



Malayan United Industries Berhad

Company No: 3809 - W



LAPORAN TAHUNAN 2010 ANNUAL REPORT

CONTENTS

| | |
|---|-----|
| Notice of Meeting | 2 |
| Statement Accompanying Notice of Annual General Meeting | 5 |
| Corporate Information | 6 |
| Profile of Directors | 7 |
| Statement on Corporate Governance | 10 |
| Directors' Responsibilities in Respect of Financial Statements | 15 |
| Statement on Internal Control | 16 |
| Corporate Social Responsibility | 17 |
| Other Information | 18 |
| Report of the Audit Committee | 19 |
| Chairman's Statement | 23 |
| Analysis of Shareholdings | 46 |
| Analysis of Irredeemable Convertible Unsecured Loan Stocks Holdings | 49 |
| Group Financial Highlights | 55 |
| Directors' Report | 56 |
| Statement by Directors | 60 |
| Statutory Declaration | 60 |
| Independent Auditors' Report | 61 |
| Income Statements | 63 |
| Statements of Comprehensive Income | 64 |
| Statements of Financial Position | 65 |
| Statements of Changes in Equity | 66 |
| Statements of Cash Flows | 69 |
| Notes to the Financial Statements | 72 |
| Subsidiaries and Associates of Malayan United Industries Berhad | 144 |
| Subsidiaries of MUI Properties Berhad | 146 |
| Subsidiaries of Pan Malaysia Corporation Berhad | 147 |
| Subsidiaries and Associates of Pan Malaysia Holdings Berhad | 149 |
| Subsidiaries of Metrojaya Berhad | 151 |
| Subsidiaries of Corus Hotels Limited | 152 |
| Properties Owned by The MUI Group | 153 |
| Form of Proxy | |



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 30 June 2011 at 4.30 p.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 December 2010.
2. To approve Directors' Fees of RM325,500. **(Resolution 1)**
3. 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, Tan Sri Dato' Khoo Kay Peng 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)**
 - (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 3)**
 - (iii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Paduka Nik Hashim Nik Yusoff be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **(Resolution 4)**
4. To re-elect Mr Khet Kok Yin, who is retiring in accordance with Article 109 of the Company's Articles of Association. **(Resolution 5)**
5. To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 6)**

As Special Business

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

6. Ordinary Resolution
 - Proposed 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 authorized 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)**



7. Ordinary Resolution

- 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;

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 2010, the Company’s share premium account stood at RM220,305,000;

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 Main Market 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 authorized 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 authorization 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)

8. 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
8 June 2011



NOTICE OF MEETING (Cont'd)

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 authorized 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 authorized 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 authorized 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 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. If passed, it 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 and paid-up 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.

The Company has not issued any new shares under the general authority which was approved at the Thirty-Ninth Annual General Meeting held on 28 June 2010 and which will lapse at the conclusion of the Fortieth Annual General Meeting to be held on 30 June 2011.

The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

2. The Ordinary Resolution proposed under item 7, if passed, will empower the Directors of the Company to purchase Malayan United Industries Berhad shares through Bursa Securities 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) Tan Sri Dato' Khoo Kay Peng | – 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) Dato' Paduka Nik Hashim Nik Yusoff | – Retiring pursuant to Section 129 of the Companies Act, 1965 |
| (d) Mr Khet Kok Yin | – Retiring pursuant to Article 109 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 8 of this Annual Report. The securities holdings of Tan Sri Dato' Khoo Kay Peng and Dr Ngui Chon Hee are set out in the Analysis of Shareholdings and Analysis of Irredeemable Convertible Unsecured Loan Stocks Holdings on pages 46, 49, 51 and 53 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings.

There were four (4) Board Meetings held during the financial year ended 31 December 2010. Details of attendance of the Directors are set out in the Profile of Directors on pages 7 to 9 of the Annual Report.

4. The Fortieth Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 30 June 2011 at 4.30 p.m.



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

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*
Dr Ngui Chon Hee, J.S.M., K.M.N., S.M.T.
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.
Andrew Khoo Boo Yeow

Company Secretary

Leong Park Yip

Auditors

BDO *Chartered Accountants*

Principal Bankers

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

Registrar

Pan Malaysia Management Sdn Bhd
5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel. No. 21487696 Fax. No. 21459216

Registered Office

5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel. No. 21177388 Fax. No. 21445209 Website : www.muiglobal.com



PROFILE OF DIRECTORS

Tan Sri Dato' Khoo Kay Peng

Age 72. 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, 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 Malaysia 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 Pan Malaysian Industries Berhad, Laura Ashley Holdings plc and Corus Hotels Limited (formerly known as Corus Hotels plc), United Kingdom. Also sits on the Boards of 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 trustee of Regent University, Virginia, USA, 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. Is the brother-in-law of Dr Ngui Chon Hee and the father of Andrew Khoo Boo Yeow, who are both Non-Executive Directors of Malayan United Industries Berhad. Attended all the four (4) Board Meetings held during the financial year.

Dr Ngui Chon Hee

Age 77. 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. Chairman of the Nomination Committee and member of the Remuneration Committee. 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, also a Director of Pan Malaysia Corporation Berhad, Pan Malaysian Industries Berhad, Metrojaya 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 four (4) Board Meetings held during the financial year.

Dato' Paduka Nik Hashim Nik Yusoff

Age 73. 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. Was a Director of Rashid Hussain Berhad, UBG Berhad, UBG Enterprise Berhad and CMS Trust Management Berhad. He also sits on the Board of Genting Berhad. Attended all the four (4) Board Meetings held during the financial year.



PROFILE OF DIRECTORS (Cont'd)

Khet Kok Yin

Age 64. 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. Chairman of the Audit Committee. Holds a Bachelor of Economics (Honours) from University of Malaya. Currently, he is the Chairman of Pan Malaysia Capital Berhad and also sits on the Boards of Pan Malaysia Corporation Berhad, MUI Properties Berhad, Metrojaya Berhad, Pan Malaysian Industries Berhad and Pan Malaysia Holdings Berhad. He had previously served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad) and was also Joint Managing Director of KFC Holdings (Malaysia) Bhd, Managing Director of Metrojaya Berhad, Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad and Morning Star Securities Limited, Hong Kong, Chief Executive Officer of Pan Malaysia Corporation Berhad. Was also the President of the North American operations of The MUI Group in the United States of America, Chairman of Network Foods Limited, Australia and Beijing Morning Star - New Ark International Travel Services Co., Ltd and a Director of MUI Continental Insurance Berhad and Latin Communications Group, Inc, New York. Attended three (3) Board Meetings held during the financial year.

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Age 67. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Chairman of the Remuneration Committee. Also member of the Audit Committee and the Nomination 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, he sits on the Boards of MUI Continental Insurance Berhad and DNP Holdings Berhad. He is also a Chairman of University Kebangsaan Malaysia. Attended all the four (4) Board Meetings held during the financial year.

Dato' Dr Tan Kee Kwong

Age 64. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Member of the Audit Committee and the Remuneration 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 had previously served as a Member of Parliament for Segambut, Kuala Lumpur from 1995 until 2008. He is currently also the Chairman of the Board of Governors of Sekolah Menengah Laki-Laki Methodist, Sentul; Chairman of Pusat Bantuan Sentul; 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. Attended all the four (4) Board Meetings held during the financial year.



Andrew Khoo Boo Yeow

Age 38. Non-Independent Non-Executive Director. Appointed as Director on 24 July 2009. Barrister-At-Law in Lincoln's Inn, United Kingdom, holds an AHMA Hotel Diploma majoring in Sales & Marketing in London Hotel School, United Kingdom, has a Degree in Law and Master of Arts from Cambridge University, United Kingdom and Master of Business Administration from Seattle Pacific University, United States of America as well as Bachelor of Arts majoring in Political Science and minoring in Economics in University of Victoria, Canada. Was previously the General Manager of County Hotel Epping Forest, London and the Special Assistant to the Chief Executive Officer in Corus Hotels Limited, Milton Keynes. Was a Director of Corporate Affairs in Laura Ashley Holdings plc, London in 2002. Was also the President and Chief Executive Officer of Cambridge Alliance Holdings Ltd, a property development company in Canada. Currently, he is the Executive Director of Network Foods International Ltd, Singapore. He also sits on the Boards of Pan Malaysia Corporation Berhad and Laura Ashley Holdings plc. He is the son of Tan Sri Dato' Khoo Kay Peng, the Chairman & Chief Executive of Malayan United Industries Berhad. Attended all the four (4) Board Meetings held during the financial year.

Note:-

Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.

None of the Directors 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 except for Mr Andrew Khoo Boo Yeow who holds an Australian citizenship.



STATEMENT ON CORPORATE GOVERNANCE

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

The Board 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.

Four (4) Board meetings were held during the financial year ended 31 December 2010. 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 seven (7) Directors:-

- One (1) Chairman and Chief Executive
- Four (4) Independent Non-Executive Directors
- Two (2) Non-Independent Non-Executive Directors



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”) Main Market Listing Requirements (“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 Khet Kok Yin 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 2010 is set out on pages 19 to 21 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 | Dr Ngui Chon Hee | – Non-Independent Non-Executive Director |
| Members | Dato' Paduka Nik Hashim Nik Yusoff | – Independent Non-Executive Director |
| | Tan Sri Dato' Paduka Dr Mazlan bin Ahmad | – Independent Non-Executive Director |
| | (Appointed on 14 July 2010) | |

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 the Directors attended training that aids them in the discharge of their duties as Directors. The training programmes include "Discharging The Audit Committee Oversight Duties In Strengthening The Governance Chain" and an in-house seminar on "De-Mystifying Director's Legal Duties And Implication Under The Listing Requirements".

There is a familiarization 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.

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 | Tan Sri Dato' Paduka Dr Mazlan bin Ahmad | – Independent Non-Executive Director |
| | (An existing member and was appointed as Chairman on 14 July 2010) | |
| Members | Dr Ngui Chon Hee | – Non-Independent Non-Executive Director |
| | Dato' Dr Tan Kee Kwong | – Independent Non-Executive Director |
| | (Appointed on 14 July 2010) | |

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 2010, the aggregate of remuneration received by Directors of the Company from the Company and the subsidiaries categorized into appropriate components are as follows:-

| | <i>Salaries RM'000</i> | <i>Fees RM'000</i> | <i>Benefits- in-kind RM'000</i> | <i>Others RM'000</i> | <i>Total RM'000</i> |
|-------------------------|-----------------------------------|-------------------------------|--|---------------------------------|--------------------------------|
| Executive Director | | | | | |
| Receivable from | | | | | |
| - Company | 300 | 72 | 2 | 105 | 479 |
| - Subsidiaries | 840 | 168 | 25 | 1,696 | 2,729 |
| | 1,140 | 240 | 27 | 1,801 | 3,208 |
| Non-Executive Directors | | | | | |
| Receivable from | | | | | |
| - Company | – | 247 | – | 13 | 260 |
| - Subsidiaries | 364 | 265 | 11 | 206 | 846 |
| | 364 | 512 | 11 | 219 | 1,106 |
| | 1,504 | 752 | 38 | 2,020 | 4,314 |

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

| Range of Remuneration | Number of Directors | |
|------------------------------|----------------------------|-----------------------------|
| | <i>Executive</i> | <i>Non-Executive</i> |
| Below RM50,000 | – | 2 |
| RM50,001 to RM100,000 | – | 2 |
| RM100,001 to RM150,000 | – | 2 |
| RM250,001 to RM300,000 | – | 1 |
| RM350,001 to RM400,000 | – | 1 |
| RM3,200,001 to RM3,250,000 | 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' and the Company's website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meeting, 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 60 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.26(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 recognizes the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognizes that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing 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 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 19 to 21 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 financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows of the Group and of the Company 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 Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.



STATEMENT ON INTERNAL CONTROL

Responsibility

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 recognizes that the cost of control procedures is not to exceed the expected benefits.

Risk Management

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 of the respective companies or the Group. 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 profiles of the operating companies were reviewed and updated to reflect current conditions. The updated risk profiles were documented and presented to the Audit Committee of the respective companies or the Group 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.

Control Structure and Environment

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 associates, 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.



CORPORATE SOCIAL RESPONSIBILITY

The MUI Group is firmly committed to the principles and the practice of corporate social responsibility (CSR). Our CSR initiatives are rooted in the universal belief that every organization owes a duty to act responsibly for the good of its employees, its customers, its shareholders, the communities in which it operates, the environment and the society at large. The Group's CSR involvement is summarized here under the following broad headings:

Community

Through its various operating companies, the Group has initiated, organized and participated in many charitable and social projects. These efforts take various forms ranging from donations in cash or in kind in support of charitable organizations, community projects, schools and educational institutions and social activities that contribute to the overall betterment of society. For over a decade, the Group has offered patronage, encouragement and support for the Malaysian performing arts.

Workplace

Mindful of employee welfare, the Group maintains practices that comply with the accepted standards of safety and health in the workplace. This ongoing responsibility is entrusted to various committees, each headed by a senior management personnel. Key personnel attend various training programmes that deal with occupational safety and health, hygiene and sanitation, first aid and fire-fighting.

Customers

One of the underlying principles of the Group's business philosophy is its sense of fair deal in all its business practices. Ethical engagement with the marketplace is something the Group takes very seriously. In this regard, the Group strives to deliver products and services that meet the criteria of value, safety, quality and satisfaction to its customers and clients.

Environment

Conscious of the importance of proper care for environment, the Group supports efforts that promote a cleaner and healthier environment in the day-to-day activities of all its operations. Procedures that ensure sound environmental practices are encouraged in its hotels and manufacturing plant. In its township development, homes are developed with generous provisions of well-maintained landscaped spaces and infrastructure.

Corporate Governance

The MUI Group values sound and responsible business practices and encourages strong corporate governance. It seeks to uphold a corporate culture that is strong in corporate governance, efficient in management and trustworthy in business dealings. By interacting responsibly with its stakeholders, the Group emphasises economic, social and environmental bottom-line wellness.



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 2010 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 2010, non-audit fees paid to the external auditors by the Company and its subsidiaries amounted to RM426,000 (2009: RM515,000).

4. REVALUATION POLICY

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



REPORT OF THE AUDIT COMMITTEE

MEMBERS

| <i>Name</i> | <i>Designation</i> |
|--|---|
| Khet Kok Yin - <i>Chairman</i> (An existing member and was appointed as Chairman on 14 July 2010) | <i>Independent Non-Executive Director</i> |
| Dato' Dr Tan Kee Kwong | <i>Independent Non-Executive Director</i> |
| Tan Sri Dato' Paduka Dr Mazlan bin Ahmad (Appointed on 14 July 2010) | <i>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 authorized by the Board to investigate any activity within its terms of reference. It is authorized 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 authorized 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 report to the Board after reviewing the following:-
 - (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, competency 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, 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;



REPORT OF THE AUDIT COMMITTEE (Cont'd)

- to recommend the nomination of a person or persons as external auditors;
 - to consider the external auditors' fee and any questions of dismissal;
 - 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 the Executive Directors and employees of the Group whenever deemed necessary);
 - to review the external auditors' management letter and management's response;
 - 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; and
 - 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 the Board.

4. Meetings

During the financial year ended 31 December 2010, five (5) Audit Committee Meetings were held. Mr Khet Kok Yin and Dato' Dr Tan Kee Kwong attended all the five (5) meetings of the Audit Committee. Tan Sri Dato' Paduka Dr Mazlan bin Ahmad attended all the two (2) meetings of the Audit Committee held since his appointment to the Audit Committee on 14 July 2010.

In addition to the Committee members, the Group Financial Controller 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 2010

The Audit Committee reviewed and deliberated four (4) 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 Group Financial Controller 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 also reviewed related party transactions carried out by the Group.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2011. 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.



6. Internal Audit Function

The internal audit function is performed in-house 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.

The cost incurred for the internal audit function for the financial year ended 31 December 2010 is RM259,000.



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia



Corus Hotel Hyde Park, London



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and financial statements of the Company and the Group for the financial year ended 31 December 2010.

ECONOMIC REVIEW

After experiencing the worst post-war economic contraction of 0.6% in 2009, the world economy rebounded to register a growth of 5.0% in 2010. Global economic recovery was uneven as the advanced economies continued to be affected by persistent structural weaknesses and the sovereign debt crisis in the Euro area.

On the other hand, emerging market economies experienced robust economic growth which contributed to more than two thirds of the global growth. Several Asian countries, in fact, registered double-digit GDP growth.

In tandem with the vibrant economic performance of Asian countries, the Malaysian economy recovered from a contraction of 1.7% in 2009 to register a 7.2% growth in gross domestic product.

The improvement, registered in all sectors of the economy, was driven by strong domestic demand which was fuelled by private sector expansion and Government infrastructure initiatives.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a higher revenue of RM927.4 million compared with RM908.0 million in the previous year. The Group's profit before tax rose sharply by 164% from RM27.6 million in 2009 to RM73.0 million in 2010.

The improved profitability was due to better

performance of several of its business operations as well as gains from the disposal of investments, foreign exchange, reversals of previous impairments and write-backs.

As at 31 December 2010, the Group's total assets and shareholders' funds stood at RM2.8 billion and RM670.0 million respectively.

REVIEW OF OPERATIONS

The Group's diversified business activities are organised under five core divisions comprising retailing, hotels, food, financial services and properties.

These operations are global in reach, encompassing the Asia Pacific region, the United Kingdom, Continental Europe and the United States.

Retailing Division

The Retailing Division comprises two well-established business groups—Laura Ashley Holdings plc in the United Kingdom and Metrojaya Berhad, a leading retailing group in Malaysia.

Listed on the London Stock Exchange, the Laura Ashley group owns and operates 223 stores in the United Kingdom, Ireland and France and franchises another 240 stores in 29 countries. The extensive geographical coverage of its operations has established Laura Ashley as a truly international brand.

For the financial year ended 29 January 2011, Laura Ashley achieved a record profit before tax of £24.1 million (RM120.4 million) compared with £11.0 million (RM60.6 million) in the previous year. This represents a 119% improvement and marks the 8th consecutive year of profitability, enabling



the company to continue to build on its healthy balance sheet.

Total group revenue grew 6.2% to £285.0 million (RM1.4 billion) despite another challenging year for the retailing industry. The growth was recorded in all product categories and was primarily due to the improvement in its UK stores, e-commerce and better performance of its franchise partners.

Laura Ashley (North America), a wholly-owned subsidiary of Regent Corporation which is an associated company of the Group, is engaged in the licensing of Laura Ashley trademark and copyright designs in North and South America.

For the financial year ended 31 December 2010, licensing revenue rose by 5.3% to US\$9.6 million (RM31.0 million). However, due to higher expenses incurred in the protection of intellectual property rights, the profit before tax of the company declined 11.5% to US\$4.0 million (RM12.9 million) for the year.

Metrojaya Berhad is a leading Malaysian retail chain, operating six Metrojaya department stores, a scaled-down MJ concept store, and over 90 specialty stores under well-known names such as Reject Shop, East India Company, Somerset Bay and Living Quarters. The group also operates six franchised Laura Ashley stores in Malaysia and Singapore.

For the financial year under review, Metrojaya's consolidated revenue fell by 2.6% from RM414.4 million in 2009 to RM403.4 million. The decline was due to the closure of non-performing stores during the year. However, like-for-like sales grew by 6.0% as a result of better performance shown by its department stores in Mid Valley, the Curve and Suria Sabah in Kota Kinabalu.

Profit before tax for the year improved from RM15.9 million in 2009 to RM18.4 million. The higher profit was partly due to better net margins achieved during the year.

Reject Shop, which has a chain of 36 stores throughout the country, operates in an increasingly competitive market. Despite growing competition, the company maintained its profitability.

During the year, the Metrojaya team redefined the brand identity for all its fashion brands to bring better clarity, sharper distinction and consistency in direction. The brand identity guidelines that resulted from this effort will bring about a sharper focus in its brand direction for its merchandising team.

Hotel Division

The Group owns and operates the UK-based Corus brand for its group of 10 hotels in the United Kingdom and two in Malaysia.

Hotel trading conditions in the UK, particularly in the provinces, remained difficult due to the sluggishness of the economy.

In addition, travel trade at the beginning and at the end of the year was disrupted by unexpected adverse weather conditions that brought the heaviest snowfall in 30 years. The volcanic ash occurrence in April virtually brought all air travel to a halt in the UK and parts of Europe. This severely affected hotel business for nearly three weeks.

Against this backdrop of business challenges, the UK hotel group maintained its turnover of £25.4 million (RM126.9 million) in 2010 compared with £25.5 million (RM140.5 million) in the previous year. On the other hand, the group's trading profit



From home accessories, furniture, home decorating to fashion, Laura Ashley is the name for inspiring elegance

improved 46.2% from £3.2 million (RM17.6 million) in 2009 to £4.7 million (RM23.5 million).

The improved performance was largely contributed by better trading results of Corus Hotel Hyde Park, the Group's UK flagship hotel. Turnover for this Central London prime property grew 7.7% to £11.5 million (RM57.4 million) for the year and its profit before tax increased by 51.3% to £3.4 million (RM17.0 million).

The Malaysian hotel operations showed a 4.5% improvement in turnover to RM47.2 million in 2010. This resulted in a 6.2% growth in total profit before tax to RM18.0 million.

Corus Hotel Kuala Lumpur continued to perform well, improving its occupancy by 2.0% and its average room rate by 5.7%.

The profit before tax grew 7.7% to a new record of

RM16.8 million compared with RM15.6 million in the previous year. This represented its 8th consecutive year of profit growth.

Corus Paradise Resort in Port Dickson posted a small decline of 1.8% in revenue from RM10.7 million in 2009 to RM10.5 million in 2010 and its profit before tax also decreased marginally from RM1.3 million in 2009 to RM1.2 million during the year.

Food Division

Network Foods International Ltd, a subsidiary of Pan Malaysia Corporation Berhad, heads the Group's food division. The company, which is based in Singapore, has four subsidiaries operating in Malaysia, Singapore and Hong Kong.

Its Malaysian subsidiary, Network Food Industries Sdn Bhd, manufactures chocolate and confectionery products under several established brands such as



Tudor Gold, Crispy, Tango, Kandos and Kiddies for the Network Foods group. The company also manufactures private-label products for local and overseas companies.

The Group's marketing and distribution activities are separately undertaken by three subsidiary companies - Network Foods (Malaysia) Sdn Bhd, Network Foods Distribution Pte Ltd in Singapore and Network Foods (Hong Kong) Ltd.

For its financial year, Network Foods Industries recorded a total revenue of RM50.4 million, which was 6.2% higher than that in the previous year. The increase in revenue was largely contributed by growing demand in the private-label products segment.

However, despite higher turnover in sales, the company recorded a reduced profit of RM1.0 million compared with RM3.2 million in 2009. The decline in profit was due to lower-than-expected domestic sales and the higher commodity prices of sugar, cocoa powder, and other raw materials.

Network Foods Malaysia recorded a marginal improvement of 1.1% in revenue to RM33.3 million, compared with RM32.9 million in 2009. However, the company incurred a higher loss before tax of RM5.9 million compared to a loss of RM4.3 million last year. The loss was attributed to higher marketing expenditure incurred in the year as all the major house brands underwent a re-branding exercise.

Metrojaya department store in Mid Valley Megamall





During the year, Network Foods Distribution invested heavily in order to establish market penetration for its Tudor Gold and Crispy brands in Singapore. Unfortunately, the company experienced higher-than-expected product returns for its festive packages, resulting in a decline in revenue and higher losses for the year. The company reported a 34% decline in revenue to S\$1.4 million (RM3.3 million) and incurred a small loss for the year.

Network Foods Hong Kong achieved another profitable set of results on the back of increasing demand for the group's house brands and for its private-label products. Its profit improved 10.0% on the back of higher turnover of HK\$23.3 million (RM9.7 million). Successful inroads of Tudor Gold and Tango into selected key markets in Southern China have provided a platform for future growth.

During the year, the group continued with its rebranding exercise that helped achieve stronger positioning of the group's brands. The exercise involved product improvement, taste enhancement and better packaging appeal. The group expects to build on the momentum of its rebranding effort with improved sales this year.

Financial Services Division

The Financial Services Division of the Group comprises the insurance business under MUI Continental Insurance Berhad and the universal broking business under PM Securities Sdn Bhd.

A 52.21% subsidiary of the Group, MUI Continental Insurance provides a comprehensive range of general insurance products such as fire, marine, health, engineering, motor, liability and other classes of insurance. It operates a network of 13 branch offices in Malaysia.

For the financial year ended 31 December 2010, MUI Continental Insurance achieved a 13.2% growth in gross written premiums to RM243.0 million compared with RM214.6 million in 2009. The increase in premium income was underpinned by favourable economic conditions during the year.

The company made a lower profit before tax of RM31.1 million compared with RM36.5 million in 2009. The reduced profit was partly due to the impact of higher allocation for reserves required by the risk-based capital framework.

In order to sustain continued profitability, the company has also maintained prudent underwriting practices and has continued to exercise financial discipline.

PM Securities Sdn Bhd, a subsidiary of Pan Malaysia Capital Berhad, has a Universal Broker licence that, in addition to its stockbroking business, allows the company to offer financial and corporate advisory services on par with investment banks.

The company offers stockbroking services through its network of eight offices in Kuala Lumpur, Seremban, Puchong, Penang, Johor Bahru, Melaka, Klang, Batu Pahat and an electronic access facility in Jelebu.

The company recorded a lower revenue of RM22.0 million compared with RM26.1 million in 2009. The lower revenue was due to reduced retail trading activity compared to institutional trading activity.

During the year, PM Securities achieved the distinction of being listed among the top 10 'Overall Best Local Brokerage' in the AsiaMoney brokers poll for 2010. The company also gained recognition for its research work in the 'small caps' and 'food &



beverage' categories and was voted among the top 20 research houses in 'Overall Country Research'.

Its corporate finance team successfully sponsored the listing of an Initial Public Offering (IPO) by a media company on the ACE Market of Bursa Malaysia. The IPO was oversubscribed by 21 times and raised RM22.5 million.

Property Division

In the property sector, the Group's principal activity is the Bandar Springhill township development by West Synergy Sdn Bhd, a joint-venture subsidiary of MUI Properties Berhad.

Bandar Springhill is planned as an integrated township and is being developed on 1,990 acres of oil palm land in the district of Port Dickson, between Seremban and Port Dickson town. Though principally engaged in property development, West Synergy also derives income from the harvesting and sale of oil palm fruits from its undeveloped land.

For the financial year under review, West Synergy achieved a 79.2% growth in property development revenue. As a result, the company's profit before tax, which includes contribution from oil palm fruit harvesting, rose 74.7% from RM4.6 million in 2009 to RM8.1 million.

Income contribution from Bandar Springhill development is expected to improve even further following the commitment by the UCSI Education Group to establish its main university campus in the township.

UCSI has recently commenced construction of a teaching hospital, a 5-star hotel resort & convention

centre and a residential international school in Bandar Springhill.

Scheduled for completion at the end of 2012, the 400-bed hospital (eventually to be expanded to 1,000 beds) will form part of the Faculty of Medical Sciences. The international school, which will have an Olympic-size pool, is expected to be ready by the end of 2011 while the 319-room hotel is scheduled for completion by the end of 2012.

PROSPECTS FOR 2011

The world economy is expected to grow at a more moderate pace in 2011. The growth will largely be driven by the continuing robust economic activity of emerging market economies, particularly from those in the Asian region.

As a result, Malaysia has forecast a growth of between 5% and 6%, underpinned again by strong domestic demand resulting from the growth in the private sector, the implementation of key initiatives under the Government's Economic Transformation Programme and external demand.

In the light of the above, the Group expects the performance of its various operations to improve.

DIRECTORATE

Mr Chan Choung Yau resigned as a director of the Company on 30 September 2010. The Board would like to take this opportunity to thank him for his contribution to the Group.



Top: Fashion by East India Company Right: Cheongsam by Metrojaya
Bottom: Tea set by Metrojaya

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express my appreciation to the staff and management for their loyalty, dedication and contribution. I also wish to thank our valued customers, business associates, bankers and shareholders for their continuing support. To my fellow Directors, I wish to extend my gratitude for their wise counsel and support.

To GOD Be The Glory

Tan Sri Dato' Khoo Kay Peng
Chairman

16 May 2011



PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan penyata kewangan Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 Disember 2010.

TINJAUAN EKONOMI

Selepas mengalami susutan ekonomi pasca-perang terburuk sebanyak 0.6% pada tahun 2009, ekonomi sedunia telah melantun balik dengan catatan pertumbuhan 5.0% pada tahun 2010. Pemulihan ekonomi ternyata tidak sekata di negara-negara maju disebabkan kelemahan struktur yang terus lemah serta krisis hutang yang membelenggu rantau negara-negara Eropah.

Walau bagaimanapun, ekonomi negara-negara yang meningkat naik telah menyaksikan pertumbuhan cergas yang telah menyumbang kepada lebih dua pertiga daripada pertumbuhan global. Malahan, beberapa negara Asia telah mencatat pertumbuhan KDNK dua-digit.

Sejajar dengan prestasi ekonomi yang hebat di negara-negara Asia, ekonomi Malaysia telah pulih daripada pengecutan 1.7% pada tahun 2009 dengan catatan pertumbuhan 7.2% dalam keluaran dalam negara kasar pada tahun 2010.

Penambahbaikan yang disaksikan dalam semua sektor ekonomi tersebut telah diterajui oleh permintaan domestik yang kukuh dan disemarakkan

Panoramic garden view, Belsfield Hotel





lagi oleh perluasan sektor swasta serta inisiatif infrastruktur Kerajaan.

PENCAPAIAN KEWANGAN

Bagi tahun kewangan yang sedang ditinjau, Kumpulan telah mencatatkan hasil pendapatan yang lebih tinggi iaitu RM927.4 juta berbanding RM908.0 juta pada tahun sebelumnya. Keuntungan sebelum cukai Kumpulan telah meningkat cergas sebanyak 164% daripada RM27.6 juta pada tahun 2009 kepada RM73.0 juta pada tahun 2010.

Penambahbaikan dalam tahap keuntungan ini boleh dihubungkan dengan catatan prestasi yang lebih baik dalam beberapa operasi perniagaan serta gandaan daripada penjualan pelaburan, pertukaran matawang asing, sesetengah penerbalikan daripada kecacatan sebelumnya serta tulis-balik.

Pada 31 Disember 2010, jumlah aset dan dana pemegang saham Kumpulan masing-masingnya berada di paras RM2.8 bilion dan RM670.0 juta.

