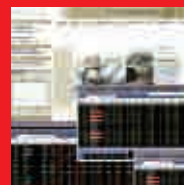
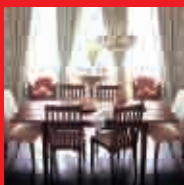




# Malayan United Industries Berhad

Company No: 3809 - W



LAPORAN TAHUNAN 2006 ANNUAL REPORT

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# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 27 June 2007 at 4.00 p.m. for the following purposes:-

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 December 2006.
2. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
  - (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Ming Sang be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 1)**
  - (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dr Ngui Chon Hee be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 2)**
3. To re-elect Mr Ang Guan Seng who is retiring in accordance with Article 109 of the Company's Articles of Association. **(Resolution 3)**
4. To re-elect the following Directors who are retiring in accordance with Article 90 of the Company's Articles of Association:-
  - (i) Tan Sri Dato' Paduka Dr Mazlan bin Ahmad **(Resolution 4)**
  - (ii) Dato' Dr Tan Kee Kwong **(Resolution 5)**
5. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. As Special Business:-

To consider and, if thought fit, pass the following Ordinary Resolutions:-

  - 6.1 Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being." **(Resolution 7)**



## 6.2 Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad

“THAT, subject to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company (“Proposed Share Buy Back”) as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) provided that the aggregate number of ordinary shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at the time of purchase provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders’ mandate for share buy back which was obtained at the Extraordinary General Meeting held on 28 June 2006, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being;

AND THAT the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy Back shall not exceed the Company’s share premium account. Based on the audited financial statements for the financial year ended 31 December 2006, the Company’s share premium account stood at RM220,305,408.

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Listing Requirements and/or any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to:-

- (a) cancel the shares so purchased; or
- (b) retain the shares so purchased as treasury shares; or
- (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
- (d) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them;

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation with full powers to assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company’s Memorandum and Articles of Association and the requirements of Bursa Securities and all other governmental/regulatory authorities.”

**(Resolution 8)**

## NOTICE OF MEETING (Cont'd)

7. To transact any other business of which due notice shall have been received.

By order of the Board

Leong Park Yip  
*Company Secretary*

Kuala Lumpur  
5 June 2007

### *Notes:*

1. *A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.*
2. *A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
4. *The Form of Proxy must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

### ***Explanatory Notes On Special Business***

1. The Ordinary Resolution proposed under item 6.1, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.
2. The Ordinary Resolution proposed under item 6.2, if passed, will empower the Directors of the Company to purchase Malayan United Industries Berhad shares through Bursa Malaysia Securities Berhad up to ten per centum (10%) of the issued and paid-up share capital of the Company.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-appointment/re-election are:-
  - (a) Mr Yong Ming Sang – Retiring pursuant to Section 129 of the Companies Act, 1965
  - (b) Dr Ngui Chon Hee – Retiring pursuant to Section 129 of the Companies Act, 1965
  - (c) Mr Ang Guan Seng – Retiring pursuant to Article 109 of the Company's Articles of Association
  - (d) Tan Sri Dato' Paduka Dr Mazlan bin Ahmad – Retiring pursuant to Article 90 of the Company's Articles of Association
  - (e) Dato' Dr Tan Kee Kwong – Retiring pursuant to Article 90 of the Company's Articles of Association
2. Further details on the Directors standing for re-appointment/re-election are set out on pages 7 to 9 of this Annual Report. The securities holdings of Mr Yong Ming Sang, Mr Ang Guan Seng and Tan Sri Dato' Paduka Dr Mazlan bin Ahmad in the Company are set out in the Analysis of Shareholdings which appear on page 48 of this Annual Report. The securities holdings of Dr Ngui Chon Hee are set out in the Analysis of Shareholdings and Analysis of Irredeemable Convertible Unsecured Loan Stocks Holdings which appear on pages 48, 51 and 53 of this Annual Report.
3. Details of Attendance of Directors at Board Meetings.

There were five (5) Board Meetings held during the financial year ended 31 December 2006. Details of attendance of the Directors are set out in the Profile of Directors appearing on pages 7 to 9 of the Annual Report.
4. The Thirty-Sixth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 27 June 2007 at 4.00 p.m..

# CORPORATE INFORMATION

## Board of Directors

Tan Sri Dato' Khoo Kay Peng, P.S.M., D.P.M.J., K.M.N., J.P., HonD Litt, Hon LLD, *Chairman & Chief Executive*

Yong Ming Sang

Dr Ngui Chon Hee, J.S.M., K.M.N., S.M.T.

Ang Guan Seng

Dato' Paduka Nik Hashim Nik Yusoff, D.J.M.K.

Khet Kok Yin

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad, P.S.M., P.J.N., D.S.P.J., D.P.M.P., D.S.D.K., J.M.N.

Dato' Dr Tan Kee Kwong, D.M.P.N.

Mohamad Faiz bin Abdul Hamid (*Alternate to Yong Ming Sang*)

## Secretary

Leong Park Yip

## Auditors

BDO Binder *Chartered Accountants*

## Principal Bankers

CIMB Bank Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Public Bank Berhad

RHB Bank Berhad

United Overseas Bank (Malaysia) Berhad

## Registrar

Pan Malaysia Management Sdn. Bhd.

5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur

Tel. No. 21487696

Fax. No. 21442118

## Registered Office

5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur

Tel. No. 21177388

Fax. No. 21445209

Website : [www.muiglobal.com](http://www.muiglobal.com)



## PROFILE OF DIRECTORS

### **Tan Sri Dato' Khoo Kay Peng**

Age 68. Chairman and Chief Executive of Malayan United Industries Berhad. Appointed as Director on 18 January 1971 and has been Chairman since 1987. Was conferred an Honorary Doctor of Letters by the Curtin University of Technology, Perth, Australia in 1993 and Honorary Doctor of Law by Northwest University (previously known as Northwest College), Kirkland, Seattle, USA in 2000. In 1985, was awarded the Manager of the Year by the Harvard Business School Alumni Club of Malaysia and was also honoured with the Entrepreneur of the Year Award by the Asian Institute of Management Graduates' Association of Malaysia and the Association of Banks, Malaysia. Was the Chairman of the then Tourist Development Corporation (now known as the Malaysian Tourism Promotion Board), Vice Chairman of Malayan Banking Berhad (Maybank) and a trustee of the National Welfare Foundation. Currently, also the Chairman and Chief Executive of MUI Properties Berhad. He is also the Chairman of Morning Star Resources Limited, Hong Kong, Laura Ashley Holdings plc and Corus Hotels plc, United Kingdom. Also sits on the Boards of Pan Malaysian Industries Berhad, Metrojaya Berhad, MUI Continental Insurance Berhad, SCMP Group Limited (South China Morning Post) and the Bank of East Asia Limited, Hong Kong. He is presently a board member of Northwest University, a Council Member of the Malaysian-British Business Council, the Malaysia-China Business Council and the Asia Business Council. A deemed substantial shareholder of Malayan United Industries Berhad and is the brother-in-law of Dr Ngui Chon Hee, who is a Non-Executive Director of Malayan United Industries Berhad. Attended all the five (5) Board Meetings held during the financial year.

### **Yong Ming Sang**

Age 76. Independent Non-Executive Director. Appointed as Director on 24 June 1980. Chairman of the Audit Committee and Remuneration Committee. Also member of the Nomination Committee. He is a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom) and of the Institution of Surveyors (Malaysia). Prior to joining the corporate sector in 1978, practised as a Chartered Quantity Surveying Consultant in a quantity surveying firm of Messrs Yong Dan Mohamad Faiz of which he was the founder member. His corporate sector experience ranges from financial services, media, manufacturing, hotel, property development, airline industry to tourism. Also serves as a Director of MUI Properties Berhad and Pan Malaysia Holdings Berhad. He had previously served as the Chairman of Star Publications (Malaysia) Berhad, Chairman of Bandar Raya Developments Berhad, Director of Malaysian Airline System Berhad, the national airline, Tourist Development Corporation (now known as the Malaysian Tourism Promotion Board), Keretapi Tanah Melayu and the National Art Gallery, Malaysia. He is a member of the Advisory Council of Corporate Malaysia Roundtable. Attended all the five (5) Board Meetings held during the financial year.

### **Dr Ngui Chon Hee**

Age 73. Non-Independent Non-Executive Director. Appointed as Director on 21 November 1988 and resigned on 4 June 2004. Was re-appointed on 13 July 2005. A retired dental surgeon. Holds a Bachelor of Dental Surgery from the University of Singapore. Also, a Fellow in Dental Surgery of the Royal College of Surgeons of England. Had served in the Malaysian Health Service as a dental officer and retired as Senior Dental Consultant. Currently, he sits on the Boards of Pan Malaysian Industries Berhad, Metrojaya Berhad, Pan Malaysia Corporation Berhad and MUI Continental Insurance Berhad. Is the brother-in-law of Tan Sri Dato' Khoo Kay Peng, who is the Chairman and Chief Executive of Malayan United Industries Berhad. Attended all the five (5) Board Meetings held during the financial year.



## **PROFILE OF DIRECTORS** (Cont'd)

### **Ang Guan Seng**

Age 68. Independent Non-Executive Director. Appointed as Director on 18 August 1989. Chairman of the Nomination Committee and member of the Remuneration Committee. He completed his 'O' Level education in Trinity Grammar School Kew, Melbourne, Australia in 1959. Has extensive experience and knowledge in commerce industry, housing, building and trading. He also sits on the Boards of Petaling Garden Berhad and PPB Group Berhad. Attended all the five (5) Board Meetings held during the financial year.

### **Dato' Paduka Nik Hashim Nik Yusoff**

Age 69. Independent Non-Executive Director. Appointed as Director on 25 July 1991. Member of the Nomination Committee. Holds a Bachelor of Arts (Honours) degree from Melbourne University, Australia and Master in Public Administration from Harvard University. Formerly, the Executive Director and Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad). Following the acquisition of MUI Bank Berhad by the Hong Leong Group in 1994, he was appointed as Advisor and continued to be on the Board of Hong Leong Bank Berhad until December 1995. He also sits on the Boards of Genting Berhad, Rashid Hussain Berhad, Utama Banking Group Berhad, UBG Enterprise Berhad and CMS Trust Management Berhad. Attended three (3) Board Meetings held during the financial year.

### **Khet Kok Yin**

Age 60. Non-Independent Non-Executive Director. Appointed as Director on 25 July 1991 and resigned on 4 June 2004. Was re-appointed as Director on 3 March 2005. Holds a Bachelor of Economics (Honours) from University of Malaya. Member of the Audit Committee. Currently, he sits on the Boards of Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad, Pan Malaysia Corporation Berhad, MUI Properties Berhad, MUI Continental Insurance Berhad and Metrojaya Berhad. He had previously served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad, Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad and Pan Malaysia Capital Berhad, Chief Executive Officer of Pan Malaysia Corporation Berhad, Managing Director of Morning Star Securities Limited, Hong Kong and President of the North American operations of The MUI Group in the United States of America. Attended all the five (5) Board Meetings held during the financial year.

### **Tan Sri Dato' Paduka Dr Mazlan bin Ahmad**

Age 63, Independent Non-Executive Director. Appointed as Director on 3 January 2007. Member of the Remuneration Committee. Holds a Bachelor of Arts (Honours) in History from University of Malaya, Master of Public Administration from University of Pittsburgh and PhD in Public Administration from University of Southern California, Los Angeles, USA. He also attended The Executive Development Programme (Philippines Executive Academy), and The Advanced Management Programme (Harvard Business School). He began his career in the Administrative and Diplomatic Service of the Malaysian Government in August 1966. During the course of his 33 years in Public Service, he had served as INTAN Director, Secretary General of the Ministry of Justice, Secretary General of the Ministry of Information, Deputy Secretary General of the Ministry of Finance and Mayor of Kuala Lumpur. He retired from the Malaysian Civil Service as Director General of the Public Service Department in December 1998. He was then appointed and served for 6 years as Chairman of the Education Service Commission until January 2005. Currently, also a Director of MUI Continental Insurance Berhad. He was appointed after the financial year ended 31 December 2006. As such, details of his attendance at Board Meetings will commence only from the date of his appointment on 3 January 2007.



**Dato' Dr Tan Kee Kwong**

Age 60. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Member of the Audit Committee. He graduated with a Bachelor of Medicine and Bachelor of Surgery from the Faculty of Medicine, University of Malaya in 1973. He Joined the Government service as a medical officer in 1974 until 1977. Between 1977 and 1980, he worked as a medical officer with the British National Health Service. From 1981 to 1983, he was a volunteer rural health officer in Southern Sudan, Africa. In 1985, he commenced private medical general practice until 1999, when he was made a Deputy Minister in the Ministry of Land and Cooperative Development, a post he held until 2004. He has been a Member of Parliament for Segambut, Kuala Lumpur since 1995. He is currently also the Chairman of the Board of Governors of Sekolah Menengah Laki-Laki Methodist, Sentul; Chairman of Pusat Bantuan Sentul; Adviser to the Young Malaysian Movement; Chairman of the Management Committee of Wesley Methodist School and Chairman of the Board of Management of Methodist College Kuala Lumpur. He also sits on the Board of TMC Life Sciences Berhad. He was appointed after the financial year ended 31 December 2006. As such, details of his attendance at Board Meetings will commence only from the date of his appointment on 3 January 2007.

**Mohamad Faiz bin Abdul Hamid**

*(Alternate Director to Yong Ming Sang)*

Age 67. Appointed as alternate Director on 24 June 1980. A Fellow of the Royal Institution of Chartered Surveyors, England in 1981 and the Institution of Surveyors, Malaysia in 1981. Was the Past President of the Institution of Surveyors, Malaysia. Has been a consultant quantity surveyor since 1968. Currently, he sits on the Boards of Press Metal Berhad and PMB Technology Berhad.

*Note:-*

*Save as disclosed, none of the Directors and alternate Director has any family relationship with any Director and/or major shareholder of the Company. None of the Directors and alternate Director has any conflict of interest with the Company nor have they been convicted of any offences within the past ten (10) years.*

*All the Directors are Malaysians.*

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of corporate governance in the Malaysian Code of Corporate Governance (the “Code”).

The Board of Directors will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the Principles and Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

## 1. Directors

### 1.1 The Board

An effective Board leads and controls the Group. The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda reaches the Board at least two (2) to three (3) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Five (5) Directors’ meetings were held during the financial year ended 31 December 2006. Details of the attendance of the Directors are disclosed on pages 7 to 9 of the Annual Report.

### 1.2 Board Balance

The Board currently consist of eight (8) Directors:-

- One (1) Chairman and Chief Executive
- Five (5) Independent Non-Executive Directors
- Two (2) Non-Independent Non-Executive Directors

There is an alternate Director on the Board.



The Chairman functions both as Chairman of the Board and Chief Executive. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group’s businesses. A brief description of the background of each Director is presented on pages 7 to 9 of the Annual Report.

The Board complies with Bursa Securities Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

Mr Yong Ming Sang has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2006 is set out on pages 18 to 20 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in section 1.4 and section 2 respectively of this statement.

### **1.3 Supply of Information**

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties, which is not only quantitative but also any other information deemed suitable.

Board papers are distributed to Board members at least seven (7) days prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company’s shares may be discussed at the meeting without materials being distributed prior to the meeting.

In addition to Group performances that are discussed at the meeting, there is a schedule of matters reserved specifically for the Board’s decision.

All Directors have access to the advice and service of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group’s expense.

# STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

## 1.4 Appointments to the Board

The members of the Nomination Committee are as follows:-

Chairman	Ang Guan Seng	– Independent Non-Executive Director
Members	Yong Ming Sang	– Independent Non-Executive Director
	Dato' Paduka Nik Hashim Nik Yusoff	– Independent Non-Executive Director

The duties and functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees
- annually assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis
- annually reviews the mix of skills, experience and other qualities, including core competencies of non-executive Directors
- annually reviews the Board structure, size and composition

The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

## 1.5 Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the year, all Directors attended training on Boardroom Affairs and its Functions and Corporate Disclosure Rules and Regulations conducted in-house for members of the Board on 28 August 2006 by an external training provider.

There is a familiarisation programme in place for new Board members, which include visits to the Group's businesses, and meetings with senior management as appropriate, to facilitate their understanding of the Group.

## 1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company also provide that, subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Under the existing terms of his appointment as Chief Executive of the Company, Tan Sri Dato' Khoo Kay Peng does not retire from office.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.



## 2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of executive Directors, their remuneration are structured to link rewards to corporate and individual performance. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

The members of the Remuneration Committee are as follows:-

Chairman	Yong Ming Sang	– Independent Non-Executive Director
Members	Tan Sri Dato' Dr Mazlan bin Ahmad (Appointed on 3 January 2007)	– Independent Non-Executive Director
	Ang Guan Seng	– Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of executive Directors is a matter for the Board as a whole and individual executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of non-executive Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

For the financial year ended 31 December 2006, the aggregate of remuneration received by Directors of the Company from the Company and the subsidiary companies categorised into appropriate components are as follows:-

	<b>Salaries</b> <b>RM'000</b>	<b>Fees</b> <b>RM'000</b>	<b>Benefits- in-kind</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Executive Director					
Receivable from					
-Company	240	–	4	–	244
-Subsidiary companies	672	195	27	1,152	2,046
	912	195	31	1,152	2,290
Non-Executive Directors					
Receivable from					
-Company	–	–	–	12	12
-Subsidiary companies	192	80	23	58	353
	192	80	23	70	365
	1,104	275	54	1,222	2,655

The number of Directors of the Company whose remuneration during the year falls within the respective bands are as follows:-

	<b>Number of Directors</b>	
<b>Range of Remuneration</b>	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	–	3
RM250,001 to RM300,000	–	1
RM2,250,001 to RM2,300,000	1	–

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

### 3. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing Bursa Securities' website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

### 4. Accountability and Audit

#### 4.1 Financial Reporting

In presenting the annual and quarterly reports, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 116 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27(a) of Bursa Securities Listing Requirements is set out on page 15 of the Annual Report.

#### 4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

#### 4.3 Relationship with the Auditors

The Company's external auditors, Messrs BDO Binder have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee on pages 18 to 20 of the Annual Report.



## **DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS**

The Directors are required by company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and of the Group for that period.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved Financial Reporting Standards in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965.



## STATEMENT ON INTERNAL CONTROL

The Board of Directors (“Board”) is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management. The system is designed to identify and manage risks in the pursuit of the Group’s business objectives as well as to safeguard shareholders’ investments and the Group’s assets. The system serves to provide reasonable but not absolute assurance against the risk of material loss. The concept of reasonable assurance recognises that the cost of control procedures is not to exceed the expected benefits.

The Group has in place an enterprise-wide risk management (ERM) framework and process which was implemented in 2002. Within the ERM framework, operating companies have Risk Management Committees whose members represent key areas in operations. These committees are guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Risks and control measures are documented and compiled to represent the risk profile of the operating company. Key risks of operating companies are consolidated to form the risk profile of the Group. Risks and control measures are periodically communicated to the relevant personnel within the Group and to the Audit Committee. Risk profiles are reviewed and updated on a periodic basis.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect current conditions. The updated risk profile was documented and presented to the Audit Committee for their review and acceptance.

Hence, in accordance with the *Statement on Internal Control: Guidance for Directors of PLCs*, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the annual report.

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group’s business operations. The salient features of the Group’s internal control system include:

- a management structure with clearly defined lines of responsibility and authority limits
- written company values, code of conduct, policies and procedures
- monthly reporting of actual results which are reviewed against budget, with major variances being followed up and management action taken, where necessary
- an internal audit function that provides independent assurance on the effectiveness of the Group’s system of internal control and advice on areas which require further improvement
- an Audit Committee comprising non-executive members of the Board with the majority being independent directors

The Board, with the assistance of the internal audit team and external professional consultants (whenever deemed necessary), continuously reviews the adequacy and integrity of the Group’s system of internal control and management information systems, and compliance with laws, regulations, rules, directives and guidelines.

Internal audit reports are tabled at Audit Committee meetings which are held at least once in every quarter. Control deficiencies and issues highlighted are addressed or rectified by management. There were no control deficiencies noted during the financial year under review which has a material impact on the Group’s financial performance or operations.

The Group’s system of internal control mainly applies to its operating companies and does not cover associated companies, inactive companies and dormant companies.

The Board is of the view that the monitoring arrangements in place provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company’s and Group’s situation.

This statement was made in accordance with a resolution of the Board.



## OTHER INFORMATION

### 1. MATERIAL CONTRACTS

There are no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2006 or entered into since the end of the previous year except as disclosed in the financial statements.

### 2. SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory body.

### 3. NON-AUDIT FEES

During the financial year ended 31 December 2006, non-audit fees paid to the external auditors by the Company and its subsidiary companies amounted to RM1,920,000 (2005: RM1,500,000).

### 4. REVALUATION POLICY

The Group has not adopted a policy of regular revaluation on landed properties.

# REPORT OF THE AUDIT COMMITTEE

## MEMBERS

<b>Name</b>	<b>Designation</b>
Yong Ming Sang - <i>Chairman</i> (An existing member and was appointed as Chairman on 28 February 2007)	<i>Independent Non-Executive Director</i>
Dato' Dr Tan Kee Kwong (Appointed on 3 January 2007)	<i>Independent Non-Executive Director</i>
Khet Kok Yin	<i>Non-Independent Non-Executive Director</i>

## TERMS OF REFERENCE

### 1. Constitution

The Audit Committee was established on 5 July 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Securities Listing Requirements as well as other regulatory requirements.

### 2. Authority

- The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### 3. Functions

The functions of the Audit Committee shall be:-

- to review the following and report to the Board of Directors:-
  - (a) the audit plan with the external auditors;
  - (b) the evaluation of the system of internal controls with the external auditors;
  - (c) the audit report with the external auditors;
  - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
  - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - i) changes in or implementation of major accounting policy changes;
    - ii) significant and unusual events;
    - iii) significant adjustments arising from the audit;
    - iv) the going concern assumption; and
    - v) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors;
  - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;



- to recommend the nomination of a person or persons as external auditors;
  - to consider the external auditors' fee and any questions of dismissal;
  - to review the external auditors' management letter and management's response;
  - to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of management or the Executive Directors of the Group where necessary);
  - to consider the major findings of internal investigations and management's response;
  - to review any appraisal or assessment of the performance of members of the internal audit function;
  - to inform itself of any appointments or resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning;
- together with such other functions as may be agreed to by the Audit Committee and Board of Directors.

#### **4. Meetings**

During the financial year ended 31 December 2006, six (6) Audit Committee Meetings were held. Mr Yong Ming Sang and Mr Khet Kok Yin attended all the six (6) meetings of the Audit Committee. Dato' Dr Tan Kee Kwong was appointed after the financial year ended 31 December 2006. As such, details of his attendance at Audit Committee Meetings will commence only from the date of his appointment on 3 January 2007.

In addition to the Committee members, the Chief Financial Officer and Head of Internal Audit are invited for attendance at each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

#### **5. Summary Of Activities Of The Audit Committee During The Financial Year Ended 31 December 2006**

The Audit Committee reviewed and deliberated eight (8) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee together with the Chief Financial Officer, prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Company and its subsidiaries and discussed applicable accounting and auditing standards that may have significant implication on the Group's financial statements.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2007. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group. The Audit Committee also reviewed related party transactions carried out by the Group.

## REPORT OF THE AUDIT COMMITTEE (Cont'd)

### 6. Internal Audit Function

The internal audit function is performed by the Group Internal Audit Department and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit Department reports directly to the Audit Committee Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed. Its activities include:

- reviewing the effectiveness of risk management and internal control
- appraising the adequacy and integrity of internal controls and management information systems
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control
- recommending improvements to existing systems of internal control
- ascertaining the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that are produced within the Group
- ascertaining the adequacy of controls for safeguarding the Group's assets from losses of all kinds
- performing follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control issues highlighted, and
- conducting special reviews or investigations requested by management or by the Audit Committee

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.



Malayan United Industries Berhad  
3809-W  
Incorporated in Malaysia

## **The MUI Group**

### Senior Management

**Tan Sri Dato' Khoo Kay Peng**  
*Group Chief Executive*

**Dato' Rastam bin Abdul Hadi**  
*Group Advisor*

**Lillian Tan Lian Tee**  
*Chief Executive Officer*  
Laura Ashley Holdings plc, United Kingdom

**Hj Ramli bin Hj Mahmudin**  
*Chief Executive Officer*  
PM Securities Sdn Bhd

**Robert Heng Fook Hee**  
*Chief Executive Officer*  
Metrojaya Berhad

**Woon See Soon**  
*Head, Corporate Finance*  
PM Securities Sdn Bhd

**Lai Chee Leong**  
*Group Chief Financial Officer*

**Chan Chong Lum**  
*Chief Executive Officer*  
Network Foods Industries Sdn Bhd  
Network Foods (Malaysia) Sdn Bhd

**Lawrence Chai**  
*President*  
Laura Ashley Inc, United States of America

**George Tang**  
*Executive Director*  
MUI Properties Berhad  
Corus Hotels Group  
Group Corporate Communications

**Wong Kim Teck**  
*Chief Executive Officer*  
MUI Continental Insurance Berhad

**David R. Cook**  
*Finance Director*  
Laura Ashley Holdings plc, United Kingdom

**Dato' Choong Kok Min**  
*Executive Director*  
Pan Malaysia Holdings Berhad

**G. Peter Kirschner**  
*Executive Director*  
Corus Hotels plc, United Kingdom

**Noorjehan Rahima bt Abdul Jumat**  
*Executive Director – Dealing*  
PM Securities Sdn Bhd

**Cheang Yoon Hoong**  
*Executive Director – Operations*  
PM Securities Sdn Bhd

**Jit Singh a/l Santok Singh**  
*Senior Vice President*  
Group IT Services

**Chan Choung Yau**  
*Senior Vice President*  
Office of Group Chief Executive





# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report and financial statements of the Company and the Group for the financial year ended 31 December 2006.

## ECONOMIC REVIEW

Global economy in 2006 registered a growth rate of 5.0% despite monetary policy tightening in major economies and further escalation in oil prices to new peaks during the year. While the U.S. economic growth moderated in 2006, the Euro and Japan economies grew at higher rates than in the previous year.

On the domestic front, our Malaysian economy held up well to register a growth of 5.9% in real Gross Domestic Product compared to 5.2% in 2005. The economic growth was driven by sustained consumption, increased corporate investments and stronger exports. On the supply side, the manufacturing sector and the agriculture, forestry and fishery sector achieved higher growth rates in 2006 than in the previous year whereas the services sector maintained its growth at 6.5%. In contrast and as reflected in the softer housing market, the construction sector contracted by 0.5% in 2006.

Malaysia recorded a surplus in overall balance of payments of RM25.3 billion in 2006, reflecting growth in exports and higher foreign direct investment as well as net inflow of portfolio investment. The international reserves of Bank Negara Malaysia amounted to RM290.4 billion (US\$82.5 billion), sufficient to finance 7.8 months of retained imports and is 7.0 times the short-term external debt as at 31 December 2006.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2006, the Group recorded a revenue of RM744.0 million compared to RM1.2 billion in the previous financial year. The decline in revenue was mainly due to the disposal of hotels in the United Kingdom

(“UK”) and the unsatisfactory performance of the Group’s food and confectionery operations in Australia.

The lower revenue was mitigated by lower operating expenses. Together with a substantial reduction in finance cost and a higher share of profit of associated companies, the Group narrowed its net loss to RM237.2 million from a net loss of RM355.1 million (as restated) a year ago. As at 31 December 2006, the Group’s total assets and shareholders’ funds stood at RM2.9 billion and RM851.7 million respectively.

## CORPORATE DEVELOPMENTS

### A. Disposal of Assets

The Group’s ongoing rationalisation exercise progressed well during the financial year with the successful disposal of 27 hotels in the UK and some other investments. Proceeds from these disposals amounting to about RM1.2 billion were substantially used to reduce Group borrowings. Since the rationalisation exercise began in 2003, the Group has successfully raised RM2.8 billion and reduced its bank borrowings to about RM1.5 billion as at 31 December 2006.

### B. Capital Reductions by Pan Malaysia Holdings Berhad and Pan Malaysia Capital Berhad

Pan Malaysia Holdings Berhad (“PM Holdings”) and its associated company, Pan Malaysia Capital Berhad (“PM Capital”) have successfully completed their respective capital reduction exercises which the companies had proposed on 2 March 2006. Shareholders of PM Holdings and PM Capital approved the capital reductions at their respective extraordinary general meetings on 15 May 2006 and the High Court approved both the companies’ Petitions for the same on 28 August 2006. With the completion of their respective capital reductions on 29 September 2006, PM Holdings and PM Capital had regularised





their financial positions. On 9 October 2006, Bursa Malaysia Securities Berhad (“Bursa Securities”) announced that both PM Holdings and PM Capital had ceased to be Affected Listed Issuers pursuant to Practice Note 17/2005 of the Listing Requirements of Bursa Securities.

### **C. Delisting of Network Foods Limited shares from the Australian Stock Exchange**

On 17 October 2006, Network Foods Limited (“NFL”), a 92.92%-owned subsidiary of Pan Malaysia Corporation Berhad, announced that it had submitted a request to the Australian Stock Exchange for the quotation of its shares to be ended and removed from the official list. The delisting was done on 9 February 2007.

### **D. Transformation of PM Securities Sdn Bhd ("PM Securities") to an Investment Bank**

PM Securities, a 99.99%-owned subsidiary of PM Capital, paid an initial deposit of RM10 million in January 2006 to Bank Negara Malaysia (“BNM”) as part of the total contribution of RM52.5 million for its transformation from a Universal Broker to an Investment Bank. BNM, the Securities Commission and Bursa Securities had conducted their due diligence review on PM Securities to ensure that the company meets the preconditions of becoming an Investment Bank. The company is making the necessary arrangements to comply with all such conditions.

### **E. Proposed Acquisition of 91.06% equity interest in Metrojaya Berhad**

On 31 October 2006, Libertyray (M) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement with Pan Malaysian Industries Berhad (“PMI”) and Excelton Sdn Bhd, a wholly-owned subsidiary of PMI, for the proposed acquisition of 113,751,983 ordinary shares of RM1.00 each in Metrojaya Berhad (“Metrojaya”), representing approximately 91.06% equity interest in

Metrojaya for a total purchase consideration of RM273 million (“Proposed Acquisition”). The Proposed Acquisition is to enable the Group to streamline and consolidate its retailing operations and further strengthen retailing as one of its core businesses. Currently the Group is directly involved in the retailing business through Laura Ashley Holdings plc. The Proposed Acquisition is pending completion and is subject to approvals from the relevant authorities and the respective shareholders of the Company and PMI.

