investment properties	11	37,720	37,720	42,130
Investment in subsidiary companies	12	7,485	7,777	7,657
Other financial assets	13	891	1,079	175
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,104</b>	46,587	49,975
<b>CURRENT ASSETS</b>				
Trade receivables	17	366	299	369
Other receivables, deposits and prepaid expenses	17	95	220	208
Amount owing by subsidiary companies	12	25,184	24,905	24,732
Cash and bank balances		67	50	28
		25,712	25,474	25,337
Assets classified as held for sale	11	1,510	3,870	–
<b>TOTAL CURRENT ASSETS</b>		<b>27,222</b>	29,344	25,337
<b>TOTAL ASSETS</b>		<b>73,326</b>	75,931	75,312

(Forward)

**Statements Of Financial Position (cont'd)**

	Note	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES</b>				
Issued capital	19	<b>40,510</b>	40,110	40,110
Reserves		<b>(1,166)</b>	(951)	(1,378)
<b>TOTAL EQUITY</b>		<b>39,344</b>	39,159	38,732
<b>NON-CURRENT LIABILITIES</b>				
Hire-purchase payables - non-current portion	20	-	-	-
Long-term loan - non-current portion	21	<b>229</b>	213	453
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>229</b>	213	453
<b>CURRENT LIABILITIES</b>				
Trade payables	22	-	-	14
Other payables, accrued expenses and provisions	22	<b>2,366</b>	4,941	5,734
Amount owing to subsidiary companies	12	<b>31,201</b>	31,422	30,247
Bank borrowings	23	<b>139</b>	170	59
Tax liabilities		<b>47</b>	26	73
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,753</b>	36,559	36,127
<b>TOTAL LIABILITIES</b>		<b>33,982</b>	36,772	36,580
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73,326</b>	75,931	75,312

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

# Statements Of Changes In Equity

## FOR THE YEAR ENDED DECEMBER 31, 2012

The Group	Issued capital RM'000	Accumulated losses RM'000	Non-distributable reserves - Fair value reserve RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Balance as of 1.1.2011</b>	40,110	(460)	-	39,650	-	39,650
Dilution on issuance of ordinary shares in subsidiary company	-	(37)	-	(37)	111	74
Total comprehensive income for the year	-	314	419	733	(16)	717
<b>Balance as of 31.12.2011/1.1.2012</b>	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
<b>Balance as of 31.12.2012</b>	<b>40,510</b>	<b>(163)</b>	<b>406</b>	<b>40,753</b>	<b>153</b>	<b>40,906</b>
<b>The Company</b>				<b>Issued capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total equity RM'000</b>
<b>Balance as of 1.1.2011</b>				40,110	(1,378)	38,732
Total comprehensive income for the year				-	427	427
<b>Balance as of 31.12.2011/1.1.2012</b>				40,110	(951)	39,159
Total comprehensive income for the year				400	(215)	185
<b>Balance as of 31.12.2012</b>				<b>40,510</b>	<b>(1,166)</b>	<b>39,344</b>

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

# Statements Of Cash Flows

## FOR THE YEAR ENDED DECEMBER 31, 2012

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Profit/(Loss) for the year	78	298	(202)	8
Adjustments for:				
Finance costs	767	583	154	49
Inventories written off	641	-	-	-
Depreciation of property, plant and equipment	461	423	5	4
Tax expense recognised in profit or loss	301	21	73	35
Other investment written off	175	-	175	-
Provision for warranty and free services	146	446	-	-
Impairment loss recognised on trade receivables	87	290	-	123
Gain on disposal of investment properties	(245)	(10)	(245)	(10)
Impairment loss recognized on trade receivables no longer required	(52)	-	(52)	-
Interest income	(29)	(32)	-	-
Loss on deemed disposal of investment in a subsidiary company	-	37	-	-
Gain on disposal of property, plant and equipment	-	(81)	-	-
Impairment loss on investment in subsidiary	-	-	292	-
Operating Profit Before Working Capital Changes	<b>2,330</b>	1,975	<b>200</b>	209
(Increase)/Decrease in:				
Inventories	(947)	(60)	-	-
Amount due from contract customers	(894)	7,531	-	-
Trade receivables	2,067	(1,561)	(15)	(53)
Other receivables, deposits and prepaid expenses	959	(332)	125	(13)
Amount owing by subsidiary companies	-	-	(279)	(173)
Increase/(Decrease) in:				
Amount due to contract customers	(707)	295	-	-
Trade payables	(564)	(1,615)	-	-
Other payables, accrued expenses and provisions	(4,310)	400	(2,575)	(806)
Amount owing to subsidiary companies	-	-	(221)	1,175
Cash (Used In)/From Operations	<b>(2,066)</b>	6,633	<b>(2,765)</b>	339
Income tax paid	(218)	(333)	(52)	(83)
Net Cash (Used In)/From Operating Activities	<b>(2,284)</b>	6,300	<b>(2,817)</b>	256
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Withdrawal/(Placement) of fixed deposits	944	2,615	-	-
Interest received	29	32	-	-
Purchase of property, plant and equipment (Note)	(273)	(64)	(2)	(2)
Proceeds from sale or property, plant and equipment	-	81	-	-
Proceeds from disposal of investment properties	2,605	550	2,605	550
Addition in investment in subsidiary company	-	-	-	(120)
Addition of other investment	-	(485)	-	(485)
Proceeds from deemed disposal of investment in a subsidiary company	-	37	-	-
Net Cash From/(Used In) Investing Activities	<b>3,305</b>	2,766	<b>2,603</b>	(57)

## Statements Of Cash Flows (cont'd)

	Note	The Group		The Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>					
Issuance of shares		400	-	400	-
Finance costs paid		(767)	(583)	(154)	(49)
Repayment of bank borrowings		(897)	(7,798)	(15)	(128)
Repayment of hire-purchase payables		(150)	(110)	-	-
Net Cash (Used In)/From Financing Activities		(1,414)	(8,491)	231	(177)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		(393)	575	17	22
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
		(3,627)	(4,202)	50	28
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
	24	(4,020)	(3,627)	67	50

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Payment by cash	273	64	2	2
Hire-purchase	-	506	-	-
Total (Note 10)	273	570	2	2

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

# Notes To The Financial Statements

## 1. GENERAL INFORMATION

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

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

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed 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, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on April 26, 2013.

