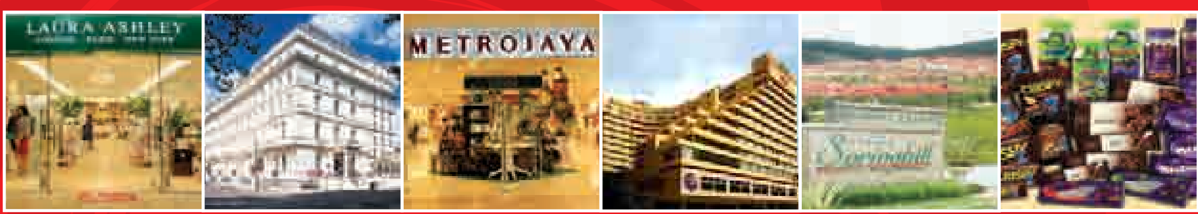
Malayan United Industries Berhad

Company No: 3809 - W



LAPORAN TAHUNAN 2012 ANNUAL REPORT

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Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of the Company will be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 27 June 2013 at 4.00 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 2012.

2. To approve Directors' Fees of RM273,581. **(Resolution 1)**

3. To consider and, if thought fit, pass a resolution 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)**

4. To re-elect Dato' Dr Tan Kee Kwong, who is retiring in accordance with Article 109 of the Company's Articles of Association. **(Resolution 3)**

5. To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 4)**

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 5)**

7. Ordinary Resolution
   - Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature

   "THAT, subject to the provision of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, the Company and/or its subsidiary companies ("the Group") be and are hereby authorized to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in the Circular to Shareholders dated 5 June 2013 ("the Related Party"), provided that such transactions are:-
   (a) necessary for the day to day operations;
   (b) undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Party than those generally available to the public; and
   (c) not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will continue to be in force until 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;

THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things to give effect to the transactions contemplated and/or authorized by this ordinary resolution which shall include, without limitation, taking any action which the Directors may, in their absolute discretion deem fit, to recover any sums due to the Company under the said transactions or to settle the same." **(Resolution 6)**

8. 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 2012, 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 7)**

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

NOTICE OF MEETING (Cont'd)

By order of the Board

Soo-Hoo Siew Hoon
Ho Chun Fuat
Joint Company Secretaries

Kuala Lumpur
5 June 2013

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 17 June 2013 shall be entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy.*

2. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) 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 of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*

3. *Where a Member and/or an exempt authorized nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.*

4. *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.*

5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 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 Forty-First Annual General Meeting held on 27 June 2012 and which will lapse at the conclusion of the Forty-Second Annual General Meeting to be held on 27 June 2013.

   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 allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the Related Party pursuant to Bursa Securities Main Market Listing Requirements. Please refer to Circular to Shareholders dated 5 June 2013 for more information.

3. The Ordinary Resolution proposed under item 8, 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.

Notes on Retirement of Directors

Dr Ngui Chon Hee and Dato' Paduka Nik Hashim Nik Yusoff who, being over the age of seventy years, are retiring from the Board in accordance with Section 129(2) of the Companies Act, 1965. The Company has been advised that they will not be seeking re-appointment at the Forty-Second Annual General Meeting.

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, Hon Ph.D, *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.
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.
Dr Wong Hong Meng

Joint Company Secretaries

Soo-Hoo Siew Hoon
Ho Chun Fuat

Auditors

BDO *Chartered Accountants*

Principal Bankers

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

Registrar

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel. No. 03-22643883 Fax. No. 03-22821886

Registered Office

Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Tel. No. 03-21487696 Fax. No. 03-21445209 Website : www.muiglobal.com

PROFILE OF DIRECTORS

Tan Sri Dato' Khoo Kay Peng

Age 74. 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, Honorary Doctor of Law by Northwest University, Kirkland, Seattle, USA in 2000 and Doctor of Philosophy in Business Management (Honoris Causa) by UCSI University, Malaysia in 2011. 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 conferred in 2013 a medal by the United States Commission on International Religious Freedom, a Commission established by the United States Congress. 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 Berhad (formerly known as 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, who is a Non-Executive Director of Malayan United Industries Berhad. Attended all the six (6) Board Meetings held during the financial year.

Dr Ngui Chon Hee

Age 79. 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 and Metrojaya 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 six (6) Board Meetings held during the financial year.

Dato' Paduka Nik Hashim Nik Yusoff

Age 75. 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 six (6) Board Meetings held during the financial year.

PROFILE OF DIRECTORS (Cont'd)

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Age 69. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Chairman of the Audit Committee and Remuneration Committee. Also member of 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 (Philippinés 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 Berhad (formerly known as MUI Continental Insurance Berhad) and Wing Tai Malaysia Berhad. Attended all the six (6) Board Meetings held during the financial year.

Dato' Dr Tan Kee Kwong

Age 66. 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 six (6) Board Meetings held during the financial year.

Dr Wong Hong Meng

Age 66. Independent Non-Executive Director. Appointed on 4 October 2011. Member of the Audit Committee. Dr Wong Hong Meng, an economics graduate from the University of Malaya with an MBA from Cranfield School of Management, earned his DBA from the University of South Australia in 2007. Professionally he was a Fellow of the Institute of Chartered Accountant in England and Wales. Currently he is a Chartered Accountant member of the Malaysian Institute of Accountants and an Associate of the Institute of Chartered Secretaries and Administrators. For more than thirty years Dr Wong had held senior management positions in management consultancy, merchant banking, commercial banking and stock broking. In January 1999 he took early retirement from his employment career as Executive Director of TA Enterprise Berhad. After retirement he remained active in the business world and had served as an independent non-executive director and chairman of the audit committee of two companies listed on Bursa Securities Malaysia Berhad. Currently he is an independent non-executive director and member of the investment committee of TA Investment Management Berhad and an independent non-executive director of Pan Malaysia Holdings Berhad. He is also a director of the Full Gospel Business Men's Fellowship Berhad and MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad). Attended five (5) 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.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to the principles of corporate governance set out in the Malaysian Code on Corporate Governance 2012 (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 recommendations 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 recommendations of the Code.

Set out below is the description on the manner in which the Company has applied the principles and recommendations of the Code.

1. Board of Directors

1.1 Composition of Board

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 currently consists of six (6) Directors:-

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

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").

Recommendation 3.5 of the Code states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. Currently, the Board has a majority of Independent Directors.

The Board complies with the 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.

The Board has reserved certain material matters for the collective review and decision by the Board. 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 in pages 7 and 8 of the Annual Report.

Dato' Paduka Nik Hashim Nik Yusoff has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.1 Composition of Board (Cont'd)

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 2012 is set out in pages 22 to 24 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in Section 2.2 and Section 2.3 respectively of this Statement.

1.2 Independence of Directors

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board.

The Board will continually evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criterias set out in the Bursa Securities Listing Requirements.

1.3 Board Charter

The Board has established a Board Charter which prescribes, among other things, the roles of the Board, schedule of matters reserved for the Board's collective decision and a Code of Ethics and Conduct.

The Board Charter is subject to review by the Board from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current laws and practices.

The Board Charter is available in the Company's corporate website.

1.4 Board Meetings

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 typically reaches the Board at least two (2) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Six (6) Board Meetings were held during the financial year ended 31 December 2012. Details of the attendance of the Directors are set out in the Profile of Directors appearing in pages 7 and 8 of the Annual Report.

1.5 Appointments to the Board

The Nomination Committee has the responsibility to identify and evaluate potential candidates based on their skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position before making any recommendation to the Board for approval of the appointment. The proposed appointment of each new Director will be deliberated by the Board based on the recommendation by the Nomination Committee.

The Board has taken note of the recommendation in the Code pertaining to the establishment of board gender diversity policy. The Board recognizes the importance of boardroom diversity and aims to ensure diversity in its composition. The Board currently has no female Director.

The Directors have direct access to the services of the Joint Company Secretaries who are 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.

1.6 Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment.

The Company's Articles of Association provide that at every Annual General Meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office and shall be eligible for re-election. The Company's Articles of Association further provide that subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office at least once in every three years and 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 of the Companies Act, 1965.

1.7 Directors Remuneration

The Remuneration Committee will review the remuneration of the Directors and submit its recommendations to the Board for approval. The individual director concerned will abstain from discussion of their own remuneration. Directors' fees are approved at the Annual General Meeting by the shareholders.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.7 Directors Remuneration (Cont'd)

For the financial year ended 31 December 2012, the aggregate of remuneration of the Directors received from the Company and its subsidiaries categorized into appropriate components were as follows:-

	Salaries RM'000	*Fees RM'000*	*Benefits-in-kind RM'000*	*Others RM'000*	*Total RM'000*
Executive Director					
Received from					
- Company	300	72	2	105	479
- Subsidiaries	840	166	25	1,654	2,685
	1,140	238	27	1,759	3,164
Non-Executive Directors					
Received from					
- Company	–	189	–	15	204
- Subsidiaries	–	114	–	6	120
	–	303	–	21	324
	1,140	541	27	1,780	3,488

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

	Number of Directors	
Range of Remuneration	*Executive*	*Non-Executive*
Below RM50,000	–	6
RM50,001 to RM100,000	–	–
RM200,001 to RM250,000	–	–
RM400,001 to RM450,000	–	–
RM3,200,001 to RM3,250,000	1	–

1.8 Supply of Information

The Board has unrestricted access to information necessary for the furtherance of their duties.

The Board is also updated by the Joint Company Secretaries on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

Board papers are distributed to Board members 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.

All Directors have access to the advice and services of the Joint Company Secretaries and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.9 Directorships in Other Companies

In accordance with the Bursa Securities Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. Prior to acceptance of any other appointment for directorships in other public listed companies, the Directors are required to consult with the Chairman to ensure that the acceptance of the new directorships would not affect their commitments and responsibilities to the Group. Any acceptance of new directorship must be notified to the Company immediately and the Board is informed on changes to the directorships held by the Directors at the following Board meeting.

1.10 Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the year, the Directors attended training that aids them in the discharge of their duties as Directors which included an in-house seminar on the subject of "Corporate Disclosure Guide 2011".

All Directors are encouraged to attend various training and programmes and seminars to ensure that they are kept abreast on various issues related to business of the Group, governance, compliance, risk management and sustainability.

2. Board Committees

2.1 Audit Committee

The Audit Committee comprises exclusively of Non-Executive Directors, and all are Independent Directors. The members of Audit Committee are as follows:-

Chairman	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	- Independent Non-Executive Director
Members	Dato' Dr Tan Kee Kwong	- Independent Non-Executive Director
	Dr Wong Hong Meng	- Independent Non-Executive Director

The terms of reference, attendance of members at the Audit Committee Meeting and activities of Audit Committee for the financial year ended 31 December 2012 are set out in Report of the Audit Committee in pages 22 to 24 of the Annual Report.

2.2 Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, and majority are Independent Directors. The members of 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

2. **Board Committees** (Cont'd)

2.2 Nomination Committee (Cont'd)

The functions of the Nomination Committee are:-

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

The Nomination Committee has carried out the annual assessment for financial year ended 31 December 2012 and is satisfied that the size of the Board is optimum and there is an appropriate mix of knowledge, skills, attributes, diversity and core competencies in the Board's composition.

2.3 Remuneration Committee

The Remuneration Committee comprises exclusively of Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Chairman	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	- Independent Non-Executive Director
Members	Dr Ngui Chon Hee	- Non-Independent Non-Executive Director
	Dato' Dr Tan Kee Kwong	- Independent Non-Executive Director

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

The Remuneration Committee shall also recommend to the Board the remuneration of Non-Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board collectively.

3. **Corporate Disclosure Policy**

The Company aims to provide accurate and fair disclosure of corporate information to enable informed and orderly market decisions by investors in accordance with the requirements under the Bursa Securities Listing Requirements.

4. **Relationship with Shareholders and Investors**

In addition to various announcements made during the year, the timely release of quarterly interim financial reports provide 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 the Company by accessing Bursa Securities' website and the Company's corporate website.

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

Shareholders and other interested parties may contact the Joint Company Secretaries for investor relations matter by writing or via telephone/facsimile as follows:

Postal Address : Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Telephone number : 03-21487696
Facsimile number : 03-21445209

The Board encourages poll voting at general meetings.

5. Accountability and Audit

5.1 Financial Reporting

The Audit Committee is tasked to assist the Board in ensuring that the financial statements comply with the Companies Act, 1965 and the applicable financial reporting standards. The Board has the overall responsibility to ensure that the financial statements reviewed and recommended by the Audit Committee for the Board's approval are prepared in accordance with the Companies Act, 1965 and applicable financial reporting standards so as to present a true and fair view of the state of affairs of the Group.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in page 57 of the Annual Report, and the Statement explaining the Directors' responsibilities for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out in page 17 of the Annual Report.

5.2 Risk Management and 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 has established an internal audit function who reports directly to the Audit Committee. Details of the internal audit function is set out in Report of the Audit Committee in page 24 of the Annual Report.

The Board recognizes that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimize and manage them. The Board has established a Risk Management Committee and guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls and ERM framework in safeguarding the Group's assets.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

5. **Accountability and Audit** (Cont'd)

5.2 Risk Management and Internal Control (Cont'd)

Details of the Company's internal control system and risk management are set out in Statement on Risk Management and Internal Control in page 18 to 20 of the Annual Report.

5.3 Relationship with the External Auditors

The Company's external auditors, Messrs BDO has continued to report to members of the Audit Committee 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 Audit Committee met the external auditors three times during the financial year ended 31 December 2012 without presence of management to discuss on key concerns and obtain feedback relating to the Company's affairs.

The Audit Committee is responsible for reviewing audit-related and non-audit services provided by the external auditors. The Audit Committee has reviewed the provision of non-audit services by the external auditors during the financial year ended 31 December 2012 and concluded that the provision of these non-audit services did not impair the independence of the external auditors as the amount of the fees paid were not significant compared to the total fees paid to the external auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee in pages 22 to 24 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 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 the financial performance and cash flows of the Group and of the Company for the financial year.

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 RISK MANAGEMENT AND INTERNAL CONTROL

Board Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system includes financial, operational, regulatory and compliance controls. This system is designed to manage, rather than to eliminate, the risks in the pursuit of the Group's business objective as well as to safeguard shareholders' investments and Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material misstatement, loss or fraud.

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their risk management and internal controls framework. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

Risk Management

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks is in place. This process is carried out via the following risk management governance structure:-

- The Board – is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.

- The Audit Committee – whose key function is to review the adequacy and effectiveness of internal control and governance systems of the Group. The Audit Committee's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risk inherent in the business and to present its findings to the Board. The Audit Committee assumes its roles and responsibilities via the internal audit function.

- The Risk Management Committee ("RMC") – whose key function is to review the adequacy and effectiveness of risk management of the Group. The RMC's main roles is to review, on behalf of the Board, the system of risk management necessary to manage the key risks inherent in the business and to present its findings to the Audit Committee. The RMC shall meet on a quarterly basis. Additional meetings may be called as and when required by the RMC. The membership of the RMC, which has been approved by the Board, comprised the Group's Chief Operating Officer, the Chief Financial Officer and the Head(s) of Operations.

Risk Management Process

Risks are reported and monitored at the operational level using Risk Register which captures risks, mitigating measures and risk ratings. Where applicable, Key Risk Indicators ("KRIs") are established to monitor risks.

For risks that are material, the mitigating measures and KRIs are presented to the RMC for review on a regular basis. Risks are reviewed and managed at each level of reporting and consolidated for review at the next higher level, before they are escalated for review at Group level.

High and new risk areas are immediately flagged and reported to the Audit Committee whose comments and advice are noted for the full Board's information.

Types of Risks

The principal business activities of the Group are retailing, hotels, food & confectionery, financial services and property. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of insurance business of the Group.

The risk exposure faced by the Group during the financial year can be broadly categorized into financial, operational, legal and external risks as follows:

Financial Risk

The risk of loss due to bad debts by customers, inventories write-off and shrinkage of inventories by retailing, hotels, food & confectionery business, price fluctuation for raw materials/commodities for hotels and food & confectionery business.

Foreign Exchange Risk

The risk of loss resulting from translation of the Group overseas investments and foreign transactions incurred by the Group. These are the impact from changes in the foreign exchange value of a currency.

Interest Risk

The risk of loss resulting from the changes in interest rate of the Group bank borrowings, term deposits and held-to-maturity investments.

Investment Risk

The risk of loss due to potential impairment on the Group investments resulting from changes in market price or performance of such investments.

Operational Risk

The risk of loss resulting from variance business activities of the Group are as follows:

1. Retailing : Purchase of right merchandise in term of quality, trend and design.

2. Hotels : Freshness of perishable items, resort infrastructure, standard of facilities & service, low hotel occupancy rate and average room rate during low season.

3. Food & confectionery : Infestation of finished products, safety and environmental issues.

4. Properties : Material defects, property development costs overrun, safety and quality of building works issues.

Legal Risk

The risk of loss due to non-compliance with statutory/regulatory requirement such as Housing Development Act, building by-laws, Food & Health regulations, building maintenance regulations, Bursa Securities listing requirements and Securities Commission Act, legal suits and prosecutions.

External Risk

The risk of loss due to changes in market share of products, fluctuation in raw/building materials cost & CPO prices, more stringent end-financing approval requirements and emergence of new developments within close proximity, competitive hotels industry.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Key Elements of Internal Control

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, are described below:-

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance to the Group;

- Recruitment of experienced, skilled and professional staff to fulfill the respective responsibilities and ensuring that adequate control are in place;

- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;

- Documented policies, procedures and limits of approving authorities for key aspects of the business. This provides a sound framework of authority and accountability within the organization and facilitates proper corporate decision making at the appropriate level in the organization's hierarchy;

- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;

- Regular and comprehensive management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;

- Group Internal Audit function independently reviews the risk identification procedures and control processes implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology; and

- The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by the Group Internal Audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness adequacy of the Group's internal control systems.

The Board has received assurance from the Chief Operating Officer and the Chief Financial Officer that based on the risk management and internal control of the Group as well as the inquiry and information provided, the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

Review of the Statement by External Auditors

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Their review has been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

OTHER INFORMATION

1. **UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL**
The Company does not have any corporate proposal during the financial year ended 31 December 2012.

2. **SHARE BUYBACK**
The Company has not made any purchase, resale or cancellation of its own shares in the financial year ended 31 December 2012.

3. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
As a result of the conversion of all the Class A1, Class A2 and Class A3 Irredeemable Convertible Unsecured Loan Stocks ("ICULS"), the issued and paid-up share capital of the Company had increased from RM2,029,773,004 to RM2,932,561,192, as follows:

(i) Conversion of the Class A1 ICULS with nominal value of RM354,420,804 exercised by the holders of the Class A1 ICULS into 354,420,804 new ordinary shares of RM1.00 each;

(ii) Conversion of the Class A2 ICULS with nominal value of RM443,662,030 exercised by the holders of the Class A2 ICULS into 443,662,030 new ordinary shares of RM1.00 each; and

(iii) Conversion of the Class A3 ICULS with nominal value of RM104,705,354 exercised by the holders of the Class A3 ICULS into 104,705,354 new ordinary shares of RM1.00 each.

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

There were no options, warrants or convertible securities issued during the financial year ended 31 December 2012.

4. **SPONSORED DEPOSITORY RECEIPT PROGRAMME**
The Company did not sponsor any depository receipt programme.

5. **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.

6. **NON-AUDIT FEES**
During the financial year ended 31 December 2012, non-audit fees paid to the external auditors by the Company and its subsidiary companies amounted to RM341,000 (2011: RM349,000).

7. **VARIATION IN RESULTS**
There was no material variances between the audited financial statements for the financial year ended 31 December 2012 and the unaudited results announced to Bursa Malaysia Securities Berhad.

8. **PROFIT GUARANTEE**
There was no profit guarantee for the financial year ended 31 December 2012.

9. **MATERIAL CONTRACTS**
There were 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 2012 or entered into since the end of the previous financial year except as disclosed in the financial statements.

REPORT OF THE AUDIT COMMITTEE

MEMBERS

Name	*Designation*
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad - *Chairman*	*Independent Non-Executive Director*
Dato' Dr Tan Kee Kwong - *Member*	*Independent Non-Executive Director*
Dr Wong Hong Meng - *Member*	*Independent Non-Executive Director*

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;

- 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 and 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 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 2012, five (5) Audit Committee Meetings were held. Tan Sri Dato' Paduka Dr Mazlan bin Ahmad, Dato' Dr Tan Kee Kwong and Dr Wong Hong Meng attended all the five (5) meetings of the Audit Committee.

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

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

5. Summary Of Activities Of The Audit Committee During The Financial Year Ended 31 December 2012

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 Chief Financial Officer prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

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

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2013. 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.

REPORT OF THE AUDIT COMMITTEE (Cont'd)

6. **Internal Audit Function**

The internal audit function is performed in-house by the Group Internal Audit Department; together with co-source services from external accounting firm. Both are 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, 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 2012 is RM162,800 (2011: RM275,000).

CORPORATE SOCIAL RESPONSIBILITY

The MUI Group is firmly committed to the principles and practice of corporate social responsibility (CSR). Our CSR initiatives are rooted in the universal belief that every organisation owes a duty to act responsibly for the good of its employees, customers, shareholders, the communities in which it operates, the environment and 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, organised 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 organisations, 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 accepted standards of safety and health in the workplace. This on-going responsibility is entrusted to various committees, each headed by a senior member of management. Key personnel attend various training programmes that deal with occupational safety and health, hygiene and sanitation, first aid and fire-fighting.

Marketplace

One of the underlying principles of the Group's business philosophy is its sense of fair dealing 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, retail outlets 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.

CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS IN 2012

Malayan United Industries Berhad, through its companies Corus Hotel Kuala Lumpur, West Synergy Sdn Bhd ("West Synergy"), Metrojaya Berhad ("Metrojaya"), PM Securities Sdn Bhd ("PM Securities") and Network Foods (Malaysia) Sdn Bhd ("NFM"), sponsored the "Harmony" concert by the Philharmonic Society of Selangor community choir on 1 September 2012. The event to commemorate Merdeka Day was co-sponsored by the Majlis Bandaraya Petaling Jaya (MBPJ) and held at Dewan Sivik in Petaling Jaya. Specially invited to the concert were residents, staff and volunteers from 20 charitable organisations and homes.

West Synergy made a donation to the flood victims of Kampung Batu 7, near Bandar Springhill, in Port Dickson.

Corus Hotel Kuala Lumpur organised a charity drive in December to raise money to help special needs children at the Kiwanis Down Syndrome Foundation.

Corus Paradise Resort Port Dickson ("Corus PD"), in November 2012, organised the PD Forest Mountain Bike Challenge in collaboration with TK Dickson Cycling Club and supported by various government agencies. The 40-km cross-country race, which attracted about 200 cyclists, was in support of the Breast Cancer Support Society Negeri Sembilan.

Corus PD, in December 2012, organised a charity fishing competition-cum-beach clean-up in collaboration with the Rumah Kasih Harmoni orphanage and the Universiti Kebangsaan Malaysia (UKM). About 280 participants competed in the fishing competition and they later helped to clean up the beach, guided by students and facilitators from UKM. This event promoted exercise for healthy living and caring for the environment, particularly coastal areas, and raised funds for the Rumah Kasih Harmoni orphanage.

The UK Corus Hotels group continued to support two charities linked to its London restaurants – Denville Hall, a care home for elderly actors, and the House of St. Barnabas, a charity for people who have experienced homelessness.

PM Securities supported the Kiwanis Club of Bukit Kiara, part of the worldwide Kiwanis children's charity organisation.

Network Foods (Malaysia) Sdn Bhd, throughout most of 2012, ran the Crispy School Campaign involving 100 schools nationwide and some 65,000 primary schoolchildren. Our nutritionist taught the children how to eat healthily with the help of the Food Pyramid and they were each given Crispy Chocolates and a Crispy Coin Box by Kris, the blue dinosaur mascot for our best-selling Crispy range of chocolate products.

Metrojaya donated cash and items of inventory to charities and institutions including Institute Jantung Negara (National Heart Institute), Suria Meriang (breast cancer awareness organisation), Breast Cancer Welfare Association Malaysia and Montfort Boys' Town.

Laura Ashley Holdings plc donated items of inventory and cash to charities and causes including Breakthrough Breast Cancer, the Ashley Family Foundation, Oxfam, Brainwave, the Fairtrade Foundation, Newlife, MacMillan Cancer Support, Children in Need and Marie Curie Cancer Care. More than just material giving, Laura Ashley ran in-store and media campaigns to generate publicity and support for worthy causes like breast cancer awareness, rural community development, assisting disabled and special needs children, caring for terminally-ill cancer patients, poverty alleviation and sustainable development.

Malayan United Industries Berhad congratulates Chairman and Chief Executive Tan Sri Dato' Dr Khoo Kay Peng for having been awarded a medal by the United States Commission on International Religious Freedom (USCIRF), a federal government entity created by the United States Congress.

The medal was awarded to Tan Sri Dato' Dr Khoo by the USCIRF in recognition of the exemplary way he has carried himself as a Christian businessman in Malaysia, a Muslim-majority country, where he has engaged in peaceful collaboration with business partners of various faiths, and also in the global, secular marketplace. The medal is typically given to heads of state and other world leaders who have contributed to religious freedom and peaceful inter-religious cooperation.