Upon completion of the Proposed Acquisition, the Company will be obliged pursuant to the Malaysian Code On Take-Overs And Mergers (Amendment) 2004 to extend a mandatory unconditional offer for the remaining 11,169,017 Metrojaya shares at a cash offer price of not less than RM2.40 per share.

## **REVIEW OF OPERATIONS**

The Group has major and diversified business operations and investments. The core businesses of the Group are Retailing, Hotels, Food & Confectionery, Financial Services, Properties, and Travel and Tourism. The Group’s operations and investments have expanded beyond Malaysia to United Kingdom, Europe, United States of America and Asia Pacific.

### **Retailing**

The Group is involved in retailing through two well established businesses, namely Laura Ashley Holdings plc (“Laura Ashley”), which owns the internationally-renowned Laura Ashley brand name, and Metrojaya, a leading Malaysian-based department and specialty store operator.

The Group owns 34.31% of Laura Ashley, a UK-based international retailer listed on the London Stock Exchange. Laura Ashley is principally involved in the design, sourcing, manufacture, distribution and sale of home furnishings, garments and accessories. Currently it operates

191 stores which are located in the UK, Republic of Ireland and France. It also has 197 franchised stores in 28 countries. Franchising constitutes an important part of the Laura Ashley brand while Licensing activities continue to be active in North America. Mail order and E-commerce channels are also a vital part of Laura Ashley's multi-channel retail strategy.

For its financial year ended 27 January 2007, Laura Ashley achieved a 100% increase in profit before tax to £12.2 million (approximately RM82.5 million) compared to £6.1 million (approximately RM42.0 million) in its previous financial year. Total group sales grew by 6.6% to £225.0 million (approximately RM1.5 billion), primarily due to increased UK sales in all categories. As at 27 January 2007, Laura Ashley had a healthy cash position of £31.7 million (approximately RM219.7 million) with no borrowings. The company has reported an increase of 8.4% in total retail sales in its current year's trading for the 8 weeks to 24 March 2007.

Laura Ashley paid its first interim dividend since 1997 of 0.5 pence per share (10% of nominal value) on 16 February 2007. In the light of its strong performance, the Board of Laura Ashley has recommended a final dividend of 0.5 pence per share (10% of nominal value) taking the total dividend for the year to 1 pence per share (20% of nominal value). This represents a 100% increase in dividend payment over the previous year. The final dividend is subject to Laura Ashley's shareholders' approval and payable on 5 June 2007. Laura Ashley's retail operations and branding continue to remain strong in the marketplace as evidenced by the fact that it was voted by readers of **Homes & Gardens** magazine as the "Retailer of the Year".

In North America, Laura Ashley (North America) Inc., a subsidiary of Regent Corporation which is an associated company of the Group, continued to expand its licensing business, capitalising on

the strength of the established brand name of Laura Ashley. During the financial year under review, the company's performance improved with revenue and profit before tax increasing by more than 30% to US\$12.7 million (approximately RM46.6 million) and US\$6.3 million (approximately RM23.1 million) respectively.

The Group's retailing business in Malaysia is spearheaded by Metrojaya, a leading retailer in Malaysia operating 7 department stores and over 70 specialty stores under the names of Reject Shop, East India Company, Somerset Bay, Cape Cod, Living Quarters and Cosmart. As part of the Group's growth strategy, another stylish and exciting brand of specialty store called BB Maxx will be launched in the second quarter of 2007.

To strengthen its presence in the retailing scene, Metrojaya embarked on an aggressive store expansion plan during the past year, opening its first fashion concept store called "MJ by Metrojaya" at The Curve, Mutiara Damansara in May 2006. This was followed by opening a full-fledged Metrojaya department store at Berjaya Times Square in September 2006 and then the latest "ALL concept store by MJ" at Avenue K in January 2007. These are in addition to the various specialty stores opened during the year. Talks are on-going for several more department and specialty stores to be opened at strategic locations throughout Malaysia.

Metrojaya reported higher revenue of RM278.9 million in the nine months ended 31 December 2006 compared to RM251.8 million in the same period last year. The opening of new stores together with like-for-like growth contributed to the higher revenue. Despite higher pre-operating expenses associated with the opening of new stores, Metrojaya recorded an operating profit of RM12.6 million for the nine months ended 31 December 2006, just slightly lower than the RM13.0 million operating profit in the same period last year.



## Hotels

As a result of its planned divestments, the Group now owns and operates 14 hotels in the United Kingdom and Malaysia. The Malaysian hotel group performed well despite stiff competition from new hotels and serviced apartments that significantly increased room inventory in Kuala Lumpur. Corus hotel Kuala Lumpur continued its strong growth in performance and profitability, achieving its fourth consecutive year of improved profits. For the financial year under review, the hotel achieved record profits, improving by 56% over the results of the previous year. Corus Paradise Resort in Port Dickson turned around with a modest profit after incurring losses in previous years.

The hotel group in UK, however, continued to operate under challenging market conditions. Corus hotel Hyde Park, the Group's flagship hotel in UK, performed well in 2006, achieving a 17% growth in revenue and a 22% improvement in trading profit. The average room rate of the UK hotel group grew at the expense of occupancy, resulting in higher room yield. Group operating turnover saw a decline as a result of continuing property disposals.

Rationalisation in the UK hotel portfolio is still ongoing. When completed, the UK hotel group is expected to show improved profitability.

## Food and Confectionery

The Group's interest in food and confectionery business is held through its public-listed subsidiary, Pan Malaysia Corporation Berhad ("PMC") which controls 100% of Network Foods International Ltd ("NFIL") and 92.92% of Network Foods Limited ("NFL").

NFIL is involved in the manufacturing, distribution and marketing of food and confectionery in Malaysia through Network Foods Industries Sdn Bhd ("NFI") and Network Foods (Malaysia) Sdn

Bhd ("NFM"). In Singapore the distribution and marketing activities are undertaken by Network Foods Distribution Pte Ltd ("NFD") and in Hong Kong by Network Foods (Hong Kong) Ltd ("NFHK"). For the financial year under review, the NFIL Group recorded higher revenue of S\$47.3 million (approximately RM109.2 million), an increase of 5.4% over that of the previous financial year. However, profit margin was affected by higher cost of raw materials and other production costs, due mainly to higher commodity prices and fuel costs.

NFI owns a 10,800-square metre chocolate and confectionery factory in Shah Alam, Selangor and produces established brands such as Crispy, Soreign, Tango, Kiddies and Stella chocolates. It also manufactures the Van Houten range of chocolates under licence. NFI's revenue increased by 3.5% to RM54.6 million in 2006. The products of NFI are currently exported to 48 countries and the expanding export sales contributed to the higher revenue.

NFM markets and distributes the products of the Group and also products of other agency lines in Malaysia. It recorded a 2.5% increase in revenue to RM52.8 million in 2006. NFD's operations in Singapore are relatively small whereas NFHK's revenue and profits were commendable.

NFL is a distributor and wholesaler of mainly confectionery and other food products in Australia. During the year, NFL's revenue declined sharply due to difficult trading conditions and loss of major accounts. To prevent further deterioration of its financial position, the directors of NFL had on 7 May 2007 appointed voluntary administrators under the Australian Corporations Act 2001 to look into the affairs of NFL. The appointment of the voluntary administrators was undertaken by NFL itself and not by creditors. The PMC Group, in its capacity as the largest creditor, will make a decision on the future of NFL after receiving the report from the voluntary administrators.



## Financial Services

The financial services operation of the Group comprises mainly its universal broking business under PM Securities Sdn Bhd (“PM Securities”) and general insurance business under MUI Continental Insurance Berhad (“MCI”).

PM Securities, a 99.99%-owned subsidiary of PM Capital, is a Universal Broker. PM Securities has its principal office in Kuala Lumpur and 9 branch offices in Seremban, Penang, Klang, Puchong, Damansara Utama, Johor Bahru, Batu Pahat, Melaka and Jelevu. On the back of higher volume and value transacted on Bursa Securities in 2006, PM Securities achieved a 38.7% increase in revenue to RM51.8 million. It recorded a profit before tax of RM12.3 million in 2006 compared to a loss of RM29.0 million the year before.

MCI, a 52.21% subsidiary of the Group, has 13 branch offices throughout Malaysia and offers a variety of products including fire, marine, health, engineering, motor, liability and other classes of insurance. For its financial year ended 31 December 2006, MCI reported a 7.5% increase in gross written premium to RM130.0 million. The company’s pre-tax profit grew by 185% to RM15.4 million compared to RM5.4 million in the previous year due to higher underwriting profit and better performance of its investment portfolio.

## Properties

The Group’s activities in property operation are mainly in property development and investments through its listed subsidiary, MUI Properties Berhad.

The Group’s flagship development is Bandar Springhill, a 1,990-acre integrated township in Negeri Sembilan, undertaken by its joint-venture subsidiary, West Synergy Sdn Bhd. One of the larger planned townships in the state, Bandar Springhill is designed to high development

standards with ample provisions made for main infrastructure including broad dual carriageways, effective flood control and drainage systems, attractive landscaping and generous open spaces.

As of 31 December 2006, a total 1,870 units of mixed properties have been sold in Bandar Springhill, representing a take-up rate of more than 85%. The management of West Synergy Sdn Bhd is aggressively pursuing various initiatives to accelerate the development of Bandar Springhill. It is envisaged that Bandar Springhill would have about 10,000 units of residential homes and 50,000 residents upon completion of the entire development by the year 2020.

Meantime, the Group plans to expand its property development operations to enhance its revenue and earnings streams. Its project team is currently reviewing proposals to develop prime sites of land owned by the Group in Kuala Lumpur and Seremban.

## Travel and Tourism

The travel and tourism operation of the Group is undertaken by Pan Malaysia Travel and Tours Sdn Bhd (“PMTT”), a travel agency with separate licences to operate airline ticketing, outbound tours as well as inbound tours. PMTT is a subsidiary of PM Holdings. During the year under review, PMTT recorded revenue of RM25.0 million, an improvement of 5.2% over the previous year.

## COMMUNITY RELATIONS

During the year, the MUI Group continued to regularly participate in community efforts for the betterment of the underprivileged and less fortunate Malaysians. These included cash donations to educational institutions, participation in fund raising projects and dedicated campaigns organised by operating companies of the Group. The ‘Care, Give & Share’ campaign by Corus hotel Kuala Lumpur and the ‘Charity Bazaar’ organised





by Metrojaya are two such examples of the Group's various social outreach programmes to improve the welfare of society and the underprivileged.

For many years, the Group has also actively supported other social efforts including the development of the Malaysian performing arts and the production of **The Encyclopedia of Malaysia**, the largest reference work on Malaysia ever undertaken.

### **PROSPECTS FOR 2007**

With expected easing of inflation concerns and moderation of world trade, the global economy is projected to grow at a slower rate of 4.5% in 2007. Nonetheless, the Malaysian economy is expected to expand by 6.0% in 2007, driven by sustained private sector expenditure and fiscal spending.

The Group will continue with its rationalisation and restructuring exercise. To ensure that the Group continues to grow and enhance shareholders' value, the Group will also channel resources towards expanding its core businesses. At the same time, the Group will continue to develop its human resource capabilities to meet the challenges as the Group forges ahead. Against this backdrop, the Group expects an overall improvement in its results in 2007 with a further strengthening of the Group's financial position.

### **DIRECTORATE**

The Board is deeply saddened by the demise of Tan Sri Dato' Md Khir Johari on 19 November 2006 and wishes to place on record The MUI Group's sincere gratitude for his longstanding contributions to the Group since 1988 when he first became a director of the Company.

The Board welcomes two new members, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad and Y.B. Dato' Dr Tan Kee Kwong, both of whom joined the Board on 3 January 2007. Their profiles are shown on pages 8 and 9 of the Annual Report and with their wealth of knowledge and experience, the Board looks forward to their active contributions.

### **ACKNOWLEDGEMENTS**

On behalf of the Board, I wish to express my sincere thanks to the Management and staff of the Group for their contributions, dedication and commitment. I would also like to thank our valued customers, bankers and other business associates for their understanding and support and look forward to their continued support.

I would also like to extend my profound appreciation to my fellow Board members for their unwavering support as well as our shareholders for the patience and confidence that they have shown in the Board and Management of the Group.

### **In GOD We Trust**

**Tan Sri Dato' Khoo Kay Peng**  
Chairman

7 May 2007



## **PENYATA PENGARAH**

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan penyata kewangan Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 Disember 2006.

### **TINJAUAN EKONOMI**

Pada tahun 2006, ekonomi dunia mencatat kadar pertumbuhan 5.0% meskipun terpaksa menghadapi keadaan di mana dasar-dasar monetari yang ketat di ekonomi utama dunia serta kenaikan seterusnya dalam harga minyak yang melonjak ke tahap kemuncak baru pada tahun. Sementara pertumbuhan ekonomi Amerika Syarikat menyaksikan penyederhanaan pada tahun 2006, ekonomi Eropah dan Jepun telah tumbuh pada kadar yang lebih tinggi berbanding tahun sebelumnya.

Di arena domestik pula, suasana ekonomi Malaysia pada tahun 2005 ternyata memberangsangkan dengan mencatat kadar pertumbuhan 5.9% dalam Keluaran Dalam Negara Kasar (KDNK) berbanding 5.2% pada tahun 2005. Pertumbuhan tersebut telah didorong oleh penggunaan yang mampan, pelaburan korporat yang bertambah dan eksport yang semakin kukuh. Dari segi bekalan, sektor pembuatan dan pertanian, perhutanan dan perikanan mencapai kadar pertumbuhan yang lebih tinggi pada tahun 2006 berbanding tahun sebelumnya manakala sektor perkhidmatan pula telah mengekalkan pertumbuhannya di tahap 6.5%. Sebaliknya, dan seperti yang dipaparkan oleh pasaran perumahan yang lembap, sektor pembinaan telah susut 0.5% pada tahun 2006.

Malaysia mencatat lebihan dalam keseimbangan pembayaran menyeluruh RM25.3 bilion pada tahun 2006, sekaligus mencerminkan pertumbuhan yang memberangsangkan dalam eksport, pelaburan langsung asing yang tinggi serta aliran masuk bersih pelaburan portfolio. Rizab antarabangsa Bank Negara Malaysia telah berada di tahap RM290.4 bilion (US\$82.5 bilion), cukup untuk membiayai 7.8 bulan import tertahan

dan meliputi 7.0 kali hutang luar jangka pendek pada 31 Disember 2006.

### **PENCAPAIAN KEWANGAN**

Bagi tahun kewangan berakhir 31 Disember 2006, Kumpulan telah mencatat hasil pendapatan RM744.0 juta berbanding RM1.2 bilion pada tahun kewangan sebelumnya. Kemerosotan dalam hasil pendapatan tersebut adalah terutamanya disebabkan oleh penjualan hotel di United Kingdom ("UK") dan prestasi yang kurang mantap dalam operasi pembuatan makanan dan konfeksi di Australia.

Kesan penurunan dalam jumlah hasil pendapatan tersebut telah dikurangkan oleh perbelanjaan operasi yang lebih rendah. Dengan diiringi pengurangan besar dalam kos pembiayaan dan bahagian keuntungan yang lebih tinggi bagi syarikat-syarikat sekutu, Kumpulan telah dapat mengurangkan kerugian bersihnya kepada RM237.2 juta berbanding kerugian bersih RM355.1 juta (seperti dinyatakan semula) setahun lalu.

Pada 31 Disember 2006, jumlah aset dan dana pemegang saham Kumpulan masing-masingnya berada di paras RM2.9 bilion dan RM851.7 juta.

### **PERKEMBANGAN KORPORAT**

#### **A. Penjualan Aset**

Program rasionalisasi yang sedang dilaksanakan oleh Kumpulan telah terus berjalan lancar pada tahun kewangan dengan kejayaan menjual sebanyak 27 buah hotel di UK dan pelaburan lain. Perolehan dari penjualan ini yang berjumlah kira-kira RM1.2 bilion telah digunakan sebahagian besarnya untuk mengurangkan pinjaman Kumpulan. Sejak Program rasionalisasi yang bermula pada tahun 2003, Kumpulan telah berjaya meraih sejumlah RM2.8 bilion dan mengurangkan pinjaman banknya ke tahap kira-kira RM1.5 bilion sehingga 31 Disember 2006.

## **B. Pengurangan Modal oleh Pan Malaysia Holdings Berhad dan Pan Malaysia Capital Berhad**

Pan Malaysia Holdings Berhad ("PM Holdings") dan syarikat sekutunya, Pan Malaysia Capital Berhad ("PM Capital") telah berjaya menyempurnakan program pengurangan modal masing-masing yang telah dicadangkan oleh syarikat-syarikat tersebut pada 2 Mac 2006. Para pemegang saham PM Holdings dan PM Capital telah meluluskan pengurangan modal masing-masingnya di mesyuarat agung luarbiasa yang diadakan pada 15 Mei 2006 dan Mahkamah Tinggi telah meluluskan Petisyen kedua-dua buah syarikat berkenaan berhubung perkara yang sama pada 28 Ogos 2006. Dengan penyempurnaan pengurangan modal masing-masingnya pada 29 September 2006, PM Holdings dan PM Capital telah mengatur kedudukan kewangan masing-masing. Pada 9 Oktober 2006, Bursa Malaysia Securities Berhad ("Bursa Securities") mengumumkan bahawa PM Holdings dan PM Capital telah berhenti dari terus menjadi Penerbit Tersenarai Terjejas sejajar dengan Nota Amalan 17/2005 bagi Syarat-Syarat Penyenaraian Bursa Securities.

## **C. Nyahpenyenaraian saham-saham Network Foods Limited dari Australian Stock Exchange**

Pada 17 Oktober 2006, Network Foods Limited ("NFL"), sebuah syarikat subsidiari milik 92.92% Pan Malaysia Corporation Berhad, mengumumkan bahawa ianya telah mengemukakan satu permintaan kepada Australian Stock Exchange bagi sebutharga sahamnya dihentikan dan dikeluarkan dari senarai rasmi. Nyahpenyenaraian tersebut telah dijalankan pada 9 Februari 2007.

## **D. Transformasi PM Securities Sdn Bhd ("PM Securities") menjadi Bank Pelaburan**

PM Securities Sdn Bhd, sebuah syarikat subsidiari 99.99% milik PM Capital, telah membayar

deposit awalan RM10 juta pada bulan Januari 2006 kepada Bank Negara Malaysia ("BNM") sebagai sebahagian daripada pembayaran sumbangan RM52.5 juta bagi transformasinya daripada Broker Universal menjadi sebuah Bank Pelaburan. BNM, Suruhanjaya Sekuriti dan Bursa Securities telah menjalankan tinjauan usaha wajar ke atas PM Securities untuk menentukan bahawa syarikat tersebut benar-benar memenuhi syarat awalan untuknya menjadi sebuah Bank Pelaburan. Syarikat sedang mengambil tindakan yang sewajarnya untuk mematuhi segala syarat sedemikian.

## **E. Cadangan Pengambilalihan 91.06% kepentingan ekuiti dalam Metrojaya Berhad**

Pada 31 Oktober 2006, Libertyray (M) Sdn Bhd, sebuah syarikat subsidiari milik-penuh Syarikat, telah memeterai perjanjian jualan saham bersyarat dengan Pan Malaysian Industries Berhad ("PMI") dan Excelton Sdn Bhd, sebuah syarikat subsidiari milik-penuh PMI, bagi cadangan pengambilalihan 113,751,983 saham biasa bernilai RM1.00 sesaham dalam Metrojaya Berhad ("Metrojaya"), mewakili kira-kira 91.06% kepentingan ekuiti dalam Metrojaya dengan jumlah balasan pembelian RM273 juta ("Cadangan Pengambilalihan"). Cadangan Pengambilalihan tersebut bermatlamat membolehkan Kumpulan menyusunatur dan menyatukan operasi peruncitannya dan mengukuhkan lagi sektor peruncitan sebagai salah satu perniagaan terasnya. Kini Kumpulan terlibat secara langsung dalam perniagaan peruncitan melalui Laura Ashley Holdings plc. Cadangan pengambilalihan tersebut masih menunggu untuk disempurnakan dan tertakluk kepada kelulusan pihak berkuasa yang berkaitan dan pemegang saham masing-masingnya bagi Syarikat dan PMI.

Berikutan penyempurnaan Cadangan Pengambilalihan, Syarikat akan berobligasi sejajar dengan Kanun Pengambilalihan dan Percantuman Malaysia (Pindaan) 2004 untuk mengemukakan







tawaran tidak bersyarat mandatori bagi baki 11,169,017 saham Metrojaya pada harga tawaran tunai tidak kurang daripada RM2.40 sesaham.

## **TINJAUAN OPERASI**

Kumpulan mempunyai operasi dan pelaburan perniagaan secara besar-besaran dan terpelbagai. Perniagaan teras Kumpulan merangkumi Peruncitan, Hotel, Makanan & Konfeksi, Perkhidmatan Kewangan, Hartanah dan Pengembaraan dan Pelancongan. Operasi dan pelaburan perniagaan Kumpulan telah berkembang melangkaui Malaysia iaitu ke United Kingdom, Benua Eropah, Amerika Syarikat dan rantau Asia Pasifik.

### **Peruncitan**

Kumpulan terlibat dalam bidang peruncitan menerusi dua buah gedung perniagaan terkemuka iaitu Laura Ashley Holdings plc ("Laura Ashley"), yang memiliki jenama terkemuka antarabangsa Laura Ashley, dan Metrojaya Berhad ("Metrojaya"), sebuah syarikat operasi gedung beli-belah dan barangan khas terkemuka Malaysia.

Kumpulan memiliki penguasaan 34.31% dalam Laura Ashley, sebuah gedung peruncitan yang berpangkalan di United Kingdom dan tersenarai di Bursa Saham London. Laura Ashley pada dasarnya terlibat dalam reka bentuk, pembuatan, mencari sumber, pengedaran dan jualan pakaian, aksesori dan kelengkapan rumah. Kini ianya mengendalikan 191 buah gedung yang terletak di UK, Republik Ireland dan Perancis. Ianya juga memiliki 197 buah gedung francais di 28 buah negara. Francais merupakan satu bahagian penting bagi jenama Laura Ashley manakala kegiatan pelesenan terus cergas di Amerika Utara. Pesanan melalui pos dan saluran E-dagang turut menjadi bahagian penting dalam strategi peruncitan multi-saluran Laura Ashley.

Bagi tahun kewangan berakhir 27 Januari 2007, Laura Ashley mencatat peningkatan 100%

dalam keuntungan sebelum cukai ke angka £12.2 juta (kira-kira RM82.5 juta) berbanding £6.1 juta (kira-kira RM42.0 juta) pada tahun kewangan sebelumnya. Jumlah jualan kumpulan telah tumbuh 6.6% ke tahap £225.0 juta (kira-kira RM1.5 bilion), khususnya disebabkan peningkatan jualan UK dalam semua kategori. Pada 27 Januari 2007, Laura Ashley mempunyai kedudukan tunai yang memberansangkan sebanyak £31.7 juta (kira-kira RM219.7 juta) dengan tiada sebarang pinjaman. Syarikat melaporkan peningkatan 8.4% dalam jumlah jualan runcit pada tahun dagangan semasa bagi tempoh 8 minggu hingga 24 Mac 2007.

Laura Ashley telah membayar dividen intrimnya buat julung-julung kalinya sejak tahun 1997 sebanyak 0.5 pence sesaham (10% dari nilai nominal) pada 16 Februari 2007. Berdasarkan prestasinya yang begitu mantap, Lembaga Pengarah Laura Ashley telah mengesyorkan dividen akhir 0.5 pence sesaham (10% dari nilai nominal) menjadikan jumlah dividen bagi tahun kepada 1 pence sesaham (20% dari nilai nominal). Ini mewakili pertambahan 100% dalam pembayaran dividen berbanding tahun sebelumnya. Dividen akhir tersebut adalah tertakluk kepada kelulusan pemegang saham Laura Ashley dan akan dibayar pada 5 Jun 2007. Penjenamaan Laura Ashley terus berkeadaan mantap di pasaran seperti yang dibuktikan oleh hakikat bahawa ianya dipilih oleh para pembaca majalah **Homes & Gardens** sebagai "Peruncit Terunggul Tahun Ini".

Di Amerika Utara, Laura Ashley (North America) Inc., sebuah syarikat subsidiari milik-penuh Regent Corporation, yang juga sebuah syarikat sekutu Kumpulan, telah terus memperluaskan perniagaan pelesenannya dengan memanfaatkan keutuhan jenama Laura Ashley yang sudah tidak asing itu. Pada tahun kewangan yang sedang ditinjau, prestasi syarikat telah bertambah baik dengan hasil pendapatan dan keuntungan sebelum cukai meningkat sebanyak lebih daripada 30% masing-masingnya ke tahap US\$12.7 juta (kira-kira RM46.6 juta) dan US\$6.3 juta (kira-kira RM23.1 juta).





Perniagaan peruncitan Kumpulan di Malaysia diterajui oleh Metrojaya, sebuah gedung peruncitan terkemuka di Malaysia, yang mengendalikan 7 buah gedung beli-belah dan lebih daripada 70 buah gedung barangan khas di bawah nama Reject Shop, East India Company, Somerset Bay, Cape Cod, Living Quarters dan Cosmart. Sebagai sebahagian daripada strategi pertumbuhan Kumpulan, satu lagi gedung barangan khas yang bergaya dan menarik yang dikenali sebagai BB Maxx akan dilancarkan di suku kedua tahun 2007.

Sebagai langkah mengukuhkan kehadirannya di sektor peruncitan, Metrojaya telah melaksanakan rancangan perluasan gedung secara agresif pada tahun lepas yang menyaksikan pembukaan gedung berkonsep fesyen yang pertama seumpamanya yang dikenali sebagai “MJ by Metrojaya” di The Curve, Mutiara Damansara pada bulan Mei 2006. Ini disusuli pula dengan pembukaan sebuah gedung beli-belah serba lengkap Metrojaya di Berjaya Times Square pada bulan September 2006 dan yang terkini “ALL concept store by MJ” di Avenue K pada bulan Januari 2007. Ini adalah sebagai tambahan kepada pelbagai gedung barangan khas yang dibuka pada tahun. Rundingan sedang dijalankan untuk membuka lebih banyak gedung beli-belah dan gedung barangan khas di pelbagai lokasi strategik di seluruh Malaysia.

Metrojaya melaporkan hasil pendapatan yang lebih tinggi sebanyak RM278.9 juta dalam tempoh sembilan bulan berakhir 31 Disember 2006 berbanding RM251.8 juta dalam tempoh yang sama tahun lepas. Pembukaan gedung-gedung baru berserta pertumbuhan setimpal telah menyumbang ke arah hasil pendapatan yang lebih baik. Meskipun menanggung perbelanjaan pra-operasi yang lebih tinggi berhubungkait dengan pembukaan gedung-gedung baru, Metrojaya mencatat keuntungan operasi RM12.6 juta bagi tempoh sembilan bulan berakhir 31 Disember 2006, kurang sedikit berbanding RM13.0 juta keuntungan operasi dalam tempoh yang sama tahun lepas.

## Hotel

Hasil daripada pengentian pelaburan yang terancang rapi, Kumpulan kini memiliki dan mengoperasikan 14 buah hotel di United Kingdom dan Malaysia. Kumpulan hotel Malaysia mencatat prestasi yang memberangsangkan meskipun menghadapi persaingan sengit dari hotel-hotel baru dan pangsapuri berservis yang telah menambah inventori bilik secara mendadak di Kuala Lumpur. Corus Hotel Kuala Lumpur meneruskan pertumbuhan mantap dari segi prestasi dan keuntungan, mencatat tahap keuntungan yang meningkat buat tahun ke empat berturut-turut. Bagi tahun kewangan yang sedang dalam tinjauan, hotel mencatat tahap keuntungan tertinggi hingga kini dengan peningkatan 56% berbanding keputusan tahun sebelumnya. Corus Paradise Resort di Port Dickson pula pulih dengan mencatat keuntungan sederhana selepas mengalami kerugian pada tahun lepas.

Walau bagaimanapun, kumpulan hotel di UK, terus beroperasi dalam keadaan pasaran yang mencabar. Corus Hotel Hyde Park, yakni hotel mercutanda Kumpulan di UK, mencatat prestasi yang baik, dengan mencapai pertumbuhan 17% dalam hasil pendapatan dan penambahbaikan 22% dalam keuntungan dagangan. Purata kadar sewa bilik bagi kumpulan hotel UK telah bertambah sekaligus memberi kadar hasil bilik yang lebih tinggi. Jumlah dagangan operasi Kumpulan menyaksikan susutan akibat pelupusan hartanah yang berterusan.

Rasionalisasi portfolio hotel UK masih sedang berjalan. Apabila siap kelak, kumpulan hotel UK dijangka memaparkan tahap keberuntungan yang lebih baik.

## Makanan dan Konfeksi

Kepentingan Kumpulan dalam perniagaan makanan dan konfeksi adalah dipegang menerusi syarikat subsidiarinya yang tersenarai, iaitu Pan Malaysia Corporation Berhad yang kini memegang

penguasaan ekuiti 100% dalam Network Foods International Ltd (“NFIL”), dan ekuiti 92.92% dalam Network Foods Limited (“NFL”),

NFIL terlibat dalam pembuatan, pengedaran dan pemasaran barangan makanan dan konfeksi di Malaysia menerusi Network Foods Industries Sdn Bhd (“NFI”) dan Network Foods (Malaysia) Sdn Bhd (“NFM”). Di Singapura, kegiatan pengedaran dan pemasaran dikendalikan oleh Network Foods Distribution Pte Ltd (“NFD”) dan di Hong Kong pula oleh Network Foods (Hong Kong) Ltd (“NFHK”). Bagi tahun kewangan yang sedang dalam tinjauan, Kumpulan NFIL mencatat hasil pendapatan yang lebih tinggi sebanyak S\$47.3 juta (kira-kira RM109.2 juta), meningkat 5.4% berbanding pencapaian pada tahun sebelumnya. Walau bagaimanapun, jidar keuntungan telah terjejas akibat kos bahan mentah yang lebih tinggi dan lain-lain kos pengeluaran, terutamanya disebabkan oleh harga komoditi dan kos bahan bakar yang lebih tinggi.

NFI memiliki sebuah kilang coklat dan konfeksi seluas 10,800 meter persegi di Shah Alam, Selangor, yang mengeluarkan coklat dan lain-lain jenis produk konfeksi di bawah jenama terkemuka seperti coklat Crispy, Soreign, Tango, Kiddies dan Stella. NFM juga mengeluarkan rangkaian coklat Van Houten yang dikeluarkan di bawah lesen. Hasil pendapatan NFI meningkat 3.5% kepada RM54.6 juta pada tahun 2006. Produk keluaran NFI kini dieksport ke hampir 48 buah negara dan jualan eksport yang semakin berkembang telah menyumbang kepada hasil pendaptan yang lebih tinggi.