## 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 RM3,828,000 and RM6,531,000 respectively as of December 31, 2012. 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 Malaysian Financial Reporting Standards

The Group's and the Company's financial statements for the financial year ended 31 December 2012 have been prepared in accordance with MFRSs for the first time. In prior years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The transition from FRS to MFRS is accounted for in accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, with 1 January 2011 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as disclosed in Note 3. The adoption of MFRSs has not affected the amounts reported on the financial statements of the Group and of the Company.



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

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

#### 2.2 Standards and IC Interpretations in issue but not effective

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

MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009 and October 2010 respectively)] <sup>1</sup>
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities) <sup>2</sup>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) <sup>3</sup>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) <sup>3</sup>
MFRS 10	Consolidated Financial Statements <sup>2</sup>
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance) <sup>2</sup>
MFRS 11	Joint Arrangements <sup>2</sup>
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance) <sup>2</sup>
MFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
MFRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance) <sup>2</sup>
MFRS 13	Fair Value Measurement <sup>2</sup>
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) <sup>4</sup>
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011) <sup>2</sup>
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011) <sup>2</sup>
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) <sup>2</sup>
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) <sup>5</sup>
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle<sup>2</sup>

<sup>1</sup> Effective immediately on issuance date of 1 March 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on 1 March 2012

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2014

The Directors anticipate that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

#### **Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures**

The amendments to MFRS 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

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

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

#### 2.2 Standards and IC Interpretations in issue but not effective (cont'd)

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group has not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

#### **MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures**

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) (“MFRS 9”) relating to “Mandatory Effective Date of MFRS 9 and Transition Disclosures” which became immediately effective on the issuance date of 1 March 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity’s date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of MFRS 9 may have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

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

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

#### 2.2 Standards and IC Interpretations in issue but not effective (cont'd)

##### MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, comprising MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Key requirements of these five Standards which are relevant to the Group and to the Company are described below.

MFRS 10 replaces the parts of MFRS 127 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. IC Int. 112 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is, control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in MFRS 10 to deal with complex scenarios.

MFRS 11 replaces MFRS 131 *Interests in Joint Ventures*. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements; jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

The Directors anticipate that the application of these five standards may have significant impact on amounts reported in the consolidated financial statements. A detailed review will be performed by the Directors to quantify the impact on application of MFRS 10.

##### MFRS 13

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 *Financial Instruments: Disclosures* will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The Directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

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

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

#### 2.2 Standards and IC Interpretations in issue but not effective (cont'd)

##### Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the “statement of comprehensive income” is renamed “statement of profit or loss and other comprehensive income” and the “income statement” is renamed the “statement of profit or loss”.

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

##### MFRS 119 (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a ‘net-interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to MFRS 119 require retrospective application. The Directors do not anticipate that the application of MFRS 119 will have significant effect on the Group’s and the Company’s financial statement.

##### Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle

The *Annual Improvements 2009 - 2011 Cycle* include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 101 *Presentation of Financial Statements*;
- Amendments to MFRS 116 *Property, Plant and Equipment*; and
- Amendments to MFRS 132 *Financial Instruments: Presentation*

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

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

#### 2.2 Standards and IC Interpretations in issue but not effective (cont'd)

##### Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

##### Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the Group's and Company's financial statements.

##### Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's and Company's financial statements as this treatment has already been adopted.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

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

#### **Basis of Consolidation**

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

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

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

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

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

#### Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date 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.

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3(revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets 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 replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 Share-based Payment; 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.

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, 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 as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

#### 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 an 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 Equipment (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.

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

#### Inventories

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

#### Contract Work-in-Progress

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

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

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

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

#### Provisions

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

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

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

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

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

#### Financial Instruments

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

#### (i) Financial Assets

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

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

#### (ii) Impairment of financial assets

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

For financial assets, objective evidence of impairment could include:

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

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

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

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

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

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

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

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

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

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

#### (iii) Derecognition of financial assets

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

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

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

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

#### (b) Equity instruments

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

#### (c) Financial guarantee contract liabilities

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

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

#### (d) Financial liabilities

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

#### Derecognition of financial liabilities

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

### 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.

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

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

#### Segment Reporting

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

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

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

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

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

- **Impairment loss recognised on trade receivables**

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

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

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

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

- **Revenue recognition on construction contracts**

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

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

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

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

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

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

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

**5. REVENUE**

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Contract revenue	15,907	12,988	–	–
Sale of accessories and equipment	4,104	6,517	–	–
Servicing of equipment	855	1,210	–	–
Rental income from investment properties	2,005	1,985	2,005	1,985
	<b>22,871</b>	<b>22,699</b>	<b>2,005</b>	<b>1,985</b>