The USCIRF medal was conferred on Tan Sri Dato' Dr Khoo at the commencement ceremony of Northwest University in Kirkland, Washington, the United States of America, on Saturday, 11th May 2013. Tan Sri Dato' Dr Khoo is a member of the Board of Directors of Northwest University and was awarded an Honorary Doctor of Law by the University in 2000.

The USCIRF was established by the United States Congress through the enactment of the International Religious Freedom Act of 1998 (IRFA) as an independent, bipartisan federal government entity to foster international freedom of religion or belief. It provides policy recommendations to the President, Secretary of State, and Congress of the United States of America.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Malayan United Industries Berhad ("MUI", "the Group" or "the Company"), I am pleased to present our Annual Report for the financial year ended 31 December 2012.

ECONOMIC REVIEW

According to the International Monetary Fund ("IMF"), world economic growth moderated to 3.2% in 2012 from 4.0% in 2011, in terms of real gross domestic product ("GDP"). The slowdown came on the back of weakening economic conditions in several major economies, particularly those faced with sovereign debt problems.

The Malaysian economy recorded a growth rate of 5.6% in real GDP in 2012 compared with 5.1% growth in 2011, according to Bank Negara Malaysia ("BNM"). Economic growth was driven by strong growth in domestic demand which was able to negate the effects of a weak external environment.

FINANCIAL HIGHLIGHTS

Group revenue was RM817.9 million for the year under review. This compares with RM932.9 million in the prior year. The decline was due mainly to the discontinuation of our general insurance business during the year.

Profit before tax for the Group was RM129.1 million in 2012, which included a gain from the disposal of the Group's general insurance assets during the year. This compares to profit before tax of RM54.2 million in 2011, an increase of 138.2%.

In terms of continuing operations, revenue for the year under review was RM656.4 million compared with RM674.0 million in the previous year. Loss before tax from continuing operations in 2012 was RM51.0 million compared to profit before tax from continuing operations of RM36.3 million in 2011. The loss before tax for the financial year under review was due mainly to an impairment charge made on goodwill and share of higher loss from associate company, Pan Malaysia Capital Berhad ("PM Capital").

Laura Ashley store in 1 Utama Shopping Centre, Petaling Jaya

As at 31 December 2012, the Group's total assets and shareholders' funds stood at RM2.2 billion and RM724.7 million respectively.

REVIEW OF OPERATIONS

Retailing Division

The Retailing Division comprises two well-established and renowned business groups – Laura Ashley Holdings plc and Metrojaya Berhad ("Metrojaya").

Laura Ashley Holdings plc, listed on the London Stock Exchange, operates 212 stores in the United Kingdom, Ireland and France, and franchises 266 stores in 28 countries worldwide. Among the countries where Laura Ashley has an established presence are Japan, Australia, Greece, Spain, Taiwan, Chile, Ukraine, Malaysia, South Korea, Hong Kong, Turkey, the Netherlands, Belgium, Sweden, New Zealand and Singapore.

In addition to these stores, the Laura Ashley Holdings plc also markets its products through other distribution channels such as e-commerce and mail order.

In North and South America, Laura Ashley's products and services are marketed under licence agreements with established retailers. The extensive global reach of its operations has established Laura Ashley as a truly international brand.

At the end of 2011, capitalising on its strong international branding, Laura Ashley Holdings plc took its first steps into operating boutique hotels with the acquisition of a 50-room Tudor-styled hotel in Elstree in the outskirts of London. After refurbishment, the hotel will be launched in the near future as a Laura Ashley boutique hotel to showcase Laura Ashley products, design service and brand.

For its financial year ending 26 January 2013, revenue at Laura Ashley Holdings plc grew 4.5% to £298.8 million (RM1.46 billion) compared to £285.9 million (RM1.40 billion) in the previous year. Sales benefited from strong growth in e-commerce and international franchising. Sales in UK stores improved by 3.1% to £263.0 million.

Profit before tax for Laura Ashley Holdings plc increased 9.2% to £20.1 million (RM98.5 million) compared with £18.4 million (RM90.2 million) in the previous year. This set of positive results marks the 10th consecutive year of profitability for Laura Ashley Holdings plc and enabled the company to further strengthen its balance sheet as well as to consolidate its leading position in the retailing world.

Laura Ashley (North America), Inc., a wholly-owned subsidiary of the Group's associate company, Regent Corporation, is engaged in licensing the trademark and copyright designs of Laura Ashley in North and South America. For the financial year ended 31 December 2012, the company recorded licensing revenue of US$7.2

Laura Ashley is the name for inspiring elegance

Laura Ashley Spring Summer 2013

million (RM22.2 million). This was a decline of 12.2% from the previous year due to the lack of new licensing agreements in 2012 to replace those which concluded during 2011. Profit before tax for the company, however, was higher by 28.2% to US$3.2 million (RM9.9 million) as the prior year was affected by an exceptional item arising from intellectual property litigation.

Metrojaya is a leading department store chain in Malaysia operating seven department stores, an MJ concept store, and 75 specialty stores. The specialty stores operate under the established names of Reject Shop, East India Company, Somerset Bay, Cape Cod and Living Quarters. In addition, Metrojaya also develops and markets several successful in-house brands such as Passages, Emmanuelle, Zona and Freego. In Malaysia and Singapore, the Metrojaya group also holds the Laura Ashley franchise, operating eight stores currently.

For the financial year under review, Metrojaya recorded revenue of RM367.3 million, 4.0% lower compared to RM382.4 million the year before. This was mainly due to lower sales from specialty stores. However, profit before tax increased 7.7% to RM24.7 million compared to RM22.9 million in 2011. The improvement came mainly from Metrojaya department stores, Living Quarters, rental income and interest income which offset a decline in profitability from Reject Shop.

Hotel Division

The Group owns and operates nine hotels in the United Kingdom and two in Malaysia, most of which operate under the Corus brand. The UK Corus Hotels group also manages a hotel in Elstree for Laura Ashley Holdings plc.

On the whole, the Group's hotel operations in Malaysia and UK recorded a reduction in both revenue and profit before tax for the financial year under review compared with the same period last year.

Hotel trading conditions in the United Kingdom remained difficult due to the sluggish UK economy and fiscal instability in Continental Europe. As a result, the UK Corus Hotels group registered a 3.7% decline in revenue to £24.6 million (RM120.7 million) from £25.6 million (RM125.5 million) the year before. Profit before

Metrojaya department store in Mid Valley Megamall, Kuala Lumpur tax was lower at £0.7 million (RM3.2 million) compared to profit before tax of £1.1 million (RM5.4 million) in 2011.

On its own, however, Corus Hotel Hyde Park, the group's 389-room UK flagship hotel, largely sustained revenue at £12.7 million (RM62.2 million) but profitability was lower by 9.3% to £3.8 million (RM18.5 million) due to increased sales and marketing costs to drive revenue.

The Malaysian hotels continued to be profitable in increasingly competitive markets in Kuala Lumpur and Port Dickson. Corus Hotel Kuala Lumpur recorded a 5.4% decline in revenue to RM35.1 million due mainly to refurbishment work for five months. Profit before tax was lower by 10.3% to RM15.6 million due to lower revenue. Corus Paradise Resort Port Dickson achieved revenue growth of 1.8% to RM11.1 million in 2012 due to increased demand from corporate groups. The resultant higher occupancy rate helped pretax profit to rise 11.9% to RM1.3 million.

Food Division

Network Foods International Ltd ("NFIL"), a subsidiary of Pan Malaysia Corporation Berhad, oversees the Group's food operations. The company, which is based in Singapore, operates in Malaysia, Singapore and Hong Kong through its four operating subsidiaries.

In Malaysia, its subsidiary Network Food Industries Sdn Bhd ("NFI") manufactures, markets and exports chocolate and confectionery products under several established brands such as Tudor Gold, Crispy, Tango, Kandos and Kiddies. These products are also exported to more than 30 countries worldwide. The company also manufactures private label products for local and overseas companies.

Its marketing and distribution activities are separately undertaken by three subsidiaries – Network Foods (Malaysia) Sdn Bhd ("NFM"), Network Foods Distribution Pte Ltd ("NFD") in Singapore and Network Foods (Hong Kong) Limited ("NFHK").

NFI, for the year under review, achieved total sales of RM57.7 million, up 4.8% from RM55.1 million in the previous year. The growth was due to higher export sales of Tudor Gold and Crispy products, as well as higher contract manufacturing sales for export. Profit before tax doubled to RM5.2 million from RM2.6 million in 2011, due to higher revenue and improved gross margin.

Contemporary traditional wear by East India Company

Home accessories by Living Quarters

NFM recorded an increase of 10.7% in revenue to RM35.3 million in 2012, compared with RM31.9 million in the prior year. Pretax profit increased to RM0.6 million from RM0.1 million in the prior year. The improvement was due to strong sales of Tango and Crispy products.

NFD similarly improved its financial performance in 2012. Revenue increased 16.3% to S$1.7 million (RM4.2 million) while loss before tax was reduced to S$62,000 (RM0.2 million) from S$0.1 million (RM0.3 million) the year before. The improvement was due to better control of advertising and promotional expenditure.

NFHK reported slightly lower revenue of HK$24.5 million (RM9.8 million) down 2.8% from HK$25.2 million (RM10.1 million) in 2011. Profit before tax decreased to HK$1.1 million (RM0.5 million) from HK$2.4 million (RM1.0 million) the year before.

Property Division

The Group's flagship property project is the Bandar Springhill township, a 1990-acre development by West Synergy Sdn Bhd ("West Synergy"), a joint-venture with Chin Teck Plantations Berhad. West Synergy also derives income from the sale of oil palm fresh fruit bunches ("FFBs").

West Synergy chalked up revenue of RM30.5 million from property development in 2012, up 25.7% from the previous year. Profit before tax from property development increased by 30.1% to RM6.9 million due mainly to higher revenue.

There was a distinct improvement in sales, especially of shop offices, after the opening of the UCSI International School in September 2012. Cumulatively, as at end-2012, West Synergy has sold 2,542 units of residential homes and commercial properties in the Bandar Springhill township.

In November 2012, West Synergy launched 52 units of double-storey terraced-houses under Phase E3 of Park Residences, Type Ara 2. This was a sub-phase launch incorporating a new design for Phase E3 which was initially launched in November 2009. The new launch was well received with about 80% of the units sold so far.

Corus Hotel Hyde Park, London

Revenue from the sale of FFBs for the year was RM6.1 million, lower by 13.2% compared to 2011. This was due mainly to a 14.1% decline in the average price of crude palm oil ("CPO"). According to the Malaysian Palm Oil Board, the average price of CPO fell to RM2,764 per tonne in 2012 compared to RM3,219 per tonne in 2011. As a result, profit before tax from this business declined by 21.2% to RM3.8 million.

Financial Services Division

The financial services division of the Group comprises the universal broking business under PM Securities Sdn Bhd ("PM Securities"), the fund management unit through PCB Asset Management Sdn Bhd ("PCB Asset Management"), and the general insurance business under MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad) ("MUIC").

During the year, the Group disposed of the general insurance assets and liabilities of MUIC to Tokio Marine Insurans (Malaysia) Berhad for a premium of RM180.2 million. The transfer date was 1 September 2012.

PM Securities is a universal broker. The company offers stockbroking services through its network of eight branches in Kuala Lumpur, Seremban, Puchong, Penang, Johor Bahru, Melaka, Klang and Batu Pahat, and another three electronic access facilities in Jelebu (Negeri Sembilan), Banting (Selangor) and Ayer Itam (Penang).

PM Securities, for the year under review, reported a 28.2% decline in revenue to RM16.5 million in 2012 compared to 2011. This was due to lower brokerage. The year under review was difficult for PM Securities as Bursa Malaysia Securities Berhad ("Bursa Malaysia") saw a 6.8% decline in the value of trades, with the retail segment (PM Securities' traditional area of concentration) suffering a bigger decline. The company recorded a LBT of RM180.2 million for 2012, substantially higher than LBT of RM0.7 million in the prior year.

The higher LBT for 2012 was mainly due to impairment charges of RM180.4 million on its intangible assets and investment in a subsidiary to reflect the fair value of its stockbroking business. Without the non-cash RM180.4 million impairment charges, PM Securities would have reported profit before tax of RM0.2 million due to recoveries of bad debts, forex gains, processing fees earned and interest earned in IPO financing.

The Belsfield Hotel overlooking Lake Windermere in the Lake District

Corus Hotel Kuala Lumpur, Malaysia

Corus Paradise Resort Port Dickson, Negeri Sembilan

The above-mentioned RM180.4 million impairment charges have no impact on the cash flow of PM Securities or the Group. However, the loss reduced the shareholders' equity of PM Capital to RM27.7 million on a consolidated basis. This was less than 25% of PM Capital's issued and paid-up capital of RM326.1 million as at 31 December 2012, and was also less than the RM40 million threshold set by Bursa Malaysia, triggering the criteria pursuant to Practice Note No. 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia. On 26 February 2013, PM Capital announced that it was considered a PN17 company and had 12 months from 26 February 2013 to submit a regularisation plan to the authorities.

PCB Asset Management, PM Capital's wholly-owned fund management subsidiary, was adversely affected by the withdrawal of two major clients. However, it remained profitable.

CORPORATE DEVELOPMENTS

The Group has been working hard to streamline its portfolio of assets and businesses to focus on its core competencies. Proceeds from disposal of non-core assets would enable the Group to reduce borrowings and to fund future investments to enhance shareholder value.

In February 2012, the Group disposed of land in Georgetown, Penang, for cash consideration of RM32.4 million. In the same month, a subsidiary of the Group also entered in the sale of a parcel of leasehold land with a warehouse and office in Woodlands Link, Singapore. Upon completion, the cash consideration for the property would amount to S$15.4 million (RM38.2 million).

In September 2012, as mentioned above, the Group disposed of its general insurance assets and liabilities of MUIC to Tokio Marine Insurans (Malaysia) Berhad for a premium of RM180.2 million.

In February 2013, the Group signed a Sale & Purchase Agreement to sell a 2.0 hectare plot of development land at Teluk Kemang, Port Dickson, Negeri Sembilan. Proceeds from the sale amounted to RM11.6 million.

Network Foods' major brands: Tudor Gold, Tango, Crispy & Kandos

In April 2013, a subsidiary of the Group disposed of 16,058,400 shares of RM0.50 each in George Kent (Malaysia) Berhad. The cash consideration for the shares was RM14.0 million.

PROSPECTS FOR 2013

With modest growth expected in the US and improving economic performance in Asia, the global economy is projected to achieve a slightly better growth rate in 2013. The IMF projects world GDP growth to improve to 3.3% in 2013 compared with 3.2% in 2012.

The Malaysian economy is envisaged to record growth in 2013 of between 5.0% and 6.0%, according to BNM projections.

The Group expects its overall performance to improve in 2013 and will continue to explore corporate opportunities that will strengthen its financial position.

DIRECTORATE

The Board wishes to take this opportunity to thank Mr Andrew Khoo Boo Yeow, who resigned as a Director of the Company on 7 August 2012 for his contributions to the Group.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank management and staff for their contributions and effort. I am also grateful to our valued customers, business associates, bankers and shareholders for their continuing support. Last but not least, I wish to thank my fellow Board members for their wise counsel and confidence.

To GOD Be The Glory

Tan Sri Dato' Khoo Kay Peng
Chairman

22 May 2013

Bandar Springhill, an integrated township in Port Dickson, Negeri Sembilan


Springhill Heights Type Sapphire II Bungalow


UCSI International School in Bandar Springhill

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, ("MUI", "Kumpulan" atau "Syarikat") saya dengan sukacitanya membentangkan Laporan Tahunan dan penyata kewangan bagi tahun kewangan berakhir 31 Disember 2012.

TINJAUAN EKONOMI

Berdasarkan laporan badan kewangan antarabangsa, *International Monetary Fund* ("IMF"), kadar perkembangan ekonomi dunia mengalami sedikit kemerosotan dalam Keluaran Dalam Negara Kasar ("KDNK") iaitu 3.2% pada tahun 2012 berbanding 4.0% pada tahun 2011. Kemelesetan ini disebabkan oleh keadaan prestasi ekonomi yang lemah di beberapa buah negara utama khususnya negara-negara yang menghadapi masalah hutang negara.

Sebaliknya, ekonomi Malaysia mencatatkan pertumbuhan 5.6% dalam KDNK berbanding 5.1% pada tahun 2011 mengikut laporan Bank Negara Malaysia ("BNM"). Peningkatan dalam prestasi ekonomi ini berpunca dari permintaan dalaman yang mantap yang telah berjaya menangkis kesan ekonomi luar negara yang lemah.

PRESTASI KEWANGAN

Pendapatan Kumpulan pada tahun ini adalah RM817.9 juta berbanding dengan RM932.9 juta pada tahun lalu. Kemerosotan dalam pendapatan ini adalah disebabkan perniagaan insurans am telah dihentikan operasi pada tahun itu.

Keuntungan sebelum cukai Kumpulan pula, pada tahun 2012, adalah RM129.1 juta, ini termasuk keuntungan dari proses penjualan aset insurans am Kumpulan pada tahun tersebut. Ini merupakan peningkatan 138.2% daripada keuntungan RM54.2 juta sebelum cukai yang dicatatkan pada tahun lalu.

Dalam konteks operasi berlanjutan ('continuing operations'), pendapatan bagi tahun ini adalah RM656.4 juta berbanding dengan RM674.0 pada tahun lalu. Kerugian sebelum cukai yang dialami pada tahun 2012, dalam operasi berlanjutan adalah RM51.0 juta berbanding dengan keuntungan RM36.3 juta yang dicatat dalam operasi berlanjutan pada tahun 2011. Kerugian sebelum cukai bagi tahun kewangan ini disebabkan caj kemerosotan ('impairment charge') yang dibuat atas

Kedai Laura Ashley di 1 Utama Shopping Centre, Petaling Jaya wang ehsan ('goodwill') dan menampung kerugian bersama syarikat sekutu, Pan Malaysia Capital Berhad ("PM Capital").

Sehingga 31 Disember 2012, aset keseluruhan Kumpulan adalah RM2.2 bilion dan dana pemegang saham RM724.7 juta.

TINJAUAN OPERASI

Bahagian Peruncitan

Bahagian Peruncitan ini terdiri daripada dua jenama yang mantap dan terkenal – Laura Ashley Holdings plc dan Metrojaya Berhad ("Metrojaya").

Laura Ashley Holdings plc disenaraikan di Bursa Saham London, mengendalikan 212 gedung di United Kingdom, Ireland dan Perancis, dan mempunyai 266 francais di 28 negara seluruh dunia. Di antara negara yang jenama Laura Ashley mempunyai kedudukan yang kukuh adalah Jepun, Australia, Greece, Sepanyol, Taiwan, Chile, Ukraine, Malaysia, Korea Selatan, Hong Kong, Turki, Belanda, Belgium, Sweden, New Zealand dan Singapura.

Sebagai penambahan kepada gedung-gedung ini, Kumpulan Laura Ashley Holdings turut memasarkan barangan mereka melalui saluran lain seperti e-dagang dan pesanan pos.

Di benua Utara dan Selatan Amerika, barangan dan perkhidmatan Laura Ashley dipasarkan di bawah lesen yang dimeteraikan dengan peruncit-peruncit yang terkenal.

Di penghujung tahun 2011 bersandarkan kemantapan jenama antarabangsanya, Laura Ashley Holdings plc mencebur diri dalam hotel-hotel butik dengan pembelian sebuah hotel ala Tudor 50-bilik di Elstree di pinggiran bandaraya London. Selepas pengubahsuaian dibuat, hotel ini akan dilancarkan dalam masa terdekat sebagai sebuah hotel butik Laura Ashley untuk mempamerkan barangan-barangan, perkhidmatan dan jenama Laura Ashley.

Bagi tahun kewangan yang berakhir 26 Januari 2013, pendapatan Laura Ashley Holdings plc meningkat 4.5% kepada £298.8 juta (RM1.46 bilion) berbanding £285.9 juta (RM1.40 bilion) pada tahun lalu. Jualan di gedung-gedung UK meningkat 3.1% kepada £263.0 juta.

Laura Ashley Holdings plc mencatatkan peningkatan keuntungan sebelum cukai 9.2% kepada £20.1 juta (RM98.5 juta) berbanding £18.4 juta (RM90.2 juta) pada tahun lalu. Ini merupakan keuntungan berturut-turut selama 10 tahun yang dicatat oleh Laura Ashley Holdings plc dan sekaligus memperkukuhkan kunci kira-kira syarikat dan kedudukan sebagai peneraju dalam bidang peruncitan dunia.

Laura Ashley Inc (Amerika Utara), merupakan syarikat subsidiari milik-penuh Regent Corporation, sebuah syarikat sekutu Kumpulan, terlibat dalam pelesenan tanda dagangan dan hakcipta reka bentuk Laura Ashley di Amerika Utara dan Selatan. Bagi tahun kewangan berakhir 31 Disember 2012, syarikat mencatatkan pendapatan dari pelesenan sebanyak A$7.2 juta (RM22.2 juta). Ini merupakan susutan sebanyak 12.2% dari

Laura Ashley adalah nama untuk keanggunan inspirasi

Laura Ashley Spring Summer 2013

tahun lalu disebabkan kekurangan perjanjian baru untuk memperbaharui lesen yang telah tamat tempoh pada tahun 2011. Bagaimanapun, keuntungan sebelum cukai syarikat mencatatkan kenaikan 28.2% kepada A$3.2 juta (RM9.9 juta) kerana keputusan tahun lalu terjejas oleh perkara terkecuali ('exceptional item') berkaitan dengan litigasi hak harta intelek.

Metrojaya merupakan sebuah gedung membeli-belah yang terkemuka di Malaysia yang mengendalikan tujuh gedung membeli belah, sebuah gedung konsep MJ dan 75 gedung barangan khas. Gedung-gedung barangan khas ini beroperasi di bawah jenama Reject Shop, East India Company, Somerset Bay, Cape Cod dan Living Quarters. Selain itu Metrojaya turut membangunkan dan memasarkan beberapa jenama tersendiri seperti Passages, Emmanuelle, Zona dan Freego. Kumpulan Metrojaya di Malaysia dan Singapura turut memegang lapan buah francais Laura Ashley.

Bagi tahun kewangan 2012, Metrojaya mencatat pendapatan RM367.3 juta, 4.0% lebih rendah berbanding RM382.4 juta tahun lalu. Ini disebabkan oleh jualan yang menurun di gedung-gedung khas. Bagaimanapun, keuntungan sebelum cukai meningkat 7.7% kepada RM24.7 juta berbanding RM22.9 juta pada tahun 2011. Penambahan ini berpunca dari peningkatan jualan di gedung-gedung Metrojaya, Living Quarters, sewaan dan kadar faedah dari pendapatan yang menampung susutan kewangan dari Reject Shop.

Bahagian Hotel

Kumpulan memiliki dan mengusahakan rangkaian sembilan buah hotel di United Kingdom dan dua di Malaysia dan kebanyakan hotel-hotel ini beroperasi di bawah jenama Corus. Kumpulan UK Corus Hotel turut mengendalikan sebuah hotel, Elstree untuk Laura Ashley Holdings plc.

Pada keseluruhannya, operasi hotel di bawah Kumpulan di Malaysia dan UK mencatatkan kemerosotan dalam pendapatan dan keuntungan sebelum cukai bagi tahun kewangan dalam taksiran berbanding dengan tahun sebelumnya.

Keadaan perdagangan hotel yang agak sukar di United Kingdom berpunca dari kelembapan ekonomi UK dan ketidakstabilan keadaan fiskal Benua Eropah. Justeru itu, rangkaian UK Corus Hotels mencatatkan kemerosotan 3.7% dalam pendapatan kepada £24.6 juta (RM120.7 juta) dari £25.6 juta (RM125.5 juta) pada tahun sebelumnya.

Gedung Metrojaya di Mid Valley Megamall, Kuala Lumpur

Keuntungan sebelum cukai menurun sedikit kepada £0.7 juta (RM3.2 juta) berbanding dengan £1.1 juta (RM5.4 juta) pada tahun 2011.

Bagaimanapun Corus Hotel Hyde Park, iaitu hotel utama kumpulan yang mempunyai 389 bilik, berjaya mengekalkan pendapatan sebanyak £12.7 juta (RM62.2 juta) tetapi keuntungan menurun sedikit 9.3% kepada £3.8 juta (RM18.5 juta) disebabkan kenaikan kos untuk perbelanjaan promosi jualan dan pemasaran untuk menjana pendapatan.

Rangkaian hotel di Malaysia kekal meraih keuntungan walaupun menghadapi persaingan yang kuat di Kuala Lumpur dan Port Dickson. Corus Hotel Kuala Lumpur mencatatkan kemerosotan sebanyak 5.4% dalam pendapatan kepada RM35.1 juta disebabkan kerja-kerja menaik-taraf yang berlangsung selama lima bulan. Keuntungan sebelum cukai juga turut merosot sebanyak 10.3% kepada RM15.6 juta. Bagaimanapun, Corus Paradise Resort Port Dickson mencapai kenaikan dalam pendapatan sebanyak 1.8% kepada RM11.1 juta bagi tahun 2012 disebabkan permintaan dari sektor korporat yang agak tinggi. Kadar penginapan yang meningkat juga membantu pencapaian kenaikan keuntungan sebelum cukai sebanyak 11.9% kepada RM1.3 juta.