NFM memasarkan dan mengedar produk Kumpulan serta produk lain-lain agensi di Malaysia. NFM mencatat peningkatan 2.5% dalam jumlah dagangan kepada RM52.8 juta pada tahun 2006. Operasi NFD di Singapura adalah kecil manakala hasil pendapatan dan keuntungan NFHK ternyata memberangsangkan.

NFL bertindak sebagai pengedar dan pemborong khususnya produk konfeksi dan lain-lain produk makanan di Australia. Pada tahun kewangan, hasil pendapatan NFL telah merosot secara mendadak disebabkan keadaan dagangan yang menyukarkan serta kehilangan pelanggan utama. Demi mencegah kemerosotan selanjutnya dalam kedudukan kewangannya, para pengarah NFL telah pada 7 Mei 2007 melantik pentadbir sukarela di bawah *Australian Corporations Act 2001* untuk mengendali hal ehwal NFL. Perlantikan pentadbir sukarela telah dilaksanakan oleh NFL sendiri dan bukannya oleh pihak pemiutang. Kumpulan, dalam kapasitinya sebagai pemiutang terbesar, akan membuat keputusan tentang masa depan NFL selepas menerima laporan daripada pentadbir sukarela.

### **Perkhidmatan Kewangan**

Operasi perkhidmatan kewangan Kumpulan adalah terdiri daripada terutamanya pembrokeran saham di bawah PM Securities Sdn Bhd (“PM Securities”) dan perniagaan insurans am di bawah MUI Continental Insurance Berhad (“MCI”).

PM Securities, sebuah syarikat subsidiari 99.99% milik PM Capital, ialah satu firma Broker Universal. PM Securities mempunyai pejabat utamanya yang terletak di Kuala Lumpur dan 9 buah pejabat cawangan iaitu di Seremban, Pulau Pinang, Klang, Puchong, Damansara Utama, Johor Bahru, Batu Pahat, Melaka dan Jelevu. Hasil daripada jumlah dagangan dan nilai dagangan yang lebih tinggi diurusniagakan di Bursa Securities pada tahun 2006, PM Securities telah mencapai peningkatan 38.7% dalam hasil pendapatan ke tahap RM51.8 juta. Ianya mencatat keuntungan sebelum cukai sebanyak RM12.3 juta pada tahun 2006 berbanding kerugian RM29.0 juta pada tahun sebelumnya.

MCI, sebuah syarikat subsidiari 52.21% milik Kumpulan, mempunyai sebanyak 13 pejabat

cawangan di seluruh Malaysia dan menawarkan pelbagai produk termasuk insurans kebakaran, marin, kesihatan, kejuruteraan, kenderaan bermotor, liabiliti dan lain-lain kelas insurans. Bagi tahun kewangan berakhir 31 Disember 2006, MCI telah melaporkan premium tertulis kasar sebanyak RM130.0 juta, meningkat 7.5% berbanding tahun sebelumnya. Keuntungan sebelum cukai syarikat telah meningkat 185% ke tahap RM15.4 juta berbanding RM5.4 juta pada tahun sebelumnya disebabkan keuntungan taja jamin yang lebih tinggi dan prestasi yang lebih baik dalam portfolio pelaburannya.

### **Hartanah**

Kegiatan Kumpulan dalam operasi hartanah adalah terutamanya dalam pembangunan hartanah dan pelaburan melalui syarikat subsidiarinya yang tersenarai iaitu MUI Properties Berhad.

Projek hartanah mercutanda Kumpulan ialah Bandar Springhill, sebuah perbandaran bersepadu seluas 1,990-ekar di Negeri Sembilan, yang dilaksanakan oleh syarikat subsidiari usahasanya iaitu West Synergy Sdn Bhd. Sebagai salah sebuah perbandaran terancang yang terbesar di negeri tersebut, Bandar Springhill diilhamkan sebagai perbandaran bertaraf unggul dengan peruntukan yang memadai bagi infrastruktur utamanya termasuk laluan jalanraya dua hala yang lebar, sistem kawalan banjir dan saluran yang cekap, lanskap yang menarik dan ruang terbuka yang luas.

Hingga 31 Disember 2006, sejumlah 1,871 buah unit hartanah campuran telah dijual di Bandar Springhill, mewakili kadar jualan lebih 85%. Pengurusan West Synergy Sdn Bhd sedang berusaha secara agresif melaksanakan pelbagai inisiatif untuk memperhebatkan lagi pembangunan Bandar Springhill. Adalah dijangkakan bahawa Bandar Springhill akan mempunyai kira-kira 10,000 unit bangunan kediaman dan 50,000 penghuni setelah siap sepenuhnya pada tahun 2020 kelak.

Sementara itu, Kumpulan bercadang untuk memperluaskan operasi pembangunan hartanahnya demi merangsang lagi hasil pendapatan dan aliran pendapatannya. Pasukan projeknya kini sedang giat meninjau cadangan untuk membangunkan tapak-tapak tanah unggul yang dimiliki oleh Kumpulan di Kuala Lumpur dan Seremban.

### **Pengembaraan dan Pelancongan**

Operasi pengembaraan dan pelancongan Kumpulan adalah dikendalikan oleh Pan Malaysia Travel and Tours Sdn Bhd ("PMTT"), sebuah agensi pelancongan yang memiliki lesen berasingan untuk mengendalikan jualan tiket penerbangan, program pelancongan masuk dan keluar negara. PMTT ialah syarikat subsidiari PM Holdings. Pada tahun yang sedang ditinjau, PMTT mencatat hasil pendapatan RM25.0 juta, meningkat 5.2% berbanding tahun sebelumnya.

### **PERHUBUNGAN KEMASYARAKATAN**

Pada tahun kewangan, Kumpulan MUI telah terus menyertai usaha-usaha kemasyarakatan demi meningkatkan mutu hidup golongan warga Malaysia yang kurang bernasib baik. Ini termasuklah pemberian derma wang tunai kepada institusi-institusi pendidikan, penyertaan dalam projek pungutan derma dan kempen khas yang dianjurkan oleh syarikat-syarikat yang beroperasi di bawah Kumpulan. Kempen 'Prihatin, Memberi & Berkongsi' oleh Corus Hotel Kuala Lumpur "Bazar Amal Kebajikan" anjuran Metrojaya adalah antara dua contoh daripada pelbagai program sosial yang diusahakan untuk memperbaiki taraf kehidupan masyarakat dan golongan kurang bernasib baik.

Sejak beberapa tahun yang lepas, Kumpulan telah memberi sokongan secara cergas kepada pelbagai program kemasyarakatan termasuk pembangunan seni persembahan Malaysia dan penerbitan *The Encyclopedia of Malaysia*, kerja rujukan terbesar yang pernah diusahakan di Malaysia.





## PROSPEK BAGI TAHUN 2007

Berikutan leganya kebimbangan tentang inflasi dan penyederhanaan perdagangan dunia, ekonomi global diunjurkan tumbuh pada kadar yang perlahan iaitu 4.5% pada tahun 2007. Walau bagaimanapun, ekonomi Malaysia dijangka berkembang 6.0% pada tahun 2007, dengan didorong oleh perbelanjaan sektor swasta dan pembelanjaan fiskal yang mampan.

Kumpulan akan meneruskan program rasionalisasi dan penstrukturan semulanya. Demi menentukan Kumpulan terus berkembang dan untuk merangsang nilai pemegang saham, Kumpulan akan turut menyalurkan sumber ke arah memperluaskan perniagaan terasnya. Pada masa yang sama, Kumpulan akan terus membangunkan keupayaan sumber manusianya untuk menangani segala cabaran sambil Kumpulan terus mengambil langkah maju ke depan. Sehubungan itu, Kumpulan menjangkakan penambahbaikan menyeluruh dalam keputusannya pada tahun 2007 dengan pengukuhan selanjutnya dalam kedudukan kewangan Kumpulan.

## DIREKTORAT

Lembaga Pengarah merasa amat sedih dengan pemergian Allahyarham Tan Sri Dato' Md Khir Johari ke Rahmatullah pada 19 November 2006 dan ingin merakamkan setinggi-tinggi penghargaan Kumpulan MUI di atas sumbangan Allahyarham kepada Kumpulan sejak tahun 1988 lagi apabila Allahyarham menjadi pengarah Syarikat.

Lembaga Pengarah juga mengambil kesempatan ini untuk mengalu-alukan dua orang ahli baru,

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad dan Y.B. Dato' Dr Tan Kee Kwong, yang menyertai Lembaga Pengarah secara serentak pada 3 Januari 2007. Profil mereka dibentangkan di halaman 8 dan 9 Laporan Tahunan dan berkat pengalaman mereka yang begitu luas, Lembaga Pengarah berharap mereka dapat memberi sumbangan yang bermakna kepada Kumpulan.

## PENGHARGAAN

Bagi pihak Lembaga Pengarah, izinkan saya untuk merakamkan setinggi-tinggi penghargaan kepada pasukan Pengurusan dan kakitangan Kumpulan di atas sumbangan, dedikasi dan komitmen yang tidak berbelah bahagi kepada Kumpulan. Saya juga berterima kasih kepada para pelanggan, jurubank dan lain-lain sekutu perniagaan di atas kerjasama dan sokongan padu mereka selama ini. Semoga sokongan mereka akan berterusan di masa yang akan datang.

Saya juga ingin berterima kasih kepada rakan-rakan seperjuangan saya dalam Lembaga Pengarah di atas sokongan padu mereka dan juga kepada para pemegang saham yang memaparkan keyakinan mereka kepada Lembaga Pengarah dan Pengurusan Kumpulan.

## Kepada TUHAN Kita Bertawakal

**Tan Sri Dato' Khoo Kay Peng**  
Pengerusi

7 Mei 2007





# 主席献词

我谨代表董事部同人，向各位呈达本公司和集团截至2006年12月31日财务年的年报及财务报表。

## 经济评论

尽管主要经济体加紧货币政策以及油价节节飙升，屡创新高，全球经济在2006年取得5.0%的增率。虽然美国经济成长率在2006年放缓，但欧洲及日本经济则比往年增长得更快。

在国内，马来西亚经济的实际国内总产值增率从2005年的5.2%增至2006年的5.9%。促使我国经济成长的因素是：持续的消费、企业投资增加以及出口加强等。在供应方面，制造业和农业、林业及渔业在2006年的增率比上一年高，而服务界则保持6.5%的增长率。相比之下，房屋市场趋软反映了建筑业增长率在2006年缩减了0.5%。

马来西亚的整体国际收支平衡在2006年取得253亿令吉的顺差，反映了出口的成长、更高的外来直接投资，以及证券投资的净流入。截至2006年12月31日，马来西亚国家银行的国际储备金达到2904亿令吉(825亿美元)，足以资助7.8个月的持续入口，以及相等于短期外债的7倍之多。

## 财务表现

截至2006年12月31日的财务年，集团的收入共达7亿4400万令吉，而上个财务年的收入为12亿令吉。收入减少主要是集团脱售英国的酒店以及集团在澳洲的食品及糖果业务业绩欠佳所致。

营业开销的减少抵销了集团收入的降幅。加上财务开销大幅度减少以及联号公司贡献更多的盈利，得以使集团的净亏损从上个财务年的3亿5510万令吉(重列)减至2006年的2亿3720万令吉。截至2006年12月31日，集团的总资产和股东资金分别达29亿令吉及8亿5170万令吉。

## 企业发展

### A. 出售资产

在检讨中的财务年里，集团的合理化计划进展顺利，使集团成功脱售了在英国的共27间酒

店和其他一些投资。脱售上述资产的收入共达约12亿令吉，其中大部份用以减少集团的借贷。自从此合理化计划在2003年展开以来，集团成功筹集了28亿令吉，以及致截至2006年12月31日时，集团的银行借贷减至约15亿令吉。

### B. 泛马控股有限公司及泛马资本有限公司的削资

泛马控股有限公司(“泛马控股”)及其联号，泛马资本有限公司(“泛马资本”)成功地完成了各自于2006年3月2日所提议的削资计划。泛马控股及泛马资本的股东在2006年5月15日召开各自的特别大会上，通过了削资计划，而高等法庭在2006年8月28日批准两家公司的削资计划。随著各自削资计划在2006年9月29日完成后，泛马控股和泛马资本的财务状况已正常化。2006年10月9日，马来西亚证券交易所(“证券交易所”)宣布，泛马控股和泛马资本不再是根据证券交易所上市条例应用指引17/2005号所列的《受影响上市公司》。

### C. Network Foods Limited 从澳洲证券交易所除牌

2006年10月17日，泛马企业有限公司持有92.92%股权的子公司Network Foods Limited (“NFL”)，宣布向澳洲证券交易所请求停止其股票的挂牌及正式除牌。该公司于2007年2月9日完成除牌工作。

### D. PM证券私人有限公司(“PM证券”)变成投资银行

由泛马资本持有99.99%股权的子公司PM证券于2006年1月支付初期按金1000万令吉给马来西亚国家银行，作为从全方位经纪变成投资银行而必须缴付给政府的5250万令吉的部份款项。马来西亚中央银行，证券委员会及证券交易所已对PM证券进行仔细审查评估，确保该公司符合作为投资银行的先决条件。该公司正在采取必要的安排以符合一切条件。

### E. 收购美罗有限公司91.06%股权

2006年10月31日，本公司独资子公司，Libertyray(M)私人有限公司与泛马工业有限公司(“泛马工业”)以及泛马工业独资子公司Excelton私人有限公司签署有条件股份买卖合同，建议以2亿7300万令吉收购美罗有限公司(“美罗”)的113,751,983股面值1.00令吉的普通股，或相等于

美罗约91.06%的股权(“收购建议”)。此收购建议旨在把集团的零售业务精简化及巩固,同时进一步加强零售业作为集团的核心业务。目前集团通过 Laura Ashley 控股有限公司直接参与零售业务。上述收购建议有待完成以及有关当局和本公司及泛马工业股东的通过。

在落实了收购建议后,本公司必须按照2004年马来西亚并购法典(修订本),强制以不少于每股2.40令吉的现金献购价格,无条件收购其余的11,169,017美罗股份。

### 业务评论

本集团拥有重大及多样化的业务与投资。集团的核心业务范围包含零售、酒店、食品和糖果、财务服务、房地产、旅游等。集团业务及投资遍布全球各地,包括马来西亚、英国、欧洲、美国及亚太地区。

### 零售业

本集团通过两家知名企业,即拥有国际名牌 Laura Ashley 的 Laura Ashley 控股有限公司(“Laura Ashley”)和马来西亚首要百货商店和专卖店零售商——美罗有限公司(“美罗”)从事零售业务。

集团拥有34.31%股权的 Laura Ashley 是在伦敦上市的英国国际零售公司。Laura Ashley 主要经营家庭装饰品、服装、饰物的设计、采购、制造、分销及销售。Laura Ashley 目前在英国、爱尔兰共和国及法国经营共191间商店,以及在28个国家设有197间加盟店。加盟经营业务是 Laura Ashley 品牌的主要部份,该公司目前继续在北美积极展开特许经营业务。此外邮购和互联网销售管道也是 Laura Ashley 多元零售策略的重要部份。

截至2007年1月27日财务年, Laura Ashley 的集团总税前盈利上扬100.0%,从去年的610万英镑(约4200万令吉),增至1220万英镑(约8250万令吉)。集团的总销售额主要由于英国的各类产品销售增加,而提高了6.6%,至2亿2500万英镑(约15亿令吉)。截至2007年1月27日, Laura Ashley 的现金状况健全,共有现金3170万英镑(约2亿1970万令吉),而且无任何借贷。该公司在截至2007年3月24日的现年度8周营业,总零售销售额增加了8.4%。

Laura Ashley 在2007年2月16日支付了自1997年以来的首次每股0.5便士(面值的10%)的中期股息。鉴于公司的强劲业绩 Laura Ashley 董事部建议派发终期股息每股0.5便士(面值的10%)。因此,公司在本财务年所派发的股息共达每股1.0便士(面值的20%)。这比往年派发的股息增加了100%。上述终期股息有待 Laura Ashley 股东通过后,将于2007年6月5日支付。Laura Ashley 的零售业务及品牌继续在市场上保持强劲地位。该公司受Homes & Gardens杂志读者评选为“年度最佳零售商”,足以证明这点。

在北美,本集团联号 Regent Corporation 的子公司 Laura Ashley (北美)有限公司继续借助 Laura Ashley 的名牌,在北美扩展特许权业务。在检讨中的财务年里,该公司的收入及税前盈利各增加逾30%,达到1270万美元(约4660万令吉)和630万美元(约2310万令吉)。

集团在马来西亚的零售业务由国内首要零售商——美罗经营。美罗在马来西亚经营七家百货商店和超过70间专卖店,以 Reject Shop、East India Company、Somerset Bay、Cape Cod、Living Quarters 及Cosmart等品牌营业。作为集团的发展策略之一,另一家时尚及令人瞩目的专卖品牌BB Maxx 将在2007年第二季推出。

为了加强它在零售业的地位,美罗去年展开了积极的百货商店扩充计划,在2006年5月在 Mutiara Damansara 的购物中心——The Curve 开设了首家时尚概念店“MJ by Metrojaya”。随后,美罗于2006年9月在吉隆坡成功时代广场开设了齐全的美罗百货商店,以及在2007年1月在吉隆坡的 Avenue K 开设了最新的“ALL concept store by MJ”商店。除此以外,多家专卖店也在同年开张。美罗正与有关方面洽商,以在全马重要的地点开设另外数间百货商店和专卖店。

美罗在截至2006年12月31日财务年9个月内的收益从去年同期的2亿5180万令吉增至2亿7890万令吉。收益增加乃由于新百货商店开张以及业绩提升所致。虽然开设新百货商店的营业前开销提高,美罗在截至2006年12月31日财务年9个月内的营业盈利共达1260万令吉,只比去年同期的逾1300万令吉略低。



## 酒店业

由于酒店脱售计划，集团目前在英国和马来西亚只经营14间酒店。虽然面对新酒店和服务公寓的林立，使到吉隆坡客房量大大增加的剧烈竞争，集团在马来西亚的酒店表现可观。集团的吉隆坡Corus酒店继续在业绩和盈利上有强劲的增长，盈利连续四年提升。在检讨的财务年内，此酒店的盈利创下新高，比上一年增长56%。另一方面，建于波德申的Corus Paradise Resort 经过过去三年的亏损后，转亏为盈，赚取适度盈利。

然而集团在英国的酒店集团的经营情况依然充满了挑战。集团在英国的旗舰酒店海德公园 Corus酒店表现可观，收益增长17%，营业利润则提升22%。英国酒店集团的平均房费提高，但住客率却下降，以致房费收入率增加。集团持续出售房地产，导致集团营业额下降。

集团在英国酒店投资的合理化工作还在进行中。此计划完成后，预料英国的酒店集团的盈利将会改进。

## 食品及糖果业

集团通过上市子公司、泛马企业经营在食品和糖果方面的业务。泛马企业持有 Network Foods International Ltd ( “NFIL” ) 的100%股权, 以及 Network Foods Limited ( “NFL” ) 的 92.92% 股权。

NFIL通过Network Foods Industries私人有限公司(“NFI”)和 NetworkFoods(马来西亚)私人有限公司(“NFM”)在马来西亚经营食品及糖果制造、分销及销售业。在新加坡的分销及销售业务则由 Network Foods Distribution Pte Ltd ( “NFD” ) 经营，而在香港则由 Network Foods (Hong Kong) Limited ( “NFHK” ) 负责。在检讨中的财务年度里，NFIL集团的收益达到新币4730万元(约1亿零920万令吉), 比上一年增加了5.4%。然而主要由于原产品价格及燃油价格的上涨，使原料成本及其他生产成本提高，波及了盈利。

NFI在雪兰莪州沙亚南拥有一间面积10,800平方米的巧克力和糖果工厂，生产各种名牌如

Crispy、Soreign、Tango、Kiddies及Stella巧克力，并且获特许制造VanHouten系列巧克力。在2006年，NFI的收入增加3.5%至5460万令吉。NFI的产品目前出口到全球约48个国家，出口的增加提高了收益。

NFM负责在马来西亚推销及分销集团产品及其他代理产品。在2006年NFM的收入共达5280万令吉，较上一年增加了2.5%。新加坡NFD的业务相对小规模，而香港NFHK的收入及盈利皆有可观的增长。

NFL是澳洲的分销商及批发商，主要分销及批发糖果及其它食品。在本财务年内，由于营业情况艰巨以及失去主要客户，以致NFL的收入锐减。为了防止该公司的财务状况进一步恶化，NFL董事部于2007年5月7日根据澳洲2001年公司法，委任自願管理人以检讨NFL的业务。委任自願管理人的事由NFL本身进行，而非债权人进行。作为最大债权人，泛马集团将在收到自願管理人的报告后，对NFL的未来作出定夺。

## 财务服务业

集团的财务服务业主要包含由PM证券私人有限公司(“PM证券”)经营的全方位股票经纪和由马联大洲保险有限公司(“MCI”)负责的普通保险业。

由泛马资本持有99.99%股权的PM证券是全方位经纪。PM证券主要办事处设于吉隆并在芙蓉、檳城、巴生、蒲种、Damansara Utama、新山、峇株巴辖、马六甲及日叻务设有9间分行。由于马来西亚证券交易所于2006年的交投量和价值增加，PM证券的收入扬升38.7%，至5180万令吉，而2006年的税前盈利达1230万令吉；上一年则蒙受亏损2900万令吉。

集团持有52.21%股权的MCI在全马设有13间分行，并提供各种保险产品，包括火险、水险、保健险、工程险、车险、责任险等。截至2006年12月31日，MCI的总保费收入达1亿3000万令吉，比上一年增加了7.5%。基于承保盈利提高以及投资表现更佳，该公司的税前盈利增加185%，从上一年的540万令吉跃升至1540万令吉。







## 房地产业

集团的房地产业务主要是由上市子公司马联置业有限公司所进行的房地产发展及投资业务。

集团的旗舰发展项目是位于森美兰州占地1,990亩的综合新镇《春泉镇》。此项目由联营子公司West Synergy私人有限公司负责进行。春泉镇是森州其中一项大规模的新镇发展项目，其宗旨是提供高度发展标准的房地产以及提供充裕的基本建设，包括宽阔的双车道公路、有效的防洪控制及水利系统、美观的绿化和大量的露天空间。

截至2006年12月31日，春泉镇共售出了1,870单位的综合房地产，相等85%的购买率。West Synergy私人有限公司管理层正积极采取各种主动以加速发展春泉镇。预料春泉镇在2020年全面发展后，将有约10,000单位的住宅和50,000居民。

另一方面，集团计划扩展其房地产发展业务以提升收益和收入来源。集团的项目团队正在检讨有关发展集团位于吉隆坡和芙蓉的上选地段的建议。

## 旅游业

集团的旅游业务由泛马旅游有限公司（“泛马旅游”）负责。该公司持有个别执照经营机票订购、国内及国外旅行等业务。泛马旅游是泛马控股的子公司。在检讨中的财务年内，泛马旅游的收入达2500万令吉，比上一年增加了5.2%。

## 公益活动

在过去一年，马联集团继续参与公益活动，以扶持国内的不幸及弱势群体。这包括对教育组织的捐献、参与筹募义款活动以及集团属下营业公司举办的特别活动等。由吉隆坡Corus酒店所主办的“关爱、奉献及分享”运动，以及美罗集团主办的“慈善市集”是集团对促进社会公益及扶持不幸的其中两项活动。

多年来，集团也积极支持其他公益活动，包括推广马来西亚的表演艺术以及编制马来西亚百科全书。这本书是迄今有关马来西亚的最大规模参考书。

## 2007年展望

由于通膨的担忧料将缓和以及世界贸易放慢，全球经济预料在2007年的增长率将放慢至4.5%。然而预料马来西亚2007年的经济在私人界持续的开销及财务开支的推动下将增长6.0%。

集团将继续落实它的合理化和重组计划。为确保集团继续增长和提升对股东的价值，集团也将把资源投在扩展核心业务方面。与此同时，集团将不断发展其人力资源能力，以面对集团在向前迈进时所面对的挑战。在此背景下，集团预期2007年的业绩会全面提升，进一步巩固集团的财务地位。

## 董事部

董事部对于本公司前董事丹斯里拿督Md Khir Johari于2006年11月19日逝世，深感惋惜。董事部在此对他自1988年首次担任本公司董事时对本集团的持久贡献，表示深切的感激。

董事部欢迎两位新董事，即丹斯里拿督巴杜卡Dr.Mazlan bin Ahmad和拿督陈记光于2007年1月3日加入董事部。有关两位的简介载列于本年报第8页和第9页。凭这两位新董事的丰富经验，董事部期盼他们对集团作出积极的贡献。

## 致谢

我谨代表董事部同人，对集团管理层和全体员工给予集团的贡献、付出及忠于职守精神，致以由衷的谢忱。我也要感谢珍贵的顾客、银行界及其他商界伙伴，对本集团的谅解及支持，并期待各界继续给予我们支持。

我也要衷心地感谢董事部同人对我的鼎力支持，以及全体股东对集团董事部和管理层的耐心、信任。

## 我们信赖主

丹斯里拿督邱继炳  
主席  
7 May 2007

## ANALYSIS OF SHAREHOLDINGS

As at 27 April 2007

Class of Share : Ordinary share of RM1 each

Voting Rights : 1 vote per ordinary share

### Substantial Shareholders

as per Register of Substantial Shareholders

<i>Name</i>	<i>Direct interest</i>		<i>Deemed interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
1. Pan Malaysian Industries Berhad	199,490,000	10.28	704,002,500	36.28
2. KKP Holdings Sdn Bhd	-	-	918,492,500	47.33
3. Soo Lay Holdings Sdn Bhd	-	-	918,492,500	47.33
4. Tan Sri Dato' Khoo Kay Peng	-	-	918,492,500	47.33
5. Serveast Trading Sdn Bhd	260,022,400	13.40	-	-
6. Favourmark Corporation Sdn Bhd	155,900,000	8.03	-	-

### Directors' Shareholdings In The Company And Related Corporations

as per Register of Directors' Shareholdings

	<i>Direct interest</i>		<i>Deemed interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b><i>Ordinary shares of RM1 each in Malayan United Industries Berhad</i></b>				
Tan Sri Dato' Khoo Kay Peng	-	-	918,492,500	47.33
Yong Ming Sang	1,981,800	0.10	549,640	0.03
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	100,000	0.01	-	-
Ang Guan Seng	-	-	68,353,800	3.52
<b><i>Ordinary shares of 50 sen each in MUI Properties Berhad</i></b>				
Tan Sri Dato' Khoo Kay Peng	-	-	550,862,661	74.35
Dr Ngui Chon Hee	30,000	negligible	84,000	0.01
<b><i>Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad</i></b>				
Tan Sri Dato' Khoo Kay Peng	-	-	428,544,500	60.07
<b><i>Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad</i></b>				
Tan Sri Dato' Khoo Kay Peng	-	-	638,572,986	68.75
<b><i>Ordinary shares of RM1 each in MUI Continental Insurance Berhad</i></b>				
Tan Sri Dato' Khoo Kay Peng	-	-	52,226,568	52.21



## Distribution of Shareholders

<b><i>Holdings</i></b>	<b><i>No. of Holders</i></b>	<b><i>%</i></b>	<b><i>No. of Shares</i></b>	<b><i>%</i></b>
Less than 100 shares	104	0.21	2,759	0.00
100 - 1,000 shares	6,643	13.71	6,498,964	0.34
1,001 - 10,000 shares	30,998	63.99	145,396,257	7.49
10,001 - 100,000 shares	9,777	20.18	301,222,837	15.52
100,001 to less than 5% of issued shares	914	1.89	873,968,561	45.04
5% and above of issued shares	3	0.01	613,442,400	31.61
Total	48,439	100.00	1,940,531,778	100.00

## Thirty (30) Largest Registered Shareholders

<b><i>Name</i></b>	<b><i>No. of Shares</i></b>	<b><i>%</i></b>
1. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Serveast Trading Sdn Bhd	258,054,400	13.30
2. Pan Malaysian Industries Berhad	199,490,000	10.28
3. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Favourmark Corporation Sdn Bhd	155,898,000	8.03
4. Mayban Nominees (Asing) Sdn Bhd - Maybank International (L) Ltd, Labuan for Pamford Limited	88,392,000	4.56
5. Plenary Investments Pte Ltd	67,038,800	3.45
6. Permodalan Nasional Berhad	64,000,000	3.30
7. Rigap Prima Sdn Bhd	46,000,000	2.37
8. Peak Meadow Sdn Bhd	45,846,100	2.36
9. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Good Proffer Sdn Bhd	34,083,000	1.76
10. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Noble Faith Foundation Inc	30,000,000	1.55
11. Nada Saujana Sdn Bhd	22,830,000	1.18
12. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Kiwiton Sdn Bhd	20,000,000	1.03
13. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Scopebright (M) Sdn Bhd	20,000,000	1.03
14. RC Nominees (Tempatan) Sdn Bhd - Hope Foundation	19,370,000	1.00
15. PM Nominees (Tempatan) Sdn Bhd - Morning Star Securities Limited for Hope Foundation	11,550,000	0.60

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

*As at 27 April 2007*

16.	CIMSEC Nominees (Asing) Sdn Bhd - For CIMB-GK Securities Pte Ltd	10,155,293	0.52
17.	UOBM Nominees (Asing) Sdn Bhd - Securities Account for Prime View International Limited	10,000,000	0.52
18.	Lembaga Tabung Angkatan Tentera	8,974,900	0.46
19.	UOBM Nominees (Tempatan) Sdn Bhd - Securities Account for Hope Foundation	8,500,000	0.44
20.	PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Prime View International Limited	8,040,000	0.41
21.	KOP Mantap Berhad	8,000,000	0.41
22.	Soh Teck Toh	7,600,000	0.39
23.	HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	7,539,760	0.39
24.	True Benefits Sdn Bhd	7,432,000	0.38
25.	Youn-Wen & Brothers Sdn Bhd	6,750,000	0.35
26.	Lee Eng Hock & Co. Sendirian Berhad	6,650,000	0.34
27.	Milikita Sdn Bhd	5,279,000	0.27
28.	Ke-Zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte. Ltd. for Glen Holdings (Pte) Ltd	4,674,000	0.24
29.	PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Swift Progress Investments Limited	4,500,000	0.23
30.	Cheah Wei Keat	4,070,000	0.21
	Total	<u>1,190,717,253</u>	<u>61.36</u>



## ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS HOLDINGS

As at 27 April 2007

Class of Securities	:	Class A1, 8-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS")
Nominal value of ICULS issued and outstanding	:	RM443,662,030
Conversion Price	:	RM1 nominal value of ICULS for every one (1) new fully paid-up ordinary share in the Company, subject to any adjustment as may be made pursuant to the Trust Deed executed by the Company. The minimum value for conversion required is RM100 nominal value of ICULS.
Conversion Period	:	The Class A1 ICULS holders may exercise their rights to convert their ICULS into new ordinary shares in the Company during the first conversion period which is the period of six (6) months from the expiry of the fifth year of the date of issue (i.e. 30 December 2009 to 30 June 2010). Any Class A1 ICULS not converted then shall be convertible into new ordinary shares in the Company during the second conversion period which is the period of the last six (6) months of the eighth year from the date of issue (i.e. 27 June 2012 to 27 December 2012).
Voting Rights at Meeting of ICULS Holders	:	On a show of hands, one (1) vote per ICULS holder On a poll, one (1) vote for every RM1 nominal value of ICULS held by the holder

### Directors' Interests In Class A1 ICULS as per Register of Directors' Shareholdings

	<b>Direct interest</b>		<b>Deemed interest</b>	
	<b>Nominal value of ICULS (RM)</b>	<b>%</b>	<b>Nominal value of ICULS (RM)</b>	<b>%</b>
Tan Sri Dato' Khoo Kay Peng	-	-	137,739,917	31.05
Dr Ngui Chon Hee	13,013	negligible	36,436	0.01

### Distribution of Class A1 ICULS Holdings

<b>Holdings</b>	<b>No. of Holders</b>	<b>%</b>	<b>Nominal value of ICULS (RM)</b>	<b>%</b>
Less than 100	2,036	11.02	60,689	0.01
100 - 1,000	4,224	22.86	2,809,888	0.63
1,001 - 10,000	9,964	53.91	34,571,586	7.79
10,001 - 100,000	2,054	11.11	51,304,420	11.57
100,001 to less than 5% of issued ICULS	200	1.08	161,325,755	36.36
5% and above of issued ICULS	3	0.02	193,589,692	43.64
Total	18,481	100.00	443,662,030	100.00



# ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS HOLDINGS (Cont'd)

As at 27 April 2007

Thirty (30) Largest Registered Class A1 ICULS Holders

<i>Name</i>	<i>Nominal value of ICULS (RM)</i>	<i>%</i>
1. Bonham Industries Limited	83,957,000	18.92
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	78,935,382	17.79
3. HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	30,697,310	6.92
4. Bahtera Muhibbah Sdn Bhd	16,483,212	3.72
5. United Pace Sdn Bhd	15,035,311	3.39
6. Kenanga Nominees (Tempatan) Sdn Bhd - Securities Account for Liew Jun Kuan	14,400,300	3.25
7. Hope Foundation	11,089,283	2.50
8. Pan Malaysia Corporation Berhad	11,008,550	2.48
9. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mohd Ariffin Bin Mohd Yusuf	9,021,186	2.03
10. Citigroup Nominees (Tempatan) Sdn Bhd - Securities Account for Lee Chee Keong	6,344,173	1.43
11. Appreplex (M) Sdn Bhd	5,953,983	1.34
12. Chua Ah Moi @ Chua Sai Peng	3,847,939	0.87
13. MUI Properties Berhad	3,783,671	0.85
14. Kim Hin Joo Private Limited	3,157,415	0.71
15. UOBM Nominees (Asing) Sdn Bhd - Securities Account for Prime View International Limited	3,036,381	0.68
16. Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Lim Geok Siew	2,369,700	0.53
17. CIMSEC Nominees (Asing) Sdn Bhd - For CIMB-GK Securities Pte Ltd	2,170,350	0.49
18. Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Koperasi Polis DiRaja Malaysia Bhd	2,168,843	0.49
19. Lim Kian Siong	1,775,396	0.40
20. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	1,526,067	0.34
21. Jomuda Sdn Bhd	1,518,190	0.34
22. Zulkifli Bin Hussain	1,268,618	0.29
23. Universiti Malaya	1,229,575	0.28
24. Lim Choon Cheng	1,015,219	0.23
25. Golden Brook Sdn Bhd	1,000,053	0.23
26. Chen Tsu Peh @ Chin Fui	1,000,000	0.23
27. Shoptra Jaya (M) Sdn Bhd	897,608	0.20
28. Liew Jun Kuan	827,700	0.19
29. ABB Nominee (Tempatan) Sdn Bhd - Securities Account for Babena Sdn Bhd	769,421	0.17
30. Zainab Bt Abdul Razak	756,492	0.17
Total	317,044,328	71.46



Class of Securities	:	Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS")
Nominal value of ICULS issued and outstanding	:	RM443,662,030
Conversion Price	:	RM1 nominal value of ICULS for every one (1) new fully paid-up ordinary share in the Company, subject to any adjustment as may be made pursuant to the Trust Deed executed by the Company. The minimum value for conversion required is RM100 nominal value of ICULS.
Conversion Period	:	The Class A2 ICULS holders may exercise their rights to convert their ICULS into new ordinary shares in the Company at any time during the last six (6) months of the eighth year from the date of issue (i.e. 27 June 2012 to 27 December 2012).
Voting Rights at Meeting of ICULS Holders	:	On a show of hands, one (1) vote per ICULS holder On a poll, one (1) vote for every RM1 nominal value of ICULS held by the holder

Directors' Interests In Class A2 ICULS  
*as per Register of Directors' Shareholdings*

	<b>Direct interest</b>		<b>Deemed interest</b>	
	<b>Nominal value of ICULS (RM)</b>	<b>%</b>	<b>Nominal value of ICULS (RM)</b>	<b>%</b>
Tan Sri Dato' Khoo Kay Peng	-	-	175,222,917	39.49
Dr Ngui Chon Hee	13,013	negligible	36,436	0.01

Distribution of Class A2 ICULS Holdings

<b>Holdings</b>	<b>No. of Holders</b>	<b>%</b>	<b>Nominal value of ICULS (RM)</b>	<b>%</b>
Less than 100	2,010	10.83	59,653	0.01
100 - 1,000	4,226	22.77	2,813,979	0.64
1,001 - 10,000	10,032	54.06	34,831,371	7.85
10,001 - 100,000	2,087	11.25	52,002,235	11.72
100,001 to less than 5% of issued ICULS	201	1.08	153,579,410	34.62
5% and above of issued ICULS	2	0.01	200,375,382	45.16
Total	18,558	100.00	443,662,030	100.00

# ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS HOLDINGS (Cont'd)

As at 27 April 2007

Thirty (30) Largest Registered Class A2 ICULS Holders

<i>Name</i>	<i>Nominal value of ICULS (RM)</i>	<i>%</i>
1. Bonham Industries Limited	121,440,000	27.37
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	78,935,382	17.79
3. Bahtera Muhibbah Sdn Bhd	16,483,212	3.72
4. United Pace Sdn Bhd	15,035,311	3.39
5. Hope Foundation	11,944,435	2.69
6. Pan Malaysia Corporation Berhad	11,008,550	2.48
7. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mohd Ariffin Bin Mohd Yusuf	9,021,186	2.03
8. Appreplex (M) Sdn Bhd	5,953,983	1.34
9. HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	5,314,799	1.20
10. Chua Ah Moi @ Chua Sai Peng	3,847,939	0.87
11. MUI Properties Berhad	3,783,671	0.85
12. Kim Hin Joo Private Limited	3,157,415	0.71
13. UOBM Nominees (Asing) Sdn Bhd - Securities Account for Prime View International Limited	3,036,381	0.68
14. Lim Kian Siong	2,825,396	0.64
15. Public Nominees (Tempatan) Sdn Bhd - Securities Account for Lee Yu Yong @ Lee Yuen Ying	2,536,866	0.57
16. Kenanga Nominees (Tempatan) Sdn Bhd - Securities Account for Liew Jun Kuan	2,398,600	0.54
17. CIMSEC Nominees (Asing) Sdn Bhd - For CIMB-GK Securities Pte Ltd	2,176,287	0.49
18. Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Koperasi Polis DiRaja Malaysia Bhd	2,168,843	0.49
19. Public Nominees (Tempatan) Sdn Bhd - Securities Account for Wong Soo Chai @ Wong Chick Wai	1,807,100	0.41
20. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	1,526,067	0.34
21. Jomuda Sdn Bhd	1,518,190	0.34
22. Zulkifli Bin Hussain	1,268,618	0.29
23. Universiti Malaya	1,229,575	0.28
24. Lim Choon Cheng	1,015,219	0.23
25. Mr Ong Hock Siong @ Benny Ong Hock Siong	1,000,000	0.23
26. Shoptra Jaya (M) Sdn Bhd	897,608	0.20
27. Zulkifli Bin Hussain	827,151	0.19
28. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Noble Faith Foundation Inc	816,469	0.18
29. ABB Nominee (Tempatan) Sdn Bhd - Securities Account for Babena Sdn Bhd	769,421	0.17
30. Teoh Kim Hooi	765,000	0.17
Total	314,508,674	70.88



## GROUP FINANCIAL HIGHLIGHTS FIVE-YEAR SUMMARY

As at 31 December	2006 RM'000	2005 RM'000 (Restated)	2004 RM'000	2003 RM'000	2002 RM'000
<b>ASSETS</b>					
Property, Plant & Equipment and Land Held for Property Development	881,450	565,765	2,948,873	3,037,105	2,962,033
Investment Properties	33,463	32,629	-	141,000	141,000
Associated Companies, Joint Venture and Investments	598,769	804,903	1,081,185	1,181,577	1,265,110
Intangibles & Goodwill	79,307	37,144	120,673	604,291	618,256
Deferred Tax Assets	4,779	6,853	8,715	15,456	14,111
Current Assets	1,190,071	1,368,329	1,729,636	2,012,707	1,893,037
Non-Current Assets Held for Sale	145,647	1,428,123	-	-	-
<b>Total Assets</b>	<b>2,933,486</b>	<b>4,243,746</b>	<b>5,889,082</b>	<b>6,992,136</b>	<b>6,893,547</b>
<b>EQUITY AND LIABILITIES</b>					
Share Capital	1,940,532	1,940,532	1,940,532	1,940,532	1,940,532
ICULS *	736,479	736,479	-	-	-
Reserves	(1,825,278)	(1,809,627)	(1,254,759)	(892,714)	(750,083)
	851,733	867,384	685,773	1,047,818	1,190,449
Minority Interest	279,844	444,622	1,384,033	1,593,042	1,553,130
<b>Total Equity</b>	<b>1,131,577</b>	<b>1,312,006</b>	<b>2,069,806</b>	<b>2,640,860</b>	<b>2,743,579</b>
Non-Current Liabilities	494,359	236,850	2,362,500	2,591,594	2,442,456
Current Liabilities	1,307,550	2,694,890	1,456,776	1,759,682	1,707,512
<b>Total Equity and Liabilities</b>	<b>2,933,486</b>	<b>4,243,746</b>	<b>5,889,082</b>	<b>6,992,136</b>	<b>6,893,547</b>
<b>Financial year ended 31 December</b>					
	2006 RM'000	2005 RM'000 (Restated)	2004 RM'000	2003 RM'000	2002 RM'000
Revenue	743,962	1,222,091	1,462,746	1,393,946	1,358,885
Profit from Operations before Exceptional Items	44,889	77,616	105,511	152,970	137,489
Exceptional items	(178,664)+	(240,268)+	(294,546)+	(111,954)+	(835,767)+
Loss before Taxation	(246,694)	(412,405)	(387,123)	(160,394)	(1,063,111)
Loss for the Financial Year	(237,236)	(355,126)	(365,375)	(168,936)	(1,094,866)
Loss attributable to Equity Holders of the Company	(217,883)	(371,150)	(405,474)	(174,043)	(996,893)

\* ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

+ Include the recognition of impairment of assets in compliance with FRS 136/MASB 23 "Impairment of Assets". FRS was effective in the financial year ended 31 December 2006.

In the above summary, 2006 and 2005 figures reflect the results and state of affairs of the Group reported in accordance with FRS. It is not practicable to restate previous years figures according to FRS.

# DIRECTORS' REPORT

The Directors present herewith their report and audited financial statements of the Company and of the Group for the financial year ended 31 December 2006.

## Principal Activities

The Company is an investment holding company. The principal activities of its subsidiary and associated companies are retailing, hotels, food and confectionery, property, financial services, and travel and tourism.

There have been no significant changes in the Group's activities during the financial year.

## Financial Results

	<i><b>Group RM'000</b></i>	<i><b>Company RM'000</b></i>
Profit/(Loss) from operations before exceptional items	44,889	(114)
Exceptional items	(178,664)	10,762
(Loss)/Profit from operations after exceptional items	(133,775)	10,648
Finance cost	(131,313)	(1,459)
Share of results of associated companies	18,394	-
(Loss)/Profit before taxation	(246,694)	9,189
Tax income	9,458	7
(Loss)/Profit for the financial year	(237,236)	9,196
Attributable to:-		
Equity holders of the Company	(217,883)	9,196
Minority interests	(19,353)	-
	(237,236)	9,196

## Movements In Reserves And Provisions

Material movements in reserves and provisions during the financial year are shown in the financial statements.

## Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 31 December 2006.

## Directors

The Directors of the Company in office since the date of the last report and at the date of this report are: -

Tan Sri Dato' Khoo Kay Peng (Chairman & Chief Executive)  
Tan Sri Dato' Md Khir Johari (deceased on 19 November 2006)  
Yong Ming Sang  
Ang Guan Seng  
Dato' Paduka Nik Hashim Nik Yusoff  
Dr Ngui Chon Hee  
Khet Kok Yin  
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad (appointed on 3 January 2007)  
Dato' Dr Tan Kee Kwong (appointed on 3 January 2007)  
Mohamad Faiz bin Abdul Hamid (alternate to Yong Ming Sang)





None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares and / or securities issued by the Company and its related corporations except as stated below: -

**Ordinary shares of RM1 each in  
Malayan United Industries Berhad**

	<i>Number of shares</i>		
	<i>Balance at 1.1.2006</i>	<i>Bought</i>	<i>Sold</i>
Tan Sri Dato' Khoo Kay Peng			
Deemed	903,492,500	-	-
Yong Ming Sang			
Direct	1,981,800	-	-
Indirect	549,640	-	-
Ang Guan Seng			
Indirect	68,353,800	-	-

**Ordinary shares of 50 sen each in  
MUI Properties Berhad**

	<i>Number of shares</i>		
	<i>Balance at 1.1.2006</i>	<i>Bought</i>	<i>Sold</i>
Tan Sri Dato' Khoo Kay Peng			
Deemed	550,862,661	-	-
Dr Ngui Chon Hee			
Direct	30,000	-	-
Indirect	84,000	-	-

**Ordinary shares of 50 sen each in  
Pan Malaysia Corporation Berhad**

	<i>Number of shares</i>		
	<i>Balance at 1.1.2006</i>	<i>Bought</i>	<i>Sold</i>
Tan Sri Dato' Khoo Kay Peng			
Deemed	428,544,500	-	-

**Ordinary shares of 10 sen each in  
Pan Malaysia Holdings Berhad**

	<i>Number of shares</i>		
	<i>Balance at 1.1.2006</i>	<i>Bought</i>	<i>Sold</i>
Tan Sri Dato' Khoo Kay Peng			
Deemed	633,814,310	4,758,676	-

**Ordinary shares of RM1 each in  
MUI Continental Insurance Berhad**

	<i>Number of shares</i>		
	<i>Balance at 1.1.2006</i>	<i>Bought</i>	<i>Sold</i>
Tan Sri Dato' Khoo Kay Peng			
Deemed	52,226,568	-	-

**Class A1 Irredeemable Convertible  
Unsecured Loan Stocks in  
Malayan United Industries Berhad**

	<i>Nominal value (RM)</i>		
	<i>Balance at 1.1.2006</i>	<i>Bought</i>	<i>Sold</i>
Tan Sri Dato' Khoo Kay Peng			
Deemed	56,891,278	71,757,000	805,749
Dr Ngui Chon Hee			
Direct	13,013	-	-
Indirect	36,436	-	-

## DIRECTORS' REPORT (Cont'd)

### Directors (Cont'd)

<b><i>Class A2 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad</i></b>	<b><i>Nominal value (RM)</i></b>			<b><i>Balance at 31.12.2006</i></b>
	<b><i>Balance at 1.1.2006</i></b>	<b><i>Bought</i></b>	<b><i>Sold</i></b>	
Tan Sri Dato' Khoo Kay Peng Deemed	56,891,278	103,440,000	805,749	159,525,529
Dr Ngui Chon Hee Direct	13,013	-	-	13,013
Indirect	36,436	-	-	36,436

By virtue of his deemed interests in the shares of the Company, Tan Sri Dato' Khoo Kay Peng is deemed to have an interest in the shares of all the other subsidiary companies of the Company to the extent that the Company has an interest.

In accordance with Section 129(2) of the Companies Act, 1965, Mr Yong Ming Sang and Dr Ngui Chon Hee retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointment under Section 129(6) of the said Act.

Pursuant to Article 109 of the Company's Articles of Association, Mr Ang Guan Seng retires from the Board at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-election.

Pursuant to Article 90 of the Company's Articles of Association, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad and Dato' Dr Tan Kee Kwong retire from the Board at the forthcoming Annual General Meeting, and they being eligible, offers themselves for re-election.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those directors having interest in the Class A1 and Class A2 Irredeemable Convertible Unsecured Loan Stocks of the Company as disclosed above.

### Other Statutory Information

(a) In the opinion of the Directors: -

- (i) the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 7 of the Notes to the Financial Statements;
- (ii) 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 the operations of the Company or of the Group for the financial year in which this report is made; and
- (iii) no contingent liability 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 will or may affect the ability of the Company or of the Group to meet their obligations as and when they fall due.



- (b) Before the income statements and balance sheets of the Company and of the Group were made out, the Directors took reasonable steps: -
  - (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (c) At the date of this report, the Directors are not aware of any circumstances which would render: -
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company and of the Group inadequate to any material extent; and
  - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.
- (d) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (e) At the date of this report there does not exist: -
  - (i) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year to secure the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Company or of the Group which has arisen since the end of the financial year.
- (f) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company or of the Group which would render any amount stated in the financial statements misleading.

### **Significant Corporate Developments**

The significant corporate developments are disclosed in Note 37 of the Notes to the Financial Statements.

### **Auditors**

The auditors, BDO Binder, have expressed their willingness to accept re-appointment as auditors.

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

**Dato' Paduka Nik Hashim Nik Yusoff**

**Khet Kok Yin**

30 April 2007

# INCOME STATEMENTS

For the financial year ended 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000
Revenue	6	<b>743,962</b>	1,222,091	<b>1,468</b>	25,514
Cost of sales		<b>(560,319)</b>	(834,763)	-	-
Gross profit		<b>183,643</b>	387,328	<b>1,468</b>	25,514
Other income		<b>48,024</b>	41,471	-	-
Distribution costs		<b>(28,869)</b>	(24,413)	-	-
Administrative expenses		<b>(129,229)</b>	(285,039)	<b>(1,582)</b>	(1,896)
Other expenses		<b>(28,680)</b>	(41,731)	-	-
Profit / (Loss) from operations before exceptional items		<b>44,889</b>	77,616	<b>(114)</b>	23,618
Exceptional items	7	<b>(178,664)</b>	(240,268)	<b>10,762</b>	(349,043)
(Loss) / Profit from operations after exceptional items		<b>(133,775)</b>	(162,652)	<b>10,648</b>	(325,425)
Finance cost		<b>(131,313)</b>	(231,625)	<b>(1,459)</b>	(1,614)
Share of results of associated companies		<b>18,394</b>	(16,816)	-	-
Share of results of joint venture		-	(1,312)	-	-
(Loss) / Profit before taxation	8	<b>(246,694)</b>	(412,405)	<b>9,189</b>	(327,039)
Tax income / (expense)	9	<b>9,458</b>	57,279	<b>7</b>	(18)
(Loss) / Profit for the financial year		<b>(237,236)</b>	(355,126)	<b>9,196</b>	(327,057)
Attributable to:-					
Equity holders of the Company		<b>(217,883)</b>	(371,150)	<b>9,196</b>	(327,057)
Minority interest		<b>(19,353)</b>	16,024	-	-
		<b>(237,236)</b>	(355,126)	<b>9,196</b>	(327,057)
Loss Per Share attributable to equity holders of the Company	10	<b>Sen (11.23)</b>	Sen (19.13)		

The attached notes form an integral part of these financial statements.



## BALANCE SHEETS

As at 31 December 2006

	Note	Group		Company	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Property, Plant And Equipment	11	845,292	529,616	-	-
Investment Properties	12	33,463	32,629	-	-
Subsidiary Companies	13	-	-	786,911	801,131
Associated Companies	14	311,331	375,999	-	-
Investments	16	287,438	428,904	-	-
Land Held for Property Development	17	36,158	36,149	-	-
Goodwill On Consolidation	18	79,307	37,144	-	-
Deferred Tax Assets	30	4,779	6,853	-	-
		<b>1,597,768</b>	<b>1,447,294</b>	<b>786,911</b>	<b>801,131</b>
CURRENT ASSETS					
Property development costs	17	77,839	85,337	-	-
Inventories	19	65,610	78,785	-	-
Trade and other receivables	20	339,982	416,883	1,340,941	1,352,527
Government securities and bonds	21	27,727	25,726	-	-
Short term investments	22	24,661	31,340	-	-
Tax recoverable		6,455	25,321	-	-
Deposits, bank balances and cash	23	647,797	704,937	185	224
		<b>1,190,071</b>	<b>1,368,329</b>	<b>1,341,126</b>	<b>1,352,751</b>
Non-current Assets Held for Sale	24	145,647	1,428,123	-	-
		<b>1,335,718</b>	<b>2,796,452</b>	<b>1,341,126</b>	<b>1,352,751</b>
<b>TOTAL ASSETS</b>		<b>2,933,486</b>	<b>4,243,746</b>	<b>2,128,037</b>	<b>2,153,882</b>
<b>EQUITY AND LIABILITIES</b>					
EQUITY ATTRIBUTABLE TO					
HOLDERS OF THE COMPANY					
Share Capital	25	1,940,532	1,940,532	1,940,532	1,940,532
ICULS *	26	736,479	736,479	736,479	736,479
Reserves	27	(1,825,278)	(1,809,627)	(585,567)	(594,763)
		<b>851,733</b>	<b>867,384</b>	<b>2,091,444</b>	<b>2,082,248</b>
MINORITY INTEREST		<b>279,844</b>	<b>444,622</b>	-	-
<b>TOTAL EQUITY</b>		<b>1,131,577</b>	<b>1,312,006</b>	<b>2,091,444</b>	<b>2,082,248</b>
NON-CURRENT LIABILITIES					
Borrowings	28	460,490	167,542	-	-
Employee benefits	29	3,780	3,018	-	-
Deferred tax liabilities	30	30,089	66,290	-	-
		<b>494,359</b>	<b>236,850</b>	-	-
CURRENT LIABILITIES					
Trade and other payables	31	160,624	220,462	195	100
Provisions	32	67,000	55,582	-	-
Borrowings	28	1,020,856	2,358,425	20,000	55,000
Tax liabilities		31,935	33,715	16,398	16,534
Reserves for unearned premium		27,135	26,706	-	-
		<b>1,307,550</b>	<b>2,694,890</b>	<b>36,593</b>	<b>71,634</b>
<b>TOTAL LIABILITIES</b>		<b>1,801,909</b>	<b>2,931,740</b>	<b>36,593</b>	<b>71,634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,933,486</b>	<b>4,243,746</b>	<b>2,128,037</b>	<b>2,153,882</b>

\* ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company

The attached notes form an integral part of these financial statements.



# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2006

Group	Attributable to Equity Holders of the Company										Minority Interest	Total Equity
	Non-Distributable					Distributable						
	Share Capital RM'000	ICULS # RM'000	Share Premium RM'000	Share Revaluation Reserve RM'000	Exchange Fluctuation Reserve RM'000	Capital Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Total RM'000			
2005												
At 1 January 2005	1,940,532	-	220,305	18,268	232,886	1,792	25,257	(1,753,267)	685,773	1,384,033	2,069,806	
As previously stated	-	-	-	-	(9,822)	-	-	(113,860)	(123,682)	-	(123,682)	
Effect of adopting FRS 5 (Note 4(a))	-	-	-	-	-	-	-	(23,569)	(23,569)	-	(23,569)	
Effect of adopting IAS 19 (Note 4(a))	-	-	-	-	-	-	-	-	-	-	-	
At 1 January 2005 (restated)	1,940,532	-	220,305	18,268	223,064	1,792	25,257	(1,890,696)	538,522	1,384,033	1,922,555	
Group's share of post-acquisition reserves of associated companies	-	-	-	-	(1,138)	74	-	-	(1,064)	-	(1,064)	
Difference on translation of net assets of overseas subsidiary and associated companies	-	-	-	-	(48,711)	-	-	-	(48,711)	(10,475)	(59,186)	
Difference on translation upon adoption of FRS 5	-	-	-	-	10,758	-	-	-	10,758	-	10,758	
Difference on translation upon adoption of IAS 19	-	-	-	-	2,550	-	-	-	2,550	-	2,550	
Net (loss)/profit recognised in equity	-	-	-	-	(36,541)	74	-	-	(36,467)	(10,475)	(46,942)	
Loss for the financial year	-	-	-	-	-	-	-	(371,150)	(371,150)	16,024	(355,126)	
Total recognised income and expenses	-	-	-	-	(36,541)	74	-	(371,150)	(407,617)	5,549	(402,068)	
Distribution of Class A1 ICULS	-	443,662	-	-	-	-	-	-	443,662	(443,662)	-	
Distribution of Class A2 ICULS	-	443,662	-	-	-	-	-	-	443,662	(443,662)	-	
Discount on ICULS - unamortised	-	(150,845)	-	-	-	-	-	-	(150,845)	150,845	-	
Issue of shares to minority shareholders in subsidiary companies	-	-	-	-	-	-	-	-	-	5	5	
Acquisition of additional interest in subsidiary companies	-	-	-	-	-	-	-	-	-	(108,723)	(108,723)	
Share buyback by subsidiary companies	-	-	-	-	-	-	-	-	-	(98,042)	(98,042)	
Reserve realised on disposal of associated companies	-	-	-	-	1,774	4,562	-	(6,336)	-	-	-	
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(1,721)	(1,721)	
At 31 December 2005 (Restated)	1,940,532	736,479	220,305	18,268	188,297	6,428	25,257	(2,268,182)	867,384	444,622	1,312,006	



Group	Attributable to Equity Holders of the Company										Interest	Equity
	Non-Distributable					Distributable						
	Share Capital RM'000	ICULS # RM'000	Share Premium RM'000	Share Revaluation Reserve RM'000	Exchange Fluctuation Reserve RM'000	Capital Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Total RM'000			
2006												
At 1 January 2006	1,940,532	736,479	220,305	18,268	184,811	6,428	25,257	(2,179,408)	952,672	444,622	1,397,294	
As previously stated	-	-	-	-	936	-	-	(65,205)	(64,269)	-	(64,269)	
Effect of adopting FRS 5 (Note 4(a))	-	-	-	-	2,550	-	-	(23,569)	(21,019)	-	(21,019)	
Effect of adopting IAS 19 (Note 4(a))	1,940,532	736,479	220,305	18,268	188,297	6,428	25,257	(2,268,182)	867,384	444,622	1,312,006	
At 1 January 2006 (restated)	-	-	-	-	-	-	-	116,320	116,320	-	116,320	
Effect of adopting FRS 3	1,940,532	736,479	220,305	18,268	188,297	6,428	25,257	(2,151,862)	983,704	444,622	1,428,326	
Group's share of post-acquisition reserves of associated companies Difference on translation of net assets of overseas subsidiary and associated companies Changes in tax rate	-	-	-	-	(8,651)	(84)	-	(2,319)	(11,054)	-	(11,054)	
	-	-	-	-	(15,590)	-	-	-	(15,590)	(6,237)	(21,827)	
	-	-	-	241	-	-	-	-	241	-	241	
	-	-	-	241	(24,241)	(84)	-	(2,319)	(26,403)	(6,237)	(32,640)	
	-	-	-	-	-	-	-	(217,883)	(217,883)	(19,353)	(237,236)	
Net profit / (loss) recognised in equity	-	-	-	241	(24,241)	(84)	-	(220,202)	(244,286)	(25,590)	(269,876)	
Loss for the financial year	-	-	-	-	-	-	-	-	-	-	-	
Total recognised income and expenses	-	-	-	-	-	-	-	-	-	-	-	
Changes in share of results by minority shareholders	-	-	-	-	-	-	-	(13,345)	(13,345)	13,345	-	
Changes in stake of an associated company	-	-	-	-	-	-	-	125,660	125,660	(125,660)	-	
Share buyback by subsidiary companies	-	-	-	-	-	-	-	-	-	(4,728)	(4,728)	
Acquisition of additional interest in subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(19,564)	(19,564)	
At 31 December 2006	1,940,532	736,479	220,305	18,509	164,056	6,344	25,257	(2,259,749)	851,733	279,844	1,131,577	

# ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the financial year ended 31 December 2006

## Company

	<i>Share Capital</i> <i>RM'000</i>	<i>ICULS # RM'000</i>	<i>Non-Distributable</i>		<i>Accumulated Losses</i> <i>RM'000</i>	<i>Total</i> <i>RM'000</i>
			<i>Share Premium</i> <i>RM'000</i>	<i>Revaluation Reserves</i> <i>RM'000</i>		
2005						
At 1 January 2005	1,940,532	1,105,175	220,305	26,264	(514,275)	2,778,001
Cancellation of ICULS	-	(368,696)	-	-	-	(368,696)
Loss for the financial year	-	-	-	-	(327,057)	(327,057)
At 31 December 2005	1,940,532	736,479	220,305	26,264	(841,332)	2,082,248

## 2006

At 1 January 2006	<b>1,940,532</b>	<b>736,479</b>	<b>220,305</b>	<b>26,264</b>	<b>(841,332)</b>	<b>2,082,248</b>
Profit for the financial year	-	-	-	-	<b>9,196</b>	<b>9,196</b>
At 31 December 2006	<b>1,940,532</b>	<b>736,479</b>	<b>220,305</b>	<b>26,264</b>	<b>(832,136)</b>	<b>2,091,444</b>

# ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

The attached notes form an integral part of these financial statements.