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Contract costs	11,445	12,228	–	–
Other expenses	5,777	8,259	1,739	1,038
Cost of inventories sold	3,789	1,075	–	–
Cost of rental revenue	613	608	613	608
Raw materials and consumables used	841	1,188	–	–
Depreciation of property, plant and equipment (Note 10)	461	423	5	4
Directors' remuneration*	354	376	180	170
Quit rent and assessment	87	301	87	301
Impairment loss recognised on trade receivables	87	290	–	123
Changes in inventories	(353)	(60)	–	–
Provision for doubtful debt no longer required	(52)	–	(52)	–
	<b>23,049</b>	<b>24,688</b>	<b>2,572</b>	<b>2,244</b>

\* Directors' remuneration:

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

## 5. REVENUE (cont'd)

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Executive directors:</b>				
Company				
- Fees	40	40	40	40
<b>Subsidiary companies</b>				
- Other emoluments	156	186	-	-
- EPF contributions	18	20	-	-
<b>Non-executive directors:</b>	214	246	40	40
<b>Company</b>				
- Fees	140	130	140	130
	354	376	180	170

## 6. FINANCE COSTS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense on:				
Bank overdrafts	371	339	-	-
Long-term loan	263	160	154	49
Hire-purchase	30	22	-	-
Bankers acceptances	103	62	-	-
	767	583	154	49

## 7. PROFIT/(LOSS) BEFORE TAX

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>After charging:</b>				
Inventories written off	641	-	-	-
Other investments written off	175	-	175	-
Provision for warranty and free services	146	446	-	-
Impairment loss recognised on trade receivables	87	290	-	123
Audit fee	68	68	22	22
Loss on deemed disposal of a subsidiary company	-	37	-	-
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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>and crediting:</b>				
Gain on disposal of investment properties	245	10	245	10
Realised gain on foreign exchange	234	3	-	-
Provision for doubtful debts no longer required	52	-	52	-
Interest income from fixed deposits	29	32	-	-
Gain on disposal of property, plant and equipment	-	81	-	-
Employee information:				
Staff costs	2,167	1,846	560	499
EPF contributions	267	184	73	62

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

## 8. TAX EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Estimated tax expense:				
- Current year	232	116	50	28
- Under/(Over)provision in prior years	22	(73)	23	7
	254	43	73	35
Deferred tax expense (Note 14)				
- Current year	93	198	-	-
- Underprovision in prior years	(46)	(220)	-	-
	301	21	73	35

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit/(Loss) before tax	379	319	(129)	43
Tax at the statutory tax rate of 25%	95	80	(32)	11
Expenses not deductible for tax purposes	285	192	160	17
Income not taxable for tax purposes	(79)	(7)	(78)	-
Utilisation of deferred tax assets not previously recognised	(18)	(21)	-	-
Deferred tax asset not recognised	42	70	-	-
Under/(Over)provision in income tax expense in prior years	22	(73)	23	7
Underprovision of deferred tax in prior years	(46)	(220)	-	-
Tax expense for the year	301	21	73	35



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

### 8. TAX EXPENSE (cont'd)

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, 2012, the estimated amount of temporary differences, unused tax losses and unabsorbed capital allowances for which deferred tax asset has not been recognised in the financial statements due to uncertainty of its realisation, are as follows:

	The Group	
	2012 RM'000	2011 RM'000
Temporary differences in respect of property, plant and equipment	(395)	(433)
Unused tax losses	1,925	1,818
Unabsorbed capital allowances	9,252	9,226
	10,782	10,611

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, 2012, the Group and the Company have tax exempt income amounting to approximately RM4,658,000 (RM4,658,000 in 2011) and RM3,136,000 (RM3,136,000 in 2011) 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, 2012, the Group and the Company have tax exempt income amounting to approximately RM4,222,000 (RM4,222,000 in 2011) and RM4,000,000 (RM4,000,000 in 2011) 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	
	2012 RM'000	2011 RM'000
Profit for the year attributable to ordinary shareholders of the Company	20	314
Weighted average number of ordinary shares in issue ('000)	403,267	401,100
Basic earnings per ordinary share (sen)	0.005	0.078

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company of RM20,000 (RM314,000 in 2011) by the weighted average number of ordinary shares in issue during the year of 403,267,000 (401,100,000 in 2011).

## 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 and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>					
As of 1.1.2011	1,820	7,356	3,565	1,080	13,821
Additions	-	-	14	556	570
Disposal	-	-	-	(494)	(494)
As of 31.12.2011/1.1.2012	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	1,820	7,393	729	1,064	11,006
<b>Accumulated Depreciation</b>					
As of 1.1.2011	-	2,136	3,325	797	6,258
Charge for the year	-	147	109	167	423
Disposal	-	-	-	(494)	(494)
As of 31.12.2011/1.1.2012	-	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	-	2,431	452	601	3,484
<b>Net Book Value</b>					
As of 31.12.2012	1,820	4,962	277	463	7,522
As of 31.12.2011	1,820	5,073	145	672	7,710
As of 1.1.2011	1,820	5,220	240	283	7,563

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

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

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>At cost:</b>			
Computers, furniture and fittings, office and workshop equipment and air-conditioners	94	2,564	3,087
Motor vehicles	71	77	131
	165	2,641	3,218

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

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

	Furniture, fittings and computer equipment RM'000
<b>The Company</b>	
<b>Costs</b>	
As of January 1, 2011	15
Additions	2
As of December 31, 2011/January 1, 2012	17
Additions	2
As of December 31, 2012	19
<b>Accumulated Depreciation</b>	
As of January 1, 2011	2
Charge for the year	4
As of December 31, 2011/January 1, 2012	6
Charge for the year	5
As of December 31, 2012	11
<b>Net Book Value</b>	
As of December 31, 2012	8
As of December 31, 2011	11
As of January 1, 2011	13