TINJAUAN OPERASI

Kegiatan perniagaan Kumpulan yang pelbagai merangkumi lima bahagian teras iaitu peruncitan, hotel, makanan & konfeksi, perkhidmatan kewangan dan pembangunan hartanah.

Operasi ini mempunyai jangkauan global yang meliputi rantau Asia Pasifik, United Kingdom, Benua Eropah dan Amerika Syarikat.

Bahagian Peruncitan

Bahagian Peruncitan terdiri daripada dua kumpulan gedung perniagaan terkemuka - Laura Ashley

Holdings plc di United Kingdom dan Metrojaya Berhad, salah sebuah gedung peruncitan terkemuka Malaysia.

Kumpulan Laura Ashley tersenarai di Bursa Saham London dan memiliki serta mengoperasi sebanyak 223 buah gedung di United Kingdom, Ireland dan Perancis dan memfrancais 240 buah lagi gedung di 29 buah negara. Liputan geografi yang meluas bagi operasinya telah memantapkan kedudukan Laura Ashley sebagai satu jenama antarabangsa sejati.

Bagi tahun kewangan berakhir 29 Januari 2011, Laura Ashley telah mencatatkan keuntungan sebelum cukai tertinggi sehingga kini iaitu £24.1 juta (RM120.4 juta) berbanding £11.0 juta (RM60.6) pada tahun sebelumnya. Ini mewakili penambahbaikan 119% dan menandakan tahun ke-8 keuntungan berturut-turut, sekaligus membolehkan syarikat terus mengukuhkan lembaran imbangannya.

Jumlah hasil pendapatan Kumpulan telah meningkat 6.2% ke tahap £285.0 juta (RM1.4 bilion) meskipun terpaksa mengharungi satu lagi tahun yang cukup mencabar bagi industri peruncitan. Pertumbuhan dicatat dalam semua kategori produk dan disebabkan terutamanya oleh penambahbaikan di gedung-gedungnya di UK, e-dagang dan prestasi yang lebih memberangsangkan di pihak rakan francais.

Laura Ashley (North America), Inc., sebuah syarikat subsidiari milik-penuh Regent Corporation, sebuah syarikat sekutu Kumpulan, terlibat dalam perlesenan penggunaan tanda perniagaan Laura Ashley dan reka bentuk berhakcipta di Amerika Utara dan Selatan.



Bagi tahun berakhir 31 Disember 2010, hasil pendapatan perlesenan telah meningkat 5.3% ke tahap US\$9.6 juta (RM31.0 juta). Walau bagaimanapun, disebabkan perbelanjaan yang lebih tinggi dalam usaha melindungi hak harta intelek, keuntungan sebelum cukai syarikat telah merosot 11.5% ke tahap US\$4.0 juta (RM12.9 juta) bagi tahun kewangan.

Metrojaya Berhad, sebuah rangkaian gedung terkemuka di Malaysia, mengoperasi sebanyak enam gedung beli-belah Metrojaya, sebuah gedung konsep terskala-bawah MJ dan lebih 90 buah gedung barangan khas di bawah nama-nama terkemuka seperti Reject Shop, East India Company, Somerset Bay dan Living Quarters. Kumpulan juga mengoperasi enam gedung francais Laura Ashley di Malaysia dan Singapura.

Bagi tahun kewangan yang sedang ditinjau, jualan disatukan bagi Metrojaya telah susut 2.6% daripada RM414.4 juta pada tahun 2009 kepada RM403.4 juta. Penguncupan ini adalah akibat penutupan gedung-gedung yang tidak-berprestasi dalam tahun kewangan. Walau bagaimanapun, jualan umum telah tumbuh 6.0% hasil daripada prestasi yang lebih baik bagi gedung-gedung beli-belahnya di Mid Valley, The Curve dan Suria Sabah di Kota Kinabalu.

Keuntungan sebelum cukai bagi tahun kewangan telah meningkat daripada RM15.9 juta pada tahun 2009 kepada RM18.4 juta. Peningkatan dalam keuntungan ini adalah hasil daripada perolehan jidar bersih yang lebih baik.

Reject Shop, yang memiliki rangkaian 36 buah gedung di seluruh negara, beroperasi dalam pasaran yang semakin bersaing hebat. Meskipun menghadapi

persaingan yang semakin sengit, syarikat telah berjaya mengekalkan tahap keuntungannya.

Pada tahun kewangan, pasukan Metrojaya telah menakrifkan semula identiti jenama bagi semua jenama fesyennya demi menyuntik kejelasan yang lebih baik, pembezaan yang lebih hebat dan konsistensi dalam hala tujunya. Garispanduan identiti jenama yang terhasil daripada usaha ini akan menjurus kepada tumpuan yang lebih berkesan pada hala tuju penjenamaan bagi pasukan dagangnya.

Bahagian Hotel

Kumpulan memiliki dan mengoperasi jenama Corus yang berpangkalan di UK bagi kumpulan 10 buah hotel di United Kingdom dan dua buah di Malaysia.

Suasana dagangan hotel di UK, khususnya di peringkat wilayah, telah terus berkeadaan rumit disebabkan kelembapan ekonomi.

Selain itu, perniagaan pengembaraan di tahap permulaan dan penghujung tahun telah terjejas akibat keadaan cuaca yang tidak menentu yang menyaksikan kejatuhan salji paling hebat dalam tempoh 30 tahun. Kejadian abu gunung berapi pada bulan April telah hampir-hampir menghentikan terus pengembaraan udara di UK dan beberapa bahagian Eropah. Ini telah menjejaskan teruk perniagaan hotel selama hampir tiga minggu.

Meskipun terpaksa mengharungi cabaran-cabaran perniagaan, kumpulan hotel UK tersebut telah berjaya mengekalkan jumlah dagangan £25.4 juta (RM126.9 juta) pada tahun 2010 berbanding £25.5 juta (RM140.5 juta) pada tahun sebelumnya.



Top: The Belsfield Hotel, Lake Windermere. Bottom: Burnham Beeches Hotel, Burnham

Sebaliknya, keuntungan dagangan kumpulan telah bertambah 46.2% daripada £3.2 juta (RM17.6 juta) pada tahun 2009 kepada £4.7 juta (RM23.5 juta).

Prestasi yang lebih baik ini telah disumbangkan sebahagian besarnya oleh keputusan dagangan yang lebih memberangsangkan bagi Corus Hotel Hyde Park, iaitu hotel mercutanda Kumpulan UK tersebut. Jumlah dagangan bagi hartanah unggul kawasan Pusat London ini telah meningkat 7.7% kepada £11.5 juta (RM57.4 juta) bagi tahun kewangan dan keuntungan sebelum cukainya telah bertambah sebanyak 51.3% ke tahap £3.4 juta (RM17.0 juta).

Operasi hotel-hotel di Malaysia telah mencatat prestasi jumlah dagangan disatukan yang lebih baik sebanyak 4.5% kepada RM47.2 juta, pada

tahun 2010, dan mencapai pertumbuhan 6.2% dalam jumlah keuntungan sebelum cukai sebanyak RM18.0 juta.

Corus Hotel Kuala Lumpur telah terus mencatat prestasi yang kukuh, dengan kadar penginapan meningkat 2.0% dan kadar purata sewa bilik sebanyak 5.7%.

Keuntungan sebelum cukai telah bertambah 7.7% ke tahap tertinggi hingga kini iaitu RM16.8 juta berbanding RM15.6 juta pada tahun sebelumnya. Ini mewakili tahun ke-8 berturut-turut pertumbuhan yang berkesinambungan.

Corus Paradise Resort Port Dickson telah mencatat sedikit susutan 1.8% dalam hasil pendapatan, iaitu daripada RM10.7 juta pada tahun 2009 kepada RM10.5 juta pada tahun 2010 dan keuntungan



sebelum cukainya juga turun berjidar daripada RM1.3 juta pada tahun 2009 kepada RM1.2 juta pada tahun ini.

Bahagian Makanan

Network Foods International Ltd, sebuah syarikat subsidiari Pan Malaysia Corporation Berhad, mengetuai bahagian makanan & konfeksi Kumpulan. Syarikat yang berpangkalan di Singapura ini mempunyai empat syarikat subsidiari yang beroperasi di Malaysia, Singapura dan Hong Kong.

Syarikat subsidiarinya di Malaysia iaitu Network Food Industries Sdn Bhd, mengeluarkan coklat

dan produk konfeksi di bawah pelbagai jenama terkemuka seperti Tudor Gold, Crispy, Tango, Kandos dan Kiddies bagi kumpulan Network Foods. Syarikat tersebut juga mengeluarkan produk label-persendirian bagi lain-lain syarikat tempatan dan seberang laut.

Kegiatan pemasaran dan pengedaran Kumpulan dijalankan secara berasingan oleh tiga buah syarikat subsidiari - Network Foods (Malaysia) Sdn Bhd, Network Foods Distribution Pte Ltd di Singapura dan Network Foods (Hong Kong) Ltd.

Bagi tahun kewangan, Network Foods Industries mencatat jumlah hasil pendapatan RM50.4 juta, iaitu 6.2% lebih tinggi daripada catatan tahun

Corus Hotel Kuala Lumpur





sebelumnya. Peningkatan dalam hasil pendapatan ini disumbangkan terutamanya oleh permintaan yang semakin hebat dalam segmen produk label-persendirian.

Meskipun memperolehi jumlah dagangan yang lebih tinggi dari segi jualan, syarikat telah mencatat susutan dalam keuntungan iaitu RM1.0 juta berbanding RM3.2 juta pada tahun 2009. Penguncupan dalam keuntungan ini adalah berpunca daripada jualan domestik yang lebih rendah daripada yang dijangka serta harga komoditi yang lebih tinggi bagi gula, serbuk koko dan lain-lain bahan mentah.

Network Foods Malaysia mencatat penambahbaikan berjidar 1.1% dalam hasil pendapatan ke tahap RM33.3 juta, berbanding RM32.9 juta pada tahun 2009. Walau bagaimanapun, syarikat mengalami kerugian sebelum cukai yang lebih tinggi sebanyak RM5.9 juta berbanding kerugian RM4.3 juta pada tahun lepas. Kerugian tersebut berpunca daripada perbelanjaan pemasaran yang lebih tinggi pada tahun kewangan disamping semua jenama dalaman utama menjalani program penjenamaan semula.

Pada tahun kewangan, Network Foods Distribution telah melaksanakan pelaburan besar demi mengasaskan penembusan pasaran yang berkesan bagi jenama Tudor Gold dan Crispy di Singapura. Malangnya, syarikat tersebut telah memperolehi pemulangan produk yang lebih tinggi daripada yang dijangka bagi pakej perayaan, sekaligus menyebabkan susutan dalam hasil pendapatan dan kerugian yang lebih tinggi bagi tahun kewangan. Akibatnya, hasil pendapatan merosot 34% ke paras S\$1.4 juta (RM3.3 juta) pada tahun ini dan syarikat mencatat sedikit kerugian bagi tahun kewangan.

Network Foods Hong Kong telah mencapai satu lagi set keputusan yang mencatat keuntungan

beralaskan permintaan yang semakin hebat bagi jenama dalaman kumpulan dan bagi produk label persendirian. Tahap keuntungannya bertambah lega 10.0% berdasarkan hasil dagangan yang lebih tinggi sebanyak HK\$23.3 juta (RM9.7 juta). Kejayaan Tudor Gold dan Tango menembusi beberapa pasaran terpilih di Selatan China telah menyerlahkan lagi peluang pertumbuhannya di masa depan.

Pada tahun kewangan, kumpulan telah meneruskan pelaksanaan program penjenamaan semula yang telah menjurus kepada perangsangan kedudukan jenama-jenama milik kumpulan. Program tersebut melibatkan penambahbaikan produk, perangsangan rasa dan peragaan pembungkusan yang lebih menarik. Kumpulan menjangkakan akan dapat memanfaatkan peningkatan momentum ini dengan catatan tahap jualan yang lebih menggalakkan pada tahun ini.

Bahagian Perkhidmatan Kewangan

Bahagian Perkhidmatan Kewangan Kumpulan merangkumi perniagaan insurans di bawah MUI Continental Insurance Berhad dan perniagaan pembrokeran universal di bawah PM Securities Sdn Bhd.

MUI Continental Insurance, sebuah syarikat subsidiari 52.21% milik Kumpulan, menyediakan rangkaian komprehensif produk insurans am seperti insurans kebakaran, marin, kesihatan, kejuruteraan, motor, liabiliti dan lain-lain kelas insurans. Ianya mengoperasi satu rangkaian 13 buah pejabat cawangan di Malaysia.

Bagi tahun kewangan berakhir 31 Disember 2010, MUI Continental Insurance mencapai pertumbuhan 13.2% dalam jumlah premium tertulis kasar ke tahap RM243.0 juta berbanding



RM214.6 juta pada tahun 2009. Peningkatan dalam pendapatan premium ini dapat dihubungkan dengan keadaan ekonomi yang memberangsangkan pada tahun kewangan.

Syarikat memperoleh keuntungan sebelum cukai yang lebih rendah sebanyak RM31.1 juta berbanding RM36.5 juta pada tahun 2009. Susutan dalam keuntungan ini adalah disebabkan sebahagiannya oleh kesan peruntukan yang lebih tinggi bagi rizab yang diperlukan oleh rangka kerja modal berasas-risiko.

Sebagai langkah memampkan tahap keuntungan yang berkesinambungan, syarikat telah turut mengekalkan amalan penanggungan rugi yang dikawal rapi serta telah terus melaksanakan langkah disiplin kewangan.

PM Securities Sdn Bhd, sebuah syarikat subsidiari Pan Malaysia Capital Berhad, mempunyai lesen Broker Universal, yang selain perniagaan pembrokeran sahamnya, membolehkan syarikat menawarkan perkhidmatan kewangan dan nasihat korporat yang setaraf dengan bank-bank pelaburan.

Syarikat menawarkan perkhidmatan pembrokeran saham melalui rangkaian lapan buah pejabat di Kuala Lumpur, Seremban, Puchong, Pulau Pinang, Johor Bahru, Melaka, Klang, Batu Pahat dan satu kemudahan akses elektronik di Jelevu.

Syarikat mencatat hasil pendapatan yang lebih rendah iaitu RM22.0 juta berbanding RM26.1 juta pada tahun 2009. Penurunan dalam hasil pendapatan ini adalah disebabkan oleh pengurangan dalam kegiatan dagangan runcit disebabkan para pelabur telah menjauhkan diri daripada pasaran meliputi sebahagian besar tempoh tahun kewangan.

Pada tahun kewangan, PM Securities mencatat kecemerlangan sebagai syarikat yang tersenarai di antara 10 'Syarikat Broker Tempatan Terbaik Secara Keseluruhannya' dalam undian pemilihan broker AsiaMoney bagi tahun 2010. Syarikat turut meraih pengiktirafan bagi usaha penyelidikan yang dilaksanakannya bagi kategori 'penutup kecil' dan 'makanan & minuman' serta dipilih antara 20 agensi penyelidikan teratas dalam 'Penyelidikan Negara Keseluruhan'.

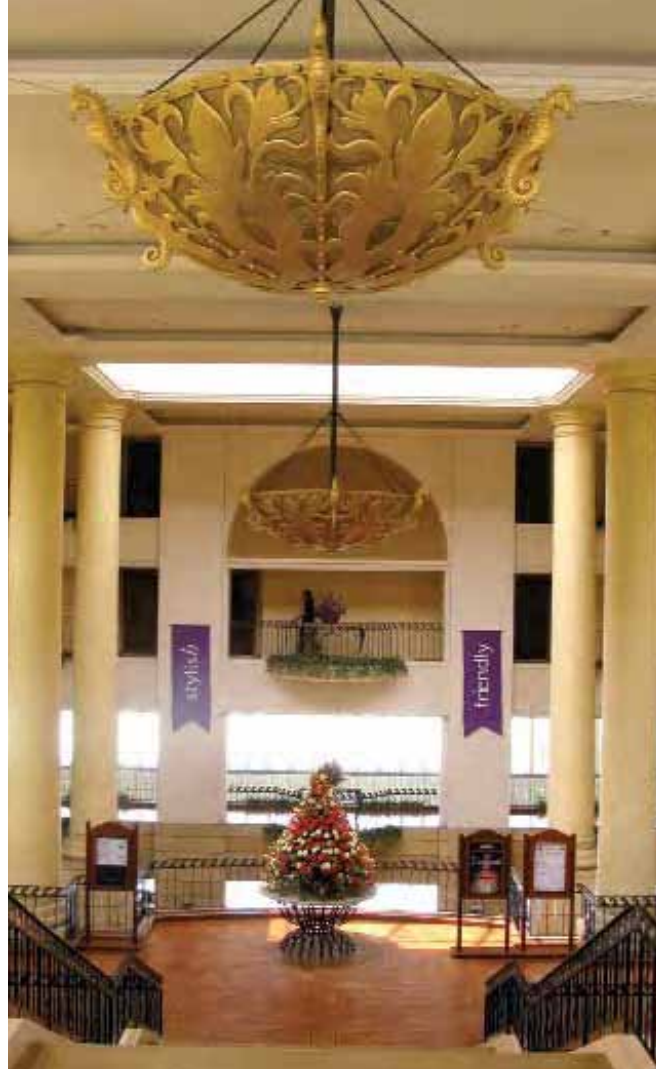
Pasukan kewangan korporat baru syarikat telah Berjaya menaja penyenaian satu Penawaran Awam Awal (IPO) di Bursa Malaysia bagi ACE Market. IPO tersebut telah terlebih langganan sebanyak 21 kali dan berjaya meraih perolehan RM22.5 juta.

Bahagian Hartanah

Dalam sektor hartanah, kegiatan utama Kumpulan ialah pembangunan perbandaran Bandar Springhill oleh West Synergy Sdn Bhd, sebuah syarikat subsidiari usahasama MUI Properties Berhad.

Bandar Springhill dirancang sebagai sebuah perbandaran bersepadu dan sedang dibangunkan di tapak tanah bekas ladang kelapa sawit seluas 1,990 ekar di daerah Port Dickson, yang terletak di antara Bandar Seremban dan Port Dickson. Meskipun terlibat terutamanya dalam pembangunan hartanah, West Synergy turut memperoleh pendapatan daripada pemetikan dan penjualan buah kelapa sawit daripada tanah yang masih belum dibangunkannya.

Bagi tahun kewangan yang sedang dalam tinjauan, West Synergy mencatat pertumbuhan 79.2% dalam hasil pendapatan pembangunan hartanah. Hasilnya, keuntungan sebelum cukai syarikat, yang merangkumi pemetikan buah kelapa sawit, telah



Top: Corus Paradise Resort Port Dickson. Bottom left: Swimming pool, Corus Hotel Kuala Lumpur. Bottom right: Entrance of Corus Paradise Resort.

meningkat 74.7% daripada RM4.6 juta pada tahun 2009 ke tahap RM8.1 juta.

Sumbangan pendapatan daripada pembangunan Bandar Springhill dijangka bertambah meningkat lagi berikutan komitmen oleh UCSI Education Group untuk membina kampus universiti utama di perbandaran ini.

UCSI baru-baru ini telah memulakan pembinaan sebuah hospital pelatih, sebuah hotel resort dan pusat konvensyen bertaraf 5-bintang serta sebuah sekolah antarabangsa residensi di Bandar Springhill.

Hospital 400-katil yang dijangka siap di hujung tahun 2012 (akan dinaiktaraf lagi kepada 1,000 katil) ini bakal membentuk sebahagian daripada Fakulti Sains Perubatan. Sekolah antarabangsa, yang bakal dibina lengkap dengan kolam renang saiz-olimpik ini akan siap menjelang hujung tahun

2011 sementara hotel 319-bilik itu pula dijadualkan siap menjelang hujung tahun 2012.

PROSPEK BAGI TAHUN 2011

Ekonomi sedunia dijangka tumbuh pada kadar lebih sederhana dalam tahun 2011. Sebahagian besar daripada pertumbuhan ini akan terus didorong oleh kegiatan ekonomi yang lebih cergas bagi ekonomi pasaran yang meningkat naik, terutama sekali di rantau Asia.

Sehubungan itu, Malaysia diramal mencatat pertumbuhan antara 5.0% hingga 6.0%, dengan bertatuhkan sekali lagi, permintaan domestik yang kukuh hasil daripada pertumbuhan di sektor swasta, pelaksanaan pelbagai inisiatif utama di bawah Program Transformasi Ekonomi Kerajaan serta permintaan luaran yang berkesinambungan.



Berdasarkan apa yang tertera di atas, Kumpulan dijangka mencatat prestasi yang lebih memberangsangkan bagi pelbagai operasinya.

DIREKTORAT

En. Chan Choung Yau telah meletakkan jawatan sebagai Pengarah Syarikat pada 30 September 2010. Lembaga Pengarah mengambil kesempatan ini untuk merakamkan ucapan terima kasih kepada beliau atas sumbangan beliau kepada Kumpulan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, izinkan saya untuk merakamkan setinggi-tinggi penghargaan kepada

seluruh tenaga kakitangan di atas kesetiaan, dedikasi dan sumbangan mereka. Saya juga ingin berterima kasih kepada para pelanggan, sekutu perniagaan, jurubank dan para pemegang saham di atas sokongan mereka yang berterusan kepada Kumpulan. Kepada rakan-rakan seperjuangan saya dalam Lembaga Pengarah, terimalah ucapan penghargaan tulus ikhlas saya di atas sokongan padu dan pedoman yang diberi kepada Kumpulan.

Kepada TUHAN Kita Bertawakal

Tan Sri Dato' Khoo Kay Peng
Pengerusi

16 Mei 2011

Bandar Springhill, an integrated township in Negeri Sembilan.





主席献词

我榮幸代表董事部同人向各位提呈本公司与集團截至2010年12月31日財務年度的年報及財務表。

經濟評論

世界經濟于2009年經歷了戰後高達0.6%的最嚴重萎縮后，在2010年回彈，取得5.0%的增長率。然而，由於先進經濟體持續的結構弱點和歐元區主權債務危機的緣故，全球經濟復蘇有參差不齊的現象。

另一方面，新興市場經濟體則出現強勁的增長，對全球經濟增長的貢獻超過三分之二。事實上，幾個亞洲國家的經濟創下了十位數的國內總產值增率。

在亞洲國家呈現蓬勃經濟表現的同時，馬來西亞經濟也擺脫了2009年高達1.7%的萎縮，走向復蘇，在2010年取得7.2%的國內總產值增率。

我國經濟各領域的好轉乃是私人界的擴充和政府推行基建項目，帶動內需所致。

財務表現

在檢討中的財務年，集團收入從2009年的9億零800萬令吉增至9億2740萬令吉。集團稅前盈利激增164%，從2009年的2760萬令吉增至7300萬令吉。

集團業績改善，是由于旗下幾個業務部門

的業績提高、出售投資、外匯盈餘，以及過去降值的回轉及回撥所致。

截至2010年12月31日，集團的總資產和股東資金分別共達28億令吉和6億7000萬令吉。

業務評論

集團多元化的業務繼續集中于零售、酒店、食品及糖果業、財務服務及房地產五大核心部門。

集團的業務涵蓋全球，包含亞太地區、英國、歐洲大陸及美國。

零售業

集團的零售部門共包含兩家知名企業集團，即英國的Laura Ashley控股有限公司以及馬來西亞首要零售集團——美羅(Metrojaya)有限公司。

在倫敦證券交易所掛牌的Laura Ashley集團在英國、愛爾蘭及法國擁有、經營223間商店，以及在29個國家設有另外240間加盟店。Laura Ashley廣泛的地理覆蓋區使它成為名副其實的國際品牌。

截至2011年1月29日的財務年，Laura Ashley扣稅前盈餘增加119%，從上一年的1100萬英鎊(6060萬令吉)增至2410萬英鎊(1億2040萬令吉)。這也是該公司連續8年



取得盈餘，使公司得以繼續加強其穩健的資產負債表。

儘管零售業經歷了一個充滿挑戰的年份，Laura Ashley集團的總收入增長6.2% 至2億8500萬英鎊(14億令吉)。集團各產品種類的收入增加，主要是由於集團在英國的商店業績、電子商務及加盟夥伴的表現提升所致。

Laura Ashley(北美洲)是集團聯號Regent公司的獨資子公司。該公司的業務是發出許可權，以在北、南美洲使用Laura Ashley的商標及版權設計。

截至2010年12月31日，該公司的許可權收入比上一年增加5.3%至960萬美元(3100萬令吉)。然而，由於保護知識產權所產生的費用提高，該公司的扣稅前盈利則減少11.5%至400萬美元(1290萬令吉)。

在馬來西亞，美羅經營六間以美羅為商號的百貨商店、一間規模縮小的MJ概念商店及超過90間以Reject Shop、East India Company、Somerset Bay、及Living Quarters等著名品牌的專賣店。美羅集團也在馬來西亞及新加坡經營六間加盟的Laura Ashley 商店。

在檢討中財務年內，美羅的綜合收入減少2.6%，從2009年的4億1440萬令吉降至4億零340萬令吉。收入減少是由於在財務年

內關閉無盈利的分店。然而，集團在谷中城the Curve及沙巴州Suria Sabah的百貨商店的業績提升，使集團的同比營業額增加6.0%。

扣稅前盈餘從2009年的1590萬令吉增至1840萬令吉。盈餘增加的部份原因是財務年內的淨利潤額提高所致。

在全國設有36 間連鎖店的Reject Shop所經營的市場環境競爭日益加劇。不過，儘管如此，該公司繼續取得扣稅前盈餘。

在本財務年內，美羅團隊繼續重新界定旗下所有時尚品牌的品牌識別，以展現更明確、鮮明、特出及一致的形象。通過這項工作所制定的品牌識別指南將使集團的商品銷售規劃人員更能集中品牌方向。

酒店業

本集團擁有和經營設在英國的Corus品牌在英國的10間酒店及在馬來西亞的兩間酒店。

在英國，經濟停滯不前，導致酒店業的行情持續艱巨，尤其是各地方性的酒店業。

此外，本財務年初和年底意想不到的惡劣天氣，造成30年來最大的降雪，波及旅遊業。四月份發生的火山灰席卷歐洲一些國家，幾乎使英國和歐洲部份地區的航空旅



Bandar Springhill - Top: Lake park. Bottom: Affordable bungalow house.