Bahagian Pemakanan

Network Foods International Ltd ("NFIL"), sebuah syarikat subsidiari Pan Malaysia Corporation Berhad, memantau operasi-operasi bahagian pemakanan Kumpulan. Syarikat tersebut, yang berpusat di Singapura, mempunyai empat syarikat subsidiari yang beroperasi di Malaysia, Singapura dan Hong Kong.

Di Malaysia, syarikat subsidiarinya, Network Food Industries Sdn Bhd ("NFI"), mengeluarkan dan memasarkan produk-produk coklat dan konfeksi di bawah beberapa jenama terkenal seperti *Tudor Gold*, *Crispy*, *Tango*, *Kandos* dan *Kiddies*. Produk-produk ini juga dieksportkan kepada 30 buah negara di seluruh dunia. Syarikat itu juga mengeluarkan produk-produk jenama persendirian bagi syarikat-syarikat tempatan dan syarikat-syarikat dari luar negara.

Aktiviti-aktiviti pemasaran dan pengedaran dijalankan secara berasingan oleh tiga syarikat subsidiari – Network Foods (Malaysia) Sdn Bhd ("NFM"), Network Foods Distribution (M) Sdn Bhd ("NFD") dan Network Foods (Hong Kong) Ltd ("NFHK").

NFI mencatat jualan sebanyak RM57.7 juta iaitu peningkatan 4.8% berbanding RM55.1 juta pada tahun sebelumnya. Jualan yang lebih tinggi ini diperolehi melalui peningkatan pasaran eksportnya terutama jualan

Pakaian tradisional kontemporari oleh East India Company

Aksesori rumah oleh Living Quarters

jenama Tudor Gold dan produk-produk jenama Crispy. Peningkatan dari hasil kontrak pengeluaran bagi pasaran eksport turut menyumbang kepada jualan keseluruhan. Keuntungan sebelum cukai meningkat dua kali ganda kepada RM5.2 juta dari RM2.6 juta pada tahun 2011, ini berikutan peningkatan dari pendapatan dan margin kasar yang lebih baik.

NFM mencatatkan peningkatan sebanyak 10.7% dalam pendapatan kepada RM35.3 juta pada tahun 2012 berbanding RM31.9 juta pada tahun sebelumnya. Keuntungan sebelum cukai turut meningkat kepada RM0.6 juta dari RM0.1 juta bagi tahun sebelumnya.

NFD juga mengalami prestasi kewangan yang lebih baik pada tahun 2012. Pendapatan meningkat 16.3% kepada S$1.7 juta (RM4.2 juta) sementara kerugian sebelum cukai dapat dikurangkan kepada S$62,000 (RM0.2 juta) dari S$0.1 juta (RM0.3 juta) bagi tahun sebelumnya. Peningkatan ini disebabkan oleh kawalan yang lebih baik dalam perbelanjaan pengiklanan dan promosi.

NFHK pula mencatakan pendapatan yang sedikit rendah HK$24.5 juta (RM9.8 juta) turun 2.8% dari HK$25.2 juta (RM10.1 juta) pada tahun 2011. Keuntungan sebelum cukai turun kepada HK$1.1 juta (RM0.5 juta) dari HK$2.4 juta (RM1.0 juta) pada tahun sebelumnya.

Bahagian Hartanah

Pembinaan Bandar Springhill, seluas 1,990 ekar oleh West Synergy Sdn Bhd ("West Synergy") merupakan sebuah projek usahasama dengan syarikat Perladangan Chin Teck Berhad. West Synergy turut meraih hasil dari jualan buah tandan segar ('fresh fruit bunches') kelapa sawit.

West Synergy meraih pendapatan RM30.5 juta dari pembangunan hartanah pada tahun 2012, peningkatan sebanyak 25.7% dari tahun sebelumnya. Keuntungan sebelum cukai dalam sektor hartanah ini meningkat 30.1% kepada RM6.9 juta disebabkan oleh pendapatan yang lebih tinggi.

Jualan bangunan pejabat mencatatkan peningkatan yang ketara selepas perasmian UCSI International School pada September 2012. Secara kumulatif, di penghujung 2012, West Synergy telah berjaya menjual 2,542 rumah penginapan dan hartanah komersil di Bandar Springhill.

Pada November 2012, West Synergy telah melancarkan 52 unit rumah teres 2 tingkat jenis Ara 2 di Fasa E3

Corus hotel Hyde Park, London

Park Residences. Ini merupakan fasa tambahan yang memperkenalkan reka bentuk baru dimana fasa telah dilancarkan pada November 2009. Fasa baru ini telah mendapat sambutan hangat sehingga 80% telah habis dijual semenjak ia dilancarkan.

Pendapatan dari hasil jualan buah tandan segar bagi tahun ini berkurangan, susut 13.2% berbanding tahun 2011. Ini disebabkan harga minyak kelapa sawit mentah mengalami susutan 14.1%. Mengikut Lembaga Kelapa Sawit Malaysia, harga purata minyak kelapa sawit mentah jatuh kepada RM2,764 satu tan pada tahun 2012 berbanding RM3,219 satu tan pada tahun 2011. Justeru itu, keuntungan sebelum cukai dari perniagaan ini susut 21.2% kepada RM3.8 juta.

Bahagian Perkhidmatan Kewangan

Bahagian perkhidmatan kewangan Kumpulan terdiri dari PM Securities Sdn Bhd ("PM Securities") yang mempunyai lesen 'broker universal', unit pengendalian dana melalui PCB Asset Management Sdn Bhd ("PCB Asset Management") dan perniagaan insurans am di bawah MUI Continental Berhad (dulu dikenali sebagai MUI Continental Insurance Berhad) ("MUIC").

Tahun 2012 tersebut, Kumpulan menjual aset dan liabiliti-liabiliti insurans am MUIC kepada Tokio Marine Insurans (Malaysia) Berhad dengan tawaran premium sebanyak RM180.2 juta. Tarikh pemindahan ditetapkan pada 1 September 2012.

PM Securities adalah sebuah syarikat 'broker universal'. Syarikat ini menawarkan perkhidmatan jual-beli saham melalui lapan cawangannya di Kuala Lumpur, Seremban, Puchong, Pulau Pinang, Johor Bahru, Melaka, Klang dan Batu Pahat dan kemudahan akses elektronik di Jelebu (Negeri Sembilan), Banting (Selangor) dan Ayer Itam (Pulau Pinang).

Bagi tahun 2012, PM Securities mencatatkan susutan 28.2% dalam pendapatan kepada RM16.5 juta berbanding tahun 2011. Ini disebabkan oleh brokeraj yang lebih rendah. Tahun itu juga merupakan waktu yang mencabar untuk PM Securities kerana Bursa Saham Malaysia Berhad ("Bursa Malaysia") menyaksikan penurunan 6.8% dalam nilai dagangan dengan segmen runcit (tumpuan tradisional PM Securities) mengalami penurunan yang lebih besar. Syarikat mencatatkan kerugian sebelum cukai sebanyak RM180.2 juta bagi tahun 2012 yang merupakan peningkatan kerugian sebelum cukai yang besar berbanding kerugian sebelum cukai tahun sebelumnya sebanyak RM0.7 juta.

Kerugian sebelum cukai yang lebih tinggi bagi tahun 2012 disebabkan caj kemerosotan ('impairment charge') sebanyak RM180.4 juta atas aset tidak ketara ('intangible

The Belsfield Hotel menghadap ke Tasik Windermere di Lake District

Corus Hotel Kuala Lumpur, Malaysia

Corus Paradise Resort Port Dickson, Negeri Sembilan assets') dan pelaburan di dalam syarikat subsidiari untuk mencerminkan nilai saksama perniagaan pembrokeran saham yang sebenar. Jika ditolak RM180.4 juta bukan dalam bentuk tunai, PM Securities berupaya mencatatkan keuntungan sebelum cukai sebanyak RM0.2 juta melalui pemulihan hutang lapuk, keuntungan forex, yuran pemerosesan dan pendapatan faedah yang diperolehi dari pembiayaan IPO.

Caj kemerosotan sebanyak RM180.4 juta tidak memberi kesan kepada aliran tunai PM Securities atau Kumpulan. Walaubagaimanapun, kerugian ini mengurangkan ekuiti pemegang saham PM Capital kepada RM27.7 juta atas dasar disatukan. Angka ini adalah kurang daripada 25% daripada modal dibenarkan dan modal berbayar PM Capital iaitu RM326.1 juta berakhir 31 Disember 2012. Ia juga adalah kurang dari RM40 juta garis panduan yang ditetapkan oleh Bursa Malaysia, yang mencetuskan kriteria Nota Amalan No.17 ("PN17") dalam Keperluan Penyenaraian Pasaran Utama Bursa Malaysia. Pada 26 Februari 2013, PM Capital mengumumkan syarikat diiktirafkan sebagai syarikat PN17 dan diberi 12 bulan bermula 26 Februari 2013 untuk mengemukakan pelan rombakan kepada pihak berkuasa.

Keputusan menarik diri oleh dua pelanggan utama PCB Asset Management, sebuah subsidiari mengendali dana yang dimiliki penuh PM Capital, menjejaskan prestasi syarikat itu. Walaubagaimanapun, syarikat itu tetap meraih keuntungan.

Perkembangan Korporat

Kumpulan telah bekerja keras untuk menjuruskan semua portfolio aset-aset dan perniagaan-perniagaan dengan memberi penumpuan dan keutamaan kepada kekuatan dan kecekapan syarikat. Kewangan yang dikumpul dari pelupusan aset-aset yang bukan teras ('non-core') dapat membantu Kumpulan mengurangkan pinjaman dan membiayai pelaburan-pelaburan akan datang untuk mempertingkatkan lagi nilai pemegang saham.

Pada Februari 2012, Kumpulan telah menjual sebidang tanah di Georgetown, Pulau Pinang, bernilai RM32.4 juta. Pada bulan yang sama, sebuah subsidiari Kumpulan turut mengambil bahagian dalam penjualan tanah pegangan pajak beserta gudang dan pejabat di Woodlands Link, Singapura. Apabila siap, bayaran tunai untuk harta dianggarkan berjumlah S$15.4 juta (RM38.2 juta).

Jenama utama Network Foods: Tudor Gold, Tango, Crispy & Kandos

Seperti tersebut di atas, pada bulan September 2012, Kumpulan telah menjual aset dan liabiliti-liabiliti insurans am MUIC kepada Tokio Marine Insurans (Malaysia) Berhad dengan premium RM180.2 juta.

Pada Februari 2013, Kumpulan telah menandatangani Perjanjian Jual Beli untuk menjual 2.0 hektar tanah perusahaan di Teluk Kemang, Port Dickson, Negeri Sembilan. Hasil daripada jualan tanah ini adalah RM11.6 juta.

Pada bulan April 2013, sebuah subsidiari Kumpulan menjual 16,058,400 unit saham RM0.50 seunit dalam syarikat George Kent (Malaysia) Berhad. Pertimbangan tunai bagi saham-saham tersebut adalah RM14.0 juta.

Prospek Bagi Tahun 2013

Ramalan pertumbuhan ekonomi yang sederhana di Amerika Syarikat dan peningkatan prestasi ekonomi di Asia, ekonomi dunia dijangka mencapai kadar prestasi yang sedikit lebih baik pada tahun 2013. Mengikut ramalan IMF, pertumbuhan KDNK dunia akan mengalami peningkatan sebanyak 3.3% bagi tahun 2013 berbanding 3.2% pada tahun 2012.

Ekonomi Malaysia, bagaimanapun diramal akan mencapai pertumbuhan antara 5% dan 6% bagi tahun 2013 mengikut anggaran BNM.

Bagi tahun 2013, Kumpulan menganggarkan prestasinya akan bertambah baik dan akan terus mencari peluang-peluang korporat yang akan memperkukuhkan kedudukan kewangannya.

Direktorat

Lembaga Pengarah ingin merakamkan ribuan terima kasih kepada En. Andrew Khoo Boo Yeow, atas sumbangan beliau kepada Kumpulan. Beliau telah meletak jawatan sebagai Pengarah Syarikat pada 7 Ogos 2012.

Penghargaan

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada pihak pengurusan dan kakitangan atas sumbangan dan usaha yang ditunjukkan. Saya juga amat menghargai sokongan daripada para pelanggan, rakan niaga dan bank-bank. Akhir sekali, saya ingin merakamkan terima kasih kepada rakan-rakan Lembaga Pengarah atas nasihat dan kepercayaan mereka.

Segala Kemuliaan Bagi TUHAN

Tan Sri Dato' Khoo Kay Peng
Pengerusi

22 Mei 2013

Bandar Springhill, sebuah perbandaran bersepadu di Port Dickson, Negeri Sembilan


Banglo Springhill Heights Jenis Sapphire II


Sekolah Antarabangsa UCSI di Bandar Springhill

主席献词

我荣幸代表董事部同仁向各位提呈马联工业有限公司(“马联”或“集团”或“本公司”)截至2012年12月31日财务年度的年报。

经济评论

据国际货币基金会（IMF）指出，在实际国内总产值角度上，世界经济成长从2011年的4% 减退至2012年的3.2%。全球经济放慢，乃是因为几个主要经济体，尤其是面对主权债务问题的经济体的经济情况日渐疲弱所致。

据国家银行披露，马来西亚经济在2012年的实际国内总产值增长5.6%,而2011年的增率为5.1%。带动经济成长的因素是强劲的内需，抵消了疲弱外来环境的影响。

财务表现

在检讨中的财务年内，集团收入共达8亿1790万令吉，而上一年是9亿3290万令吉。收入减少主要是集团在此财务年内停止了普通保险业务。

集团2012年的税前盈利为1亿2910万令吉，此盈利包括出售集团普通保险资产所得盈余。这比2011年的税前盈利5420万令吉增加了138.2%。

在持续的业务方面，在检讨中年内的收入共达6亿5640万令吉，而上一年是6亿7400万令吉。2012年持续业务的税前亏损共计5100万令吉，而2011年持续业务则取得税前盈利共3630万令吉。在检讨中财务年内的税前亏损主要是商誉的减损金额，以及对联号公司《泛马资本有限公司》的亏损分担额提高所致。

截止2012年12月31日，集团的总资产和股东资金分别为22亿令吉和7亿2470万令吉。

Laura Ashley的店在万达广场购物中心，八打灵再也（Petaling Jaya）

业务评论

零售业

集团的零售部门包括两大规模稳健和知名的业务集团，即Laura Ashley控股有限公司和美罗有限公司(“Metrojaya”)。

在伦敦股票交易所挂牌的Laura Ashley控股有限公司在英国、爱尔兰及法国共经营212间商店，以及在全球28个国家拥有266间加盟店。Laura Ashley已设立业务的国家有日本、澳大利亚、希腊、西班牙、台湾、智利、乌克兰、马来西亚、韩国、香港、土耳其、荷兰、比利时、瑞典、新西兰及新加坡等。

除了以上的商店以外，Laura Ashley控股有限公司也通过其他经销渠道如电子商务及邮购等销售产品。

在北美洲和南美洲，Laura Ashley通过与知名零售商之间的许可权协议经销产品及服务。Laura Ashley 的业务遍及全球，使它成为名符其实的国际品牌。

截止2011年底，Laura Ashley控股有限公司借助强大的国际品牌，着手进军精品酒店业务，在伦敦郊区的Elstree收购了有50间客房的Tudor式酒店。此酒店经过装修后，将于近期以Laura Ashley精品酒店姿态开张，以展现Laura Ashley的产品、设计服务及品牌。

截止2013年1月26日的财务年，Laura Ashley 控股有限公司的收入增长4.5%至2亿9880万英镑(14.6亿令吉)，而上一年是2亿8590万英镑(14亿令吉)。电子商务及国际加盟业务的强劲成长，惠及了集团的营业额。英国Laura Ashley商店的营业额增加3.1%至2亿6300万英镑。

Laura Ashley控股有限公司本年度的税前盈利增加9.2%，从上一年的1840万英镑（9020万令吉）增至2010万英镑(9850万令吉)。此正面业绩标志着Laura Ashley控股有限公司连续10年赚取盈利，并且使公司得以进一步增强资产负债表及巩固在零售业的领军地位。

集团联号Regent公司旗下的独资子公司Laura Ashley(北美)公司在北美和南美从事Laura Ashley商标和版权设计许可权业务。截止2012年12月31日的财务年，该公司的许可权收入达720万美元(2220万令吉)，比上一年减少12.2%，主要是由于2012年欠缺新的许可权协议

Laura Ashley的名称是鼓舞人心的优雅

Laura Ashley的春夏2013

2011年签订的协议。不过该公司的税前盈利却比上一年增加28.2%至320万美元(990万令吉)。该公司上一年的盈利受到知识产权诉讼引起的特殊项目所影响。

美罗是马来西亚领军的百货商店连锁，共经营7间百货商店、一间MJ概念店及75间专卖店。这些专卖店以各知名的品牌如Reject Shop、East India Company、Somerset Bay、Cape Cod及Living Quarters等营业。除此以外，美罗也成功开发和营销多个自身的品牌如Passages、Emmanuelle、Zona及Freego。美罗集团也持有马来西亚及新加坡的Laura Ashley专营权，同时经营8间Laura Ashley商店。

在检讨中的财务年内，美罗的收入共3亿6730万令吉，比上一年的3亿8240万令吉减少4.0%。这主要是专卖店的营业额下降所致。然而，税前盈利却增加7.7%从2011年的2290万令吉增至2470万令吉。税前盈利上扬主要来自美罗百货商店、Living Quarters、租金及利息收入，抵消了Reject Shop盈利的减少。

酒店业

集团在英国拥有及经营9间酒店及在马来西亚两间。大部分的酒店以Corus品牌营业。英国的Corus酒店集团也为Laura Ashley控股有限公司管理位于Elstree的一间酒店。

整体上，在检讨中财务年内，集团在马来西亚及英国的酒店业务在收入和税前盈利方面皆比上一年逊色。

由于英国经济呆滞不前以及欧洲大陆财务形势动荡，以致酒店业的行情低靡。因此，英国Corus酒店集团的收入下跌3.7%，从上一年的2560万英镑（1亿2550万令吉）减至2460万英

谷中城，吉隆坡百货商场Metrojaya

镑(1亿2070万令吉)；税前盈利也从2011年的110万英镑（540万令吉）降至70万英镑(320万令吉)。

另一方面，英国Corus酒店集团设有389间客房的旗舰酒店-- Corus Hotel Hyde Park的收入大致上保持，共达1270万英镑(6220万令吉)，但是带动收入的营业及营销成本却提高，以致盈利减少9.3%至380万英镑(1850万令吉)。

集团在马来西亚的酒店继续保持盈利，但吉隆坡和波德申的酒店市场竞争日益加剧。吉隆坡Corus酒店由于酒店进行5个月的装修，收入减少5.4%至3510万令吉；收入减少，导致税前盈利下降10.3%至1560万令吉。由于公司团体的需求增加，提高了入住率，波德申Corus Paradise度假村2012年的收入增加1.8%至1110万令吉，税前盈利也上升11.9%至130万令吉。

食品业

泛马企业有限公司属下子公司--Network食品国际有限公司(“NFIL”)负责主管集团的食品业务。该设于新加坡的公司通过4家营业子公司，在马来西亚、新加坡及香港经营食品业务。

在马来西亚，NFIL的子公司--Network食品业有限公司(“NFI”)制造、销售及出口多个知名品牌的巧克力和糖果如TudorGold、Crispy、 Tango、 Kandos 及 Kiddies。 这些产品也外销至全球超过30个国家。该公司也为国内外公司制造私有标签产品。

NFIL的营销和分销业务分别由3家子公司，即Network食品(马来西亚)有限公司(“NFM”)、新加坡的Network食品分销有限公司(“NFD”)，以及Network食品(香港)有限公司(“NFHK”)经营。

在检讨中年内，NFI的营业额共达5770万令吉，比上一年的5510万令吉提高4.8%营业额增加是由于TudorGold和Crispy产品出口销售额提高，以及出口承包制造销售额增加的缘故。收


当代东印度公司的传统服装


居住区的家居饰品

入和利润额提高，使税前盈利倍增，从2011年的260万令吉增至520万令吉。

NFM在2012年的收入增加10.7%，从上一年的3190万令吉增至3530万令吉。税前盈利从上一年的10万令吉增至60万令吉。盈利提高是由于Tango及Crispy产品销售额强劲之故。

NFD在2012年的财务表现也同样改进；收入增加16.3%至新币170万元(420万令吉)，税前亏损则从上一年的新币10万元（30 万令吉）减至新币62,000元 (20万令吉)。该公司业绩改进是由于广告和促销开销的控制改善。

NFHK的收入略减2.8%，从2011年的港币2520万元（1010万令吉）减至2450万元(980万令吉)。税前盈利从上一年的港币240万元（100万令吉）下降至港币110万元(50万令吉)。

房地产业

集团的旗舰房地产项目是由West Synergy有限公司开发的面积达1990亩的《春泉镇》。这个与振德种植有限公司合资推行的项目也从销售油棕果赚取收入。

West Synergy 2012年的物业发展收入共达3050万令吉，较上一年增加25.7%。收入提高，导致物业发展的税前盈利上涨30.1%至690万令吉。

随着UCSI国际学校于2012年9月开张后，春泉镇的物业销售明显改善，尤其是商店办公楼。截止2012年底，West Synergy在春泉镇售出的住宅房屋和商业物业共计2,542单位。

2012年11月，West Synergy发售了Park Residences E3期、52间Ara2型双层排屋。以上发售的单位是最初于2009年11月发售的E3期

居住区的家居饰品

采纳新款式的分期。 新发售的单位获得积极响应，迄今已有约80%的单位售出。

在检讨中财务年内出售油棕果的收入共610万令吉,比2011年减少13.2%这主要是原棕油平均价格下跌14.1%所致。据马来西亚棕油局指出，原棕油价格在2012年跌至每公吨2,764令吉， 而2011年的平均价格是每公吨3,219令吉。因此，此业务的税前盈利减少21.2%至380万令吉。

财务服务业

集团的财务服务部门包括《PM证券有限》公司经营的全方位经纪业务、《PCB资产管理有限公司》经营的基金管理业，以及《马联大洲有限公司》（ MUIC；前称《马联大洲保险有限公司》)经营的普通保险业务。

在检讨中年内，集团以1亿8020万令吉，把马联大洲的普通保险资产出售给《东京海上保险（马来西亚）有限公司》（Tokio Marine Insurans (Malaysia) Berhad);该资产的移交日期是2012年9月1日。

PM证券是一家全方位经纪公司，通过设于吉隆坡、芙蓉、槟城、新山、马六甲、巴生及峇都巴辖的八间分行及设在日叻务（森美兰）、万津(雪兰莪)及Ayer Itam (槟城) 的三个电子进取设施，提供证券经纪服务。

在检讨中年内，由于经纪费减少，PM证券的收入比2011年减少28.2%，降至1650万令吉。对PM 证券而言，检讨中财务年的行情甚为艰巨。据马来西亚证券交易所有限公司，交易所的交易价值下降了6.8%,其中散户部分（PM证券传统的业务集中领域）的降幅更大。该公司2012年的税前亏损为1亿8020万令吉，比上一年的税前亏损70万令吉大幅度增加。

PM证券2012年的税前亏损增加，主要是对一家子公司的无形资产及投资的1亿8040万令吉减损,以反映其证券经纪业务的公允价值。若无此1亿8040万令吉的减损，PM证券可从收回的

Belsfield酒店酒店俯瞰温德米尔湖湖区

马来西亚吉隆坡廓思酒店，

天堂湾度假村波德申，森美兰

坏账、外汇盈余、手续费及IPO融资赚取的利息中获得税前盈利20万令吉。

上述1亿8040万令吉的减损额将不会对PM证券或集团的现金流量造成影响。然而，这项亏损在账目综合后，使泛马资本的股东权益减至2770万令吉。此数目还不到泛马于2012年12月31日的发出及缴足资本2亿2610万令吉的25%，而且也低于马来西亚证券交易所有限公司所制定的4000万令吉门槛。此门槛将引致按照马来西亚证券交易所有限公司主要市场挂牌规定的应用指引17（PN17）号的条件。2013年2月26日,泛马资本宣布被列为PN17公司，并需在2013年2月26日起的12个月内向当局提交正常化计划。

泛马资本独资拥有的基金管理子公司--PCB资产管理由于两大客户退出，波及业绩,不过仍然保持盈利。

企业发展

集团不断致力于把投资组合及业务简精化，而集中核心业务。集团出售非核心资产所得收入将有助于集团减少借贷和资助未来的投资，以提高股东的价值。

2012年2月，集团以现金3240万令吉把位于槟城乔治市的土地出售。同一月份，集团一家子公司也签约出售位于新加坡兀兰地铁站的一块租约土地连同货仓及办事处。此交易完成后，集团将获取现金新币1540元(3820万令吉)。

正如前述，在2012年9月，集团以1亿8020万令吉把MUIC 的普通保险资产及负债出售给东京海上保险（马来西亚）有限公司。

2013年2月，集团签订买卖合约，出售位于森美兰州波德申直落甘望一块2公顷的发展地

网络食品的主要品牌：都铎风格，探戈，黄金脆皮位于Kandos

皮。集团获得将共达1160万令吉。

2013年4月，集团一家子公司以现金1400万令吉出售16,058,400股（每股面值0.50令吉）的乔治肯特（马来西亚）有限公司股份。

2013年展望

鉴于美国的经济预料将取得适度的成长，以及亚洲经济表现日益提升，全球经济预计在2013年的成长将稍微提高。国际货币基金会预测2013年全球国内总产值将从2012年的3.2%提高至3.3%.