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

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Net book value:</b>			
Motor vehicles	463	556	281

## 11. INVESTMENT PROPERTIES

	The Group and The Company	
	2012 RM'000	2011 RM'000
At beginning of the year	37,720	42,130
Reclassified as assets classified as held for sale	-	(3,870)
Disposed during the year	-	(540)
At end of the year	37,720	37,720
Market value	37,720	37,720

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

### 11. INVESTMENT PROPERTIES (cont'd)

The fair value of the investment properties were determined by the directors based on an appraisal opinion given by Henry Butcher Malaysia (Kuantan) Sdn. Bhd., an independent firm of professional valuers, on January 18, 2012, using the "open market value" basis. As of December 31, 2012, the directors of the Group assessed the fair value of the investment property of the Group based on the current prices in the market of properties of similar conditions and locations and the directors are of the view that the carrying amount of the investment property of the Group approximates its current fair value.

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

In 2011, the Company entered into sale and purchase agreements to dispose of certain investment properties amounting to RM3,870,000 which have been reclassified as assets classified as held for sale under current assets. As of 31 December 2012, the sale and purchase agreements to dispose of certain investment properties amounting to RM1,510,000 are still pending fulfillment of the conditions precedent stipulated therein.

### 12. INVESTMENT IN SUBSIDIARY COMPANIES

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
At fair value			
Unquoted shares, at cost	9,277	9,277	9,157
Less: Accumulated impairment loss	(1,792)	(1,500)	(1,500)
At end of the year	<b>7,485</b>	<b>7,777</b>	<b>7,657</b>

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

Companies	Effective Percentage of Ownership		Principal Activities
	2012 %	2011 %	
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

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

	The Group and The Company	
	2012 RM'000	2011 RM'000
<b>At fair value</b>		
At the beginning of the year	904	–
Acquired during the year	–	485
Fair value (loss)/gain recognised directly in reserve	(13)	419
At end of the year	<b>891</b>	<b>904</b>

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.

## (b) Other investment

	The Group and The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Investment in golf club membership	–	175	175
Market value	–	175	175

## 14. DEFERRED TAX ASSET

	The Group	
	2012 RM'000	2011 RM'000
At beginning of year	58	36
Recognised in profit or loss (Note 8)	(47)	22
At end of year	<b>11</b>	<b>58</b>

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

	Deferred Tax Asset The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Temporary difference in respect of:			
Property, plant and equipment	(39)	(19)	–
Other payables, accrued expenses and provisions	50	77	36
At end of year	<b>11</b>	<b>58</b>	<b>36</b>

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

## 15. INVENTORIES

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Trading merchandise	1,566	1,235	451
Machinery and spare parts	-	25	25
Vehicles	-	-	724
At end of year	1,566	1,260	1,200

## 16. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Contract costs incurred plus recognised profits	22,991	2,935	33,004
Less: Progress billings	(21,409)	(2,954)	(25,197)
Net amount due from/(to) contract customers	1,582	(19)	7,807
Amount due from contract customers	1,582	688	8,219
Amount due to contract customers	-	(707)	(412)
Net	1,582	(19)	7,807

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

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	2,336	4,403	2,842
Less: Allowance for doubtful debts	(702)	(667)	(377)
Net	1,634	3,736	2,465

  

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	767	752	700
Less: Allowance for doubtful debts	(401)	(453)	(331)
Net	366	299	369

Trade receivables comprise amounts receivable from the sale of goods. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The credit period granted by the Group and the Company ranges from 30 days to 90 days (2011: 30 days to 90 days). Interest on late payment is charged at the bank's base lending rate by the Company whilst no interest on late payment is charged by the subsidiary company.

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

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

Ageing analysis of trade receivables

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

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Neither past due nor impaired	794	2,770	2,209
Past due but not impaired	840	966	256
Past due and impaired	702	667	377
	<b>2,336</b>	<b>4,403</b>	<b>2,842</b>

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Neither past due nor impaired	151	128	329
Past due but not impaired	215	171	40
Past due and impaired	401	453	331
	<b>767</b>	<b>752</b>	<b>700</b>

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM840,000 (December 31, 2011: RM966,000 and January 1, 2011: RM256,000) and RM215,000 (December 31, 2011: RM171,000 and January 1, 2011: RM41,000) respectively that are past due at the reporting date but not impaired for which the Group and the Company have not made any allowances as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancement over these balances nor do they have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

Receivables that are impaired

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of year	667	377	453	331
Charge for the year	87	290	-	122
Provision no longer required	(52)	-	(52)	-
At end of year	<b>702</b>	<b>667</b>	<b>401</b>	<b>453</b>

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

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

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:

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Ringgit Malaysia	2,301	4,332	2,595
United States Dollar	35	71	247
	<b>2,336</b>	<b>4,403</b>	<b>2,842</b>

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Ringgit Malaysia	767	752	700

Other receivables, deposits and prepaid expenses consist of:

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Other receivables	207	949	1,108
Less: Allowance for doubtful debts	-	(165)	(165)
	<b>207</b>	<b>784</b>	<b>943</b>
Refundable deposits	371	753	262
	<b>578</b>	<b>1,537</b>	<b>1,205</b>

The Group has written off bad debts amounting to RM165,000 (December 31, 2011 and January 1, 2011: RM Nil) against allowance for doubtful debts.