行完全陷入癱瘓，對酒店業造成將近三周的嚴重衝擊。

儘管面對如此嚴峻的營業挑戰，英國酒店集團在2010年保持2540萬英鎊(1億2690萬令吉)的營業額，而上一年是2550萬英鎊(1億4050萬令吉)。另一方面，集團的營業盈餘比上一年增加46.2%，從2009年的320萬英鎊(1760萬令吉)增至470萬英鎊(2350萬令吉)。

集團業績的提升主要是集團的英國旗艦酒店—海德公園Corus酒店的營業成績提高之故。此位於倫敦市中心的高檔產業的營業額在本財務年內增加7.7%至1150萬英鎊(5740萬令吉)；扣稅前盈餘則增加51.3%至340萬英鎊(1700萬令吉)。

在2010年，集團的馬來西亞酒店業務也同樣提升，綜合營業額增加4.5%至4720萬令吉，扣稅前盈餘提高6.2%至1800萬令吉。

吉隆坡Corus酒店的業績持續增長，客房租用率提高2.0%；平均房費也提高5.7%。

扣稅前盈餘增加7.7%，從上一年的1560萬令吉增至1680萬令吉的新高，也是該酒店連續8年保持盈餘的增長。

位於波德申的Corus Paradise度假村的收入略減1.8%，從2009年的1070萬令吉降至2010年的1050萬令吉；扣稅前盈餘也從2009年的130萬令吉略降至2010年的120萬令吉。



食品糖果業

集團的食品及糖果業務由泛馬企業有限公司的子分公司Network食品國際有限公司經營。該公司屬下四間子分公司在馬來西亞、新加坡及香港經營食品糖果業務。

在马来西亚的子分公司——Network食品工業有限公司為Network食品集團製造各種名牌巧克力和糖果產品，如Tudor Gold、Crispy、Tango、Kandos 及Kiddies。該公司也為其他本地及外國公司製造私有標籤的產品。

Network食品集團的行銷及經銷業務分別由以下三間子分公司進行，即—Network Foods (馬來西亞) 有限公司、新加坡的Network食品經銷有限公司及Network食品(香港)有限公司。

在本財務年內, Network食品工業取得總收入5040萬令吉，較上一年增加6.2%。此收入的增加主要是私有標籤產品業務的需求日益提高之故。

然而，儘管營業額提高，該公司的盈餘降低，從2009年的320萬令吉減至100萬令

Some of the rebranded products by Network Foods Group





吉。盈餘減少是由於國內銷量較預期中低，以及糖、可可粉及其他原料的價格上漲的緣故。

Network食品馬來西亞的收入微升1.1%，從2009年的3290萬令吉增至3330萬令吉。不過由於在本財務年內，公司旗下全部主要品牌進行再品牌化，以致營銷開銷提高，導致公司的扣稅前虧損從去年的430萬令吉增至590萬令吉。

在本財務年內，Network食品經銷進行積極投資，使其Tudor Gold和Crispy品牌進軍新加坡市場。可惜該公司推出的佳節配套的退貨量比預期中高，導致收入減少和虧損增加。因此，該公司本財務年內的收入減少34%至140萬新元(330萬令吉)，以及承擔小額虧損。

至於Network食品香港則由於市場對Network食品集團的本身品牌和私有標籤產品的需求日益增加，再次獲得盈餘。該公司的營業額增至2330萬港元(970萬令吉)，盈餘上升10.0%。該公司的Tudor Gold和Tango品牌成功進軍華南的選定主要市場，為該公司提供未來成長的平臺。

在本財務年內，Network食品集團繼續進行再品牌化計劃，提升集團品牌的定位。此計劃包括產品改良、口味提升、及更引人注目的包裝。集團預料利用再品牌化的勢頭，增加今年的銷售量。

財務服務

集團旗下的財務服務包括由馬聯大洲保險有限公司經營的保險業務和PM證券有限公司經營的全方位證券經紀業務。

集團持有52.21%股權的子公司馬聯大洲保險有限公司在全馬各地設有13間分行，提供全方位的普通保險產品，包括火險、水險、保健險、工程險、車險、責任險及其他類別的保險。

在截至2010年12月31日財務年內，馬聯大洲保險的毛額保費收入增加13.2%，從2009年的2億1460萬令吉增至2億4300萬令吉。保費收入的增加是由於本財務年內的經濟情況改善之故。

基於風險框架要求更高的儲備分配額，以致該公司的扣稅前盈利從2009年的3650萬令吉降至3110萬令吉。

為了繼續維持盈餘，該公司也採納慎重的承保作法，以及繼續遵守財務紀律。

泛馬資本有限公司子公司PM證券有限公司持有全方位證券經紀執照。該公司除了證券經紀業務以外，也能夠提供與投資銀行一樣的其他財務及企業顧問服務。

該公司通過設在吉隆坡、芙蓉、蒲種、檳城、新山、馬六甲、巴生、峇株巴轄的八



間辦事處網絡以及在日叻務的一所電子使用設施，提供證券經紀服務。

在本財務年大部份期間，投資者對股市裹足不前，以致該公司的零售交易減少，公司收入下滑。2010年的總收入從2009年的2610萬令吉降至2200萬令吉。

在本財務年內，PM證券獲得名列Asia Money 2010年經紀調查的10大“整體最佳本地經紀行”殊榮。此外，該公司在“小資本”和“食品及飲料”組別的研究工作也獲得表揚，被評選為“整體國家研究”方面的20大研究機構之一。

該公司新的企業金融團隊成功贊助亞洲媒體集團有限公司首次公開發行新股和在馬來西亞證券公司的創業板上市。亞洲媒體集團首次公開發行新股認購超額21倍，籌集資金2250萬令吉。

房地產

在房地產業務上，集團的主要房地產項目是由馬聯置業有限公司的合資子公司West Synergy私人有限公司開發的《春泉鎮》新鎮項目。

春泉鎮是個綜合新鎮，位於森美蘭州芙蓉和波德申之間的波德申縣面積約1,990畝的油棕源土地上。雖然West Synergy 主要從事房地產發展，公司也從尚未發展的土地上收割和銷售棕果，賺取收入。

在檢討中的財務年內，West Synergy的房地產發展收入躍升79.2%，以致公司的扣稅前盈餘（包括棕果收成收入）增加74.7%，從2009年的460萬令吉至810萬令吉。

隨著思特雅國際大學學院(UCSI)教育集團承諾在春泉鎮設立其主要大學校園后，預料春泉鎮發展對本集團的貢獻將進一步增加。

UCSI最近開始在春泉建造一所教學醫院、一座5 星級酒店度假村和會議中心及寄宿國際學校的工程。

預期2012年底落成的上述400張床醫院（最終將增加到1,000張床）將成為UCSI醫學系的一部份；而預料2011年竣工的該國際學校將設有一個奧運泳池；設有319個客房的酒店預訂2012年完成。

2011年展望

預料世界經濟在2011年的增長速度將比較緩和；而且大部份的增長將由經濟活動蓬勃的新興市場經濟體所貢獻，尤其是亞洲的新興經濟體。

因此，在私人界的成長和政府根據經濟轉型計劃而落實的關鍵性項目的推波助瀾下，導致強大的內需，以及持續的外需扶持下，馬來西亞經濟預測增長將達到5.0%和6.0%之間。



PM Securities in Menara PMI, Kuala Lumpur

鑒此，集團預期旗下各業務的表現將會提高。

董事部

Chan Choung Yau先生于2010年9月30日辭職。董事部借此機會感謝他對集團的貢獻。

致谢

我谨代表董事部同人，对集团全体员工的贡献、付出及忠于职守，致予诚恳的谢忱。同時也要谢谢全体忠诚的股东、银行界及同业的持续支持和信任。我也由衷

感谢董事部的同事给予我的鼎力支持和賜教。

榮耀歸於主

丹斯里拿督邱继炳

主席

吉隆坡

2011年5月16日



ANALYSIS OF SHAREHOLDINGS

As at 3 May 2011

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 | 9.83 | 188,597,260 | 9.29 |
| 2. KKP Holdings Sdn Bhd | - | - | 981,695,927 | 48.36 |
| 3. Soo Lay Holdings Sdn Bhd | - | - | 981,695,927 | 48.36 |
| 4. Tan Sri Dato' Khoo Kay Peng | - | - | 981,695,927 | 48.36 |
| 5. Cherubim Investment (HK) Limited | 295,378,331 | 14.55 | - | - |
| 6. Norcross Limited | 298,230,336 | 14.69 | - | - |
| 7. Hope Foundation | - | - | 388,087,260 | 19.12 |

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> |
| <i>Ordinary shares of RM1 each in Malayan United Industries Berhad</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | - | - | 981,695,927 | 48.36 |
| Tan Sri Dato' Paduka Dr Mazlan bin Ahmad | 100,000 | negligible | - | - |
| <i>Ordinary shares of 20 sen each in MUI Properties Berhad</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | - | - | 550,862,661 | 74.35 |
| Dr Ngui Chon Hee | 30,000 | negligible | 84,000 | 0.01 |
| <i>Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | - | - | 428,544,500 | 60.48 |
| <i>Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | - | - | 643,330,487 | 69.26 |
| <i>Ordinary shares of RM1 each in MUI Continental Insurance Berhad</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | - | - | 52,226,568 | 52.21 |
| <i>Ordinary shares of RM1 each in Metrojaya Berhad</i> | | | | |
| Tan Sri Dato' Khoo Kay Peng | - | - | 118,073,133 | 94.52 |



Distribution of Shareholders

| <i>Holdings</i> | <i>No. of Holders</i> | <i>%</i> | <i>No. of Shares</i> | <i>%</i> |
|--|-----------------------|----------|----------------------|----------|
| Less than 100 shares | 134 | 0.32 | 4,054 | 0.00 |
| 100 - 1,000 shares | 5,547 | 13.32 | 5,365,520 | 0.26 |
| 1,001 - 10,000 shares | 25,054 | 60.14 | 118,651,501 | 5.85 |
| 10,001 - 100,000 shares | 9,659 | 23.19 | 318,878,947 | 15.71 |
| 100,001 to less than 5% of issued shares | 1,259 | 3.02 | 793,774,315 | 39.11 |
| 5% and above of issued shares | 3 | 0.01 | 793,098,667 | 39.07 |
| Total | 41,656 | 100.00 | 2,029,773,004 | 100.00 |

Thirty (30) Largest Registered Shareholders

| <i>Name</i> | <i>No. of Shares</i> | <i>%</i> |
|--|----------------------|----------|
| 1. Norcross Limited | 298,230,336 | 14.69 |
| 2. Cherubim Investment (HK) Limited | 295,378,331 | 14.55 |
| 3. Pan Malaysian Industries Berhad | 199,490,000 | 9.83 |
| 4. Plenary Investments Pte Ltd | 67,038,800 | 3.30 |
| 5. Rigap Prima Sdn Bhd | 46,000,000 | 2.27 |
| 6. Peak Meadow Sdn Bhd | 45,847,100 | 2.26 |
| 7. Good Proffer Sdn Bhd | 34,940,000 | 1.72 |
| 8. Nada Saujana Sdn Bhd | 22,830,000 | 1.12 |
| 9. Kiwiton Sdn Bhd | 20,000,000 | 0.99 |
| 10. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Liew Jun Kuan | 19,000,000 | 0.94 |
| 11. Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited | 12,542,868 | 0.62 |
| 12. Ambank (M) Berhad - Securities Account for Fang Kok Leong @ Phang Soon Fook | 12,000,000 | 0.59 |
| 13. Siew Kim Hin | 11,000,000 | 0.54 |
| 14. Scopebright (M) Sdn Bhd | 8,908,160 | 0.44 |
| 15. Wong Mun Yoong | 7,500,000 | 0.37 |
| 16. True Benefits Sdn Bhd | 7,432,000 | 0.37 |
| 17. CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd | 7,185,419 | 0.35 |
| 18. HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 6,758,633 | 0.33 |
| 19. Wilayah Beauty Gems Sdn Bhd | 6,500,000 | 0.32 |
| 20. Kenanga Nominees (Tempatan) Sdn Bhd - Securities Account for Kong Sii Ming @ Kong Chak Ming | 6,350,000 | 0.31 |
| 21. Kenanga Nominees (Tempatan) Sdn Bhd - Securities Account for Liew Jun Kuan | 5,972,800 | 0.29 |
| 22. Citigroup Nominees (Tempatan) Sdn Bhd - UBS AG Singapore for Pamela Ling Yueh | 5,325,000 | 0.26 |
| 23. Cheah Wei Teik | 5,200,000 | 0.26 |



ANALYSIS OF SHAREHOLDINGS (Cont'd)

| | | | |
|-----|---|----------------------|--------------|
| 24. | Public Invest Nominees (Tempatan) Sdn Bhd | 5,000,000 | 0.25 |
| | - Securities Account for Lam Kong Tang | | |
| 25. | OSK Nominees (Asing) Sdn Berhad | 4,674,000 | 0.23 |
| | - Kim Eng Securities Pte Ltd for Glen Holdings (Pte) Ltd | | |
| 26. | Permodalan Nasional Berhad | 4,000,000 | 0.20 |
| 27. | Yew Weng Wah | 4,000,000 | 0.20 |
| 28. | UOBM Nominees (Asing) Sdn Bhd | 3,680,011 | 0.18 |
| | - Banque De Luxembourg for Reyl (LUX) Global Funds Emerging Market Equities | | |
| 29. | PM Nominees (Asing) Sdn Bhd | 3,620,500 | 0.18 |
| | - Lippo Securities Limited for Noble Faith Foundation Inc | | |
| 30. | Saw Han Min | 3,500,000 | 0.17 |
| | Total | <u>1,179,903,958</u> | <u>58.13</u> |



ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS HOLDINGS

As at 3 May 2011

- Class of Securities : Class A1, 8-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS")
- Nominal value of ICULS issued and outstanding : RM354,420,804
- 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*

| | Direct Interest | | Deemed Interest | |
|-----------------------------|--|------------|--|----------|
| | Nominal value of ICULS (RM) | % | Nominal value of ICULS (RM) | % |
| Tan Sri Dato' Khoo Kay Peng | - | - | 173,429,917 | 48.93 |
| Dr Ngui Chon Hee | 13,013 | negligible | 36,436 | 0.01 |

Distribution of Class A1 ICULS Holdings

| Holdings | No. of Holders | | Nominal value of ICULS (RM) | |
|---|-----------------------|----------|--|----------|
| | | % | | % |
| Less than 100 | 2,995 | 21.35 | 82,795 | 0.02 |
| 100 - 1,000 | 3,182 | 22.68 | 2,077,727 | 0.59 |
| 1,001 - 10,000 | 6,500 | 46.33 | 22,006,962 | 6.21 |
| 10,001 - 100,000 | 1,220 | 8.70 | 31,540,321 | 8.90 |
| 100,001 to less than 5% of issued ICULS | 132 | 0.94 | 100,479,017 | 28.35 |
| 5% and above of issued ICULS | 2 | 0.01 | 198,233,982 | 55.93 |
| Total | 14,031 | 100.00 | 354,420,804 | 100.00 |



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

As at 3 May 2011

Thirty (30) Largest Registered Class A1 ICULS Holders

| <i>Name</i> | <i>Nominal value of ICULS (RM)</i> | <i>%</i> |
|--|--|----------|
| 1. Bonham Industries Limited | 144,647,000 | 40.81 |
| 2. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera | 53,586,982 | 15.12 |
| 3. Pan Malaysia Corporation Berhad | 11,008,550 | 3.11 |
| 4. Mayban Securities Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 9,440,440 | 2.66 |
| 5. HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 6,879,415 | 1.94 |
| 6. PM Nominees (Asing) Sdn Bhd - Lippo Securities Limited for Noble Faith Foundation Inc | 6,498,004 | 1.83 |
| 7. Apprex (M) Sdn Bhd | 5,953,983 | 1.68 |
| 8. Bahtera Muhibbah Sdn Bhd | 3,983,212 | 1.12 |
| 9. Chua Ah Moi @ Chua Sai Peng | 3,847,939 | 1.09 |
| 10. MUI Properties Berhad | 3,783,671 | 1.07 |
| 11. Kim Hin Joo Private Limited | 3,157,415 | 0.89 |
| 12. Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited | 2,715,893 | 0.77 |
| 13. Teo Kwee Hock | 2,606,400 | 0.74 |
| 14. United Pace Sdn Bhd | 2,535,311 | 0.72 |
| 15. Jagjit Singh A/L G S Sambhi | 2,209,600 | 0.62 |
| 16. Lim Kian Siong | 1,775,396 | 0.50 |
| 17. Jomuda Sdn Bhd | 1,518,190 | 0.43 |
| 18. JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Teo Siew Lai | 1,389,200 | 0.39 |
| 19. Zulkifli bin Hussain | 1,268,618 | 0.36 |
| 20. Shoptra Jaya (M) Sdn Bhd | 1,232,273 | 0.35 |
| 21. Lee Yu Yong @ Lee Yuen Ying | 1,033,963 | 0.29 |
| 22. Lim Choon Cheng | 1,015,219 | 0.29 |
| 23. Lee Teck Hao | 1,001,900 | 0.28 |
| 24. Youn-Yeaw & Brothers Sdn Bhd | 1,000,000 | 0.28 |
| 25. CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd | 879,765 | 0.25 |
| 26. Zulkifli bin Hussain | 854,731 | 0.24 |
| 27. Zainab bt Abdul Razak | 756,492 | 0.21 |
| 28. Bank Kerjasama Rakyat Malaysia Berhad - Securities Account for Yayasan Islam Negeri Kedah | 678,536 | 0.19 |
| 29. Cheah See Han | 670,400 | 0.19 |
| 30. Su Ming Keat | 650,600 | 0.18 |
| Total | 278,579,098 | 78.60 |



As at 3 May 2011

- 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

| | Direct Interest | | Deemed Interest | |
|-----------------------------|------------------------------------|------------|------------------------------------|----------|
| | Nominal value of ICULS (RM) | % | Nominal value of ICULS (RM) | % |
| Tan Sri Dato' Khoo Kay Peng | - | - | 215,172,917 | 48.50 |
| Dr Ngui Chon Hee | 13,013 | negligible | 36,436 | 0.01 |

Distribution of Class A2 ICULS Holdings

| Holdings | No. of Holders | % | Nominal value of ICULS (RM) | % |
|---|-----------------------|---------------|------------------------------------|---------------|
| Less than 100 | 2,954 | 20.11 | 81,919 | 0.02 |
| 100 - 1,000 | 3,241 | 22.06 | 2,118,767 | 0.48 |
| 1,001 - 10,000 | 6,874 | 46.79 | 23,450,403 | 5.29 |
| 10,001 - 100,000 | 1,433 | 9.75 | 38,021,301 | 8.57 |
| 100,001 to less than 5% of issued ICULS | 187 | 1.27 | 139,800,658 | 31.51 |
| 5% and above of issued ICULS | 2 | 0.01 | 240,188,982 | 54.14 |
| Total | 14,691 | 100.00 | 443,662,030 | 100.00 |



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

As at 3 May 2011

Thirty (30) Largest Registered Class A2 ICULS Holders

| <i>Name</i> | <i>Nominal value of ICULS (RM)</i> | <i>%</i> |
|--|--|----------|
| 1. Bonham Industries Limited | 186,390,000 | 42.01 |
| 2. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera | 53,798,982 | 12.13 |
| 3. Mayban Securities Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 14,788,082 | 3.33 |
| 4. HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 12,471,024 | 2.81 |
| 5. Pan Malaysia Corporation Berhad | 11,008,550 | 2.48 |
| 6. PM Nominees (Asing) Sdn Bhd - Lippo Securities Limited for Noble Faith Foundation Inc | 6,355,404 | 1.43 |
| 7. Apprex (M) Sdn Bhd | 5,953,983 | 1.34 |
| 8. Teo Kwee Hock | 5,376,500 | 1.21 |
| 9. Bahtera Muhibbah Sdn Bhd | 3,983,212 | 0.90 |
| 10. Chua Ah Moi @ Chua Sai Peng | 3,847,939 | 0.87 |
| 11. MUI Properties Berhad | 3,783,671 | 0.85 |
| 12. Lee Yu Yong @ Lee Yuen Ying | 3,294,963 | 0.74 |
| 13. Kim Hin Joo Private Limited | 3,157,415 | 0.71 |
| 14. Lim Kian Siong | 2,825,396 | 0.64 |
| 15. Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited | 2,711,562 | 0.61 |
| 16. United Pace Sdn Bhd | 2,535,311 | 0.57 |
| 17. Lee Hong Choon & Sons Sdn Bhd | 2,000,000 | 0.45 |
| 18. Wong Soo Chai @ Wong Chick Wai | 1,807,100 | 0.41 |
| 19. Youn-Wen & Brothers Sdn Bhd | 1,700,000 | 0.38 |
| 20. Onn Ping Lan | 1,679,900 | 0.38 |
| 21. Shoptra Jaya (M) Sdn Bhd | 1,542,173 | 0.35 |
| 22. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund | 1,526,067 | 0.34 |
| 23. Jomuda Sdn Bhd | 1,518,190 | 0.34 |
| 24. Zulkifli bin Hussain | 1,268,618 | 0.29 |
| 25. JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Teo Siew Lai | 1,265,300 | 0.29 |
| 26. CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd | 1,240,602 | 0.28 |
| 27. Mah Siew Seong | 1,077,099 | 0.24 |
| 28. Zulkifli bin Hussain | 1,060,431 | 0.24 |
| 29. Lim Choon Cheng | 1,015,219 | 0.23 |
| 30. Ong Hock Siong (Benny Ong Hock Siong) | 1,000,000 | 0.23 |
| Total | 341,982,693 | 77.08 |



As at 3 May 2011

- Class of Securities : Class A3, 2½-year Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)
- Nominal value of ICULS issued and outstanding : RM104,705,354
- 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 A3 ICULS holders may exercise their rights to convert their ICULS into new ordinary shares in the Company at any time during the six (6) months upon the expiry of two (2) years 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 A3 ICULS
as per Register of Directors’ Shareholdings

| | Direct Interest | | Deemed Interest | |
|-----------------------------|------------------------------------|------------|------------------------------------|----------|
| | Nominal value of ICULS (RM) | % | Nominal value of ICULS (RM) | % |
| Tan Sri Dato’ Khoo Kay Peng | - | - | 50,990,825 | 48.70 |
| Dr Ngui Chon Hee | 3,414 | negligible | 9,560 | 0.01 |

Distribution of Class A3 ICULS Holdings

| Holdings | No. of Holders | | Nominal value of ICULS (RM) | |
|---|-----------------------|----------|------------------------------------|----------|
| | | % | | % |
| Less than 100 | 2,091 | 14.99 | 39,389 | 0.04 |
| 100 - 1,000 | 8,202 | 58.80 | 3,459,973 | 3.30 |
| 1,001 - 10,000 | 3,242 | 23.24 | 8,995,967 | 8.59 |
| 10,001 - 100,000 | 369 | 2.65 | 9,499,677 | 9.07 |
| 100,001 to less than 5% of issued ICULS | 42 | 0.30 | 27,260,196 | 26.04 |
| 5% and above of issued ICULS | 2 | 0.01 | 55,450,152 | 52.96 |
| Total | 13,948 | 100.00 | 104,705,354 | 100.00 |



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

As at 3 May 2011

Thirty (30) Largest Registered Class A3 ICULS Holders

| <i>Name</i> | <i>Nominal value of ICULS (RM)</i> | <i>%</i> |
|---|--|----------|
| 1. Bonham Industries Limited | 43,437,285 | 41.49 |
| 2. Mayban Securities Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 12,012,867 | 11.47 |
| 3. HLG Nominee (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd | 4,140,867 | 3.95 |
| 4. Pan Malaysia Corporation Berhad | 2,888,990 | 2.76 |
| 5. JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Teo Siew Lai | 2,200,000 | 2.10 |
| 6. Teo Kwee Hock | 1,913,004 | 1.83 |
| 7. PM Nominees (Asing) Sdn Bhd - Lippo Securities Limited for Noble Faith Foundation Inc | 1,686,569 | 1.61 |
| 8. Appreplex (M) Sdn Bhd | 1,562,512 | 1.49 |
| 9. Bahtera Muhibbah Sdn Bhd | 1,045,320 | 1.00 |
| 10. Chua Ah Moi @ Chua Sai Peng | 1,009,820 | 0.96 |
| 11. MUI Properties Berhad | 992,954 | 0.95 |
| 12. Kim Hin Joo Private Limited | 828,604 | 0.79 |
| 13. Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited | 704,376 | 0.67 |
| 14. United Pace Sdn Bhd | 665,344 | 0.64 |
| 15. Lim Kian Siong | 603,696 | 0.58 |
| 16. Public Nominees (Tempatan) Sdn Bhd - Securities Account for Beh Lee Fong | 578,649 | 0.55 |
| 17. Lee Yu Yong @ Lee Yuen Ying | 568,023 | 0.54 |
| 18. Ng Hoon Ho | 402,707 | 0.38 |
| 19. Jomuda Sdn Bhd | 398,420 | 0.38 |
| 20. Sim Wee Yong | 366,800 | 0.35 |
| 21. Shoptra Jaya (M) Sdn Bhd | 364,050 | 0.35 |
| 22. Zulkifli bin Hussain | 332,924 | 0.32 |
| 23. Jagjit Singh A/L G S Sambhi | 289,934 | 0.28 |
| 24. CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd | 287,802 | 0.27 |
| 25. Lim Choon Cheng | 266,424 | 0.25 |
| 26. Lee Hong Choon & Sons Sdn Bhd | 262,431 | 0.25 |
| 27. Zulkifli bin Hussain | 251,299 | 0.24 |
| 28. Wong Soo Chai @ Wong Chick Wai | 237,736 | 0.23 |
| 29. Youn-Wen & Brothers Sdn Bhd | 229,626 | 0.22 |
| 30. Youn-Yeaw & Brothers Sdn Bhd | 223,066 | 0.21 |
| Total | 80,752,099 | 77.12 |



GROUP FINANCIAL HIGHLIGHTS FIVE-YEAR SUMMARY

| As at 31 December | 2010 RM'000 | 2009 RM'000 (Restated) | 2008 RM'000 (Restated) | 2007 RM'000 | 2006 RM'000 |
|---|----------------|------------------------------|------------------------------|----------------|----------------|
| ASSETS | | | | | |
| Property, Plant & Equipment and Land | | | | | |
| Held for Property Development | 707,494 | 546,208 | 753,755 | 899,234 | 866,505 |
| Investment Properties | 103,599 | 96,325 | 99,270 | 101,613 | 32,441 |
| Prepaid Land Lease Payments | - | - | - | 29,948 | 15,967 |
| Associates and Investments | 509,528 | 534,345 | 493,816 | 585,390 | 598,769 |
| Intangibles & Goodwill | 220,896 | 225,996 | 223,648 | 218,155 | 79,307 |
| Deferred Tax Assets | 735 | 2,547 | 4,410 | 4,603 | 4,779 |
| Other Receivable | 54,334 | - | - | - | - |
| Current Assets | 1,182,486 | 1,256,112 | 1,410,469 | 1,285,537 | 1,190,071 |
| Non-Current Assets Held for Sale | - | 256,702 | 42,560 | 43,377 | 145,647 |
| Total Assets | 2,779,072 | 2,918,235 | 3,027,928 | 3,167,857 | 2,933,486 |
| EQUITY AND LIABILITIES | | | | | |
| Share Capital | 2,029,773 | 1,940,532 | 1,940,532 | 1,940,532 | 1,940,532 |
| ICULS * | 799,066 | 736,479 | 736,479 | 736,479 | 736,479 |
| Reserves | (2,158,808) | (1,986,152) | (2,013,118) | (1,855,864) | (1,825,278) |
| | 670,031 | 690,859 | 663,893 | 821,147 | 851,733 |
| Minority Interests | 304,557 | 296,176 | 276,299 | 301,314 | 279,844 |
| Total Equity | 974,588 | 987,035 | 940,192 | 1,122,461 | 1,131,577 |
| Non-Current Liabilities | 662,993 | 784,977 | 708,056 | 793,121 | 494,359 |
| Current Liabilities | 1,141,491 | 1,146,223 | 1,379,680 | 1,252,275 | 1,307,550 |
| Total Equity and Liabilities | 2,779,072 | 2,918,235 | 3,027,928 | 3,167,857 | 2,933,486 |
| Financial year ended 31 December | | | | | |
| | 2010 RM'000 | 2009 RM'000 | 2008 RM'000 | 2007 RM'000 | 2006 RM'000 |
| Revenue | 927,377 | 908,011 | 953,069 | 778,241 # | 743,962 # |
| Profit from Operations before | | | | | |
| Exceptional Items | 73,455 | 62,603 | 68,300 | 85,716 | 44,889 |
| Exceptional items | 18,966 + | (6,855) + | (50,054) + | (1,838) + | (178,664) + |
| Profit/(Loss) Before Taxation | 72,991 | 27,621 | (71,884) | 28,763 # | (246,694) # |
| Profit/(Loss) for the Financial Year | 49,786 | 22,713 | (87,424) | 26,064 | (237,236) |
| Profit/(Loss) Attributable to | | | | | |
| Owners of the Parent | 35,759 | 3,389 | (74,142) | 10,356 | (217,883) |

* ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks and Class A3, 2 1/2-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

+ Include the recognition of impairment of assets in compliance with FRS 136 "Impairment of Assets".

Include discontinued operation disclosed separately in income statement.

In the above summary, 2006 to 2010 figures reflect the results and state of affairs of the Group reported in accordance with FRSs effective/relevant in the respective financial year. It is not practicable to restate previous years figures according to the new FRSs except for 2008 and 2009.



DIRECTORS' REPORT

The Directors present herewith their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal Activities

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

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

Financial Results

| | <i>Group RM'000</i> | <i>Company RM'000</i> |
|-------------------------------|-------------------------|---------------------------|
| Profit before taxation | 72,991 | 13,504 |
| Taxation | (23,205) | (1,317) |
| Profit for the financial year | <u>49,786</u> | <u>12,187</u> |
| Attributable to:- | | |
| Owners of the parent | 35,759 | 12,187 |
| Minority interest | 14,027 | - |
| | <u>49,786</u> | <u>12,187</u> |

Reserves And Provisions

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

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 2010.

Option Granted Over Unissued Shares

No option were granted to any person to take up unissued shares of the Company during the financial year.

Issue of Shares And Debentures

During the financial year, the Company has issued: -

- 89,241,226 ordinary shares of RM1.00 each arising from the conversion of the Class A1, 8-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS") which were exercised by the holders of the Class A1 ICULS; and
- Class A3 ICULS with nominal value totalling RM104,705,354 as compensation on the outstanding unconverted Class A1 ICULS and Class A2 ICULS as at 30 June 2010.

The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

There were no issues of debentures during the financial year.



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)

Dr Ngui Chon Hee

Dato' Paduka Nik Hashim Nik Yusoff

Khet Kok Yin

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Dato' Dr Tan Kee Kwong

Andrew Khoo Boo Yeow

Chan Choung Yau (Resigned on 30 September 2010)

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 1.1.2010</i> | <i>Bought</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | 978,624,927 | 33,199,800 | (37,500,000) |
| Tan Sri Dato' Paduka Dr Mazlan bin Ahmad Direct | 100,000 | - | - |

Ordinary shares of 20 sen each in MUI Properties Berhad

| | <i>Number of shares</i> | | |
|---------------------------------------|--------------------------------|---------------|-------------|
| | <i>Balance at 1.1.2010</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 1.1.2010</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 1.1.2010</i> | <i>Bought</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | 643,330,487 | - | - |

Ordinary shares of RM1 each in MUI Continental Insurance Berhad

| | <i>Number of shares</i> | | |
|---------------------------------------|--------------------------------|---------------|-------------|
| | <i>Balance at 1.1.2010</i> | <i>Bought</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | 52,226,568 | - | - |



DIRECTORS' REPORT (Cont'd)

Directors (Cont'd)

Ordinary shares of RM1 each in Metrojaya Berhad

| | <i>Number of shares</i> | | |
|---------------------------------------|----------------------------|---------------|-------------|
| | <i>Balance at 1.1.2010</i> | <i>Bought</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | 118,073,133 | - | - |

118,073,133

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

| | <i>Nominal value (RM)</i> | | |
|---------------------------------------|----------------------------|---------------|-------------|
| | <i>Balance at 1.1.2010</i> | <i>Bought</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | 173,429,917 | - | - |
| Dr Ngui Chon Hee Direct | 13,013 | - | - |
| Indirect | 36,436 | - | - |

173,429,917

13,013

36,436

Class A2 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad

| | <i>Nominal value (RM)</i> | | |
|---------------------------------------|----------------------------|---------------|-------------|
| | <i>Balance at 1.1.2010</i> | <i>Bought</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | 215,172,917 | - | - |
| Dr Ngui Chon Hee Direct | 13,013 | - | - |
| Indirect | 36,436 | - | - |

215,172,917

13,013

36,436

Class A3 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad

| | <i>Nominal value (RM)</i> | | |
|---------------------------------------|----------------------------|-----------------|-------------|
| | <i>Balance at 1.1.2010</i> | <i>Received</i> | <i>Sold</i> |
| Tan Sri Dato' Khoo Kay Peng Deemed | - | 50,990,825# | - |
| Dr Ngui Chon Hee Direct | - | 3,414# | - |
| Indirect | - | 9,560# | - |

50,990,825

3,414

9,560

Received as an entitlement in respect of the unconverted Class A1 ICULS and Class A2 ICULS held as at 30 June 2010.

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 subsidiaries of the Company to the extent that the Company has an interest.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those 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 financial 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, Class A2 and Class A3 ICULS of the Company as disclosed above.



Other Statutory Information

- (a) In the opinion of the Directors: -
- (i) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 7 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 Group or of the Company 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 Group or of the Company to meet their obligations as and when they fall due.
- (b) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company 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 provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company 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 Group and of the Company misleading or inappropriate.
- (e) At the date of this report there does not exist: -
- (i) any charge on the assets of the Group or of the Company 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 Group or of the Company 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 Group or of the Company which would render any amount stated in the financial statements misleading.

Auditors

The auditors, BDO, 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

Dr Ngui Chon Hee

25 April 2011



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

STATEMENT BY DIRECTORS

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

We, Dato' Paduka Nik Hashim Nik Yusoff and Dr Ngui Chon Hee, 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 63 to 152 are drawn up in accordance with the applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 25(c) to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

Dato' Paduka Nik Hashim Nik Yusoff

Dr Ngui Chon Hee

25 April 2011

STATUTORY DECLARATION

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

I, Chan Kok Kee, the Officer primarily responsible for the financial management of Malayan United Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 152 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 Chan Kok Kee at Kuala Lumpur in the Federal Territory on 25 April 2011.

