

Company No. 52235 - K

**CME GROUP BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The directors of **CME GROUP BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2009.

**PRINCIPAL ACTIVITIES**

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

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

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

**RESULTS OF OPERATIONS**

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

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

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

**DIVIDENDS**

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

## **RESERVES AND PROVISIONS**

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

## **ISSUE OF SHARES AND DEBENTURES**

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

## **SHARE OPTIONS**

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

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

## **OTHER FINANCIAL INFORMATION**

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

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

The Group and the Company incurred a loss of RM14,000 and RM146,000 respectively for the year ended December 31, 2009 and have current liabilities exceeding current assets by RM7,962,000 and RM10,841,000 respectively as of December 31, 2009. However, the financial statements of the Group and of the Company have been prepared on the basis of accounting principles applicable to a going-concern. This going-concern basis presumes that the Group and the Company will be able to operate profitably in the foreseeable future and funds will continue to be made available from financiers and creditors, and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. In this connection, the directors are of the opinion that the Group and the Company will be able to generate adequate funds to meet their financial obligations as they fall due in the foreseeable future.

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

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

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

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

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

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

## **DIRECTORS**

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

Dato' Tengku Putra bin Tengku Azman Shah

Dato' Khairi bin Mohamad

Azlan Omry bin Omar

Lim Bee Hong

Ooi Giap Ch'ng

Tunku Nizamuddin Bin Tunku Shahabuddin (appointed on 6.5.2009)

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

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

## **DIRECTORS' INTERESTS**

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

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

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

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

## **DIRECTORS' BENEFITS**

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

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

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**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,

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**TUNKU NIZAMUDDIN BIN  
TUNKU SHAHABUDDIN**

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**LIM BEE HONG**

Shah Alam,

April 28, 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CME GROUP BERHAD**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of **CME GROUP BERHAD**, which comprise the balance sheets as of December 31, 2009 of the Group and of the Company and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 53.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purposes. We do not assume responsibility towards any other person for the content of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

(Forward)

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

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

### *Opinion*

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

### *Emphasis of Matter*

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

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

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

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- c) The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

**DELOITTE & TOUCHE**  
**AF 0834**  
**Chartered Accountants**

**LOO CHEE CHOU**  
**Partner – 2783/09/10 (J)**  
**Chartered Accountant**

April 28, 2010

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2009**

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

(Forward)

		<b>The Group</b>		<b>The Company</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Note</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Equity attributable to equity holders of the Company</b>					
		39,576	39,590	38,683	38,829
	Minority interest	-	1	-	-
	<b>TOTAL EQUITY</b>	<u>39,576</u>	<u>39,591</u>	<u>38,683</u>	<u>38,829</u>
<b>NON-CURRENT LIABILITIES</b>					
	Trade payables - non-current portion	22	308	-	-
	Hire-purchase payables - non-current portion	20	261	205	-
	Long-term loan - non-current portion	21	2,175	1,216	438
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>2,744</u>	<u>1,421</u>	<u>438</u>	<u>587</u>
<b>CURRENT LIABILITIES</b>					
	Amount due to contract customers	16	4,488	1,078	-
	Trade payables	22	4,348	2,185	2,929
	Other payables, accrued expenses and provisions	22	3,162	8,354	1,145
	Amount owing to subsidiary companies	12	-	-	35,607
	Hire-purchase payables - current portion	20	122	150	-
	Bank borrowings	23	8,380	8,944	185
	Tax liabilities		92	303	-
	<b>TOTAL CURRENT LIABILITIES</b>	<u>20,592</u>	<u>21,014</u>	<u>39,866</u>	<u>39,242</u>
	<b>TOTAL LIABILITIES</b>	<u>23,336</u>	<u>22,435</u>	<u>40,304</u>	<u>39,829</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>62,912</u>	<u>62,026</u>	<u>78,987</u>	<u>78,658</u>

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

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

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

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

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

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
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**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>The Group</b>		<b>The Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the year	(14)	(1,260)	(146)	(1,718)
Adjustments for:				
Interest expense	433	570	52	52
Depreciation of property, plant and equipment	384	333	-	-
Allowance for doubtful debts:				
- trade	25	370	11	218
- non-trade	-	175	-	-
Impairment loss on investment in a subsidiary company	-	-	-	1,500
Provision of further costs no longer required	(478)	(354)	-	-
Income tax (credit)/expense recognised in income statements	(184)	478	-	28
Interest income	(67)	(161)	-	-
Net foreign exchange gain	(21)	-	-	-
Allowance for doubtful debts no longer required:				
- non-trade	(10)	-	-	-
Gain on disposal of subsidiary company	(1)	-	-	-
Amount owing by contract customers written off	-	249	-	-
Inventories written off	-	37	-	-
Property, plant and equipment written off	-	4	-	-
Allowance for foreseeable losses no longer required	-	(25)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Profit/(Loss) Before Working Capital Changes	67	416	(83)	80