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Other receivables	-	127	186
Refundable deposits	95	93	22
	<b>95</b>	<b>220</b>	<b>208</b>

### 18. FIXED DEPOSITS WITH LICENSED BANKS

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Fixed deposits with licensed banks	215	1,159	3,774



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

### 18. FIXED DEPOSITS WITH LICENSED BANKS (cont'd)

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

The average effective interest rate is as follows:

	31.12.2012 % p.a	The Group 31.12.2011 % p.a	1.1.2011 % p.a
Fixed deposits with licensed banks	3.2	2.6	2.2 - 2.9

Fixed deposits of the Group have a maturity period of 365 days (December 31, 21011 and January 1, 2011: 365 days).

### 19. SHARE CAPITAL

Share capital of the Company is represented by:

	The Group and The Company 2012 RM'000	2011 RM'000
<b>Authorised:</b>		
500,000,000 ordinary shares of RM0.10 each	50,000	50,000
<b>Issued and fully paid-up:</b>		
401,100,000 ordinary shares of RM0.10 each:		
As of beginning of year	40,110	40,110
Issue of 4,000,000 ordinary shares of RM0.10 each	400	-
As of end of year	40,510	40,110

During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM40,110,000 comprising 401,100,000 ordinary shares of RM0.10 each to RM40,510,000 comprising 405,100,000 ordinary shares of RM0.10 each by the issuance of 4,000,000 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.

### 20. HIRE-PURCHASE PAYABLES

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Total outstanding	584	764	300
Less: Interest-in-suspense	(76)	(106)	(38)
Total principal outstanding	508	658	262
Less: Portion due within one year included under current liabilities	(108)	(141)	(97)
Non-current portion	400	517	165

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

## 20. HIRE-PURCHASE PAYABLES (cont'd)

The interest rates implicit in these hire-purchase obligations range from 4.84% to 6.96% (December 31, 2011 and January 1, 2011: 4.61% to 8.00%) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Financial years ending:			
2012	-	-	90
2013	-	114	58
2014	80	83	17
2015	63	63	-
2016 and thereafter	257	257	-
	<b>400</b>	<b>517</b>	<b>165</b>

## 21. LONG-TERM LOAN

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Total principal outstanding	1,353	1,825	2,316
Less: Portion due within one year included under bank borrowings (Note 23)	(343)	(692)	(405)
Non-current portion	<b>1,010</b>	<b>1,133</b>	<b>1,911</b>

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Total principal outstanding	368	383	512
Less: Portion due within one year included under bank borrowings (Note 23)	(139)	(170)	(59)
Non-current portion	<b>229</b>	<b>213</b>	<b>453</b>

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

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Financial years ending:			
2012	-	-	532
2013	-	334	337
2014	371	339	341
2015 and thereafter	639	460	701
	<b>1,010</b>	<b>1,133</b>	<b>1,911</b>

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

## 21. LONG-TERM LOAN (cont'd)

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Financial years ending:			
2012	-	-	113
2013	-	111	113
2014	151	102	104
2015 and thereafter	78	-	123
	<b>229</b>	<b>213</b>	<b>453</b>

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

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

- (a) Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 60 days (30 to 60 days in 2011).

The currency exposure profile of trade payables is as follows:

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Ringgit Malaysia	524	1,018	2,370
US Dollar	5	72	19
Sterling Pound	16	20	32
Rand	-	-	304
	<b>545</b>	<b>1,110</b>	<b>2,725</b>

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Ringgit Malaysia	-	-	14

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

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Other payables	1,431	4,307	3,208
Provisions (c)	95	271	221
Accrued expenses	1,042	1,796	1,392
Rental deposits	976	1,333	2,040
	<b>3,544</b>	<b>7,707</b>	<b>6,861</b>

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

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

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Other payables	963	3,260	3,017
Accrued expenses	427	348	676
Rental deposits	976	1,333	2,041
	<b>2,366</b>	<b>4,941</b>	<b>5,734</b>

Included in other payables of the Group and the Company is an amount outstanding for the purchase of investment properties amounting to RM899,848 (December 31, 2011 and January 1, 2011: RM2,706,703).

## (c) Provisions:

	Warranty RM'000	Free Service RM'000	The Group Others RM'000	Total RM'000
Balance as of January 1, 2011	213	5	2	221
Additional provisions	223	223	-	446
Utilised during the year	(268)	(128)	-	(396)
Balance as of December 31, 2011/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	<b>89</b>	<b>4</b>	<b>2</b>	<b>95</b>

## 23. BANK BORROWINGS

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Long-term loan - current portion (Note 21)	343	692	405
Bank overdrafts (Note 24)	4,506	4,186	4,579
Trust receipts/Bankers' acceptances	2,263	2,125	1,595
Short term project loan	353	915	8,752
	<b>7,465</b>	<b>7,918</b>	<b>15,331</b>

	31.12.2012 RM'000	The Company 31.12.2011 RM'000	1.1.2011 RM'000
Long-term loan - current portion (Note 21)	139	170	59

The long-term loan of the Company has an effective interest rate of 7.75% per annum (December 31, 2011 and January 1, 2011: 7.75%) and is repayable in equal monthly installments of RM13,769 each over 120 months commencing December 2004. The long-term loan facility is secured by first legal charge over three units of 3-storey shop office of the Company included under investment properties as mentioned in Note 11.

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

### 23. BANK BORROWINGS (cont'd)

#### Subsidiary Companies

The subsidiary companies have credit facilities consisting of long-term loan, bank overdraft, trade financing, trust receipts and bank guarantee facilities totalling RM12 million (December 31, 2011 and January 1, 2011: RM12 million) from four local banks. These facilities are secured by the following:

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

The overdraft and trade financing facilities granted to the subsidiary companies bear interest at 8% (December 31, 2011 and January 1, 2011: 8%) per annum.