Chan Kok Kee

Before me

Robert Lim Hock Kee
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

To the members of Malayan United Industries Berhad

Report on the Financial Statements

We have audited the financial statements of Malayan United Industries Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 63 to 152.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

INDEPENDENT AUDITORS' REPORT (Cont'd)

To the members of Malayan United Industries Berhad

Report on Other Legal and Regulatory Requirements (Cont'd)

- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in page 144 to 152 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 25(c) to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

Kuala Lumpur
25 April 2011

Lim Seng Siew
2894/08/11 (J)
Chartered Accountant



INCOME STATEMENTS

For the financial year ended 31 December 2010

| | <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|--|-------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> |
| Revenue | 6 | 927,377 | 908,011 | 7,295 | 5,191 |
| Cost of sales | | (666,605) | (651,210) | - | - |
| Gross profit | | 260,772 | 256,801 | 7,295 | 5,191 |
| Other income | | 23,692 | 22,189 | - | - |
| Distribution costs | | (18,527) | (20,990) | - | - |
| Administrative expenses | | (84,110) | (84,880) | (2,397) | (1,340) |
| Other expenses | | (108,372) | (110,517) | - | - |
| Profit from operations before exceptional items | | 73,455 | 62,603 | 4,898 | 3,851 |
| Exceptional items | 7 | 18,966 | (6,855) | 9,841 | 3,274 |
| Profit from operations after exceptional items | | 92,421 | 55,748 | 14,739 | 7,125 |
| Finance costs | | (58,713) | (59,430) | (1,235) | (1,184) |
| Share of results of associates | | 39,283 | 31,303 | - | - |
| Profit before taxation | 8 | 72,991 | 27,621 | 13,504 | 5,941 |
| Taxation | 9 | (23,205) | (4,908) | (1,317) | 10,536 |
| Profit for the financial year | | 49,786 | 22,713 | 12,187 | 16,477 |
| Attributable to: - | | | | | |
| Owners of the Parent | | 35,759 | 3,389 | 12,187 | 16,477 |
| Minority interest | | 14,027 | 19,324 | - | - |
| | | 49,786 | 22,713 | 12,187 | 16,477 |
| Earnings Per Share attributable to owners of the Parent: - | | | | | |
| | | <i>Sen</i> | <i>Sen</i> | | |
| Basic | 10 | 1.77 | 0.17 | | |
| Diluted | 10 | 1.22 | 0.12 | | |

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



STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

| <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|--|------------------------------|----------------|------------------------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Profit for the financial year | 49,786 | 22,713 | 12,187 | 16,477 |
| Other comprehensive (loss)/income, net of tax: | | | | |
| Foreign currency translation differences | (74,174) | 30,249 | - | - |
| Fair value gains on available-for-sale investments | 6,913 | - | - | - |
| Share of other comprehensive (loss)/income of associates | (3,787) | 570 | - | - |
| Other comprehensive (loss)/income for the financial year | (71,048) | 30,819 | - | - |
| Total comprehensive (loss)/income for the financial year | (21,262) | 53,532 | 12,187 | 16,477 |
| Total comprehensive (loss)/income attributable to: - | | | | |
| Owners of the Parent | (34,182) | 29,281 | 12,187 | 16,477 |
| Minority interest | 12,920 | 24,251 | - | - |
| Total comprehensive (loss)/income for the financial year | (21,262) | 53,532 | 12,187 | 16,477 |

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



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

| | | Group | | Company | |
|--|-------------|------------------|-------------------|------------------|------------------|
| | Note | 2010 | 2009 | 2010 | 2009 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | <i>(Restated)</i> | | |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 11 | 672,231 | 510,945 | - | - |
| Investment properties | 12 | 103,599 | 96,325 | - | - |
| Subsidiaries | 13 | - | - | 734,948 | 773,488 |
| Associates | 14 | 429,862 | 483,809 | - | - |
| Other investments | 15 | 79,666 | 50,536 | - | - |
| Land held for property development | 16 | 35,263 | 35,263 | - | - |
| Goodwill on consolidation | 17 | 220,896 | 225,996 | - | - |
| Deferred tax assets | 28 | 735 | 2,547 | - | - |
| Other receivable | 19 | 54,334 | - | - | - |
| | | 1,596,586 | 1,405,421 | 734,948 | 773,488 |
| CURRENT ASSETS | | | | | |
| Property development costs | 16 | 75,264 | 76,555 | - | - |
| Inventories | 18 | 104,461 | 102,744 | - | - |
| Trade and other receivables | 19 | 218,919 | 327,817 | 1,420,534 | 1,370,944 |
| Reinsurance assets | 31 | 184,458 | 159,014 | - | - |
| Held-to-maturity investments | 20 | 40,134 | 45,024 | - | - |
| Other investments | 15 | 50,162 | 59,589 | - | - |
| Current tax assets | | 2,545 | 1,851 | - | - |
| Deposits, bank balances and cash | 21 | 506,543 | 483,518 | 49 | 49 |
| | | 1,182,486 | 1,256,112 | 1,420,583 | 1,370,993 |
| Non-current assets held for sale | 22 | - | 256,702 | - | - |
| | | 1,182,486 | 1,512,814 | 1,420,583 | 1,370,993 |
| TOTAL ASSETS | | 2,779,072 | 2,918,235 | 2,155,531 | 2,144,481 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | |
| Share capital | 23 | 2,029,773 | 1,940,532 | 2,029,773 | 1,940,532 |
| ICULS * | 24 | 799,066 | 736,479 | 799,066 | 736,479 |
| Reserves | 25 | (2,158,808) | (1,986,152) | (696,706) | (557,065) |
| | | 670,031 | 690,859 | 2,132,133 | 2,119,946 |
| MINORITY INTEREST | | 304,557 | 296,176 | - | - |
| TOTAL EQUITY | | 974,588 | 987,035 | 2,132,133 | 2,119,946 |
| NON-CURRENT LIABILITIES | | | | | |
| Provisions | 30 | 7,877 | 8,247 | - | - |
| Borrowings | 26 | 644,025 | 764,429 | - | - |
| Employee benefits | 27 | 2,904 | 3,059 | - | - |
| Deferred tax liabilities | 28 | 8,187 | 9,242 | - | - |
| | | 662,993 | 784,977 | - | - |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 29 | 203,612 | 244,347 | 198 | 142 |
| Provisions | 30 | 1,577 | 3,294 | - | - |
| Borrowings | 26 | 543,506 | 568,918 | 20,000 | 20,000 |
| Current tax liabilities | | 10,198 | 15,180 | 3,200 | 4,393 |
| Insurance contract liabilities | 31 | 382,598 | 314,484 | - | - |
| | | 1,141,491 | 1,146,223 | 23,398 | 24,535 |
| TOTAL LIABILITIES | | 1,804,484 | 1,931,200 | 23,398 | 24,535 |
| TOTAL EQUITY AND LIABILITIES | | 2,779,072 | 2,918,235 | 2,155,531 | 2,144,481 |

* ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks and Class A3, 2 1/2-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 2010



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

Group

2009

At 1 January 2009, as previously reported
Effect of adopting:-
IC Interpretation 13 (Note 37)
Amendment to FRS 138 (Note 37)

Restated as at 1 January 2009

Total comprehensive (loss)/income
Transaction with owners

Acquisition of additional interest in a
subsidiary

Disposal of interest in a subsidiary

Dividend paid to minority shareholders

At 31 December 2009

| Group | Attributable to Owners of the Parent | | | | | | | | Minority Interest | Total Equity | | |
|--|--------------------------------------|---------|---------------|---------------------|------------------------------|-----------------|-----------------------------|-----------------|-------------------|--------------|--------------------|---------|
| | Non-Distributable | | | | | | Distributable | | | | | |
| | Share Capital | ICULS # | Share Premium | Revaluation Reserve | Exchange Translation Reserve | Capital Reserve | Available -for-sale Reserve | General Reserve | | | Accumulated Losses | Total |
| 2009 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2009, as previously reported | 1,940,532 | 736,479 | 220,305 | 19,304 | 57,196 | 2,757 | - | 25,257 | (2,332,561) | 669,269 | 274,400 | 943,669 |
| Effect of adopting: - | | | | | | | | | | | | |
| IC Interpretation 13 (Note 37) | - | - | - | - | - | - | - | - | (3,781) | (3,781) | (219) | (4,000) |
| Amendment to FRS 138 (Note 37) | - | - | - | - | - | - | - | - | (3,910) | (3,910) | - | (3,910) |
| Restated as at 1 January 2009 | 1,940,532 | 736,479 | 220,305 | 19,304 | 57,196 | 2,757 | - | 25,257 | (2,340,252) | 661,578 | 274,181 | 935,759 |
| Total comprehensive (loss)/income | - | - | - | - | 26,023 | (131) | - | - | 3,389 | 29,281 | 24,251 | 53,532 |
| Transaction with owners | | | | | | | | | | | | |
| Acquisition of additional interest in a subsidiary | - | - | - | - | - | - | - | - | - | - | (561) | (561) |
| Disposal of interest in a subsidiary | - | - | - | - | - | - | - | - | - | - | 456 | 456 |
| Dividend paid to minority shareholders | - | - | - | - | - | - | - | - | - | - | (2,151) | (2,151) |
| At 31 December 2009 | 1,940,532 | 736,479 | 220,305 | 19,304 | 83,219 | 2,626 | - | 25,257 | (2,336,863) | 690,859 | 296,176 | 987,035 |

2010: ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks and Class A3, 2 1/2-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

2009: ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.



Group

2010

| | | | | | | | | | | | | |
|--|-----------|----------|---------|--------|----------|-------|--------|--------|-------------|----------|----------|-----------|
| At 1 January 2010 | 1,940,532 | 736,479 | 220,305 | 19,304 | 83,219 | 2,626 | - | 25,257 | (2,336,863) | 690,859 | 296,176 | 987,035 |
| Effect of adopting: - FRS 139 (Note 38) | - | 94,278 | - | - | - | - | 13,185 | - | (97,343) | 10,120 | 9,016 | 19,136 |
| Restated as at 1 January 2010 | 1,940,532 | 830,757 | 220,305 | 19,304 | 83,219 | 2,626 | 13,185 | 25,257 | (2,434,206) | 700,979 | 305,192 | 1,006,171 |
| Total comprehensive (loss)/income | - | - | - | - | (74,824) | (41) | 4,397 | - | 36,286 | (34,182) | 12,920 | (21,262) |
| Transaction with owners | | | | | | | | | | | | |
| Accretion of interest in a subsidiary | - | - | - | - | - | - | - | - | 3,234 | 3,234 | (3,234) | - |
| Dividend paid to minority shareholders | - | - | - | - | - | - | - | - | - | (10,321) | (10,321) | (10,321) |
| Conversion of A1 ICULS to ordinary shares | 89,241 | (89,241) | - | - | - | - | - | - | - | - | - | - |
| Amortisation of discount on ICULS | - | 22,648 | - | - | - | - | - | - | (22,648) | - | - | - |
| Issuance of A3 ICULS, net of amortisation | - | 34,902 | - | - | - | - | - | - | (34,902) | - | - | - |
| | 89,241 | (31,691) | - | - | - | - | - | - | (54,316) | 3,234 | (13,555) | (10,321) |
| At 31 December 2010 | 2,029,773 | 799,066 | 220,305 | 19,304 | 8,395 | 2,585 | 17,582 | 25,257 | (2,452,236) | 670,031 | 304,557 | 974,588 |

2010: ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks and Class A3, 2 1/2-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

2009: 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 2010

Company

| | | | <i>Non-Distributable</i> | | <i>Accumulated Losses</i> | <i>Total</i> |
|--|--------------------------|----------------|--------------------------|---------------------------------|-------------------------------|---------------|
| | <i>Share Capital</i> | <i>ICULS #</i> | <i>Share Premium</i> | <i>Revaluation Reserves</i> | | |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| 2009 | | | | | | |
| At 1 January 2009 | 1,940,532 | 736,479 | 220,305 | 26,264 | (820,111) | 2,103,469 |
| Total comprehensive income | - | - | - | - | 16,477 | 16,477 |
| At 31 December 2009 | 1,940,532 | 736,479 | 220,305 | 26,264 | (803,634) | 2,119,946 |
| 2010 | | | | | | |
| At 1 January 2010 | 1,940,532 | 736,479 | 220,305 | 26,264 | (803,634) | 2,119,946 |
| Effect of adopting FRS 139 (Note 38) | - | 94,278 | - | - | (94,278) | - |
| Restated as at 1 January 2010 | 1,940,532 | 830,757 | 220,305 | 26,264 | (897,912) | 2,119,946 |
| Transaction with owners | | | | | | |
| Conversion of A1 ICULS to ordinary shares | 89,241 | (89,241) | - | - | - | - |
| Amortisation of discount on ICULS | - | 22,648 | - | - | (22,648) | - |
| Issuance of A3 ICULS, net of amortisation | - | 34,902 | - | - | (34,902) | - |
| Total comprehensive income | - | - | - | - | 12,187 | 12,187 |
| | 89,241 | (31,691) | - | - | (45,363) | 12,187 |
| At 31 December 2010 | 2,029,773 | 799,066 | 220,305 | 26,264 | (943,275) | 2,132,133 |

2010: ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks and Class A3, 2 1/2-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

2009: 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 CASH FLOWS

For the financial year ended 31 December 2010

| | | Group | | Company | |
|--|-------------|-----------------|---------------|----------------|---------------|
| | Note | 2010 | 2009 | 2010 | 2009 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash Flows From Operating Activities | | | | | |
| Profit before taxation | | 72,991 | 27,621 | 13,504 | 5,941 |
| Adjustments for: - | | | | | |
| Depreciation: - | | | | | |
| - property, plant and equipment | 11 | 29,264 | 30,811 | - | - |
| - investment properties | 12 | 1,050 | 870 | - | - |
| Dividend income | | (4,618) | (2,331) | (6,060) | (4,007) |
| Exceptional items [See (b) below] | | (12,958) | 11,628 | (9,842) | (3,274) |
| Gain on disposal of property, plant and equipment | | (91) | (186) | - | - |
| Gain on disposal of other investments | | (11,123) | (2,939) | - | - |
| Reversal of impairment of current other investments | | - | (15,281) | - | - |
| Interest expense | | 58,713 | 59,430 | 1,235 | 1,184 |
| Interest income | | (13,458) | (14,105) | (1,235) | (1,184) |
| Premium liabilities | | 10,094 | 17,818 | - | - |
| Property, plant and equipment written off | | 1,282 | 6,197 | - | - |
| Provision for employee benefits written back (net) | 27 | (437) | (1,033) | - | - |
| Share of results of associates | | (39,283) | (31,303) | - | - |
| Operating profit/(loss) before working capital changes | | 91,426 | 87,197 | (2,398) | (1,340) |
| Changes in working capital: - | | | | | |
| - receivables | | 53,012 | 5,168 | - | - |
| - property development costs | | 1,291 | (482) | - | - |
| - inventories | | (3,923) | (4,193) | - | - |
| - other investments | | (18,354) | (45,509) | - | - |
| - payables | | (9,689) | 25,635 | 56 | 33 |
| Cash generated from/(used in) operations | | 113,763 | 67,816 | (2,342) | (1,307) |
| Employee benefits paid | 27 | (273) | (746) | - | - |
| Interest paid | | (2,768) | (1,805) | (1,235) | (1,184) |
| Interest received | | 3,662 | 3,397 | 1,235 | 1,184 |
| Tax refunded | | 1,097 | 685 | - | - |
| Tax paid | | (28,113) | (13,947) | (995) | (249) |
| Net cash from/(used in) operating activities | | 87,368 | 55,400 | (3,337) | (1,556) |



STATEMENTS OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2010

| | <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|---|-------------|---------------|---------------|----------------|---------------|
| | | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Cash Flows From Investing Activities | | | | | |
| Advances to subsidiaries | | - | - | (38,065) | (3,400) |
| Net cash inflow from disposal of a subsidiary | 13(b) | - | 9,299 | - | - |
| Dividends received | | 20,657 | 17,051 | 4,545 | 3,006 |
| Interest received | | 9,796 | 10,708 | - | - |
| Purchase of: - | | | | | |
| - additional interest in subsidiaries | | - | (2,931) | - | - |
| - other investments | | (880) | (16,291) | - | - |
| - property, plant and equipment | 11(e) | (19,189) | (39,203) | - | - |
| - investment properties | 12 | - | (5) | - | - |
| Proceeds from disposal of: - | | | | | |
| - other investments | | 45,762 | 20,089 | - | - |
| - held-to-maturity investments | | 4,890 | 7,397 | - | - |
| - property, plant and equipment | | 199 | 205 | - | - |
| - investment properties | | - | 2,900 | - | - |
| - non-current assets held for sale | | - | 39,000 | - | - |
| Proceeds from distribution arising from an investment in associate | | 37,891 | - | - | - |
| Repayments from subsidiaries | | - | - | 36,859 | 1,933 |
| Repayments from subsidiaries under liquidation and not consolidated | | 5,309 | - | - | - |
| Net cash from investing activities | | 104,435 | 48,219 | 3,339 | 1,539 |
| Cash Flows From Financing Activities | | | | | |
| Dividends paid to minority shareholders of subsidiaries | | (10,321) | (2,151) | - | - |
| Interest paid | | (55,945) | (57,625) | - | - |
| Proceeds from drawdown of bank borrowings | | 4,126 | 64,544 | - | - |
| Repayments of bank borrowings | | (90,164) | (259,419) | - | - |
| Net cash used in financing activities | | (152,304) | (254,651) | - | - |
| Effects of exchange rate changes | | 2,272 | (2,024) | (2) | - |
| Net increase/(decrease) in cash and cash equivalents | | 41,771 | (153,056) | - | (17) |



| | Group | | Company | |
|--|----------------|----------------|----------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and cash equivalents as at 1 January | 431,408 | 581,617 | 49 | 66 |
| Effect of exchange rate changes on cash and cash equivalents | (15,321) | 2,847 | - | - |
| | 416,087 | 584,464 | 49 | 66 |
| Cash and cash equivalents as at 31 December | 457,858 | 431,408 | 49 | 49 |
| <i>[See (a) below]</i> | | | | |

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

| | Note | Group | | Company | |
|----------------------------------|-------------|---------------|---------------|----------------|---------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits, bank balances and cash | 21 | 506,543 | 483,518 | 49 | 49 |
| Bank overdrafts | 26 | (48,685) | (52,110) | - | - |
| | | 457,858 | 431,408 | 49 | 49 |

(b) Exceptional items as presented in the statements of cash flows comprise: -

| | Group | | Company | |
|---------------------------------------|---------------|---------------|----------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bad debts written off | (107) | (79) | - | - |
| Gain on disposal of: - | | | | |
| - investment in a subsidiary | - | 7,844 | - | - |
| - investment properties | - | 806 | - | - |
| - non-current other investments | 5,997 | 1,901 | - | - |
| Impairment of: - | | | | |
| - goodwill on consolidation | (5,100) | - | - | - |
| - property, plant and equipment | (6,770) | (15,384) | - | - |
| - investments in associates | - | (1,007) | - | - |
| - investments in subsidiaries | - | - | (38,540) | (1,167) |
| - non-current other investments | (259) | - | - | - |
| - trade and other receivables | - | (74) | - | - |
| Inventories written down | (2,206) | (1,509) | - | - |
| Loss on foreign exchange (unrealised) | (446) | (5,168) | (2) | - |
| Negative goodwill recognised | - | 340 | - | - |
| Reversal of impairment of: - | | | | |
| - investments in associates | 17,985 | - | - | - |
| - non-current other investments | - | 702 | - | - |
| - trade and other receivables | 3,864 | - | - | - |
| - amounts owing by subsidiaries | - | - | 48,384 | 4,441 |
| | 12,958 | (11,628) | 9,842 | 3,274 |

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



NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

1. Principal Activities and General Information

The principal activity of the Company is investment holding whilst its subsidiaries and associates are primarily engaged in retailing, hotels, food & confectionery, financial services, property and travel & 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 Market 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 ("RM"), which is also the functional currency of the Company.

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 25 April 2011.

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

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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 functional currencies of the operating entities. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

The Group is also exposed to foreign currency risk in respect of its overseas investments.

The Group also hold cash and cash equivalents denominated in currency other than RM. At the end of the reporting period, such foreign currency balances, mainly Sterling Pound, Hong Kong Dollar, Singapore Dollar, US Dollar, Australia Dollar and Canada Dollar amounted to RM112,753,000 (2009: RM117,039,000) for the Group as disclosed in Note 21.



The Group did not enter into any forward foreign exchange contract during the financial year.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the Sterling Pound, Hong Kong Dollar, Singapore Dollar, US Dollar, Australia Dollar and Canada Dollar rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | | <i>Group</i> <i>2010</i> <i>RM'000</i> | <i>Company</i> <i>2010</i> <i>RM'000</i> |
|---------------------------------|---------------------|--|--|
| <i>Profit net of tax</i> | | | |
| GBP/RM | - strengthen by 10% | -508 | - |
| | - weaken by 10% | +508 | - |
| USD/RM | - strengthen by 10% | +368 | - |
| | - weaken by 10% | -368 | - |
| SGD/RM | - strengthen by 10% | +928 | - |
| | - weaken by 10% | -928 | - |
| HKD/RM | - strengthen by 10% | +1,139 | +1 |
| | - weaken by 10% | -1,139 | -1 |
| AUD/RM | - strengthen by 10% | +37 | - |
| | - weaken by 10% | -37 | - |
| CAD/RM | - strengthen by 10% | 1 | - |
| | - weaken by 10% | -1 | - |

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from borrowings, term deposits and held-to-maturity investments.

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.

Sensitivity analysis for interest rate risk

At 31 December 2010, if interest rates had been 50 basis points lower or higher with all other variables held constant, the Group's and the Company's profit net of tax for the year would have been RM2,752,000 and RM50 (2009: RM3,349,000 and RM80) higher or lower respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Credit Risk

Credit risk 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.

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.



3. Financial Risk Management Policies (Cont'd)

(c) Credit Risk (Cont'd)

Exposure to credit risk

The Group's primary exposure to credit risk arises through its trade and other receivables.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

Management believes that concentration of credit risk is limited due to the Group's large number of receivables who are dispersed over a broad spectrum of industries and businesses.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions as well as held-to-maturity investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or other entities with good standing. The Directors believe that the possibility of non-performance by these financial institutions and other entities is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding financial asset that are either past due or impaired is disclosed in Note 19.

(d) Market Price Risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group's principal exposure to equity price risk arises from quoted investments held by the Group. The Group manages its price risk arising from the investments in equity securities by diversifying its portfolio. Quoted equity investments in Malaysia are listed on the Bursa Securities.

These instruments are classified as available-for-sale financial assets and financial assets designated at fair value through profit or loss.

Sensitivity analysis for market price risk

At the end of the reporting period, if the market price of the quoted investments had been 5% higher or lower, with all other variables held constant, the Group's profit net of tax would have been RM1,881,000 higher or lower, arising as a result of higher or lower fair value gains on financial assets designated at fair value through profit or loss, and the Group's other reserve in equity would have been RM2,927,000 higher or lower, arising as a result of an increase or decrease in the fair value of equity instruments classified as available-for-sale.

(e) Liquidity and Cash Flow Risks

Liquidity and cash flow risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligation when due.



The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

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.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| 2010 | <i>On demand or within one year RM'000</i> | <i>One to five years RM'000</i> | <i>Over five years RM'000</i> | <i>Total RM'000</i> |
|--|---|--|--|--------------------------------|
| Group | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 203,612 | - | - | 203,612 |
| Borrowings | 543,506 | 632,485 | 11,540 | 1,187,531 |
| Total undiscounted financial liabilities | 747,118 | 632,485 | 11,540 | 1,391,143 |
| Company | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 198 | - | - | 198 |
| Borrowings | 20,000 | - | - | 20,000 |
| Total undiscounted financial liabilities | 20,198 | - | - | 20,198 |

4. Significant Accounting Policies

(a) Basis of Preparation and Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements 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. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgement, estimates and assumption are disclosed in Note 5 to the financial statements. Actual results could differ from those estimates.



4. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation and Accounting (Cont'd)

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs"), the provisions of the Companies Act, 1965, the Insurance Act, 1996 and Insurance Regulations, 1996 in Malaysia as well as the Guidelines/Circulars issued by Bank Negara Malaysia which include the Risk Based Capital Framework. However, Note 25(c) to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities.

- (i) New/Revised FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year

| New/Revised FRSs, Amendments to FRSs and IC Interpretations | | Effective for financial periods beginning on or after |
|---|---|---|
| FRS 8 | <i>Operating Segments</i> | 1 July 2009 |
| FRS 4 | <i>Insurance Contracts</i> | 1 January 2010 |
| FRS 7 | <i>Financial Instruments: Disclosures</i> | 1 January 2010 |
| FRS 101 | <i>Presentation of Financial Statements (revised)</i> | 1 January 2010 |
| FRS 123 | <i>Borrowing Costs (revised)</i> | 1 January 2010 |
| FRS 139 | <i>Financial Instruments: Recognition and Measurement</i> | 1 January 2010 |
| Amendments to FRS 1 | <i>First-time Adoption of Financial Reporting Standards: Cost of an investment in a subsidiary, jointly controlled entity or associate</i> | 1 January 2010 |
| Amendments to FRS 2 | <i>Share-based Payment: Vesting Conditions and Cancellations</i> | 1 January 2010 |
| Amendments to FRS 7 | <i>Financial Instruments: Disclosures: Reclassification of financial assets - effective date and transition</i> | 1 January 2010 |
| Amendments to FRS 127 | <i>Consolidated and Separate Financial Statements: Cost of an investment in a subsidiary, jointly controlled entity or associate</i> | 1 January 2010 |
| Amendments to FRS 139 | <i>Financial Instruments: Recognition and Measurement: Eligible hedged items, reclassification of financial assets - effective date and transition and embedded derivatives</i> | 1 January 2010 |
| Amendments to FRS 132 | <i>Financial Instruments: Presentation: Puttable financial instruments and obligations arising on liquidation and transitional provision relating to compound financial instruments</i> | 1 January 2010 |
| IC Interpretation 9 | <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| IC Interpretation 10 | <i>Interim Financial Reporting and Impairment</i> | 1 January 2010 |
| IC Interpretation 11 | <i>FRS 2 - Group and Treasury Share Transactions</i> | 1 January 2010 |
| IC Interpretation 13 | <i>Customer Loyalty Programmes</i> | 1 January 2010 |
| IC Interpretation 14 | <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> | 1 January 2010 |
| Amendments to IC Interpretation 9 | <i>Reassessment of Embedded Derivatives: Embedded derivatives</i> | 1 January 2010 |



| New/Revised FRSs, Amendments to FRSs and IC Interpretations | | Effective for financial periods beginning on or after |
|---|---|---|
| Amendments to FRS 5 | <i>Non-current Assets Held for Sale and Discontinued Operations</i> | 1 January 2010 |
| Amendments to FRS 8 | <i>Operating Segments</i> | 1 January 2010 |
| Amendments to FRS 107 | <i>Statement of Cash Flows</i> | 1 January 2010 |
| Amendments to FRS 108 | <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> | 1 January 2010 |
| Amendments to FRS 110 | <i>Events after the Reporting Period</i> | 1 January 2010 |
| Amendments to FRS 116 | <i>Property, Plant and Equipment</i> | 1 January 2010 |
| Amendments to FRS 117 | <i>Leases</i> | 1 January 2010 |
| Amendments to FRS 118 | <i>Revenue</i> | 1 January 2010 |
| Amendments to FRS 119 | <i>Employee Benefits</i> | 1 January 2010 |
| Amendments to FRS 120 | <i>Accounting for Government Grants and Disclosure of Government Assistance</i> | 1 January 2010 |
| Amendments to FRS 123 | <i>Borrowing Costs</i> | 1 January 2010 |
| Amendments to FRS 127 | <i>Consolidated and Separate Financial Statements</i> | 1 January 2010 |
| Amendments to FRS 128 | <i>Investments in Associates</i> | 1 January 2010 |
| Amendments to FRS 129 | <i>Financial Reporting in Hyperinflationary Economies</i> | 1 January 2010 |
| Amendments to FRS 131 | <i>Interests in Joint Ventures</i> | 1 January 2010 |
| Amendments to FRS 136 | <i>Impairment of Assets</i> | 1 January 2010 |
| Amendments to FRS 138 | <i>Intangible Assets</i> | 1 January 2010 |
| Amendments to FRS 140 | <i>Investment Properties</i> | 1 January 2010 |

There is no impact upon the adoption of the above FRSs, Amendments to FRSs and IC Interpretations except for FRS 4, FRS 7, FRS 8, FRS 101, FRS 139, Amendments to FRS 117, Amendments to FRS 138 and IC Interpretation 13.

- (a) FRS 4 and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202²⁰⁰⁴ *General Insurance Business* and FRS 203²⁰⁰⁴ *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the end of the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets. The impact upon adoption of this Standard is disclosed in Note 37.

- (b) FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for the Group's financial position and performance.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions.



4. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation and Accounting (Cont'd)

- (i) New/Revised FRSs, Amendments to FRSs and IC Interpretations adopted during the current financial year (Cont'd)

- (c) FRS 8 sets out the requirements for disclosure of information on the Group's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the Group that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance.

In accordance with the transitional provisions, segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform with the requirements of this Standard.

- (d) FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles "statement of financial position" and "statement of cash flows" to replace the current titles "balance sheet" and "cash flow statement" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objective, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

- (e) FRS 139 establishes principles for recognising and measuring of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.



The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effect arising from the adoption of this Standard is disclosed in Note 38 to the financial statements.

- (f) Amendment to FRS 117 removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. As at the reporting date, the Group has carrying amount of prepaid lease payments for land of RM40,230,000 and RM6,290,000 that has been reclassified as land held in accordance with FRS 116 and as investment properties in accordance with FRS 140 respectively upon adoption of this amendment (Note 37).
- (g) Amendments to FRS 138 requires all marketing and production costs to be recognised in the income statement as incurred rather than during the season the costs relate to. Adoption of these amendments resulted in a change in accounting policy, which has been applied retrospectively (Note 37).
- (h) IC Interpretation 13 requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the award itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so. Adoption of this interpretation resulted in a change in accounting policy, which has been applied retrospectively (Note 37).