(Forward)

	<b>The Group</b>		<b>The Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(Increase)/Decrease in:</b>				
Inventories	64	(303)	-	-
Amount due from contract customers	1,022	6,658	-	-
Trade receivables	(1,711)	4,412	(134)	(200)
Other receivables, deposits and prepaid expenses	(103)	(148)	(48)	(35)
Amount owing by subsidiary companies	-	-	(149)	(375)
<b>Increase/(Decrease) in:</b>				
Amount due to contract customers	3,410	(668)	-	-
Trade payables	2,970	(39,333)	(990)	-
Other payables, accrued expenses and provisions	(5,192)	(2,548)	283	(3,940)
Amount owing to subsidiary companies	-	-	1,259	9,338
<b>Cash From/(Used In) Operations</b>	<b>527</b>	<b>(31,514)</b>	<b>138</b>	<b>4,868</b>
Income tax refunded	-	1	-	1
Income tax paid	(223)	(1,881)	-	(29)
<b>Net Cash From/(Used In) Operating Activities</b>	<b>304</b>	<b>(33,394)</b>	<b>138</b>	<b>4,840</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Interest received	67	365	-	-
Withdrawal of sinking fund	-	8,739	-	-
(Placement)/withdrawal of fixed deposit	(2,097)	195	-	-
Acquisition of investment properties	-	(4,621)	-	(4,621)
Purchase of property, plant and equipment *	(125)	(162)	-	-
<b>Net Cash (Used In)/From Investing Activities</b>	<b>(2,155)</b>	<b>4,516</b>	<b>-</b>	<b>(4,621)</b>

(Forward)

	Note	The Group		The Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES</b>					
Drawdown of bank borrowings		1,512	4,329	-	-
Repayment of bank borrowings		(1,662)	(1,868)	-	-
Interest expense paid		(433)	(570)	(52)	(52)
Repayment of term loan		(317)	(284)	(77)	(141)
Repayment of hire-purchase payables		(177)	(141)	-	-
Net Cash (Used In)/From Financing Activities		(1,077)	1,466	(129)	(193)
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>					
		(2,928)	(27,412)	9	26
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
		(29)	27,383	29	3
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
	24	(2,957)	(29)	38	29

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

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

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

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

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

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

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

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

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

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

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

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

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

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

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) <sup>2</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010) <sup>3</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters) <sup>4</sup>
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations) <sup>2</sup>
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) <sup>3</sup>
FRS 3	Business Combinations (Revised in 2010) <sup>3</sup>
FRS 4	Insurance Contracts <sup>2</sup>
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) <sup>3</sup>
FRS 7	Financial Instruments: Disclosures <sup>2</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition) <sup>2</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to Improving disclosures about financial instruments) <sup>4</sup>
FRS 8	Operating Segments <sup>1</sup>
FRS 101	Presentation of Financial Statements (Revised in 2009) <sup>2</sup>
FRS 123	Borrowing Costs (Revised) <sup>2</sup>
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) <sup>2</sup>

(Forward)

FRS 127	Consolidated and Separate Financial Statements (Revised in 2010) <sup>3</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments) <sup>2</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to Classification of rights issue) <sup>5</sup>
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from FRS 3) <sup>3</sup>
FRS 139	Financial Instruments: Presentation and Measurement <sup>2</sup>
FRS 139	Financial Instruments: Presentation and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and Revised FRS 127) <sup>2</sup>
Improvements to FRSs (2009) <sup>2</sup>	
IC Int. 9	Reassessment of Embedded Derivatives <sup>2</sup>
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives) <sup>2</sup>
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3) <sup>2</sup>
IC Int. 10	Interim Financial Reporting and Impairment <sup>2</sup>
IC Int. 11	FRS 2 - Group and treasury Share Transactions <sup>2</sup>
IC Int. 12	Service Concession Arrangements <sup>3</sup>
IC Int. 13	Customer Loyalty Programmes <sup>2</sup>
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction <sup>2</sup>
IC Int. 15	Agreements for the Construction of Real Estate <sup>2</sup>
IC Int. 16	Hedges of a Net Investment in a Foreign Operation <sup>3</sup>
IC Int. 17	Distributions of Non-cash Assets to Owners <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after July1, 2009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 3. **SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

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

#### **Basis of Consolidation**

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

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

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

#### **Business Combinations**

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

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

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

### **Revenue**

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

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

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

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

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

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

### **Income Tax**

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

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

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

Deferred tax is provided for, using the “liability” method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits are available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statements.