据马来西亚国家银行的预测，马来西亚经济在2013年的增率将介于5.0%至6.0%之间。

集团预料2013年的整体业绩将提升，并且将继续探讨各种商机，巩固财务地位。

董事部

董事部借此机会感谢2012年8月7日辞去本公司董事职位的Andrew Khoo Boo Yeow先生对集团的贡献。

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。同時也要谢谢全体珍贵的顾客、业务伙伴、银行界及股东的持续支持和信任。我也由衷感谢董事部的同事给予我金玉良言和賜教及信任。

荣耀归于主

丹斯里拿督邱继炳
主席

2013年 5月 22日

班达尔的Springhill，一个集成的的乡镇在Port Dickson，森美兰森美兰州


斯普林希尔高度型蓝宝石II平式别墅


UCSI国际学校的在Bandar斯普林希尔

GROUP FINANCIAL HIGHLIGHTS
FIVE-YEAR SUMMARY

	2012	*2011*	*2010*	*2009*	*2008*
KEY RESULTS (RM'000)					
Revenue	**817,897**	932,925	927,377	908,011	953,069
Operating profit (EBITDA)	**215,629**	142,779	162,018	118,732	63,302
Profit/(Loss) before tax	**129,089**	54,188	72,991	27,621	(71,884)
Net profit/(loss) attributable to owners of the Company	**31,538**	15,856	35,759	3,389	(74,142)
OTHER KEY DATA (RM'000)					
Total assets	**2,209,036**	2,824,413	2,779,072	2,763,131	2,836,629
Total liabilities	**1,185,115**	1,810,833	1,804,484	1,768,186	1,888,527
Share Capital (Ordinary shares of RM1.00 each)	**2,932,561**	2,029,773	2,029,773	1,940,532	1,940,532
Equity attributable to owners of the Company	**724,736**	704,847	670,031	698,550	671,584
Total equity	**1,023,921**	1,013,580	974,588	994,945	948,102
Total borrowings	**1,020,219**	1,139,994	1,187,531	1,333,347	1,496,924
FINANCIAL RATIOS					
Operating profit margin (%)	**26.36**	15.30	17.47	13.08	6.64
Current ratio (times)	**1.68**	1.18	1.04	1.12	1.03
Gearing ratio (times)	**1.41**	1.62	1.77	1.91	2.23
SHARE INFORMATION					
Basic earnings/(loss) per share (sen)	**1.49**	0.78	1.77	0.17	(3.82)
Net assets per share attributable to owners of the Company (RM)	**0.25**	0.35	0.33	0.36	0.34

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal Activities

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

There have been no significant changes in the Group's principal activities during the financial year except for the discontinuance of insurance business as disclosed in Note 22(b) to the financial statements.

Financial Results

	Group RM'000	*Company RM'000*
(Loss)/Profit for the financial year from continuing operations	(69,048)	491
Profit for the financial year from discontinued operation	177,619	-
Profit for the financial year	108,571	491
Attributable to:-		
Owners of the Company	31,538	491
Non-controlling interests	77,033	-
	108,571	491

Dividend

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 2012.

Reserves And Provisions

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

Issue Of Shares And Debentures

As a result of the conversion of all the Class A1, Class A2 and Class A3 Irredeemable Convertible Unsecured Loan Stocks ("ICULS"), the issued and paid-up share capital of the Company had increased from RM2,029,773,004 to RM2,932,561,192, as follows:

(a) Conversion of the Class A1 ICULS with nominal value of RM354,420,804 exercised by the holders of the Class A1 ICULS into 354,420,804 new ordinary shares of RM1.00 each;

(b) Conversion of the Class A2 ICULS with nominal value of RM443,662,030 exercised by the holders of the Class A2 ICULS into 443,662,030 new ordinary shares of RM1.00 each; and

(c) Conversion of the Class A3 ICULS with nominal value of RM104,705,354 exercised by the holders of the Class A3 ICULS into 104,705,354 new ordinary shares of RM1.00 each.

The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

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

Option Granted Over Unissued Shares

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

DIRECTORS' REPORT (Cont'd)

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
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad
Dato' Dr Tan Kee Kwong
Dr Wong Hong Meng
Andrew Khoo Boo Yeow (Resigned on 7 August 2012)

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	*Number of shares*					
	Balance at 1.1.2012	*Bought*	*Sold*	*Voluntary Conversion*	*Mandatory # Conversion*	*Balance at 31.12.2012*
Tan Sri Dato' Khoo Kay Peng						
Deemed	1,013,841,027	-	-	15,000,000	-	1,028,841,027

Ordinary shares of 20 sen each in MUI Properties Berhad	*Number of shares*					
	Balance at 1.1.2012	*Bought*	*Sold*	*Voluntary Conversion*	*Mandatory # Conversion*	*Balance at 31.12.2012*
Tan Sri Dato' Khoo Kay Peng						
Deemed	550,862,661	6,500,000	(6,750,000)	-	-	550,612,661
Dr Ngui Chon Hee						
Direct	30,000	-	-	-	-	30,000
Indirect	84,000	-	-	-	-	84,000

Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad	*Number of shares*					
	Balance at 1.1.2012	*Bought*	*Sold*	*Voluntary Conversion*	*Mandatory # Conversion*	*Balance at 31.12.2012*
Tan Sri Dato' Khoo Kay Peng						
Deemed	428,544,500	-	(240,000)	-	-	428,304,500

Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad	*Number of shares*					
	Balance at 1.1.2012	*Bought*	*Sold*	*Voluntary Conversion*	*Mandatory # Conversion*	*Balance at 31.12.2012*
Tan Sri Dato' Khoo Kay Peng						
Deemed	643,330,487	-	-	-	-	643,330,487

Ordinary shares of RM1 each in MUI Continental Berhad	*Number of shares*					
	Balance at 1.1.2012	*Bought*	*Sold*	*Voluntary Conversion*	*Mandatory # Conversion*	*Balance at 31.12.2012*
Tan Sri Dato' Khoo Kay Peng						
Deemed	52,226,568	-	-	-	-	52,226,568

Ordinary shares of RM1 each in Metrojaya Berhad	*Number of shares*					
	Balance at 1.1.2012	*Bought*	*Sold*	*Voluntary Conversion*	*Mandatory # Conversion*	*Balance at 31.12.2012*
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	Nominal value (RM)					
	Balance at 1.1.2012	***Bought***	***Sold***	***Voluntary Conversion***	***Mandatory # Conversion***	***Balance at 31.12.2012***
Tan Sri Dato' Khoo Kay Peng						
Deemed	179,927,921	-	(30,282,917)	-	(149,645,004)	-
Dr Ngui Chon Hee						
Direct	13,013	-	-	-	(13,013)	-
Indirect	36,436	-	-	-	(36,436)	-

Class A2 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad	Nominal value (RM)					
	Balance at 1.1.2012	***Bought***	***Sold***	***Voluntary Conversion***	***Mandatory # Conversion***	***Balance at 31.12.2012***
Tan Sri Dato' Khoo Kay Peng						
Deemed	221,528,321	-	(30,282,917)	-	(191,245,404)	-
Dr Ngui Chon Hee						
Direct	13,013	-	-	-	(13,013)	-
Indirect	36,436	-	-	-	(36,436)	-

Class A3 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad	Nominal value (RM)					
	Balance at 1.1.2012	***Bought***	***Sold***	***Voluntary Conversion***	***Mandatory # Conversion***	***Balance at 31.12.2012***
Tan Sri Dato' Khoo Kay Peng						
Deemed	52,677,394	-	(9,553,540)	(15,000,000)	(28,123,854)	-
Dr Ngui Chon Hee						
Direct	3,414	-	-	-	(3,414)	-
Indirect	9,560	-	-	-	(9,560)	-

On 28 December 2012, the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") were mandatorily converted to new ordinary shares of RM1.00 each in the Company ("New MUI Shares"). The New MUI Shares were allotted to each ICULS holder on 8 January 2013.

By virtue of his deemed interests in the shares of the Company, Tan Sri Dato' Khoo Kay Peng is also deemed to have an interest in the shares of all the 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.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information

(a) In the opinion of the Directors:-

(i) 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 other than those as disclosed in Note 7 to the financial statements and the effects arising from the reclassification of discontinued operation as disclosed in Note 22(b) to the financial statements; and

(ii) 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 book values in the ordinary course of business had been written down to their estimated realisable values.

(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.

Significant Corporate Developments

The significant corporate developments are disclosed in Note 35 to the financial statements.

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.

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Dr Ngui Chon Hee

29 April 2013

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad 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 60 to 169 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 40 on page 170 to the financial statements have been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Dr Ngui Chon Hee

29 April 2013

STATUTORY DECLARATION

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

I, Ho Chun Fuat, being 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 60 to 170 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 Ho Chun Fuat at Kuala Lumpur in the Federal Territory on 29 April 2013.

Ho Chun Fuat

Before me

S.Ideraju
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 2012 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 60 to 169.

Directors' Responsibility for the Financial Statements

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

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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

(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 Note 39 to the financial statements.

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

(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 40 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

Lim Seng Siew
2894/08/13 (J)
Chartered Accountant

Kuala Lumpur
29 April 2013

INCOME STATEMENTS

For the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
Revenue	6	**656,418**	674,000	**3,152**	6,595
Cost of sales		**(422,346)**	(442,493)	**-**	-
Gross profit		**234,072**	231,507	**3,152**	6,595
Other income		**14,722**	12,187	**-**	-
Distribution costs		**(13,831)**	(12,668)	**-**	-
Administrative expenses		**(82,804)**	(77,253)	**(2,715)**	(1,980)
Other expenses		**(96,599)**	(95,464)	**-**	-
Profit from operations before exceptional items		**55,560**	58,309	**437**	4,615
Exceptional items	7	**(22,651)**	15,606	**1,771**	11,900
Profit from operations after exceptional items		**32,909**	73,915	**2,208**	16,515
Finance costs		**(58,056)**	(61,736)	**(1,372)**	(1,336)
Share of results of associates		**(25,829)**	24,105	**-**	-
(Loss)/Profit before taxation	8	**(50,976)**	36,284	**836**	15,179
Taxation	9	**(18,072)**	(20,258)	**(345)**	(1,110)
(Loss)/Profit for the financial year from continuing operations		**(69,048)**	16,026	**491**	14,069
Discontinued operation					
Profit for the financial year from discontinued operation, net of taxation	22(b)	**177,619**	13,524	**-**	-
Profit for the financial year		**108,571**	29,550	**491**	14,069
Attributable to:-					
Owners of the Company		**31,538**	15,856	**491**	14,069
Non-controlling interests		**77,033**	13,694	**-**	-
		108,571	29,550	**491**	14,069

Earnings per share attributable to owners of the Company:-		**Sen**	*Sen*
Basic :			
(Loss)/Profit from continuing operations	10	**(2.86)**	0.48
Profit from discontinued operation	10	**4.35**	0.30
		1.49	0.78
Diluted :			
(Loss)/Profit from continuing operations	10	**(2.86)**	0.33
Profit from discontinued operation	10	**4.35**	0.21
		1.49	0.54

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit for the financial year		**108,571**	29,550	**491**	14,069
Other comprehensive (loss)/income for the financial year, net of taxation					
Foreign currency translations		**(9,232)**	20,379	**-**	-
Fair value loss on available-for-sale financial assets		**(1,688)**	(10,904)	**-**	-
Fair value on disposal of available-for-sale financial assets reclassified to profit or loss		**(10,195)**	2,567	**-**	-
Share of other comprehensive income of associates		**3,963**	3,419	**-**	-
Other comprehensive (loss)/income for the financial year		**(17,152)**	15,461	**-**	-
Total comprehensive income for the financial year		**91,419**	45,011	**491**	14,069
Total comprehensive income attributable to:-					
Owners of the Company		**20,697**	34,817	**491**	14,069
Non-controlling interests		**70,722**	10,194	**-**	-
Total comprehensive income for the financial year		**91,419**	45,011	**491**	14,069

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	**623,373**	631,944	**-**	-
Investment properties	12	**79,443**	80,286	**-**	-
Subsidiaries	13	**-**	-	**745,868**	746,810
Associates	14	**401,387**	454,023	**-**	-
Other investments	15	**33,755**	65,520	**-**	-
Land held for property development	16	**35,263**	35,263	**-**	-
Goodwill on consolidation	17	**181,340**	220,408	**-**	-
Deferred tax assets	29	**1,879**	1,903	**-**	-
Other receivable	18	**-**	54,384	**-**	-
		1,356,440	1,543,731	**745,868**	746,810
CURRENT ASSETS					
Property development costs	16	**84,763**	81,632	**-**	-
Inventories	19	**99,363**	89,894	**-**	-
Trade and other receivables	18	**229,371**	211,730	**1,421,848**	1,421,512
Reinsurance assets	31	**-**	215,850	**-**	-
Held-to-maturity investments	20	**10,021**	30,110	**-**	-
Other investments	15	**4,038**	58,793	**-**	-
Current tax assets		**2,787**	1,718	**-**	-
Deposits, bank balances and cash	21	**417,753**	554,012	**115**	51
		848,096	1,243,739	**1,421,963**	1,421,563
Non-current assets held for sale	22	**4,500**	36,943	**-**	-
		852,596	1,280,682	**1,421,963**	1,421,563
TOTAL ASSETS		**2,209,036**	2,824,413	**2,167,831**	2,168,373
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	23	**2,932,561**	2,029,773	**2,932,561**	2,029,773
ICULS *	24	**-**	850,927	**-**	850,927
Reserves	25	**(2,207,825)**	(2,175,852)	**(785,868)**	(734,498)
		724,736	704,848	**2,146,693**	2,146,202
NON-CONTROLLING INTERESTS		**299,185**	308,732	**-**	-
TOTAL EQUITY		**1,023,921**	1,013,580	**2,146,693**	2,146,202

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

		Group		Company	
	Note	**2012**	2011	**2012**	2011
		RM'000	RM'000	**RM'000**	RM'000
EQUITY AND LIABILITIES *(Cont'd)*					
NON-CURRENT LIABILITIES					
Borrowings	26	**663,088**	736,169	**-**	-
Provisions	27	**6,819**	6,981	**-**	-
Employee benefits	28	**2,326**	3,259	**-**	-
Deferred tax liabilities	29	**9,530**	10,344	**-**	-
		681,763	756,753	**-**	-
CURRENT LIABILITIES					
Trade and other payables	30	**139,361**	208,149	**234**	171
Provisions	27	**826**	1,148	**-**	-
Borrowings	26	**357,131**	403,825	**20,000**	20,000
Current tax liabilities		**6,034**	7,261	**904**	2,000
Insurance contract liabilities	31	**-**	433,697	**-**	-
		503,352	1,054,080	**21,138**	22,171
TOTAL LIABILITIES		**1,185,115**	1,810,833	**21,138**	22,171
TOTAL EQUITY AND LIABILITIES		**2,209,036**	2,824,413	**2,167,831**	2,168,373

* 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 2012

Group

2011	Share Capital RM'000	ICULS # RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Available-for-sale Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Attributable to Owners of the Company – Non-Distributable							Distributable				
At 1 January 2011	2,029,773	799,066	220,305	19,304	8,393	2,585	17,582	25,257	(2,452,236)	670,031	304,557	974,588
Profit for the financial year	-	-	-	-	-	-	-	-	15,856	15,856	13,694	29,550
Foreign currency translations	-	-	-	-	19,742	-	-	-	-	19,742	637	20,379
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(6,767)	-	-	(6,767)	(4,137)	(10,904)
Fair value on disposal of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	-	2,567	-	-	2,567	-	2,567
Share of other comprehensive income of associates	-	-	-	-	1,207	487	-	-	1,725	3,419	-	3,419
Total comprehensive income/(loss)	-	-	-	-	20,949	487	(4,200)	-	17,581	34,817	10,194	45,011
Transactions with owners -												
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,434)	(2,434)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(3,585)	(3,585)
Amortisation of discount on Class A1 & A2 ICULS	-	16,959	-	-	-	-	-	-	(16,959)	-	-	-
Issuance of Class A3 ICULS, net of amortisation	-	34,902	-	-	-	-	-	-	(34,902)	-	-	-
	-	51,861	-	-	-	-	-	-	(51,861)	-	(6,019)	(6,019)
At 31 December 2011	2,029,773	850,927	220,305	19,304	29,344	3,072	13,382	25,257	(2,486,516)	704,848	308,732	1,013,580

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.

Group

2012	Share Capital RM'000	ICULS # RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Available-for-sale Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Attributable to Owners of the Company											
			Non-Distributable					*Distributable*				
At 1 January 2012	2,029,773	850,927	220,305	19,304	29,344	3,072	13,382	25,257	(2,486,516)	704,848	308,732	1,013,580
Profit for the financial year	-	-	-	-	-	-	-	-	31,538	31,538	77,033	108,571
Foreign currency translations	-	-	-	-	(8,576)	-	-	-	-	(8,576)	(656)	(9,232)
Fair value gain/(loss) on available-for-sale financial assets	-	-	-	-	-	-	3,967	-	-	3,967	(5,655)	(1,688)
Fair value on disposal of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	-	(10,195)	-	-	(10,195)	-	(10,195)
Share of other comprehensive (loss)/income of associates	-	-	-	-	(2,068)	172	3,859	-	-	3,963	-	3,963
Total comprehensive (loss)/income	-	-	-	-	(10,644)	172	(369)	-	31,538	20,697	70,722	91,419
Transactions with owners:-												
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(101,067)	(101,067)
Effects of dissolution of a subsidiary	-	-	-	-	39	(40)	-	-	22	21	(21)	-
Repurchase of ordinary shares by a subsidiary	-	-	-	-	-	-	-	-	50	50	(69)	(19)
Disposal of ordinary shares in a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(880)	(880)	20,888	20,008
Conversion of ICULS to ordinary shares	902,788	(902,788)	-	-	-	-	-	-	-	-	-	-
Amortisation of discount on Class A1 & A2 ICULS	-	16,959	-	-	-	-	-	-	(16,959)	-	-	-
Issuance of Class A3 ICULS, net of amortisation	-	34,902	-	-	-	-	-	-	(34,902)	-	-	-
	902,788	(850,927)	-	-	39	(40)	-	-	(52,669)	(809)	(80,269)	(81,078)
At 31 December 2012	2,932,561	-	220,305	19,304	18,739	3,204	13,013	25,257	(2,507,647)	724,736	299,185	1,023,921

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.

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

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

For the financial year ended 31 December 2012

Company

	Share Capital RM'000	ICULS # RM'000	Non-Distributable Share Premium RM'000	Non-Distributable Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
2011						
At 1 January 2011	2,029,773	799,066	220,305	26,264	(943,275)	2,132,133
Profit for the year, representing total comprehensive income	-	-	-	-	14,069	14,069
Transactions with owners:-						
Amortisation of discount on Class A1 & A2 ICULS	-	16,959	-	-	(16,959)	-
Issuance of Class A3 ICULS, net of amortisation	-	34,902	-	-	(34,902)	-
	-	51,861	-	-	(51,861)	-
At 31 December 2011	2,029,773	850,927	220,305	26,264	(981,067)	2,146,202
2012						
At 1 January 2012	2,029,773	850,927	220,305	26,264	(981,067)	2,146,202
Profit for the year, representing total comprehensive income	-	-	-	-	491	491
Transactions with owners:-						
Conversion of ICULS to ordinary shares	902,788	(902,788)	-	-	-	-
Amortisation of discount on Class A1 & A2 ICULS		16,959			(16,959)	
Issuance of Class A3 ICULS, net of amortisation	-	34,902	-	-	(34,902)	-
	902,788	(850,927)	-	-	(51,861)	-
At 31 December 2012	2,932,561	-	220,305	26,264	(1,032,437)	2,146,693

\# 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 CASH FLOWS

For the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Operating Activities					
(Loss)/Profit before taxation from:-					
Continuing operations		**(50,976)**	36,284	**836**	15,179
Discontinued operation	22(b)	**180,065**	17,904	**-**	-
Adjustments for:-					
Depreciation:-					
- property, plant and equipment	11	**27,494**	25,739	**-**	-
- investment properties	12	**990**	1,116	**-**	-
Dividend income		**(4,116)**	(3,646)	**(1,780)**	(5,259)
Exceptional items *[See (a) below]*		**(156,014)**	(12,039)	**(1,771)**	(11,900)
Fair value loss on financial assets at fair value through profit or loss		**7,765**	4,466	**-**	-
(Gain)/Loss on disposal of property, plant and equipment		**(125)**	87	**-**	-
Gain on disposal of other investments (current)		**(8,232)**	(884)	**-**	-
Interest expense		**58,056**	61,736	**1,372**	1,336
Interest income		**(14,317)**	(16,795)	**(1,372)**	(1,336)
Inventories written down		**265**	2,531	**-**	-
Premium reserves/(liabilities)		**5,236**	(1,544)	**-**	-
Property, plant and equipment written off		**1,248**	1,228	**-**	-
Share of results of associates		**25,829**	(24,105)	**-**	-
(Writeback)/Provision for employee benefits	28	**(309)**	255	**-**	-
Operating profit/(loss) before working capital changes		**72,859**	92,333	**(2,715)**	(1,980)
Changes in working capital:-					
- receivables		**(206,681)**	14,292	**-**	-
- property development costs		**(3,131)**	(6,368)	**-**	-
- inventories		**(9,734)**	12,036	**-**	-
- other investments		**(4,144)**	(20,673)	**-**	-
- payables		**211,704**	24,491	**63**	(27)
Cash generated from/(used in) operations		**60,873**	116,111	**(2,652)**	(2,007)

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

STATEMENTS OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2012

		Group		Company	
		2012	2011	**2012**	2011
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Cash generated from/(used in) operations *(Cont'd)*		**60,873**	116,111	**(2,652)**	(2,007)
Employee benefits paid	28	**(636)**	(329)	**-**	-
Interest paid		**(3,042)**	(2,809)	**(1,372)**	(1,336)
Interest received		**9,211**	13,774	**1,372**	1,336
Tax refunded		**476**	1,459	**-**	-
Tax paid		**(23,753)**	(27,154)	**(996)**	(996)
Net cash from/(used in) operating activities		**43,129**	101,052	**(3,648)**	(3,003)
Cash Flows From Investing Activities					
Advances to subsidiaries		**-**	-	**(2,820)**	(13,834)
Dividends received		**28,791**	28,696	**1,335**	3,945
Interest received		**5,106**	3,021	**-**	-
Purchase of:-					
- additional interest in associates		**(2,916)**	(3,253)	**-**	-
- additional interest in subsidiaries		**-**	(2,329)	**-**	-
- investment properties	12	**(119)**	(744)	**-**	-
- other investments (non-current)		**(5,885)**	(904)	**-**	-
- property, plant and equipment	11	**(17,914)**	(8,732)	**-**	-
Proceeds from disposal of:-					
- held-to-maturity investments		**19,989**	10,024	**-**	-
- insurance business classified as discontinued operation	22(b)	**(83,910)**	-	**-**	-
- non-current assets held for sale		**32,443**	-	**-**	-
- other investments		**103,010**	8,512	**-**	-
- property, plant and equipment		**153**	28,971	**-**	-
- shares in a subsidiary		**20,008**	-	**-**	-
Repayments from subsidiaries		**-**	-	**5,197**	12,894
Net cash from investing activities		**98,756**	63,262	**3,712**	3,005

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

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Financing Activities					
Dividends paid to non-controlling shareholders of subsidiaries		**(101,067)**	(3,585)	**-**	-
Interest paid		**(55,014)**	(58,927)	**-**	-
Proceeds from drawdown of bank borrowings		**34,000**	22,100	**-**	-
Repayments of bank borrowings		**(158,550)**	(75,073)	**-**	-
Share buy back by a subsidiary		**(19)**	-	**-**	-
Net cash used in financing activities		**(280,650)**	(115,485)	**-**	-
Effects of exchange rate changes		**1,890**	(2,115)	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(136,875)**	46,714	**64**	2
Cash and cash equivalents as at 1 January		**507,897**	457,858	**51**	49
Effect of exchange rate changes on cash and cash equivalents		**(1,151)**	3,325	**-**	-
		506,746	461,183	**51**	49
Cash and cash equivalents as at 31 December	21(f)	**369,871**	507,897	**115**	51

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

STATEMENTS OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2012

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

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Continuing operations				
Gain on disposal of other investments (non-current)	**20,091**	-	**-**	-
Gain on deconsolidation of a subsidiary	**29**	-	**-**	-
Gain on bargain purchase from additional interest in subsidiaries	**-**	104	**-**	-
Gain/(Loss) on foreign exchange:				
- unrealised	**3,553**	(2,943)	**-**	-
Impairment of:				
- goodwill on consolidation	**(39,068)**	(488)	**-**	-
- investments in subsidiaries	**-**	-	**(942)**	-
- other investments (non-current)	**(1,951)**	(3,235)	**-**	-
- property, plant and equipment	**(2,765)**	(2,128)	**-**	-
- trade and other receivables	**(1,214)**	-	**-**	-
Reversal of impairment of:				
- investments in subsidiaries	**-**	-	**-**	11,862
- investment properties	**-**	9,476	**-**	-
- trade and other receivables	**-**	11,532	**2,713**	38
	(21,325)	12,318	**1,771**	11,900
Discontinued operation				
Bad debts written off	**(50)**	-	**-**	-
Impairment of trade and other receivables	**(2,839)**	(279)	**-**	-
Premium on disposal of insurance business	**180,228**	-	**-**	-
	177,339	(279)	**-**	-
	156,014	12,039	**1,771**	11,900

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

1. Corporate Information

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 located at Unit 3, No. 191, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 April 2013.