(ii) New/Revised FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following new/revised FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group: -

| New/Revised FRSs, Amendments to FRSs and IC Interpretations | | Effective for financial periods beginning on or after |
|---|--|---|
| Amendments to FRS 132 | <i>Financial Instruments: Presentation: Classification of rights issue</i> | 1 March 2010 |
| FRS 1 | <i>First-time Adoption of Financial Reporting Standards (revised)</i> | 1 July 2010 |
| FRS 3 | <i>Business Combinations (revised)</i> | 1 July 2010 |
| FRS 127 | <i>Consolidated and Separate Financial Statements (revised)</i> | 1 July 2010 |
| Amendments to FRS 2 | <i>Share-based Payments</i> | 1 July 2010 |
| Amendments to FRS 5 | <i>Non-current Assets Held for Sale and Discontinued Operations</i> | 1 July 2010 |



4. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation and Accounting (Cont'd)

(ii) New/Revised FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective (Cont'd)

| New/Revised FRSs, Amendments to FRSs and IC Interpretations | | Effective for financial periods beginning on or after |
|---|--|---|
| Amendments to FRS 138 | <i>Intangible Assets</i> | 1 July 2010 |
| IC Interpretation 12 | <i>Service Concession Arrangements</i> | 1 July 2010 |
| IC Interpretation 16 | <i>Hedges of a Net Investment in a Foreign Operation</i> | 1 July 2010 |
| IC Interpretation 17 | <i>Distributions of Non-cash Assets to Owners</i> | 1 July 2010 |
| Amendments to IC Interpretation 9 | <i>Reassessment of Embedded Derivatives</i> | 1 July 2010 |
| Amendments to FRS 1 | <i>First-time Adoption of Financial Reporting Standards: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters</i> | 1 January 2011 |
| Amendments to FRS 2 | <i>Share-based Payment: Group Cash-settled Share-based Payment Transactions</i> | 1 January 2011 |
| Amendments to FRS 7 | <i>Improving Disclosures about Financial Instruments</i> | 1 January 2011 |
| IC Interpretation 4 | <i>Determining whether an Arrangement contains a Lease</i> | 1 January 2011 |
| IC Interpretation 18 | <i>Transfers of Assets from Customers</i> | 1 January 2011 |
| Amendments to FRS 1 | <i>First-time Adoption of Financial Reporting Standards: Additional Exemption for First-time Adopters</i> | 1 January 2011 |
| Amendments to FRS 3 | <i>Business Combinations</i> | 1 January 2011 |
| Amendments to FRS 7 | <i>Financial Instruments: Disclosures</i> | 1 January 2011 |
| Amendments to FRS 101 | <i>Presentation of Financial Statements</i> | 1 January 2011 |
| Amendments to FRS 121 | <i>The Effects of Changes in Foreign Exchange Rates</i> | 1 January 2011 |
| Amendments to FRS 128 | <i>Investments in Associates</i> | 1 January 2011 |
| Amendments to FRS 131 | <i>Interests in Joint Ventures</i> | 1 January 2011 |
| Amendments to FRS 132 | <i>Financial Instruments: Presentation</i> | 1 January 2011 |
| Amendments to FRS 134 | <i>Interim Financial Reporting</i> | 1 January 2011 |
| Amendments to FRS 139 | <i>Financial Instruments: Recognition and Measurement</i> | 1 January 2011 |
| Amendments to IC Interpretation 13 | <i>Customer Loyalty Programmes</i> | 1 January 2011 |
| Amendments to IC Interpretation 14 | <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> | 1 July 2011 |
| IC Interpretation 19 | <i>Extinguishing Financial Liabilities with Equity Instruments</i> | 1 July 2011 |
| FRS 124 | <i>Related Party Disclosures</i> | 1 January 2012 |
| IC Interpretation 15 | <i>Agreements for the Construction of Real Estate</i> | 1 January 2012 |

The Group does not expect any impact on the financial statements arising from the adoption of the above new/revised FRSs, Amendments to FRSs and IC Interpretations.



(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries for the financial year ended 31 December 2010, with the exception of those subsidiaries under members'/creditors' voluntary winding-up or voluntary administration referred to in Note 13(c) and 13(d) to the financial statements. Subsidiaries are those companies in which the Group has a long term equity interest and where it has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

The results of subsidiaries acquired or disposed off during the financial year are consolidated from the date on which control is transferred to the Group until the date that such control ceases. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Subsidiaries are consolidated using the purchase method of accounting. Under this method, the cost of an acquisition is measured at 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 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 assets, liabilities and contingent liabilities acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the Group will: -

- (a) reassess the identification and measurement of the acquiree'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's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

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. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Minority interest is that portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.



4. Significant Accounting Policies (Cont'd)

(b) Basis of Consolidation (Cont'd)

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company, in the consolidated statement of financial position within equity and in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

(c) 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 sales of goods, tickets and travel related services, oil palm fruits and rendering of other services is recognised upon delivery of products and customer acceptance, if any, or performance of service, net of sales taxes and discounts.

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

Interest income is recognised on an accrual basis.

Property rental income is recognised on an accrual basis.

Dividends from subsidiaries, associates 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.

The accounting policies for the revenue recognition in relation to the property development activities and general insurance business are disclosed in Notes 4(k) and 4(r) respectively.

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 116²⁰⁰⁴ *Property, Plant and Equipment* applied by the Group when the standard was first adopted by the MASB in year 1998. 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 116²⁰⁰⁴) 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. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Freehold land and construction work-in-progress are not depreciated. Leasehold land is amortised in equal instalment over the periods of the lease ranging from 20 to 90 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 | 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.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4(m) to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

(e) 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 and retained on the basis of their previous valuation in accordance with the transitional provisions of FRS 116²⁰⁰⁴ *Property, Plant and Equipment* applied by the Group when the Standard was first adopted by the MASB in year 1998.



4. Significant Accounting Policies (Cont'd)

(e) Investment Properties (Cont'd)

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of 50 years for buildings. 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.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

(f) Leases and Hire-Purchase Commitments

Assets acquired 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 profit or loss 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 recognised as an expense on a straight line basis over the lease term.

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings, are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

Following the adoption of Amendment to FRS 117 *Leases* contained in the Improvements to FRSs (2009), the Group reassessed the classification of land elements of unexpired leases on the basis of information existing at the inception of those leases. Consequently, the Group retrospectively reclassified prepaid lease payments for land as finance leases as disclosed in Notes 11, 12 and 37 to the financial statements.



(g) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another party.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(h) Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate.

The results and reserves of the associates are based on the latest available audited financial statements or management accounts. Where the dates of the financial statements are not co-terminous, the share of results is arrived at using the latest audited financial statements or management accounts for which the 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.

Unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.



4. Significant Accounting Policies (Cont'd)

(i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group and the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group and the Company.

Financial instruments are recognised on the statement of financial position when the Group and the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(i) Financial Assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:-

(a) Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.



(b) Held-to-Maturity Investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date, which are classified as non-current.

(d) Available-for-Sale Financial Assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.



4. Significant Accounting Policies (Cont'd)

(i) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(ii) Financial Liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:-

(a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other Financial Liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.



The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(iii) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

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. Transaction costs of an equity transaction are accounted for as a deduction from equity, net any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 January 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Note 38 to the financial statements.

(j) Impairment of Financial Assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(i) Held-to-Maturity Investments ("HTM") and Loans and Receivables ("L&R")

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on HTM investments and L&R has occurred. For L&R, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.



4. Significant Accounting Policies (Cont'd)

(j) Impairment of Financial Assets (Cont'd)

(i) Held-to-Maturity Investments ("HTM") and Loans and Receivables ("L&R") (Cont'd)

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of HTM investments is directly reduced by the impairment loss whilst the carrying amount of L&R, such as trade and other receivables are reduced through the use of an allowance account. When a trade receivable or other receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(ii) Available-for-Sale ("AFS") Financial Assets

The Group collectively considers factors such as significant or prolonged declines in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that AFS financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

For AFS debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

An impairment loss on equity investments carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(k) 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.



Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss 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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(I) Goodwill

Goodwill on acquisition of subsidiaries is included in goodwill on consolidation and is measured at cost less accumulated impairment losses, if any. 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 relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

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.



4. Significant Accounting Policies (Cont'd)

(m) Impairment of Non-financial Assets

The carrying amounts of the Group's and Company's assets, other than deferred tax assets, inventories, property development costs, non-current assets held for sale (disposal group) and financial assets (other than investments in subsidiaries and associates), are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of the asset's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. If the recoverable amount of CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount.

The impairment loss is recognised in profit or loss 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 profit or loss.

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.

All reversals of an impairment loss are recognised as income immediately in profit or loss 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 reserve account of the same asset.

(n) 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.

(o) Borrowing Costs

Borrowing costs incurred to finance the acquisition or production of qualifying assets 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. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

(p) Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, capital gain taxes and real property gains taxes payable on disposal of properties.

Taxes in the income statements comprises of the following: -

(i) Current Tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. 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 by the reporting period. Deferred tax is recognised in profit or loss, 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.



4. Significant Accounting Policies (Cont'd)

(p) Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

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 on either:

- (a) the same taxable entity; or
- (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

(q) Provisions

Provisions, other than premium liabilities, 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. Where the Group and Company expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

(r) General Insurance Underwriting Results

The general insurance underwriting results are determined for each class of business after taking into account inter alia reinsurances, commissions, unearned premiums and claims incurred.

(i) Gross Premium

Gross premiums are recognised in a financial period in respect of risks assumed during that particular financial period.



(ii) Reinsurance Premium

Inward facultative reinsurance premiums are recognised in the financial period in respect of the facultative risks assumed during that particular financial period, as in the case of direct policies, following the individual risks' inception dates.

Inward treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties. In respect of reinsurance premiums relating to non-proportional treaties which cover losses occurring during a specific treaty period, the inward facultative reinsurance premiums are recognised based on the contractual premiums already established at the start of the treaty period under the non-proportional treaty contract.

(iii) Reinsurance

The Group cede insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Group from their obligation to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in profit or loss.

Gains or losses on buying reinsurance are recognised in profit or loss immediately at the date of purchase and are not amortised.

The Group also assume reinsurance risk in the normal course of business for general insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.



4. Significant Accounting Policies (Cont'd)

(r) General Insurance Underwriting Results (Cont'd)

(iv) Acquisition Costs

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premium 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.

(s) General Insurance Contract Liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities comprise provision for unearned premiums or premium liabilities and outstanding claims provision or claims liabilities.

(i) Premium Liabilities

Premium liabilities are stated at the higher of the aggregate of the Unearned Premium Reserves for all classes of insurance and the best estimate value of the Unexpired Risk Reserves maintained at the required risk margin for adverse deviation. The Unexpired Risk Reserves was established pursuant to the Framework which came into force on 1 January 2009.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

(a) Unearned Premium Reserve ("UPR")

UPR represent the portion of the net premiums of insurance policies written that relates to the unexpired period of the policies at the end of the reporting period.

In determining the UPR at the end of reporting period, the method that most accurately reflects the actual unearned premium is as follows: -

- 25% method for Malaysian marine and aviation cargo business.
- 1/24th method for all other classes of Malaysian general policies business.
- 1/8th method for all other classes of overseas inward treaty business.
- Non-annual policies are time-apportioned over the period of the risks.

The UPR calculation is adjusted for additional UPR as required under the guidelines issued by Bank Negara Malaysia in respect of premiums ceded to overseas and other non-qualifying reinsurers.



(b) Unexpired Risk Reserves (“URR”)

The URR is the prospective estimate of the expected future payments arising from future events under the policies in force as at the valuation date and also includes allowance for the Group’s expenses, such as overheads and cost of reinsurance which are expected to occur during the unexpired period of the policies and settling the relevant claims, and expected refunds on premiums.

(ii) Claims Liabilities

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the end of reporting period, whether reported or not, together with related claims handling costs and the reduction for expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these claims cannot be known with certainty at the end of reporting period.

The liability is calculated at the reporting date by an independent actuary using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation, which is maintained at no less than 75% confidence level of adequacy.

The liability is not discounted for the time value of money. The liability is derecognised when the contract expires, is discharged or is cancelled. No provision for equalisation or catastrophe reserves is recognised.

Estimating the outstanding claims provision involves projection of the Group’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, timing and amounts of claims settlement as well as uncertainties in the projection model and underlying assumptions.

(t) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past event whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.



4. Significant Accounting Policies (Cont'd)

(u) 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 profit or loss as incurred.

(iii) Provision for Retirement Gratuities

The Group makes provisions for unfunded retirement gratuities for certain eligible employees. The retirement benefits are calculated based on the terms of employment contract.

(v) Foreign Currencies

The separate 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Company.

In the Group financial statements, assets and liabilities of overseas subsidiaries are translated at exchange rates ruling at the end of the reporting period. Income statement items are translated at average exchange rates for the financial year. All exchange differences are dealt with through the exchange translation reserve account. Exchange differences recognised in profit or loss 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 under 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 end of the reporting period. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss.

(w) Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) 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 (disposal groups) are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.



The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in disposal groups) are measured in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (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 as impairment loss.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset (or disposal groups) classified as held for sale is presented separately.

If the criteria in the classification as non-current assets (or disposal groups) held for sale is no longer met, the non-current asset (or disposal groups) ceased to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) and is measured at the lower of: -

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

(x) Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

ICULS are regarded as equity instruments. Class A1 and A2 ICULS are stated at the nominal value net of discount upon issuance. The discount on these ICULS is amortised over the period the ICULS are outstanding with adjustments for conversion to ordinary shares.

Class A3 ICULS are stated at the nominal value net of their unamortised portion. The Class A3 ICULS are amortised over 3 years.

(y) Operating Segment

During the previous financial year, segment reporting was presented based on business segments and geographical segments of the Group. Business segments provide product or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.



4. Significant Accounting Policies (Cont'd)

(y) Operating Segment (Cont'd)

Following the adoption of FRS 8 *Operating Segments* during the current financial year, operating segments are defined as components of the Group that:-

- (i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (ii) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decision about resources to be allocated to the segment and assessing its performance; and
- (iii) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:-

- (i) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) percent or more of the combined revenue, internal and external, of all operating segments.
- (ii) The absolute amount of its reported profit or loss is ten (10) percent or more of the greater, in absolute amount of:-
 - (a) the combined reported profit of all operating segments that did not report a loss; and
 - (b) the combined reported loss of all operating segments that reported a loss.
- (iii) Its assets are ten (10) percent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

5. Significant Accounting Estimates and Judgements

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 end of the reporting period, 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 CGU to which goodwill is allocated. Further details on the estimation of the recoverable amounts are disclosed in Note 17 to the financial statements.

(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 Assets

Property, plant and equipment and investments in subsidiaries and associates are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

(iv) Valuation of General Insurance Liabilities

Information on significant areas of estimation uncertainty and critical judgements in the valuation of general insurance liabilities are disclosed in Note 4(s)(i).

(v) Impairment of receivables

The policy for assessing impairment of the receivables of the Group is based on the ongoing evaluation of the collectability and aging analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each receivables. If the financial conditions of the receivables have deteriorated, resulting in impairment of their ability to make payments, additional impairment may be required.

The Group has exposure to credit risks relating to recovery of trade and other receivables. Significant judgements are involved in estimating the impairment of receivables. In determining the amounts of impairment for certain specific debts, the Directors have considered certain factors relating to the financial position of the receivables.



5. Significant Accounting Estimates and Judgements (Cont'd)

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

(vi) Write Down for Obsolete or Slow Moving Inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(vii) Property development

The Group recognises property development revenue and expenses in the income statements by using the stage of completion method. The stage of completion is determined by surveys of work performed.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(viii) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(b) Critical Judgement

(i) 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. Barring unforeseen circumstances, the sale of such properties is intended to be completed within one year. Hence, the Group may continue to classify certain assets as non-current assets held for sale even though the sale has not been completed within one year if the delay is caused by circumstances beyond the Group's control and the Group remains committed to its plan to sell the assets.

During the financial year, non-current assets held for sale of the Group were reclassified to property, plant and equipment as the requirements of FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* were no longer met in order to continue to classify these assets as non-current assets held for sale.



(ii) Classification Between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on FRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(iii) Contingent Liabilities

The treatment of contingent liabilities is based on legal advice received and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.



6. Revenue

| | <i>Group</i> | | <i>Company</i> | |
|--|----------------|----------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Revenue comprises the following: - | | | | |
| Sales of goods | 478,992 | 484,053 | - | - |
| Gross written insurance premium | 241,031 | 212,381 | - | - |
| Revenue from hotel operations | 173,739 | 185,214 | - | - |
| Income recognised on property development | 17,910 | 10,270 | - | - |
| Income from sales of tickets and travel related services | 5,849 | 6,189 | - | - |
| Sales of oil palm fruits | 6,572 | 5,855 | - | - |
| Interest income | 2,556 | 2,556 | 1,235 | 1,184 |
| Property rental income | 633 | 1,412 | - | - |
| Dividend income | - | - | 6,060 | 4,007 |
| Others * | 95 | 81 | - | - |
| | 927,377 | 908,011 | 7,295 | 5,191 |

* 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>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>Note</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Bad debts recovered | | 1,146 | - | - | - |
| Bad debts written off | | (107) | (79) | - | - |
| Compensation from closure of outlet | | - | 2,730 | - | - |
| Gain on disposal of: - | | | | | |
| - investments in a subsidiary | 13(b) | - | 7,844 | - | - |
| - investment properties | | - | 806 | - | - |
| - non-current other investments | | 5,997 | 1,901 | - | - |
| Impairment of: - | | | | | |
| - goodwill on consolidation | | (5,100) | - | - | - |
| - investments in associates | | - | (1,007) | - | - |
| - investments in subsidiaries | | - | - | (38,540) | (1,167) |
| - non-current other investments | | (259) | - | - | - |
| - property, plant and equipment | 11 | (6,770) | (15,384) | - | - |
| - trade and other receivables | | - | (74) | - | - |
| Inventories written down | | (2,206) | (1,509) | - | - |
| (Loss)/Gain in foreign exchange: - | | | | | |
| - unrealised | | (446) | (5,168) | (2) | - |
| - realised | | 5,422 | 2,043 | (1) | - |
| Negative goodwill recognised | | - | 340 | - | - |
| Reversal of impairment of: - | | | | | |
| - investments in associates | | 17,985 | - | - | - |
| - non-current other investments | | - | 702 | - | - |
| - trade and other receivables | | 3,864 | - | 48,384 | 4,441 |
| Settlement in respect of an executive share option scheme of a subsidiary | | (560) | - | - | - |
| | | 18,966 | (6,855) | 9,841 | 3,274 |



8. Profit Before Taxation

Profit before taxation is stated after charging: -

| | <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|---|-------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> |
| Auditors' remuneration | | | | | |
| - current | | 1,032 | 1,664 | 65 | 65 |
| - (over)/under provision in prior years | | (2) | 51 | - | - |
| Depreciation | | | | | |
| - property, plant and equipment | 11 | 29,264 | 30,811 | - | - |
| - investment properties | 12 | 1,050 | 870 | - | - |
| Directors' remuneration: - | | | | | |
| Directors of the Company | | | | | |
| Receivable from the Company | | | | | |
| - fees | | 319 | - | 319 | - |
| - other emoluments | | 313 | 315 | 313 | 315 |
| - defined contribution plan | | 105 | 105 | 105 | 105 |
| Receivable from subsidiaries | | | | | |
| - fees | | 433 | 146 | - | - |
| - other emoluments | | 2,687 | 2,577 | - | - |
| - defined contribution plan | | 419 | 416 | - | - |
| Directors of subsidiaries | | | | | |
| - fees | | 570 | 164 | - | - |
| - other emoluments | | 1,170 | 1,465 | - | - |
| - defined contribution plan | | 76 | 84 | - | - |
| Interest expense | | | | | |
| - bank overdrafts | | 2,768 | 1,805 | - | - |
| - term loans | | 10,091 | 15,995 | - | - |
| - other borrowings | | 45,854 | 41,630 | 1,235 | 1,184 |
| Property, plant and equipment written off | | 1,282 | 6,197 | - | - |
| Rental of buildings | | 43,164 | 51,360 | - | - |
| Rental of equipment | | 1,010 | 1,325 | - | - |
| Staff costs | | | | | |
| - defined contribution plan | | 6,280 | 6,484 | - | - |
| - salary, wages and other costs | | 107,929 | 115,770 | - | - |



8. Profit Before Taxation (Cont'd)

Profit before taxation is stated after crediting:-

| | <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|---|-------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> |
| Gain on disposal of current other investments | | 11,123 | 2,939 | - | - |
| Gain on disposal of property, plant and equipment | | 91 | 186 | - | - |
| Gross dividends received from Subsidiaries | | | | | |
| - quoted | | - | - | 1,740 | - |
| - unquoted | | - | - | 4,320 | 4,007 |
| Other investments | | | | | |
| - quoted in Malaysia | | 3,528 | 1,711 | - | - |
| - quoted overseas | | 790 | 528 | - | - |
| - unquoted | | 300 | 92 | - | - |
| Interest income received from | | | | | |
| - subsidiaries | | - | - | 1,235 | 1,184 |
| - term deposits | | 7,855 | 8,578 | - | - |
| - others | | 5,603 | 5,527 | - | - |
| Property rental income | | 6,443 | 6,548 | - | - |
| Provision for employee benefits written back (net) | 27 | 437 | 1,033 | - | - |
| Reversal of impairment of current other investments | | - | 15,281 | - | - |

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 RM38,000 and RM2,000 (2009: RM50,000 and RM3,000) respectively.

9. Taxation

| | <i>Note</i> | <i>Group</i> | | <i>Company</i> | |
|--|-------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> |
| Current taxation | | | | | |
| - Malaysia | | 20,761 | 16,156 | 1,317 | 869 |
| - Foreign | | 2,432 | - | - | - |
| Deferred tax | 28 | 878 | 1,382 | - | - |
| | | 24,071 | 17,538 | 1,317 | 869 |
| Over provision in respect of prior years | | (866) | (12,630) | - | (11,405) |
| Total | | 23,205 | 4,908 | 1,317 | (10,536) |

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.



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

| | <i>Group</i> | | <i>Company</i> | |
|--|---------------|-------------|----------------|-------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>%</i> | <i>%</i> | <i>%</i> | <i>%</i> |
| Tax at applicable tax rate on profit before taxation | 25.00 | 25.00 | 25.00 | 25.00 |
| Tax effects of : | | | | |
| Different tax rates on subsidiaries | (1.84) | (6.84) | - | - |
| Tax exempt income | (0.34) | (36.58) | - | - |
| Movement in deferred tax assets not recognised during the financial year | (7.32) | 4.43 | - | - |
| Crystallisation of revaluation surplus on property, plant and equipment | (0.26) | (0.15) | - | - |
| Taxable income not recognised in income statement | 3.89 | 10.62 | - | - |
| Non-allowable expenses | 23.52 | 93.70 | 74.33 | 15.52 |
| Income not subject to tax | (9.67) | (26.68) | (89.58) | (25.89) |
| | 32.98 | 63.50 | 9.75 | 14.63 |
| Over provision in respect of prior years | (1.19) | (45.73) | - | (191.92) |
| Average effective tax rate | 31.79 | 17.77 | 9.75 | (177.29) |

10. Earnings Per Share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

| | <i>Group</i> | |
|---|------------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Profit attributable to owners of the parent | 35,759 | 3,389 |
| | <i>Unit</i> | <i>Unit</i> |
| | <i>'000</i> | <i>'000</i> |
| Weighted average number of ordinary shares in issue | 1,940,532 | 1,940,532 |
| Effect of conversion of A1 ICULS to ordinary shares | 80,255 | - |
| Adjusted weighted average number of ordinary shares | 2,020,787 | 1,940,532 |
| | <i>Sen</i> | <i>Sen</i> |
| Basic earnings per share | 1.77 | 0.17 |



10. Earnings Per Share (Cont'd)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

| | <i>Group</i> | |
|---|------------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Profit attributable to owners of the parent | 35,759 | 3,389 |
| | <i>Unit</i> | <i>Unit</i> |
| | <i>'000</i> | <i>'000</i> |
| Weighted average number of ordinary shares in issue | 2,020,787 | 1,940,532 |
| Dilutive effect of ICULS | 902,788 | 887,324 |
| Adjusted weighted average number of ordinary shares | 2,923,575 | 2,827,856 |
| | <i>Sen</i> | <i>Sen</i> |
| Diluted earnings per share | 1.22 | 0.12 |



11. Property, Plant and Equipment

| Group | Note | Freehold Land | Leasehold Land | Buildings | Plant & Machinery | Motor Vehicles | Furniture Fittings & Equipment | Construction Work-In Progress | Renovation | 2010 | 2009 |
|---|-------------|----------------------|-----------------------|------------------|------------------------------|-----------------------|---|--------------------------------------|-------------------|---------------|---------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost or Valuation | | | | | | | | | | | |
| At 1 January, restated | | 173,837 | 46,169 | 368,276 | 49,672 | 11,465 | 142,307 | 718 | 93,800 | 886,244 | 1,125,683 |
| Exchange difference | | (21,346) | 35 | (27,910) | 50 | (239) | (9,228) | 34 | (14) | (58,618) | 62,218 |
| Reclassifications | | - | - | - | - | - | 252 | - | (252) | - | - |
| Transfer (to)/from: - | | 152,491 | 46,204 | 340,366 | 49,722 | 11,226 | 133,331 | 752 | 93,534 | 827,626 | 1,187,901 |
| - Investment Properties | 12 | - | - | (11,304) | - | - | - | - | - | (11,304) | - |
| - Non-Current Assets Held for Sale | | 116,377 | - | 133,569 | - | - | 49,311 | - | - | 299,257 | (327,098) |
| Additions | | - | - | 428 | 2,519 | 834 | 6,504 | - | 8,904 | 19,189 | 47,450 |
| Disposals | | - | - | - | (354) | (969) | (73) | - | - | (1,396) | (923) |
| Written off | | - | - | - | (797) | - | (4,566) | - | (11,473) | (16,836) | (21,086) |
| At 31 December | | 268,868 | 46,204 | 463,059 | 51,090 | 11,091 | 184,507 | 752 | 90,965 | 1,116,536 | 886,244 |
| Accumulated Depreciation | | | | | | | | | | | |
| At 1 January, restated | | - | 3,565 | 92,248 | 43,585 | 9,383 | 118,014 | - | 68,885 | 335,680 | 363,153 |
| Exchange difference | | (153) | (9) | (3,857) | 45 | (175) | (7,926) | - | (4) | (12,079) | 10,385 |
| Reclassifications | | - | - | - | - | - | 74 | - | (74) | - | - |
| Transfer (to)/from: - | | (153) | 3,556 | 88,391 | 43,630 | 9,208 | 110,162 | - | 68,807 | 323,601 | 373,538 |
| - Investment Properties | 12 | - | - | (2,955) | - | - | - | - | - | (2,955) | - |
| - Non-Current Assets Held for Sale | | 3,866 | - | 2,036 | - | - | 42,047 | - | - | 47,949 | (52,876) |
| Charge for the financial year | | - | 625 | 3,378 | 1,555 | 1,014 | 14,582 | - | 8,110 | 29,264 | 30,811 |
| Disposals | | - | - | - | (354) | (897) | (37) | - | - | (1,288) | (904) |
| Written off | | - | - | - | (639) | - | (4,366) | - | (10,549) | (15,554) | (14,889) |
| At 31 December | | 3,713 | 4,181 | 90,850 | 44,192 | 9,325 | 162,388 | - | 66,368 | 381,017 | 335,680 |
| Accumulated Impairment | | | | | | | | | | | |
| At 1 January, restated | | - | 2,373 | 33,938 | - | - | 3,308 | - | - | 39,619 | 44,038 |
| Exchange difference | | (58) | - | (1,273) | - | - | (472) | - | - | (1,803) | 821 |
| Reclassifications | | - | - | - | - | - | - | - | - | - | - |
| Transfer (to)/from Non-Current Assets Held for Sale | | (58) | 2,373 | 32,665 | - | - | 2,836 | - | - | 37,816 | 44,859 |
| Recognised during the financial year | | 1,468 | - | 16,154 | - | - | 1,080 | - | - | 18,702 | (20,624) |
| At 31 December | | - | - | 6,770 | - | - | - | - | - | 6,770 | 15,384 |
| At 31 December | | 1,410 | 2,373 | 55,589 | - | - | 3,916 | - | - | 63,288 | 39,619 |
| Net Book Value | | | | | | | | | | | |
| At 31 December 2010 | | 263,745 | 39,650 | 316,620 | 6,898 | 1,766 | 18,203 | 752 | 24,597 | 672,231 | - |
| At 31 December 2009, restated | | 173,837 | 40,231 | 242,090 | 6,087 | 2,082 | 20,985 | 718 | 24,915 | - | 510,945 |



11. Property, Plant and Equipment (Cont'd)

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

| | <i>Group</i> | |
|------------------------------------|-----------------------|-----------------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| <i>Freehold land and buildings</i> | | |
| Valuation in 1983 | 91,413 | 91,413 |
| Valuation in 1986 | 16,960 | 16,960 |
| | <u>108,373</u> | <u>108,373</u> |

The valuation in 1983 was 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 or reversed during the financial year to reflect its recoverable amount which is based on the value in use or estimated market value by reference to the open market value.
- (c) Certain land and buildings, furniture, fittings and equipment, and plant and machinery of the subsidiaries with net book values totalling RM532,057,000 (2009: RM365,039,000) are pledged to financial institutions for banking facilities granted to these subsidiaries and related companies.
- (d) Property, plant and equipment of the Group with net book value totalling RM10,000 (2009: RM126,000) have been acquired under hire-purchase and lease arrangements.
- (e) In the previous financial year, the additions of property, plant and equipment totalling RM47,451,000 comprise the following: -

| | | <i>Group</i> | |
|---|-------------|----------------------|----------------------|
| | <i>Note</i> | <i>2010</i> | <i>2009</i> |
| | | <i>RM'000</i> | <i>RM'000</i> |
| Total additions for the financial year as reported | | 19,189 | 47,450 |
| Less: Provision for restoration cost of rented premises | 30 | - | (8,247) |
| As reported in cash flow statements | | <u>19,189</u> | <u>39,203</u> |

- (f) During the financial year, the Group reassessed its leases of land in accordance with the Amendment to FRS 117 to be finance leases. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively (Note 37).