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

## **Leasing**

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

### The Group as lessor

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

## **Employee Benefits**

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

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

(ii) **Defined Contribution Plans**

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

**Foreign Currency Conversion**

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

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

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

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

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

**Property, Plant and Equipment**

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

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

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

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

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

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

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

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

#### **Investment Properties**

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

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

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

### **Investment in Subsidiary Companies**

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

### **Other Investments**

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

### **Impairment of Assets**

The carrying amounts of property, plant and equipment, investment in subsidiary companies and other investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statements, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

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

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

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

### **Inventories**

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

### **Contract Work-in-Progress**

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

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

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

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

### **Receivables**

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

### **Provisions**

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

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

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

### **Payables**

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

### **Financial Assets**

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

### **Financial Liabilities**

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

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

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

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

### **Cash Flow Statements**

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

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

### **Segment Reporting**

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

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

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

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

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

- **Allowances for doubtful debts**

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

- **Revenue recognition on construction contracts**

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

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

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

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

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

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

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

5. **REVENUE**

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

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

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

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

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

\* Directors' remuneration:

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

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

6. **FINANCE COSTS**

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

7. **LOSS BEFORE TAX**

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

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

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

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

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

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

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

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

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

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

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

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

#### 9. BASIC LOSS PER ORDINARY SHARE

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

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

10. **PROPERTY, PLANT AND EQUIPMENT**

<b>The Group</b>	<b>Freehold land RM'000</b>	<b>Freehold Building RM'000</b>	<b>Computers, furniture and fittings, office and workshop equipment and air conditioners RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
As of 1.1.2008	1,868	7,195	3,330	647	13,040
Additions	-	93	38	227	358
Written off	-	-	-	(8)	(8)
As of 31.12.2008/1.1.2009	1,868	7,288	3,368	866	13,390
Additions	-	21	95	214	330
As of 31.12.2009	1,868	7,309	3,463	1,080	13,720
<b>Accumulated Depreciation</b>					
As of 1.1.2008	-	1,696	3,109	390	5,195
Charge for the year	-	145	59	129	333
Written off	-	-	-	(4)	(4)
As of 31.12.2008/1.1.2009	-	1,841	3,168	515	5,524
Charge for the year	-	147	70	167	384
As of 31.12.2009	-	1,988	3,238	682	5,908
(Forward)					

<b>The Group</b>	<b>Freehold land RM'000</b>	<b>Freehold building RM'000</b>	<b>Computers, furniture and fittings, office and workshop equipment and air conditioners RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Net Book Value</b>					
As of 31.12.2009	<u>1,868</u>	<u>5,321</u>	<u>225</u>	<u>398</u>	<u>7,812</u>
As of 31.12.2008	<u>1,868</u>	<u>5,447</u>	<u>200</u>	<u>351</u>	<u>7,866</u>

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:

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

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

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

#### 11. INVESTMENT PROPERTIES

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

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

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

#### 12. INVESTMENT IN SUBSIDIARY COMPANIES

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

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

<b>Companies</b>	<b>Effective Percentage of Ownership</b>		<b>Principal Activities</b>
	<b>2009 %</b>	<b>2008 %</b>	
CME Industries Sdn Bhd	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 (“CMEP”)	100	100	Trading of pyroshield gas and Accessories
Istilah Permai Sdn Bhd *#	-	60	Dormant

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

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

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

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

### 13. OTHER INVESTMENTS

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

14. **DEFERRED TAX ASSET**

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	-	-
Transfer from income statements	165	-
	<u>165</u>	<u>-</u>
At end of year	<u>165</u>	<u>-</u>

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

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

15. **INVENTORIES**

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

16. **AMOUNT DUE FROM CONTRACT CUSTOMERS**

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

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

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

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

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

Other receivables, deposits and prepaid expenses consist of:

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

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

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

#### 18. **FIXED DEPOSITS WITH LICENSED INSTITUTIONS**

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

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

The average effective interest rate is as follows:

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

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

19. **SHARE CAPITAL**

Share capital of the Company is represented by:

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

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

20. **HIRE-PURCHASE PAYABLES**

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

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

	<b>The Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial years ending:		
2010	-	79
2011	92	51
2012	90	58
2013	58	17
2014	21	-
	<u>261</u>	<u>205</u>

## 21. LONG-TERM LOAN

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

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

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

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

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

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

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

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

The currency exposure profile of trade payables is as follows:

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

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

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

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

(c) Provisions:

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

23. **BANK BORROWINGS**

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

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

**Subsidiary Companies**

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

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

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

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

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

#### 24. CASH AND CASH EQUIVALENTS

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

## 25. FINANCIAL INSTRUMENTS

### **Financial Risk Management Objective and Policies**

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

### **Foreign currency risk**

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

### **Interest rate risk**

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

### **Credit risk**

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

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

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

### **Liquidity risk**

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

**Cash flow risk**

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

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

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

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

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

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

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

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

26. **CONTINGENT LIABILITIES**

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

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

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

27. **COMPARATIVE FIGURES**

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

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

28. **SEGMENTAL REPORTING**

<b>2009</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	1,291	7,918	1,599	-	-	10,808
Inter-segment sales	<u>-</u>	<u>2,080</u>	<u>2,417</u>	<u>-</u>	<u>(4,497)</u>	<u>-</u>
Total revenue	<u>1,291</u>	<u>9,998</u>	<u>4,016</u>	<u>-</u>	<u>(4,497)</u>	<u>10,808</u>
<b>Results</b>						
Segment result	<u>(94)</u>	<u>107</u>	<u>168</u>	<u>(13)</u>	<u>-</u>	168
Finance costs						(433)
Investment revenue						<u>67</u>
Loss before tax						(198)
Income tax credit						<u>184</u>
Loss for the year						<u>(14)</u>

(Forward)

<b>2009</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Other information</b>						
Capital additions	-	256	30	44	-	330
Depreciation of property, plant and equipment	-	138	239	7	-	384
	<u>-</u>	<u>138</u>	<u>239</u>	<u>7</u>	<u>-</u>	<u>384</u>
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	78,812	47,647	16,509	2,121	(82,352)	62,737
Other investments	175	-	-	-	-	175
						<u>62,912</u>
<b>Consolidated total assets</b>						<u>62,912</u>
<b>Liabilities</b>						
Segment liabilities	40,305	28,694	26,995	2,037	(74,695)	23,336
						<u>23,336</u>

Company No. 52235 - K

<b>2008</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	795	35,029	1,427	-	-	37,251
Inter-segment sales	<u>-</u>	<u>9,387</u>	<u>1,601</u>	<u>-</u>	<u>(10,988)</u>	<u>-</u>
Total revenue	<u>795</u>	<u>44,416</u>	<u>3,028</u>	<u>-</u>	<u>(10,988)</u>	<u>37,251</u>
<b>Results</b>						
Segment result	<u>(1,638)</u>	<u>(247)</u>	<u>140</u>	<u>(128)</u>	<u>1,500</u>	(373)
Finance costs						(570)
Investment revenue						<u>161</u>
Loss before tax						(782)
Income tax expense						<u>(478)</u>
Loss for the year						<u>(1,260)</u>

(Forward)

Company No. 52235 - K

<b>2008</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Other information</b>						
Capital additions	-	260	98	-	-	358
Investment properties additions	10,640	-	-	-	-	10,640
Depreciation of property, plant and equipment	-	91	241	1	-	333
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	78,483	45,683	15,625	1,657	(79,597)	61,851
Other investments	175	-	-	-	-	175
<b>Consolidated total assets</b>						<u>62,026</u>
<b>Liabilities</b>						
Segment liabilities	39,829	26,763	26,551	1,559	(72,267)	<u>22,435</u>

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

Company No. 52235 - K

**CME GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

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

Signed in accordance with a resolution  
of the Directors,

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**TUNKU NIZAMUDDIN BIN  
TUNKU SHAHABUDDIN**

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**LIM BEE HONG**

Shah Alam,  
April 28, 2010

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE  
FINANCIAL MANAGEMENT OF THE COMPANY**

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

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

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Before me,

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**COMMISSIONER FOR OATHS**

Company No. 52235 - K

**CME GROUP BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**FINANCIAL STATEMENTS**

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Company No. 52235 - K

**CME GROUP BERHAD**  
(Company No. 52235 - K)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
(In Ringgit Malaysia)

These Audited Financial Statements of the Company with \*Qualified/Unqualified Auditors' Report for the year ended December 31, 2009 were tabled at the Annual General Meeting or Adjourned Annual General Meeting held on .....

.....  
Name:

Director