2. Principal Activities

The principal activity of the Company is investment holding whilst its subsidiaries and associates are primarily engaged in retailing, hotels, food & confectionery, financial services and property. There have been no significant changes in the Group's principal activities during the financial year except for the discontinuance of insurance business as disclosed in Note 22(b) to the financial statements.

3. Financial Risk Management Objectives and 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) 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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

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.

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

(a) Credit Risk *(Cont'd)*

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 18 to the financial statements. 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 probability 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 18 to the financial statements.

(b) Liquidity and Cash Flow Risk

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 availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its 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.

As at 31 December 2012	*On demand or within one year RM'000*	*One to five years RM'000*	*Over five years RM'000*	*Total RM'000*
Group				
Financial liabilities				
Trade and other payables	**139,361**	**-**	**-**	**139,361**
Borrowings	**357,151**	**679,143**	**-**	**1,036,294**
Total undiscounted financial liabilities	**496,512**	**679,143**	**-**	**1,175,655**
Company				
Financial liabilities				
Trade and other payables	**234**	**-**	**-**	**234**
Borrowings	**20,000**	**-**	**-**	**20,000**
Total undiscounted financial liabilities	**20,234**	**-**	**-**	**20,234**

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

(b) Liquidity and Cash Flow Risk *(Cont'd)*

As at 31 December 2011	***On demand or within one year RM'000***	***One to five years RM'000***	***Over five years RM'000***	***Total RM'000***
Group				
Financial liabilities				
Trade and other payables	208,149	-	-	208,149
Borrowings	403,847	749,181	10,490	1,163,518
Total undiscounted financial liabilities	611,996	749,181	10,490	1,371,667
Company				
Financial liabilities				
Trade and other payables	171	-	-	171
Borrowings	20,000	-	-	20,000
Total undiscounted financial liabilities	20,171	-	-	20,171

(c) 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 would 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

The following table demonstrates the sensitivity analysis of the Group and Company if interest rates at the end of reporting period changed by 50 basis points with all other variables held constant:

	Group		***Company***	
	2012	*2011*	***2012***	*2011*
Profit after tax	***RM'000***	*RM'000*	***RM'000***	*RM'000*
- increase by 0.5% (2011: 0.5%)	***2,600***	*2,463*	***50***	*51*
- decrease by 0.5% (2011: 0.5%)	***(2,600)***	*(2,463)*	***(50)***	*(51)*

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would 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.

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

(d) Foreign Currency Risk *(Cont'd)*

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

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances, mainly Sterling Pound, Hong Kong Dollar, Singapore Dollar, US Dollar, Australia Dollar, Canada Dollar and New Zealand Dollar amounted to RM118,453,000 (2011: RM103,087,000) for the Group as disclosed in Note 21 to the financial statements.

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 analysis of the Group and Company to a reasonably possible change in the Sterling Pound, Hong Kong Dollar, Singapore Dollar, US Dollar, Australia Dollar, Canada Dollar and New Zealand Dollar rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group		Company	
		2012	2011	**2012**	2011
Profit after tax		**RM'000**	RM'000	**RM'000**	RM'000
GBP/RM	- strengthen by 10%	**-1,152**	-1,622	**-**	-
	- weaken by 10%	**+1,152**	+1,622	**-**	-
HKD/RM	- strengthen by 10%	**+22**	+113	**+1**	+1
	- weaken by 10%	**-22**	-113	**-1**	-1
SGD/RM	- strengthen by 10%	**+132**	+150	**-**	-
	- weaken by 10%	**-132**	-150	**-**	-
USD/RM	- strengthen by 10%	**-3**	+375	**-**	-
	- weaken by 10%	**+3**	-375	**-**	-
AUD/RM	- strengthen by 10%	**+43**	+44	**-**	-
	- weaken by 10%	**-43**	-44	**-**	-
CAD/RM	- strengthen by 10%	**+3**	+1	**-**	-
	- weaken by 10%	**-3**	-1	**-**	-
NZD/RM	- strengthen by 10%	**-**	-5	**-**	-
	- weaken by 10%	**-**	+5	**-**	-

(e) Market Price Risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments would 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.

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

(e) Market Price Risk *(Cont'd)*

There has been no change to the exposure of the Group to market risks or the manner in which these risks are managed and measured.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity of the profit after tax of the Group and Company if the market price of the quoted investments had been 5% 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 increase or decrease in the fair values of equity instruments classified as held for sale with all other variables held constant:

	Group		Company	
	2012	2011	**2012**	2011
Profit after tax	**RM'000**	RM'000	**RM'000**	RM'000
- increase by 5% (2011: 5%)	***151***	*2,205*	**-**	-
- decrease by 5% (2011: 5%)	***(151)***	*(2,205)*	**-**	-
Available-for-sale reserve				
- increase by 5% (2011: 5%)	***1,266***	*2,457*	**-**	-
- decrease by 5% (2011: 5%)	***(1,266)***	*(2,457)*	**-**	-

4. Significant Accounting Policies

(a) Basis of Preparation and Accounting

The financial statements of the Group and of the Company set out on pages 60 to169 have been prepared in accordance with 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 40 to the financial statements set out on page 170 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 Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

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

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

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

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

(i) New FRSs adopted during the current financial year

The Group and the Company adopted the following accounting standards and amendments of the FRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title		**Effective Date**
Amendments to FRS 1	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7	*Disclosures - Transfer of Financial Assets*	1 January 2012
Amendments to FRS 112	*Deferred Tax: Recovery of Underlying Assets*	1 January 2012
FRS 124	*Related Party Disclosures*	1 January 2012

The adoption of the above accounting standards and amendments of the FRSs Framework had no impact on the financial statements of the Group and the Company.

(ii) New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the MASB but have not been adopted by the Group and the Company.

Title		**Effective Date**
Amendments to FRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 10	*Consolidated Financial Statements*	1 January 2013
FRS 11	*Joint Arrangements*	1 January 2013
FRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
FRS 13	*Fair Value Measurement*	1 January 2013
FRS 119	*Employee Benefits (revised)*	1 January 2013
FRS 127	*Separate Financial Statements*	1 January 2013
FRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to FRS 1	*Government Loans*	1 January 2013
Amendments to FRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRSs	*Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of FRS 9 and Transition Disclosures		1 January 2015
FRS 9	*Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

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

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

(iii) New MFRSs that have been issued, but have yet to be adopted during the current financial year.

The Group and Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ("MFRS") Framework that were issued by the MASB during the financial year.

Title		**Effective Date**
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2014
Amendments to MFRS 1	*Government Loans*	1 January 2014
MFRS 2	*Share-based Payment*	1 January 2014
MFRS 3	*Business Combinations*	1 January 2014
MFRS 4	*Insurance Contracts*	1 January 2014
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2014
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2014
MFRS 7	*Financial Instruments: Disclosures*	1 January 2014
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2014
MFRS 8	*Operating Segments*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2014
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2014
MFRS 11	*Joint Arrangements*	1 January 2014
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2014
MFRS 13	*Fair Value Measurement*	1 January 2014
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Transition Guidance*	1 January 2014
MFRS 101	*Presentation of Financial Statements*	1 January 2014
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 January 2014
MFRS 102	*Inventories*	1 January 2014
MFRS 107	*Statement of Cash Flows*	1 January 2014
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2014
MFRS 110	*Events After the Reporting Period*	1 January 2014
MFRS 111	*Construction Contracts*	1 January 2014
MFRS 112	*Income Taxes*	1 January 2014
MFRS 116	*Property, Plant and Equipment*	1 January 2014
MFRS 117	*Leases*	1 January 2014
MFRS 118	*Revenue*	1 January 2014

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

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

(iii) New MFRSs that have been issued, but have yet to be adopted during the current financial year *(Cont'd)*

The Group and Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ("MFRS") Framework that were issued by the MASB during the financial year. *(Cont'd)*

Title		**Effective Date**
MFRS 119	*Employee Benefits*	1 January 2014
MFRS 119	*Employee Benefits (revised)*	1 January 2014
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2014
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2014
MFRS 123	*Borrowing Costs*	1 January 2014
MFRS 124	*Related Party Disclosures*	1 January 2014
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2014
MFRS 127	*Separate Financial Statements*	1 January 2014
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2014
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2014
MFRS 132	*Financial Instruments: Presentation*	1 January 2014
Amendment to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
MFRS 133	*Earning Per Share*	1 January 2014
MFRS 134	*Interim Financial Reporting*	1 January 2014
MFRS 136	*Impairment of Assets*	1 January 2014
MFRS 137	*Provisions, Contingent liabilities and Contingent Assets*	1 January 2014
MFRS 138	*Intangible Assets*	1 January 2014
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2014
MFRS 140	*Investment Property*	1 January 2014
MFRS 141	*Agriculture*	1 January 2014
Amendments to MFRSs	*Annual Improvements 2009-2011 Cycle*	1 January 2014
Improvements to MFRSs (2008)		1 January 2014
Improvements to MFRSs (2009)		1 January 2014
Improvements to MFRSs (2010)		1 January 2014
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2014
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2014
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2014
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2014
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2014

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

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

(iii) New MFRSs that have been issued, but have yet to be adopted during the current financial year *(Cont'd)*

The Group and Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ("MFRS") Framework that were issued by the MASB during the financial year. *(Cont'd)*

Title		**Effective Date**
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2014
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2014
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2014
IC Interpretation 12	*Service Concession Arrangements*	1 January 2014
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2014
IC Interpretation 14	*MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2014
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2014
IC Interpretation 16	*Hedges of a net Investment in a Foreign Operation*	1 January 2014
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2014
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2014
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2014
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2014
IC Interpretation 107	*Introduction of the Euro*	1 January 2014
IC Interpretation 110	*Government Assistance - No Specific Relation to Operating Activities*	1 January 2014
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2014
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2014
IC Interpretation 115	*Operating Leases-Incentives*	1 January 2014
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2014
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2014
IC Interpretation 129	*Service Concession Arrangements*	1 January 2014
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2014
IC Interpretation 132	*Intangible Assets - Web Site Costs*	1 January 2014

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

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

(b) Basis of Consolidation and Business Combinations

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the financial year ended 31 December 2012, with the exception of those subsidiaries under members'/creditors' voluntary winding-up or voluntary administration referred to in Note 39 to the financial statements. Subsidiaries are entities (including special purpose entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

(b) Basis of Consolidation and Business Combinations *(Cont'd)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

Business combinations from 1 July 2010 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that: -

(i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows: -

(i) if the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(ii) subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

(b) Basis of Consolidation and Business Combinations *(Cont'd)*

Business combinations from 1 July 2010 onwards *(Cont'd)*

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, if any, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4(l) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4(l) to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:-

(i) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(ii) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivables for the sales of goods and services in the ordinary course of the Group's activities. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of the revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

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

(c) Revenue Recognition *(Cont'd)*

(i) Sale of Goods/Services Rendered

Revenue from sale of goods, travel 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.

(ii) Hotel Operations

Revenue from hotel comprises sales of room, food and beverage. Sale of room is recognised upon actual occupancy of rooms by guests whilst sale of food and beverage is recognised upon delivery to guests.

(iii) Dividend Income

Dividends from subsidiaries, associates and other investments are included in the profit or loss of the Group and the Company when the right to receive payment is established.

(iv) Interest Income

Interest income is recognised as it accrues, using the effective interest method.

(v) Rental Income

Property rental income is recognised on a straight-line basis over the term of the lease.

(vi) Property Development Activities and General Insurance Business

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) to the financial statements respectively.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for certain freehold land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses, if any. These freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

(d) Property, Plant and Equipment and Depreciation *(Cont'd)*

The Group does not adopt a policy of regular valuations. These revalued assets have been retained on the basis of their previous valuation in accordance with the transitional provisions of FRS 116_{2004} *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 116_{2004}) would require revaluations to be carried out at regular intervals.

Freehold land has unlimited useful life and is not depreciated. Construction work-in-progress is not depreciated until such time when the asset is available for use. All other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets to their residual values over their estimated useful lives. The principal depreciation periods and rates are as follows:

	%
Buildings	2.5
Leasehold land	41 to 92 years
Plant & machinery	4 to 10
Motor vehicles	15 to 30
Furniture, fittings & equipment	5 to 33.3
Renovation	5 to 20

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 the end of each reporting period 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. Investment properties are stated at cost less accumulated depreciation and impairment loss, if any, 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 116_{2004} *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. Leasehold land is amortised over the period of the lease. Freehold land is not depreciated.

The Directors periodically assess the carrying value of the Group's investment properties based on market values of comparable properties or valuation carried out by independent registered 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 off 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

(i) Finance Leases and Hire-Purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(ii) Operating Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

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

(f) Leases and Hire-Purchase *(Cont'd)*

(iii) Leases of Land and Buildings

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.

(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 entity.

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. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(h) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

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

(h) Associates *(Cont'd)*

An investment in associate is 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 an 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 investment 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 could 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.

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 to the extent that there is no impairment.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not co-terminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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

(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.

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

(i) Financial Instruments *(Cont'd)*

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.

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

(i) Financial Instruments *(Cont'd)*

(i) Financial Assets *(Cont'd)*

(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, fixed deposits pledged to financial institutions, 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.

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.

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

(i) Financial Instruments *(Cont'd)*

(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.

Any 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.

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

(i) Financial Instruments *(Cont'd)*

(ii) Financial Liabilities *(Cont'd)*

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(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.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

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, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

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

(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 and Loans and Receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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 held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables, such as trade and other receivables are reduced through the use of an 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 Financial Assets

The Group collectively considers factors such as significant or prolonged decline 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 available-for-sale 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 in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses on available-for-sale 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.

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

(k) Property Development Activities

(i) Land Held for Property Development

Land held for property development is stated at cost less accumulated impairment loss, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

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.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to the 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 measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

Property development costs not recognised as an expense are recognised as an asset 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.

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

(l) Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets and liabilities at date of acquisition.

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 and 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 which the investment is acquired.

(m) Impairment of Non-Financial Assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets, property development costs and non-current assets (or disposal group) held for sale, are reviewed at the end of each reporting period 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.

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

(m) Impairment of Non-Financial Assets *(Cont'd)*

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments*.

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 estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in CGU.

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 the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in the subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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 or amortisation, if no impairment loss had been recognised.

Such reversals 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. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and comprises all cost of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

(n) Inventories *(Cont'd)*

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 that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in 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, which are payable by foreign subsidiaries or associates on distributions to the Group and the Company, capital gain taxes and real property gains taxes payable on disposal of properties, if any.

Taxes in the income statement comprise current tax and deferred tax.

(i) Current Tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries or associates on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

(ii) Deferred Tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in statements of financial position and its tax bases.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

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 income taxes 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 would 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

(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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group and the 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.

If the effect of the time value of money is material, the amount of a provision would 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 would be required to settle the obligation, the provision would 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.

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

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

(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 inceptions 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.

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

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

(iii) Reinsurance *(Cont'd)*

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.

(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 Risk-Based Capital 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.

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

(s) General Insurance Contract Liabilities *(Cont'd)*

(i) Premium Liabilities *(Cont'd)*

(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 events whose existence would 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 would 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.

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

(t) Contingent Liabilities and Contingent Assets *(Cont'd)*

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.

(u) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(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

(i) Functional and Presentation Currency

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

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

(v) Foreign Currencies *(Cont'd)*

(ii) Foreign Currency Translation and Balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All 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 in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(iii) Foreign Operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

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

(i) 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 would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) shall be available for immediate sale in its 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 probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

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

(w) Non-Current Assets (or Disposal Groups) Held for Sale and Discontinued Operation *(Cont'd)*

(i) Non-Current Assets (or Disposal Groups) Held for Sale *(Cont'd)*

The sale is expected to qualify for recognition as a completed sale within one 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).

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRSs. 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 its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

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) in 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 group) 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:

(a) 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

(b) its recoverable amount at the date of the subsequent decision not to sell.

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

(w) Non-Current Assets (or Disposal Groups) Held for Sale and Discontinued Operation *(Cont'd)*

(ii) Discontinued Operation

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

(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 Segments

Operating segments are defined as components of the Group that: -

(i) engages in business activities from which it could 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 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 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 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.

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

(y) Operating Segments *(Cont'd)*

Total external revenue reported by operating segments shall constitute at least 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.

(z) Earnings Per Share

(i) Basic

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

(ii) Diluted

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

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) Changes in Estimates

Estimates 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.

The Directors are of the opinion that there are no significant changes in estimates during the financial year and at the end of the reporting period.

(b) Key Sources of Estimation Uncertainty

The following are 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.

(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.

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

(b) Key Sources of Estimation Uncertainty *(Cont'd)*

(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 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 fully 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) to the financial statements.

(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)*

(b) 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. 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 profit or loss 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.

(c) Critical Judgements made in Applying Accounting Policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) 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.

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

(c) Critical Judgements made in Applying Accounting Policies *(Cont'd)*

(i) Classification Between Investment Properties and Property, Plant and Equipment *(Cont'd)*

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.

(ii) Classification of Leasehold Land

The Group has assessed and classified land use rights of the Group as finance lease based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the uamortised upfront payment for land use rights as finance leases in accordance with FRS 117.

(iii) Non-Current Assets Held for Sale

Non-current assets held for sale are in respect of properties which are pending disposal. 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.

(iv) Contingent Liabilities

The determination of 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.

(v) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, theses financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(vi) Impairment of equity investments categorised as available-for-sale financial asset

The Group believes that a significant or prolonged decline in fair value of an investmet in equity instruments is decline in fair value of more than 20 percent of the cost, or the decline in fair value below its original cost has persisted for more than 9 to 12 months.

(vii) Contingent liabilities on corporate guarantee

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees not probable.

6. Revenue

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Revenue comprises the following: -				
Sales of goods	**447,760**	458,343	**-**	-
Revenue from hotel operations	**167,223**	173,498	**-**	-
Income recognised on property development	**30,533**	28,690	**-**	-
Income from travel services	**-**	1,170	**-**	-
Sales of oil palm fruits	**6,129**	7,063	**-**	-
Interest income	**1,919**	2,556	**1,372**	1,336
Property rental income	**2,804**	2,576	**-**	-
Dividend income from subsidiaries	**-**	-	**1,780**	5,259
Others *	**50**	104	**-**	-
	656,418	674,000	**3,152**	6,595

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

7. Exceptional Items

		Group		Company	
		2012	2011	**2012**	2011
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Continuing operations					
Bad debts recovered		**-**	2,200	**-**	-
Gain on disposal of other investments (non-current)		**20,091**	-	**-**	-
Gain on deconsolidation of a subsdiary		**29**	-	**-**	-
Gain on bargain purchase from additional interest in subsidiaries		**-**	104	**-**	-
(Loss)/Gain in foreign exchange:					
- realised		**(1,326)**	1,088	**-**	-
- unrealised		**3,553**	(2,943)	**-**	-
Impairment of:					
- goodwill on consolidation	17	**(39,068)**	(488)	**-**	-
- investments in subsidiaries		**-**	-	**(942)**	-
- other investments (non-current)		**(1,951)**	(3,235)	**-**	-
- property, plant and equipment	11	**(2,765)**	(2,128)	**-**	-
- trade and other receivables		**(1,214)**	-	**-**	-
Reversal of impairment of:					
- investments in subsidiaries		**-**	-	**-**	11,862
- investment properties	12	**-**	9,476	**-**	-
- trade and other receivables		**-**	11,532	**2,713**	38
		(22,651)	15,606	**1,771**	11,900

7. Exceptional Items *(Cont'd)*

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Discontinued operation					
Bad debts written off		**(50)**	-	**-**	-
Impairment of trade and other receivables		**(2,839)**	(279)	**-**	-
Loss on foreign exchange (realised)		**-**	(44)	**-**	-
Premium on disposal of insurance business	22(b)	**180,228**	-	**-**	-
		177,339	(323)	**-**	-
		154,688	15,283	**1,771**	11,900

8. (Loss)/Profit Before Taxation

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
(Loss)/Profit before taxation is stated after charging: -					
Auditors' remuneration:					
- current		**1,746**	1,652	**71**	65
- under provision in prior years		**122**	99	**6**	-
Depreciation:					
- property, plant and equipment		**27,164**	25,079	**-**	-
- investment properties	12	**990**	1,116	**-**	-
Directors' remuneration:					
Directors of the Company					
Receivable from the Company					
- fees		**261**	326	**261**	326
- other emoluments		**315**	314	**315**	314
- defined contribution plan		**105**	105	**105**	105
Receivable from subsidiaries					
- fees		**280**	349	**-**	-
- other emoluments		**2,101**	2,436	**-**	-
- defined contribution plan		**399**	399	**-**	-
Directors of subsidiaries					
- fees		**557**	497	**-**	-
- other emoluments		**810**	1,177	**-**	-
- defined contribution plan		**20**	58	**-**	-
Fair value loss on financial assets at fair value through profit or loss		**825**	23	**-**	-

8. (Loss)/Profit Before Taxation *(Cont'd)*

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations *(Cont'd)*					
(Loss)/Profit before taxation is stated after charging: - *(Cont'd)*					
Interest expense on:					
- bank overdrafts		**3,042**	2,809	**-**	-
- term loans		**13,738**	9,801	**-**	-
- other borrowings		**41,276**	49,126	**1,372**	1,336
Inventories written down		**265**	2,531	**-**	-
Loss on disposal of property, plant and equipment		**1**	87	**-**	-
Property, plant and equipment written off		**1,247**	1,174	**-**	-
Provision for employee benefits		**54**	24	**-**	-
Rental of buildings		**39,601**	43,427	**-**	-
Rental of equipment		**906**	1,186	**-**	-
Staff costs:					
- defined contribution plan		**6,214**	7,055	**-**	-
- salary, wages and other costs		**98,650**	107,331	**-**	-
(Loss)/Profit before taxation is stated after crediting: -					
Gain on disposal of other investments (current)		**1**	-	**-**	-
Gain on disposal of property, plant and equipment		**126**	-	**-**	-
Gross dividends received from					
Subsidiaries: -					
- unquoted		**-**	-	**1,780**	5,259
Other investments: -					
- quoted in Malaysia		**1,454**	863	**-**	-
- quoted overseas		**878**	902	**-**	-
Interest income received from: -					
- a subsidiary		**-**	-	**1,372**	1,336
- term deposits		**4,841**	3,020	**-**	-
- others		**3,118**	3,275	**-**	-
Property rental income		**7,263**	6,419	**-**	-

8. (Loss)/Profit Before Taxation *(Cont'd)*

	Note	*Group* **2012 RM'000**	*Group* *2011 RM'000*	*Company* **2012 RM'000**	*Company* *2011 RM'000*
Discontinued operation					
Profit before taxation is stated after charging: -					
Depreciation:					
- property, plant and equipment		**330**	660	**-**	-
Fair value loss on financial assets at fair value through profit or loss		**6,940**	4,443	**-**	-
Property, plant and equipment written off		**1**	54	**-**	-
Provision for employee benefits		**-**	231	**-**	-
Profit before taxation is stated after crediting: -					
Gain on disposal of other investments (current)		**8,231**	884	**-**	-
Gross dividends received from					
Other investments: -					
- quoted in Malaysia		**1,784**	914	**-**	-
- quoted overseas		**-**	733	**-**	-
- unquoted		**-**	234	**-**	-
Interest income received from: -					
- term deposits		**5,473**	8,393		-
- others		**885**	2,107	**-**	-
Writeback of employee benefits		**363**	-	**-**	-

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 RM27,000 and RM2,000 (2011: RM26,000 and RM2,000) respectively.