A subsidiary company also has a project loan facility of RM12,113,000 (December 31, 2011: RM13,462,000 and January 1, 2011: RM13,660,000) from a financial institution which bears interest at 8.35% (December 31, 2011 and January 1, 2011: 8.50%) per annum and is secured by the following:

- (a) placement of fixed deposits of RM215,000 (December 31, 2011: RM1,159,000 and January 1, 2011: RM3,774,000) by the subsidiary company, as mentioned in Note 18; and
- (b) deed of assignment of contract proceeds from a project secured by the subsidiary company;

### 24. CASH AND CASH EQUIVALENTS

	31.12.2012 RM'000	The Group 31.12.2011 RM'000	1.1.2011 RM'000
Fixed deposits with licensed banks	215	1,159	3,774
Cash and bank balances	486	559	377
Bank overdrafts (Note 23)	(4,506)	(4,186)	(4,579)
	(3,805)	(2,468)	(428)
Less: Fixed deposits pledged (Note 18)	(215)	(1,159)	(3,774)
	(4,020)	(3,627)	(4,202)
		The Company	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cash and bank balances	67	50	28

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

### 25. FINANCIAL INSTRUMENTS

#### Capital Risk Management Policies and Procedures

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

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

#### Financial Risk Management Objectives and Policies

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

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

##### (i) Interest rate risk

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

The Group is mainly exposed to interest rate risk through long-term loans at 7.75% (2011: 7.75%) per annum. The Group's exposure to interest rate risk via hire-purchase is minimal as these liabilities are subject to fixed interest rate.

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

##### (ii) Credit risk

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

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

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

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

## 25. FINANCIAL INSTRUMENTS (cont'd)

## (iii) Liquidity risk

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

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

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

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

	← The Group →					Total RM'000
	Weighted average effective interest %	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2012</b>						
<b>Financial assets</b>						
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
<b>Total Financial Assets</b>		<b>3,909</b>	<b>-</b>	<b>1,510</b>	<b>215</b>	<b>5,634</b>
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade and other payables		2,071	-	-	-	2,071
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
<b>Total Financial Liabilities</b>		<b>2,121</b>	<b>100</b>	<b>7,538</b>	<b>1,584</b>	<b>11,343</b>

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

## 25. FINANCIAL INSTRUMENTS (cont'd)

	← The Group →					Total RM'000
	Weighted average effective interest %	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2011</b>						
<b>Financial assets</b>						
Non-interest bearing:						
Cash and bank balances		559	–	–	–	559
Trade and other receivables		4,520	–	–	–	4,520
Amount due from contract customers		688	–	–	–	688
Assets classified as held for sale		–	–	3,870	–	3,870
		5,767	–	3,870	–	9,637
Interest bearing:						
Fixed deposits with licensed banks	2.60%	–	–	–	1,159	1,159
<b>Total Financial Assets</b>		<b>5,767</b>	<b>–</b>	<b>3,870</b>	<b>1,159</b>	<b>10,796</b>
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade and other payables		5,418	–	–	–	5,418
Amount due to contract customers		707	–	–	–	707
		6,125	–	–	–	6,125
Interest bearing:						
Long-term loan and bank borrowings	7.85%	627	1,294	5,932	1,426	9,279
Hire purchase	5.7%	13	36	117	598	764
		640	1,330	6,049	2,024	10,043
<b>Total Financial Liabilities</b>		<b>6,765</b>	<b>1,330</b>	<b>6,049</b>	<b>2,024</b>	<b>16,168</b>
← 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
<b>2012</b>						
<b>Financial assets</b>						
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
<b>Total Financial Assets</b>		<b>25,617</b>	<b>–</b>	<b>1,510</b>	<b>–</b>	<b>27,127</b>



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

## 25. FINANCIAL INSTRUMENTS (cont'd)

	← The Company →					Total RM'000
	Weighted average effective interest %	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	More than 1 year RM'000	
<b>2012</b>						
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade and other payables		963	–	–	–	963
Amount owing to subsidiary companies		31,201	–	–	–	31,201
		32,164	–	–	–	32,164
Interest bearing:						
Long-term loan and bank borrowings	7.80%	14	27	123	244	408
<b>Total Financial Liabilities</b>		<b>32,178</b>	<b>27</b>	<b>123</b>	<b>244</b>	<b>32,572</b>
<b>2011</b>						
<b>Financial assets</b>						
Non-interest bearing:						
Cash and bank balances		50	–	–	–	50
Trade and other receivables		426	–	–	–	426
Amount owing by subsidiary companies		24,905	–	–	–	24,905
Assets classified as held for sale		–	–	3,870	–	3,870
<b>Total Financial Assets</b>		<b>25,381</b>	<b>–</b>	<b>3,870</b>	<b>–</b>	<b>29,251</b>
<b>Financial liabilities</b>						
Non-interest bearing:						
Trade and other payables		3,260	–	–	–	3,260
Amount owing to subsidiary companies		31,422	–	–	–	31,422
		34,682	–	–	–	34,682
Interest bearing:						
Long-term loan and bank borrowings	7.80%	14	27	123	407	571
<b>Total Financial Liabilities</b>		<b>34,696</b>	<b>27</b>	<b>123</b>	<b>407</b>	<b>35,253</b>

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

## 25. 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 (2011: RM 8.7 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) and Sterling Pound. Foreign exchange exposures in transactional currencies other than the functional currency of the operating entities are kept to an acceptable level.