12. Investment Properties

| | | <i>Group</i> | |
|---|-------------|----------------|---------------|
| | | <i>2010</i> | <i>2009</i> |
| | <i>Note</i> | <i>RM'000</i> | <i>RM'000</i> |
| Cost or Valuation | | | |
| At 1 January, restated | | | |
| - at cost | | 114,158 | 116,230 |
| - at valuation (1982) | | 150 | 150 |
| | | 114,308 | 116,380 |
| Transfer from Property, Plant and Equipment | 11 | 11,304 | - |
| Exchange difference | | (33) | 17 |
| Additions | | - | 5 |
| Disposals | | - | (2,094) |
| At 31 December | | 125,579 | 114,308 |
| Accumulated Depreciation | | | |
| At 1 January, restated | | 7,983 | 7,110 |
| Transfer from Property, Plant and Equipment | 11 | 2,955 | - |
| Exchange difference | | (8) | 3 |
| Charge for the financial year | | 1,050 | 870 |
| At 31 December | | 11,980 | 7,983 |
| Accumulated Impairment | | | |
| At 1 January, restated/31 December | | 10,000 | 10,000 |
| Net Book Value | | | |
| At 31 December | | 103,599 | 96,325 |
| Fair Value | | 122,262 | 100,476 |
| Included in the above are:- | | | |
| Buildings | | 36,171 | 28,598 |
| Freehold land | | 50,615 | 50,827 |
| Leasehold land | | 6,202 | 6,289 |
| Construction work-in-progress | | 10,611 | 10,611 |
| | | 103,599 | 96,325 |

Investment properties comprise commercial properties leased to third parties under operating leases. Rental income and direct operating expenses arising from these investment properties are as follows: -

| | <i>Group</i> | |
|---------------------------|---------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Rental income | 1,134 | 2,507 |
| Direct operating expenses | 1,113 | 2,631 |

The investment property at valuation of RM150,000 was based on revaluation in 1982 by independent professional valuers on the basis of open market value.

Fair value of investment properties was estimated by the Directors based on market values of comparable properties and valuation carried out by independent registered valuers.



12. Investment Properties (Cont'd)

During the financial year, the Group reassessed its leases of land in accordance with the Amendment to FRS 117 to be finance leases. The classification of prepaid lease payments for land as investment properties has been accounted for retrospectively (Note 37).

13. Subsidiaries

| | <i>Company</i> | |
|--------------------------------|----------------|----------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Investments in subsidiaries | | |
| Quoted shares | | |
| At cost | 258,632 | 258,632 |
| At Directors' valuation (1983) | 46,396 | 46,396 |
| | <u>305,028</u> | <u>305,028</u> |
| Unquoted shares | | |
| At cost | 694,074 | 694,074 |
| At Directors' valuation: - | | |
| -1983 | 38,708 | 38,708 |
| -1987 | 6,900 | 6,900 |
| | <u>739,682</u> | <u>739,682</u> |
| Total investments | 1,044,710 | 1,044,710 |
| Less: Impairment losses | (309,762) | (271,222) |
| | <u>734,948</u> | <u>773,488</u> |
| Market value of quoted shares | <u>50,480</u> | <u>51,455</u> |

(a) Certain investments in subsidiaries are carried at revalued amounts based on valuations made by Directors then in 1983 and 1987. The valuation of the quoted investments in subsidiaries were based on the market values of the shares in the relevant subsidiaries at that point in time, whereas the valuations of the unquoted investments in subsidiaries were based on the adjusted net tangible assets of the relevant subsidiaries. The valuations have not been updated as the Company has not adopted a policy of regular revaluation. As such, the investments in subsidiaries are stated at its previous valuations less impairment losses, if any.

(b) On 30 January 2009, the Group completed the disposal of its entire investment in Two Holdings Sdn. Bhd. ("THSB"), a wholly-owned subsidiary of MUI Properties Berhad.

The revenue and results of THSB for the financial year were as follows: -

| | <i>2009</i> |
|---------------------|-----------------------|
| | <i>Up to the date</i> |
| | <i>of disposal</i> |
| | <i>RM'000</i> |
| Revenue | - |
| Operating costs | - |
| Loss after taxation | - |



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

| | <i>2009 At the date of disposal RM'000</i> |
|--|--|
| Goodwill | 362 |
| Deferred tax assets | 425 |
| Property development cost | 908 |
| Cash and bank balances | 1 |
| Other payables | (696) |
| Minority interest | 456 |
| Net assets disposed | 1,456 |
| Proceeds from disposal | 9,300 |
| Gain on disposal | 7,844 |
| Net cash inflow arising on disposal: - | |
| | <i>2009 At the date of disposal RM'000</i> |
| Proceeds from disposal | 9,300 |
| Cash and bank balances disposed | (1) |
| | 9,299 |

(c) The consolidated financial statements does not deal with the subsidiaries under or pending liquidation.

(d) The subsidiaries, including those companies under or pending liquidation as indicated, are listed on pages 144 to 152.

14. Associates

| | <i>Group 2010 RM'000</i> | <i>2009 RM'000</i> |
|--|----------------------------------|------------------------|
| Investments in associates | | |
| Quoted shares, at cost | | |
| Malaysia | 54,011 | 54,011 |
| Overseas | 273,515 | 304,353 |
| | 327,526 | 358,364 |
| Unquoted shares, at cost | 312,484 | 317,849 |
| | 640,010 | 676,213 |
| Group's share of post-acquisition reserves, net of dividend received | (175,920) | (140,191) |
| | 464,090 | 536,022 |
| Less: Impairment losses | (34,228) | (52,213) |
| | 429,862 | 483,809 |
| Market value of quoted shares | | |
| Malaysia | 31,247 | 42,610 |
| Overseas | 232,908 | 195,572 |
| | 264,155 | 238,182 |



14. Associates (Cont'd)

The summarised financial information of the associates are as follows: -

| | <i>Group</i> | |
|-------------------------------|------------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Assets and liabilities | | |
| Total assets | 1,302,640 | 1,382,326 |
| Total liabilities | 747,286 | 745,579 |
| Results | | |
| Revenue | 1,516,790 | 1,622,616 |
| Profit for the financial year | 109,023 | 42,964 |

(a) Certain quoted shares in an overseas associate held by an overseas subsidiary were pledged to overseas financial institutions for credit facilities of RM260,019,000 (which were included in the credit facilities as mentioned in Note 26) granted to an overseas and a Malaysia subsidiary.

(b) The associates are listed on pages 145 to 150.

15. Other Investments

| | <i>Group</i> | |
|---|----------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Non-current | | |
| Available-for-sale financial assets (2009: At cost) | | |
| Quoted shares in Malaysia | 47,989 | 33,599 |
| Quoted shares outside Malaysia | 30,084 | 16,370 |
| | 78,073 | 49,969 |
| Unquoted shares in Malaysia | 7,502 | 7,910 |
| Less: Impairment loss | (5,909) | (7,343) |
| | 1,593 | 567 |
| Net carrying amount | 79,666 | 50,536 |
| Market value of quoted shares | | |
| Malaysia | 47,989 | 40,982 |
| Overseas | 30,084 | 30,844 |
| | 78,073 | 71,826 |
| Current | | |
| Financial assets at fair value through profit or loss (2009: At cost) | | |
| Quoted shares in Malaysia | 26,055 | 35,478 |
| Quoted shares outside Malaysia | 24,107 | 24,111 |
| | 50,162 | 59,589 |
| Market value of quoted shares | 50,162 | 59,635 |

(a) The comparative figures have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

(b) Information on the fair value hierarchy is disclosed in Note 33(b)(iv) to the financial statements.



16. Land Held for Property Development and Property Development Costs

| | <i>Group</i> | |
|---|----------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| (a) Land Held for Property Development (Non-Current) | | |
| Freehold land, at cost | | |
| At 1 January/31 December | 35,263 | 35,263 |
| (b) Property Development Costs (Current) | | |
| Costs at 1 January | | |
| Freehold land | 23,899 | 24,173 |
| Development costs | 61,421 | 66,222 |
| Exchange differences | (200) | 101 |
| | 85,120 | 90,496 |
| Costs incurred for the financial year | | |
| Development costs | 13,703 | 11,600 |
| Accumulated costs reversed during the financial year in respect of completed projects | | |
| Freehold land | (31) | (262) |
| Development costs | (2,440) | (10,716) |
| | (2,471) | (10,978) |
| Costs recognised in profit or loss | | |
| At 1 January | (2,367) | (7,971) |
| Recognised for the financial year | (9,610) | (5,372) |
| Accumulated costs reversed during the financial year in respect of completed projects | 2,471 | 10,978 |
| At 31 December | (9,506) | (2,365) |
| Accumulated impairment | | |
| At 1 January/31 December | (6,500) | (6,500) |
| Transfers to inventories | (5,082) | (5,698) |
| At 31 December | 75,264 | 76,555 |

17. Goodwill on Consolidation

| | <i>Group</i> | |
|---|------------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Cost | | |
| At 1 January | 1,267,253 | 1,264,905 |
| Disposal of a subsidiary | - | (362) |
| Purchase of additional shares in subsidiaries | - | 2,710 |
| At 31 December | 1,267,253 | 1,267,253 |
| Accumulated Impairment | | |
| At 1 January | 1,041,257 | 1,041,257 |
| Recognised for the financial year | 5,100 | - |
| At 31 December | 1,046,357 | 1,041,257 |
| Net Book Value | | |
| At 31 December | 220,896 | 225,996 |



17. Goodwill on Consolidation (Cont'd)

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

In assessing the recoverable amounts of the subsidiaries to which the goodwill is allocated for impairment testing purposes, the Group had used various methods to estimate the recoverable amounts and the key assumptions are summarised as below: -

(a) Fair value less costs to sell

The fair value less costs to sell of a listed subsidiary was determined based on adjusted net assets method where the net assets of the subsidiary is based on its audited financial statements as at the end of the reporting period which have been fairly stated and adjusted for the valuation surplus on certain assets held by the subsidiary and share of the value in use of an associate.

(b) Value in use

Value in use was estimated by using cash flow projections based on the financial budgets and projected terminal value after five years approved by the Board of Directors covering a period of five years for a retailing subsidiary and twenty years for a food and confectionery subsidiary. The discount rate applied to the cash flow projections was 7% based on weighted average cost of capital of the Company.

Based on the above basis, the Group has recognised cumulatively up to 31 December 2010 impairment of goodwill amounting to RM1.05 billion out of the total goodwill of RM1.27 billion and the Directors are of the view that no further impairment is required as at the end of the reporting period.

18. Inventories

| | <i>Group</i> | |
|--------------------------------------|----------------|----------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| At cost | | |
| Retail trading merchandises | 54,871 | 53,726 |
| Completed development property units | 30,345 | 24,593 |
| Finished goods | 9,056 | 14,117 |
| Raw materials | 5,346 | 3,222 |
| Sundry stores and consumables | 2,285 | 2,118 |
| Work-in-progress | 1,497 | 1,738 |
| Food, beverages and hotel supplies | 1,061 | 1,134 |
| | 104,461 | 100,648 |
| At net realisable value | | |
| Raw materials | - | 2,096 |
| | 104,461 | 102,744 |



19. Trade and Other Receivables

| | <i>Group</i> | | <i>Company</i> | |
|-------------------------------|------------------|---------------|--------------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Non-current | | | | |
| Other receivable | | | | |
| Amount owing by an associate | 54,334 | - | - | - |
| Current | | | | |
| Trade receivables | 530,386 | 582,440 | - | - |
| Less: Impairment loss | (429,354) | (429,893) | - | - |
| | 101,032 | 152,547 | - | - |
| Other receivables | 60,748 | 68,947 | - | - |
| Less: Impairment loss | (33,341) | (36,281) | - | - |
| | 27,407 | 32,666 | - | - |
| Amounts owing by associates | 74,333 | 126,278 | - | - |
| Less: Impairment loss | - | (27) | - | - |
| | 74,333 | 126,251 | - | - |
| Amounts owing by subsidiaries | - | - | 2,519,504 | 2,518,298 |
| Less: Impairment loss | - | - | (1,098,974) | (1,147,358) |
| | - | - | 1,420,530 | 1,370,940 |
| Deposits and prepayments | 16,147 | 16,353 | 4 | 4 |
| | 218,919 | 327,817 | 1,420,534 | 1,370,944 |

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

| | <i>Group</i> | |
|------------------|---------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Sterling Pound | 7,381 | 8,702 |
| Hong Kong Dollar | 2,267 | 2,508 |
| US Dollar | 5 | 446 |
| Singapore Dollar | 2,357 | 2,584 |
| | 12,010 | 14,240 |

(b) The amounts owing by associates, represent balances arising from advances which are unsecured, repayable on demand in cash and cash equivalents and interest-free except for advances of RM54.3 million (2009: RM54.4 million) which bear interest at 4.7% (2009: 4.7%) per annum and RM54.3 million (2009: Nil) which is not repayable within the next twelve months.

(c) The amounts owing by subsidiaries, which represent balances arising from advances and payments made on behalf by the Company, are unsecured, repayable on demand in cash and cash equivalents and interest-free except for amounts totalling RM20.0 million (2009: RM20.0 million) which bear interests at 5.84% to 6.43% per annum (2009: 5.83% to 6.57% per annum).

(d) Normal trade credit terms ranges from 7 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis.



19. Trade and Other Receivables (Cont'd)

(e) The ageing analysis of trade receivables of the Group is as follows: -

| | <i>Group 2010 RM'000</i> |
|-------------------------------|----------------------------------|
| Neither past due nor impaired | 30,526 |
| Past due, not impaired | |
| 1 to 30 days | 604 |
| 31 to 60 days | 7,494 |
| 61 to 90 days | 7,192 |
| 91 to 120 days | 14,186 |
| More than 121 days | 41,030 |
| | 70,506 |
| Past due and impaired | 429,354 |
| | 530,386 |

Receivables that are neither past due nor impaired

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

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

The reconciliation of movement in the impairment loss are as follows:

| | <i>Group 2010 RM'000</i> |
|-------------------------------|----------------------------------|
| At 1 January | 429,893 |
| Charge for the financial year | 347 |
| Written off | (958) |
| Reclassification | 83 |
| Exchange differences | (11) |
| At 31 December | 429,354 |



20. Held-To-Maturity Investments

| | | <i>Group</i> | |
|---------------------------------|--|---------------|---------------|
| | | <i>2010</i> | <i>2009</i> |
| | | <i>RM'000</i> | <i>RM'000</i> |
| Amortised Cost | | | |
| Malaysian Government Securities | | 15,044 | 14,988 |
| Cagamas Bonds | | 5,020 | 5,012 |
| Corporate Bonds | | 20,070 | 25,024 |
| | | 40,134 | 45,024 |
| Fair Value | | | |
| Malaysian Government Securities | | 15,270 | 15,337 |
| Cagamas Bonds | | 5,119 | 5,134 |
| Corporate Bonds | | 20,620 | 26,876 |
| | | 41,009 | 47,347 |

| | <i>Average effective annual interest rate %</i> | <i>Carrying Amount RM'000</i> | <i>Maturity</i> | | | | | <i>More than 5 years RM'000</i> |
|---------------------|---|---------------------------------------|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---|
| | | | <i>Less than 1 year RM'000</i> | <i>1 to 2 years RM'000</i> | <i>2 to 3 years RM'000</i> | <i>3 to 4 years RM'000</i> | <i>4 to 5 years RM'000</i> | |
| | | | | | | | | |
| 2010 | | | | | | | | |
| Financial assets: - | | | | | | | | |
| Malaysian | | | | | | | | |
| Government | | | | | | | | |
| Securities | 4.04 | 15,044 | 5,019 | 5,014 | 5,011 | - | - | - |
| Cagamas Bonds | 4.37 | 5,020 | - | 5,020 | - | - | - | - |
| Corporate Bonds | 4.31 | 20,070 | 5,068 | 9,952 | 4,950 | - | - | 100 |
| | | 40,134 | 10,087 | 19,986 | 9,961 | - | - | 100 |
| 2009 | | | | | | | | |
| Financial assets: - | | | | | | | | |
| Malaysian | | | | | | | | |
| Government | | | | | | | | |
| Securities | 3.71 | 14,988 | - | 4,982 | 4,997 | 5,009 | - | - |
| Cagamas Bonds | 4.33 | 5,012 | - | - | 5,012 | - | - | - |
| Corporate Bonds | 4.95 | 25,024 | 5,008 | 5,049 | 9,942 | 4,925 | - | 100 |
| | | 45,024 | 5,008 | 10,031 | 19,951 | 9,934 | - | 100 |



21. Deposits, Bank Balances and Cash

| | <i>Group</i> | | <i>Company</i> | |
|-----------------------------------|----------------|---------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Term deposits with licensed banks | 453,550 | 440,292 | 13 | 22 |
| Bank balances and cash | 52,993 | 43,226 | 36 | 27 |
| | 506,543 | 483,518 | 49 | 49 |

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

| | | | | |
|------------------|----------------|---------|-----------|----|
| Sterling Pound | 82,915 | 89,377 | - | - |
| Hong Kong Dollar | 13,602 | 11,345 | 17 | 26 |
| Singapore Dollar | 10,627 | 10,840 | 1 | 2 |
| US Dollar | 5,109 | 5,032 | - | - |
| Australia Dollar | 490 | 445 | 1 | 1 |
| Canada Dollar | 10 | - | - | - |
| | 112,753 | 117,039 | 19 | 29 |

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

| | <i>%</i> | <i>%</i> | <i>%</i> | <i>%</i> |
|-----------------------------------|-------------|----------|-------------|----------|
| Term deposits with licensed banks | 1.97 | 2.04 | 0.01 | 0.25 |
| Bank balances and cash | 2.00 | 2.00 | - | - |

The average maturity for deposits ranges from 7 days to 365 days (2009: 7 days to 365 days).

- (c) Included in deposits, bank balances and cash of the Group are amounts totalling RM4,654,000 (2009: RM4,700,000) held under the Housing Development Accounts which are interest bearing pursuant to Section 7A of the Housing Developers (Control & Licensing) Act, 1966.
- (d) Included in term deposits is an amount of RM31,000,000 (2009: RM31,000,000), which represents balance of proceeds from the disposal of the cement associates by a listed subsidiary. Any deviation from the approved utilisation of this amount is subject to the approval of Securities Commission ("SC"). The SC had vide its letter dated 15 December 2008 approved the listed subsidiary's application to revise the utilisation by repaying its bank borrowings and expanding its food and confectionery business.

22. Non-Current Assets Held for Sale

Non-current assets held for sale are in respect of assets which are pending disposal and in line with the rationalisation plan of the Group.

In the previous financial year, non-current assets held for sale comprise freehold land and buildings together with the furniture, fittings & equipment with a total carrying amount of RM256,702,000. During the financial year, these assets have been reclassified to property, plant and equipment as the requirements of FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* were no longer met in order to continue to classify these assets as non-current assets held for sale.



23. Share Capital

| | <i>Group/Company</i> | |
|--|----------------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Authorised | | |
| 3,000,000,000 ordinary shares of RM1 each | 3,000,000 | 3,000,000 |
| Issued & fully paid | | |
| At 1 January 2010, 1,940,531,778 (2009: 1,940,531,778) ordinary shares of RM1 each | 1,940,532 | 1,940,532 |
| Conversion of Class A1 ICULS to 89,241,226 ordinary shares of RM1 each | 89,241 | - |
| At 31 December 2010, 2,029,773,004 (2009: 1,940,531,778) ordinary shares of RM1 each | 2,029,773 | 1,940,532 |

24. Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

| | <i>Group/Company</i> | |
|--|----------------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| At nominal value | | |
| Class A1, 8-year ICULS ("Class A1 ICULS") | 443,662 | 443,662 |
| Class A2, 8-year ICULS ("Class A2 ICULS") | 443,662 | 443,662 |
| | 887,324 | 887,324 |
| Conversion of Class A1 ICULS to 89,241,226 ordinary shares of RM1 each | (89,241) | - |
| Less: Unamortised discount portion of ICULS | (33,919) | (150,845) |
| | 764,164 | 736,479 |
| At nominal value | | |
| Class A3, 2½-year ICULS ("Class A3 ICULS") | 104,705 | - |
| Less: Unamortised Class A3 ICULS | (69,803) | - |
| | 799,066 | 736,479 |

The ICULS are classified as equity instruments 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 MUI Shares") during the period of six months from the expiry of the fifth (5th) year from the Issue Date (i.e. 30 December 2009 to 30 June 2010) ("First Conversion Period"). Any Class A1 ICULS not converted then shall be convertible into New MUI Shares during the period being the last six months of the eighth (8th) year from Issue Date (i.e. 27 June 2012 to 27 December 2012) ("Second Conversion Period");



24. Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) (Cont’d)

- (iv) The holders of Class A2 ICULS may exercise their rights to convert their ICULS into New MUI Shares at any time during the Second Conversion Period;
- (v) 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 (i.e. 30 June 2010). 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;
- (vi) The Class A3 ICULS holders may exercise their rights to convert their ICULS into New MUI Shares at any time during the Second Conversion Period. Unless previously converted, all outstanding Class A3 ICULS on maturity date, 28 December 2012, will be automatically and mandatorily converted into New MUI Shares;
- (vii) The ICULS shall be convertible into New MUI Shares on the basis of RM1.00 nominal value of ICULS for one new fully paid-up ordinary share in MUI;
- (viii) All outstanding ICULS on Maturity Date shall be automatically and mandatorily converted into New MUI Shares; and
- (ix) The New MUI 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 MUI Shares or any interim dividend or distribution, the declaration date of which is on or before the conversion date.

During the financial year, the Company has issued: -

- (a) 89,241,226 ordinary shares of RM1.00 each arising from the conversion of the Class A1, 8-year ICULS which were exercised by the holders of the Class A1 ICULS as mentioned in Note 23; and
- (b) Class A3 ICULS with nominal value totalling RM104,705,354 as compensation on the outstanding unconverted Class A1 ICULS and Class A2 ICULS as at 30 June 2010. Based on the Directors’ assessment, the issuance of the Class A3 ICULS is considered as an equity transaction.



25. Reserves

| | <i>Group</i> | | <i>Company</i> | |
|------------------------------|--------------------|--------------------|------------------|------------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Non-Distributable | | | | |
| Share premium | 220,305 | 220,305 | 220,305 | 220,305 |
| Revaluation reserve | 19,304 | 19,304 | 26,264 | 26,264 |
| Exchange translation reserve | 8,395 | 83,219 | - | - |
| Capital reserve | 2,585 | 2,626 | - | - |
| Available-for-sale reserve | 17,582 | - | - | - |
| Distributable | | | | |
| General reserve | 25,257 | 25,257 | - | - |
| Accumulated losses | (2,452,236) | (2,336,863) | (943,275) | (803,634) |
| | (2,158,808) | (1,986,152) | (696,706) | (557,065) |

- (a) The capital reserve comprises mainly the Group's portion of the share premium arising from special issues to approved Bumiputera investors by subsidiaries in previous financial years.
- (b) The general reserve comprises mainly gains from disposal of property, plant and equipment by subsidiaries in previous financial years.
- (c) Supplementary information on realised and unrealised profit or losses

The accumulated losses as at the end of the reporting period may be analysed as follow:

| | <i>2010</i> | |
|---|--------------------|------------------|
| | <i>Group</i> | <i>Company</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Total accumulated losses | | |
| - Realised | (2,406,668) | (943,273) |
| - Unrealised | (23,335) | (2) |
| | (2,430,003) | (943,275) |
| Total share of accumulated losses from associates | | |
| - Realised | (22,233) | - |
| | (2,452,236) | (943,275) |

26. Borrowings

| | <i>Group</i> | |
|-------------------------------------|----------------|----------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Non-Current | | |
| Term loans and revolving credits | | |
| - secured | 738,481 | 774,658 |
| - unsecured | 25,700 | - |
| Hire-purchase and lease liabilities | 459 | 124 |
| | 764,640 | 774,782 |
| Less: Current portion of term loans | (120,615) | (10,353) |
| | 644,025 | 764,429 |



26. Borrowings (Cont'd)

| | <i>Group</i> | | <i>Company</i> | |
|-------------------------------------|----------------|---------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Current | | | | |
| Bank overdrafts | | | | |
| - secured | 30,731 | 32,120 | - | - |
| - unsecured | 17,954 | 19,990 | - | - |
| Term loans and revolving credits | | | | |
| - secured | - | 80,000 | - | - |
| - unsecured | 373,998 | 426,348 | 20,000 | 20,000 |
| Current portion of term loans | 120,615 | 10,353 | - | - |
| Hire-purchase and lease liabilities | 208 | 107 | - | - |
| | 543,506 | 568,918 | 20,000 | 20,000 |

| | <i>Group</i> | |
|--|----------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| (a) The maturities of non-current term loans and revolving credits are as follows: - | | |
| Between 1 year to 2 years | 84,260 | 524,633 |
| Between 2 years to 3 years | 20,138 | 225,192 |
| Between 3 years to 4 years | 31,644 | 840 |
| Between 4 years to 5 years | 495,984 | 1,050 |
| More than 5 years | 11,540 | 12,590 |
| | 643,566 | 764,305 |

(b) Details of hire-purchase and lease liabilities are as follows: -

| | | |
|--|--------------|------|
| Hire-purchase and minimum lease payments | | |
| Within 1 year | 234 | 120 |
| Between 1 year to 5 years | 562 | 129 |
| | 796 | 249 |
| Future finance charges | (129) | (18) |
| Present value of hire-purchase and lease liabilities | 667 | 231 |
| Portion payable: - | | |
| Within 1 year (current) | 208 | 107 |
| Between 1 year to 5 years (non-current) | 459 | 124 |
| | 667 | 231 |

(c) The foreign currency exposure profile of borrowings is as follows: -

| | | |
|----------------|----------------|---------|
| Sterling Pound | 386,364 | 464,191 |
|----------------|----------------|---------|



| | <i>Group</i> | | <i>Company</i> | |
|--|--------------|-------------|----------------|-------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>%</i> | <i>%</i> | <i>%</i> | <i>%</i> |
| (d) The weighted average effective annual interest rates of borrowings during the financial year are as follows: - | | | | |
| Bank overdrafts | 5.0 | 5.3 | - | - |
| Revolving credits | 5.2 | 4.5 | 6.4 | 5.9 |
| Term loans | 2.2 | 2.7 | - | - |
| Hire-purchase and lease liabilities | 4.7 | 7.8 | - | - |

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

| | <i>Group</i> | | <i>Company</i> | |
|--------------------------|------------------|------------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Fixed rate borrowings | 11,820 | 15,820 | - | - |
| Floating rate borrowings | 1,175,044 | 1,317,296 | 20,000 | 20,000 |
| | 1,186,864 | 1,333,116 | 20,000 | 20,000 |

(f) The banking facilities of certain subsidiaries are secured by the following: -

- (i) fixed charges over certain landed properties, fixed deposits, quoted shares and plant and machinery of the subsidiaries.
- (ii) floating charges over all the other assets of these subsidiaries.

27. Employee Benefits

| | | <i>Group</i> | |
|---|-------------|----------------|----------------|
| | <i>Note</i> | <i>2010</i> | <i>2009</i> |
| | | <i>RM'000</i> | <i>RM'000</i> |
| At 1 January | | 5,193 | 6,770 |
| Reclassification | | - | 195 |
| Exchange adjustments | | (2) | 7 |
| Writeback during the financial year | | (437) | (1,033) |
| Paid during the financial year | | (273) | (746) |
| At 31 December | | 4,481 | 5,193 |
| Less: Current portion included in provision | 30 | (1,577) | (2,134) |
| | | 2,904 | 3,059 |

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.



28. Deferred Tax Liabilities/Assets

| | | <i>Group</i> | |
|------------------------------|-------------|------------------------------|------------------------------|
| | <i>Note</i> | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> |
| At 1 January | | 6,695 | 4,565 |
| Exchange adjustments | | (121) | 323 |
| Disposal of a subsidiary | | - | 425 |
| Transfer from profit or loss | 9 | 878 | 1,382 |
| At 31 December | | 7,452 | 6,695 |

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

| | | |
|-------------------------------|--------------|---------|
| Deferred tax liabilities, net | 8,187 | 9,242 |
| Deferred tax assets, net | (735) | (2,547) |
| | 7,452 | 6,695 |

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: -

Deferred Tax Liabilities of the Group

| | <i>Investment</i> <i>RM'000</i> | <i>Property, plant and equipment</i> <i>RM'000</i> | <i>Total</i> <i>RM'000</i> |
|------------------------------------|------------------------------------|---|-------------------------------|
| At 1 January 2009 | - | 33,743 | 33,743 |
| Exchange adjustments | - | 2,582 | 2,582 |
| Disposal of subsidiary | - | 425 | 425 |
| Recognised in profit or loss | 3,522 | (5,108) | (1,586) |
| Transfer from deferred tax assets | - | 473 | 473 |
| At 31 December 2009/1 January 2010 | 3,522 | 32,115 | 35,637 |
| Exchange adjustments | - | (3,155) | (3,155) |
| Recognised in equity | - | - | - |
| Recognised in profit or loss | (73) | (945) | (1,018) |
| At 31 December 2010 | 3,449 | 28,015 | 31,464 |



Deferred Tax Assets of the Group

| | <i>Advance Corporate Taxation RM'000</i> | <i>Provisions RM'000</i> | <i>Unutilised Tax Losses And Capital Allowances RM'000</i> | <i>Others RM'000</i> | <i>Total RM'000</i> |
|---|--|------------------------------|--|--------------------------|-------------------------|
| At 1 January 2009 | 12,431 | 4,374 | 10,790 | 90 | 27,685 |
| Exchange adjustments | 1,214 | 1 | 1,044 | - | 2,259 |
| Tax effect of adopting the new accounting policies for claims liabilities and investments | - | 1,493 | - | - | 1,493 |
| Recognised in profit or loss | 1,245 | (2,316) | (2,059) | 162 | (2,968) |
| Transfer from/(to) deferred tax liabilities | - | 708 | 17 | (252) | 473 |
| At 31 December 2009/1 January 2010 | 14,890 | 4,260 | 9,792 | - | 28,942 |
| Exchange adjustments | (1,846) | - | (1,188) | - | (3,034) |
| Recognised in profit or loss | (2,158) | (89) | 351 | - | (1,896) |
| At 31 December 2010 | 10,886 | 4,171 | 8,955 | - | 24,012 |

- (c) The Group has not recognised deferred tax assets in the financial statements in respect of the following items: -

| | <i>Group</i> | |
|--|------------------------|------------------------|
| | <i>2010 RM'000</i> | <i>2009 RM'000</i> |
| Unutilised tax losses | 358,760 | 375,848 |
| Unutilised capital allowances | 10,591 | 14,114 |
| Other deductible temporary differences | (612) | 140 |
| | 368,739 | 390,102 |

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



29. Trade and Other Payables

| | <i>Group</i> | | <i>Company</i> | |
|-----------------------------|----------------|----------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Trade payables | 123,271 | 146,108 | - | - |
| Other payables | 43,173 | 48,993 | 198 | 142 |
| Accrued expenses | 27,920 | 30,442 | - | - |
| Tenant deposits | 112 | 104 | - | - |
| Amounts owing to associates | 9,136 | 18,700 | - | - |
| | 203,612 | 244,347 | 198 | 142 |

(a) The amounts owing to associates represent balances arising from advances received by overseas subsidiaries which are unsecured, repayable on demand in cash and cash equivalents and interest-free.