9. Taxation

	Note	*Group* **2012 RM'000**	*Group* *2011 RM'000*	*Company* **2012 RM'000**	*Company* *2011 RM'000*
Continuing operations					
Current tax expense based on profit for the financial year:					
- Malaysian income tax		**15,715**	14,271	**324**	1,108
- Foreign income tax		**3,257**	4,327	**-**	-
Deferred tax	29	**946**	2,550	**-**	-
		19,918	21,148	**324**	1,108
(Over)/Under provision in respect of prior years		**(1,846)**	(890)	**21**	2
Total tax expense from continuing operations		**18,072**	20,258	**345**	1,110

9. Taxation *(Cont'd)*

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Discontinued operation					
Current tax expense based on profit for the financial year:					
- Malaysian income tax		**4,181**	6,649	**-**	-
Deferred tax	29	**(1,735)**	(1,553)	**-**	-
		2,446	5,096	**-**	-
Over provision in respect of prior years		**-**	(716)	**-**	-
Total tax expense from discontinued operation		**2,446**	4,380	**-**	-

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 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:-

	Group 2012 %	Group 2011 %	Company 2012 %	Company 2011 %
Tax at applicable tax rate on profit before taxation	**25.00**	25.00	**25.00**	25.00
Tax effects of:-				
Different tax rates on foreign subsidiaries	**(0.37)**	0.23	**-**	-
Tax exempt income	**(1.31)**	(6.22)	**-**	-
Movement in deferred tax assets not recognised during the financial year	**0.26**	2.45	**-**	-
Crystallisation of revaluation surplus on property, plant and equipment	**(0.07)**	(0.18)	**-**	-
Taxable income not recognised in profit or loss	**-**	4.87	**-**	-
Non-allowable expenses	**36.00**	36.31	**13.76**	1.91
Income not subject to tax	**(42.12)**	(14.03)	**-**	(19.60)
	17.39	48.43	**38.76**	7.31
(Over)/Under provision in respect of prior years	**(1.49)**	(2.96)	**2.51**	**-**
Average effective tax rate	**15.90**	**45.47**	**41.27**	**7.31**

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 owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	*2011*
	RM'000	*RM'000*
(Loss)/Profit from continuing operations attributable to owners of the Company	**(60,603)**	9,718
Profit from discontinued operation attributable to owners of the Company	**92,141**	6,138
Profit attributable to owners of the Company	**31,538**	15,856
	Unit	*Unit*
Weighted average number of ordinary shares in issue ('000)	**2,117,617**	2,029,773
	Sen	*Sen*
Basic earnings per share for:		
(Loss)/Profit from continuing operations	**(2.86)**	0.48
Profit from discontinued operation	**4.35**	0.30
Profit for the financial year	**1.49**	0.78

(b) Diluted

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

	Group	
	2012	*2011*
	RM'000	*RM'000*
(Loss)/Profit from continuing operations attributable to owners of the Company	**(60,603)**	9,718
Profit from discontinued operation attributable to owners of the Company	**92,141**	6,138
Profit attributable to owners of the Company	**31,538**	15,856
	Unit	*Unit*
Weighted average number of ordinary shares in issue ('000)	**2,117,617**	2,029,773
Dilutive effect of ICULS ('000)	**-**	902,788
Adjusted weighted average number of ordinary shares ('000)	**2,117,617**	2,932,561

10. Earnings Per Share *(Cont'd)*

(b) Diluted *(Cont'd)*

	Group	
	2012	*2011*
	Sen	*Sen*
Diluted earnings per share:		
(Loss)/Profit from continuing operations	**(2.86)**	0.33
Profit from discontinued operation	**4.35**	0.21
Profit for the financial year	**1.49**	0.54

For the year ended 31 December 2012, diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares.

11. Property, Plant And Equipment

Group	*Freehold Land RM'000*	*Leasehold Land RM'000*	*Buildings RM'000*	*Plant & Machinery RM'000*	*Motor Vehicles RM'000*	*Furniture, Fittings & Equipment RM'000*	*Construction Work-In Progress RM'000*	*Renovation RM'000*	*Total 2012 RM'000*	*Total 2011 RM'000*
Cost or Deemed Cost										
At 1 January	263,328	46,169	453,432	51,692	8,869	176,175	774	87,924	1,088,363	1,116,536
Exchange difference	2,734	13	3,913	(43)	(31)	1,175	(14)	22	7,769	12,233
	266,062	46,182	457,345	51,649	8,838	177,350	760	87,946	1,096,132	1,128,769
Additions	-	-	1,091	566	4	7,451	-	8,802	17,914	8,732
Disposals	-	-	-	-	(1,455)	(2,021)	-	-	(3,476)	(39,847)
Written off	-	-	-	-	(622)	(3,092)	-	(2,675)	(6,389)	(9,291)
At 31 December	266,062	46,182	458,436	52,215	6,765	179,688	760	94,073	1,104,181	1,088,363
Accumulated Depreciation										
At 1 January	3,784	4,814	94,726	45,546	7,775	164,645	-	69,053	390,343	381,017
Exchange difference	48	15	589	(45)	(29)	1,129	-	19	1,726	2,439
	3,832	4,829	95,315	45,501	7,746	165,774	-	69,072	392,069	383,456
Charge for the financial year	-	640	16,042	1,139	455	3,299	-	5,919	27,494	25,239
Disposals	-	-	-	-	(1,429)	(1,561)	-	-	(2,990)	(10,789)
Written off	-	-	-	-	(525)	(2,419)	-	(2,197)	(5,141)	(8,363)
At 31 December	3,832	5,469	111,357	46,640	6,247	165,093	-	72,794	411,432	390,343
Accumulated Impairment										
At 1 January	1,437	2,373	62,266	-	-	-	-	-	66,076	63,288
Exchange difference	18	-	517	-	-	-	-	-	535	660
	1,455	2,373	62,783	-	-	-	-	-	66,611	63,948
Recognised during the financial year	-	-	2,765	-	-	-	-	-	2,765	2,128
At 31 December	1,455	2,373	65,548	-	-	-	-	-	69,376	66,076
Net Book Value										
At 31 December 2012	260,775	38,340	281,531	5,575	518	14,595	760	21,279	623,373	-
At 31 December 2011	258,107	38,982	296,440	6,146	1,094	11,530	774	18,871	-	631,944

11. Property, Plant And Equipment *(Cont'd)*

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

	Group	
	2012	*2011*
	RM'000	*RM'000*
Freehold land and buildings		
Valuation in 1983	**91,413**	91,413
Valuation in 1986	**16,960**	16,960
	108,373	108,373

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 previous valuation (deemed cost) 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 fair 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 RM414,641,000 (2011: RM553,390,000) are pledged to financial institutions for banking facilities granted to these subsidiaries and related companies (Note 26).

(d) Property, plant and equipment of the Group with net book value totalling RM282,000 (2011: RM420,000) have been acquired under hire-purchase and lease arrangements.

12. Investment Properties

	Group	
	2012	*2011*
	RM'000	*RM'000*
Cost or Deemed Cost		
At 1 January		
- at cost	**92,404**	125,429
- at valuation (1982)	**150**	150
	92,554	125,579
Transfer to Non-Current Assets Held for Sale	**-**	(33,804)
Exchange difference	**40**	35
Additions	**119**	744
At 31 December	**92,713**	92,554

12. Investment Properties *(Cont'd)*

	Group	
	2012	*2011*
	RM'000	*RM'000*
Accumulated Depreciation		
At 1 January	**12,268**	11,980
Transfer to Non-Current Assets Held for Sale	**-**	(837)
Exchange difference	**12**	9
Charge for the financial year	**990**	1,116
At 31 December	**13,270**	12,268
Accumulated Impairment		
At 1 January	**-**	10,000
Reversal of impairment	**-**	(9,476)
Transfer to Non-Current Assets Held for Sale	**-**	(524)
At 31 December	**-**	-
Net Book Value		
At 31 December	**79,443**	80,286
Fair Value	**112,982**	110,857
Included in the above are:-		
Buildings	**33,871**	34,805
Freehold land	**44,637**	44,531
Leasehold land	**935**	950
	79,443	80,286

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:-

	Group	
	2012	*2011*
	RM'000	*RM'000*
Rental income	**2,932**	2,725
Direct operating expenses	**1,592**	1,787

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 or valuation carried out by independent registered valuers.

Investment properties of a subsidiary with net book value totalling RM24,845,000 (2011: RM25,060,000) are charged to a financial institution for banking factilities granted to the Group (Note 26).

13. Subsidiaries

	Company	
	2012	*2011*
	RM'000	*RM'000*
Investments in subsidiaries		
Quoted shares		
At cost	**258,632**	258,632
At Directors' valuation (1983)	**46,396**	46,396
	305,028	305,028
Unquoted shares		
At cost	**694,074**	694,074
At Directors' valuation:-		
-1983	**38,708**	38,708
-1987	**6,900**	6,900
	739,682	739,682
Total investments	**1,044,710**	1,044,710
Less: Impairment losses	**(298,842)**	(297,900)
	745,868	746,810
Market value of quoted shares	**44,733**	39,198

(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 then. 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) (i) On 25 December 2012, Pan Malaysia Holdings Berhad ("PMH"), a subsidiary of the Group, announced that its wholly-owned subsidiary incorporated in the United Kingdom ("UK"), namely Pengkalen Company Limited ("PCL"), was dissolved following an earlier application by PCL to the Companies House in the United Kingdom for its dissolution by way of voluntary striking-off.

The striking-off did not have any material effect on the earnings and net assets of the Group for the financial year ended 31 December 2012.

(ii) On 4 November 2012, Corus Hotels Limited ("Corus UK"), a wholly-owned subsidiary in the United Kingdom, entered into a Sale and Purchase Agreement with Jonadith Uk Ltd to dispose of its 38.89% equity interest in County Hotels Limited ("County Hotels") for a total cash consideration of GBP4,083,000 (equivalent to RM20,008,000). The remaining 61.11% equity interest in County Hotels is still held by Corus UK.

13. Subsidiaries *(Cont'd)*

(iii) In the previous financial year, PMH, a subsidiary of the Group, acquired 282,240 ordinary shares of RM1.00 each representing the remaining 20% equity interest in Pan Malaysia Travel & Tours Sdn Bhd ("PMTT") for a total cash consideration of RM130,000. As a result, PMTT became a wholly-owned subsidiary of the Group.

(iv) In the previous financial year, Pan Malaysia Corporation Berhad, a subsidiary of the Group, acquired the remaining 4% equity interest in Network Foods Industries Sdn Bhd ("NFI") for a total cash consideration of RM2,200,000. As a result, NFI became a wholly-owned subsidiary of the Group.

(c) During the financial year, an impairment loss on investments in subsidiaries amounting to RM942,000 was recognised due to declining business operations of the subsidiaries.

(d) The Directors are of the view that no impairment on the investments in quoted shares of subsidiaries is required as the Group intends to hold the investments for long term purposes. In addition, the net assets of the subsidiaries are higher than the carrying amounts.

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

(f) The subsidiaries, including those companies under or pending liquidation as indicated, are disclosed in Note 39 to the financial statements.

14. Associates

	Group	
	2012	*2011*
	RM'000	*RM'000*
Investments in associates		
Quoted shares, at cost		
Malaysia	**63,828**	60,912
Overseas	**336,279**	336,279
	400,107	397,191
Unquoted shares, at cost	**317,849**	317,849
	717,956	715,040
Exchange difference	**(55,625)**	(45,410)
	662,331	669,630
Group's share of post-acquisition reserves, net of dividend received	**(226,716)**	(181,379)
	435,615	488,251
Less: Impairment losses	**(34,228)**	(34,228)
	401,387	454,023
Market value of quoted shares		
Malaysia	**28,243**	29,289
Overseas	**368,087**	248,943
	396,330	278,232

14. Associates *(Cont'd)*

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

	Group	
	2012	*2011*
	RM'000	*RM'000*
Assets and liabilities		
Total assets	**1,044,169**	1,355,492
Total liabilities	**573,857**	785,737
Results		
Revenue	**1,504,405**	1,451,938
(Loss)/Profit for the financial year	**(38,871)**	66,546

(a) Certain quoted shares in an overseas associate held by an overseas subsidiary were pledged to overseas financial institutions for credit facilities of RM263,000,000 granted to an overseas and a Malaysia subsidiary (Note 26).

(b) Certain quoted shares in an associate were pledged to financial institutions for credit facilities of RM5,820,000 (2011: RM7,820,000) granted to a Malaysia subsidiary (Note 26).

(c) During the financial year, the Group acquired additional 32,000,000 ordinary shares at an average price of RM0.09 each representing 3.93% equity interest in Pan Malaysia Capital Berhad ("PMCap") for a total cash consideration of RM2,916,000, thereby increasing the Group's effective equity interest in PMCap from 42.26% to 46.19%.

(d) The associates are disclosed in Note 39 to the financial statements.

15. Other Investments

	Group	
	2012	*2011*
	RM'000	*RM'000*
Non-current		
Available-for-sale financial assets		
Quoted shares in Malaysia	**26,154**	34,651
Quoted shares outside Malaysia	**1,102**	29,269
	27,256	63,920
Unquoted shares in Malaysia	**12,408**	7,509
Less: Impairment loss	**(5,909)**	(5,909)
	6,499	1,600
Net carrying amount	**33,755**	65,520

15. Other Investments *(Cont'd)*

	Group	
	2012	2011
	RM'000	RM'000
Market value of quoted shares		
Malaysia	**26,154**	34,651
Overseas	**1,102**	29,269
	27,256	63,920
Current		
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	**4,038**	35,594
Quoted shares outside Malaysia	**-**	23,199
	4,038	58,793
Market value of quoted shares	**4,038**	58,793

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

(b) During the financial year, an impairment loss of RM1,951,000 (2011: RM3,235,000) on quoted shares in Malaysia was recognised in profit or loss due to losses suffered from declining market prices on the investments. The recoverable amount was determined based on the last transacted price on 31 December 2012.

16. Land Held For Property Development And Property Development Costs

	Group	
	2012	2011
	RM'000	RM'000
(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	**23,147**	23,288
Development costs	**80,703**	67,244
Exchange difference	**(152)**	(200)
	103,698	90,332

16. Land Held For Property Development And Property Development Costs *(Cont'd)*

(b) Property Development Costs (Current) *(Cont'd)*

	Group	
	2012	*2011*
	RM'000	*RM'000*
Costs incurred for the financial year		
Development costs	**26,788**	23,177
Accumulated costs reversed during the financial year in respect of completed projects		
Freehold land	**(242)**	(94)
Development costs	**(21,238)**	(7,280)
	(21,480)	(7,374)
Costs recognised in profit or loss		
At 1 January	**(15,566)**	(8,568)
Recognised for the financial year	**(19,616)**	(14,372)
Accumulated costs reversed during the financial year in respect of completed projects	**21,480**	7,374
At 31 December	**(13,702)**	(15,566)
Accumulated impairment		
At 1 January/31 December	**(6,500)**	(6,500)
Transfers at 31 December		
Transfer to inventories	**(3,977)**	(2,484)
Exchange difference	**(64)**	47
	(4,041)	(2,437)
At 31 December	**84,763**	81,632

17. Goodwill On Consolidation

	Group	
	2012	*2011*
	RM'000	*RM'000*
Cost		
At 1 January/At 31 December	**1,267,253**	1,267,253
Accumulated Impairment		
At 1 January	**1,046,845**	1,046,357
Recognised for the financial year	**39,068**	488
At 31 December	**1,085,913**	1,046,845
Net Book Value		
At 31 December	**181,340**	220,408

Goodwill on consolidation arising from business combinations has been allocated to the following individual cash-generating units ("CGUs") for impairment testing.

	Group	
	2012	*2011*
Carrying Amount	***RM'000***	*RM'000*
Retailing	**156,728**	156,728
Food & Confectionery	**24,612**	24,612
Financial Services	**-**	39,068
	181,340	220,408

An impairment loss on goodwill amounting to RM39,068,000 relating to the financial services CGU has been recognised during the financial year due to declining stockbroking operations.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections approved by management covering a period of 5 years and based on the following key assumptions:-

(i) Growth rates ranging from 4% to 20%;

(ii) Terminal values of retailing as well as food & confectionery CGUs are based on the projected net assets of the respective CGUs as at 31 December 2012 while for financial services CGU, it is based on recent sale transactions of stockbroking operations in Malaysia; and

(iii) Pre-tax discount rate of 4% estimated based on the weighted average cost of capital of the Group.

The above key assumptions made by the management are based on past operating results and management's expectations of market development and assessment of future trends derived from both external sources and internal sources. Barring unforeseen circumstances, the management believed that these assumptions are reasonable and achievable.

The management do not expect any reasonable possible changes in the key assumptions would cause the carrying amount of the goodwill on consolidation to exceed its recoverable amount.

18. Trade And Other Receivables

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Other receivable				
Amount owing by an associate	**-**	54,384	**-**	-
Current				
Trade receivables	**468,449**	516,321	**-**	-
Less: Impairment loss	**(429,715)**	(433,713)	**-**	-
	38,734	82,608	**-**	-
Other receivables	**58,221**	55,088	**-**	-
Less: Impairment loss	**(16,000)**	(17,643)	**-**	-
	42,221	37,445	**-**	-
Amounts owing by associates	**130,658**	74,679	**-**	-
Amounts owing by subsidiaries	**-**	-	**2,518,066**	2,520,444
Less: Impairment loss	**-**	-	**(1,096,223)**	(1,098,936)
	-	-	**1,421,843**	1,421,508
Deposits and prepayments	**17,758**	16,998	**5**	4
	229,371	211,730	**1,421,848**	1,421,512

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

	Group	
	2012	2011
	RM'000	RM'000
Sterling Pound	**4,916**	5,300
Hong Kong Dollar	**1,971**	2,925
Singapore Dollar	**1,303**	1,275
US Dollar	**150**	576
	8,340	10,076

18. Trade And Other Receivables *(Cont'd)*

(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 RM54.4 million (2011: RM54.4 million), which bear interest at 4.7% (2011: 4.7%) per annum and are repayable in year 2013.

(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 (2011: RM20.0 million), which bear interest at 6.85% to 6.90% (2011: 6.45% to 6.85%) per annum.

(d) Normal trade credit terms ranges from 7 to 120 days (2011: 7 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

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

	Group	
	2012	*2011*
	RM'000	*RM'000*
Neither past due nor impaired	**22,122**	26,973
Past due, not impaired		
1 to 30 days	**1,284**	3,266
31 to 60 days	**5,816**	10,900
61 to 90 days	**3,450**	8,190
91 to 120 days	**485**	10,387
More than 121 days	**5,577**	22,892
	16,612	55,635
Past due and impaired	**429,715**	433,713
	468,449	516,321

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. They are creditworthy receivables with good payment records with the Group.

18. Trade And Other Receivables *(Cont'd)*

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

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: -

	Individually Impaired		*Total*	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade Receivables	**429,715**	433,713	**429,715**	433,713
Less: Impairment loss	**(429,715)**	(433,713)	**(429,715)**	(433,713)
	-	-	**-**	-

The reconciliation of movement in the impairment loss is as follows: -

	Group	
	2012	*2011*
	RM'000	*RM'000*
At 1 January	**433,713**	429,354
Charge for the financial year	**5,164**	4,790
Written off	**-**	(319)
Disposal of insurance business	**(9,173)**	-
Reclassification	**-**	(110)
Exchange difference	**11**	(2)
At 31 December	**429,715**	433,713

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. Inventories

	Group	
	2012	*2011*
	RM'000	*RM'000*
At cost		
Retail trading merchandises	**50,184**	41,804
Completed development property units	**30,170**	27,397
Finished goods	**7,147**	8,410
Raw materials	**6,784**	6,930
Sundry stores and consumables	**1,901**	2,035
Work-in-progress	**1,703**	2,124
Food, beverages and hotel supplies	**1,474**	1,194
	99,363	89,894

20. Held-To-Maturity Investments

	Group	
	2012	*2011*
	RM'000	*RM'000*
Amortised Cost		
Malaysian Government Securities	**5,014**	10,044
Cagamas Bonds	**-**	5,027
Corporate Bonds	**5,007**	15,039
	10,021	30,110
Fair Value		
Malaysian Government Securities	**5,132**	10,248
Cagamas Bonds	**-**	5,122
Corporate Bonds	**5,222**	15,418
	10,354	30,788

20. Held-To-Maturity Investments *(Cont'd)*

	Average effective annual interest rate %	Carrying amount RM'000	Maturity: Less than 1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000	More than 5 years RM'000
2012								
Financial assets: -								
Malaysian Government Securities	3.58	5,014	5,014	-	-	-	-	-
Corporate Bonds	5.79	5,007	5,007	-	-	-	-	-
		10,021	10,021	-	-	-	-	-
2011								
Financial assets: -								
Malaysian Government Securities	3.66	10,044	5,031	5,013	-	-	-	-
Cagamas Bonds	4.35	5,027	5,027	-	-	-	-	-
Corporate Bonds	5.40	15,039	9,961	4,978	-	-	-	100
		30,110	20,019	9,991	-	-	-	100

21. Deposits, Bank Balances And Cash

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Term deposits with licensed banks	**326,842**	483,218	**13**	14
Bank balances and cash	**90,911**	70,794	**102**	37
	417,753	554,012	**115**	51

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

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Sterling Pound	**94,782**	74,116	**-**	-
Hong Kong Dollar	**4,891**	7,943	**17**	17
Singapore Dollar	**18,062**	15,874	**-**	1
US Dollar	**105**	4,559	**-**	-
Australia Dollar	**573**	586	**1**	1
Canada Dollar	**40**	9	**-**	-
	118,453	103,087	**18**	19

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

	Group		Company	
	2012	2011	**2012**	2011
	%	%	**%**	%
Term deposits with licensed banks	**3.30**	2.50	**0.01**	0.01
Bank balances and cash	**2.57**	2.00	**-**	-

The average maturity for deposits ranges from 7 to 366 days (2011: 7 to 365 days).

(c) Included in deposits, bank balances and cash of the Group are amounts totalling RM13,383,000 (2011: RM9,823,000) held under the Housing Development Accounts, which are interest bearing pursuant to Section 7A of the Housing Developers (Control & Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.

(d) Included in deposits is an amount of RM31,000,000 (2011: 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.

(e) Included in deposits is an amount of RM3,834,000 (2011: RM3,800,000) pledged to licensed banks as securities for banking facilities granted to the Group (Note 26).

21. Deposits, Bank Balances And Cash *(Cont'd)*

(f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		*Company*	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Term deposits with licensed banks	**326,842**	483,218	**13**	14
Bank balances and cash	**90,911**	70,794	**102**	37
Bank overdrafts included in borrowings (Note 26)				
- secured	**(34,022)**	(30,875)	**-**	-
- unsecured	**(13,860)**	(15,240)	**-**	-
	(47,882)	(46,115)	**-**	-
	369,871	507,897	**115**	51

22. Non-Current Assets Held For Sale And Discontinued Operation

(a) Non-Current Assets Held For Sale

Non-current assets held for sale are in respect of properties which are pending disposal following the Group's commitment to a plan to dispose these properties by actively looking for potential buyers.

As at 31 December 2012, the Group has properties with a carrying amount of RM4,500,000 (2011: RM36,943,000) under non-current assets held for sale. The disposal is expected to complete within the next one year.

(b) Discontinued Operation

On 10 April 2012, MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad) ("MCI"), a subsidiary, made an application to Bank Negara Malaysia ("BNM") for its approval in respect of the disposal of MCI's insurance assets and liabilities to Tokio Marine Insurans (Malaysia) Berhad ("TMIM"), for a premium of RM180,228,000 in accordance with the terms and conditions set out in the agreement for the sale and purchase ("the disposal"). The value of the insurance assets to be tranferred to TMIM shall be equal to the value of the insurance liabilities assumed by TMIM at the transfer date. The disposal was approved by BNM vide its letter dated 8 May 2012. On 22 May 2012, the Company announced that MCI entered into an agreement for the sale and purchase of assets and liabilities with TMIM. The disposal was approved by the shareholders of MUI at the extraordinary general meeting held on 27 June 2012. On 17 August 2012, MCI extracted the sealed Court Order obtained on 14 August 2012 confirming the disposal. In accordance with the said Court Order, the transfer date of the disposal was 1 September 2012.