Foreign currency sensitivity analysis

The Company is mainly exposed to the currency of Sterling Pound.

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

	Impact of Sterling Pound	
	2012 RM'000	2011 RM'000
Profit or loss	2	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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Available for sale</b>				
Other financial assets	891	1,079	891	1,079
	891	1,079	891	1,079

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

## 25. FINANCIAL INSTRUMENTS (cont'd)

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Loan and receivables:</b>				
Trade receivables	1,634	3,736	366	299
Other receivables and deposits	578	1,537	95	220
Amount owing by subsidiary company	-	-	25,184	24,905
Fixed deposits with licensed banks	215	1,159	-	-
Cash and bank balances	486	559	67	50
	<b>2,913</b>	<b>6,991</b>	<b>25,712</b>	<b>25,474</b>
	<b>3,804</b>	<b>8,070</b>	<b>26,603</b>	<b>26,553</b>
<b>Financial liabilities at amortised costs</b>				
Hire-purchase payables - non current	400	517	-	-
Long-term loan - non current portion	1,010	1,133	229	213
Amount due to customer on contract	-	707	-	-
Trade payables	545	1,110	-	-
Other payables, accrued expenses and provision	3,449	7,436	2,366	4,941
Amount owing to subsidiary companies	-	-	31,201	31,422
Hire-purchase payables- current portion	108	141	-	-
Bank borrowings	7,465	7,918	139	170
	<b>12,977</b>	<b>18,962</b>	<b>33,935</b>	<b>36,746</b>

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

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

The Group	Carrying Amount		Fair Value	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Financial Liabilities</b>				
Hire-purchase payables (Note 20)	508	658	517	662
Long-term loan (Note 21)	1,353	1,825	1,360	1,841
The Company	Carrying Amount		Fair Value	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Financial Liabilities</b>				
Long-term loan (Note 21)	368	383	370	392

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.

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

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

#### Other Investment

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

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

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

### 26. RELATED PARTY TRANSACTIONS

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

	The Group	
	2012 RM'000	2011 RM'000
<b>Other receivables (Note 17)</b>		
Loan to a company in which a director of the Company is also a director	50	-
<b>Other payables (Note 22)</b>		
Advances from Non-controlling interest	260	260
Advances from a director of Non-controlling interest	92	52

### 27. SEGMENTAL REPORTING

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

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

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

2012	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	2,005	17,670	3,196	-	-	22,871
Inter-segment sales	-	7,327	1,817	-	(9,144)	-
<b>Total revenue</b>	<b>2,005</b>	<b>24,997</b>	<b>5,013</b>	<b>-</b>	<b>(9,144)</b>	<b>22,871</b>

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

## 27. SEGMENTAL REPORTING (cont'd)

2012	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Results</b>						
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
<b>Other information</b>						
Capital additions	-	223	50	-	-	273
Depreciation of property, plant and equipment	-	176	274	11	-	461
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
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
<b>Liabilities</b>						
Segment liabilities	33,982	29,150	25,876	4,818	(80,617)	13,209
<b>2011</b>						
	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	1,985	15,267	5,447	-	-	22,699
Inter-segment sales	-	4,422	2,274	-	(6,696)	-
Total revenue	1,985	19,689	7,721	-	(6,696)	22,699
<b>Results</b>						
Segment result	93	480	329	5	(37)	870
Finance costs	(49)	(502)	(32)	-	-	(583)
Investment revenue	-	32	-	-	-	32
Profit before tax	44	10	297	5	(37)	319
Tax expenses	(36)	104	(89)	-	-	(21)
Profit for the year	8	114	208	5	(37)	298

Notes To The Financial Statements (cont'd)

27. SEGMENTAL REPORTING (cont'd)

2011	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Other information</b>						
Capital additions	2	7	561	–	–	570
Depreciation of property, plant and equipment	4	185	221	13	–	423
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	74,852	49,799	16,521	3,767	(86,344)	58,595
Other investments	1,079	–	–	–	–	1,079
Consolidated total assets	75,931	49,799	16,521	3,767	(86,344)	59,674
<b>Liabilities</b>						
Segment liabilities	36,772	30,452	26,893	3,683	(78,567)	19,233

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

**28. SUPPLEMENTARY INFORMATION ON BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

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

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

The breakdown of the accumulated losses of the Group and of the Company as of December 31, 2012 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries				
- Realised	389	546	(215)	(951)
- Unrealised	-	-	-	-
	389	546	(215)	(951)
Less: Consolidation Adjustments	(552)	(729)	-	-
Total Group accumulated losses as per consolidated accounts	(163)	(183)	(215)	(951)

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, 2011. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

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

## Statement By Directors

The directors of **CME GROUP. BHD.** 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, 2012 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 28, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 'Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements' as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution  
of the Directors,

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

**LIM BEE HONG**

Petaling Jaya,  
April 26, 2013

## Declaration By The OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **TAN RUEY SHYAN**, the officer primarily responsible for the financial management of **CME GROUP BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TAN RUEY SHYAN**

Subscribed and solemnly declared by the abovenamed **TAN RUEY SHYAN** at **PETALING JAYA** this 26th day of April, 2013.