## CASH FLOW STATEMENTS

For the financial year ended 31 December 2006

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<i>(Restated)</i>		
Cash Flows From Operating Activities				
(Loss) / Profit before taxation	<b>(246,694)</b>	(412,405)	<b>9,189</b>	(327,039)
Adjustments for: -				
Exceptional items <i>[See (b) below]</i>	<b>204,938</b>	239,764	<b>(10,762)</b>	349,043
Amortisation of premiums on government securities and bonds	<b>332</b>	351	-	-
Allowance for diminution in value of short term investments	-	4,662	-	-
Allowance for diminution in value of short term investments written back	<b>(4,265)</b>	-	-	-
Depreciation	<b>24,909</b>	49,678	-	-
Plant and equipment written off	<b>242</b>	346	-	-
Interest expense	<b>131,313</b>	231,625	<b>1,459</b>	1,614
Dividend income	<b>(10,769)</b>	(6,513)	<b>(40)</b>	(23,889)
Interest income	<b>(51,561)</b>	(50,578)	<b>(1,428)</b>	(1,625)
Gain on disposal of plant and equipment	<b>(42)</b>	(29)	-	-
Gain on disposal of short term investments	<b>(2,454)</b>	(549)	-	-
Provision for employee benefits	<b>2,632</b>	139	-	-
Reserves for unearned premiums	<b>429</b>	758	-	-
Share of results of associated companies	<b>(18,394)</b>	16,816	-	-
Share of results of joint venture	-	1,312	-	-
Operating profit / (loss) before working capital changes	<b>30,616</b>	75,377	<b>(1,582)</b>	(1,896)
Increase in short term investments	<b>(23,335)</b>	(22,313)	-	-
Decrease in inventories	<b>23,267</b>	3,183	-	-
(Increase) / Decrease in receivables	<b>(4,286)</b>	65,750	<b>432</b>	1,625
(Increase) / Decrease in property development costs	<b>(4,489)</b>	4,650	-	-
(Decrease) / Increase in payables	<b>(50,188)</b>	10,272	<b>95</b>	(8)
Cash (used in) / generated from operations	<b>(28,415)</b>	136,919	<b>(1,055)</b>	(279)
Interest paid	<b>(9,434)</b>	(12,412)	<b>(1,459)</b>	(1,614)
Interest received	<b>17,392</b>	17,027	<b>1,428</b>	1,625
Employee benefits paid	<b>(2,164)</b>	(2,004)	-	-
Tax refund	<b>17,700</b>	4,883	-	-
Tax paid	<b>(27,844)</b>	(15,447)	<b>(117)</b>	(23)
Net cash (used in) / from operating activities	<b>(32,765)</b>	128,966	<b>(1,203)</b>	(291)

## CASH FLOW STATEMENTS

For the financial year ended 31 December 2006

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<i>(Restated)</i>		
<b>Cash Flows From Investing Activities</b>				
Advances to subsidiary companies	-	-	<b>(30,786)</b>	(90,019)
Repayments from subsidiary companies	-	-	<b>68,631</b>	31,407
Dividends received	<b>19,260</b>	6,286	<b>29</b>	23,877
Interest received	<b>34,169</b>	33,551	-	-
Purchase of investments in subsidiary companies	<b>(21,124)</b>	(102,182)	<b>(1,700)</b>	-
Purchase of government bonds and securities	<b>(10,759)</b>	(6,101)	-	-
Purchase of long term investments	<b>(297)</b>	(62,864)	-	-
Purchase of property, plant and equipment	<b>(14,335)</b>	(46,080)	-	-
Purchase of non-current asset held for sale	<b>(3,123)</b>	(2,659)	-	-
Purchase of investment properties	<b>(885)</b>	-	-	-
Proceeds from disposal of shares in associated companies	<b>11,835</b>	192,154	-	-
Proceeds from disposal of joint venture	-	36,396	-	-
Proceeds from disposal of other investments	<b>151,829</b>	21,891	-	-
Proceeds from disposal of government bonds and securities	<b>8,426</b>	4,613	-	-
Proceeds from disposal of property, plant and equipment	<b>1,041,388</b>	607,491	-	-
Withdrawal of deposits with licensed companies as sinking funds	<b>34,647</b>	236,775	-	-
Net bank balances disposed of on disposal of subsidiary companies <i>[See (c) below]</i>	<b>(403)</b>	50	-	-
Net cash from / (used in) investing activities	<b>1,250,628</b>	919,321	<b>36,174</b>	(34,735)
<b>Cash Flows From Financing Activities</b>				
Interest paid	<b>(121,879)</b>	(219,213)	-	-
Proceeds from issue of shares to minority shareholders in subsidiary companies	-	5	-	-
Proceeds from drawdown of term loans and utilisation of revolving credits	<b>709,259</b>	172,347	<b>35,000</b>	35,000
Repayment of bank borrowings	<b>(1,812,666)</b>	(778,575)	<b>(70,000)</b>	-
Share buyback by subsidiary companies	<b>(2,950)</b>	(63,286)	-	-
Dividends paid to minority shareholders of subsidiary companies	<b>(2,581)</b>	(1,721)	-	-
Net cash (used in) / from financing activities	<b>(1,230,817)</b>	(890,443)	<b>(35,000)</b>	35,000
Effects of exchange rate changes	<b>(8,528)</b>	(18,988)	<b>(10)</b>	-
Net (decrease) / increase in cash and cash equivalents	<b>(21,482)</b>	138,856	<b>(39)</b>	(26)





<i>Group</i>		<i>Company</i>	
<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>(Restated)</i>			

Cash and cash equivalents as at 1 January: -

As previously reported  
Effect of exchange rate changes on cash and cash equivalents

<b>552,482</b>	417,153	<b>224</b>	250
<b>2,275</b>	(3,527)	-	-

As restated

<b>554,757</b>	413,626	<b>224</b>	250
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Cash and cash equivalents as at 31 December

<b>533,275</b>	552,482	<b>185</b>	224
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[See (a) below]

(a) Cash and cash equivalents consist of the following: -

<i>Group</i>		<i>Company</i>	
<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>

Deposits, bank balances and cash

<b>647,797</b>	704,937	<b>185</b>	224
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Bank overdrafts

<b>(114,522)</b>	(119,870)	-	-
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<b>533,275</b>	585,067	<b>185</b>	224
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Less: Deposits with licensed companies as sinking funds

-	(32,585)	-	-
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<b>533,275</b>	552,482	<b>185</b>	224
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(b) Exceptional items as presented in the cash flow statements comprise: -

<i>Group</i>		<i>Company</i>	
<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>(Restated)</i>			

Impairment of assets

- goodwill
- investments in associated companies
- property, plant and equipment
- investments in subsidiary companies

<b>(79,947)</b>	(42,237)	-	-
<b>(3,918)</b>	(90,536)	-	-
<b>(38,515)</b>	(25,337)	-	-
-	-	<b>(15,920)</b>	(64,128)

<b>(122,380)</b>	(158,110)	<b>(15,920)</b>	(64,128)
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Allowance for diminution in value of long term investments

<b>(12,976)</b>	(20,563)	-	-
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(Allowance for) / Writeback of allowance for doubtful

debts on amounts owing by subsidiary companies

-	-	<b>28,336</b>	(408,454)
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Allowance for doubtful debts

<b>(80,514)</b>	(138,649)	-	-
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## CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2006

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<i>(Restated)</i>		
(b) Exceptional items as presented in the cash flow statements comprise (cont'd): -				
Bad debts written off	<b>(93)</b>	(164)	<b>(1,644)</b>	-
Capital gain arising from the capital distribution of investments	-	-	-	123,539
Gain on disposal of investments in subsidiary companies	<b>6,217</b>	51	-	-
Gain on disposal of a joint venture company	-	36,080	-	-
Gain on disposal of properties	<b>5,752</b>	54,110	-	-
Gain on disposal of non-current assets held for sale	<b>23,751</b>	22,050	-	-
Inventories written down	<b>(1,388)</b>	(1,161)	-	-
Negative goodwill recognised	<b>6,028</b>	-	-	-
Loss on foreign exchange (unrealised)	<b>(6,352)</b>	(29,456)	<b>(10)</b>	-
Loss on disposal of shares in an associated company	<b>(5,646)</b>	-	-	-
Loss on disposal of long term investments	<b>(15,187)</b>	(972)	-	-
Provision for settlement under a compromise in respect of an Executive Share Option Scheme of a subsidiary company	-	(2,980)	-	-
Provision for contingent liabilities	<b>(9,438)</b>	-	-	-
Reversal of impairment on non-current assets held for sale	<b>7,288</b>	-	-	-
	<b>(204,938)</b>	(239,764)	<b>10,762</b>	(349,043)

(c) The effects of the disposal of subsidiary companies during the financial year are analysed as follows: -

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Assets and liabilities disposed		
Property, plant and equipment	<b>184</b>	-
Trade and other receivables	<b>580</b>	-
Bank balances	<b>403</b>	190
Trade and other payables	<b>(7,384)</b>	(1)
Net assets disposed	<b>(6,217)</b>	189
Gain on disposal of subsidiary companies	<b>6,217</b>	51
Net proceeds received	-	240
Less : Bank balances disposed of	<b>(403)</b>	(190)
Net bank balances disposed of upon disposal of a subsidiary company	<b>(403)</b>	50

The attached notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

## 1. Principal Activities and General Information

The principal activity of the Company is investment holding whilst that of its subsidiary and associated companies are primarily engaged in retailing, hotels, food and confectionery, property, financial services, and travel and tourism. There have been no significant changes in the Group's principal activities during the financial year.

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

The registered office of the Company is at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur, Malaysia.

The Financial Statements are presented in Ringgit Malaysia.

## 2. Authorisation of Issue of Financial Statements

The Financial Statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 April 2007.

## 3. Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the Group's policy is generally not to engage in speculative transactions.

The main areas of the financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows: -

### (a) Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its normal operations, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure of overseas operating subsidiary companies to transaction risk by matching local currency income against local currency costs.

### (b) Interest Rate Risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

### **3. Financial Risk Management Policies (Cont'd)**

#### **(c) Credit Risk**

This is the risk that a counter party is unable to pay its debts or meet its obligations. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Term and call deposits and bank balances are held with financial institutions of good standing.

The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and maintaining an allowance for doubtful debts, which management believes will adequately provide for potential credit risks.

#### **(d) Market Risk**

The Group's principal exposure to market risk arises mainly from the changes in equity prices. Equity investments classified as current assets are available for sale and the Group manages disposal of its investments to optimise returns on realisation.

#### **(e) Liquidity and Cash Flow Risks**

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected borrowing needs are covered by committed facilities and also to ensure that the amount of debt maturing in any one year is within the Group's means to repay and refinance.

### **4. Significant Accounting Policies**

#### **(a) Basis of Preparation**

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of land and buildings and investments in certain subsidiary companies) unless otherwise indicated in the accounting policies.

The preparation of financial statements in conformity with applicable approved Financial Reporting Standard ("FRS") in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting policies adopted by the Group and the Company are consistent with those used in the previous financial year except for the adoption of the following new/revised FRS which are relevant to the Group and the Company effective for financial period beginning 1 January 2006:-

FRS 3	Business combinations
FRS 5	Non-current assets held for sale and discontinued operations
FRS 101	Presentation of financial statements
FRS 102	Inventories
FRS 108	Accounting policies, changes in accounting estimates and errors



FRS 110	Events after the balance sheet date
FRS 116	Property, plant and equipment
FRS 121	The effects of changes in foreign exchange rates
FRS 127	Consolidated and separate financial statements
FRS 128	Investments in associates
FRS 132	Financial instruments: disclosure and presentation
FRS 133	Earning per share
FRS 136	Impairment of assets
FRS 138	Intangible assets
FRS 140	Investment property

The adoption of the above FRS does not have any significant financial impact on the Group and the Company except for the following:-

(i) FRS 101 Presentation of financial statements

The adoption of the revised FRS 101 has changed the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interest is now presented within total equity. In the consolidated income statement, minority interest is now presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parents and to minority interest.

The current year's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

(ii) FRS 3 Business combinations

FRS 3 requires goodwill acquired in a business combination to be measured at cost and tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In accordance with the transitional provisions of FRS 3, negative goodwill as at 1 January 2006 of RM116,320,000 was derecognised with a corresponding decrease in opening accumulated losses.

(iii) FRS 5 Non-current assets held for sale and discontinued operations

With the adoption of FRS 5 and in conjunction with the rationalisation exercise undertaken by the Group, the Group has classified certain assets as held for sale. These assets that are classified as held for sale are measured in accordance with FRS 5. The result of this change in accounting policy is that an asset held for sale is recognised by the Group at the lower of carrying amount and fair value less costs to sell and has been disclosed as such on the face of the balance sheet. The Group has applied FRS 5 retrospectively.



#### 4. Significant Accounting Policies (Cont'd)

##### (a) Basis of Preparation (Cont'd)

###### (iv) FRS 140 Investment Property

Upon the adoption of FRS 140, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The Group has applied FRS 140 in accordance with the transitional provisions. Prior to 1 January 2006, investment properties of RM32,629,000 was classified as part of property, plant and equipment.

The following comparative amounts have been restated due to the adoption of new and revised FRSs:-

	<i>As previously reported RM'000</i>	<i>← FRS 5 RM'000</i>	<i>Adjustments FRS 140 RM'000</i>	<i>FRS 19* RM'000</i>	<i>As restated RM'000</i>
<b>At 31 December 2005</b>					
Property, plant and equipment	2,054,637	(1,492,392)	(32,629)	-	529,616
Investment properties	-	-	32,629	-	32,629
Non-current assets held for sale	-	1,428,123	-	-	1,428,123
Associated companies	397,018	-	-	(21,019)	375,999
Non-distributable reserves	429,812	936	-	2,550	433,298
Accumulated losses	(2,179,408)	(65,205)	-	(23,569)	(2,268,182)

	<i>As previously reported RM'000</i>	<i>← Adjustments → FRS 5 RM'000</i>	<i>FRS 101 RM'000</i>	<i>As restated RM'000</i>
<b>Financial year ended 31 December 2005</b>				
Administrative expenses	(301,817)	15,806	972	(285,039)
Exceptional items	(272,145)	32,849	(972)	(240,268)
Share of results of associated companies	(13,959)	-	(2,857)	(16,816)
Share of results of joint venture	(1,424)	-	112	(1,312)
Loss before taxation	(458,315)	48,655	(2,745)	(412,405)
Taxation	54,534	-	2,745	57,279

\* Prior year adjustments taken up by an overseas associated company due to adoption of IAS 19 Employee Benefits which is consistent with the requirements of FRS 119<sub>2004</sub>. As a result, the Group's share of results of the associated company are adjusted accordingly.



In addition to the above FRS, the Malaysian Accounting Standards Board ("MASB") has issued a number of new and revised FRS which are relevant to the Group and the Company but are not early adopted, are as follows:-

- (i) FRS 117 Leases (Effective for accounting periods beginning on or after 1 October 2006)

This standard requires the classification of leasehold land as prepaid lease payment.

- (ii) FRS 124 Related party disclosures (Effective for accounting period beginning on or after 1 October 2006)

This standard will affect the identification of related parties and some other related party disclosures.

- (iii) FRS 139 Financial instruments (Effective date yet to be announced by the MASB)

This standard established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.

- (iv) Amendment to FRS 121 Effect of changes in foreign exchange rates - net investment in a foreign operation (Effective for accounting period beginning or after 1 January 2008)

This amendment results in exchange differences arising from monetary item that forms part of the Group's net investment in foreign operation to be recognised in equity irrespective of the currency denomination and of whether the monetary item results from a transaction with the Company or any of its subsidiary companies.

By virtue of the exemption in FRS 117, FRS 124 and FRS 139, the impacts on the financial statements upon first adoption of these standards as required by the paragraph 30(b) of FRS 108 are not disclosed. The adoption of the Amendment to FRS 121 will not have any material impacts to the Group and the Company.

#### **(b) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies for the financial year ended 31 December 2006, with the exception of those subsidiary companies under members' / creditors' voluntary winding-up referred to in Note 13(f). Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

The results of subsidiary companies acquired or disposed of during the financial year are consolidated from the date on which control is transferred to the Group until the date that such control ceases.

Subsidiary companies are consolidated using the purchased method of accounting. Under this method, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the

#### **4. Significant Accounting Policies (Cont'd)**

##### **(b) Basis of Consolidation (Cont'd)**

acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the Group will:-

- (a) reassess the identification and measurement of the acquirees's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Where more than one exchange transaction is involved, any adjustment to the fair value of the subsidiary company's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Minority interest is that portion of the profit or loss and net assets of subsidiary companies attributable to equity interests that are not owned, directly or indirectly through subsidiary companies, by the Company.

##### **(c) Associated Companies**

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Associated companies are companies in which the Group exercises significant influence over the financial and operating policies of the investee company.

Equity accounting involves recognising in the income statement the Group's share of the results of associated companies for the period. The Group's investments in associated companies are carried in the balance sheet at an amount that includes the Group's share of post-acquisition reserves and retained earnings less losses which reflects the Group's share of net assets of the associated companies and goodwill on acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associated company.

The results and reserves of the associated companies are based on the latest available audited or management financial statements. Where the dates of the financial statements are not co-terminous, the shares of results is arrived at using the latest audited financial statements which difference in year end is not more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.



**(d) Ordinary Shares**

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement. Dividends to shareholders are recognised in equity in the period in which they are declared.

**(e) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associated company at the date of acquisition. Goodwill on acquisition of subsidiary companies is included in goodwill on consolidation. Goodwill on acquisition of associated companies is included in 'investments in associated companies'. Separately recognised goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

**(f) Trade And Other Receivables**

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when known and specific allowance is made for those debts considered doubtful.

**(g) Investments**

Investments in subsidiary and associated companies held on a long term basis are stated at cost less impairment losses, if any, in the separate financial statements of the Company, except for certain investments in subsidiary companies which are stated at valuation, less impairment losses, if any.

Investments in other long term investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

Short term investments are stated at the lower of cost and market value.

Malaysian Government Securities and Bonds are stated at cost adjusted for amortisation of premiums or accretion of discounts to maturity date. Premiums and accretion of discounting are calculated on a straight line basis over the period from the date of acquisition to the date of maturity of securities.

**(h) Investment Properties**

Investment properties are land and buildings held by the Group for their investment potential and rental income and are stated at cost except for a freehold land which was revalued in 1982 based on independent professional valuation using open market value basis.



#### 4. Significant Accounting Policies (Cont'd)

##### (h) Investment Properties (Cont'd)

The Group does not adopt a policy of regular valuations. These revalued assets have been retained on the basis of their previous valuation in accordance with the transitional provisions of FRS 116<sub>2004</sub> - Property, Plant and Equipment applied by the Group when the standard was first adopted by the MASB in year 2000. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where FRS 116 (which supersedes FRS 116<sub>2004</sub>) would require revaluations to be carried out at regular intervals.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years for buildings. Leasehold land is amortised over the period of the lease. Freehold land is not depreciated.

The Directors periodically assess the carrying value of the Group's investment properties based upon the advice of professional valuers. Where an indication of impairment exists, the carrying value of an investment property is assessed and written down to its recoverable amount.

##### (i) Property, Plant and Equipment

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The Group does not adopt a policy of regular valuations. These revalued assets have been retained on the basis of their previous valuation in accordance with the transitional provisions of FRS 116<sub>2004</sub> - Property, Plant and Equipment applied by the Group when the standard was first adopted by the MASB in year 2000. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where FRS 116 (which supersedes FRS 116<sub>2004</sub>) would require revaluations to be carried out at regular intervals.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease ranging from 11 to 150 years. All other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets over their estimated useful lives at the following annual rates: -

	%
Buildings	0.7 to 2.5
Plant & machinery	4 to 10
Motor vehicles	15 to 30
Furniture, fittings & equipment	5 to 33.3
Renovation	5 to 20



Depreciation on assets under construction commences when the assets are ready for their intended use.

Where an indication of impairment exists, the carrying amount of an asset is assessed and written down immediately to its recoverable amount.

**(j) Non-Current Assets Held for Sale**

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. In addition, the assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRS. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, financial assets and inventories) are measured at the lower of carrying amount immediately prior to being classified as held for sale and fair value less costs to sell. Any differences are included in profit or loss.

Following their classification as held for sale, non-current assets are not depreciated.

If the criteria in the classification as non-current assets held for sale is no longer met, the non-current asset ceased to be classified as held for sale and is measured at the lower of:

- (a) its carrying amount before the assets was classified as held for sale, adjusted for any depreciation that would have been recognised had the assets not been classified as held for sale; and
- (b) its recoverable amount at the date of the subsequent decision not to sell.

**(k) Liabilities**

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received. Borrowings are interests-bearing and are recorded at the amount of proceeds received, net of transaction costs.

**(l) Leases and Hire-purchase Commitments**

Assets under finance leases and hire-purchase contracts which in substance transfer the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment and the corresponding liabilities are taken up under lease and hire-purchase creditors respectively. The assets are depreciated on the same basis as that of the Group's other assets. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The finance charges are allocated to the income statement over the periods of lease and hire-purchase liabilities.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

#### **4. Significant Accounting Policies (Cont'd)**

##### **(m) General Insurance Underwriting Results**

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business after taking into account inter alia reinsurances, commissions, unearned premiums and claims incurred.

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advice received from ceding insurers while facultative reinsurance premiums are recognised on inception date.

Underwriting results relating to reinsurance inward treaty transactions, regardless of the underwriting years to which they pertain, are included in current operations to the extent that such transactions are reported by the brokers and reinsurers in their statements of accounts received by the Group as at the end of the financial year.

The unearned premium reserve ("UPR") represent the portion of net premium of insurance policies written that relate to the unexpired period of the policies at the end of the financial year. UPR is computed on the 25% method for marine business; 1/24th method for all other classes of general Malaysian business; and 1/8th method for all other classes of overseas inward treaty business. The UPR calculation is adjusted for additional UPR as required under the guidelines issued by Bank Negara Malaysia in respect of premium ceded to overseas reinsurers.

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with the related expenses less recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses incurred but not reported ("IBNR") at balance sheet date, using a mathematical method of estimation.

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income. Acquisition costs or ceding income which are not recoverable or not payable in the event of a termination of the policy to which they relate, are not deferred but are recognised in the period in which they occur.

##### **(n) Provisions**

Provisions, other than provision for outstanding insurance claims, are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



**(o) Employee Benefits**

**(i) Short term benefits**

Wages, salaries and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

**(p) Income Taxes**

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

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 principal, 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited 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 negative goodwill.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.



#### **4. Significant Accounting Policies (Cont'd)**

##### **(q) Cash and Cash Equivalents**

Cash and cash equivalents comprise bank balances and cash, deposits, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

##### **(r) Foreign Currencies**

The financial statements of each of the Group's entities are measured using the currency of the primary environment in which the entity operates ("the functional currency"). The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

In the Group financial statements, assets and liabilities of overseas subsidiary companies are translated at exchange rates ruling at the balance sheet date. Income statement items are translated at average exchange rates for the financial year. All exchange differences are dealt with through the exchange fluctuation reserve account. Exchange differences recognised in the income statement of entities' in the Group separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operations concerned are classified to the exchange translation reserve.

Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

##### **(s) Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

Revenue from sale of goods and rendering of services is recognised upon delivery of products and customer acceptance, if any, or performance of service, net of sales taxes and discounts.

Revenue from hotels is recognised upon occupancy of rooms and delivery of food and beverages.

Interest income is recognised on an accrual basis.

Revenue from development properties is recognised on percentage of completion method in cases where the financial outcome of the development can be reliably estimated. Anticipated losses are provided for in full.

Property rental income is recognised on an accrual basis.

Dividends from subsidiary companies, associated companies and other investments are included in the income statements of the Group and the Company when the shareholder's right to receive payment is established.



**(t) Land Held for Property Development and Property Development Costs**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less accumulated impairment loss, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

**(u) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to its present location and condition. Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation.

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and comprises cost of land, construction and appropriate development overheads.

#### **4. Significant Accounting Policies (Cont'd)**

##### **(v) Impairment of Assets**

Goodwill on consolidation is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The carrying amounts of the Group's assets, other than deferred tax assets, inventories and financial assets (other than investments in subsidiary companies and associated companies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 reflect 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the recoverable amount of cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the cash-generating unit is reduced to its recoverable amount.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against revaluation for the same asset with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

Except for goodwill, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

##### **(w) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")**

ICULS are regarded as equity instrument. ICULS are stated at the nominal value net of discount upon issuance. The discount on the ICULS under equity instrument will be debited to retained profits when the ICULS are converted into new ordinary shares of the Company.

##### **(x) Capitalisation of Borrowing Costs**

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities are accounted for in a similar manner. All other borrowing costs are charged to profit or loss.

##### **(y) Financial Instruments**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and bank borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.



## **(z) Separate Financial Statements**

The Group treats company financial statements as separate financial statements in accordance with FRS 127 Consolidated and Separate Financial Statements. Separate financial statements are those presented by a parent, an investor in an associated company or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and the net assets of the investees.

## **5. Significant Accounting Estimates and Judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **(a) Key Sources of Estimation Uncertainty**

The key assumptions 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 are discussed below:-

#### **(i) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amounts of the cash-generating units to which goodwill is allocated. Further details on the estimation of the recoverable amounts are disclosed in Note 18.

#### **(ii) Income Taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### **(iii) Impairment of investments in associated companies and long term investments**

The investments in associated companies and long term investments are reviewed for impairment when there's an indication of impairment. The recoverable amounts of investments in associated companies and long term investments are assessed by reference to market prices for quoted investments and net assets for unquoted investments.

## 5. Significant Accounting Estimates and Judgement (Cont'd)

### (a) Key Sources of Estimation Uncertainty (Cont'd)

#### (iv) Provision for outstanding claims

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with the related expenses less recoveries to settle the present obligation at the balance sheet date. Provision is also made for the cost of claims, together with related expenses incurred but not reported ("IBNR") at balance sheet date, using a mathematical method of estimation.

Estimating the provision for outstanding claims, involves projection of the Company's future claims experience based on current claims experience. As with all projections, there are elements of uncertainty and thus the projected future claims experience may be different from its actual claims experience due to the level of uncertainty involved in projecting future claims experience based on past claims experience.

These uncertainties arise from changes in underlying risks, changes in spread of risks, claims settlement as well as uncertainties in the projection model and underlying assumptions.

### (b) Critical Judgement

#### Non-current assets held for sale

Non-current assets held for sale are in respect of properties which are pending disposal and in line with the rationalisation plan of the Group. These assets are actively marketed for sale. The Group expects that the sale of the remaining properties to be completed within the next 12 months.

## 6. Revenue

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue comprises the following: -				
Revenue from hotel operations	<b>317,453</b>	713,032	-	-
Sales of goods	<b>226,237</b>	324,961	-	-
Gross written insurance premium	<b>127,249</b>	119,708	-	-
Income recognised on property development	<b>24,588</b>	24,208	-	-
Income from sales of tickets and travel related services	<b>24,375</b>	19,546	-	-
Interest income	<b>14,916</b>	14,832	<b>1,428</b>	1,625
Dividend income	<b>5,356</b>	5,186	<b>40</b>	23,889
Property rental income	<b>3,240</b>	410	-	-
Others *	<b>548</b>	208	-	-
	<b>743,962</b>	1,222,091	<b>1,468</b>	25,514

\* Comprise mainly revenue from share registration and secretarial services, computer related services and equipment rental.





## 7. Exceptional Items

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	<i>(Restated)</i>			
Impairment of assets				
- goodwill	<b>(79,947)</b>	(42,237)	-	-
- property, plant and equipment	<b>(38,515)</b>	(25,337)	-	-
- investments in associated companies	<b>(3,918)</b>	(90,536)	-	-
- investments in subsidiary companies	-	-	<b>(15,920)</b>	(64,128)
	<b>(122,380)</b>	(158,110)	<b>(15,920)</b>	(64,128)
Allowance for diminution in value of long term investments	<b>(12,976)</b>	(20,563)	-	-
(Allowance for) / Writeback of allowance for doubtful debts on amounts owing by subsidiary companies	-	-	<b>28,336</b>	(408,454)
Allowance for doubtful debts	<b>(80,514)</b>	(138,649)	-	-
Bad debts written off	<b>(93)</b>	(164)	<b>(1,644)</b>	-
Capital gain arising from capital distribution of investments	-	-	-	123,539
Gain on disposal of investments in subsidiary companies	<b>6,217</b>	51	-	-
Gain on disposal of properties	<b>5,752</b>	54,110	-	-
Gain on disposal of non-current assets held for sale	<b>23,751</b>	22,050	-	-
Gain on disposal of a joint venture company	-	36,080	-	-
Inventories written down	<b>(1,388)</b>	(1,161)	-	-
(Loss) / Gain in foreign exchange				
- unrealised	<b>(6,352)</b>	(29,456)	<b>(10)</b>	-
- realised	<b>26,274</b>	(504)	-	-
Loss on disposal of long term investments	<b>(15,187)</b>	(972)	-	-
Loss on disposal of shares in an associated company	<b>(5,646)</b>	-	-	-
Negative goodwill recognised	<b>6,028</b>	-	-	-
Provision for settlement under a compromise in respect of an Executive Share Option Scheme of a subsidiary company	-	(2,980)	-	-
Provision for contingent liabilities	<b>(9,438)</b>	-	-	-
Reversal of impairment on non-current assets held for sale	<b>7,288</b>	-	-	-
	<b>(178,664)</b>	(240,268)	<b>10,762</b>	(349,043)

## 8. (Loss) / Profit Before Taxation

(Loss) / Profit before taxation is stated after charging: -

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration				
- current	<b>2,469</b>	2,680	<b>55</b>	51
- under provision in prior years	<b>95</b>	28	<b>4</b>	-
Allowance for diminution in value of short term investments	-	4,662	-	-
Amortisation of premiums net of accretion of discounts on government securities and bonds	<b>332</b>	351	-	-
Depreciation	-	-	-	-
- Property, plant and equipment	<b>24,841</b>	49,611	-	-
- Investment properties	<b>68</b>	67	-	-
Directors' remuneration: -				
Directors of the Company				
Receivable from the Company				
- fees	-	-	-	-
- other emoluments	<b>252</b>	257	<b>252</b>	257
Receivable from subsidiary companies				
- fees	<b>275</b>	144	-	-
- other emoluments	<b>2,042</b>	3,607	-	-
- defined contribution plan	<b>32</b>	74	-	-
Directors of subsidiary companies				
- fees	-	240	-	-
- other emoluments	<b>4,955</b>	2,913	-	-
Interest expense				
- bank overdrafts	<b>9,434</b>	12,412	-	-
- term loans	<b>36,210</b>	76,199	-	-
- other borrowings	<b>85,669</b>	143,014	<b>1,459</b>	1,614
Plant and equipment written off	<b>242</b>	346	-	-
Provision for employee benefits ( <i>net</i> )	<b>2,632</b>	139	-	-
Rental of buildings	<b>6,376</b>	13,834	-	-
Rental of equipment	<b>2,938</b>	7,128	-	-
Staff costs				
- Defined contribution plan	<b>5,035</b>	8,133	-	-
- Salary, wages and other costs	<b>146,281</b>	309,906	-	-
and after crediting: -				
Allowance for diminution in value of short term investments written back	<b>4,265</b>	-	-	-
Gross dividends received from Subsidiary companies				
- unquoted	-	-	<b>40</b>	23,889
Other investments				
- quoted in Malaysia	<b>1,287</b>	1,279	-	-
- quoted overseas	<b>9,482</b>	5,189	-	-
- unquoted	-	45	-	-
Interest income received from				
- subsidiary companies	-	-	<b>1,428</b>	1,625
- fixed deposits	<b>32,493</b>	32,106	-	-
- others	<b>19,068</b>	18,472	-	-
Gain on disposal of short term investments	<b>2,454</b>	549	-	-
Gain on disposal of plant and equipment	<b>42</b>	29	-	-
Property rental income	<b>4,226</b>	597	-	-

The estimated monetary value of benefits-in-kind received by the Directors of the Company, otherwise than in cash from the Group and the Company, amounted to RM50,000 and RM4,000 (2005 : RM110,000 and RM4,000) respectively.