22. Non-Current Assets Held For Sale And Discontinued Operation *(Cont'd)*

(b) Discontinued Operation *(Cont'd)*

An analysis of the results of the discontinued operation are as follows:

	2012	*2011*
	RM'000	*RM'000*
Revenue	**161,479**	258,925
Other income	**2,319**	2,101
Expenses	**(161,072)**	(242,799)
Profit from operations	**2,726**	18,227
Exceptional items	**177,339**	(323)
Profit before taxation	**180,065**	17,904
Taxation	**(2,446)**	(4,380)
Profit for the financial year	**177,619**	13,524

The following amounts have been included in arriving at profit before tax of the discontinued operation:

	2012	*2011*
	RM'000	*RM'000*
Depreciation of property, plant and equipment	**330**	660
Fair value loss on financial assets at fair value through profit or loss	**6,940**	4,443
Gain on disposal of other investments (current)	**(8,231)**	(884)
Gross dividend received from other investments:		
- quoted in Malaysia	**(1,784)**	(914)
- quoted overseas	**-**	(733)
- unquoted	**-**	(234)
Interest income received from:-		
- term deposits	**(5,473)**	(8,393)
- others	**(885)**	(2,107)
Property, plant and equipment written off	**1**	54
(Writeback)/Provision for employee benefits	**(363)**	231

The following amounts have been included in exceptional items:

	2012	*2011*
	RM'000	*RM'000*
Bad debts written off	**(50)**	-
Impairment of trade and other receivables	**(2,839)**	(279)
Loss on foreign exchange (realised)	**-**	(44)
Premium on disposal of insurance business	**180,228**	-
	177,339	(323)

22. Non-Current Assets Held For Sale And Discontinued Operation *(Cont'd)*

(b) Discontinued Operation *(Cont'd)*

The cash flows attributable to the discontinued operation are as follows:

	2012 RM'000	2011 RM'000
Operating activities	**306,412**	17,164
Investing activities	**(86,430)**	2,969
Financing activities	**-**	(7,502)
	219,982	12,631

The effects of disposal to the Group are as follows:

	As at date of disposal RM'000
Property, plant and equipment	**458**
Trade and other receivables	**61,647**
Reinsurance assets	**222,376**
Held-to-maturity investments	**100**
Cash and cash equivalents	**264,138**
Other payables	**(80,487)**
Employee benefits	**(307)**
Insurance contract liabilities	**(467,925)**
Net assets disposed	**-**
Premium on disposal of insurance business	**180,228**
Consideration received from disposal	**180,228**
Cash and cash equivalents of insurance business disposed	**(264,138)**
Net cash outflow of the Group on disposal	**(83,910)**

23. Share Capital

	Group/Company	
	2012 RM'000	2011 RM'000
Authorised		
3,000,000,000 ordinary shares of RM1.00 each	**3,000,000**	3,000,000
Issued and fully paid		
At 1 January, 2,029,773,004 (2011: 2,029,773,004) ordinary shares of RM1.00 each	**2,029,773**	2,029,773
Conversion of Class A1 ICULS to 354,420,804 ordinary shares of RM1.00 each	**354,421**	-
Conversion of Class A2 ICULS to 443,662,030 ordinary shares of RM1.00 each	**443,662**	-
Conversion of Class A3 ICULS to 104,705,354 ordinary shares of RM1.00 each	**104,705**	-
At 31 December, 2,932,561,192 (2011: 2,029,733,004) ordinary shares of RM1.00 each.	**2,932,561**	2,029,773

23. Share Capital *(Cont'd)*

As a result of the conversion of all the Class A1, Class A2 and Class A3 ICULS, the issued and paid-up share capital of the Company had increased from RM2,029,773,004 to RM2,932,561,192 as follows:

(a) Conversion of the Class A1 ICULS with nominal value of RM354,420,804 exercised by the holders of the Class A1 ICULS into 354,420,804 new ordinary shares of RM1.00 each;

(b) Conversion of the Class A2 ICULS with nominal value of RM443,662,030 exercised by the holders of the Class A2 ICULS into 443,662,030 new ordinary shares of RM1.00 each; and

(c) Conversion of the Class A3 ICULS with nominal value of RM104,705,354 exercised by the holders of the Class A3 ICULS into 104,705,354 new ordinary shares of RM1.00 each.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

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

	Group/Company	
	2012	*2011*
	RM'000	*RM'000*
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
Class A3, 2½-year ICULS ("Class A3 ICULS")	**104,705**	104,705
	992,029	992,029
Less: Conversion of Class A1 ICULS to 443,662,030 (2011: 89,241,226) ordinary shares of RM1.00 each	**(443,662)**	(89,241)
Conversion of Class A2 ICULS to 443,662,030 ordinary shares of RM1.00 each	**(443,662)**	-
Conversion of Class A3 ICULS to 104,705,354 ordinary shares of RM1.00 each	**(104,705)**	-
Unamortised discount portion of Class A1 & A2 ICULS	**-**	(16,959)
Unamortised Class A3 ICULS	**-**	(34,902)
	-	850,927

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 were 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 8th anniversary of their Issue Date. The maturity date shall be 28 December 2012 ("Maturity Date");

24. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") *(Cont'd)*

The salient features of the ICULS were as follows:- *(Cont'd)*

(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 6 months from the expiry of the 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 8th year from Issue Date (i.e. 27 June 2012 to 27 December 2012) ("Second Conversion Period");

(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.

On 20 June 2012, the Group announced that pursuant to the trust deed constituting the Class A1 and Class A2 ICULS dated 20 December 2004 and the trust deed constituting the Class A3 ICULS dated 20 December 2004 (collectively known as “Trust Deeds”), the conversion period of the Class A1, Class A2 and Class A3 ICULS will be from 27 June 2012 to 27 December 2012 (“Conversion Period”).

All holders of ICULS (“ICULS holders”) who wish to convert their ICULS into new ordinary share of RM1.00 each in the Company (“New MUI Shares”) during the Conversion Period shall have the right to convert all or any part of their ICULS subject to a minimum of Ringgit Malaysia One Hundred (RM100.00) nominal value of ICULS at any one time.

Any outstanding ICULS on Maturity Date shall be automatically and mandatorily converted into New MUI Shares.

24. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") *(Cont'd)*

During the conversion period, the ICULS holders voluntarily converted 204,941,843 of ICULS to New MUI Shares as follows:

(a) Conversion of the Class A1 ICULS with nominal value of RM70,779,977 exercised by the holders of the Class A1 ICULS into 70,779,977 new ordinary shares of RM1.00 each;

(b) Conversion of the Class A2 ICULS with nominal value of RM88,562,680 exercised by the holders of the Class A2 ICULS into 88,562,680 new ordinary shares of RM1.00 each; and

(c) Conversion of the Class A3 ICULS with nominal value of RM45,599,186 exercised by the holders of the Class A3 ICULS into 45,599,186 new ordinary shares of RM1.00 each.

On the Maturity Date, the outstanding ICULS of 697,846,345 were mandatorily converted to New MUI Shares by way of:

(a) Conversion of the Class A1 ICULS with nominal value of RM283,640,827 into 283,640,827 new ordinary shares of RM1.00 each;

(b) Conversion of the Class A2 ICULS with nominal value of RM355,099,350 into 355,099,350 new ordinary shares of RM1.00 each; and

(c) Conversion of the Class A3 ICULS with nominal value of RM59,106,168 into 59,106,168 new ordinary shares of RM1.00 each.

These New MUI Shares were allotted to the ICULS holders on 8 January 2013.

25. Reserves

	Group		***Company***	
	2012 RM'000	*2011 RM'000*	***2012 RM'000***	*2011 RM'000*
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	**18,739**	29,344	**-**	-
Capital reserve	**3,204**	3,072	**-**	-
Available-for-sale reserve	**13,013**	13,382	**-**	-
Distributable				
General reserve	**25,257**	25,257	**-**	-
Accumulated losses	**(2,507,647)**	(2,486,516)	**(1,032,437)**	(981,067)
	(2,207,825)	(2,175,852)	**(785,868)**	(734,498)

(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.

26. Borrowings

	Group 2012 RM'000	Group 2011 RM'000
Non-current		
Term loans and revolving credits		
- secured	**666,139**	732,607
- unsecured	**93,040**	173,028
Hire-purchase and lease liabilities	**263**	349
	759,442	905,984
Less: Current portion of term loans	**(96,354)**	(169,815)
	663,088	736,169

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current				
Bank overdrafts				
- secured	**34,022**	30,875	**-**	-
- unsecured	**13,860**	15,240	**-**	-
Revolving credits				
- secured	**26,150**	100	**-**	-
- unsecured	**186,657**	187,700	**20,000**	20,000
Current portion of term loans	**96,354**	169,815	**-**	-
Hire-purchase and lease liabilities	**88**	95	**-**	-
	357,131	403,825	**20,000**	20,000

	Group 2012 RM'000	Group 2011 RM'000
(a) The maturities of non-current term loans and revolving credits are as follows:-		
Between 1 year to 2 years	**115,563**	177,467
Between 2 years to 3 years	**35,938**	32,130
Between 3 years to 4 years	**347,354**	36,608
Between 4 years to 5 years	**163,970**	479,125
More than 5 years	**-**	10,490
	662,825	735,820

26. Borrowings *(Cont'd)*

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

	Group	
	2012	2011
	RM'000	RM'000
Hire-purchase and minimum lease payments		
Within 1 year	**108**	117
Between 1 year to 5 years	**321**	429
	429	546
Future finance charges	**(78)**	(102)
Present value of hire-purchase and lease liabilities	**351**	444
Portion payable: -		
Within 1 year (current)	**88**	95
Between 1 year to 5 years (non-current)	**263**	349
	351	444

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

	Group	
	2012	2011
	RM'000	RM'000
Sterling Pound	**304,194**	366,391

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

	Group		Company	
	2012	2011	**2012**	2011
	%	%	**%**	%
Bank overdrafts	**6.5**	5.5	**-**	-
Revolving credits	**5.5**	5.9	**6.9**	6.7
Term loans	**4.3**	3.6	**-**	-
Hire-purchase and lease liabilities	**4.0**	3.4	**-**	-

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

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Fixed rate borrowings	**5,820**	7,820	**-**	-
Floating rate borrowings	**1,014,048**	1,131,730	**20,000**	20,000
	1,019,868	1,139,550	**20,000**	20,000

26. Borrowings *(Cont'd)*

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

(i) fixed charges over certain plant and machinery, landed properties, quoted shares and fixed deposits of the subsidiaries (Note 11, 12, 14 and 21); and

(ii) floating charges over all the other assets of these subsidiaries.

27. Provisions

		Group	
	Note	***2012 RM'000***	*2011 RM'000*
Non-current			
Provision for restoration cost of rented premises		**6,819**	6,981
Current			
Employee benefits	28	**826**	1,148

28. Employee Benefits

		Group	
	Note	***2012 RM'000***	*2011 RM'000*
At 1 January		**4,407**	4,481
Exchange difference		**(3)**	-
(Writeback)/Provision during the financial year		**(309)**	255
Paid during the financial year		**(636)**	(329)
Disposal		**(307)**	-
At 31 December		**3,152**	4,407
Less: Current portion included in provision	27	**(826)**	(1,148)
		2,326	3,259

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.

29. Deferred Tax Assets/Liabilities

	Note	Group 2012 RM'000	Group 2011 RM'000
At 1 January		**8,441**	7,452
Exchange difference		**(1)**	(8)
Transfer from profit or loss	9	**(789)**	997
At 31 December		**7,651**	8,441

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

	2012 RM'000	2011 RM'000
Deferred tax liabilities, net	**9,530**	10,344
Deferred tax assets, net	**(1,879)**	(1,903)
	7,651	8,441

(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

	Investments RM'000	*Property, plant and equipment RM'000*	*Total RM'000*
At 1 January 2011	3,449	28,015	31,464
Exchange difference	-	382	382
Recognised in profit or loss	(1,111)	(201)	(1,312)
Reclassification	-	(1,151)	(1,151)
At 31 December 2011/1 January 2012	**2,338**	**27,045**	**29,383**
Exchange difference	**-**	**268**	**268**
Recognised in profit or loss	**(2,338)**	**(2,235)**	**(4,573)**
Reclassification	**-**	**(1,579)**	**(1,579)**
At 31 December 2012	**-**	**23,499**	**23,499**

29. Deferred Tax Assets/Liabilities *(Cont'd)*

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

Deferred Tax Assets of the Group

	Advance Corporate Taxation RM'000	*Provisions RM'000*	*Unutilised Tax Losses and Capital Allowances RM'000*	*Total RM'000*
At 1 January 2011	10,886	4,171	8,955	24,012
Exchange difference	215	1	174	390
Recognised in profit or loss	(1,650)	384	(1,043)	(2,309)
Reclassification	(805)	171	(517)	(1,151)
At 31 December 2011/ 1 January 2012	**8,646**	**4,727**	**7,569**	**20,942**
Exchange difference	**206**	**-**	**63**	**269**
Recognised in profit or loss	**(1,044)**	**(2,942)**	**202**	**(3,784)**
Reclassification	**(929)**	**86**	**(736)**	**(1,579)**
At 31 December 2012	**6,879**	**1,871**	**7,098**	**15,848**

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

	Group	
	2012 RM'000	*2011 RM'000*
Unutilised tax losses	**706,391**	709,935
Unutilised capital allowances	**10,801**	12,636
Other deductible temporary differences	**6,066**	(671)
	723,258	721,900

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.

The deductible temporary differences do not expire under the current tax legislation.

30. Trade And Other Payables

	Group		Company	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade payables	**71,954**	125,941	**-**	-
Other payables	**11,149**	34,639	**234**	171
Accrued expenses	**34,249**	25,275	**-**	-
Tenant deposits	**145**	224	**-**	-
Amounts owing to associates	**21,864**	22,070	**-**	-
	139,361	208,149	**234**	171

(a) The amounts owing to associates represent balances arising from advances received by overseas subsidiaries from associates, 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:-

	Group	
	2012	*2011*
	RM'000	*RM'000*
Sterling Pound	**9,509**	5,514
Hong Kong Dollar	**-**	540
US Dollar	**283**	129
Singapore Dollar	**387**	188
New Zealand Dollar	**-**	61
	10,179	6,432

(c) The normal trade credit term ranges from 7 to 90 days (2011: 7 to 90 days).

31 Reinsurance Assets/Insurance Contract Liabilities

Group

	2012 Gross RM'000	2012 Reinsurance RM'000	2012 Net RM'000	2011 Gross RM'000	2011 Reinsurance RM'000	2011 Net RM'000
Provision for claims reported by policyholders	245,011	(132,855)	112,156	218,758	(125,128)	93,630
Provision for incurred but not reported claims ("IBNR")	108,411	(44,813)	63,598	99,478	(39,820)	59,658
Provision for outstanding claims (i)	353,422	(177,668)	175,754	318,236	(164,948)	153,288
Unearned premium reserves (ii)	114,503	(44,708)	69,795	115,461	(50,902)	64,559
	467,925	(222,376)	245,549	433,697	(215,850)	217,847
Disposal	(467,925)	222,376	(245,549)	-	-	-
	-	-	-	433,697	(215,850)	217,847

(i) Provision for outstanding claims/claims liabilities

	2012 Gross RM'000	2012 Reinsurance RM'000	2012 Net RM'000	2011 Gross RM'000	2011 Reinsurance RM'000	2011 Net RM'000
At 1 January	318,236	(164,948)	153,288	278,401	(146,364)	132,037
Claims incurred in the current accident year	51,504	(19,228)	32,276	89,549	(33,871)	55,678
Additional/(Writeback of) provision for incurred but not reported claims ("IBNR")	8,933	(4,993)	3,940	14,186	(331)	13,855
Other movements in claims incurred in prior accident years	53,382	(17,339)	36,043	63,404	(37,363)	26,041
Claims paid during the year	(78,633)	28,840	(49,793)	(127,304)	52,981	(74,323)
At 31 December	353,422	(177,668)	175,754	318,236	(164,948)	153,288

(ii) Unearned premium reserves/premium liabilities

	2012 Gross RM'000	2012 Reinsurance RM'000	2012 Net RM'000	2011 Gross RM'000	2011 Reinsurance RM'000	2011 Net RM'000
At 1 January	115,461	(50,902)	64,559	104,197	(38,094)	66,103
Premium written in the year	156,362	(69,319)	87,043	250,356	(112,201)	138,155
Premium earned during the year	(157,320)	75,513	(81,807)	(239,092)	99,393	(139,699)
At 31 December	114,503	(44,708)	69,795	115,461	(50,902)	64,559

32. Operating Segment Of The Group

Malayan United Industries Berhad has arrived at six 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 and other food products
Financial services	- Universal broking and general insurance
Property	- Property development and investment
Others	- Investment activities, travel services and others

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.

32. Operating Segment Of The Group *(Cont'd)*

(i) Business segment

2012	Continuing Operations						Discontinued Operation		
	Retailing RM'000	Hotels RM'000	Food & Confectionery RM'000	Financial Services RM'000	Property RM'000	Others RM'000	Financial Services RM'000	Elimination RM'000	Total Group RM'000
REVENUE									
External revenue	882,084	167,223	83,222	7,619	36,829	13,242	161,479	-	1,351,698
Inter-segment revenue	-	-	-	-	-	701	1,242	(1,943)	-
Total revenue	882,084	167,223	83,222	7,619	36,829	13,943	162,721	(1,943)	1,351,698
Less: Group's share of associates' revenue									(533,801)
									817,897
RESULTS									
Segment results (external)	20,793	30,500	7,116	-	9,590	(18,478)	2,726	-	52,247
Interest income	1,241	19	235	-	557	3,987	-	-	6,039
Profit/(Loss) from operations before exceptional items	22,034	30,519	7,351	-	10,147	(14,491)	2,726	-	58,286
Exceptional items *(refer note 7)*	(393)	(5,105)	1,552	-	-	(18,705)	177,339	-	154,688
Profit/(Loss) from operations after exceptional items	21,641	25,414	8,903	-	10,147	(33,196)	180,065	-	212,974
Finance costs	(2,303)	(1,276)	(32)	-	(92)	(54,353)	-	-	(58,056)
Share of results of associates	25,332	-	-	(52,463)	-	1,302	-	-	(25,829)
Profit/(Loss) before taxation	44,670	24,138	8,871	(52,463)	10,055	(86,247)	180,065	-	129,089
Taxation	(6,256)	(6,899)	(679)	-	(2,569)	(1,669)	(2,446)	-	(20,518)
Profit/(Loss) for the financial year	38,414	17,239	8,192	(52,463)	7,486	(87,916)	177,619	-	108,571

32. Operating Segment Of The Group *(Cont'd)*

(i) Business segment

2012	Continuing Operations						Discontinued Operation		
	Retailing RM'000	*Hotels RM'000*	*Food & Confectionery RM'000*	*Financial Services RM'000*	*Property RM'000*	*Others RM'000*	*Financial Services RM'000*	*Elimination RM'000*	*Total Group RM'000*
ASSETS									
Segment assets	345,079	420,874	180,977	(77)	218,575	633,055	-	-	1,798,483
Non-current assets held for sale	4,500	-	-	-	-	-	-	-	4,500
Investments in associates	155,897	-	-	6,769	-	238,721	-	-	401,387
Unallocated corporate assets									4,666
Consolidated total assets									2,209,036
LIABILITIES									
Segment liabilities	131,851	466,046	9,005	(6,331)	10,004	558,976	-	-	1,169,551
Unallocated corporate liabilities									15,564
Consolidated total liabilities									1,185,115
OTHER SEGMENT INFORMATION									
Additions to non-current assets other than financial instruments and deferred tax assets	8,148	8,311	1,217	-	124	170	63	-	18,033
Depreciation	(8,709)	(16,045)	(2,434)	-	(253)	(713)	(330)	-	(28,484)
Other material non-cash items:-									
- Fair value loss on financial assets at fair value through profit or loss	-	-	-	-	-	(825)	(6,940)	-	(7,765)
- Gain on disposal of:-									
- other investments (non-current)	92	-	-	-	-	19,999	-	-	20,091
- other investments (current)	-	-	-	-	-	1	8,231	-	8,232
- Gain in foreign exchange (unrealised)	22	-	109	-	-	3,422	-	-	3,553
- Impairment of:-									
- goodwill on consolidation	-	-	-	(39,068)	-	-	-	-	(39,068)
- other investments (non-current)	-	-	-	-	-	(1,951)	-	-	(1,951)
- trade and other receivables	-	115	(259)	-	-	(1,070)	(2,839)	-	(4,053)

32. Operating Segment Of The Group *(Cont'd)*

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

2011	Continuing Operations						Discontinued Operation		
	Retailing RM'000	***Hotels RM'000***	***Food & Confectionery RM'000***	***Financial Services RM'000***	***Property RM'000***	***Others RM'000***	***Financial Services RM'000***	***Elimination RM'000***	***Total Group RM'000***
REVENUE									
External revenue	875,512	173,499	78,348	8,750	35,913	16,945	258,925	-	1,447,892
Inter-segment revenue	-	67	-	-	-	811	1,931	(2,809)	-
Total revenue	875,512	173,566	78,348	8,750	35,913	17,756	260,856	(2,809)	1,447,892
Less: Group's share of associates' revenue									(514,967)
									932,925
RESULTS									
Segment results (external)	17,225	35,986	2,827	-	9,371	(10,838)	18,227	-	72,798
Interest income	955	44	282	-	626	1,831	-	-	3,738
Profit/(Loss) from operations before exceptional items	18,180	36,030	3,109	-	9,997	(9,007)	18,227	-	76,536
Exceptional items *(refer note 7)*	7,798	(1,994)	384	-	-	9,418	(323)	-	15,283
Profit/(Loss) from operations after exceptional items	25,978	34,036	3,493	-	9,997	411	17,904	-	91,819
Finance costs	(1,034)	(1,334)	(29)	-	(132)	(59,207)	-	-	(61,736)
Share of results of associates	22,422	-	-	(398)	-	2,081	-	-	24,105
Profit/(Loss) before taxation	47,366	32,702	3,464	(398)	9,865	(56,715)	17,904	-	54,188
Taxation	(7,484)	(9,098)	(700)	-	(2,872)	(104)	(4,380)	-	(24,638)
Profit/(Loss) for the financial year	39,882	23,604	2,764	(398)	6,993	(56,819)	13,524	-	29,550

32. **Operating Segment Of The Group** *(Cont'd)*

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

2011	Continuing Operations						Discontinued Operation		
	Retailing RM'000	*Hotels RM'000*	*Food & Confectionery RM'000*	*Financial Services RM'000*	*Property RM'000*	*Others RM'000*	*Financial Services RM'000*	*Elimination RM'000*	*Total Group RM'000*
ASSETS									
Segment assets	346,249	430,094	175,628	649,789	214,352	313,714	-	-	2,329,826
Non-current assets held for sale	36,943	-	-	-	-	-	-	-	36,943
Investments in associates	159,066	-	-	56,316	-	238,641	-	-	454,023
Unallocated corporate assets									3,621
Consolidated total assets									2,824,413
LIABILITIES									
Segment liabilities	106,334	491,895	11,901	508,492	8,670	665,936	-	-	1,793,228
Unallocated corporate liabilities									17,605
Consolidated total liabilities									1,810,833
OTHER SEGMENT INFORMATION									
Additions to non-current assets other than financial instruments and deferred tax assets	3,185	3,662	813	-	168	1,004	644	-	9,476
Depreciation	(10,858)	(11,379)	(2,837)	-	(231)	(890)	(660)	-	(26,855)
Other material non-cash items: -									
- Fair value loss on financial assets at fair value through profit or loss	-	-	-	-	-	(23)	(4,443)	-	(4,466)
- Gain on disposal of other investments (current)	-	-	-	-	-	-	884	-	884
- Impairment of: -									
- goodwill on consolidation	-	(488)	-	-	-	-	-	-	(488)
- other investments (non-current)	(1,681)	-	-	-	-	(1,554)	-	-	(3,235)
- Loss in foreign exchange (unrealised)	-	-	(144)	-	-	(2,799)	-	-	(2,943)
- Reversal of impairment: -									
- investment properties	9,476	-	-	-	-	-	-	-	9,476
- trade and other receivables	1	95	20	-	110	11,306	(279)	-	11,253

32. Operating Segment Of The Group *(Cont'd)*

(ii) Geographical segments

	Revenue		***Assets Employed***		***Capital Expenditure***	
	2012 RM'000	*2011 RM'000*	***2012 RM'000***	*2011 RM'000*	***2012 RM'000***	*2011 RM'000*
Malaysia	**690,810**	802,625	**990,945**	1,614,792	**13,698**	6,579
Asia-Pacific	**13,995**	13,559	**315,394**	312,464	**20**	51
Australia	**-**	-	**11,864**	6,495	**-**	-
North America	**11,273**	13,115	**356,884**	359,047	**-**	-
United Kingdom	**635,620**	618,593	**533,949**	531,615	**4,315**	2,846
Total	**1,351,698**	1,447,892	**2,209,036**	2,824,413	**18,033**	9,476
Less: Group's share of associates' revenue	**(533,801)**	(514,967)	**-**	-	**-**	-
	817,897	932,925	**2,209,036**	2,824,413	**18,033**	9,476

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 whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from financial year ended 31 December 2011.

The Group and the Company monitors capital using gearing ratio, which is the amount of borrowings (Note 26 to the financial statements) divided by equity attributable to owners of the Company. 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 1.37 times (2011: 1.62 times) and 0.01 times (2011: 0.01 times) respectively.

Capital represents equity attributable to the owners of the Company less the fair value adjustment reserve.

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2012.