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

| | <i>Group</i> | |
|------------------|---------------|---------------|
| | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Sterling Pound | 8,712 | 14,237 |
| Hong Kong Dollar | 638 | 291 |
| US Dollar | 206 | 1,054 |
| Singapore Dollar | 159 | 2,093 |
| Euro | - | 95 |
| | 9,715 | 17,770 |

(c) The normal trade credit term ranges from 1 to 90 days.

30. Provisions

| | <i>Note</i> | <i>Group</i> | |
|--|-------------|---------------|---------------|
| | | <i>2010</i> | <i>2009</i> |
| | | <i>RM'000</i> | <i>RM'000</i> |
| Non-Current | | | |
| Provision for restoration cost of rented premises | | 7,877 | 8,247 |
| Current | | | |
| Provision for settlement under a compromise in respect of an Executive Share Option Scheme of a subsidiary | | - | 1,160 |
| Employee benefits | 27 | 1,577 | 2,134 |
| | | 1,577 | 3,294 |

31. Reinsurance Assets/Insurance Contract Liabilities

| <i>Group</i> | <i>2010</i> | | | <i>2009</i> | | |
|---|---------------|--------------------|---------------|---------------|--------------------|---------------|
| | <i>Gross</i> | <i>Reinsurance</i> | <i>Net</i> | <i>Gross</i> | <i>Reinsurance</i> | <i>Net</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Provision for claims reported by policyholders | 193,109 | (106,876) | 86,233 | 161,113 | (91,418) | 69,695 |
| Provision for incurred but not reported claims ("IBNR") | 85,292 | (39,488) | 45,804 | 60,057 | (30,291) | 29,766 |
| Provision for outstanding claims (i) | 278,401 | (146,364) | 132,037 | 221,170 | (121,709) | 99,461 |
| Unearned premium reserves (ii) | 104,197 | (38,094) | 66,103 | 93,314 | (37,305) | 56,009 |
| | 382,598 | (184,458) | 198,140 | 314,484 | (159,014) | 155,470 |

(i) Provision for outstanding claims/claims liabilities

| | <i>2010</i> | | | <i>2009</i> | | |
|---|---------------|--------------------|---------------|---------------|--------------------|---------------|
| | <i>Gross</i> | <i>Reinsurance</i> | <i>Net</i> | <i>Gross</i> | <i>Reinsurance</i> | <i>Net</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| At 1 January | 221,170 | (121,709) | 99,461 | 226,701 | (146,417) | 80,284 |
| Claims incurred in the current accident year | 140,732 | (81,488) | 59,244 | 65,874 | (20,832) | 45,042 |
| Additional/(Writeback of) provision for incurred but not reported claims ("IBNR") | 25,235 | (9,197) | 16,038 | (2,245) | 9,600 | 7,355 |
| Other movements in claims incurred in prior accident years | 19,200 | (992) | 18,208 | 15,857 | (5,546) | 10,311 |
| Claims paid during the year | (127,936) | 67,022 | (60,914) | (85,017) | 41,486 | (43,531) |
| At 31 December | 278,401 | (146,364) | 132,037 | 221,170 | (121,709) | 99,461 |

(ii) Unearned premium reserves/premium liabilities

| | <i>2010</i> | | | <i>2009</i> | | |
|--------------------------------|---------------|--------------------|---------------|---------------|--------------------|---------------|
| | <i>Gross</i> | <i>Reinsurance</i> | <i>Net</i> | <i>Gross</i> | <i>Reinsurance</i> | <i>Net</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| At 1 January | 93,314 | (37,305) | 56,009 | 81,010 | (42,819) | 38,191 |
| Premium written in the year | 243,005 | (101,295) | 141,710 | 214,640 | (97,512) | 117,128 |
| Premium earned during the year | (232,122) | 100,506 | (131,616) | (202,336) | 103,026 | (99,310) |
| At 31 December | 104,197 | (38,094) | 66,103 | 93,314 | (37,305) | 56,009 |



32. Operating Segment of the Group

Malayan United Industries Berhad as well as its subsidiaries and associates are principally engaged in retailing, hotels, food & confectionery, financial services, property, travel & tourism and investment holding.

Malayan United Industries Berhad has arrived at seven reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows: -

- | | |
|------------------------|---|
| • Retailing | - Operating department and specialty stores, and through an associate, 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 |
| • Financial services | - Universal broking and general insurance |
| • Property | - Property development and investment |
| • Travel & tourism | - Travel agent & provision of travel-related services |
| • Investment holding | - Investment activities |

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.



(i) Business Segment

| 2010 | Retailing RM'000 | Hotels RM'000 | Food & Confectionery RM'000 | Financial Services RM'000 | Property RM'000 | Travel & Tourism RM'000 | Investment Holding RM'000 | Elimination RM'000 | Total Group RM'000 |
|--|---------------------|------------------|-----------------------------------|---------------------------------|--------------------|-------------------------------|---------------------------------|-----------------------|--------------------------|
| Revenue | | | | | | | | | |
| External revenue | 904,046 | 173,740 | 76,135 | 248,944 | 24,647 | 5,849 | 27,728 | - | 1,461,089 |
| Inter-segment revenue | - | 381 | - | 1,974 | - | 1,176 | 775 | (4,306) | - |
| Total revenue | 904,046 | 174,121 | 76,135 | 250,918 | 24,647 | 7,025 | 28,503 | (4,306) | 1,461,089 |
| Less: Group's share of associates' revenue | | | | | | | | | (533,712) |
| | | | | | | | | | 927,377 |
| Results | | | | | | | | | |
| Segment results (external) | 19,650 | 31,368 | (3,063) | 23,921 | 7,058 | (206) | (16,175) | - | 62,553 |
| Interest income | 610 | 48 | 308 | 7,402 | 343 | 8 | 2,183 | - | 10,902 |
| Profit/(Loss) from operations before exceptional items | 20,260 | 31,416 | (2,755) | 31,323 | 7,401 | (198) | (13,992) | - | 73,455 |
| Exceptional items (<i>refer note 7</i>) | (1,077) | (11,075) | 1,557 | (296) | 2,294 | - | 27,563 | - | 18,966 |
| Profit/(Loss) from operations after exceptional items | 19,183 | 20,341 | (1,198) | 31,027 | 9,695 | (198) | 13,571 | - | 92,421 |
| Finance costs | (842) | (2,741) | (36) | - | (81) | (17) | (54,996) | - | (58,713) |
| Share of results of associates | 33,909 | - | - | (1,220) | - | - | 6,594 | - | 39,283 |
| Profit/(Loss) before taxation | 52,250 | 17,600 | (1,234) | 29,807 | 9,614 | (215) | (34,831) | - | 72,991 |
| Taxation | | | | | | | | | (23,205) |
| Profit for the financial year | | | | | | | | | 49,786 |
| Assets | | | | | | | | | |
| Segment assets | 382,328 | 456,071 | 167,311 | 603,609 | 207,557 | 952 | 528,102 | - | 2,345,930 |
| Investments in associates | 148,552 | - | - | 49,813 | - | - | 231,497 | - | 429,862 |
| Unallocated corporate assets | | | | | | | | | 3,280 |
| Consolidated total assets | | | | | | | | | 2,779,072 |
| Liabilities | | | | | | | | | |
| Segment liabilities | 99,747 | 523,619 | 10,914 | 466,227 | 6,919 | 341 | 678,332 | - | 1,786,099 |
| Unallocated corporate liabilities | | | | | | | | | 18,385 |
| Consolidated total liabilities | | | | | | | | | 1,804,484 |
| Other Segment Information | | | | | | | | | |
| Additions to non-current assets other than financial instruments | | | | | | | | | |
| and deferred tax assets | 11,252 | 3,919 | 3,175 | 726 | 28 | - | 89 | - | 19,189 |
| Depreciation | 11,905 | 13,469 | 2,985 | 629 | 213 | 147 | 966 | - | 30,314 |
| Non-cash expenses other than depreciation | 2,059 | 11,441 | 7,753 | 271 | - | - | 11,080 | - | 32,604 |



32. Operating Segment of the Group (Cont'd)

(i) Business Segment (Cont'd)

| 2009 | Retailing RM'000 | Hotels RM'000 | Food & Confectionery RM'000 | Financial Services RM'000 | Property RM'000 | Travel & Tourism RM'000 | Investment Holding RM'000 | Elimination RM'000 | Total Group RM'000 |
|--|---------------------|------------------|-----------------------------------|---------------------------------|--------------------|-------------------------------|---------------------------------|-----------------------|--------------------------|
| Revenue | | | | | | | | | |
| External revenue | 934,343 | 185,214 | 70,794 | 221,678 | 16,462 | 6,189 | 39,983 | - | 1,474,663 |
| Inter-segment revenue | - | 275 | - | 2,259 | 192 | 1,360 | 7,902 | (11,988) | - |
| Total revenue | 934,343 | 185,489 | 70,794 | 223,937 | 16,654 | 7,549 | 47,885 | (11,988) | 1,474,663 |
| Less: Group's share of associates' revenue | | | | | | | | (566,652) | |
| | | | | | | | | | <u>908,011</u> |
| Results | | | | | | | | | |
| Segment results (external) | 14,013 | 17,715 | 982 | 29,410 | 4,133 | (101) | (15,098) | - | 51,054 |
| Interest income | 612 | 49 | 509 | 7,301 | 315 | 11 | 2,752 | - | 11,549 |
| Profit/(Loss) from operations before exceptional items | | | | | | | | | |
| Profit/(Loss) from operations after exceptional items (<i>refer note 7</i>) | 14,625 | 17,764 | 1,491 | 36,711 | 4,448 | (90) | (12,346) | - | 62,603 |
| Profit/(Loss) from operations after exceptional items | 2,128 | (15,620) | (1,027) | (287) | 1,246 | 124 | 6,581 | - | (6,855) |
| Finance costs | 16,753 | 2,144 | 464 | 36,424 | 5,694 | 34 | (5,765) | - | 55,748 |
| Share of results of associates | (800) | (1,360) | (25) | - | (126) | (21) | (57,098) | - | (59,430) |
| Profit/(Loss) before taxation | 11,237 | - | - | (2,361) | - | - | 22,427 | - | 31,303 |
| Taxation | 27,190 | 784 | 439 | 34,063 | 5,568 | 13 | (40,436) | - | 27,621 |
| Profit for the financial year | | | | | | | | | <u>(4,908)</u> |
| | | | | | | | | | <u>22,713</u> |
| Assets | | | | | | | | | |
| Segment assets | 411,113 | 300,963 | 180,381 | 544,742 | 198,410 | 1,265 | 536,452 | - | 2,173,326 |
| Non-current assets held for sale | - | 256,702 | - | - | - | - | - | - | 256,702 |
| Investments in associates | 177,974 | - | - | 50,994 | - | - | 254,841 | - | 483,809 |
| Unallocated corporate assets | | | | | | | | | 4,398 |
| Consolidated total assets | | | | | | | | | <u>2,918,235</u> |
| Liabilities | | | | | | | | | |
| Segment liabilities | 99,834 | 585,483 | 16,335 | 425,135 | 3,657 | 761 | 775,573 | - | 1,906,778 |
| Unallocated corporate liabilities | | | | | | | | | 24,422 |
| Consolidated total liabilities | | | | | | | | | <u>1,931,200</u> |
| Other Segment Information | | | | | | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 20,908 | 4,733 | 19,866 | 431 | 26 | 1 | 1,490 | - | 47,455 |
| Depreciation | 10,916 | 16,502 | 2,237 | 632 | 103 | 158 | 1,133 | - | 31,681 |
| Non-cash expenses other than depreciation | 3,602 | 18,780 | 1,255 | 258 | - | 22 | 11,767 | - | 35,684 |



(ii) Geographical segments

| | <i>Revenue</i> | | <i>Assets Employed</i> | | <i>Capital Expenditure</i> | |
|--|------------------|---------------|------------------------|---------------|----------------------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Malaysia | 795,297 | 706,180 | 1,575,511 | 1,762,912 | 16,839 | 43,600 |
| Asia-Pacific | 22,882 | 91,799 | 302,290 | 406,098 | 8 | 105 |
| Australia | - | - | 6,352 | 6,142 | - | 12 |
| North America | 15,286 | 16,340 | 348,951 | 217,695 | - | - |
| United Kingdom | 627,624 | 660,344 | 545,968 | 525,388 | 2,342 | 3,738 |
| Total | 1,461,089 | 1,474,663 | 2,779,072 | 2,918,235 | 19,189 | 47,455 |
| Less: Group's share of associates' revenue | (533,712) | (566,652) | - | - | - | - |
| | 927,377 | 908,011 | 2,779,072 | 2,918,235 | 19,189 | 47,455 |

33. Financial Instruments

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 December 2009.

The Group and the Company monitor capital using gearing ratio, which is the amount of borrowings (Note 26 to the financial statements) divided by equity attributable to owners of the parent. The Group's and the Company's policy is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's and the Company's gearing ratios are 1.77 times (2009: 1.93 times) and 0.01 times (2009: 0.01 times) respectively.

The Group and the Company are not subject to any externally imposed capital requirements of the financial instruments.

(b) Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.



33. Financial Instruments (Cont'd)

(b) Financial instruments (Cont'd)

(i) Categories of financial instruments

| Financial assets | Loans and receivables RM'000 | Fair value through profit or loss RM'000 | Available- for-sale RM'000 | Held-to- maturity RM'000 | Total RM'000 |
|----------------------------------|---|---|---|---|-------------------------|
| 2010 | | | | | |
| Group | | | | | |
| Held-to-maturity investments | - | - | - | 40,134 | 40,134 |
| Other investments | - | 50,162 | 79,666 | - | 129,828 |
| Trade and other receivables # | 273,253 | - | - | - | 273,253 |
| Deposits, bank balances and cash | 506,543 | - | - | - | 506,543 |
| | 779,796 | 50,162 | 79,666 | 40,134 | 949,758 |
| Company | | | | | |
| Trade and other receivables | 1,420,534 | - | - | - | 1,420,534 |
| Deposits, bank balances and cash | 49 | - | - | - | 49 |
| | 1,420,583 | - | - | - | 1,420,583 |

Included non-current portion

| Financial liabilities | Other financial liabilities RM'000 | Fair value through profit and loss RM'000 | Total RM'000 |
|------------------------------|---|--|-------------------------|
| 2010 | | | |
| Group | | | |
| Borrowings | 1,187,531 | - | 1,187,531 |
| Trade and other payables | 203,612 | - | 203,612 |
| | 1,391,143 | - | 1,391,143 |
| Company | | | |
| Borrowings | 20,000 | - | 20,000 |
| Trade and other payables | 198 | - | 198 |
| | 20,198 | - | 20,198 |

(ii) Fair value of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

| | <i>Group</i> | | <i>Company</i> | |
|------------------------------|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|
| | <i>Carrying amount RM'000</i> | <i>Fair value RM'000</i> | <i>Carrying amount RM'000</i> | <i>Fair value RM'000</i> |
| 2010 | | | | |
| Recognised | | | | |
| Financial assets: | | | | |
| Held-to-maturity investments | 40,134 | 41,009 | - | - |
| Unrecognised | | | | |
| Contingent liabilities | - | - | - | * |
| 2009 | | | | |
| Recognised | | | | |
| Financial assets: | | | | |
| Held-to-maturity investments | 45,024 | 47,347 | - | - |
| Unrecognised | | | | |
| Contingent liabilities | - | - | - | * |

*Negligible



(iii) Determination of financial instruments

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (a) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- (b) Quoted investments

The fair value of quoted investments is determined by reference to the exchange quoted market prices at the close of the business on the end of the reporting period.

- (c) Non-current other receivable

Fair value of non-current other receivable is estimated based on the discounted cash flows technique. The discount rate is based on the original cost of funding used to provide the advances.

(iv) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).



33. Financial Instruments (Cont'd)

(b) Financial instruments (Cont'd)

(iv) Fair value hierarchy (Cont'd)

As at 31 December 2010, the Group held the following financial instruments carried at fair value on the statement of financial position:

| | <i>Level 1</i> <i>RM'000</i> | <i>Level 2</i> <i>RM'000</i> | <i>Level 3</i> <i>RM'000</i> | <i>Total</i> <i>RM'000</i> |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| 2010 | | | | |
| Group | | | | |
| Available-for-sale investments | | | | |
| - Quoted shares in Malaysia | 47,989 | - | - | 47,989 |
| - Quoted shares outside Malaysia | 30,084 | - | - | 30,084 |
| - Unquoted shares in Malaysia | - | - | 1,593 | 1,593 |
| | 78,073 | - | 1,593 | 79,666 |
| Financial assets at fair value through profit or loss | | | | |
| - Quoted shares in Malaysia | 23,115 | 2,940 | - | 26,055 |
| - Quoted shares outside Malaysia | 24,107 | - | - | 24,107 |
| | 47,222 | 2,940 | - | 50,162 |
| Total | 125,295 | 2,940 | 1,593 | 129,828 |

During the reporting period ended 31 December 2010, there were no transfer between Level 1 and Level 2 fair value measurements.

2009

Group

| | | | | |
|---|----------------|--------------|------------|----------------|
| Available-for-sale investments | | | | |
| - Quoted shares in Malaysia | 33,599 | - | - | 33,599 |
| - Quoted shares outside Malaysia | 16,370 | - | - | 16,370 |
| - Unquoted shares in Malaysia | - | - | 567 | 567 |
| | 49,969 | - | 567 | 50,536 |
| Financial assets at fair value through profit or loss | | | | |
| - Quoted shares in Malaysia | 33,090 | 2,388 | - | 35,478 |
| - Quoted shares outside Malaysia | 24,111 | - | - | 24,111 |
| | 57,201 | 2,388 | - | 59,589 |
| Total | 107,170 | 2,388 | 567 | 110,125 |

During the reporting period ended 31 December 2009, there were no transfer between Level 1 and Level 2 fair value measurements.

34. Capital and Other Commitments

(a) Capital Commitments

| | <i>Group</i> | |
|---------------------------------|------------------------------|------------------------------|
| | <i>2010</i> <i>RM'000</i> | <i>2009</i> <i>RM'000</i> |
| Approved but not contracted for | 311 | 1,390 |
| Contracted but not provided for | 637 | 775 |
| | 948 | 2,165 |

(b) Operating Lease Commitments

Non-cancellable operating lease commitments not provided for in the financial statements:-

| | | |
|---------------------------|---------------|---------------|
| Within 1 year | 27,951 | 30,571 |
| Between 1 year to 5 years | 26,779 | 33,308 |
| More than 5 years | 12,255 | 15,802 |
| | 66,985 | 79,681 |



35. Contingent Liabilities - Unsecured

Company

At 31 December 2010, the Company has guaranteed bank credit facilities of subsidiaries for a total of RM682.1 million (2009: RM734.5 million). The guarantees are unsecured. The Directors are of the view that the chances of the financial institutions to call upon the guarantees are remote.

36. Related Party Disclosures

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries and the following: -

(i) The corporate shareholder, PMI; and

(ii) Tan Sri Dato' Khoo Kay Peng, by virtue of his deemed interest in the Company and the corporate shareholder, is a deemed substantial shareholder of the Company.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: -

| | <i>Group</i> | | <i>Company</i> | |
|--------------------------------------|---------------|---------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Major Corporate Shareholder: - | | | | |
| Equipment rental income | 12 | 12 | - | - |
| Insurance premium income | 123 | 123 | - | - |
| Interest income | 469 | 460 | - | - |
| Office rental income | - | 4 | - | - |
| Office rental paid | 2,444 | 2,275 | - | - |
| Share registrar fees income | 10 | 10 | - | - |
| Associates: - | | | | |
| Corporate advisory services fee paid | 696 | 1 | - | - |
| Interest income | 2,556 | 2,810 | - | - |
| Management fees paid | 597 | 471 | - | - |
| Office rental income | - | 172 | - | - |
| Share registrar fees income | 10 | 12 | - | - |
| Travel related revenue | 124 | 2,715 | - | - |
| Subsidiaries: - | | | | |
| Dividend income | - | - | 6,060 | 4,007 |
| Interest income | - | - | 1,235 | 1,184 |
| Net advances | - | - | 1,207 | 1,466 |
| Insurance premium paid | - | - | 59 | 59 |
| Travel related expenses | - | - | 139 | 94 |

The related party transactions described above were carried out on negotiated terms and conditions.



36. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

| | <i>Group</i> | | <i>Company</i> | |
|------------------------------|---------------|---------------|----------------|---------------|
| | <i>2010</i> | <i>2009</i> | <i>2010</i> | <i>2009</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Short term employee benefits | 6,968 | 7,475 | 634 | 318 |
| Defined contributions plan | 735 | 872 | 105 | 105 |
| | 7,703 | 8,347 | 739 | 423 |

37. Comparative Figures

Certain figures as at 1 January 2009 have been reclassified to conform with the current year's presentation and restated due to the effects arising from the adoption of Amendment to FRS 117 *Leases*, IC Interpretation 13 *Customer Loyalty Programmes*, Amendment to FRS 138 *Intangible Assets* and FRS 4 *Insurance Contracts*.

| Group | Effect on adoption of | | | | | As restated RM'000 |
|------------------------------------|----------------------------------|-----------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------|
| | As previously reported RM'000 | Reclassifications RM'000 | Amendment to FRS 117 RM'000 | IC Interpretation 13 RM'000 | Amendment to FRS 138 RM'000 | |
| As at 1 January 2009 | | | | | | |
| Statement of financial position | | | | | | |
| ASSETS | | | | | | |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment | 695,350 | - | 23,142 | - | - | 718,492 |
| Investment properties | 92,894 | - | 6,376 | - | - | 99,270 |
| Prepaid lease payments for land | 29,518 | - | (29,518) | - | - | - |
| Associates | 267,711 | 193,517 | - | - | (3,910) | 457,318 |
| Other investments | 230,015 | (193,517) | - | - | - | 36,498 |
| Land held for property development | 35,263 | - | - | - | - | 35,263 |
| Goodwill on consolidation | 223,648 | - | - | - | - | 223,648 |
| Deferred tax assets | 4,410 | - | - | - | - | 4,410 |
| | 1,578,809 | - | - | - | (3,910) | 1,574,899 |
| CURRENT ASSETS | | | | | | |
| Property development costs | 76,073 | - | - | - | - | 76,073 |
| Inventories | 100,061 | - | - | - | - | 100,061 |
| Trade and other receivables | 333,137 | - | - | - | - | 333,137 |
| Reinsurance assets | - | - | - | - | 195,209 | 195,209 |
| Held-to-maturity investments | 52,421 | - | - | - | - | 52,421 |
| Other investments | 11,191 | - | - | - | - | 11,191 |
| Current tax assets | 3,202 | - | - | - | - | 3,202 |
| Deposits, bank balances and cash | 639,175 | - | - | - | - | 639,175 |
| | 1,215,260 | - | - | - | 195,209 | 1,410,469 |
| Non-current assets held for sale | 42,560 | - | - | - | - | 42,560 |
| | 1,257,820 | - | - | - | - | 1,453,029 |
| TOTAL ASSETS | 2,836,629 | - | - | - | (3,910) | 3,027,928 |



37. Comparative Figures (Cont'd)

As at 1 January 2009

Group

Statement of financial position

EQUITY AND LIABILITIES

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

| Group | As previously reported RM'000 | Effect on adoption of | | | As restated RM'000 |
|--------------------------------|----------------------------------|-----------------------------|-----------------------------------|--|-----------------------------------|
| | | Reclassifications RM'000 | Amendment to FRS 117 RM'000 | Amendment to IC Interpretation 13 RM'000 | Amendment to FRS 138 RM'000 |
| Share capital | 1,940,532 | - | - | - | - |
| ICULS | 736,479 | - | - | - | - |
| Reserves | (2,005,427) | - | - | (3,781) | - |
| | 671,584 | - | - | (3,781) | - |
| | 276,518 | - | - | (219) | - |
| | 948,102 | - | - | (4,000) | - |
| MINORITY INTEREST | | | | | |
| TOTAL EQUITY | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings | 694,086 | - | - | - | - |
| Employee benefits | 3,502 | - | - | - | - |
| Deferred tax liabilities | 10,468 | - | - | - | - |
| | 708,056 | - | - | - | - |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 234,780 | - | - | 4,000 | - |
| Provisions | 78,741 | - | - | - | (74,312) |
| Borrowings | 802,838 | - | - | - | - |
| Current tax liabilities | 25,922 | - | - | - | - |
| Insurance contract liabilities | 38,190 | - | - | - | - |
| | 1,180,471 | - | - | 4,000 | - |
| TOTAL LIABILITIES | 1,888,527 | - | - | 4,000 | - |
| TOTAL EQUITY AND LIABILITIES | 2,836,629 | - | - | - | (3,910) |
| | | | | | 195,209 |
| | | | | | 1,379,680 |
| | | | | | 2,087,736 |
| | | | | | 3,027,928 |

Effects on
adoption of
Amendment to
FRS 117
RM'000

As at 1 January 2009

Income statement

Depreciation :

- property, plant and equipment

- investment properties

Amortisation of prepaid lease payment for land

Statement of cash flows

Depreciation :

- property, plant and equipment

- investment properties

Amortisation of prepaid lease payments for land



Certain figures as at 31 December 2009 have been reclassified to conform with the current year's presentation and restated due to the effects arising from the adoption of Amendment to FRS 117 *Leases*, IC Interpretation 13 *Customer Loyalty Programmes*, Amendment to FRS 138 *Intangible Assets* and FRS 4 *Insurance Contracts*.