The number of Directors of the Company whose remuneration during the financial year fell within the following bands is analysed as below: -

	<b>Number of Directors</b>	
	<b>2006</b>	<b>2005</b>
Executive		
RM2,250,001 to RM2,300,000	<b>1</b>	<b>1</b>
Non-executive		
Below RM50,000	<b>3</b>	<b>2</b>
RM200,001 to RM250,000	<b>-</b>	<b>1</b>
RM250,001 to RM300,000	<b>1</b>	<b>-</b>
RM1,650,001 to RM1,700,000	<b>-</b>	<b>1</b>

## 9. Tax (Income) / Expense

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current taxation				
- Malaysia	<b>5,630</b>	4,220	-	14
- Foreign	<b>22,761</b>	17,294	-	-
Deferred tax (Note 30)	<b>(38,105)</b>	(81,027)	-	-
	<b>(9,714)</b>	(59,513)	-	14
Under / (Over) provision in respect of prior years	<b>256</b>	2,234	<b>(7)</b>	4
	<b>(9,458)</b>	(57,279)	<b>(7)</b>	18

A reconciliation between the average effective tax rate and the applicable tax rate to the loss before taxation of the Group and the Company is as follows: -

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Tax at applicable tax rate on loss before taxation	<b>(28.00)</b>	(28.00)	<b>28.00</b>	(28.00)
Tax effects of:-				
Different tax rates	<b>(0.63)</b>	(1.27)	-	-
Tax exempt income	<b>(0.01)</b>	(0.02)	-	(12.62)
Utilisation of current year's tax losses, capital allowances and reinvestment allowances	<b>(1.53)</b>	(0.02)	-	-
Movement in deferred tax assets not recognised during the financial year	<b>(15.39)</b>	0.67	-	-
Non-allowable expenses	<b>48.66</b>	35.71	<b>1.72</b>	40.62
Losses not available to set-off	<b>0.24</b>	0.20	<b>0.03</b>	-
Income not subject to tax	<b>(7.27)</b>	(21.70)	<b>(29.75)</b>	-
	<b>(3.93)</b>	(14.43)	-	-
Under / (Over) provision in respect of prior years	<b>0.10</b>	0.54	<b>(0.08)</b>	-
Average effective tax rate	<b>(3.83)</b>	(13.89)	<b>(0.08)</b>	-

The Malaysian statutory tax rate will be reduced to 27% from the current year's rate of 28% for the fiscal year of assessment 2007, and to 26% for fiscal year of assessment 2008 onwards. The computation of deferred tax as at 31 December 2006 has reflected these changes.

## 10. Loss Per Share

Loss per share of the Group is calculated by dividing the loss for the financial year attributable to equity holders of the Company of RM217,883,000 (2005 : RM371,150,000 (as restated)) by the number of ordinary shares in issue during the financial year of 1,940,532,000 (2005 : 1,940,532,000). The diluted loss per ordinary share is not disclosed as it is antidilutive.

## 11. Property, Plant And Equipment

<b>Group</b>	<b>Freehold Land</b>	<b>Long Term Leasehold Land</b>	<b>Short Term Leasehold Land</b>	<b>Plant &amp; Machinery</b>	<b>Motor Vehicles</b>	<b>Furniture &amp; Equipment</b>	<b>Construction Progress</b>	<b>Renovation</b>	<b>Total</b>
<b>Cost or Valuation</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January									
As previously reported	658,200	19,245	1,217	1,340,561	48,473	10,763	583,000	16,103	2,678,508
Effect of adopting FRS 5	(520,554)	-	-	(846,768)	-	-	(464,272)	-	(1,831,594)
Effect of adopting FRS 140	(29,860)	(1,267)	-	(2,098)	-	-	-	(20)	(33,245)
As restated	107,786	17,978	1,217	491,695	48,473	10,763	118,728	16,103	813,669
Exchange difference	8,153	(1)	1	19,735	45	(230)	3,825	(16)	31,512
Reclassifications	-	-	-	(287)	-	-	287	-	-
Transfer from / (to) Non-current Assets Held for Sale	115,939	17,977	1,218	511,143	48,518	10,533	122,840	16,103	845,181
Additions	248,202	-	-	91,930	-	-	(31,348)	-	308,784
Disposals	(1,072)	-	-	144	508	696	11,641	775	14,335
Written off	-	-	-	(5,742)	(349)	(1,015)	(973)	-	(9,151)
Disposal of a subsidiary company	-	-	-	-	-	-	(1,801)	-	(1,498)
At 31 December	363,069	17,977	1,218	597,475	48,677	10,214	99,392	16,674	1,156,381
<b>Accumulated Depreciation</b>									
At 1 January									
As previously reported	-	1,686	195	142,700	40,336	9,847	362,424	-	572,575
Effect of adopting FRS 5	-	-	-	(80,434)	-	-	(258,768)	-	(339,202)
Effect of adopting FRS 140	-	(231)	-	(385)	-	-	-	-	(616)
As restated	-	1,455	195	61,881	40,336	9,847	103,656	-	232,757
Exchange difference	-	2	1	838	28	(143)	3,521	-	4,247
Reclassifications	-	-	-	(286)	-	-	286	-	-
Transfer from / (to) Non-current Assets Held for Sale	-	1,457	196	62,433	40,364	9,704	107,463	-	237,004
Charge for the financial year	-	-	-	2,111	-	-	(19,501)	-	(17,390)
Disposals	-	211	15	18,303	1,541	484	4,096	191	24,841
Written off	-	-	-	(2,221)	(328)	(996)	(946)	-	(4,491)
Disposal of a subsidiary company	-	-	-	-	-	-	(1,559)	-	(1,152)
At 31 December	-	1,668	211	80,626	41,577	9,192	88,769	-	237,621
<b>Accumulated Impairment</b>									
At 1 January	7,242	2,373	-	41,681	-	-	-	-	51,296
Exchange difference	-	-	-	318	-	-	-	-	318
Transfer from / (to) Non-current Assets Held for Sale	7,242	2,373	-	41,999	-	-	-	-	51,614
Recognised for the financial year	(5,999)	-	-	(6,418)	-	-	(4,244)	-	(16,661)
At 31 December	5,999	-	-	28,272	-	-	4,244	-	38,515
At 31 December	7,242	2,373	-	63,853	-	-	-	-	73,468
<b>Net Book Value</b>									
At 31 December 2006	355,827	13,936	1,007	452,996	7,100	1,022	10,623	1,685	845,292
At 31 December 2005	100,544	14,150	1,022	388,133	8,137	916	15,072	716	529,616



- (a) Property, plant and equipment stated at valuation are as follows: -

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Freehold land and buildings</i>		
Valuation in 1983	<b>91,413</b>	91,413
Valuation in 1986	<b>16,960</b>	16,960
	<b>108,373</b>	108,373

The valuations in 1983 were based on valuations by independent professional valuers whilst that in 1986 was based on valuation by the Directors then. All valuations were on the basis of open market. The valuations have not been updated as the Group has not adopted a policy of regular revaluation. The said assets are stated at their valuation less accumulated depreciation. The carrying amounts of the said assets that would have been carried at cost less accumulated depreciation cannot be determined from available records.

- (b) The impairment of the property, plant and equipment of the Group is recognised during the financial year to reflect its recoverable amount which is based on the estimated market value by reference to the open market value and offers received from third parties.
- (c) Certain land and buildings, furniture, fittings and equipment, and plant and machinery of the subsidiary companies with net book value totalling RM817,306,000 (2005 : RM1,604,585,000) are pledged to financial institutions for banking facilities granted to these subsidiary companies.
- (d) Property, plant and equipment of the Group with net book value totalling RM564,000 (2005 : RM945,000) have been acquired under hire-purchase and lease arrangements.

## 12. Investment Properties

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost or Valuation</b>		
At 1 January		
- at cost	<b>33,095</b>	-
- at valuation (1982)	<b>150</b>	-
	<b>33,245</b>	-
Effect of adopting FRS 140	-	33,279
Exchange difference	<b>19</b>	(34)
Additions	<b>885</b>	-
At 31 December	<b>34,149</b>	33,245
<b>Accumulated Depreciation</b>		
At 1 January	<b>616</b>	-
Effect of adopting FRS 140	-	553
Exchange difference	<b>2</b>	(4)
Charge for the financial year	<b>68</b>	67
At 31 December	<b>686</b>	616



## 12. Investment Properties (Cont'd)

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
<b>Net Book Value</b>		
At 31 December	<b>33,463</b>	32,629
<b>Fair Value</b>	<b>35,205</b>	33,971
Included in the above are:		
Buildings	<b>1,677</b>	1,713
Freehold land	<b>30,744</b>	29,860
Leasehold land	<b>1,022</b>	1,036
Construction work-in-progress	<b>20</b>	20
	<b>33,463</b>	32,629

Investment properties comprise commercial properties leased to third parties.

The investment property at valuation of RM150,000 is based on revaluation in 1982 by independent professional valuers on the basis of open market value. With the adoption of FRS 140, the freehold land has been reclassified from property, plant and equipment to investment properties.

## 13. Subsidiary Companies

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
Investments in subsidiary companies		
Quoted shares		
At cost	<b>258,632</b>	500,098
At Directors' valuation (1983)	<b>46,396</b>	46,396
	<b>305,028</b>	546,494
Less : Capital distribution from subsidiary company	-	(241,466)
	<b>305,028</b>	305,028
Unquoted shares		
At cost	<b>694,074</b>	692,374
At Directors' valuation		
- 1983	<b>38,718</b>	38,718
- 1987	<b>6,900</b>	6,900
	<b>739,692</b>	737,992
Total investments	<b>1,044,720</b>	1,043,020
Less: Impairment losses	<b>(257,809)</b>	(241,889)
	<b>786,911</b>	801,131
Market value of quoted shares	<b>239,391</b>	144,847



- (a) Certain investments in subsidiary companies are carried at revalued amounts based on valuations made by Directors then in 1983 and 1987. The valuation of the quoted investments in subsidiary companies were based on the market values of the shares in the relevant subsidiary companies at that point in time, whereas the valuations of the unquoted investments in subsidiary companies were based on the adjusted net tangible assets of the relevant subsidiary companies. The valuations have not been updated as the Company has not adopted a policy of regular revaluation. As FRS 125<sub>2004</sub> Accounting For Investments became operative in Malaysia for financial statements covering period beginning on or after 1 January 1993, the investments in subsidiary companies are stated at its previous valuations less impairment losses, if any.
- (b) The impairment of certain investments in subsidiary companies is recognised to reflect their recoverable amounts which are based on the adjusted net assets of each subsidiary company which has declined due to losses incurred.
- (c) Disposal of a subsidiary company

## 2006

On 6 March 2006, the Group disposed of The Reservation Company Limited ("Reservation Company"), a wholly-owned subsidiary company of Corus Hotels plc, which in turn is a wholly owned subsidiary company of the Group.

The effects of the disposal of Reservation Company on the financial results of the Group for the financial year ended 31 December 2006 are as follows:-

	<b>2006</b>	<b>2005*</b>
	<b><i>Up to the date of disposal</i></b>	
	<b>RM'000</b>	<b>RM'000</b>
Revenue	-	3,110
Operating costs	<b>(2)</b>	(5,119)
Increase in Group loss	<b>(2)</b>	(2,009)

The effects of the disposal of Reservation Company on the financial position of the Group were as follows:-

	<b>2006</b>	<b>2005*</b>
	<b><i>At the date of disposal</i></b>	
	<b>RM'000</b>	<b>RM'000</b>
Assets / (Liabilities) disposed		
Property, plant and equipment	<b>184</b>	201
Trade and other receivables	<b>580</b>	559
Bank balances	<b>403</b>	366
Other payables	<b>(7,384)</b>	(7,116)
Increase in Group net assets	<b>(6,217)</b>	(5,990)

\* These are the comparative financial results/position for the financial year ended / as at 31 December 2005 in respect of the disposal of the above subsidiary company.

### 13. Subsidiary Companies (Cont'd)

#### (c) Disposal of a subsidiary company (Cont'd)

2005

On 2 August 2005, the Group disposed of Miranex Sdn Bhd ("Miranex"), a wholly-owned subsidiary company of MUI Properties Berhad, to Pan Malaysia Capital Berhad ("PM Capital"), an associated company of the Group.

The effects of the disposal of Miranex on the financial results of the Group for the financial year ended 31 December 2005 were as follows:-

	<i>2005</i> <i>Up to the date of disposal</i> <i>RM'000</i>
Revenue	-
Operating costs	(260)
Increase in Group loss	<u>(260)</u>

The effects of the disposal of Miranex on the financial position of the Group were as follows:-

	<i>2005</i> <i>At the date of disposal</i> <i>RM'000</i>
Assets / (Liabilities) disposed	
Bank balances	190
Other payables	(1)
Decrease in Group net assets	<u>189</u>

The effects of the disposal of subsidiary companies on the cash flow of the Group are disclosed in Note (c) to the Cash Flow Statements.

- (d) The financial statements of Network Foods Limited, a subsidiary company of Pan Malaysia Corporation Berhad, have been prepared on a break-up basis as a result of its deficit in shareholders' funds position and continuing adverse operating results. Arising from this, additional write-down of inventories, allowance for doubtful debts and provision for contingent cost and liabilities totalling RM12,491,000 were taken up by the Group in the current financial year.
- (e) On 31 January 2007, the following dormant / inactive subsidiary companies were placed under members' voluntary winding-up or creditors' voluntary winding-up:-

Subsidiary companies of the Company

- Malayan United Nominees (Asing) Sdn Bhd
- Malayan United Trading Sdn Bhd
- MUI Property Management Sdn Bhd
- Vista Hotels Sdn Bhd
- Megah Nominees (Tempatan) Sdn Bhd
- MUI Security Services Sdn Bhd



Subsidiary companies of MUI Properties Berhad

- Bashan Sdn Bhd
- MUI Resorts Sdn Bhd
- MUR Sdn Bhd
- Dondang Sayang Holdings Sdn Bhd
- Green Nominees (Tempatan) Sdn Bhd
- MUP Sdn Bhd
- Pistole Holdings Sdn Bhd

(f) The consolidated financial statements do not deal with the subsidiary companies under liquidation. These subsidiary companies are listed on pages 121 to 124.

(g) The subsidiary companies consolidated are listed on pages 118 to 126.

#### 14. Associated Companies

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
		<i>(Restated)</i>
Investments in associated companies		
Quoted shares, at cost		
Malaysian	<b>54,011</b>	657,969
Overseas	<b>312,828</b>	336,278
	<b>366,839</b>	994,247
Unquoted shares, at cost	<b>111,114</b>	111,114
	<b>477,953</b>	1,105,361
Group's share of post-acquisition reserves and retained profits less losses	<b>(115,416)</b>	(376,110)
	<b>362,537</b>	729,251
Less : Impairment losses	<b>(51,206)</b>	(353,252)
	<b>311,331</b>	375,999
Market value of quoted shares		
Malaysian	<b>41,190</b>	69,375
Overseas	<b>420,408</b>	213,548
	<b>461,598</b>	282,923

The summarised financial information of the associated companies are as follows:-

Assets and liabilities		
Total assets	<b>1,429,209</b>	1,291,580
Total liabilities	<b>775,971</b>	577,810
Results		
Revenue	<b>1,574,040</b>	1,489,817
Profit / (Loss) for the financial year	<b>48,457</b>	(5,473)

#### 14. Associated Companies (Cont'd)

- (a) As at 31 December 2005, certain quoted shares in an overseas associated company held by an overseas subsidiary company were pledged to overseas financial institutions for credit facilities (which were included in the credit facilities as at 31 December 2005 as mentioned in Note 28) granted to another overseas subsidiary company.
- (b) The impairment of certain investments in associated companies is recognised during the financial year to reflect their recoverable amounts based on net assets of the associated companies which have declined during the financial year due to losses incurred.
- (c) The associated companies are listed on pages 119 to 124.

#### 15. Joint Venture

The joint venture was disposed of in 2005.

The Group's share of the revenue and expenses of the joint venture are as follows: -

	<b>Group</b> 2005 RM'000 <i>Up to the date of disposal</i>
Revenue	4,477
Expenses	(5,901)
Loss before taxation	(1,424)
Taxation	112
Loss for the financial year	<u>(1,312)</u>

#### 16. Investments

	<b>Group</b> 2006 RM'000	2005 RM'000
Quoted shares		
Malaysian, at cost	<b>327,797</b>	148,478
Overseas, at cost	<b>66,922</b>	240,752
	<b>394,719</b>	389,230
Less : Allowance for diminution in value	<b>(337,577)</b>	(201,836)
	<b>57,142</b>	187,394
Unquoted shares, at cost	<b>404,948</b>	420,210
Less : Allowance for diminution in value	<b>(174,652)</b>	(178,700)
	<b>230,296</b>	241,510
Net amount	<b>287,438</b>	428,904
Market value of quoted shares		
Malaysian	<b>49,022</b>	62,370
Overseas	<b>17,134</b>	99,897
	<b>66,156</b>	162,267





As at 31 December 2005, certain overseas quoted investments held by overseas subsidiary companies are pledged to overseas financial institutions for credit facilities (which are included in the credit facilities as mentioned in Note 28) granted to another overseas subsidiary company.

## 17. Land Held For Property Development and Property Development Costs

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
<b>(a) Land held for property development (Non-current)</b>		
Freehold land, at cost		
At 1 January	<b>36,149</b>	36,149
Addition	<b>9</b>	-
At 31 December	<b>36,158</b>	36,149
<b>(b) Property development costs (Current)</b>		
Costs at 1 January		
Freehold Land	<b>31,587</b>	31,881
Development costs	<b>89,401</b>	84,818
Exchange differences	<b>(499)</b>	112
	<b>120,489</b>	116,811
Costs incurred for the year		
Development costs	<b>17,435</b>	16,407
Accumulated costs reversed during the year in respect of completed projects		
Freehold land	<b>(1,465)</b>	(406)
Development costs	<b>(26,651)</b>	(11,281)
	<b>(28,116)</b>	(11,687)
Costs recognised in income statement		
At 1 January	<b>(29,151)</b>	(20,791)
Recognised for the year	<b>(12,955)</b>	(20,047)
Accumulated costs reversed during the year in respect of completed projects	<b>28,116</b>	11,687
At 31 December	<b>(13,990)</b>	(29,151)
Accumulated impairment		
At 1 January / 31 December	<b>(6,500)</b>	(6,500)
Transfers at 31 December to inventories	<b>(11,479)</b>	(543)
Property Development Costs at 31 December	<b>77,839</b>	85,337
Property development costs incurred during the year include: -		
Interest expense	<b>396</b>	313

## 18. Goodwill on consolidation

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
<b>Cost</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January		
Positive goodwill	<b>1,093,207</b>	1,129,162
Negative goodwill	<b>(116,320)</b>	(110,983)
	<b>976,887</b>	1,018,179
Effect on adoption of FRS 3	<b>116,320</b>	-
Exchange differences	<b>(20)</b>	6
Share buy back by subsidiary companies	<b>10</b>	(34,757)
Purchase of additional shares in subsidiary companies	<b>5,800</b>	(6,541)
At 31 December	<b>1,098,997</b>	976,887
<b>Accumulated impairment</b>		
At 1 January	<b>939,743</b>	897,506
Recognised for the financial year	<b>79,947</b>	42,237
At 31 December	<b>1,019,690</b>	939,743
<b>Net book value</b>	<b>79,307</b>	37,144

Goodwill on consolidation arose mainly from acquisition of listed subsidiary companies. In view of the complexity in the Group and sub-group structures, the goodwill arising from the acquisition of a subsidiary company is recorded and monitored at the subsidiary company level as a cash-generating unit as it cannot be meaningfully allocated to the subsidiary company's business areas.

In assessing the recoverable amounts of the subsidiary companies to which the goodwill is allocated for impairment testing purposes, the Group has estimated the recoverable amounts based on net assets or adjusted net assets of these subsidiary companies. The management is of the opinion that these are the most appropriate basis in assessing the recoverable amounts of these subsidiary companies in view of the control by the Group it has on these subsidiary companies and the Group's intention to continue to hold them for long term.

The net assets of the respective subsidiary companies are based on their audited financial statements as at 31 December 2006 which have been fairly stated. In respect of net assets of one of the subsidiary companies, adjustments were made to reflect the fair values of its investment in an associated company determined using discounted cashflow covering a period of 5 years, and major properties as determined by professional valuers.

On the above basis, the Group has recognised cumulatively up to 31 December 2006 impairment of goodwill amounting to RM1.020 billion out of the total goodwill of RM1.099 billion.



## 19. Inventories

Inventories at cost and at net realisable value are as follows: -

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
<b>At cost</b>		
Food, beverages and hotel supplies	<b>3,004</b>	4,812
Sundry stores and consumables	<b>1,441</b>	1,500
Raw materials	<b>4,954</b>	3,814
Finished goods	<b>21,828</b>	40,974
Completed development property units	<b>31,486</b>	24,200
Work-in-progress	<b>1,509</b>	1,435
	<b>64,222</b>	76,735
<b>At net realisable value</b>		
Raw materials	-	2,050
Finished goods	<b>1,388</b>	-
	<b>65,610</b>	78,785

## 20. Trade And Other Receivables

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	<b>587,763</b>	610,002	-	-
Less: Allowance for doubtful debts net of bad debts written off of RM1,165,000 (2005 : RM7,390,000) for the Group	<b>(428,172)</b>	(362,072)	-	-
	<b>159,591</b>	247,930	-	-
Other receivables	<b>55,194</b>	53,042	-	436
Less: Allowance for doubtful debts net of bad debts written off of RM921,000 (2005 : RM NIL) for the Group	<b>(34,545)</b>	(19,569)	-	-
	<b>20,649</b>	33,473	-	436
Amounts owing by associated companies	<b>118,560</b>	115,731	-	-
Less: Allowance for doubtful debts	<b>(26)</b>	(26)	-	-
	<b>118,534</b>	115,705	-	-
Amounts owing by subsidiary companies	-	-	<b>2,516,347</b>	2,555,838
Less: Allowance for doubtful debts	-	-	<b>(1,175,411)</b>	(1,203,747)
	-	-	<b>1,340,936</b>	1,352,091
Sundry deposits & prepayments	<b>41,208</b>	19,775	<b>5</b>	-
	<b>339,982</b>	416,883	<b>1,340,941</b>	1,352,527

## 20. Trade And Other Receivables (Cont'd)

- (a) The foreign currency exposure profile of trade receivables is as follows: -

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
Sterling Pound	<b>12,596</b>	32,418
Australia Dollar	<b>9,851</b>	18,820
US Dollar	<b>630</b>	279
Hong Kong Dollar	<b>2,215</b>	3,097
Singapore Dollar	<b>1,088</b>	1,852
	<b>26,380</b>	56,466

- (b) The amounts owing by associated companies represent balances arising from advances which are unsecured, repayable on demand and interest-free except for advances of RM54.4 million (2005: RM54.4 million) which bear interest at 5% (2005 : 5.0%) per annum.
- (c) The amounts owing by subsidiary companies, which represent balances arising from advances and payments made on behalf by the Company, are unsecured, repayable on demand and are interest-free except for amounts totalling RM20,000,000 (2005 : RM55,329,000) which bear interests at 3.00% to 8.00% per annum (2005 : 3.25% to 7.75% per annum).
- (d) Normal trade credit terms ranges from 14 days to 130 days. Other credit terms are assessed and approved on a case-by-case basis.

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed.

## 21. Government Securities And Bonds

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
At Cost		
Malaysian Government Securities - quoted	<b>22,808</b>	20,352
Corporate Bonds - unquoted	<b>5,164</b>	6,165
	<b>27,972</b>	26,517
Amortisation of premiums		
Malaysian Government Securities	<b>(181)</b>	(734)
Corporate Bonds	<b>(64)</b>	(57)
	<b>(245)</b>	(791)
	<b>27,727</b>	25,726
Market value of quoted securities		
Malaysian Government Securities	<b>22,820</b>	19,817



	<i>Effective annual interest rate</i> %	<i>Amount</i> RM'000	<i>Maturity</i>		
			<i>1 year</i> RM'000	<i>1 to 5 years</i> RM'000	<i>After 5 years</i> RM'000
<b>2006</b>					
Debt securities held to maturity: -					
Malaysian Government Securities	<b>4.83</b>	<b>22,627</b>	<b>10,182</b>	<b>12,445</b>	-
Corporate Bonds	<b>6.79</b>	<b>5,100</b>	<b>5,000</b>	-	<b>100</b>
<b>2005</b>					
Debt securities held to maturity: -					
Malaysian Government Securities	6.36	19,618	6,684	12,934	-
Corporate Bonds	6.79	6,108	1,008	-	5,100

## 22. Short Term Investments

	<i>Group</i>	
	<i>2006</i> RM'000	<i>2005</i> RM'000
Quoted shares, at cost less allowance for diminution in value of RM3,202,000 (2005 : RM10,067,000)	<b>24,661</b>	31,340
Market value of quoted shares	<b>24,930</b>	31,340

## 23. Deposits, Bank Balances and Cash

	<i>Group</i>		<i>Company</i>	
	<i>2006</i> RM'000	<i>2005</i> RM'000	<i>2006</i> RM'000	<i>2005</i> RM'000
Term deposits with: -				
- Licensed banks	<b>458,700</b>	411,950	<b>156</b>	191
- Licensed finance companies	<b>164,216</b>	169,261	-	-
- Other corporations	-	250	-	-
Call deposits	-	191	-	-
Bank balances and cash	<b>24,881</b>	123,285	<b>29</b>	33
	<b>647,797</b>	704,937	<b>185</b>	224

(a) The foreign currency exposure profile of deposits, bank balances and cash is as follows: -

	<i>Group</i>		<i>Company</i>	
	<i>2006</i> RM'000	<i>2005</i> RM'000	<i>2006</i> RM'000	<i>2005</i> RM'000
Sterling Pound	<b>37,882</b>	114,855	<b>9</b>	8
Singapore Dollar	<b>8,825</b>	15,547	<b>1</b>	1
Australia Dollar	<b>48,624</b>	71,842	-	-
Hong Kong Dollar	<b>43,271</b>	2,580	<b>158</b>	193
US Dollar	<b>1,798</b>	1,040	-	-
Canada Dollar	<b>23</b>	51	-	-
	<b>140,423</b>	205,915	<b>168</b>	202



## 23. Deposits, Bank Balances and Cash (Cont'd)

- (b) The weighted average effective annual interest rates of deposits, bank balances and cash during the financial year are as follows: -

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Term and call deposits with licensed banks	<b>2.70</b>	2.72	<b>2.00</b>	1.50
Term and call deposits with licensed finance companies	<b>3.47</b>	3.04	-	-
Term and call deposits with other corporations	-	2.60	-	-
Bank balances & cash	<b>1.81</b>	1.43	-	-

The average maturity for deposits ranges from 1 day to 365 days (2005 : 1 day to 30 days).

- (c) Included in deposits, bank balances and cash of the Group are the following:-
- Amounts totalling RM7,866,000 (2005 : RM9,066,000) held under the Housing Development Accounts which are interest bearing pursuant to Section 7A of the Housing Developers (Control & Licensing) Act, 1966.
  - As at 31 December 2005, amounts totalling RM32,585,000 of certain overseas subsidiary companies are placed as sinking funds.

## 24. Non-Current Assets Held for Sale

Non-current assets held for sale are in respect of properties which are pending disposal and in line with the rationalisation plan of the Group. The disposal of one of the property with carrying value of RM44,002,000 was completed subsequent to 31 December 2006 up to the date of this report.

During the financial year, the Group has ceased to classify properties with carrying amounts totalling RM436,968,000 as non-current assets held for sale. This is due to the change of plans by management to retain the said properties in view of their future potential in terms of value and better trading prospect. The reclassification resulted in the provision for depreciation of RM9,688,000 and reversal of impairment in respect of the reclassified assets of RM7,288,000.

The non-current assets held for sale are pledged to overseas financial institutions for credit facilities granted to a subsidiary company.

## 25. Share Capital

	<i>Group/Company</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
Authorised		
3,000,000,000 ordinary shares of RM1 each	<b>3,000,000</b>	3,000,000
Issued & fully paid		
1,940,531,778 ordinary shares of RM1 each	<b>1,940,532</b>	1,940,532



## 26. Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

	<i>Group/Company</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
At nominal value		
Class A1, 8-year ICULS ("Class A1 ICULS")	<b>443,662</b>	443,662
Class A2, 8-year ICULS ("Class A2 ICULS")	<b>443,662</b>	443,662
Total	<b>887,324</b>	887,324
Less: Discount portion of ICULS	<b>(150,845)</b>	(150,845)
Net value of ICULS	<b>736,479</b>	736,479

Movement of ICULS are disclosed in Statement Of Changes In Equity.