33. Financial Instruments *(Cont'd)*

(b) Financial instruments

(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*
Group					
2012					
Held-to-maturity investments	**-**	**-**	**-**	**10,021**	**10,021**
Other investments	**-**	**4,038**	**33,755**	**-**	**37,793**
Trade and other receivables	**229,371**	**-**	**-**	**-**	**229,371**
Deposits, bank balances and cash	**417,753**	**-**	**-**	**-**	**417,753**
	647,124	**4,038**	**33,755**	**10,021**	**694,938**
2011					
Held-to-maturity investments	-	-	-	30,110	30,110
Other investments	-	58,793	65,520	-	124,313
Trade and other receivables	266,114	-	-	-	266,114
Reinsurance assets	125,128	-	-	-	125,128
Deposits, bank balances and cash	554,012	-	-	-	554,012
	945,254	58,793	65,520	30,110	1,099,677
Company					
2012					
Trade and other receivables	**1,421,848**	**-**	**-**	**-**	**1,421,848**
Deposits, bank balances and cash	**115**	**-**	**-**	**-**	**115**
	1,421,963	**-**	**-**	**-**	**1,421,963**
2011					
Trade and other receivables	1,421,512	-	-	-	1,421,512
Deposits, bank balances and cash	51	-	-	-	51
	1,421,563	-	-	-	1,421,563

33. Financial Instruments *(Cont'd)*

(b) Financial instruments *(Cont'd)*

(i) Categories of financial instruments *(Cont'd)*

Financial liabilities	***Other financial liabilities RM'000***	***Fair value through profit and loss RM'000***	***Total RM'000***
Group			
2012			
Borrowings	**1,020,219**	**-**	**1,020,219**
Trade and other payables	**139,361**	**-**	**139,361**
	1,159,580	**-**	**1,159,580**
2011			
Borrowings	1,139,994	-	1,139,994
Trade and other payables	208,149	-	208,149
Insurance contract liabilities	218,758	-	218,758
	1,566,901	-	1,566,901
Company			
2012			
Borrowings	**20,000**	**-**	**20,000**
Trade and other payables	**234**	**-**	**234**
	20,234	**-**	**20,234**
2011			
Borrowings	20,000	-	20,000
Trade and other payables	171	-	171
	20,171	-	20,171

33. Financial Instruments *(Cont'd)*

(b) Financial instruments *(Cont'd)*

(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: -

	Group		Company	
	Carrying amount RM'000	*Fair value RM'000*	*Carrying amount RM'000*	*Fair value RM'000*
2012				
Recognised				
Financial assets				
Held-to-maturity investments	**10,021**	**10,354**	**-**	**-**
Unrecognised				
Contingent liabilities	**-**	**-**	**-**	*
2011				
Recognised				
Financial assets				
Held-to-maturity investments	30,110	30,788	-	-
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 as well as 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.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

33. Financial Instruments *(Cont'd)*

(b) Financial instruments *(Cont'd)*

(iii) Determination of financial instruments *(Cont'd)*

(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 at 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).

As at 31 December 2012, the Group held the following financial instruments carried at fair value on the statement of financial position: -

2012	***Level 1 RM'000***	***Level 2 RM'000***	***Level 3 RM'000***	***Total RM'000***
Group				
Available-for-sale investments				
- Quoted shares in Malaysia	**26,154**	**-**	**-**	**26,154**
- Quoted shares outside Malaysia	**1,102**	**-**	**-**	**1,102**
- Unquoted shares in Malaysia	**-**	**-**	**1,638**	**1,638**
- Unquoted shares outside Malaysia	**-**	**-**	**4,861**	**4,861**
	27,256	**-**	**6,499**	**33,755**
Financial assets at fair value through profit or loss				
- Quoted shares in Malaysia	**4,038**	**-**	**-**	**4,038**
	4,038	**-**	**-**	**4,038**
Total	**31,294**	**-**	**6,499**	**37,793**

During the reporting period ended 31 December 2012, there were no transfer between Level 1 and Level 2 fair value measurements.

33. Financial Instruments *(Cont'd)*

(b) Financial instruments *(Cont'd)*

(iv) Fair value hierarchy *(Cont'd)*

As at 31 December 2011, the Group held the following financial instruments carried at fair value on the statement of financial position: -

2011	***Level 1*** ***RM'000***	***Level 2*** ***RM'000***	***Level 3*** ***RM'000***	***Total*** ***RM'000***
Group				
Available-for-sale investments				
- Quoted shares in Malaysia	34,651	-	-	34,651
- Quoted shares outside Malaysia	29,269	-	-	29,269
- Unquoted shares in Malaysia	-	-	1,600	1,600
	63,920	-	1,600	65,520
Financial assets at fair value through profit or loss				
- Quoted shares in Malaysia	32,308	3,286	-	35,594
- Quoted shares outside Malaysia	23,199	-	-	23,199
	55,507	3,286	-	58,793
Total	119,427	3,286	1,600	124,313

During the reporting period ended 31 December 2011, there were no transfer between Level 1 and Level 2 fair value measurements.

The following table shows a reconciliation of balances of financial instruments whose fair values have been classified in Level 3 of the fair value hierarchy:

	Group	
	2012 ***RM'000***	*2011* *RM'000*
At 1 January	**1,600**	1,593
Addition	**4,907**	-
Exchange difference	**(8)**	7
At 31 December	**6,499**	1,600

34. Capital And Other Commitments

(a) Capital commitments

	Group	
	2012 ***RM'000***	*2011* *RM'000*
Capital expenditures in respect of purchase of property, plant and equipment: -		
Approved but not contracted for	**242**	113
Contracted but not provided for	**217**	139
	459	252

34. Capital And Other Commitments *(Cont'd)*

(b) Operating lease commitments

	Group	
	2012	*2011*
	RM'000	*RM'000*
Non-cancellable operating lease commitments not provided for in the financial statements: -		
Within 1 year	**32,805**	30,994
Between 1 year to 5 years	**55,840**	42,846
More than 5 years	**14,958**	14,983
	103,603	88,823

35. Significant Corporate Developments

(a) Significant corporate developments during the financial year

On 10 April 2012, MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad) ("MCI"), a subsidiary, made an application to Bank Negara Malaysia ("BNM") for its approval in respect of the disposal of MCI's insurance assets and liabilities to Tokio Marine Insurans (Malaysia) Berhad ("TMIM"), for a premium of RM180,228,000 in accordance with the terms and conditions set out in the agreement for the sale and purchase ("the disposal"). The value of the insurance assets to be tranferred to TMIM shall be equal to the value of the insurance liabilities assumed by TMIM at the transfer date. The disposal was approved by BNM vide its letter dated 8 May 2012. On 22 May 2012, the Company announced that MCI entered into an agreement for the sale and purchase of assets and liabilities with TMIM. The disposal was approved by the shareholders of MUI at the extraordinary general meeting held on 27 June 2012. On 17 August 2012, MCI extracted the sealed Court Order obtained on 14 August 2012 confirming the disposal. In accordance with the said Court Order, the transfer date of the disposal was 1 September 2012.

(b) Significant corporate developments subsequent to the end of the reporting period

(i) On 4 February 2013, Pan Malaysia Corporation Berhad, a subsidiary of the Group, announced that its indirect wholly-owned subsidiary, Network Foods International Ltd ("NFIL"), a company incorporated in the Republic of Singapore, had on 1 February 2013 granted an option ("Option") to Sing Long Foodstuff Trading Co. Pte Ltd ("Sing Long"), a company incorporated in the Republic of Singapore, for Sing Long to acquire the leasehold land together with a warehouse and office situated at 12 Woodlands Link, Singapore ("Property") for a total cash consideration of S$15.4 million (equivalent to RM38.18 million) ("Purchase Consideration"). Estimated gain arising from the disposal of the Property is S$8.7 million (equivalent to RM21.53 million). The Purchase Consideration payable by Sing Long is exclusive of Goods and Services Tax. On 15 February 2013, Sing Long had accepted the Option.

(ii) On 6 February 2013, a subsidiary of MUI Properties Berhad, a subsidiary of the Group, entered into a Sale and Purchase Agreement for the purchase of a residential suite for a total consideration of RM1,851,000.

35. Significant Corporate Developments *(Cont'd)*

(b) Significant corporate developments subsequent to the end of the reporting period *(Cont'd)*

(iii) On 14 February 2013, Malayan United Properties Sdn Bhd, Ming Fung Sendirian Berhad and Shun Fung Sendirian Berhad, wholly-owned subsidiaries of MUI Properties Berhad, a subsidiary of the Group, were placed under member's voluntary liquidation pursuant to a member's resolution passed at an Extraordinary General Meeting held on that date.

(iv) On 17 April 2013, MUI Properties Berhad, a subsidiary of the Group, disposed a total of 16,058,400 shares of RM0.50 each in George Kent (Malaysia) Berhad, with a carrying amount/market value of RM15,416,000 as at 31 December 2012, for a total cash consideration of RM13,971,000.

36. Contingent Liabilities - Unsecured

Company

At 31 December 2012, the Company has guaranteed bank credit facilities of subsidiaries for a total of RM604,920,000 (2011: RM687,838,000). The guarantees are unsecured. The Directors are of the view that the chances of the financial institutions to call upon the guarantees are not probable.

37. 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 could be individuals or other parties.

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

(i) The corporate shareholder, Pan Malaysian Industries Berhad; 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: -

	Group		Company	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Major Corporate Shareholder: -				
Equipment rental income	**12**	12	**-**	-
Insurance premium income	**193**	123	**-**	-
Interest income	**583**	508	**-**	-
Office rental paid	**2,105**	2,182	**-**	-
Share registrar fees income	**5**	10	**-**	-

37. Related Party Disclosures *(Cont'd)*

(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: - *(Cont'd)*

	Group		Company	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Associates: -				
Interest income	**1,919**	2,556	**-**	-
Management fees paid	**483**	645	**-**	-
Purchase of inventories	**3,994**	1,438	**-**	-
Share registrar fees income	**5**	12	**-**	-
Subsidiaries: -				
Dividend income	**-**	-	**1,780**	5,259
Interest income	**-**	-	**1,373**	1,336
Net advances/(repayments)	**-**	-	**2,378**	(940)
Insurance premium paid	**-**	-	**58**	58
Travel related expenses	**-**	-	**-**	-

Material balances with related parties at the end of the reporting period are disclosed in Notes 18 and 30 to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

(c) Compensation of key management personnel

	Group		Company	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Short term employee benefits	**5,476**	6,630	**578**	641
Defined contributions plan	**619**	695	**105**	105
	6,095	7,325	**683**	746

38. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.

	Group	
	As previousl reported	***As restated***
	RM'000	***RM'000***
Statements of cash flows		
Cash flows from operating activities	90,552	101,052
Cash flows from investing activities	73,762	63,262

39. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD

At 31 December 2012

	Subsidiary	Equity Interest 2012 %	2011 %	Principal Activities	Country of Incorporation
	1. Acquiline 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 & money lending	Malaysia
*	31. MUI China Limited	**100**	100	Investment holding	Hong Kong

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

At 31 December 2012

		Subsidiary	***Equity Interest* 2012 %**	***Equity Interest* 2011 %**	***Principal Activities***	***Country of Incorporation***
	32.	MUI Continental Berhad (Formerly known as MUI Continental Insurance Berhad)	**52.21**	52.21	Inactive	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	**74.32**	74.35	Investment holding	Malaysia
	40.	MUI Sdn Bhd	**100**	100	Investment holding	Malaysia
+	41.	MUI Singapore Private Limited	**100**	100	Dormant	Singapore
*	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	**60.46**	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

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

At 31 December 2012

		Associate	Equity Interest 2012 %	Equity Interest 2011 %	Principal Activities	Country of Incorporation
*	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)

		Subsidiary	Equity Interest 2012 %	Equity Interest 2011 %	Principal Activities	Country of Incorporation
*	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.

39. SUBSIDIARIES OF MUI PROPERTIES BERHAD

At 31 December 2012

		Subsidiary	*Equity Interest* **2012** %	*Equity Interest* 2011 %	*Principal Activities*	*Country of Incorporation*
*	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 & trading	Malaysia
*	17.	Lunula Pty Limited	**100**	100	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
*	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

39. SUBSIDIARIES OF MUI PROPERTIES BERHAD *(Cont'd)*

At 31 December 2012

	Subsidiary	***Equity Interest 2012 %***	*Equity Interest 2011 %*	***Principal Activities***	***Country of Incorporation***
^	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

	Subsidiary	***Equity Interest 2012 %***	*Equity Interest 2011 %*	***Country of Incorporation***
o	1. Green Nominees (Tempatan) Sdn Bhd	**100**	100	Malaysia
o	2. MUI Resorts Sdn Bhd	**100**	100	Malaysia
o	3. Pistole Holdings Sdn Bhd	**100**	100	Malaysia

39. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD

At 31 December 2012

		Subsidiary	*Equity Interest* *2012* *%*	*2011* *%*	*Principal Activities*	*Country of Incorporation*
*	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	Money lending licence	Malaysia
*	14.	Mikonwadi Sdn Bhd	**100**	100	Investment holding	Malaysia
*	15.	Network Foods International Ltd	**100**	100	Investment holding	Singapore
*	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.	Plumbline 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

39. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD *(Cont'd)*

At 31 December 2012

Subsidiaries of Network Foods International Ltd

		Subsidiary	*Equity Interest* **2012** %	*Equity Interest* 2011 %	*Principal Activities*	*Country of Incorporation*
*	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	**100**	96	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

39. SUBSIDIARIES AND ASSOCIATES OF PAN MALAYSIA HOLDINGS BERHAD

At 31 December 2012

	Subsidiary	Equity Interest 2012 %	2011 %	Principal Activities	Country of Incorporation
	1. Destiny Aims Sdn Bhd	**100**	100	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 Equities Sdn Bhd	**100**	100	Investment holding & dealing	Malaysia
	6. Pengkalen Foodservices Sdn Bhd	**100**	100	Inactive	Malaysia
	7. Pengkalen Holiday Resort Sdn Bhd	**100**	100	Operating a hotel	Malaysia
	8. Pengkalen Properties Sdn Bhd	**100**	100	Inactive	Malaysia
	9. Pan Malaysia Travel & Tours Sdn Bhd	**100**	100	Travel agent & provision of travel-related	Malaysia
	10. Twin Phoenix Sdn Bhd	**100**	100	Dormant	Malaysia

Associate	Equity Interest 2012 %	2011 %	Principal Activities	Country of Incorporation
1. Pan Malaysia Capital Berhad	**34.84**	34.84	Investment holding	Malaysia

Subsidiaries of Pan Malaysia Capital Berhad

(The list comprises major subsidiaries only)

Subsidiary	Equity Interest 2012 %	2011 %	Principal Activities	Country of Incorporation
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

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

At 31 December 2012

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

Subsidiary	***Equity Interest 2012 %***	*2011 %*	***Country of Incorporation***
1. Asia Entertainment Network Sdn Bhd	**60**	60	Malaysia
2. Grand Union Insurance Company Limited	**55**	55	Hong Kong
3. Office Business Systems (Malacca) Sdn Bhd	**41.67**	41.67	Malaysia
4. Office Business Systems (Penang) Sdn Bhd	**64.10**	64.10	Malaysia
5. Office Business Systems Sdn Bhd	**64.10**	64.10	Malaysia
6. Pengkalen Building Materials Sdn Bhd	**100**	100	Malaysia
7. Pengkalen Company Limited (Dissolved on 25 December 2012)	**-**	100	United Kingdom
8. Pengkalen Electronics Industries Sdn Bhd	**67**	67	Malaysia
9. Sensor Equipment Sdn Bhd	**64.10**	64.10	Malaysia
10. Technitone (M) Sdn Bhd	**64.10**	64.10	Malaysia

39. SUBSIDIARIES OF METROJAYA BERHAD

At 31 December 2012

Subsidiary	***Equity Interest 2012 %***	*2011 %*	***Principal Activities***	***Country of Incorporation***
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 stores	Malaysia
19. MJ Properties (Komtar) Sdn Bhd	**100**	100	Property investment & investment holding	Malaysia
20. MJ Properties Sdn Bhd	**100**	100	Property investment & investment holding	Malaysia
21. MJ Reject Shop Sdn Bhd	**100**	100	Dormant	Malaysia
22. MJ Reject Shop (2002) Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia
23. MJ Somerset Bay Sdn Bhd	**100**	100	Operating of specialty stores	Malaysia

39. SUBSIDIARIES OF METROJAYA BERHAD

At 31 December 2012

Subsidiaries of Metrojaya Berhad

(These companies are under striking-off and are not consolidated)

	Subsidiary	Equity Interest 2012 %	Equity Interest 2011 %	Country of Incorporation
■	1. MJ Discount Store Sdn Bhd	**100**	100	Malaysia
■	2. MJ Specialty Stores.com Sdn Bhd	**100**	100	Malaysia

39. SUBSIDIARIES OF CORUS HOTELS LIMITED

At 31 December 2012

		Subsidiary	Equity Interest 2012 %	Equity Interest 2011 %	Principal Activities	Country of Incorporation
*	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	**61.11**	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
*Δ	15.	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 striking-off on 18 December 2012.*
^ *Placed under members voluntary winding up on 14 February 2013*

40. Supplementary Information On Realised And Unrealised Profits Or Losses

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

	Group		***Company***	
	2012	*2011*	***2012***	*2011*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Total accumulated losses: -				
- Realised	**(4,737,161)**	(4,836,097)	**(1,032,437)**	(981,067)
- Unrealised	**(577)**	32,322	**-**	-
	(4,737,738)	(4,803,775)	**(1,032,437)**	(981,067)
Total share of accumulated losses from associates: -				
- Realised	**(44,308)**	(4,745)	**-**	-
	(4,782,046)	(4,808,520)	**(1,032,437)**	(981,067)
Consolidation adjustments	**2,274,399**	2,322,004	**-**	-
Total Group/Company accumulated losses as per financial statements	**(2,507,647)**	(2,486,516)	**(1,032,437)**	(981,067)

PROPERTIES OWNED BY THE MUI GROUP

At 31 December 2012

Location, Description and Usage	***Approximate Land Area Sq. Metres***	***Approximate Age of Building Years***	***Net Book Value RM'000***
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	28	62,008
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	29	1,269
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	20	8,261
1 lot of freehold land with a 10 units, 4-storey residential apartment building at 191, Jalan Ampang, Kuala Lumpur (Date of acquisition : July 2007)	3,056	18	24,845
1 lot of freehold land with a 4-storey terrace / link house at Jalan Sri Hartamas 17, Taman Sri Hartamas, Kuala Lumpur (Date of acquisition : April 2011)	533	2	4,500
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 : Apr 1995)	2,182	-	409
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	42	8,613
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	45	16,578

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

Location, Description and Usage	***Approximate Land Area*** ***Sq. Metres***	***Approximate Age of Building*** ***Years***	***Net Book Value*** ***RM'000***
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	29	2,476
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 used as a warehouse (Lease expires in 2086) (Date of acquisition : August 2007)	8,137	29	8,796
State of Pulau Pinang			
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	27	2,059
Freehold retail space comprising basement and ground floor of Kompleks Bukit Jambul, Jalan Rumbia, Penang (Date of acquisition : August 2007)	13,549	16	23,540
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2041) (Date of acquisition : September 1996)	976	31	1,117
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	19	483
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	38	10,682
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)	5,070,743	-	141,484

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
		At 31 December 2012	
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	17	29,009
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	-	28,472
State of Pahang Darul Makmur			
1 lot of freeold 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	13	1,210
AUSTRALI 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	35	5,664
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	17	1,827
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	34	1,152
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	15	16,809
1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition : July 1999)	194	12	2,711

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
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	161	9,705
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	61	1,654
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	261	4,595
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	71	6,793
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	61	42,688
1 lot of freehold land with a 50-room hotel known as Hillcrest Hotel at Cronton Lane, Widnes, Cheshire WA8 9AR (Date of acquisition : November 2001)	2,003	61	9,174
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	161	24,750
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	61	51,986
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	-	20,621
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	111	237,282

At 31 December 2012

Location, Description and Usage	***Approximate Land Area Sq. Metres***	***Approximate Age of Building Years***	***Net Book Value RM'000***
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	111	857
1 lot of leasehold land with a 3-storey restaurant at 2 Greek Street, London W1V 6NB (Lease expires in 2022) (Date of acquisition : November 2001)	36	111	579

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2013

Class of Share : Ordinary share of RM1 each
Voting Rights : 1 vote per ordinary share

Substantial Shareholders

as per Register of Substantial Shareholders

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
1. Pan Malaysian Industries Berhad	199,490,000	6.80	188,597,260	6.43
2. KKP Holdings Sdn Bhd	-	-	1,397,855,289	47.67
3. Soo Lay Holdings Sdn Bhd	-	-	1,397,855,289	47.67
4. Tan Sri Dato' Khoo Kay Peng	-	-	1,397,855,289	47.67
5. Cherubim Investment (HK) Limited	325,598,931	11.10	388,087,260	13.23
6. Norcross Limited	300,154,836	10.24	388,087,260	13.23
7. Bonham Industries Limited	384,014,262	13.09	-	-
8. Noble Faith Foundation, Inc	417,051,200	14.22	-	-

Directors' Shareholdings In The Company And Related Corporations

as per Register of Directors' Shareholdings

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Ordinary shares of RM1 each in Malayan United Industries Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	1,397,855,289	47.67
Dr Ngui Chon Hee	29,440	negligible	82,432	negligible
Ordinary shares of 20 sen each in MUI Properties Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	550,612,661	74.32
Dr Ngui Chon Hee	30,000	negligible	84,000	0.01
Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	471,146,200	66.51
Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	643,330,487	69.26
Ordinary shares of RM1 each in MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad)				
Tan Sri Dato' Khoo Kay Peng	-	-	5,221*	52.21
Ordinary shares of RM1 each in Metrojaya Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	118,073,133	94.52

** After capital reduction by MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad)*

Distribution of Shareholders

Holdings	*No. of Holders*	*%*	*No. of Shares*	*%*
Less than 100 shares	2,258	4.93	63,959	0.00
100 - 1,000 shares	6,908	15.09	5,617,020	0.19
1,001 - 10,000 shares	25,711	56.18	118,438,287	4.04
10,001 - 100,000 shares	9,655	21.10	302,348,759	10.31
100,001 to less than 5% of issued shares	1,231	2.69	883,404,438	30.12
5% and above of issued shares	5	0.01	1,622,688,729	55.34
Total	45,768	100.00	2,932,561,192	100.00

Thirty (30) Largest Registered Shareholders

	Name	*No. of Shares*	*%*
1.	Noble Faith Foundation, Inc	413,430,700	14.10
2.	Bonham Industries Limited	384,014,262	13.09
3.	Cherubim Investment (HK) Limited	325,598,931	11.10
4.	Norcross Limited	300,154,836	10.24
5.	Pan Malaysian Industries Berhad	199,490,000	6.80
6.	Plenary Investments Pte Ltd	67,038,800	2.29
7.	PM Nominees (Asing) Sdn Bhd - For Kwa Kim Li	65,119,374	2.22
8.	Rigap Prima Sdn Bhd	46,000,000	1.57
9.	Peak Meadow Sdn Bhd	45,847,100	1.56
10.	Good Proffer Sdn Bhd	34,940,000	1.19
11.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Liew Jun Kuan	33,584,421	1.15
12.	Nada Saujana Sdn Bhd	22,830,000	0.78
13.	Kiwiton Sdn Bhd	20,000,000	0.68
14.	Wong Mun Yoong	17,000,000	0.58
15.	Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited	14,099,015	0.48
16.	Scopebright (M) Sdn Bhd	8,908,160	0.30
17.	HLIB Nominees (Asing) Sdn Bhd - Securities Account for Neo Say Yong	8,803,109	0.30
18.	Chua Ah Moi @ Chua Sai Peng	8,705,698	0.30
19.	HLIB Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	8,244,741	0.28
20.	Ambank (M) Berhad - Securities Account for Fang Kok Leong @ Phang Soon Fook	7,800,000	0.27
21.	CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd	7,562,864	0.26
22.	True Benefits Sdn Bhd	7,432,000	0.25
23.	Kim Hin Joo Private Limited	7,143,434	0.24
24.	Lim Kian Huat	5,421,552	0.18

ANALYSIS OF SHAREHOLDINGS (Cont'd)

Thirty (30) Largest Registered Shareholders (Cont'd)

	Name	*No. of Shares*	*%*
25.	Lim Kian Siong	5,304,488	0.18
26.	Cheah Wei Teik	5,200,000	0.18
27.	Lee Yu Yong @ Lee Yuen Ying	4,896,949	0.17
28.	Maybank Securities Nominees (Asing) Sdn Bhd - Maybank Kim Eng Securities Pte Ltd for Glen Holdings (Pte) Ltd	4,674,000	0.16
29.	JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Lim Ching Neoh	4,000,000	0.14
30.	Wilayah Beauty Gems Sdn Bhd	4,000,000	0.14
	Total	2,087,244,434	71.17

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

FORM OF PROXY

IMPORTANT!
Please take note that all the fields underlined in this proxy form are mandatory and must be completed in full and accurately. The Company reserves the right to invalidate and/or reject any proxy form which is not complete or accurately filled in.

No. of Shares Held: ____________________

I/We ____ NRIC No./ Company No. ____________________

of ____ Tel. No.. ____________________

being a member of MALAYAN UNITED INDUSTRIES BERHAD hereby appoint ____________________

____ NRIC No.. ____________________

of ____ (percentage of shareholding represented: __________ %)

and/or failing him/her, ____ NRIC No.. ____________________

of ____ (percentage of shareholding represented: __________ %)

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 Forty-Second Annual General Meeting of the Company to be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 27 June 2013 at 4.00 p.m. and at any adjournment thereof, and to vote as indicated below:-

Resolutions	For	Against
1. To approve Directors' Fees of RM273,581.		
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-elect Dato' Dr Tan Kee Kwong as Director of the Company.		
4. To re-appoint Messrs BDO as auditors of the Company and to authorize the Directors to fix their remuneration.		
5. Proposed authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.		
6. Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
7. Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad.		

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

____
Signature

Seal

Signed this ________ day of ______________2013

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 17 June 2013 shall be entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) 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 of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a Member and/or an exempt authorized nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.*
4. *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.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 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
Unit 3,
191, Jalan Ampang,
50450 Kuala Lumpur
Malaysia