Before me,

**PN KOH TWEE YONG @ KOH TWEE SIEW**  
No: B357  
Commissioner for Oaths  
Malaysia



## List Of Properties

Owned by:  
CME GROUP BERHAD

Location	Land Area Built up	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Existing Use)	Net Book Value As At 31 December RM
48 units of 3 storey Shoplot office :-  H.S.(M) 22733 No. PT 23011 to H.S.(M) 22747 No. PT 23025  H.S. (M) 22759 No. PT 23037 to H.S. (M) 22773 No. PT 23051  H.S. (M) 22779 No. PT 23057 to H.S. (M) 22788 No. PT 23066  H.S. (M) 22804 No. PT 23082 to H.S. (M) 22809 No. PT 23087  H.S. (M) 22811 No. PT 23089 H.S. (M) 22815 No. PT 23093	20,258 sq.m	14 January 2003	Leasehold 99 years expiring 25 April 2090	3 Storey	29.720 million
15 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) 22803 No. PT 23081  All in Mukim of Kuala Kuantan Tempat Bandar Indera Mahkota State of Pahang	1,790 sq.m	18 March 2008	Leasehold 99 years expiring 25 April 2090	3 Storey	9.510 million

Owned by:  
CME INDUSTRIES SDN BHD

Location	Land Area Built up	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Existing Use)	Net Book Value As At 31 December RM
12161, Mukim of Damansara District of Petaling State of Selangor Darul Ehsan	7,307.20 sq.m	14 January 1991	Freehold 21 years	3 Storey Office cum Factory Building	7.041 million

# Analysis Of Shareholdings

## AS AT 30 APRIL 2013

Authorised Shares Capital	:	RM500,000,000
Issued and Fully Paid Up	:	RM40,510,000
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	204	9.40	16,233	0.00
100 – 1,000	298	13.72	245,269	0.06
1,001 – 10,000	244	11.24	1,226,617	0.30
10,001 – 100,000	1,081	49.79	46,025,351	11.36
100,001 to less than 5% of issued shares	343	15.80	277,012,890	68.39
5% and above of issued shares	1	0.05	80,573,640	19.89
<b>Grand Total</b>	<b>2,171</b>	<b>100.00</b>	<b>405,100,000</b>	<b>100.00</b>

### 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	19.89
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	3.08	-	-

### SUBSTANTIAL SHAREHOLDERS

No.	Names of Substantial Shareholders	No. of Shares	%
1.	Ikram Mulia Holdings Sdn Bhd	80,573,640	19.89

## Analysis Of Shareholdings (cont'd)

## THIRTY (30) LARGEST SHAREHOLDERS

	Names of Shareholders	Holdings	
		No. of Shares	%
1	IKRAM MULIA HOLDINGS SDN. BHD.	80,573,640	19.89
2	REZA BIN SHARIFFUDIN	19,185,200	4.74
3	YEOH SEOK KAH	16,250,000	4.01
4	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SIAH SIAN @ LEE HAY HIAN (SMT)</i>	13,290,400	3.28
5	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>ONG SUAN PIN</i>	12,400,000	3.06
6	ASPIRE ASSETS SDN BHD	10,892,410	2.69
7	LOW PAK TONG	8,000,740	1.98
8	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIEW KUO YAW (LI3132)</i>	7,000,000	1.73
9	CHONG SIM BEE	5,640,360	1.39
10	CHIEW CHEIK YEE	4,376,460	1.08
11	TYE SOK CIN	4,322,600	1.07
12	TEH OOI HEONG	4,208,100	1.04
13	NG SEOW PANG	4,034,530	1.00
14	JEWEL VIEW SDN BHD	4,000,000	0.99
15	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LOW PAK TONG (LO1729)</i>	4,000,000	0.99
16	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HOW TECK SOON (ET)</i>	4,000,000	0.99
17	LEE CHEE MING	4,000,000	0.99

## Analysis Of Shareholdings (cont'd)

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

	Names of Shareholders	Holdings	
		No. of Shares	%
18	LOW PAK TONG	3,975,000	0.98
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW AH SUAN (E-KLC)</i>	3,818,180	0.94
20	FEW PAK YIN @ HEW PAK YIN	3,600,000	0.89
21	LIEW KUO YAW	3,109,100	0.77
22	KAF NOMINEES (TEMPATAN) SDN.BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ASPIRE ASSETS SDN BHD</i>	3,000,000	0.74
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD RAVINDRAN A/L SINNAYYA	2,800,700	0.69
24	LIM CHENG SENG	2,772,800	0.68
25	SONNY LIM CHOON SEONG	2,620,000	0.65
26	YOON WING KEUNG	2,500,000	0.62
27	ABDUL SHATAR BIN MOHD DAHAN	2,280,000	0.56
28	MOHAMAD SELAMAT BIN BAKIN	2,064,000	0.51
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JAMALUDIN BIN MUHAMAD YUSOF</i>	2,000,000	0.49
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM BENG LOCK (E-IMO)</i>	2,000,000	0.49
<b>Total</b>		242,714,220	59.91

# 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 Puteri Room, Level M, Empress Hotel, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Friday, 28 June 2013 at 11.00 a.m. or any adjournment thereof.

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

No.	Resolution	For	Against
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2012		
2.	To re-elect En. Azlan Omry Bin Omar as Director		
3.	To re-elect Miss Lim Bee Hong as Director		
4.	To re-appoint Y. Bhg. Dato' Khairi Bin Mohamad as Director		
5.	To approve the payment of Directors' fees		
6.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
8.	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 \_\_\_\_\_ 2013

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

## Notes:

1. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form, duly completed must be deposited at the Registered Office of the Company at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.
4. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
6. For the purpose of determining a member who shall be entitled to attend this Seventeenth (17<sup>th</sup>) 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 2013. 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

**Affix Stamp**

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

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



**Contact details :**

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

**complaint against  
public listed company**





[www.cme.com.my](http://www.cme.com.my)

**CME**

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

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

Interactive Digital Addressable  
Fire Control System