The ICULS is classified as equity instrument in accordance with the provision of FRS 132 Financial Instruments: Disclosure and Presentation where the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

The salient features of the ICULS are as follows: -

- (i) The ICULS are non-interest bearing for their entire tenures;
- (ii) The ICULS which were issued on 30 December 2004 ("Issue Date") shall mature on the day immediately preceding the eighth (8th) anniversary of their Issue Date. The maturity date shall be 28 December 2012. ("Maturity Date")
- (iii) The holders of the Class A1 ICULS may exercise their rights to convert their Class A1 ICULS into new shares in Malayan United Industries Berhad ("New MUIB Shares") during the period of six (6) months from the expiry of the fifth (5th) year from the Issue Date ("First Conversion Period"). Any Class A1 ICULS not converted then shall be convertible into New MUIB Shares during the period being the last six (6) months of the eighth (8th) year from Issue Date ("Second Conversion Period");
- (iv) The holders of Class A2 ICULS may exercise their rights to convert their ICULS into New MUIB Shares at any time during the Second Conversion Period;
- (v) The ICULS shall be convertible into New MUIB Shares on the basis of RM1.00 nominal value of ICULS for one (1) new fully paid-up ordinary share in MUIB;
- (vi) All outstanding ICULS on Maturity Date shall be automatically and mandatorily converted into New MUIB Shares;

## 26. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Cont'd)

- (vii) The Company shall issue additional ICULS designated as Class A3, 2½-year ICULS at nominal value upfront in year 6 as compensation in place of interest in cash for the 3-year period from years 6 to 8 on the outstanding unconverted Class A1 ICULS and Class A2 ICULS as at the end of the First Conversion Period. The amount of Class A3, 2½-year ICULS to be issued is calculated by reference to an implied interest rate of 5% per annum for the 3-year period for years 6 to 8, discounted to net present value by applying a discount rate of 7% per annum. The Board shall also retain the sole discretion to pay interest in cash for years 6 to 8 instead of the compensation as referred to above on the remaining unconverted Class A1 ICULS and Class A2 ICULS. If the Board so decides to pay interest in cash, then such interest shall be paid annually in arrears from years 6 to 8; and
- (viii) The New MUIB Shares to be allotted and issued upon conversion of the ICULS shall rank pari passu in all respects with existing shares except that they will not rank for any dividends or other distributions declared or to be declared in respect of the financial period prior to the date of conversion into New MUIB Shares or any interim dividend or distribution, the declaration date of which is on or before the conversion date.

## 27. Reserves

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-Distributable				
Share premium	<b>220,305</b>	220,305	<b>220,305</b>	220,305
Revaluation reserve	<b>18,509</b>	18,268	<b>26,264</b>	26,264
Exchange fluctuation reserve	<b>164,056</b>	188,297	-	-
Capital reserve	<b>6,344</b>	6,428	-	-
Distributable				
General reserve	<b>25,257</b>	25,257	-	-
Accumulated losses	<b>(2,259,749)</b>	(2,268,182)	<b>(832,136)</b>	(841,332)
	<b>(1,825,278)</b>	(1,809,627)	<b>(585,567)</b>	(594,763)

- (a) The capital reserve comprises mainly the Group's portion of the share premium arising from special issues to approved Bumiputera investors by subsidiary companies in previous years.

The general reserve comprises mainly gains from disposal of property, plant and equipment by subsidiary companies in previous years.



(b) Accumulated losses are absorbed by: -

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
The Company	<b>(832,136)</b>	(841,332)
Subsidiary companies	<b>(1,345,851)</b>	(1,152,493)
Associated companies	<b>(81,762)</b>	(274,357)
	<b>(2,259,749)</b>	(2,268,182)

(c) The Company has tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt accounts of approximately RM16.5 million (2005: RM16.5 million) and RM83.7 million (2005: RM83.7 million) respectively, subject to agreement by the Inland Revenue Board.

## 28. Borrowings

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>Current</b>				
Bank overdrafts				
- secured	<b>48,757</b>	-	-	-
- unsecured	<b>65,765</b>	119,870	-	-
Bills payable				
- secured	<b>5,720</b>	13,736	-	-
- unsecured	<b>5,913</b>	5,433	-	-
Bank revolving credits and short term loan				
- secured	<b>63,879</b>	63,855	-	-
- unsecured	<b>782,912</b>	736,311	<b>20,000</b>	55,000
Current portion of term loans and debenture	<b>47,802</b>	1,418,758	-	-
Hire-purchase and lease liabilities	<b>108</b>	462	-	-
	<b>1,020,856</b>	2,358,425	<b>20,000</b>	55,000

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
<b>Non-Current</b>		
Term loans		
- secured	<b>507,842</b>	736,536
- unsecured	-	99,840
Debenture	-	749,454
Hire-purchase and lease liabilities	<b>450</b>	470
	<b>508,292</b>	1,586,300
Less : Current portion of term loans and debenture	<b>(47,802)</b>	(1,418,758)
	<b>460,490</b>	167,542

## 28. Borrowings (Cont'd)

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) The maturities of non-current term loans and debenture are as follows: -		
Between 1 year to 5 years	<b>460,040</b>	167,072
(b) Details of hire-purchase and finance lease liabilities are as follows: -		
Hire-purchase and minimum lease payments		
Within 1 year	<b>149</b>	466
Between 1 year to 5 years	<b>523</b>	479
	<b>672</b>	945
Future finance charges	<b>(114)</b>	(13)
Present value of hire-purchase and finance lease liabilities	<b>558</b>	932
Portion payable: -		
Within 1 year (current)	<b>108</b>	462
Between 1 year to 5 years (non-current)	<b>450</b>	470
	<b>558</b>	932
(c) The foreign currency exposure profile of borrowings is as follows: -		
Sterling Pound	<b>437,833</b>	1,117,913
Hong Kong Dollar	<b>591</b>	310,788
Australia Dollar	<b>27,417</b>	30,586
Singapore Dollar	<b>1,640</b>	556
Others	<b>198</b>	722
	<b>467,679</b>	1,460,565

- (d) The weighted average effective annual interest rates of borrowings during the financial year are as follows: -

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	<b>7.9</b>	7.4	-	-
Bills payable	<b>6.0</b>	7.3	-	-
Bank revolving credits	<b>5.4</b>	4.7	<b>5.8</b>	4.7
Term loans	<b>5.7</b>	5.8	-	-
Debenture	<b>9.0</b>	9.0	-	-
Hire-purchase and lease liabilities	<b>4.5</b>	4.8	-	-

- (e) The interest risk exposure of borrowings (excluding hire-purchase and lease liabilities) is as follows: -

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed rate borrowings	<b>40,789</b>	835,479	-	-
Floating rate borrowings	<b>1,439,999</b>	1,689,556	<b>20,000</b>	55,000
	<b>1,480,788</b>	2,525,035	<b>20,000</b>	55,000





- (f) The banking facilities of certain subsidiary companies are secured by the following: -
- (i) fixed charges over certain landed properties, fixed deposits, marketable securities and plant and machinery of the subsidiary companies.
  - (ii) floating charges over all the other assets of these subsidiary companies.

## 29. Employee Benefits

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
At 1 January	<b>6,371</b>	8,374
Exchange adjustments	<b>7</b>	(138)
Provision for the financial year	<b>2,632</b>	139
Paid during the financial year	<b>(2,164)</b>	(2,004)
At 31 December	<b>6,846</b>	6,371
Less : Current portion included in provision ( <i>refer Note 32</i> )	<b>(3,066)</b>	(3,353)
	<b>3,780</b>	3,018

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and retirement gratuity.

Liabilities arising in respect of annual leave and retirement gratuity are measured at their nominal amounts.

## 30. Deferred Tax Liabilities / Assets

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
At 1 January	<b>59,437</b>	151,983
Exchange adjustments	<b>2,855</b>	(11,488)
Transfer from/(to) tax provision account	<b>1,364</b>	(31)
Transfer to revaluation reserves	<b>(241)</b>	-
Transfer to income statement ( <i>refer Note 9</i> )	<b>(38,105)</b>	(81,027)
At 31 December	<b>25,310</b>	59,437

- (a) The amounts, determined after appropriate offsetting, are as follows:-

Deferred tax liabilities, net	<b>30,089</b>	66,290
Deferred tax assets, net	<b>(4,779)</b>	(6,853)
	<b>25,310</b>	59,437

### 30. Deferred Tax Liabilities / Assets (Cont'd)

		<b>Group</b>	
		<b>2006</b>	<b>2005</b>
		<b>RM'000</b>	<b>RM'000</b>
(b) The component of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-			
Deferred Tax Liabilities			
Property, plant and equipment			
- Capital allowance in excess of depreciation	<b>53,448</b>	131,559	
- Revaluation surplus, net of related depreciation	<b>6,499</b>	8,541	
Others	-	363	
	<b>59,947</b>	140,463	
Deferred Tax Assets			
Unutilised tax losses and capital allowances	<b>14,331</b>	57,087	
Advance corporate taxation	<b>16,807</b>	17,602	
Provisions	<b>3,375</b>	5,652	
Others	<b>124</b>	685	
	<b>34,637</b>	81,026	
(c) The Group has not recognised the following deferred tax assets in the financial statements: -			
Unutilised tax losses	<b>159,152</b>	182,928	
Unutilised capital allowances	<b>13,433</b>	13,248	
Deductible temporary differences	<b>2,579</b>	1,058	
	<b>175,164</b>	197,234	

The deferred tax assets are not recognised in the balance sheet as the Group is uncertain of the extent that is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### 31. Trade And Other Payables

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade payables	<b>90,526</b>	95,665	-	-
Other payables	<b>23,881</b>	52,908	<b>195</b>	100
Accrued administrative and other expenses	<b>22,362</b>	48,770	-	-
Tenant deposits	<b>1,322</b>	1,368	-	-
Amounts owing to associated companies	<b>22,533</b>	21,751	-	-
	<b>160,624</b>	220,462	<b>195</b>	100

- (a) The amounts owing to associated companies represent balances arising from advances received by overseas subsidiary companies which are unsecured, repayable on demand and interest-free.



(b) The foreign currency exposure profile of trade payables is as follows: -

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Sterling Pound	<b>26,651</b>	21,987
Australia Dollar	<b>12,453</b>	20,842
Hong Kong Dollar	<b>1,005</b>	1,778
US Dollar	<b>1,167</b>	983
Singapore Dollar	<b>265</b>	555
Euro	-	59
Others	-	12
	<b>41,541</b>	<b>46,216</b>

(c) The normal trade credit term ranges from 14 to 90 days.

### 32. Provisions

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Provision for outstanding insurance claims		
At 1 January	<b>49,249</b>	39,954
Net claims incurred	<b>39,311</b>	56,387
Less : Net claims paid	<b>(35,232)</b>	(47,092)
Net outstanding claims	<b>53,328</b>	49,249
Provision for settlement under a compromise in respect of an		
Executive Share Option Scheme of a subsidiary company (refer Note 36)	<b>1,168</b>	2,980
Provision for contingent cost and liabilities in a subsidiary company (refer Note 13(d))	<b>9,438</b>	-
Employee benefits (refer Note 29)	<b>3,066</b>	3,353
	<b>67,000</b>	<b>55,582</b>

### 33. Segment Information of the Group

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments while the secondary information is reported geographically.

(i) Business Segments

The Group's operations comprise the following segments:-

- Retailing - Design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings
- Hotels - Holding of hotel properties and hotel operations
- Food & confectionery - Manufacturing, marketing & distribution of confectionery and other food products
- Property - Property development and investment
- Financial services - Stockbroking and general insurance
- Travel & Tourism - Travel agent & provision of travel-related services
- Investment holding - Investment activities

The inter-segment transactions were entered in the normal course of business and at terms mutually agreed between the parties.

### 33. Segment Information of the Group (Cont'd)

#### (i) Business segment (Cont'd)

#### 2006

#### REVENUE

	Retailing RM'000	Hotels RM'000	Foods & Confectionery RM'000	Financial Services RM'000	Property RM'000	Travel & Tourism RM'000	Investment Holding RM'000	Total RM'000	Elimination RM'000	Group RM'000
External revenue	521,979	317,599	226,237	145,711	26,139	42,667	107,392	1,387,724		1,387,724
Inter-segment revenue	-	329	16	2,789	-	774	1,761	5,669	(5,669)	-
Total revenue	521,979	317,928	226,253	148,500	26,139	43,441	109,153	1,393,393		1,387,724
Less : Group's share of associated companies' revenue								(643,762)		743,962

#### RESULTS

Segment results (external)	-	42,069	(18,218)	9,950	4,912	366	(30,835)	8,244		8,244
Interest income	-	17,168	598	5,958	125	8	12,788	36,645		36,645
Profit/(Loss) from operations before exceptional items	-	59,237	(17,620)	15,908	5,037	374	(18,047)	44,889		44,889
Exceptional items ( <i>refer note 7</i> )	-	7,750	(17,095)	(552)	-	-	(168,767)	(178,664)		(178,664)
Profit/(Loss) from operations after exceptional items	-	66,987	(34,715)	15,356	5,037	374	(186,814)	(133,775)		(133,775)
Finance costs	-	(55,288)	(2,280)	-	(556)	(77)	(73,112)	(131,313)		(131,313)
Share of results of associated companies	21,868	(134)	-	4,251	(68)	(760)	(6,763)	18,394		18,394
Profit/(Loss) before taxation	21,868	11,565	(36,995)	19,607	4,413	(463)	(266,689)	(246,694)		(246,694)
Taxation								9,458		9,458
Loss for the financial year								(237,236)		(237,236)

#### OTHER INFORMATION

Segment assets	-	676,970	194,383	166,754	180,510	3,618	1,243,039			2,465,274
Non-current assets held for sale	-	145,647	-	-	-	-	-			145,647
Investments in associated companies	201,199	-	-	49,142	466	34,567	25,957			311,331
Unallocated corporate assets										11,234
Consolidated total assets										2,933,486
Segment liabilities	-	563,722	67,370	119,840	3,409	2,219	983,325			1,739,885
Unallocated corporate liabilities										62,024
Consolidated total liabilities										1,801,909
Capital expenditure	-	12,941	2,686	728	43	590	1,355			18,343
Depreciation	-	20,424	2,631	436	99	154	1,165			24,909
Non-cash expenses other than depreciation	-	22,332	30,462	7,549	110	-	275,119			335,572



(i) Business segment (Cont'd)

2005

	<b>Retailing</b>	<b>Hotels</b>	<b>Foods &amp; Confectionery</b>	<b>Financial Services</b>	<b>Travel &amp; Tourism</b>	<b>Investment Holding</b>	<b>Total</b>	<b>Elimination</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>									
External revenue	491,174	717,559	321,588	131,689	39,031	130,510	1,861,417	-	1,861,417
Inter-segment revenue	-	338	15	1,221	4,157	83	5,814	(5,814)	-
Total revenue	491,174	717,897	321,603	132,910	43,188	130,593	1,867,231		1,861,417
Less : Group's share of associated companies' revenue									(634,848)
Less : Group's share of joint venture's revenue									(4,478)
									<u>1,222,091</u>
<b>RESULTS</b>									
Segment results (external)	-	80,195	(3,934)	(4,543)	2,135	(3,853)	41,870		41,870
Interest income	-	17,506	301	5,102	132	17	35,746		35,746
Profit/(Loss) from operations before exceptional items	-	97,701	(3,633)	559	2,267	(3,836)	77,616		77,616
Exceptional items ( <i>refer note 7</i> )	-	84,099	(1,969)	1,000	-	(323,398)	(240,268)		(240,268)
Profit/(Loss) from operations after exceptional items	-	181,800	(5,602)	1,559	2,267	(3,836)	(162,652)		(162,652)
Finance costs	-	(142,004)	(2,318)	-	(523)	(23)	(86,757)		(231,625)
Share of results of associated companies	6,599	35	-	(10,533)	(136)	598	(16,816)		(16,816)
Share of results of joint venture	-	(1,312)	-	-	-	-	(1,312)		(1,312)
Profit/(Loss) before taxation	6,599	38,519	(7,920)	(8,974)	1,608	(3,261)	(412,405)		(412,405)
Taxation							57,279		57,279
Loss for the financial year							<u>(355,126)</u>		<u>(355,126)</u>

**OTHER INFORMATION**

Segment assets	-	475,662	243,353	192,622	185,276	3,569	1,306,968		2,407,450
Non-current assets held for sale	-	1,428,123	-	-	-	-	-		1,428,123
Investments in associated companies	219,631	131	-	44,894	534	45,661	65,148		375,999
Unallocated corporate assets							32,174		32,174
Consolidated total assets							<u>4,243,746</u>		<u>4,243,746</u>
Segment liabilities	-	859,547	73,342	104,299	14,238	2,118	1,778,191		2,831,735
Unallocated corporate liabilities							100,005		100,005
Consolidated total liabilities							<u>2,931,740</u>		<u>2,931,740</u>
Capital expenditure	-	18,279	2,018	204	265	20	27,953		48,739
Depreciation	-	44,591	2,781	383	93	58	1,772		49,678
Non-cash expenses other than depreciation	-	1,248	1,969	5,490	19	-	377,485		386,211

### 33. Segment Information of the Group (Cont'd)

#### (ii) Geographical segments

	<b>Revenue</b>		<b>Assets Employed</b>		<b>Capital Expenditure</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<b>325,902</b>	328,587	<b>1,141,257</b>	1,376,772	<b>6,388</b>	30,177
Asia-Pacific	<b>135,273</b>	129,233	<b>678,796</b>	650,605	<b>73</b>	18
Australia	<b>117,076</b>	248,637	<b>35,503</b>	83,296	<b>980</b>	771
North America	<b>4,070</b>	3,373	<b>202,947</b>	187,519	<b>1</b>	1
United Kingdom	<b>805,403</b>	1,151,587	<b>874,983</b>	1,945,554	<b>10,901</b>	17,772
	<b>1,387,724</b>	1,861,417	<b>2,933,486</b>	4,243,746	<b>18,343</b>	48,739
Less : Group's share of associated companies' revenue	<b>(643,762)</b>	(634,848)	-	-	-	-
Less : Group's share of joint venture's revenue	-	(4,478)	-	-	-	-
	<b>743,962</b>	1,222,091	<b>2,933,486</b>	4,243,746	<b>18,343</b>	48,739

### 34. Financial Instruments

#### (a) Recognised financial instruments

##### Fair values

The carrying amounts of financial assets and financial liabilities of the Group and the Company as at balance sheet date approximate their fair values except as set out below.

	<b>Group</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2006</b>		
Unquoted investments	<b>230,296</b>	*
<b>2005</b>		
Unquoted investments	241,510	*

\* A reasonable estimate of fair value could not be made without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable value. Such investments are stated at cost less diminution in value, if any.

The fair values of the financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.





The fair values of quoted investments are estimated based on its recoverable amount by reference to its market price at balance sheet date.

The fair values of the borrowings of the Group are estimated based on the quoted market prices for the similar issues or on the current rates offered to the Group for loans of the same remaining maturities and are not significantly different from the carrying amounts recorded at the balance sheet date.

(b) Off balance sheet financial instruments

In accordance with the scheme of arrangement by Pan Malaysia Holdings Berhad ("PM Holdings"), the indebtedness to the class of creditors referred to as the secured creditors and unsecured guarantee creditors were settled by issuance of new ordinary shares of RM1 each in PM Holdings ("New Shares") at par on a Ringgit-to-Ringgit basis.

Also, in accordance with the scheme, Loyal Design Sdn Bhd ("LDSB"), a wholly-owned subsidiary company, have on 27 December 1999 entered into put option agreements with the said creditors whereby LDSB granted put options to buy these New Shares at a maximum of RM1 per share. These New Shares were issued on 29 December 1999. The details of the put options are as follows: -

Put Options Granted By	No. Of New Shares Under The Put Options	Exercise Period
LDSB	25,997,943	Commencing thirty-six (36) months from the date of issuance of the New Shares and ending on the day falling on the second anniversary thereafter (inclusive of the commencement date and the day it ends).

LDSB is in the process of finalising new arrangements on the put option matters with the said creditors.

### 35. Capital And Other Commitments

- (a) At 31 December 2006, the Group has commitments in respect of capital expenditure contracted but not provided for amounting to RM0.9 million (2005: RM NIL).
- (b) Operating Lease Commitments

	<i>Group</i>	
	<i>2006</i>	<i>2005</i>
	<i>RM'000</i>	<i>RM'000</i>
Non cancellable operating lease commitments not provided for in the financial statements:		
Within 1 year	<b>3,703</b>	2,306
Between 1 year to 5 years	<b>8,374</b>	4,934
More than 5 years	<b>15,622</b>	12,407
	<b>27,699</b>	19,647

### **36. Contingent Liabilities - Unsecured**

#### **Group**

A suit was filed on 17 May 1996, in the High Court of Kuala Lumpur by LDSB against PM Holdings and all its then former directors' for breach of directors' duties in conducting the affairs of PM Holdings during the period involved with the takeover offer by the Company for PM Holdings. The suit also sought to declare, inter alia, that various options granted by PM Holdings under the PM Holdings' Executive Share Option Scheme ("ESOS") were void. The parties to the suit have agreed to effect a full and final settlement by way of a compromise and a consent order was recorded on 12 January 2006, where upon LDSB discontinued its claim against PM Holdings and all its former directors. The salient terms of the compromise with regards to ESOS are set out in the Company's announcement to Bursa Securities on 13 January 2006.

Former employees of PM Holdings ("former employees") with 7,261,000 shares had accepted the compromise and exercised the option to sell, former employees with 379,000 shares who failed to respond within the specified time period, the compromise lapsed and accordingly, the action in the suit stands dismissed against them, whilst former employees with 6,880,000 shares ("Intervenors") had rejected the compromise and had filed applications for leave to intervene in the suit.

The Intervenors had filed respective defences and counterclaim against the Company and PM Holdings, inter alia, for a declaration that the ESOS is valid and binding and that the Company purchase from them the ESOS shares under the said takeover offer. The Group had filed their reply and defences to the counterclaims and this matter is now at case management stage. The Group's solicitors are of the opinion, based on documents available, that the Intervenors entitlements are doubtful.

#### **Company**

At 31 December 2006, the Company has guaranteed bank credit facilities of subsidiary companies for a total of RM570.7 million (2005 : RM600.9 million). The guarantees are unsecured.

### **37. Significant Corporate Developments**

- (a) On 7 December 2004, County Hotels Ltd, a wholly-owned subsidiary of Corus Hotels plc ("Corus"), entered into a conditional sale and purchase agreement with Status Property Group Ltd for the disposal of a piece of freehold property located at Briggens Park, Stanstead Road, Stanstead Abbots, Hertfordshire SG 12 8LD, United Kingdom together with a 54-room erected thereon operating under the name of "Briggens House Hotel" for a cash consideration of £6.4 million (RM43.5 million). The disposal was completed on 31 May 2006.
- (b) On 22 September 2005, PMRI Investments (Singapore) Pte Ltd ("PMRI") and Network Foods International Ltd ("NFIL"), both subsidiary companies of Pan Malaysia Corporation Berhad ("PMC"), had jointly announced to the Singapore Exchange Securities Trading Limited ("SGX-ST") a proposal to privatise NFIL by way of a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore ("Scheme"). The then issued and paid-up share capital of NFIL consisted of 356,153,824 ordinary shares of S\$0.25 each with PMRI holding 281,664,132 ordinary shares of S\$0.25 each which represented 79.08% equity interest in NFIL. The Scheme involved the cancellation of all the issued shares held by Scheme shareholders (excluding PMRI) by NFIL, and in consideration of the cancellation of their shares, the Scheme shareholders received from PMRI an amount of S\$0.09 in cash for each Scheme share.



The Scheme was approved by Scheme shareholders of NFIL at a Court Meeting and also the shareholders of NFIL at an Extraordinary General Meeting on 28 February 2006. The ordinary shares of NFIL was withdrawn from the official list of the SGX-ST on 24 April 2006 and the Scheme was completed accordingly. NFIL is now a wholly-owned subsidiary of PMC.

- (c) On 24 February 2006, Corus and its wholly-owned subsidiary companies, namely Delaquest Limited, Etrop Grange Limited, Wright Hotels (NQ) Limited, Flamepro Limited, County Hotels Limited and Echostand Limited, have entered into a sale and purchase agreement with Washington Hotels LLP for the disposal of nineteen (19) hotels located in the United Kingdom and the entire issued share capital held in The Reservation Company Limited for a total cash consideration of £116.0 million (RM751.7 million). The disposal was completed on 6 March 2006 and was subsequently ratified by shareholders of the Company at an extraordinary general meeting held on 13 April 2006.
- (d) On 2 March 2006, PM Holdings announced a proposed share capital reduction pursuant to Section 64(1) of the Companies Act, 1965 (the "Act") involving the cancellation of RM0.90 of the par value of each then existing ordinary share of RM1.00 each of PM Holdings in issue ("Par Value Reduction") and a proposed reduction of its share premium account up to RM34.7 million pursuant to Section 64(1) and 60(2) of the Act ("Share Premium Reduction"). Upon the completion of its Par Value Reduction and Share Premium Reduction, PM Holdings' then existing issued and paid-up share capital would be reduced from RM928.9 million to approximately RM92.9 million. The Par Value Reduction and Share Premium Reduction were approved by PM Holdings' shareholders at the extraordinary general meeting held on 15 May 2006. On 28 August 2006, the High Court of Malaya approved PM Holdings' petition for the Par Value Reduction and Share Premium Reduction. On 29 September 2006, PM Holdings announced that the Par Value Reduction and Share Premium Reduction have been completed.
- (e) On 19 September 2006, Bidou Holdings Sdn Bhd, a wholly-owned subsidiary company of PMC, disposed its shareholding of 322,313,000 ordinary shares of RM0.50 each representing 13.0% of the issued and paid up share capital of Pan Malaysian Industries Berhad ("PMI") for a total cash consideration of RM9.7 million. With the disposal, PMI ceased to be an associated company of PMC as PMC's equity stake in PMI has decreased from 32.9% to below 20.0%.
- (f) On 17 October 2006, Network Foods Limited ("NFL"), a 92.92% owned subsidiary of PMC, announced that it has submitted a request to the Australian Stock Exchange for the quotation of its shares to be ended and that it be removed from the official list. This delisting was effected on 9 February 2007.
- (g) On 31 October 2006, Libertyray (M) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement with Pan Malaysia Industries Berhad ("PMI") and Excelton Sdn Bhd, a wholly-owned subsidiary company of PMI, for the proposed acquisition of 113,751,983 ordinary shares of RM1.00 each in Metrojaya Berhad ("MJB"), representing approximately 91.06% equity interest of MJB for a total purchase consideration of RM273.0 million ("Proposed Acquisition"). The Proposed Acquisition is subject to approvals to be obtained from the respective shareholders of the Company and PMI as well as from relevant authorities.

### 38. Significant Related Party Transactions

The significant related party transactions undertaken by the Group during the financial year and the respective balances outstanding as at the financial year end are as follows:-

	<b>Transactions</b>		<b>Balance Outstanding</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Insurance premium income from: -				
- Pan Malaysian Industries Berhad ("PMI")	<b>186</b>	163	-	-
- Metrojaya Berhad ("MJB") and its subsidiary companies	<b>475</b>	30	-	-
Travel related revenue from: -				
- Laura Ashley Holdings plc	<b>240</b>	304	-	-
- Morning Star Travel Services Ltd	<b>2,922</b>	2,993	-	-
- MJB and its subsidiary companies	<b>161</b>	243	-	-
- Morning Star Resources Limited	<b>52</b>	64	-	-
- PM Securities Sdn Bhd ("PM Securities")	<b>7</b>	26	-	-
Office rental income from: -				
- PMI	<b>47</b>	8	-	-
- MJB	<b>1,241</b>	206	-	-
- PM Securities	<b>1,793</b>	295	-	-
Corporate advisory services fee charged by: -				
- PM Securities	<b>5</b>	9	-	-
Share registration fee income from: -				
- MJB	<b>7</b>	7	<b>7</b>	7
- Pan Malaysia Capital Berhad ("PM Capital")	<b>22</b>	21	<b>22</b>	21
Interest income from :-				
- Regent Corporation	<b>270</b>	400	-	-
- PM Capital	<b>2,803</b>	2,719	<b>2,803</b>	2,719
Hotel management fees charged by: -				
- Vista International Hotels Pty Ltd	-	532	-	283
Sale proceeds on disposal of a subsidiary company to:-				
- PM Capital	-	240	-	-
Management fee income from: -				
- PM Securities	<b>360</b>	-	-	-
Management fee charged by: -				
- PCB Asset Management Sdn Bhd	<b>172</b>	-	-	-



The relationship between the Group and the related parties are as follows: -

**Related parties**

Pan Malaysian Industries Berhad ("PMI")  
Metrojaya Berhad ("MJB")

**Relationship with the Group**

PMI is a major shareholder of the Company.  
MJB is a subsidiary company of PMI.

Laura Ashley Holdings plc  
Regent Corporation  
Morning Star Travel Services Ltd  
Morning Star Resources Limited  
Pan Malaysia Capital Berhad  
PM Securities Sdn Bhd  
PCB Asset Management Sdn Bhd  
Vista International Hotels Pty Ltd

These companies are associated companies of the Group.

The related party transactions are in the normal course of business and at terms mutually agreed between the parties.

## STATEMENT BY DIRECTORS

*Pursuant to Section 169 (15) of the Companies Act, 1965*

We, Dato' Paduka Nik Hashim Nik Yusoff and Khet Kok Yin, being two of the Directors of Malayan United Industries Berhad, state that in the opinion of the Directors, the financial statements set out on pages 60 to 115 are drawn up in accordance with the applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of: -

- (i) the state of affairs of the Company and of the Group as at 31 December 2006; and
- (ii) the results and cash flows of the Company and of the Group for the financial year ended 31 December 2006.

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

**Dato' Paduka Nik Hashim Nik Yusoff**

**Khet Kok Yin**

30 April 2007

## STATUTORY DECLARATION

*Pursuant to Section 169 (16) of the Companies Act, 1965*

I, Lai Chee Leong, the person primarily responsible for the financial management of Malayan United Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 115 are, to the best of my knowledge and belief, 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 Lai Chee Leong at Kuala Lumpur in the Federal Territory on 30 April 2007.

**Lai Chee Leong**

Before me

**Robert Lim Hock Kee**

*Commissioner for Oaths*





# REPORT OF THE AUDITORS

*To the members of Malayan United Industries Berhad*

We have audited the financial statements set out on pages 60 to 115.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion: -

- (a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
  - (i) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2006 and of their results and cash flows for the financial year then ended.

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors as indicated on pages 118 to 126 being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements 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 required by us for those purposes.

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 subsection (3) of Section 174 of the Act.