As at 31 December 2009

Group

Statement of financial position

ASSETS

NON-CURRENT ASSETS

| | As previously reported RM'000 | Reclassifications RM'000 | Amendment to FRS 117 RM'000 | Effect on adoption of IC Interpretation 13 RM'000 | Amendment to FRS 138 RM'000 | FRS 4 RM'000 | As restated RM'000 |
|------------------------------------|-------------------------------------|-----------------------------|-----------------------------------|---|-----------------------------------|-----------------|--------------------------|
| Property, plant and equipment | 470,714 | - | 40,231 | - | - | - | 510,945 |
| Investment properties | 90,036 | - | 6,289 | - | - | - | 96,325 |
| Prepaid lease payments for land | 46,520 | - | (46,520) | - | - | - | - |
| Associates | 280,984 | 206,735 | - | - | (3,910) | - | 483,809 |
| Other investments | 257,271 | (206,735) | - | - | - | - | 50,536 |
| Land held for property development | 35,263 | - | - | - | - | - | 35,263 |
| Goodwill on consolidation | 225,996 | - | - | - | - | - | 225,996 |
| Deferred tax assets | 2,547 | - | - | - | - | - | 2,547 |
| | 1,409,331 | - | - | - | (3,910) | - | 1,405,421 |

CURRENT ASSETS

| | | | | | | | |
|----------------------------------|-----------|---|---|---|---|---------|-----------|
| Property development costs | 76,555 | - | - | - | - | - | 76,555 |
| Inventories | 102,744 | - | - | - | - | - | 102,744 |
| Trade and other receivables | 327,817 | - | - | - | - | - | 327,817 |
| Reinsurance assets | - | - | - | - | - | 159,014 | 159,014 |
| Held-to-maturity investments | 45,024 | - | - | - | - | - | 45,024 |
| Other investments | 59,589 | - | - | - | - | - | 59,589 |
| Current tax assets | 1,851 | - | - | - | - | - | 1,851 |
| Deposits, bank balances and cash | 483,518 | - | - | - | - | - | 483,518 |
| | 1,097,098 | - | - | - | - | 159,014 | 1,256,112 |
| Non-current assets held for sale | 256,702 | - | - | - | - | - | 256,702 |

TOTAL ASSETS

| | | | | | | | |
|--|-----------|---|---|---|---------|---------|-----------|
| | 1,353,800 | - | - | - | - | 159,014 | 1,512,814 |
| | 2,763,131 | - | - | - | (3,910) | 159,014 | 2,918,235 |

37. Comparative Figures (Cont'd)

As at 31 December 2009

Group

Statement of financial position

EQUITY AND LIABILITIES

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

Share capital

ICULS

Reserves

MINORITY INTEREST

TOTAL EQUITY

NON-CURRENT LIABILITIES

Provisions

Borrowings

Employee benefits

Deferred tax liabilities

CURRENT LIABILITIES

Trade and other payables

Provisions

Borrowings

Current tax liabilities

Insurance contract liabilities

TOTAL LIABILITIES

TOTAL EQUITY AND LIABILITIES

| | As previously reported RM'000 | Effect on adoption of | | | | As restated RM'000 |
|-------------|----------------------------------|-----------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------|
| | | Reclassifications RM'000 | Amendment to FRS 117 RM'000 | IC Interpretation 13 RM'000 | Amendment to FRS 138 RM'000 | FRS 4 RM'000 |
| 1,940,532 | - | - | - | - | - | 1,940,532 |
| 736,479 | - | - | - | - | - | 736,479 |
| (1,978,461) | - | - | - | (3,781) | (3,910) | (1,986,152) |
| 698,550 | - | - | - | (3,781) | (3,910) | 690,859 |
| 296,395 | - | - | - | (219) | - | 296,176 |
| 994,945 | - | - | - | (4,000) | (3,910) | 987,035 |
| 8,247 | - | - | - | - | - | 8,247 |
| 764,429 | - | - | - | - | - | 764,429 |
| 3,059 | - | - | - | - | - | 3,059 |
| 9,242 | - | - | - | - | - | 9,242 |
| 784,977 | - | - | - | - | - | 784,977 |
| 240,347 | - | - | - | 4,000 | - | 244,347 |
| 102,755 | - | - | - | - | (99,461) | 3,294 |
| 568,918 | - | - | - | - | - | 568,918 |
| 15,180 | - | - | - | - | - | 15,180 |
| 56,009 | - | - | - | - | - | 314,484 |
| 983,209 | - | - | - | 4,000 | - | 1,146,223 |
| 1,768,186 | - | - | - | 4,000 | - | 1,931,200 |
| 2,763,131 | - | - | - | - | (3,910) | 2,918,235 |

| | As previously reported RM'000 | Effects on adoption of | |
|--|----------------------------------|-----------------------------------|-----------------------|
| | | Amendment to FRS 117 RM'000 | As restated RM'000 |

For the financial year ended 31 December 2009

Income statement

Depreciation :

- property, plant and equipment

- investment properties

Amortisation of prepaid lease payment for land

Statement of cash flows

Depreciation :

- property, plant and equipment

- investment properties

Amortisation of prepaid lease payments for land





38. Opening Statements of Financial Position

The opening statements of financial position as at 1 January 2010 primarily reflect the effects arising from the adoption of FRS 139 as follows:

| Group | <i>A previously reported/ restated RM'000</i> | <i>Effects on adoption of FRS 139 RM'000</i> | <i>As restated RM'000</i> |
|---|--|---|--|
| <u>Statement of financial position</u> | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 510,945 | - | 510,945 |
| Investment properties | 96,325 | - | 96,325 |
| Associates | 483,809 | (4,226) | 479,583 |
| Other investments | 50,536 | 23,317 | 73,853 |
| Land held for property development | 35,263 | - | 35,263 |
| Goodwill on consolidation | 225,996 | - | 225,996 |
| Deferred tax assets | 2,547 | - | 2,547 |
| | <u>1,405,421</u> | <u>19,091</u> | <u>1,424,512</u> |
| CURRENT ASSETS | | | |
| Property development costs | 76,555 | - | 76,555 |
| Inventories | 102,744 | - | 102,744 |
| Trade and other receivables | 327,817 | - | 327,817 |
| Reinsurance assets | 159,014 | - | 159,014 |
| Held-to-maturity investments | 45,024 | - | 45,024 |
| Other investments | 59,589 | 45 | 59,634 |
| Current tax assets | 1,851 | - | 1,851 |
| Deposits, bank balances and cash | 483,518 | - | 483,518 |
| | <u>1,256,112</u> | <u>45</u> | <u>1,256,157</u> |
| Non-current assets held for sale | 256,702 | - | 256,702 |
| | <u>1,512,814</u> | <u>45</u> | <u>1,512,859</u> |
| TOTAL ASSETS | <u>2,918,235</u> | <u>19,136</u> | <u>2,937,371</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | |
| Share capital | 1,940,532 | - | 1,940,532 |
| ICULS | 736,479 | 94,278 | 830,757 |
| Reserves | (1,986,152) | (84,158) | (2,070,310) |
| | <u>690,859</u> | <u>10,120</u> | <u>700,979</u> |
| MINORITY INTEREST | 296,176 | 9,016 | 305,192 |
| TOTAL EQUITY | <u>987,035</u> | <u>19,136</u> | <u>1,006,171</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 8,247 | - | 8,247 |
| Borrowings | 764,429 | - | 764,429 |
| Employee benefits | 3,059 | - | 3,059 |
| Deferred tax liabilities | 9,242 | - | 9,242 |
| | <u>784,977</u> | <u>-</u> | <u>784,977</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 244,347 | - | 244,347 |
| Provisions | 3,294 | - | 3,294 |
| Borrowings | 568,918 | - | 568,918 |
| Current tax liabilities | 15,180 | - | 15,180 |
| Insurance contract liabilities | 314,484 | - | 314,484 |
| | <u>1,146,223</u> | <u>-</u> | <u>1,146,223</u> |
| TOTAL LIABILITIES | <u>1,931,200</u> | <u>-</u> | <u>1,931,200</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,918,235</u> | <u>19,136</u> | <u>2,937,371</u> |



SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|------------------------|-------------|--|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Aquiline Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 2. Alameda Enterprises Limited | 100 | 100 | Investment holding | British Virgin Islands |
| 3. Ample Line Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 4. Ascada Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 5. Carulli Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 6. Continental Capitals Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 7. Corus Hotels Limited | 100 | 100 | Investment holding & hotel operations | United Kingdom |
| 8. Creative Vest (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 9. Davson Limited | 100 | 100 | Investment holding | Hong Kong |
| 10. Farrago Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 11. Fuchsia Enterprises Limited | 100 | 100 | Investment holding | British Virgin Islands |
| 12. Grand Oak Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 13. Honoraire Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 14. Libertyray (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 15. London Vista Hotel Limited | 100 | 100 | Investment holding | United Kingdom |
| 16. Loyal Design Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 17. Malayan United Management Sdn Bhd | 100 | 100 | Management services | Malaysia |
| 18. Malayan United Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 19. Malayan United Security Services Sdn Bhd | 100 | 100 | Security services | Malaysia |
| 20. Marco Polo Trading Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 21. Mayang Unggul Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 22. Merchant Network Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 23. Metrojaya Berhad | 94.52 | 94.52 | Investment holding | Malaysia |
| 24. Ming Court Beach Hotel (P.D.) Sdn Bhd | 100 | 100 | Hotel ownership | Malaysia |
| 25. Ming Court Hotel (KL) Sdn Bhd | 100 | 100 | Hotel operations | Malaysia |
| 26. Ming Court Inn (Penang) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| ^ 27. Ming Court Hotels International Limited | 100 | 100 | Dormant | Hong Kong |
| 28. Ming Court Hotels International Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 29. MUI Asia Limited | 100 | 100 | Investment holding | Hong Kong |
| 30. MUI Capital Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 31. MUI China Limited | 100 | 100 | Investment holding | Hong Kong |
| 32. MUI Continental Insurance Berhad | 52.21 | 52.21 | General insurance | Malaysia |
| 33. MUI dotCom Sdn Bhd | 100 | 100 | Information technology | Malaysia |
| * 34. MUI Enterprises Limited | 100 | 100 | Investment holding | Hong Kong |
| 35. MUI Enterprises Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 36. MUI Resources Limited | 100 | 100 | Investment holding | Hong Kong |
| 37. MUI Media Ltd | 100 | 100 | Investment holding | British Virgin Islands |
| ^+ 38. MUI Philippines, Inc | 100 | 100 | Investment holding | Philippines |
| * 39. MUI Properties Berhad | 74.35 | 74.35 | Investment holding | Malaysia |
| 40. MUI Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 41. MUI Singapore Private Limited | 100 | 100 | Dormant | Singapore |



| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|------------------------|-------------|---|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| ^* 42. MUI (U.K.) Limited | 100 | 100 | Investment holding | United Kingdom |
| 43. Natloyal (M) Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| 44. Novimax (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 45. Oriental Omega Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 46. Pan Malaysia Corporation Berhad | 60.48 | 60.48 | Investment holding | Malaysia |
| 47. Pan Malaysia Holdings Berhad | 69.19 | 69.19 | Investment holding & management company | Malaysia |
| 48. Prizewood Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 49. Pure Capital Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 50. Regal Classic Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 51. Sergap Makmur Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 52. Southern Challenger (M) Sdn Bhd | 100 | 100 | Investment holding & trading | Malaysia |
| 53. Tarrega Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 54. United Continental Properties Sdn Berhad | 52.21 | 52.21 | Property investment | Malaysia |
| 55. United Review (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 56. Universal Growth Limited | 100 | 100 | Investment holding | British Virgin Islands |

| <i>Associate</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|------------------------|-------------|---|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Asia Pacific Media Corporation | 50 | 50 | Inactive | U.S.A. |
| * 2. Asian Capital Equities, Inc | 20 | 20 | Inactive | Philippines |
| * 3. Farrago Holdings, Inc | 40 | 40 | Investment holding | Philippines |
| * 4. Firstway International Investment Limited | 25 | 25 | Investment holding | Hong Kong |
| * 5. Laura Ashley Holdings plc | 35.17 | 35.17 | Design, sourcing, distribution & sale of clothing, accessories & home furnishings | United Kingdom |
| * 6. Mansara International Limited | 35 | 35 | Investment holding | British Virgin Islands |
| * 7. Regent Corporation | 49 | 49 | Investment holding | U.S.A. |
| * 8. Zhaodaola Limited | 26.25 | 26.25 | Inactive | Bermuda |

Subsidiaries of Regent Corporation
(The list comprises major subsidiaries only)

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|------------------------|-------------|--|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Laura Ashley (North America), Inc | 100 | 100 | Licensing and sub-licensing trademarks and copyright designs | U.S.A. |
| * 2. Regent Carolina Corporation | 100 | 100 | Hotel operation & property investment | U.S.A. |
| * 3. Regent Park Corporation | 100 | 100 | Property investment | U.S.A. |



SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD (Cont'd)

At 31 December 2010

Subsidiaries of Malayan United Industries Berhad which are under liquidation and are not consolidated

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|--------------------------------------|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| @ 1. Malayan United Trading Sdn Bhd | 100 | 100 | Malaysia |
| @ 2. MUI Property Management Sdn Bhd | 100 | 100 | Malaysia |
| @ 3. MUI Security Services Sdn Bhd | 100 | 100 | Malaysia |

SUBSIDIARIES OF MUI PROPERTIES BERHAD

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. AIGM Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 2. Appreplex (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 3. Bahtera Muhibbah Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 4. Cesuco Trading Limited | 100 | 100 | Investment holding | Hong Kong |
| * 5. C.S. Investments Private Limited | 100 | 100 | Investment holding | Singapore |
| * 6. CSB Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 7. CSB Holdings Sdn Bhd | 100 | 100 | Property Investment | Malaysia |
| * 8. Delray Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| * 9. Dirnavy Pty Limited | 100 | 100 | Inactive | Australia |
| * 10. Elegantplex (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 11. Heritage Challenger (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 12. Indanas Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 13. Integrated Mark (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 14. Intercontinental Properties Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 15. Lambaian Maju Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 16. Lembaran Makmur Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 17. Lunula Pty Limited | 100 | 100 | & trading Property investment | Australia |
| * 18. Malayan United Properties Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 19. Malayan United Realty Sdn Bhd | 100 | 100 | Property investment & investment holding | Malaysia |
| * 20. Mecomas Pty Limited | 100 | 100 | Inactive | Australia |
| + 21. Ming Court Hotel (Vancouver) Ltd | 100 | 100 | Investment holding | Canada |
| * 22. Ming Fung Sendirian Berhad | 100 | 100 | Inactive | Malaysia |
| * 23. MUI Australia Pty Ltd | 100 | 100 | Investment holding | Australia |
| * 24. MUI Carolina Corporation | 100 | 100 | Property investment & development | U.S.A. |
| + 25. MUI Investments (Canada) Ltd | 100 | 100 | Investment holding | Canada |
| * 26. MUI Plaza Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 27. MUI Property Services Sdn Bhd | 100 | 100 | Property services | Malaysia |
| * 28. Peristal Enterprise Sdn Bhd | 100 | 100 | Investment holding | Malaysia |



| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--------------------------------------|------------------------|-------------|-----------------------------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 29. Polacre Sdn Bhd | 100 | 100 | Property development | Malaysia |
| * 30. Portico Sdn Bhd | 100 | 100 | Property development | Malaysia |
| * 31. Prescada Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 32. Resort & Leisure Homes Sdn Bhd | 100 | 100 | Property development | Malaysia |
| * 33. Shun Fung Sendirian Berhad | 100 | 100 | Inactive | Malaysia |
| * 34. Superex Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 35. Unique Octagon Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 36. West Synergy Sdn Bhd | 60 | 60 | Property investment & development | Malaysia |

Subsidiaries of MUI Properties Berhad which are under liquidation and are not consolidated

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|--|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| o 1. Green Nominees (Tempatan) Sdn Bhd | 100 | 100 | Malaysia |
| o 2. MUI Resorts Sdn Bhd | 100 | 100 | Malaysia |
| @ 3. MUP Sdn Bhd | 100 | 100 | Malaysia |
| @ 4. MUR Sdn Bhd | 100 | 100 | Malaysia |
| o 5. Pistole Holdings Sdn Bhd | 100 | 100 | Malaysia |

**SUBSIDIARIES OF
PAN MALAYSIA CORPORATION BERHAD**

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---------------------------------------|------------------------|-------------|-----------------------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Acmes Investment Limited | 100 | 100 | Investment holding | Hong Kong |
| * 2. Baiduri Pertama Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 3. Bidou Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 4. Clacton Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 5. Delight Consolidated Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 6. GCIH Trademarks Limited | 100 | 100 | Licensing of trademarks | Hong Kong |
| * 7. Gelombang Sinar Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 8. Jaguh Padu Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 9. Jerico Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 10. Jomuda Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 11. Lembaran Megah Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 12. Megafort Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 13. Megawise Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 14. Mikonwadi Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 15. Network Foods International Ltd | 100 | 100 | Investment holding | Singapore |



SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD (Cont'd)

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|-----------------------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 16. Pan Malaysia Management Sdn Bhd | 100 | 100 | Management services | Malaysia |
| * 17. Pan Malaysia-Singapore Holdings (Pte) Ltd | 100 | 100 | Investment holding | Singapore |
| * 18. Panorama Scope Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 19. Plumblin Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 20. PMCW Enterprises Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 21. PMCW Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 22. PMRI Investments (Singapore) Pte Ltd | 100 | 100 | Investment holding | Singapore |
| * 23. Taraf Sanjung (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 24. Tudor Gold Limited | 100 | 100 | Dormant | United Kingdom |
| * 25. Tunas Juara Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 26. United Pace Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 27. Uniwell Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |

Subsidiaries of Network Foods International Ltd

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Danau Gelombang Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| + 2. Network Foods Distribution Pte Ltd | 100 | 100 | Warehousing & distribution of chilled products, confectionery products & snack products | Singapore |
| + 3. Network Foods (Hong Kong) Limited | 100 | 100 | Distribution of chocolates & other food & beverage products | Hong Kong |
| * 4. Network Foods Industries Sdn Bhd | 96 | 81.54 | Manufacturing & trading of consumer chocolate products | Malaysia |
| * 5. Network Foods (Malaysia) Sdn Bhd | 100 | 100 | Marketing & distribution of chocolates, confectionery & beverage products | Malaysia |
| + 6. Quintrinox Pte Ltd | 100 | 100 | Investment holding | Singapore |
| + 7. Specialist Food Retailers Pte Ltd | 100 | 100 | Inactive | Singapore |
| * 8. Tiffany Enterprise Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| + 9. Tiffany Hampers & Gifts Pte Ltd | 100 | 100 | Inactive | Singapore |



Subsidiaries of Pan Malaysia Corporation Berhad which are under liquidation and are not consolidated

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| ■ 1. Chalpillar (M) Sdn Bhd | 100 | 100 | Malaysia |
| ■ 2. Cherubim Nominees (Tempatan) Sdn Bhd | 100 | 100 | Malaysia |
| ■ 3. Faith Nominees (Tempatan) Sdn Bhd | 100 | 100 | Malaysia |
| ■ 4. Megafine Nominees (Asing) Sdn Bhd | 100 | 100 | Malaysia |
| ■ 5. Ultipac Sdn Bhd | 100 | 100 | Malaysia |

Subsidiary of Pan Malaysia Corporation Berhad which is not consolidated

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|--|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| 1. Network Foods Limited <i>(Placed under members' voluntary winding-up on 25 June 2010 and was deregistered on 30 December 2010 pursuant to Section 509 of the Corporations Act 2001.)</i> | - | 92.92 | Australia |

SUBSIDIARIES AND ASSOCIATES OF PAN MALAYSIA HOLDINGS BERHAD

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Destiny Aims Sdn Bhd | 80 | 80 | Dormant | Malaysia |
| + 2. Golden Carps Pte Ltd | 100 | 100 | Inactive | Singapore |
| + 3. Grandvestment Company Limited | 100 | 100 | Dormant | Hong Kong |
| 4. Kayangan Makmur Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 5. Pengkalen Company Limited | 100 | 100 | Dormant | United Kingdom |
| 6. Pengkalen Equities Sdn Bhd | 100 | 100 | Investment holding & dealing | Malaysia |
| 7. Pengkalen Foodservices Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 8. Pengkalen Holiday Resort Sdn Bhd | 100 | 100 | Hotel operations | Malaysia |
| 9. Pengkalen Properties Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 10. Pan Malaysia Travel & Tours Sdn Bhd | 80 | 80 | Travel agent & provision of travel-related services | Malaysia |
| 11. Twin Phoenix Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| <i>Associate</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Pan Malaysia Capital Berhad | 34.84 | 34.84 | Investment holding | Malaysia |
| * 2. Excelpac Industries Sdn Bhd <i>(a 25% associate of Pan Malaysia Travel & Tours Sdn Bhd)</i> | 20 | 20 | Inactive | Malaysia |



SUBSIDIARIES AND ASSOCIATES OF PAN MALAYSIA HOLDINGS BERHAD (Cont'd)

At 31 December 2010

Subsidiaries of Pan Malaysia Capital Berhad

(The list comprises major subsidiaries only)

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|----------------------------------|------------------------|-------------|--|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. PCB Asset Management Sdn Bhd | 100 | 100 | Research & fund management services | Malaysia |
| 2. PM Securities Sdn Bhd | 99.99 | 99.99 | Stock & sharebroking & corporate advisory services | Malaysia |
| 3. Pan Malaysia Equities Sdn Bhd | 99.99 | 99.99 | Property & investment holding | Malaysia |

Subsidiaries of Pan Malaysia Holdings Berhad which are under liquidation and are not consolidated

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| 1. Asia Entertainment Network Sdn Bhd | 60 | 60 | Malaysia |
| 2. Cocoa Specialities (Malaysia) Sdn Bhd | 84.12 | 84.12 | Malaysia |
| 3. Grand Union Insurance Company Limited | 55 | 55 | Hong Kong |
| 4. Office Business Systems (Malacca) Sdn Bhd | 41.67 | 41.67 | Malaysia |
| 5. Office Business Systems (Penang) Sdn Bhd | 64.10 | 64.10 | Malaysia |
| 6. Office Business Systems Sdn Bhd | 64.10 | 64.10 | Malaysia |
| 7. Pengkalen Building Materials Sdn Bhd | 100 | 100 | Malaysia |
| 8. Pengkalen Electronics Industries Sdn Bhd | 67 | 67 | Malaysia |
| 9. Pengkalen Engineering & Construction Sdn Bhd | 100 | 100 | Malaysia |
| 10. Pengkalen Pasar Borong Sdn Bhd | 80 | 80 | Malaysia |
| 11. Pengkalen Raya Sdn Bhd | 100 | 100 | Malaysia |
| ++ 12. Pengkalen (UK) Plc | 84.12 | 84.12 | United Kingdom |
| 13. Sensor Equipment Sdn Bhd | 64.10 | 64.10 | Malaysia |
| 14. Technitone (M) Sdn Bhd | 64.10 | 64.10 | Malaysia |

Subsidiaries and Associate of Pengkalen (UK) Plc (under liquidation) which are not consolidated

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| 1. Anglo Pacific Corporation (Malaysia) Sdn Bhd | 100 | 100 | Malaysia |
| * 2. Aqua Lanka (Private) Limited | 100 | 100 | Sri Lanka |
| + 3. GCIH Property Limited | 100 | 100 | Hong Kong |
| * 4. Grand Central Limited | 100 | 100 | Sri Lanka |
| 5. Kuril Plantations Sdn Berhad | 100 | 100 | Malaysia |

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|--------------------------|------------------------|-------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | |
| | <i>%</i> | <i>%</i> | |
| 1. Desa Kuril Sdn Berhad | 50 | 50 | Malaysia |



SUBSIDIARIES OF METROJAYA BERHAD

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|--|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Blue Spruce Holdings Ltd | 100 | 100 | Pre-operating | British Virgin Islands |
| 2. Danberg Overseas Inc. | 100 | 100 | Pre-operating | British Virgin Islands |
| 3. Designer Forte Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| 4. Dixon Enterprise Limited | 100 | 100 | Pre-operating | Hong Kong |
| 5. East India Company Clothing (Malaysia) Sdn Bhd | 100 | 100 | Pre-operating | Malaysia |
| 6. East India Company (Hong Kong) Pte Limited | 100 | 100 | Pre-operating | Hong Kong |
| 7. East India Company (Singapore) Pte Ltd | 100 | 100 | Pre-operating | Singapore |
| 8. EIC Clothing Sdn Bhd | 100 | 100 | Operating of specialty stores | Malaysia |
| 9. Living Quarters Sdn Bhd | 100 | 100 | Operating of specialty stores | Malaysia |
| 10. Metro-Direct Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| 11. Metro Multiples Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 12. Metrojaya Department Stores Sdn Bhd | 100 | 100 | Pre-operating | Malaysia |
| 13. Metrojaya Holdings Sdn Bhd | 100 | 100 | Pre-operating | Malaysia |
| 14. Metrojaya Reject Shop Pte Ltd | 100 | 100 | Pre-operating | Singapore |
| 15. Millionmart Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 16. Laura Ashley (SEA) Sdn Bhd | 100 | 100 | Operating of specialty stores | Malaysia |
| 17. MJ Cape Cod Sdn Bhd | 100 | 100 | Operating of specialty stores | Malaysia |
| 18. MJ Department Stores Sdn Bhd | 100 | 100 | Operating of department stores | Malaysia |
| 19. MJ Discount Store Sdn Bhd | 100 | 100 | Pre-operating | Malaysia |
| 20. MJ Properties (Komtar) Sdn Bhd | 100 | 100 | Property investment & investment holding | Malaysia |
| 21. MJ Properties Sdn Bhd | 100 | 100 | Property investment & investment holding | Malaysia |
| 22. MJ Reject Shop Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| 23. MJ Reject Shop (2002) Sdn Bhd | 100 | 100 | Operating of specialty stores | Malaysia |
| 24. MJ Somerset Bay Sdn Bhd | 100 | 100 | Operating of specialty stores | Malaysia |
| 25. MJ Specialty Stores.Com Sdn Bhd | 100 | 100 | Pre-operating | Malaysia |



SUBSIDIARIES OF CORUS HOTELS LIMITED

At 31 December 2010

| <i>Subsidiary</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---------------------------------------|---------------------------------|
| | <i>2010</i> | <i>2009</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Belsfield Hotels Limited | 100 | 100 | Dormant | United Kingdom |
| * 2. Bistro Bistrot Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 3. Catermax Limited | 100 | 100 | Dormant | United Kingdom |
| * 4. Corus Corporation UK Limited | 100 | 100 | Dormant | United Kingdom |
| * 5. County Hotels Group Plc | 100 | 100 | Investment holding & hotel operations | United Kingdom |
| * 6. County Hotels Limited | 100 | 100 | Hotel operations | United Kingdom |
| * 7. Delaquest Limited | 100 | 100 | Investment holding & hotel operations | United Kingdom |
| * 8. Dionball Limited | 100 | 100 | Investment holding & hotel operations | United Kingdom |
| * 9. Earl Grey Tea Rooms Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 10. Echostand Limited | 100 | 100 | Dormant | United Kingdom |
| * 11. Etrop Grange Limited | 100 | 100 | Dormant | United Kingdom |
| * 12. Experience Inns Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 13. Flamepro Limited | 100 | 100 | Hotel operations | United Kingdom |
| * 14. Historic Country Inns Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| *Δ15. No. 1 Cigar Club Limited | 36.80 | 36.80 | Dormant | United Kingdom |
| * 16. Patrolmake Limited | 100 | 100 | Investment holding & hotel operations | United Kingdom |
| * 17. Plaza On Hyde Park Limited | 100 | 100 | Hotel operations | United Kingdom |
| * 18. Pub (Nico) Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 19. Regal Hotels Limited | 100 | 100 | Dormant | United Kingdom |
| * 20. Rose & Crown VCT Limited | 100 | 100 | Dormant | United Kingdom |
| * 21. Shandwick Leisure Limited | 100 | 100 | Hotel operations | United Kingdom |
| * 22. Simply Nico Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 23. Styletune Limited | 100 | 100 | Dormant | United Kingdom |
| * 24. The Bowler Hat Limited | 100 | 100 | Dormant | United Kingdom |
| * 25. The Imperial Crown Hotel Limited | 100 | 100 | Hotel operations | United Kingdom |
| * 26. The Restaurant Partnership plc | 62.50 | 62.50 | Restaurant operations | United Kingdom |
| * 27. TRP Belgium S. A. NV | 62.50 | 62.50 | Dormant | Belgium |
| * 28. TRP (Langan's) Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 29. TRP (Nico) Limited | 62.50 | 62.50 | Dormant | United Kingdom |
| * 30. Woodmount Limited | 100 | 100 | Dormant | United Kingdom |
| * 31. Wright Hotels (North Queensferry) Limited | 100 | 100 | Dormant | United Kingdom |
| * 32. Wright Hotels Limited | 100 | 100 | Investment holding & hotel operations | United Kingdom |

+ Subsidiaries audited by BDO Member Firms.

* Subsidiaries and associates not audited by BDO Malaysia or BDO Member Firms.

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

o Placed under members/creditors voluntary winding up on 31 January 2007.

■ Placed under members/creditors voluntary winding up on 21 December 2007 and was subsequently dissolved on 7 April 2011.

^ Management accounts of these companies are used for the preparation of the Group's consolidated financial statements.

++ Dissolved on 7 March 2011.

@ Placed under members/creditors voluntary winding up on 31 January 2007 and was subsequently dissolved on 7 April 2011.



PROPERTIES OWNED BY THE MUI GROUP

At 31 December 2010

| <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> |
|---|---|--|--------------------------------------|
| MALAYSIA | | | |
| 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 | 26 | 61,557 |
| 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 | 27 | 1,322 |
| 1 lot of freehold land with two units of double-storey office buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition: August 1991) | 3,540 | 18 | 8,531 |
| 1 lot of freehold land with a 10 units, four storey residential apartment building at 191, Jalan Ampang, Kuala Lumpur (Date of acquisition: July 2007) | 3,056 | 16 | 24,517 |
| State of Selangor Darul Ehsan | | | |
| 6 lots of freehold land held for future development at Seksyen 3, Pekan Batu Tiga, Mukim Damansara, Selangor Darul Ehsan (Date of acquisition: December 1982) | 771 | - | 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) | 4,400 | - | 3,467 |
| 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 | 40 | 8,736 |
| 1 lot of leasehold industrial land with a factory and office building at Lot 614, Tapak Perusahaan Shah Alam, Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2068) (Date of acquisition: July 2009) | 24,295 | 43 | 17,185 |



PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

At 31 December 2010

| <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 leasehold land with a single storey structure at Lot 18, Persiaran Selangor, Shah Alam, Selangor Darul Ehsan, currently used as a warehouse. (Lease expires in 2086) (Date of acquisition: August 2007) | 8,154 | 27 | 2,580 |
| 1 lot of leasehold land with a 3 storey office building at no. 15, Jalan Ragum 15/17, Section 15, Shah Alam, Selangor Darul Ehsan, currently vacant (Lease expires in 2086) (Date of acquisition: August 2007) | 8,137 | 27 | 9,076 |
| State of Pulau Pinang | | | |
| Leasehold land at Phase 2E, Kompleks Tun Abdul Razak (Komtar), Georgetown, held for development at Penang Road, Georgetown (Lease expires in 2083) (Date of acquisition: August 2007) | 2,245 | - | 10,892 |
| 3 lots of freehold land at Lots 201, 202 & 204, Penang Road, Georgetown, held for development at Phase 2E, Komtar, Georgetown (Date of acquisition: August 2007) | 2,079 | - | 12,292 |
| 3 units of leasehold shoplots at 2B 1.02, 1.03 & 2.02, Komtar, Georgetown (Lease expires in 2080) (Date of acquisition: August 2007) | 553 | 25 | 2,155 |
| Freehold retail space comprising basement and ground floor of Kompleks Bukit Jambul, Jalan Rumbia, Penang (Date of acquisition: August 2007) | 13,549 | 14 | 25,039 |
| 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 2040) (Date of acquisition: September 1996) | 976 | 29 | 1,150 |
| 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 | 17 | 502 |



| <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> |
|---|---|--|--------------------------------------|
| State of Negeri Sembilan Darul Khusus | | | |
| 3 lots of freehold land with a 4-storey hotel building at 7½ Mile, Jalan Pantai, Teluk Kemang, Port Dickson, Negeri Sembilan Darul Khusus (Year of last valuation: 1983) | 11,892 | 36 | 11,215 |
| 1 lot of freehold land held for development at 5½ Mile, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (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) | 4,970,000 | - | 129,085 |
| 3 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286, 288 & 289, PT 5855, Batu 2½, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition: September 1996) | 55,745 | 15 | 30,760 |
| 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 | - | 28,353 |
| 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 |
| 4 apartments at Block E Equatorial Hill Resort Cameron Highlands, Pahang Darul Makmur. (Date of acquisition: May 2009) | 582 | 11 | 1,254 |
| A U S T R A L I A | | | |
| 1 lot of freehold land with an existing hotel building at no. 20, Kirby Court, West Hobart, Tasmania (Date of acquisition: October 1996) | 24,970 | 33 | 5,837 |



PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

At 31 December 2010

| <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> |
|--|---|--|--------------------------------------|
| UNITED STATES OF AMERICA | | | |
| 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) | 938 | 15 | 1,844 |
| HONG KONG | | | |
| 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 2047) (Date of acquisition: September 1996) | 771 | 32 | 1,163 |
| SINGAPORE | | | |
| 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 | 13 | 14,345 |
| 1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999) | 194 | 10 | 2,763 |
| UNITED KINGDOM | | | |
| 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 | 159 | 11,967 |
| 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 | 59 | 1,614 |
| 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 | 259 | 5,765 |
| 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 | 69 | 7,301 |



| <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 47-room hotel known as Corus hotel Elstree at Barnet Lane, Elstree, Hertfordshire WD6 3RE (Date of acquisition: November 2001) | 40,000 | 159 | 28,658 |
| 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 | 59 | 43,310 |
| 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) | 2,003 | 59 | 10,090 |
| 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 | 159 | 24,477 |
| 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 | 59 | 57,163 |
| 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 | - | 20,268 |
| 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 | 109 | 235,836 |
| 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 | 109 | 1,032 |
| 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 | 109 | 667 |

This page is intentionally left blank.



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 Fortieth Annual General Meeting of the Company to be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 30 June 2011 at 4.30 p.m. and at any adjournment thereof, and to vote as indicated below:-

| Resolutions | For | Against |
|---|-----|---------|
| 1. To approve Directors' Fees of RM325,500. | | |
| 2. To re-appoint Tan Sri Dato' Khoo Kay Peng as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 3. To re-appoint Dr Ngui Chon Hee as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 4. To re-appoint Dato' Paduka Nik Hashim Nik Yusoff as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 5. To re-elect Mr Khet Kok Yin as Director of the Company. | | |
| 6. To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration. | | |
| 7. Proposed 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.)

Seal

Signature

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 authorized 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 authorized 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 authorized 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.

Stamp

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