**BDO Binder**

**AF: 0206**

*Chartered Accountants*

**Datuk Tan Kim Leong**

**235/06/07 (J/PH)**

*Partner*

Kuala Lumpur

3 May 2007

# SUBSIDIARY AND ASSOCIATED COMPANIES OF MALAYAN UNITED INDUSTRIES BERHAD

At 31 December 2006

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
1. Aquiline Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
2. Alameda Enterprises Limited	<b>100</b>	100	Investment holding	British Virgin Islands
3. Ample Line Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
4. Ascada Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
5. Carulli Holdings Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
6. Continental Capitals Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 7. Corus Hotels plc	<b>100</b>	99.99	Investment holding & hotel operations	United Kingdom
8. Creative Vest (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
+ 9. CSB-Canada Trading Ltd	<b>100</b>	100	Investment holding	Canada
+ 10. Davson Limited	<b>100</b>	100	Investment holding	Hong Kong
11. Farrago Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
12. Fuchsia Enterprises Limited	<b>100</b>	100	Investment holding	British Virgin Islands
13. Grand Oak Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
14. Honoraire Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
15. Libertyray (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 16. London Vista Hotel Limited	<b>100</b>	100	Investment holding	United Kingdom
17. Loyal Design Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
18. Malaysian United Management Sdn Bhd	<b>100</b>	100	Management services	Malaysia
■ 19. Malaysian United Nominees (Asing) Sdn Bhd	<b>100</b>	100	Dormant	Malaysia
20. Malaysian United Nominees (Tempatan) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
21. Malaysian United Security Services Sdn Bhd	<b>100</b>	100	Security services	Malaysia
■ 22. Malaysian United Trading Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
23. Marco Polo Trading Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
24. Mayang Unggul Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
■ 25. Megah Nominees (Tempatan) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
26. Merchant Network Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
27. Ming Court Beach Hotel (P.D.) Sdn Bhd	<b>100</b>	100	Hotel ownership	Malaysia
28. Ming Court Hotel (KL) Sdn Bhd	<b>100</b>	100	Hotel operations	Malaysia
29. Ming Court Inn (Penang) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
+ 30. Ming Court Hotels International Limited	<b>100</b>	100	Dormant	Hong Kong
31. Ming Court Hotels International Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
+ 32. MUI Asia Limited	<b>100</b>	100	Investment holding	Hong Kong
33. MUI Capital Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
+ 34. MUI China Limited	<b>100</b>	100	Investment holding	Hong Kong
* 35. MUI Continental Insurance Berhad	<b>52.21</b>	52.21	General insurance	Malaysia
36. MUI dotCom Sdn Bhd	<b>100</b>	100	Information technology	Malaysia
+ 37. MUI Enterprises Limited	<b>100</b>	100	Investment holding	Hong Kong
38. MUI Enterprises Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
+ 39. MUI Resources Limited	<b>100</b>	100	Investment holding	Hong Kong
+ 40. MUI Media Limited	<b>100</b>	100	Dormant	United Kingdom
41. MUI Media Ltd	<b>100</b>	100	Investment holding	British Virgin Islands
+ 42. MUI Philippines, Inc.	<b>100</b>	100	Investment holding	Philippines
* 43. MUI Properties Berhad	<b>72.84</b>	72.44	Investment holding	Malaysia
■ 44. MUI Property Management Sdn Bhd	<b>100</b>	100	Dormant	Malaysia
■ 45. MUI Security Services Sdn Bhd	<b>100</b>	100	Dormant	Malaysia
46. MUI Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
+ 47. MUI Singapore Private Limited	<b>100</b>	100	Dormant	Singapore



<i><b>Subsidiary Company</b></i>	<i><b>Equity Interest</b></i>		<i><b>Principal Activities</b></i>	<i><b>Country of Incorporation</b></i>
	<i><b>2006</b></i>	<i><b>2005</b></i>		
	<i><b>%</b></i>	<i><b>%</b></i>		
+ 48. MUI (UK) Limited	<b>100</b>	100	Investment holding	United Kingdom
49. Natloyal (M) Sdn Bhd	<b>100</b>	100	Property investment	Malaysia
50. Novimax (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
51. Oriental Omega Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 52. Pan Malaysia Corporation Berhad	<b>60.07</b>	59.70	Investment holding	Malaysia
53. Pan Malaysia Holdings Berhad	<b>68.68</b>	68.17	Investment, property holding & management company	Malaysia
54. Prizewood Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
55. Pure Capital Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
56. Regal Classic Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
57. Sergap Makmur Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
58. Southern Challenger (M) Sdn Bhd	<b>100</b>	100	Investment holding & trading	Malaysia
59. Tarrega Holdings Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
60. United Continental Properties Sdn Berhad	<b>52.21</b>	52.21	Property investment	Malaysia
61. United Review (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
62. Universal Growth Limited	<b>100</b>	100	Investment holding	British Virgin Islands
■ 63. Vista Hotels Sdn Bhd	<b>100</b>	100	Inactive	Malaysia

<i><b>Associated Company</b></i>	<i><b>Equity Interest</b></i>		<i><b>Principal Activities</b></i>	<i><b>Country of Incorporation</b></i>
	<i><b>2006</b></i>	<i><b>2005</b></i>		
	<i><b>%</b></i>	<i><b>%</b></i>		
1. Asia Pacific Media Corporation	<b>50</b>	50	Inactive	U.S.A.
2. Asian Capital Equities, Inc	<b>20</b>	20	Inactive	Philippines
3. Farrago Holdings, Inc	<b>40</b>	40	Investment holding	Philippines
4. Firstway International Investment Limited	<b>25</b>	25	Investment holding	Hong Kong
5. Laura Ashley Holdings plc	<b>34.31</b>	34.31	Design, manufacture, sourcing, distribution & sale of clothing, accessories & home furnishings	United Kingdom
6. Mansara International Limited	<b>35</b>	35	Investment holding	British Virgin Islands
7. Regent Corporation	<b>49</b>	49	Investment holding	U.S.A.
8. Zhaodaola Limited	<b>26.25</b>	26.25	Inactive	Bermuda

#### **Subsidiary Companies of Regent Corporation**

*(The list comprises major subsidiary companies only)*

*At 31 December 2006*

<i><b>Subsidiary Company</b></i>	<i><b>Equity Interest</b></i>		<i><b>Principal Activities</b></i>	<i><b>Country of Incorporation</b></i>
	<i><b>2006</b></i>	<i><b>2005</b></i>		
	<i><b>%</b></i>	<i><b>%</b></i>		
1. Laura Ashley (North America), Inc.	<b>100</b>	100	Licensing and sub-licensing trademarks and copyright designs	U.S.A.
2. Regent Carolina Corporation	<b>100</b>	100	Resort operation & property investment	U.S.A.
3. Regent Park Corporation	<b>100</b>	100	Golf course operation & property investment	U.S.A.

## SUBSIDIARY COMPANIES OF MUI PROPERTIES BERHAD

At 31 December 2006

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
* 1. AIGM Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 2. Appreplex (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 3. Bahtera Muhibbah Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
■ 4. Bashan Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 5. Cesuco Trading Limited	<b>100</b>	100	Investment holding	Hong Kong
* 6. C.S. Investments Private Limited	<b>100</b>	100	Investment holding	Singapore
* 7. CSB Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 8. CSB Holdings Sdn Bhd	<b>100</b>	100	Property Investment	Malaysia
* 9. Delray Sdn Bhd	<b>100</b>	100	Property investment	Malaysia
* 10. Dirnavy Pty Limited	<b>100</b>	100	Inactive	Australia
■ 11. Dondang Sayang Holdings Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 12. Elegantplex (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
■ 13. Green Nominees (Tempatan) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 14. Heritage Challenger (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 15. Indanas Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 16. Integrated Mark (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 17. Intercontinental Properties Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 18. Lambaian Maju Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 19. Lembaran Makmur Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 20. Lunula Pty Limited	<b>100</b>	100	& trading Property investment	Australia
* 21. Malayan United Properties Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 22. Malayan United Realty Sdn Bhd	<b>100</b>	100	Property investment & investment holding	Malaysia
* 23. Mecomas Pty Limited	<b>100</b>	100	Inactive	Australia
+ 24. Ming Court Hotel (Vancouver) Ltd	<b>100</b>	100	Investment holding	Canada
* 25. Ming Fung Sendirian Berhad	<b>100</b>	100	Inactive	Malaysia
* 26. MUI Australia Pty Ltd	<b>100</b>	100	Investment holding	Australia
* 27. MUI Carolina Corporation	<b>100</b>	100	Property investment & development	United States of America
+ 28. MUI Investments (Canada) Ltd	<b>100</b>	100	Investment holding	Canada
* 29. MUI Plaza Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 30. MUI Property Services Sdn Bhd	<b>100</b>	100	Property services	Malaysia
■ 31. MUI Resorts Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
■ 32. MUP Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
■ 33. MUR Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 34. Peristal Enterprise Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
■ 35. Pistole Holdings Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 36. Polacre Sdn Bhd	<b>100</b>	100	Property development	Malaysia
* 37. Portico Sdn Bhd	<b>100</b>	100	Property development	Malaysia
* 38. Prescada Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 39. Resort & Leisure Homes Sdn Bhd	<b>100</b>	100	Property development	Malaysia
* 40. Shun Fung Sendirian Berhad	<b>100</b>	100	Inactive	Malaysia
* 41. Superex Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 42. Two Holdings Sdn Bhd	<b>100</b>	100	Property investment	Malaysia
* 43. Unique Octagon Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 44. West Synergy Sdn Bhd	<b>60</b>	60	Property investment & development	Malaysia



**Subsidiary Company of MUI Properties Berhad which is under liquidation and is not consolidated**

*At 31 December 2006*

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>	
	<i>%</i>	<i>%</i>	
1. Resona Resources Berhad	100	100	Malaysia

**SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA CORPORATION BERHAD**

*At 31 December 2006*

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
* 1. Acmes Investment Limited	<b>100</b>	100	Investment holding	Hong Kong
* 2. Baiduri Pertama Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 3. Bidou Holdings Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 4. Chalpillar (M) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 5. Cherubim Nominees (Tempatan) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 6. Clacton Holdings Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 7. Delight Consolidated Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 8. Faith Nominees (Tempatan) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
+ 9. GCIH Trademarks Limited	<b>100</b>	100	Licensing of trademarks	Hong Kong
* 10. Gelombang Sinar Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 11. Jaguh Padu Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 12. Jerico Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 13. Jomuda Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 14. Lembaran Megah Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 15. Megafine Nominees (Asing) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 16. Megafort Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 17. Megawise Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 18. Mikonwadi Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 19. Network Foods International Ltd	<b>100</b>	79.08	Investment holding	Singapore
* 20. Network Foods Limited	<b>92.92</b>	92.92	Marketing & distribution of confectionery & other food products	Australia
* 21. Pan Malaysia Management Sdn Bhd	<b>100</b>	100	Management services	Malaysia
+ 22. Pan Malaysia-Singapore Holdings (Pte) Ltd	<b>100</b>	100	Investment holding	Singapore
* 23. Panorama Scope Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 24. Plumblin Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 25. PMCW Enterprises Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 26. PMCW Holdings Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
+ 27. PMRI Investments (Singapore) Pte Ltd	<b>100</b>	100	Investment holding	Singapore

## SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA CORPORATION BERHAD (Cont'd)

At 31 December 2006

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
* 28. Taraf Sanjung (M) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 29. Tunas Juara Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 30. Ultipac Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
* 31. United Pace Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 32. Uniwell Nominees (Tempatan) Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
# 1. Pan Malaysian Industries Berhad	-	32.90	Investment holding	Malaysia

### Subsidiary Companies of Network Foods Limited

At 31 December 2006

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
* 1. Balfour Grange Pty Ltd	<b>100</b>	100	Dormant	Australia
* 2. Dinnie Rundle Pty Ltd	<b>100</b>	100	Dormant	Australia
* 3. Universal Confectionery Pty Ltd	<b>100</b>	100	Dormant	Australia

### Subsidiary Companies of Network Foods International Ltd

At 31 December 2006

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
1. Danau Gelombang Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
+ 2. Network Foods Distribution Pte Ltd	<b>100</b>	100	Warehousing & distribution of confectionery & other food products	Singapore
+ 3. Network Foods (Hong Kong) Limited	<b>100</b>	100	Distribution of chocolates & other food & beverage products	Hong Kong
4. Network Foods Industries Sdn Bhd	<b>81.54</b>	81.54	Manufacturing & trading of consumer chocolate products	Malaysia
5. Network Foods (Malaysia) Sdn Bhd	<b>100</b>	100	Marketing & distribution of chocolates, confectionery & beverage products	Malaysia
+ 6. Quintrinox Pte Ltd	<b>100</b>	100	Investment holding	Singapore
+ 7. Specialist Food Retailers Pte Ltd	<b>100</b>	100	Inactive	Singapore
8. Tiffany Enterprise Sdn Bhd	<b>100</b>	100	Dormant	Malaysia
+ 9. Tiffany Hampers & Gifts Pte Ltd	<b>100</b>	100	Inactive	Singapore





**Subsidiary Company of Pan Malaysia Corporation Berhad which is under liquidation and is not consolidated**

At 31 December 2006

<b>Subsidiary Company</b>	<b>Equity Interest</b>		<b>Country of Incorporation</b>
	<b>2006</b>	<b>2005</b>	
	<b>%</b>	<b>%</b>	
1. Syahdu Pinta Berhad	<b>100</b>	100	Malaysia

**SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA HOLDINGS BERHAD**

At 31 December 2006

<b>Subsidiary Company</b>	<b>Equity Interest</b>		<b>Principal Activities</b>	<b>Country of Incorporation</b>
	<b>2006</b>	<b>2005</b>		
	<b>%</b>	<b>%</b>		
1. Destiny Aims Sdn Bhd	<b>80</b>	80	Dormant	Malaysia
+ 2. Golden Carps Pte Ltd	<b>100</b>	100	Inactive	Singapore
+ 3. Grandvestment Company Limited	<b>100</b>	100	Investment holding	Hong Kong
4. Kayangan Makmur Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
+ 5. Pengkalen Company Limited	<b>100</b>	100	Dormant	United Kingdom
6. Pengkalen Equities Sdn Bhd	<b>100</b>	100	Investment holding & dealing	Malaysia
7. Pengkalen Foodservices Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
8. Pengkalen Holiday Resort Sdn Bhd	<b>100</b>	100	Hotel operation	Malaysia
9. Pengkalen Properties Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
10. Pan Malaysia Travel & Tours Sdn Bhd	<b>80</b>	80	Travel agent & provision of travel-related services	Malaysia
11. Twin Phoenix Sdn Bhd	<b>100</b>	100	Dormant	Malaysia
<b>Associated Company</b>	<b>Equity Interest</b>		<b>Principal Activities</b>	<b>Country of Incorporation</b>
	<b>2006</b>	<b>2005</b>		
	<b>%</b>	<b>%</b>		
1. Pan Malaysia Capital Berhad	<b>34.84</b>	34.84	Investment holding	Malaysia
* 2. Excelpac Industries Sdn Bhd (a 25% associated company of Pan Malaysia Travel & Tours Sdn Bhd)	<b>20</b>	20	Inactive	Malaysia

**Subsidiary Companies of Pan Malaysia Capital Berhad**

(The list comprises major subsidiary companies only)

At 31 December 2006

<b>Subsidiary Company</b>	<b>Equity Interest</b>		<b>Principal Activities</b>	<b>Country of Incorporation</b>
	<b>2006</b>	<b>2005</b>		
	<b>%</b>	<b>%</b>		
1. PCB Asset Management Sdn Bhd	<b>100</b>	100	Research & fund management services	Malaysia
2. PM Securities Sdn Bhd	<b>99.99</b>	99.99	Stock & sharebroking & corporate advisory services	Malaysia
3. Pan Malaysia Equities Sdn Bhd	<b>99.99</b>	99.99	Property & investment holding	Malaysia

**Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad which are under liquidation and are not consolidated**

*At 31 December 2006*

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>	
	<i>%</i>	<i>%</i>	
o 1. Anglo Pacific Holdings (Malaysia) Sdn Bhd	<b>100</b>	100	Malaysia
2. Asia Entertainment Network Sdn Bhd	<b>60</b>	60	Malaysia
▲ 3. Central Cocoa Pte Ltd	-	100	Singapore
4. Cocoa Specialities (Malaysia) Sdn Bhd	<b>84.12</b>	84.12	Malaysia
5. Grand Union Insurance Company Limited	<b>55</b>	55	Hong Kong
6. Office Business Systems (Malacca) Sdn Bhd	<b>41.67</b>	41.67	Malaysia
7. Office Business Systems (Penang) Sdn Bhd	<b>64.10</b>	64.10	Malaysia
8. Office Business Systems Sdn Bhd	<b>64.10</b>	64.10	Malaysia
9. Pengkalen Building Materials Sdn Bhd	<b>100</b>	100	Malaysia
10. Pengkalen Electronics Industries Sdn Bhd	<b>67</b>	67	Malaysia
11. Pengkalen Engineering & Construction Sdn Bhd	<b>100</b>	100	Malaysia
12. Pengkalen Heights Sdn Bhd	<b>70</b>	70	Malaysia
13. Pengkalen Pasar Borong Sdn Bhd	<b>80</b>	80	Malaysia
14. Pengkalen Raya Sdn Bhd	<b>100</b>	100	Malaysia
15. Pengkalen (UK) Plc	<b>84.12</b>	84.12	United Kingdom
16. Sensor Equipment Sdn Bhd	<b>64.10</b>	64.10	Malaysia
17. Technitone (M) Sdn Bhd	<b>64.10</b>	64.10	Malaysia
18. Upali Group Sdn Bhd	<b>100</b>	100	Malaysia
▲ 19. Wellon Distribution Pte Ltd	-	100	Singapore

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>	
	<i>%</i>	<i>%</i>	
• 1. Schwartau (Far East) Sdn Bhd	-	42.06	Malaysia

**Subsidiary And Associated Companies of Pengkalen (UK) Plc which are not consolidated**

*At 31 December 2006*

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>	
	<i>%</i>	<i>%</i>	
1. Anglo Pacific Corporation (Malaysia) Sdn Bhd	<b>100</b>	100	Malaysia
* 2. Aqua Lanka (Private) Limited	<b>100</b>	100	Sri Lanka
+ 3. GCIH Property Limited	<b>100</b>	100	Hong Kong
* 4. Grand Central Limited	<b>100</b>	100	Sri Lanka
5. Kuril Plantations Sdn Berhad	<b>100</b>	100	Malaysia

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>	
	<i>%</i>	<i>%</i>	
1. Desa Kuril Sdn Berhad	<b>50</b>	50	Malaysia



## SUBSIDIARY COMPANIES OF CORUS HOTEL PLC

At 31 December 2006

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2006</i>	<i>2005</i>		
	<i>%</i>	<i>%</i>		
* 1. Belsfield Hotels Limited	<b>100</b>	100	Dormant	United Kingdom
* 2. Bistro Bistrot Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 3. Catermax Limited	<b>100</b>	100	Dormant	United Kingdom
* 4. Corus Corporation UK Limited	<b>100</b>	100	Dormant	United Kingdom
* 5. Regal Hotels Limited	<b>100</b>	100	Dormant	United Kingdom
* 6. County Hotels Group Plc	<b>100</b>	100	Investment holding & hotel operations	United Kingdom
* 7. County Hotels Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 8. Delaquest Limited	<b>100</b>	100	Investment holding & hotel operations	United Kingdom
* 9. Dionball Limited	<b>100</b>	100	Investment holding & hotel operations	United Kingdom
* 10. Earl Grey Tea Rooms Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 11. Echostand Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 12. Etrop Grange Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 13. Experience Inns Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 14. Flamepro Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 15. Historic Country Inns Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
*Δ16. No. 1 Cigar Club Limited	<b>36.8</b>	36.8	Restaurant operations	United Kingdom
* 17. Patrolmake Limited	<b>100</b>	100	Investment holding & hotel operations	United Kingdom
* 18. Plaza On Hyde Park Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 19. Pub (Nico) Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 20. Rose & Crown VCT Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 21. Shandwick Leisure Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 22. Simply Nico Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 23. Styletune Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 24. The Bowler Hat Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 25. The Imperial Crown Hotel Limited	<b>100</b>	100	Hotel operations	United Kingdom
# #26. The Reservation Company Limited	-	100	Reservation bookings	United Kingdom
* 27. The Restaurant Partnership plc	<b>62.5</b>	62.5	Restaurant operations	United Kingdom
* 28. TRP Belgium S. A. NV	<b>62.5</b>	62.5	Restaurant operations	Belgium
* 29. TRP (Langan's) Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 30. TRP (Nico) Limited	<b>62.5</b>	62.5	Dormant	United Kingdom
* 31. Woodmount Limited	<b>100</b>	100	Dormant	United Kingdom
* 32. Wright Hotels (North Queensferry) Limited	<b>100</b>	100	Hotel operations	United Kingdom
* 33. Wright Hotels Limited	<b>100</b>	100	Investment holding & hotel operations	United Kingdom

# **Subsidiary Company of Corus Hotels Plc which is in receivership**

*At 31 December 2006*

<b>Subsidiary Company</b>	<b>Equity Interest</b>		<b>Country of Incorporation</b>
	<b>2006</b>	<b>2005</b>	
* 1. Dudley Hotels Limited	<b>100</b>	100	United Kingdom

+ *Subsidiary companies audited by overseas member firms associated with BDO Binder, Malaysia.*

\* *Subsidiary and associated companies not audited by member firms associated with BDO Binder, Malaysia.*

Δ *The Restaurant Partnership plc held 58.81% equity interest in No. 1 Cigar Club Limited.*

# # *Ceased to be a subsidiary of Corus Hotels Plc with effect from 6 March 2006.*

# *Ceased to be an associated company of Pan Malaysia Corporation Berhad with effect from 19 September 2006.*

▲ *Dissolved on 24 July 2006.*

• *Dissolved on 22 September 2006.*

o *Dissolved on 3 April 2007.*

■ *These subsidiaries were placed under members' voluntary winding-up and creditors' voluntary winding-up on 31 January 2007.*



## PROPERTIES OWNED BY THE MUI GROUP

At 31 December 2006

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM'000</i>
<b>M A L A Y S I A</b>			
Federal Territory of Kuala Lumpur			
1 lot of freehold land with a 13-storey hotel, known as Corus hotel Kuala Lumpur, Jalan Ampang, Kuala Lumpur (Date of last valuation: December 1982)	7,289	22	67,215
1 lot of freehold land at Section 43, Jalan Mayang, Kuala Lumpur, held for proposed condominium development (Date of acquisition: May 1981)	1,478	-	895
3 lots of leasehold land with a 4-storey shoplot each at nos.14, 16 & 18, Taman Indrahana, Jalan Kuchai Lama, Kuala Lumpur (Lease expires in 2077) (Date of acquisition: June/November 1990)	468	23	1,427
1 lot of freehold land with two units of double-storey buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition: August 1991)	3,540	14	9,105
1 lot of freehold land with a 15-storey office building known as Menara PMI at no. 2, Jalan Changkat Ceylon, Kuala Lumpur (Date of acquisition: September 1996)	2,459	20	30,828
State of Selangor Darul Ehsan			
6 lots of freehold land with 1 unit 2-storey pre-war shophouse at Seksyen 3, Pekan Batu Tiga, Mukim Damansara, Selangor Darul Ehsan, held for future development (Date of acquisition: December 1982)	771	pre-war	165
Balance of freehold land held for residential development known as Vila Sri Ukay at Mukim Ulu Kelang, Selangor Darul Ehsan (Date of acquisition: April 1995)	9,154	-	12,095
1 lot of leasehold industrial land with a factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition: September 1996)	10,800	36	9,593
1 lot of freehold industrial land at Mukim of Kapar, District of Klang, Selangor Darul Ehsan. (Date of Acquisition: June 2004)	40,300	-	10,448

## PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

At 31 December 2006

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM'000</i>
1 lot of freehold industrial land at Lot no. 1811, Mukim Cheras, Daerah Ulu Langat, Selangor Darul Ehsan, held for development into a factory building (Date of acquisition: April 1996)	7,333	-	2,095
State of Pulau Pinang			
1 lot of freehold land at Lot 773, TS 12 NED, Jalan Macalister, Pulau Pinang (Date of acquisition: November 1974)	380	pre-war	215
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2041) (Date of acquisition: September 1996)	976	25	1,208
State of Johor Darul Takzim			
1 lot of freehold land with a warehouse at no. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Bahru, Johor Darul Takzim (Date of acquisition: September 1996)	446	13	535
State of Negeri Sembilan Darul Khusus			
3 lots of freehold land with a 4-storey hotel building, at 7 1/2 Mile, Jalan Pantai, Teluk Kemang, Port Dickson, Negeri Sembilan Darul Khusus (Year of last valuation: 1983)	11,892	32	12,283
1 lot of freehold land at 5 1/2 Mile, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus held for development into 366 units of resort condominiums known as Pasirindu (Date of acquisition: June 1980)	20,259	-	6,474
Balance of freehold land held for township development known as Bandar Springhill at Mukim of Jimah, District of Port Dickson, Negeri Sembilan Darul Khusus (Date of acquisition: January 1995)	5,633,354	-	122,085
3 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286, 288 & 289, PT 5855 Batu 2 1/2, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition: September 1996)	55,745	11	33,200
4 lots of freehold land held for future development at Jalan Tuanku Munawir, Seremban, Negeri Sembilan Darul Khusus (Date of acquisition: November 2005)	19,534	-	28,290





At 31 December 2006

<i><b>Location, Description and Usage</b></i>	<i><b>Approximate Land Area Sq. Metres</b></i>	<i><b>Approximate Age of Building Years</b></i>	<i><b>Net Book Value RM'000</b></i>
State of Pahang Darul Makmur			
1 lot of freehold bungalow land at HS 10468 PT 11291, Bentong, Pahang Darul Makmur (Date of acquisition: September 1996)	1,115	-	180
A U S T R A L I A			
1 lot of freehold land with a 60-room hotel at no. 20, Kirby Court, West Hobart, Tasmania (Date of acquisition: October 1996)	24,970	29	5,574
U N I T E D S T A T E S O F A M E R I C A			
Balance of units in a 110 units, 7-storey, freehold condominium complex located within the Regent Park Complex in Fort Mill, South Carolina (Date of acquisition: December 1990)	33,913	11	3,934
H O N G K O N G			
1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingsford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2038) (Date of acquisition: September 1996)	771	28	1,272
S I N G A P O R E			
1 lot of leasehold land with a warehouse and office at no. 12, Woodlands Link, Singapore (Lease expires in 2055) (Date of acquisition: September 1996)	7,442	9	7,830
1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999)	194	-	2,996
U N I T E D K I N G D O M			
1 lot of freehold land with a 97-room hotel known as Hoole Hall Hotel at Warrington Road, Hoole, Chester, Cheshire CH2 3PD (Date of acquisition: November 2001)	26,660	155	44,560

## PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

At 31 December 2006

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM'000</i>
1 lot of freehold land with a 66-room hotel known as Chace Hotel at London Road, Toll Bar End, Coventry CV3 4EQ (Date of acquisition: November 2001)	13,240	155	20,835
1 lot of leasehold land with a 124-room hotel known as The St James' Hotel at St James Square, Grimsby DN31 1EP (Leases expires in 2071) (Date of acquisition: November 2001)	3,709	55	2,561
1 lot of freehold land with a 56-room hotel known as Imperial Crown Hotel at 42-46 Horton Street, Halifax, West Yorkshire HX1 1QE (Date of acquisition: November 2001)	1,001	255	12,256
1 lot of freehold land with a 52-room hotel known as Old Golf House Hotel at New Hey Road, Outlane, Near Huddersfield, West Yorkshire HD3 3YP (Date of acquisition: November 2001)	15,040	65	15,906
1 lot of freehold land with a 47-room hotel known as Corus hotel Elstree at Barnet Lane, Elstree, Hertfordshire WD6 3RE (Date of acquisition: November 2001)	40,000	155	45,111
1 lot of freehold land with a 50-room hotel known as Beauchief Hotel at 161 Abbeydale Road South, Sheffield, South Yorkshire S7 2QW (Date of acquisition: November 2001)	16,940	55	28,072
1 lot of leasehold land with a 62-room hotel known as Grosvenor House Hotel at Charter Square, Sheffield, South Yorkshire S1 3EH (Leases expires in 2065) (Date of acquisition: November 2001)	1,500	55	3,622
1 lot of freehold land with a 111-room hotel known as Corus hotel Solihull at Stratford Road, Shirley, Solihull B90 4EB (Date of acquisition: November 2001)	16,400	55	83,914
1 lot of freehold land with a 50-room hotel known as Hillcrest Hotel at Cronton Lane, Widness, Cheshire WA8 9AR (Date of acquisition: November 2001)	2,000	55	19,510
1 lot of freehold land with a 64-room hotel known as The Belsfield Hotel at Kendal Road, Bowness-on-Windermere, Cumbria LA23 3EL (Date of acquisition: November 2001)	28,050	155	37,363



*At 31 December 2006*

<b><i>Location, Description and Usage</i></b>	<b><i>Approximate Land Area Sq. Metres</i></b>	<b><i>Approximate Age of Building Years</i></b>	<b><i>Net Book Value RM'000</i></b>
1 lot of freehold land with a 82-room hotel known as Burnham Beeches Hotel at Grove Road, Burnham, Buckinghamshire SL1 8DP (Date of acquisition: November 2001)	31,830	55	83,819
1 lot of freehold land, a former site of a hotel building which was demolished, at 1 Ferrymuir Gait, South Queensferry, Edinburgh, West Lothian EH30 9SF (Date of acquisition: November 2001)	40,940	-	29,685
1 lot of freehold land with a 390-room hotel known as Corus hotel Hyde Park at Lancaster Gate, London W2 3LG (Date of acquisition: February 2001)	2,010	105	351,396
1 lot of leasehold land with a 4-storey restaurant at 30 Charlott Street, London W1 1HP (Lease expires in 2019) (Date of acquisition: November 2001)	87	105	1,735
1 lot of leasehold land with a 3-storey restaurant at 2 Greek Street, London W1V 6NB (Lease expires in 2021) (Date of acquisition: November 2001)	36	105	1,021
1 lot of leasehold land with a single storey restaurant at Crown Plaza, Heathrow Stockley Road, West Drayton Middlesex UB7 9NA (Lease expires in 2008) (Date of acquisition: November 2001)	213	30	47

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Malayan United Industries Berhad  
3809-W  
Incorporated in Malaysia

## FORM OF PROXY

No. of Shares Held

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ Tel. No. \_\_\_\_\_  
being a member of MALAYAN UNITED INDUSTRIES BERHAD hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ Occupation \_\_\_\_\_  
or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ Occupation \_\_\_\_\_  
or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the  
Thirty-Sixth Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur,  
Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 27 June 2007 at 4.00 p.m. and at any adjournment thereof,  
and to vote as indicated below:-

Resolutions	For	Against
1. To re-appoint Mr Yong Ming Sang as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
2. To re-appoint Dr Ngui Chon Hee as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
3. To re-elect Mr Ang Guan Seng as Director of the Company.		
4. To re-elect Tan Sri Dato' Paduka Dr Mazlan bin Ahmad as Director of the Company.		
5. To re-elect Dato' Dr Tan Kee Kwong as Director of the Company.		
6. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.		
7. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.		
8. Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad.		

(Please indicate with (X) how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature

Seal

Date:

Notes:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.
2. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
4. The Form of Proxy must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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Stamp

The Company Secretary  
**Malayan United Industries Berhad**  
5th Floor, Menara PMI  
No. 2, Jalan Changkat Ceylon  
50200 Kuala Lumpur  
Malaysia

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